Powszechny Zakład Ubezpieczeń Spółka Akcyjna Group

Condensed Interim
Consolidated Financial Statements
for the 3 months ended
31 March 2025

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(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 – 31 March 2025	m PLN 1 January – 31 March 2024	m EUR 1 January – 31 March 2025	m EUR 1 January – 31 March 2024
Insurance service result	1,251	787	299	182
Fee and commission result	964	912	230	211
Net investment result	7,543	7,116	1,802	1,647
Profit before tax	4,454	3,777	1,064	874
Net profit, of which:	3,436	2,888	821	668
- profit attributable to the equity holders of the Parent Company	1,760	1,254	421	291
- profit attributable to holders of non-controlling interests	1,676	1,634	400	377
Basic and diluted weighted average number of common shares	863,319,376	863,343,165	863,319,376	863,343,165
Basic and diluted earnings per common share (in PLN/EUR)	2.04	1.45	0.49	0.34

Data from the consolidated statement of financial position	m PLN 31 March 2025	m PLN 31 December 2024	m EUR 31 March 2025	m EUR 31 December 2024
Assets	507,926	503,257	121,400	117,776
Share capital	86	86	21	20
Equity attributable to equity holders of the Parent	34,055	32,111	8,140	7,515
Non-controlling interest	35,245	33,146	8,424	7,757
Total equity	69,300	65,257	16,563	15,272
Basic and diluted number of common shares	863,320,372	863,312,918	863,320,372	863,312,918
Book value per common share (in PLN/EUR)	39.45	37.20	9.43	8.70

Data from the consolidated cash flow statement	m PLN 1 January – 31 March 2025	m PLN 1 January – 31 March 2024	m EUR 1 January – 31 March 2025	m EUR 1 January – 31 March 2024
Net cash flows from operating activities	5,633	5,413	1,346	1,253
Net cash flows from investing activities	3,372	(4,323)	806	(1,000)
Net cash flows from financing activities	(1,927)	1,073	(460)	248
Total net cash flows	7,078	2,163	1,691	501

2. Selected standalone financial data of PZU (PAS)

Data from the balance sheet	m PLN 31 March 2025	m PLN 31 December 2024	m EUR 31 March 2025	m EUR 31 December 2024
Assets	57,895	56,094	13,838	13,127
Share capital	86	86	21	20
Total equity	24,500	22,729	5,856	5,319
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)	28.37	26.32	6.78	6.16

(in millions of PLN)

Data from the technical non-life insurance account and from the general profit and loss account	m PLN 1 January – 31 March 2025	m PLN 1 January – 31 March 2024	m EUR 1 January – 31 March 2025	m EUR 1 January – 31 March 2024
Gross written premiums	4,453	4,904	1,064	1,135
Non-life insurance technical result	463	375	111	87
Net profit or loss on investing activities[1)]	260	185	62	43
Net profit or loss	440	301	105	70
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)	0.51	0.35	0.12	0.08

[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 31 March 2025	m PLN 31 December 2024	m EUR 31 March 2025	m EUR 31 December 2024
Assets	31,414	30,414	7,508	7,118
Total equity	5,566	5,102	1,330	1,194

Data from the technical life insurance account and from the general profit and loss account	m PLN 1 January – 31 March 2025	m PLN 1 January – 31 March 2024	m EUR 1 January – 31 March 2025	m EUR 1 January – 31 March 2024
Gross written premiums	2,637	2,407	630	557
Technical life insurance result	517	502	124	116
Net investment result	569	451	136	104
Net profit	392	371	94	86

4. Summary of consolidated quarterly performance

The net profit of PZU Group for the 3-month period ended 31 March 2025 was PLN 3,436 million and was higher by 19.0% than the net profit for the corresponding period of the preceding year. The net profit attributable to the parent company's shareholders was PLN 1,760 million compared to PLN 1,254 million in Q1 2024 (an increase by PLN 506 million).

The aROE attributable to the parent company (PZU) for the period from 1 January to 31 March 2025 was 22.4%, which constitutes an increase by 5.3 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 3-month period ended 31 March 2025, as compared to the corresponding period of the preceding year:

- higher profitability in the mass property insurance segment - growth in the insurance service result both in non-motor and motor insurance;
- higher profitability on the operating activities of the corporate non-life insurance business, mainly as a result of an improved y/y insurance service result in non-motor insurance;
- higher operating result in the group and individually continued life insurance segment, in particular due to the increase in the insurance service result as well as the higher result from investments allocated to the segment;
- higher performance in the banking business segment, in particular due to an increase in the interest income at Pekao, resulting from higher loan volumes and higher interest margins. This was partially offset by higher operating costs, particularly personnel costs, and a higher level of fees paid to the BFG;
- an increase in operating profit in the investment segment due to the positive impact of temporary foreign exchange differences on hedging instruments for the real estate portfolio and higher earnings from listed shares, in particular due to stronger growth in stock market indices;
- higher result in the Baltic States segment caused by higher insurance service result due to rising insurance revenues outpacing growth in insurance service costs.

(in millions of PLN)

Interim consolidated profit and loss account

Consolidated profit and loss account	Note	1 January – 31 March 2025	1 January – 31 March 2024 (restated) [1]
Insurance service result before reinsurance		1,454	1,178
Insurance revenue	10.1.2 10.1.4	7,533	7,012
Insurance service expenses	10.1.4	(6,079)	(5,834)
Net income or expenses from reinsurance contracts held		(203)	(391)
Reinsurance premium allocation	10.1.3	(500)	(425)
Amounts recoverable from reinsurers	10.1.5	297	34
Insurance service result		1,251	787
Financial income and expenses from insurance		(445)	(484)
Finance income or expenses from reinsurance		(49)	45
Interest income calculated using the effective interest rate, and equalized to them	10.2	7,253	6,950
Interest income calculated using the effective interest rate		6,939	6,639
Income of a nature similar to interest		314	311
Other net investment income	10.3	(116)	53
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	10.4	14	(12)
Result from allowances for expected credit losses	10.5	(280)	(277)
Net movement in fair value of assets and liabilities measured at fair value	10.6	672	402
Revenue from commissions and fees	10.7	1,244	1,345
Fee and commission expenses	10.8	(280)	(433)
PZU Group operating expenses not related to insurance services	10.9	(3,003)	(2,761)
Interest expenses	10.10	(2,010)	(2,049)
Legal risk costs of foreign currency mortgage loans		(66)	(39)
Other operating income	10.11	426	376
Other operating expenses	10.12	(155)	(129)
Operating profit		**4,456**	**3,774**
Share of the net financial results of entities accounted for using the equity method		(2)	3
Profit before tax		**4,454**	**3,777**
Income tax	10.13	(1,018)	(889)
Net profit, of which:		**3,436**	**2,888**
- profit attributable to the equity holders of the Parent Company		1,760	1,254
- profit attributable to holders of non-controlling interests		1,676	1,634
Weighted average basic and diluted number of common shares	10.14	863,319,376	863,343,165
Basic and diluted profit (loss) per common share (in PLN)	10.14	2.04	1.45

[1] Information on restatement of data for the period from 1 January to 31 March 2024 is presented in section 6.2.

(in millions of PLN)

Interim consolidated statement of other comprehensive income

Consolidated statement of other comprehensive income	Note	1 January – 31 March 2025	1 January – 31 March 2024 (restated) [1)]
Net profit		3,436	2,888
Net other comprehensive income		606	(106)
Subject to subsequent reclassification to profit or loss		540	(49)
Valuation of debt instruments		268	115
Reclassification of debt instruments valuation for the profit and loss account		(9)	5
Measurement of loan receivables from clients		-	(1)
Financial income and expenses from insurance		7	160
Finance income or expenses from reinsurance		10	(16)
Foreign exchange translation differences		(44)	(24)
Cash flow hedging		444	(297)
Gains and losses on fair value measurement of financial instruments hedging cash flows in the portion constituting an effective hedge		258	(594)
Gains and losses on cash flow hedging financial instruments reclassified to profit or loss		186	297
Income tax	10.13	(136)	9
Not to be reclassified to profit or loss in the future		66	(57)
Valuation of equity instruments		80	(71)
Reclassification of real property from property, plant and equipment to investment property		1	-
Income tax	10.13	(15)	14
Total net comprehensive income		**4,042**	**2,782**
- comprehensive income attributable to equity holders of the Parent Company		1,945	1,291
- comprehensive income attributable to holders of non-controlling interests		2,097	1,491

[1)] Information on restatement of data for the period from 1 January to 31 March 2024 is presented in section 6.2.

(in millions of PLN)

Interim consolidated statement of financial position

Assets	Note	31 March 2025	31 December 2024	1 January 2024
Goodwill	10.15	2,781	2,792	2,801
Intangible assets	10.16	3,667	3,745	3,404
Property, plant and equipment	10.17	4,223	4,256	4,445
Investment property		3,172	3,159	3,098
Entities accounted for using the equity method	10.18	67	69	62
Insurance contract assets	10.1.4	105	108	111
Reinsurance contract assets	10.1.5	4,056	4,042	3,469
Assets pledged as collateral for liabilities	10.22	1,728	1,404	1,708
Assets held for sale	10.19	572	595	621
Loan receivables from clients (including finance lease receivables)	10.20	232,345	232,166	218,874
Financial derivatives	10.21	5,698	5,384	11,396
Investment financial assets	10.23	220,313	222,315	192,332
Measured at amortized cost		153,330	158,550	135,875
Measured at fair value through other comprehensive income		54,110	53,131	44,366
Measured at fair value through profit or loss		12,873	10,634	12,091
Deferred tax assets		2,002	2,244	2,193
Current income tax receivables		51	6	19
Other receivables	10.24	4,212	5,258	5,227
Other assets	10.25	794	587	483
Cash and cash equivalents		22,140	15,127	17,702
Total assets		**507,926**	**503,257**	**467,945**

(in millions of PLN)

Interim consolidated statement of financial position (continued)

Equity and liabilities	Note	31 March 2025	31 December 2024	1 January 2024
Equity				
Equity attributable to equity holders of the parent company		34,055	32,111	30,037
Share capital	10.29	86	86	86
Other capital		22,383	22,076	18,225
Retained earnings		11,586	9,949	11,726
Retained profit or loss		9,826	4,607	11,726
Net profit		1,760	5,342	n/a
Non-controlling interest		35,245	33,146	30,515
Total equity		**69,300**	**65,257**	**60,552**
Liabilities				
Insurance contract liabilities	10.1.4	44,071	43,642	42,328
Reinsurance contract liabilities	10.1.5	18	35	35
Subordinated liabilities	10.31	5,106	5,099	6,166
Liabilities on the issue of own debt securities	10.32	16,314	18,086	12,003
Liabilities to banks	10.33	6,826	6,895	7,047
Liabilities to clients under deposits	10.34	336,411	334,193	303,781
Financial derivatives	10.21	5,631	6,132	11,656
Current income tax liabilities		224	1,818	1,991
Other liabilities	10.35	17,617	15,946	16,980
Provisions	10.36	2,713	2,756	2,286
Deferred tax liabilities		3,672	3,374	3,088
Liabilities directly associated with assets classified as held for sale	10.19	23	24	32
Total liabilities		**438,626**	**438,000**	**407,393**
Total equity and liabilities		**507,926**	**503,257**	**467,945**

(in millions of PLN)

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								Undistributed profit	Total		
		Treasury shares	Supplementary capital	Other reserve capital	Cumulative 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	10.29											2.4	
As at 1 January 2025	**86**	**(7)**	**17,491**	**3,923**	**(834)**	**1,657**	**(61)**	**(9)**	**(84)**	**9,949**	**32,111**	**33,146**	**65,257**
Total comprehensive income	**-**	**-**	**-**	**-**	**214**	**7**	**8**	**-**	**(44)**	**1,760**	**1,945**	**2,097**	**4,042**
Net profit (loss)	-	-	-	-	-	-	-	-	-	1,760	1,760	1,676	3,436
Net other comprehensive income	-	-	-	-	214	7	8	-	(44)	-	185	421	606
Transactions with the shareholders – distribution of financial result	**-**	**-**	**3**	**120**	**-**	**-**	**-**	**-**	**-**	**(123)**	**-**	**-**	**-**
Other changes	**-**	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**	**-**	**(1)**	**2**	**1**
Transactions with holders of non-controlling interests	-	-	(1)	-	-	-	-	-	-	-	(1)	2	1
Other	-	-	1	-	(1)	-	-	-	-	-	-	-	-
As at 31 March 2025	**86**	**(7)**	**17,494**	**4,043**	**(621)**	**1,664**	**(53)**	**(9)**	**(128)**	**11,586**	**34,055**	**35,245**	**69,300**

(in millions of PLN)

Interim consolidated statement of changes in equity (continued)

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	Cumulative 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	10.29											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	**-**	**-**	**-**	**-**	**(59)**	**131**	**(13)**	**-**	**(22)**	**1,254**	**1,291**	**1,491**	**2,782**
Net profit (loss)	-	-	-	-	-	-	-	-	-	1,254	1,254	1,634	2,888
Net other comprehensive income	-	-	-	-	(59)	131	(13)	-	(22)	-	37	(143)	(106)
Transactions with the shareholders – distribution of financial result	**-**	**-**	**1**	**19**	**-**	**-**	**-**	**-**	**-**	**(20)**	**-**	**-**	**-**
Other changes	**-**	**-**	**23**	**-**	**(24)**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(2)**	**(3)**
Sales of equity instruments designated at fair value through other comprehensive income	-	-	24	-	(24)	-	-	-	-	-	-	-	-
Transactions with holders of non-controlling interests	-	-	(1)	-	-	-	-	-	-	-	(1)	(2)	(3)
As at 31 March 2024	**86**	**(4)**	**15,828**	**2,237**	**(1,031)**	**1,389**	**(61)**	**(8)**	**(69)**	**12,960**	**31,327**	**32,004**	**63,331**

(in millions of PLN)

Interim consolidated cash flow statement

Consolidated cash flow statement	Note	1 January – 31 March 2025	1 January – 31 March 2024 (restated)
Profit before tax		4,454	3,777
Adjustments		(2,041)	(1,710)
Amortization of intangible assets and depreciation of property, plant and equipment		380	338
Net movement in fair value of assets and liabilities measured at fair value		(672)	(402)
Realized gains/losses from investing activities and result from allowances for expected credit losses		302	314
Net foreign exchange differences		157	(23)
Interest income and expenses		(2,208)	(1,937)
Movement		5,490	4,070
Change in loans receivable from clients (including finance lease receivables)		(492)	(4,716)
Movement in liabilities under deposits		2,330	11,726
Movement in insurance contract assets and liabilities		439	943
Movement in reinsurance contract assets and liabilities		(21)	(341)
Movement in receivables		611	447
Movement in liabilities		963	(504)
Movement in liabilities under investment contracts		151	84
Movement in participation units and investment certificates of investment funds		62	38
Other adjustments		1,447	(3,607)
Income tax paid		(2,270)	(724)
Net cash flows from operating activities		**5,633**	**5,413**
Cash flow from investing activities			
Inflows		457,187	581,666
- sale of investment property		1	-
- sale of intangible assets and property, plant and equipment		42	28
- sale of ownership interests and shares		314	388
- realization of debt securities		293,024	418,888
- closing of buy-sell-back transactions		115,908	105,726
- closing of term deposits with credit institutions		35,251	42,815
- realization of other investments		11,791	13,266
- interest received		848	542
- dividends received		2	3
- increase in cash due to purchase of entities and change in the scope of consolidation		2	4
- other investment proceeds		4	6

(in millions of PLN)

Interim consolidated cash flow statement (continued)

Consolidated cash flow statement	Note	1 January – 31 March 2025	1 January – 31 March 2024
Expenditures		(453,815)	(585,989)
- purchase of investment property		-	(2)
- purchase of intangible assets and property, plant and equipment		(269)	(245)
- purchase of ownership interests and shares		(275)	(157)
- purchase of ownership interests and shares in subsidiaries		-	(48)
- decrease in cash due to the change in the scope of consolidation		(2)	-
- purchase of debt securities		(290,360)	(426,952)
- opening of buy-sell-back transactions		(115,632)	(102,720)
- purchase of term deposits with credit institutions		(35,474)	(42,519)
- purchase of other investments		(11,795)	(13,336)
- other expenditures for investments		(8)	(10)
Net cash flows from investing activities		**3,372**	**(4,323)**
Cash flows from financing activities			
Inflows		87,751	85,087
- proceeds from loans and borrowings	10.37	-	113
- proceeds on the issue of own debt securities	10.37	9,617	7,860
- opening of repurchase transactions	10.37	78,134	77,114
Expenditures		(89,678)	(84,014)
- repayment of loans and borrowings	10.37	(223)	(249)
- redemption of own debt securities	10.37	(11,398)	(6,344)
- closure of repurchase transactions	10.37	(77,829)	(77,208)
- interest on loans and borrowings	10.37	(2)	(3)
- interest on outstanding debt securities	10.37	(142)	(145)
- expenditures on leases – capital part	10.37	(70)	(54)
- expenditures on leases – interest part	10.37	(14)	(11)
Net cash flows from financing activities		**(1,927)**	**1,073**
Total net cash flows		**7,078**	**2,163**
Cash and cash equivalents at the beginning of the period		15,127	17,702
Movement in cash due to foreign exchange differences		(65)	(43)
Cash and cash equivalents at the end of the period, including:		22,140	19,822
- restricted cash		9	9

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 2024.

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 recognition, valuation methods, as well as disclosure and presentation of financial instruments of 17 November 2024.

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 3 months from 1 January to 31 March 2025.

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

Functional and presentation currency

The 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 is 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;
- 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.

Currency	1 January – 31 March 2025	1 January – 31 March 2024	31 March 2025	31 December 2024
EUR	4.1848	4.3211	4.1839	4.2730
GBP	5.0266	5.0523	5.0020	5.1488
UAH	0.0957	0.1046	0.0932	0.0976

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 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 3-month period ended 31 March 2025, the 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.

PG TUWnŻ – Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie.

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 [Polish: 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.

EBC – European Central Bank.

Fed – Federal Reserve System.

GMM – general measurement model in accordance with IFRS 17.

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

IRS – Interest rate swap.

PZU’s standalone financial statements for 2024 – annual standalone financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for 2024, prepared in accordance with the PAS.

KNF – Polish Financial Supervision Authority.

LIC – Liability for incurred claims.

LRC – Liability for remaining coverage.

IFRS – International Financial Reporting Standards, as endorsed by the European Commission, published and in force as at 31 December 2025.

MRA – Modified retrospective approach.

(in millions of PLN)

NBP – National Bank of Poland.

PAA – Premium allocation approach.

POCI – Purchased or originated credit–impaired financial assets.

PAS – 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 of 29 March 2018 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.

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 2024.

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. Composition of PZU Group

2.1 Key information on PZU Group

Key information on the parent company	
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

(in millions of PLN)

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
				31 March 2025	31 December 2024	
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”	Kyiv (Ukraine)	1.07.2005	100.00%	100.00%	Non-life insurance. http://www.pzu.com.ua/
8	PRJSC IC “PZU Ukraine Life Insurance“	Kyiv (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	100.00% [1)]	99.34%	Life insurance. https://pzugd.lt/
10	Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych in liquidation [2)]	Warsaw	25.01.2024	100.00%	100.00%	Non-life insurance. https://www.link4.pl/
11	Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie in liquidation;	Warsaw	25.01.2024	100.00%	100.00%	Life insurance. https://polskigaztuw.pl/pgtuwnz_oferta/
Consolidated companies – Pekao Group						
12	Bank Pekao SA	Warsaw	7.06.2017	20.03%	20.02%	Banking services. https://www.pekao.com.pl/
13	Pekao Bank Hipoteczny SA	Warsaw	7.06.2017	20.03%	20.02%	Banking services. http://www.pekaobh.pl/
14	Pekao Leasing sp. z o.o.	Warsaw	7.06.2017	20.03%	20.02%	Lease services. http://www.pekaoleasing.com.pl/
15	Pekao Investment Banking SA	Warsaw	7.06.2017	20.03%	20.02%	Brokerage services. http://pekaoib.pl/
16	Pekao Faktoring sp. z o.o.	Lublin	7.06.2017	20.03%	20.02%	Factoring services. https://www.pekaofaktoring.pl/
17	Pekao Towarzystwo Funduszy Inwestycyjnych SA	Warsaw	11.12.2017	20.03%	20.02%	Creation, representing and management of mutual funds. https://pekaotfi.pl/
18	Centrum Kart SA	Warsaw	7.06.2017	20.03%	20.02%	Auxiliary financial services. http://www.centrumkart.pl/
19	Pekao Financial Services sp. z o.o.	Warsaw	7.06.2017	46.82% [2)]	46.81% [2)]	Transfer agent. http://www.pekao-fs.com.pl/pl/

(in millions of PLN)

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
				31 March 2025	31 December 2024	
Consolidated companies – Pekao Group – continued						
20	Pekao Direct sp. z o. o.	Kraków	7.06.2017	20.03%	20.02%	Call center services. https://www.pekaodirect.pl/
21	Pekao Property SA in liquidation	Warsaw	7.06.2017	20.03%	20.02%	Development activities.
22	FPB – Media sp. z o.o. in bankruptcy [3)]	Warsaw	7.06.2017	20.03%	20.02%	No business conducted.
23	Pekao Fundusz Kapitałowy sp. z o.o. in liquidation	Warsaw	7.06.2017	20.03%	20.02%	Business consulting.
24	Pekao Investment Management SA	Warsaw	11.12.2017	20.03%	20.02%	Asset management. https://pekaotfi.pl/o-nas/pekao-investment-mangament
25	PeUF sp. z o.o.	Warsaw	20.07.2021	20.03%	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%	Leasing 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	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/

(in millions of PLN)

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
				31 March 2025	31 December 2024	
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

(in millions of PLN)

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
				31 March 2025	31 December 2024	
Consolidated companies – other companies – continued						
57	Omicron BIS SA	Warsaw	28.08.2014	100.00%	100.00%	No business conducted.
58	LLC SOS Services Ukraine	Kyiv (Ukraine)	1.07.2005	100.00%	100.00%	Assistance services.
59	PZU TECH SA (formerly PZU CASH SA) [4)]	Warsaw	15.09.2017	100.00%	100.00%	No business conducted.
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 Aktywów Niepublicznych Sektora 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 Obligacje Krótkoterminowe	Warsaw	10.04.2018	n/a	n/a	As above.
71	inPZU Akcje Polskie	Warsaw	10.05.2018	n/a	n/a	As above.
72	inPZU Akcje Rynków Rozwiniętych	Warsaw	10.05.2018	n/a	n/a	As above.
73	inPZU Obligacje Rynków Wschodzących	Warsaw	10.05.2018	n/a	n/a	As above.
74	inPZU Akcje Rynków Wschodzących	Warsaw	28.10.2019	n/a	n/a	As above.
75	inPZU Akcje Amerykańskie	Warsaw	28.10.2019	n/a	n/a	As above.
76	inPZU Akcje Polskie Małych i Średnich Spółek (formerly inPZU Akcje CEEplus) [5)]	Warsaw	28.10.2019	n/a	n/a	As above.
77	PZU FIZ Legato Absolutnej Stopy Zwrotu	Warsaw	11.08.2021	n/a	n/a	As above.
78	inPZU Akcje Rynku Surowców	Warsaw	15.12.2021	n/a	n/a	As above.

(in millions of PLN)

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
				31 March 2025	31 December 2024	
Consolidated companies – mutual funds – continued						
79	inPZU Akcje Rynku Złota	Warsaw	15.12.2021	n/a	n/a	Investment of funds collected from fund members.
80	inPZU Akcje Sektora Zielonej Energii	Warsaw	15.12.2021	n/a	n/a	As above.
81	inPZU Akcje Sektora Informatycznego	Warsaw	15.12.2021	n/a	n/a	As above.
82	inPZU Akcje Sektora Nieruchomości	Warsaw	15.12.2021	n/a	n/a	As above.
83	inPZU Akcje Europejskie	Warsaw	15.12.2021	n/a	n/a	As above.
84	inPZU Obligacje Skarbowe Amerykańskie (formerly inPZU Obligacje Inflacyjne) [5)]	Warsaw	15.12.2021	n/a	n/a	As above.
85	PZU Dłużny Korporacyjny	Warsaw	12.04.2023	n/a	n/a	As above.
86	inPZU Akcje Sektora Biotechnologii	Warsaw	07.09.2023	n/a	n/a	As above.
87	inPZU Akcje Sektora Cyberbezpieczeństwa	Warsaw	07.09.2023	n/a	n/a	As above.
88	inPZU Akcje Sektora Technologii Kosmicznych	Warsaw	07.09.2023	n/a	n/a	As above.
89	inPZU Akcje Sektora Zrównoważonej Gospodarki Wodnej	Warsaw	07.09.2023	n/a	n/a	As above.
90	inPZU Zielone Obligacje	Warsaw	07.09.2023	n/a	n/a	As above.
91	inPZU Obligacje Korporacyjne High Yield	Warsaw	07.09.2023	n/a	n/a	As above.
92	inPZU Puls Życia 2070	Warsaw	04.01.2024	n/a	n/a	As above.
93	PZU FIZ Forte Absolutnej Stopy Zwrotu	Warsaw	28.01.2025	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.

(in millions of PLN)

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
				31 March 2025	31 December 2024	
Consolidated companies – special purpose vehicles of PZU FIZ Sektor Nieruchomości 2 – continuation						
105	EBP 1 sp. z o. o.	Warsaw	28.09.2018	100.00%	100.00%	Real property management.
106	EBP 2 sp. z o. o.	Warsaw	11.07.2012	100.00%	100.00%	As above.
107	EBP 3 Sp. z o.o.	Warsaw	13.07.2012	100.00%	100.00%	As above.
108	Ogrody Lubicz sp. z o.o.	Kraków	25.07.2012	100.00%	100.00%	As above.
109	Portfel PM1 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	8.02.2012	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 [6]	Poznań	31.03.2021	7.68%	7.67%	Other monetary intermediation. https://tpay.com/

[1] As of 27 February 2025, PZU became the owner of 100% of the shares of UAB "PZU Lietuva gyvybes draudimas" entitling to 100% of the votes at the General Meeting of Shareholders.
[2] PZU directly holds a 33.5% equity stake in Pekao Financial Services sp. z o.o. while Pekao holds 66.5%.
[3] On 8 April 2025, the company was removed from the National Court Register.
[4] The new name of the company became effective on 9 April 2025.
[5] The new name of the fund became effective on 2 April 2025.
[6] 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.

(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 2024.

The changes in the scope of consolidation and in the PZU Group's structure that occurred in the 3-month period ended 31 March 2025 are presented in the following sections.

2.3.1. Changes to consolidation of mutual funds

On 28 January 2025, the PZU FIZ Forte Absolutnej Stopy Zwrotu fund, which the PZU Group controls, was consolidated, and as of 1 February 2025, the inPZU Polskie Obligacje Skarbowe fund, which the PZU Group no longer controls, ceased to be consolidated.

2.4 Non-controlling interest

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

Name of the entity	31 March 2025	31 December 2024
Pekao [1)]	79.97%	79.97%
Alior Bank [2)]	68.07%	68.06%
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[3)]	-	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.
[3)] As of 27 February 2025, PZU has become the owner of 100% of UAB "PZU Lietuva gyvybes draudimas" shares entitling to 100% of votes at the General Meeting of Shareholders.

Carrying amount of non-controlling interests	31 March 2025	31 December 2024
Pekao Group	27,202	25,541
Alior Bank Group	8,042	7,604
Other	1	1
Total	**35,245**	**33,146**

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.

(in millions of PLN)

Assets	Pekao Group		Alior Bank Group	
	31 March 2025	31 December 2024	31 March 2025	31 December 2024
Goodwill	693	693	-	-
Intangible assets	2,165	2,216	587	586
Property, plant and equipment	2,137	2,103	673	698
Entities accounted for using the equity method	57	59	-	-
Assets pledged as collateral for liabilities	650	1,345	973	18
Assets held for sale	7	26	-	-
Loan receivables from clients (including finance lease receivables)	169,385	169,720	62,534	61,996
Financial derivatives	4,788	4,670	627	489
Investment financial assets	133,594	136,480	23,709	24,916
Measured at amortized cost	116,135	121,819	3,738	3,684
Measured at fair value through other comprehensive income	15,170	13,317	19,940	21,204
Measured at fair value through profit or loss	2,289	1,344	31	28
Deferred tax assets	1,167	1,321	736	831
Current income tax receivables	-	-	7	-
Other receivables	2,470	3,167	1,200	1,479
Other assets	306	206	135	94
Cash and cash equivalents	15,932	12,269	5,356	2,123
Total assets	**333,351**	**334,275**	**96,537**	**93,230**

Equity and liabilities	Pekao Group		Alior Bank Group	
	31 March 2025	31 December 2024	31 March 2025	31 December 2024
Equity				
Equity attributable to equity holders of the parent company	34,015	31,938	11,814	11,173
Share capital	263	263	1,306	1,306
Other capital	24,061	23,585	7,563	7,403
Retained earnings	9,691	8,090	2,945	2,464
Non-controlling interest	15	14	-	-
Total equity	**34,030**	**31,952**	**11,814**	**11,173**
Liabilities				
Subordinated liabilities	2,832	2,782	-	-
Liabilities on the issue of own debt securities	14,575	16,168	1,921	2,087
Liabilities to banks	6,600	6,736	227	160
Liabilities to clients under deposits	258,846	258,200	78,403	76,937
Derivatives	5,065	5,338	556	647
Current income tax liabilities	86	1,356	38	277
Other liabilities	9,036	9,415	3,237	1,610
Provisions	2,263	2,310	339	337
Deferred tax liabilities	18	18	2	2
Total liabilities	**299,321**	**302,323**	**84,723**	**82,057**
Total equity and liabilities	**333,351**	**334,275**	**96,537**	**93,230**

(in millions of PLN)

Consolidated profit and loss account for the period from 1 January to 31 March 2025	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	1,454	-	-	-	1,454
Insurance revenue	7,533	-	-	-	7,533
Insurance service expenses	(6,079)	-	-	-	(6,079)
Net income or expenses from reinsurance contracts held	(203)	-	-	-	(203)
Reinsurance premium allocation	(500)	-	-	-	(500)
Amounts recoverable from reinsurers	297	-	-	-	297
Insurance service result	1,251	-	-	-	1,251
Financial income and expenses from insurance	(445)	-	-	-	(445)
Finance income or expenses from reinsurance	(49)	-	-	-	(49)
Interest income calculated using the effective interest rate, and equalized to them	7,253	(4,908)	(1,762)	67	650
Other net investment income	(116)	(62)	26	(9)	(161)
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	14	(8)	(7)	-	(1)
Result from allowances for expected credit losses	(280)	157	125	-	2
Net movement in fair value of assets and liabilities measured at fair value	672	(44)	(13)	-	615
Revenue from commissions and fees	1,244	(943)	(271)	54	84
Fee and commission expenses	(280)	215	69	(4)	-
PZU Group operating expenses not related to insurance services	(3,003)	1,858	695	(109)	(559)
Interest expenses	(2,010)	1,494	476	(15)	(55)
Legal risk costs of foreign currency mortgage loans	(66)	49	17	-	-
Other operating income	426	(53)	(31)	20	362
Other operating expenses	(155)	48	28	(4)	(83)
Operating profit	**4,456**	**(2,197)**	**(648)**	**-**	**1,611**
Share of the net financial results of entities accounted for using the equity method	(2)	2	-	-	-
Profit before tax	**4,454**	**(2,195)**	**(648)**	**-**	**1,611**
Income tax	(1,018)	507	167	-	(344)
Net profit	**3,436**	**(1,688)**	**(481)**	**-**	**1,267**
- profit attributable to the equity holders of the Parent Company	1,760	(339)	(154)	-	1,267
- profit attributable to holders of non-controlling interests	1,676	(1,349)	(327)	-	-

(in millions of PLN)

Consolidated profit and loss account for the period from 1 January to 31 March 2024 (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	1,178	-	-	-	1,178
Insurance revenue	7,012	-	-	-	7,012
Insurance service expenses	(5,834)	-	-	-	(5,834)
Net income or expenses from reinsurance contracts held	(391)	-	-	-	(391)
Reinsurance premium allocation	(425)	-	-	-	(425)
Amounts recoverable from reinsurers	34	-	-	-	34
Insurance service result	787	-	-	-	787
Financial income and expenses from insurance	(484)	-	-	-	(484)
Finance income or expenses from reinsurance	45	-	-	-	45
Interest income calculated using the effective interest rate, and equalized to them	6,950	(4,588)	(1,811)	61	612
Other net investment income	53	(44)	18	(2)	25
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	(12)	(8)	11	-	(9)
Result from allowances for expected credit losses	(277)	183	99	-	5
Net movement in fair value of assets and liabilities measured at fair value	402	(83)	(34)	-	285
Revenue from commissions and fees	1,345	(870)	(441)	41	75
Fee and commission expenses	(433)	206	232	(6)	(1)
PZU Group operating expenses not related to insurance services	(2,761)	1,707	624	(52)	(482)
Interest expenses	(2,049)	1,461	541	(14)	(61)
Legal risk costs of foreign currency mortgage loans	(39)	37	2	-	-
Other operating income	376	(36)	(37)	15	318
Other operating expenses	(129)	41	20	(43)	(111)
Operating profit	**3,774**	**(1,994)**	**(776)**	**-**	**1,004**
Share of the net financial results of entities accounted for using the equity method	3	(2)	-	-	1
Profit before tax	**3,777**	**(1,996)**	**(776)**	**-**	**1,005**
Income tax	(889)	449	192	-	(248)
Net profit	**2,888**	**(1,547)**	**(584)**	**-**	**757**
- profit attributable to the equity holders of the Parent Company	1,254	(311)	(186)	-	757
- profit attributable to holders of non-controlling interests	1,634	(1,236)	(398)	-	-

(in millions of PLN)

Statement of comprehensive income	Pekao Group		Alior Bank Group	
	1 January – 31 March 2025	1 January – 31 March 2024 (restated)	1 January – 31 March 2025	1 January – 31 March 2024
Net profit	1,688	1,547	481	584
Net other comprehensive income	390	(169)	160	(10)
Subject to subsequent reclassification to profit or loss	336	(123)	160	(11)
Valuation of debt instruments	115	68	69	66
Reclassification of debt instruments valuation for the profit and loss account	(8)	(1)	(3)	(1)
Valuation of loan receivables from clients (including finance lease receivables)	-	(1)	-	-
Foreign exchange translation differences	-	-	-	(2)
Cash flow hedging	308	(218)	131	(76)
Income tax	(79)	29	(37)	2
Not to be transferred to profit or loss in the future	54	(46)	-	1
Valuation of equity instruments	67	(57)	-	1
Income tax	(13)	11	-	-
Total net comprehensive income	**2,078**	**1,378**	**641**	**574**

Statement of Cash Flows	Pekao Group		Alior Bank Group	
	1 January – 31 March 2025	1 January – 31 March 2024	1 January – 31 March 2025	1 January – 31 March 2024
Net cash flows from operating activities	3,558	7,565	2,251	362
Net cash flows from investing activities	2,734	(7,015)	287	123
Net cash flows from financing activities	(2,559)	1,676	713	(677)
Total net cash flows	**3,733**	**2,226**	**3,251**	**(192)**

Dividend-related information	Pekao		Alior Bank	
	1 January – 31 March 2025	1 January – 31 March 2024	1 January – 31 March 2025	1 January – 31 March 2024
Date of ratifying the dividend	24 April 2025	17 April 2024	-	26 April 2024
Record date	7 May 2025	24 April 2024	-	10 May 2024
Dividend payment date	23 May 2025	10 May 2024	-	24 May 2024
Dividend per share (PLN)	18.36	19.20	-	4.42
Dividend attributable to PZU Group	965	1,009	-	184
Dividend attributable to non-controlling interest	3,854	4,030	-	393

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	68.8125%
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.

(in millions of PLN)

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

During the three-month period ended 31 March 2025, there were no transactions resulting in changes to the ownership structure of significant PZU equity stakes.

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

Number of PZU shares held by PZU Management Board Members and PZU Supervisory Board Members	15 May 2025	27 March 2025
PZU Management Board Members		
Andrzej Klesyk	10,001	10,001
Maciej Fedyna	300	300
Tomasz Kulik	7,847	7,847
Tomasz Tarkowski	830	830
Jan Zimowicz	1,520	-
PZU Supervisory Board Members		
Adam Uszpolewicz	5,150	5,150

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 2024.

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

Key management personnel, within the meaning of IAS 24, in the PZU Group are considered to be the Management Board of the parent company, Directors of the PZU Group and Members of the Management Boards of Pekao and Alior Bank.

Members of the PZU and PZU Życie Management Boards, including PZU Group Directors, ensure a coherent and effective management model at PZU and PZU Życie, based on the functional division of responsibility for the companies' respective business areas. PZU Group Directors generally oversee analogous areas in PZU and PZU Życie.

Members of the Management Boards at Pekao and Alior Bank are responsible for the planning, management and control of processes affecting the balance sheet totals and financial results of these banks. Due to the significant contribution of these amounts to the PZU Group's balance sheet total and consolidated financial result, the decision was made to recognize the members of the Management Boards at Pekao and Alior Bank as key management personnel of the PZU Group.

4.1 Composition of the parent company's Management Board

From 1 January 2025, the composition of the Management Board of PZU was as follows:

- Artur Olech – President of the PZU Management Board;
- Maciej Fedyna – Member of the PZU Management Board;
- 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;
- Tomasz Tarkowski – Member of the PZU Management Board;
- Jan Zimowicz – Member of the PZU Management Board.

On 27 January 2025, the PZU Supervisory Board dismissed Artur Olech, who served as the President of the PZU Management Board, from the PZU Management Board.

That same day, the PZU's Supervisory Board passed a resolution to delegate a Member of the PZU's Supervisory Board, Andrzej Klesyk, to temporarily perform the duties of the President of the PZU's Management Board, until the appointment of the President of the PZU's Management Board, but for a period not exceeding 3 months. The resolution came into force upon its adoption.

On 27 February 2025, the PZU Supervisory Board adopted a resolution to appoint Andrzej Klesyk to the PZU Management Board and entrusted him with the function of the PZU Management Board President, subject to approval by the KNF. Until such approval is obtained, the PZU Supervisory Board entrusted Andrzej Klesyk with discharging the duties of the President of the Management Board in the scope admissible by relevant law. The resolution came into force upon its adoption. The appointment was effective as of 3 March 2025, for a joint term of office, encompassing three full financial years 2023-2025.

From 3 March 2025, to the date of signing the consolidated financial statements, the PZU Management Board consisted of the following persons:

- Andrzej Klesyk – Member of the Management Board in charge pending approval by the Polish Financial Supervision Authority;
- Maciej Fedyna – Member of the PZU Management Board;
- 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;
- Tomasz Tarkowski – Member of the PZU Management Board;
- Jan Zimowicz – Member of the PZU Management Board.

4.2 PZU Group Directors

From 1 January 2025, the following persons were PZU Group Directors:

- 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).

On 15 January 2025, Igor Radziewicz-Winnicki was appointed as a Group Director at PZU and PZU Życie.

As of 31 January 2025, the position of Group Director at PZU was no longer held by Jarosław Mastalerz and Paweł Wajda.

On 19 February 2025, at PZU SA and on 21 February 2025, at PZU Życie SA, Paweł Wróbel was dismissed from his position as Director of the PZU Group, effective 30 April 2025.

As of 28 February 2025, the position of PZU Group Director at PZU was no longer held by Sławomir Bilik. On the same day, Michal Kopyt was appointed PZU Group Director at PZU, effective as of 1 March.

On 31 March 2025, Igor Radziewicz-Winnicki was dismissed from his position of PZU Group Director at PZU and PZU Życie.

On 16 April 2025, Artur Fromberg was appointed PZU Group Director at PZU.

As of 30 April 2025, the position of PZU Group Director at PZU was no longer held by Małgorzata Skibińska.

From 1 May 2025 to the date of signing the consolidated financial statements, the following persons were PZU Group Directors:

- Artur Fromberg (PZU);
- Bartosz Grześkowiak (PZU Życie);
- Elżbieta Häuser-Schöneich (PZU Życie);
- Michał Kopyt (PZU);
- Iwona Wróbel (PZU);
- Jan Zimowicz (PZU Życie).

4.3 Pekao Management Board

On 31 March 2025, the composition of the Pekao Management Board was as follows: Cezary Stypułkowski, Marcin Gadomski, Robert Sochacki, Błażej Szczecki, Dagmara Wojnar, Marcin Zygmanowski.

4.4 Alior Bank Management Board

On 31 March 2025, the composition of the Alior Bank Management Board was as follows: Piotr Żabski, Marcin Ciszewski, Jacek Iljin, Wojciech Przybył, Zdzisław Wojtera.

5. Parent Company's Supervisory Board

From 1 January 2025, the PZU Supervisory Board consisted of the following persons:

- Marcin Kubicza – Chairman of the Supervisory Board;
- Małgorzata Kurzynoga – Vice Chairman of the Supervisory Board;
- Anna Machnikowska – Secretary of the Supervisory Board;
- Michał Bernaczyk – Member of the Supervisory Board;
- Anita Elżanowska – Member of the Supervisory Board;
- 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 Supervisory Board;
- Adam Uszpolewicz – Member of the Supervisory Board.

On 10 January 2025, the Extraordinary Shareholder Meeting of PZU dismissed Wojciech Olejniczak as Member of the PZU Supervisory Board.

On 21 January 2025, the Extraordinary Shareholder Meeting of PZU appointed Andrzej Klesyk as Member of the PZU Supervisory Board.

On 28 February 2025, Andrzej Klesyk submitted his resignation from serving in the capacity of a PZU Supervisory Board Member, effective as of the end of 2 March 2025.

From 3 March 2025 to the date of signing the consolidated financial statements, the PZU Supervisory Board consisted of the following persons:

- Marcin Kubicza – Chairman of the Supervisory Board;
- Małgorzata Kurzynoga – Vice Chairman of the Supervisory Board;
- Anna Machnikowska – Secretary of the Supervisory Board;
- Michał Bernaczyk – Member of the Supervisory Board;
- Anita Elżanowska – Member of the Supervisory Board;
- Filip Gorczyca – Member of the Supervisory Board;
- Michał Jonczyński – Member of the Supervisory Board;
- Andrzej Kaleta – Member of the Supervisory Board;
- Adam Uszpolewicz – Member of the Supervisory Board.

6. Key accounting policies, key estimates and judgments

Detailed accounting policies and critical estimates and judgments are presented in the consolidated financial statements of the PZU Group for 2024.

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 2024.

6.1 Amendments to the applied IFRS

6.1.1. Standards, interpretations and amendments to standards effective from 1 January 2025

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

Name of standard/interpretation	Approving regulation	Comment
Amendments to IAS 21 – The effects of changes in foreign exchange rates	2024/2862	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 did not have a significant impact on the consolidated statements of PZU Group.

(in millions of PLN)

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

The following changes have not yet been approved by 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.

Name of standard/ interpretation	Date of issue by the IASB	Effective date (according to IASB)	Comment
Amendments to IFRS 9 and IFRS 7 – changes in classification and measurement of financial instruments	30 May 2024 18 December 2024	1 January 2026	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); • for environmentally dependent electricity contracts, often taking the form of power purchase agreements: ○ clarify the application of the "for personal use" requirements; ○ allow the use of hedge accounting if such contracts are used as hedging instruments; ○ introduce new disclosure requirements to enable investors to understand the impact of such agreements on an entity's financial results and cash flows. The PZU Group is in the process of evaluating the impact of the amendments to the standards on its consolidated financial statements.

(in millions of PLN)

Name of standard/ interpretation	Date of issue by the IASB	Effective date (according to IASB)	Comment
Annual updates – 11th edition	18 July 2024	1 January 2026	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.

6.2 Adjustment of comparative data

In the consolidated financial statements of the PZU Group for 2024, the PZU Group has made presentation amendments to the data presented in the condensed interim consolidated financial statements for Q1 2024.

6.2.1. Presentation of the provision for legal risk pertaining to mortgage loans in Swiss francs

Starting 1 January 2024, the PZU Group changed its accounting policy as regards recognizing the impact of legal risk arising from litigation related to Swiss franc 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 Swiss franc mortgage loan portfolio (instead of the element of expected credit losses, which resulted in the presentation of this provision in "Result for expected credit losses” and in “Other operating expenses”). The PZU Group has stopped treating legal risk as a premise for impairment of credit exposure.

The update of the accounting policy for Swiss franc mortgage loan contracts was 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 Swiss franc 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.

6.2.2. 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.” The PZU Group believes this presentation is more useful, as it allows the entire result on instruments measured at fair value through profit or loss to be presented on a single line in the consolidated profit and loss account.

6.2.3. Change in the presentation of operating expenses incurred by the PZU Group

The PZU Group decided to change the presentation of the operating expenses incurred by the PZU Group (except for the cost of insurance services, which under IFRS 17 is part of the insurance service result). Costs are now presented in one line of the consolidated income statement, “PZU Group operating expenses not related to insurance activities.” In the condensed interim consolidated financial statements for Q1 2024, costs incurred by non-insurance PZU Group units were presented in several lines of the consolidated profit and loss account – “Other net investment income” presented costs of investment activities, “Costs of banking operations” – costs incurred by PZU Group banks, while in “Other operating expenses” – costs of entities not engaged in insurance or banking activities and certain costs related to mandatory fees to supervisory or industry institutions. The PZU Group believes that presenting expenses on a single line of the consolidated profit and loss account is more useful to users of the report.

6.2.4. Amendment to the presentation of gains and losses on valuation of cash flow hedging instruments

The PZU Group has changed the preparation of its consolidated statement of other comprehensive income with respect to gains and losses on valuation of cash flow hedging instruments. In the condensed interim consolidated financial statements for Q1 2024, these values were presented in a single line “Cash flow hedging.” In these condensed interim consolidated financial statements, the PZU Group has added two new lines, in which it presents separately “Gains and losses on fair value measurement of cash flow hedging financial instruments in the portion that constitutes an effective hedge” and “Gains and losses on cash flow hedging financial instruments reclassified to financial result.” According to the PZU Group, this presentation is more useful for users of the consolidated financial statements.

6.2.5. Effect of changes on the basic tables of the condensed interim consolidated financial statements

The tables present the impact of the changes on the interim consolidated profit and loss account and interim statement of comprehensive income for the period January 1 – 31 March 2023.

(in millions of PLN)

Consolidated profit and loss account	1 January – 31 March 2024 (prior to restatement)	6.2.1	6.2.2	6.2.3	1 January – 31 March 2024 (restated)
Interest income calculated using the effective interest rate, and equalized to them	6,953	(3)	-	-	6,950
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	406	-	(418)	-	(12)
Result from allowances for expected credit losses	(206)	(71)	-	-	(277)
Net movement in fair value of assets and liabilities measured at fair value	(22)	6	418	-	402
Operating costs of banks	(1,651)	-	-	1,651	n/a
PZU Group’s non-insurance operating expenses	n/a	-	-	(2,761)	(2,761)
Legal risk costs of foreign currency mortgage loans	n/a	(39)	-	-	(39)
Other operating income	462	-	-	(86)	376
Other operating expenses	(1,436)	111	-	1,196	(129)
Operating profit	**3,770**	**4**	**-**	**-**	**3,774**
Profit before tax	**3,773**	**4**	**-**	**-**	**3,777**
Income tax	(888)	(1)	-	-	(889)
Net profit, of which:	2,885	3	-	-	2,888
- profit attributable to the equity holders of the Parent Company	1,254	-	-	-	1,254
- profit attributable to holders of non-controlling interests	1,631	3	-	-	1,634

Consolidated statement of comprehensive income	1 January – 31 March 2024 (prior to restatement)	6.2.1	6.2.4	1 January – 31 March 2024 (restated)
Net profit	2,885	3	-	2,888
Net other comprehensive income	(106)	-	-	(106)
Subject to subsequent reclassification to profit or loss	(49)	-	-	(49)
Cash flow hedging	(297)	-	-	(297)
Gains and losses on fair value measurement of financial instruments hedging cash flows in the portion constituting an effective hedge	n/a	-	(594)	(594)
Gains and losses on cash flow hedging financial instruments reclassified to profit or loss	n/a	-	297	297
Not to be reclassified to profit or loss in the future	(57)	-	-	(57)
Total net comprehensive income	**2,779**	**3**	**-**	**2,782**
- comprehensive income attributable to equity holders of the Parent Company	1,291	-	-	1,291
- comprehensive income attributable to holders of non-controlling interests	1,488	3	-	1,491

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. 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 10.1.1.

6.3.2. Allowance for 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 allowance for expected credit losses is presented in section 10.26.

6.3.3. Goodwill

PZU Group did not recognize any goodwill impairment losses in the 3-month period ended 31 March 2025.

6.3.4. 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 10.36.

6.3.5. Legal risk provision for foreign currency mortgage loans in Swiss francs

As at 31 March 2025, the PZU Group assessed the probability of an impact of a legal risk of Swiss franc foreign currency mortgages on future expected cash flows from credit exposures and the probability of cash outflows.

Key elements of the estimate include a projection of the total scale of litigation and a projection of the duration of litigation and the statutory interest costs that the PZU Group will have to cover as a result.

For more information thereon please see section 10.36.

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

In the 3-month period ended 31 March 2025, there were no events that resulted in any significant change to the structure of financial statement line items.

8. Correction of errors from previous years

In the 3-month period from 1 January to 31 March 2025, no corrections of errors from previous years were made.

9. Significant events after the end of the reporting period

There were no significant events after the end of the reporting period requiring disclosure in the PZU Group's condensed interim consolidated financial statements.

10. Notes to the condensed interim consolidated financial statements

10.1 Insurance and reinsurance contracts

10.1.1. Key assumptions

For the purpose 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 claims incurred, 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.

(in millions of PLN)

The calculation takes into account damage inflation in 2025 increased by 1 p.p. over the multi-year average.

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 85% PTTŻ 2018 and do not exceed 100% PTTŻ 2018 for most of the insured.

Cash flow discounting

The table below 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 purpose of discounting the selected non-life annuities. In the line "IK" – curves used for the purposes of discounting selected individual life insurance products, in particular, the individually continued insurance contracts portfolio and term insurance.

Portfolio duration	31 March 2025					31 December 2024				
	1 year	5 years	10 years	20 years	40 years	1 year	5 years	10 years	20 years	40 years
No premium										
PLN	4.81%	5.25%	5.68%	5.41%	4.56%	4.97%	5.50%	5.78%	5.35%	4.51%
EUR	2.14%	2.32%	2.57%	2.67%	2.77%	2.24%	2.14%	2.27%	2.26%	2.56%
USD	3.97%	3.64%	3.78%	3.93%	3.61%	4.18%	4.02%	4.07%	4.10%	3.66%
GBP	4.19%	4.00%	4.18%	4.50%	4.27%	4.46%	4.04%	4.07%	4.30%	3.99%
NOK	4.36%	4.05%	4.01%	3.88%	3.66%	4.30%	3.99%	3.93%	3.81%	3.62%
Annuities										
PLN	5.03%	5.47%	5.90%	5.62%	4.78%	5.18%	5.70%	5.99%	5.56%	4.72%
EUR	2.17%	2.34%	2.60%	2.70%	2.79%	2.27%	2.18%	2.30%	2.30%	2.60%
IK										
PLN	4.95%	5.40%	5.83%	5.55%	4.70%	5.11%	5.63%	5.92%	5.49%	4.65%

(in millions of PLN)

Risk adjustment for non-financial risk

The confidence level for the risk adjustment was 79.4% as at 31 March 2025 (as at 31 December 2024: 79.4%).

10.1.2. Insurance revenue

Insurance revenue	1 January – 31 March 2025	1 January – 31 March 2024
Contracts not measured under the PAA	2,260	2,142
Amounts relating to changes in liabilities for the remaining coverage	2,077	1,969
Expected incurred claims and other insurance service expenses	1,634	1,552
Release of the risk adjustment for non-financial risk for the period	41	43
Contractual service margin recognized in profit or loss for services provided	426	393
Other (including experience adjustments for premium)	(24)	(19)
Recovery of insurance acquisition cash flows	183	173
Contracts measured under the PAA	5,273	4,870
Total insurance revenue	**7,533**	**7,012**

10.1.3. Reinsurance premium allocation

Reinsurance premium allocation	1 January – 31 March 2025	1 January – 31 March 2024
Contracts not measured under the PAA	-	-
Contracts measured under the PAA	(500)	(425)
Allocation of reinsurance premiums, total	**(500)**	**(425)**

(in millions of PLN)

10.1.4. Movement in insurance contract assets and liabilities

Movement in insurance contract assets and liabilities 1 January – 31 March 2025	Assets concerning cash flows for acquisitions	LRC		LIC			Total
					Contracts under PAA		
		excluding the loss component	loss component	Non-PAA contracts	estimates of the present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	**(2)**	**25,401**	**635**	**837**	**15,398**	**1,265**	**43,534**
Assets	-	(124)	1	8	7	-	(108)
Liabilities	(2)	25,525	634	829	15,391	1,265	43,642
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	**-**	**(6,316)**	**(63)**	**2,022**	**3,341**	**-**	**(1,016)**
Insurance service result before reinsurance	-	(6,694)	(66)	2,015	3,298	(7)	(1,454)
Insurance revenue	-	(7,533)	-	-	-	-	(7,533)
Measured under the modified retrospective approach	-	(562)	-	-	-	-	(562)
Measured under the fair value	-	(10)	-	-	-	-	(10)
Other contracts	-	(6,961)	-	-	-	-	(6,961)
Insurance service expenses	-	1,210	(66)	1,649	3,293	(7)	6,079
Incurred claims and other insurance service expenses	-	-	(269)	1,649	3,293	(7)	4,666
Incurred in the period	-	-	(269)	1,695	3,220	144	4,790
Incurred in the past	-	-	-	(46)	73	(151)	(124)
Amortization of insurance acquisition cash flows	-	1,210	-	-	-	-	1,210
Losses and loss reversals on onerous contracts	-	-	203	-	-	-	203
investment component	-	(371)	-	366	5	-	-
Net finance expenses from insurance contracts	-	376	3	7	144	12	542
Foreign exchange differences	-	2	-	-	(101)	(5)	(104)
Cash flows	**(1)**	**7,075**	**-**	**(2,002)**	**(3,568)**	**-**	**1,504**
Premiums received	-	8,336	-	-	-	-	8,336
Insurance service expenses paid, including investment components	-	-	-	(2,002)	(3,568)	-	(5,570)
Insurance acquisition cash flows	(1)	(1,261)	-	-	-	-	(1,262)
Other changes	2	(32)	(2)	-	(22)	(2)	(56)
End of the period	**(1)**	**26,128**	**570**	**857**	**15,149**	**1,263**	**43,966**
Assets	-	(123)	1	11	6	-	(105)
Liabilities	(1)	26,251	569	846	15,143	1,263	44,071

(in millions of PLN)

Movement in insurance contract assets and liabilities 1 January – 31 March 2024	**LRC**		**LIC**			**Total**
				Contracts under PAA		
	excluding the loss component	**loss component**	**Contracts not under PAA**	**estimates of the present value of the 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	**(5,972)**	**78**	**1,913**	**3,131**	**(4)**	**(854)**
Insurance service result before reinsurance	(6,195)	74	1,906	3,049	(12)	(1,178)
Insurance revenue	(7,012)	-	-	-	-	(7,012)
Measured under the modified retrospective approach	(544)	-	-	-	-	(544)
Measured under the fair value	(10)	-	-	-	-	(10)
Other contracts	(6,458)	-	-	-	-	(6,458)
Insurance service expenses	1,139	74	1,596	3,037	(12)	5,834
Incurred claims and other insurance service expenses	-	(261)	1,596	3,037	(12)	4,360
Incurred in the period	-	(261)	1,660	3,046	118	4,563
Incurred in the past	-	-	(64)	(9)	(130)	(203)
Amortization of insurance acquisition cash flows	1,139	-	-	-	-	1,139
Losses and loss reversals on onerous contracts	-	335	-	-	-	335
investment component	(322)	-	310	12	-	-
Net finance expenses from insurance contracts	223	4	7	73	7	314
Foreign exchange differences	-	-	-	9	1	10
Cash flows	**6,706**	**-**	**(1,897)**	**(3,148)**	**-**	**1,661**
Premiums received	7,931	-	-	-	-	7,931
Insurance service expenses paid, including investment components	-	-	(1,897)	(3,148)	-	(5,045)
Insurance acquisition cash flows	(1,225)	-	-	-	-	(1,225)
Other changes	92 [1)]	(2)	-	(9)	(2)	79
End of the period	**25,716**	**614**	**811**	**14,815**	**1,147**	**43,103**
Assets	(129)	7	8	4	-	(110)
Liabilities	25,845	607	803	14,811	1,147	43,213

[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.

(in millions of PLN)

Movement in insurance contract assets and liabilities – Non-PAA insurance contracts 1 January – 31 March 2025	**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	**8,762**	**1,577**	**4,314**	**22**	**4,748**	**9,084**	**19,423**
Assets	(635)	108	25	-	405	430	(97)
Liabilities	9,397	1,469	4,289	22	4,343	8,654	19,520
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	**(258)**	**29**	**39**	**-**	**148**	**187**	**(42)**
Insurance service result before reinsurance	(524)	5	(8)	-	98	90	(429)
Changes that relate to future services	(483)	49	137	-	379	516	82
Contracts initially recognized in the period	(338)	44	-	-	377	377	83
Changes that adjust the CSM	(138)	2	137	-	2	139	3
Changes on onerous contracts	(7)	3	-	-	-	-	(4)
Changes that relate to current services	(7)	(31)	(145)	-	(281)	(426)	(464)
CSM recognized for services provided	-	-	(145)	-	(281)	(426)	(426)
Changes in risk adjustments for non-financial risks for the period	-	(31)	-	-	-	-	(31)
Experience adjustment for current service	(7)	-	-	-	-	-	(7)
Changes that relate to past services – changes for claims and other insurance service expenses	(34)	(13)	-	-	-	-	(47)
Net finance expenses from insurance contracts	266	24	47	-	50	97	387
Foreign exchange differences	-	-	-	-	-	-	-
Cash flows	**310**	**-**	**-**	**-**	**-**	**-**	**310**
Premiums received	2,503	-	-	-	-	-	2,503
Insurance service expenses paid, including investment component	(2,002)	-	-	-	-	-	(2,002)
Insurance acquisition cash flows	(191)	-	-	-	-	-	(191)
Other changes	(8)	(2)	(3)	(1)	(1)	(5)	(15)
End of the period	**8,806**	**1,604**	**4,350**	**21**	**4,895**	**9,266**	**19,676**
Assets	(541)	94	25	-	332	357	(90)
Liabilities	9,347	1,510	4,325	21	4,563	8,909	19,766

(in millions of PLN)

Movement in insurance contract assets and liabilities – Non-PAA insurance contracts 1 January – 31 March 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	**(191)**	**3**	**(31)**	**(2)**	**117**	**84**	**(104)**
Insurance service result before reinsurance	(332)	3	(82)	(2)	75	(9)	(338)
Changes that relate to future services	(304)	45	65	(1)	320	384	125
Contracts initially recognized in the period	(205)	38	-	-	311	311	144
Changes that adjust the CSM	(80)	8	65	(1)	9	73	1
Changes on onerous contracts	(19)	(1)	-	-	-	-	(20)
Changes that relate to current services	19	(25)	(147)	(1)	(245)	(393)	(399)
CSM recognized for services provided	-	-	(147)	(1)	(245)	(393)	(393)
Changes in risk adjustments for non-financial risks for the period	-	(25)	-	-	-	-	(25)
Experience adjustment for current service	19	-	-	-	-	-	19
Changes that relate to past services – changes for claims and other insurance service expenses	(47)	(17)	-	-	-	-	(64)
Net finance expenses from insurance contracts	141	-	51	-	42	93	234
Foreign exchange differences	-	-	-	-	-	-	-
Cash flows	**304**	**-**	**-**	**-**	**-**	**-**	**304**
Premiums received	2,383	-	-	-	-	-	2,383
Insurance service expenses paid, including investment component	(1,897)	-	-	-	-	-	(1,897)
Insurance acquisition cash flows	(182)	-	-	-	-	-	(182)
Other changes	(3)	-	(1)	-	-	(1)	(4)
End of the period	**9,289**	**1,545**	**4,531**	**20**	**4,295**	**8,846**	**19,680**
Assets	(552)	91	28	-	336	364	(97)
Liabilities	9,841	1,454	4,503	20	3,959	8,482	19,777

(in millions of PLN)

10.1.5. Movement in reinsurance contract assets and liabilities

Movement in reinsurance contract assets and liabilities 1 January – 31 March 2025	LRC		LIC			Total
				Contracts under PAA		
	excluding the loss recovery component	loss recovery component	Contracts not under PAA	estimates of the present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	**(199)**	**-**	**-**	**(3,578)**	**(230)**	**(4,007)**
Assets	(254)	-	-	(3,559)	(229)	(4,042)
Liabilities	55	-	-	(19)	(1)	35
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	**501**	**-**	**-**	**(244)**	**(15)**	**242**
Net income or expenses from reinsurance contracts held	502	-	-	(284)	(15)	203
Reinsurance premium allocation	500	-	-	-	-	500
Amounts recoverable from reinsurers	-	-	-	(282)	(15)	(297)
Recoveries of claims incurred and other expenses incurred in the period	-	-	-	(171)	(18)	(189)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	(111)	3	(108)
investment component	2	-	-	(2)	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	(37)	(3)	(40)
Foreign exchange differences	(1)	-	-	77	3	79
Cash flows	**(726)**	**-**	**-**	**453**	**-**	**(273)**
Premiums paid	(726)	-	-	-	-	(726)
Claims recovered and expenses paid	-	-	-	453	-	453
Other changes	-	-	-	-	-	-
End of the period	**(424)**	**-**	**-**	**(3,369)**	**(245)**	**(4,038)**
Assets	(444)	-	-	(3,366)	(246)	(4,056)
Liabilities	20	-	-	(3)	1	18

(in millions of PLN)

Movement in reinsurance contract assets and liabilities 1 January – 31 March 2024	**LRC**		**LIC**			**Total**
				Contracts under PAA		
	excluding the loss recovery component	**loss recovery component**	**Contracts not under PAA**	**estimates of the present value of the 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	**427**	**-**	**-**	**(69)**	**4**	**362**
Net income or expenses from reinsurance contracts held	426	-	-	(41)	6	391
Reinsurance premium allocation	425	-	-	-	-	425
Amounts recoverable from reinsurers	-	-	-	(40)	6	(34)
Recoveries of claims incurred and other expenses incurred in the period	-	-	-	(70)	(9)	(79)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	30	15	45
investment component	1	-	-	(1)	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	(11)	(1)	(12)
Foreign exchange differences	1	-	-	(17)	(1)	(17)
Cash flows	**(760)**	**-**	**-**	**71**	**-**	**(689)**
Premiums paid	(760)	-	-	-	-	(760)
Claims recovered and expenses paid	-	-	-	71	-	71
Other changes	(60) [1)]	-	-	-	-	(60)
End of the period	**(351)**	**-**	**-**	**(3,286)**	**(184)**	**(3,821)**
Assets	(367)	-	-	(3,285)	(184)	(3,836)
Liabilities	16	-	-	(1)	-	15

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

(in millions of PLN)

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

Non-PAA insurance contracts	Contracts issued 1 January – 31 March 2025			Contracts issued 1 January – 31 March 2024		
	profitable	onerous	total	profitable	onerous	total
Insurance contracts						
Present value of cash outflows	1,342	741	2,083	956	1,155	2,111
Present value of claims and insurance service expenses	1,193	683	1,876	845	1,070	1,915
Present value of insurance acquisition cash flows	149	58	207	111	85	196
Present value of cash inflows	(1,756)	(665)	(2,421)	(1,295)	(1,021)	(2,316)
Risk adjustment for non-financial risk	37	7	44	28	10	38
CSM	377	-	377	311	-	311
Losses recognized on initial recognition	-	(83)	(83)	-	(144)	(144)
Reinsurance contracts						
Present value of cash outflows	-	-	-	-	-	-
Present value of cash inflows	-	-	-	-	-	-
Risk adjustment for non-financial risk	-	-	-	-	-	-
CSM	-	-	-	-	-	-

In the period from January 1 to 31 March 2025, and in the period from January 1 to 31 March 2025, the PZU Group did not buy any insurance or reinsurance contracts, not measured under PAA.

10.2 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 January – 31 March 2025	1 January – 31 March 2024 (restated)
Loan receivables from clients	4,114	4,066
Debt securities measured at fair value through other comprehensive income	807	825
Debt securities measured at amortized cost	1,472	1,173
Buy-sell-back transactions	194	129
Term deposits with credit institutions	61	141
Loans	87	99
Receivables purchased	140	161
Hedge derivatives	(132)	(155)
Receivables	4	10
Cash and cash equivalents	192	190
Income of a nature similar to interest	314	311
Interest income calculated using the effective interest rate, and equalized to them, total	**7,253**	**6,950**

(in millions of PLN)

10.3 Other net investment income

Other net investment income	1 January – 31 March 2025	1 January – 31 March 2024
Dividend income, including:	2	4
Investment financial assets measured at fair value through profit or loss	2	4
Foreign exchange differences	(157)	23
Income on investment property	36	26
Other	3	-
Total other net investment income	**(116)**	**53**

10.4 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 January – 31 March 2025	1 January – 31 March 2024 (restated)
Investment financial assets	11	-
Debt instruments measured at fair value through other comprehensive income	9	(5)
Instruments measured at amortized cost	2	5
Loan receivables from clients measured at amortized cost (including finance lease receivables)	3	(14)
Short selling	-	3
Receivables	-	(1)
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss, total	**14**	**(12)**

10.5 Result from allowances for expected credit losses

Result from allowances for expected credit losses	1 January – 31 March 2025	1 January – 31 March 2024 (restated)
Investment financial assets	(9)	5
Debt instruments measured at fair value through other comprehensive income	(3)	3
Instruments measured at amortized cost	(6)	2
- debt instruments	(9)	(1)
- term deposits with credit institutions	-	1
- loans	3	2
Loan receivables from clients (including finance lease receivables)	(302)	(320)
Measured at amortized cost	(294)	(320)
Measured at fair value through other comprehensive income	(8)	-
Guarantees and sureties granted	35	41
Receivables	(2)	(2)
Cash and cash equivalents	(2)	(1)
Total result from allowances for expected credit losses	**(280)**	**(277)**

(in millions of PLN)

10.6 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 January – 31 March 2025	1 January – 31 March 2024 (restated)
Investment financial instruments measured at fair value through profit or loss	353	308
Equity instruments	150	83
Debt securities	70	62
Participation units and investment certificates	133	163
Derivatives	378	117
Measurement of liabilities to members of consolidated mutual funds	(24)	(19)
Investment contracts for the client's account and risk (unit-linked)	(23)	(12)
Investment property	(1)	(12)
Loan receivables from clients (including finance lease receivables)	(11)	20
Net movement in fair value of assets and liabilities measured at fair value, total	**672**	**402**

10.7 Revenue from commissions and fees

Revenue from commissions and fees	1 January – 31 March 2025	1 January – 31 March 2024
Banking activity	1,046	1,180
Margin on foreign exchange transactions with clients	248	251
Brokerage fees	70	63
Fiduciary activity	22	19
Payment card and credit card services	247	392
Fees on account of insurance intermediacy activities	6	9
Loans and borrowings	124	128
Bank account-related services	100	100
Transfers	80	78
Cash operations	27	25
Receivables purchased	19	18
Guarantees, letters of credit, collections, promises	29	27
Commissions on leasing activity	24	27
Other commission	50	43
Revenue and payments received from funds and mutual fund management companies	151	123
Pension insurance	46	41
Other	1	1
Total revenue from commissions and fees	**1,244**	**1,345**

(in millions of PLN)

10.8 Fee and commission expenses

Fee and commission expenses	1 January – 31 March 2025	1 January – 31 March 2024
Costs of card and ATM transactions, including card issue costs	152	308
Commissions on acquisition of banking clients	26	26
Fees for the provision of ATMs	11	11
Costs of awards to banking clients	8	6
Costs of bank transfers and remittances	13	12
Additional services attached to banking products	10	7
Brokerage fees	8	8
Costs of administration of bank accounts	2	1
Costs of banknote operations	-	5
Fiduciary activity expenses	8	7
Other commission	42	42
Total fee and commission expenses	**280**	**433**

10.9 PZU Group's non-insurance operating expenses

PZU Group's non-insurance operating expenses	1 January – 31 March 2025	1 January – 31 March 2024 (restated)
Consumption of materials and energy	78	83
Third party services	337	296
Taxes and charges, including:	425	417
– levy on financial institutions	387	389
Employee expenses	1,352	1,269
Depreciation of property, plant and equipment	152	158
Amortization of intangible assets, including:	131	117
- amortization of intangible assets purchased in company acquisition transactions	13	14
Other:	528	421
– advertising	53	53
- compulsory payments to banking market institutions	60	50
- fees to the Bank Guarantee Fund	381	279
– other	34	39
Total PZU Group operating expenses not related to insurance services	**3,003**	**2,761**

10.10 Interest expenses

Interest expenses	1 January – 31 March 2025	1 January – 31 March 2024
Term deposits	885	972
Current deposits	508	441
Own debt securities issued	358	316
Hedge derivatives	91	122
Loans	16	12
Repurchase transaction	69	90
Bank loans contracted by PZU Group companies	51	58
Leases	17	17
Other	15	21
Total interest expenses	**2,010**	**2,049**

(in millions of PLN)

10.11 Other operating income

Other operating income	1 January – 31 March 2025	1 January – 31 March 2024 (restated)
Revenues on the sales of products, merchandise and services by non-insurance companies, including:	327	292
Sales of medical services	269	240
Sales of products and goods	38	35
Other	20	17
Reversal of provisions	3	11
Other	96	73
Other operating income, total	**426**	**376**

10.12 Other operating expenses

Other operating expenses	1 January – 31 March 2025	1 January – 31 March 2024 (restated)
Expenditures for prevention activity	29	25
Establishment of provisions	8	23
Recognition of impairment losses for non-financial assets	1	8
Donations	5	1
Costs of pursuit of claims	20	17
Other	92	55
Other operating expenses, total	**155**	**129**

10.13 Income tax

Total amount of current and deferred tax	1 January – 31 March 2025	1 January – 31 March 2024 (restated)
Recognized in the profit and loss account, including:	1,018	889
– current tax	631	529
– deferred tax	387	360
Recognized in other comprehensive income, including:	151	(23)
– current tax	-	5
– deferred tax	151	(28)
Total	**1,169**	**866**

(in millions of PLN)

Income tax on other comprehensive income items	1 January – 31 March 2025	1 January – 31 March 2024
Other comprehensive income, gross	757	(129)
Income tax	(151)	23
Valuation of debt instruments	(52)	(21)
Reclassification of debt instruments valuation for the profit and loss account	2	(1)
Financial income and expenses from insurance	-	(29)
Finance income or expenses from reinsurance	(2)	3
Cash flow hedging, including:	(84)	57
Gains and losses on fair value measurement of financial instruments hedging cash flows in the portion constituting an effective hedge	(49)	113
Gains and losses on cash flow hedging financial instruments reclassified to profit or loss	(35)	(56)
Equity instruments measured at fair value through other comprehensive income	(15)	14
Net other comprehensive income	**606**	**(106)**

The PZU Group is made of entities operating in various countries and governed by 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.

10.14 Earnings per share

Earnings per share	1 January – 31 March 2025	1 January – 31 March 2024
Net earnings attributable to owners of the parent company	1,760	1,254
Weighted average basic and diluted number of common shares	863,319,376	863,343 165
Number of issued shares	863,523,000	863,523,000
Weighted average number of treasury shares (held by entities subject to consolidation)	(203,624)	(179,835)
Basic and diluted earnings (loss) per ordinary share (in PLN)	2.04	1.45

In 3 months ended respectively 31 March 2025, and 31 March 2024, there were no transactions or events resulting in the dilution of earnings per share.

10.15 Goodwill

Goodwill	31 March 2025	31 December 2024
Pekao [1)] (Banking Operations segment)	1,715	1,715
LD [2)] (Baltic countries segment)	461	472
Medical companies (Other segment)	341	341
Link4 (Mass insurance in non-life insurance segment)	221	221
Balta (Baltic countries segment)	38	38
Other	5	5
Goodwill, total	**2,781**	**2,792**

[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.

(in millions of PLN)

10.16 Intangible assets

Intangible assets by group	31 March 2025	31 December 2024
Software, licenses and similar assets	1,629	1,518
Trademarks	609	612
– Pekao	340	340
– Alior Bank	100	100
– other	169	172
Customer relations	217	231
– Pekao	161	170
– other	56	61
Intangible assets under development	745	909
Other intangible assets	467	475
Intangible assets, total	**3,667**	**3,745**

10.17 Property, plant and equipment

Property, plant and equipment by group	31 March 2025	31 December 2024
Equipment and machinery	705	676
Means of transport	272	234
Property, plant and equipment under construction	315	379
Real property	2,489	2,521
Other property, plant and equipment	442	446
Total property, plant and equipment	**4,223**	**4,256**

10.18 Entities accounted for using the equity method

Associates	31 March 2025	31 December 2024
Krajowy Integrator Płatności SA	57	59
Sigma BIS SA	10	10
Associates, total	**67**	**69**

10.19 Assets and liabilities held for sale

Assets held for sale by classification before transfer	31 March 2025	31 December 2024
Groups held for sale	**274**	**275**
Assets	297	299
Investment property	272	272
Receivables	3	5
Cash and cash equivalents	22	22
Liabilities directly associated with assets classified as held for sale	23	24
Other liabilities	13	14
Deferred tax liabilities	10	10
Other assets held for sale	**275**	**296**
Property, plant and equipment	7	27
Investment property	268	269
Assets and groups of assets held for sale	**572**	**595**
Liabilities directly associated with assets classified as held for sale	**23**	**24**

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.

(in millions of PLN)

10.20 Loan receivables from clients (including finance lease receivables)

Loan receivables from clients (including finance lease receivables)	31 March 2025	31 December 2024
Measured at amortized cost	231,670	231,559
Measured at fair value through other comprehensive income	275	247
Measured at fair value through profit or loss	400	360
Total loan receivables from clients (including finance lease receivables)	**232,345**	**232,166**

Loan receivables from clients (including finance lease receivables)	31 March 2025	31 December 2024
Retail segment	123,476	122,214
Loans for real estate	89,692	88,932
Other	33,784	33,282
Business segment	108,869	109,952
Total loan receivables from clients (including finance lease receivables)	**232,345**	**232,166**

10.21 Financial derivatives

Derivatives	31 March 2025		31 December 2024	
	Assets	Liabilities	Assets	Liabilities
Related to interest rates	**4,701**	**5,000**	**4,587**	**5,477**
Fair value hedging instruments – swap transactions	113	17	65	56
Cash flow hedging instruments – swap transactions	912	1,172	662	1,509
Instruments carried as held for trading, including:	3,676	3,811	3,860	3,912
- forward contracts	75	75	88	85
- swap transactions	3,577	3,714	3,744	3,800
- call options (purchase)	18	16	21	21
- put options (sale)	5	5	6	5
- cap floor options	1	1	1	1
Related to exchange rates	**781**	**447**	**538**	**427**
Cash flow hedging instruments – swap transactions	-	6	3	-
Instruments carried as held for trading, including:	781	441	535	427
- forward contracts	182	176	80	184
- swap transactions	562	203	413	192
- call options (purchase)	19	8	26	14
- put options (sale)	18	54	16	37
Related to prices of securities - forward contracts	**-**	**1**	**-**	**1**
Related to commodity prices	**216**	**183**	**259**	**227**
- swap transactions	170	138	236	204
- call options (purchase)	6	6	7	8
- put options (sale)	8	8	9	9
– other	32	31	7	6
Total	**5,698**	**5,631**	**5,384**	**6,132**

(in millions of PLN)

10.22 Assets pledged as collateral for liabilities

Assets pledged as collateral for liabilities	31 March 2025				31 December 2024			
	at amortized cost	at fair value through other comprehe-nsive income	at fair value through profit or loss	Total	at amortized cost	at fair value through other comprehe-nsive income	at fair value through profit or loss	Total
Debt securities	-	1,622	106	1,728	-	1,017	387	1,404
Government securities	-	1,622	106	1,728	-	1,017	387	1,404
Domestic	-	668	106	774	-	1,017	387	1,404
Fixed rate	-	650	12	662	-	999	351	1,350
Floating rate	-	18	94	112	-	18	36	54
Foreign	-	954	-	954	-	-	-	-
Fixed rate	-	954	-	954	-	-	-	-
Total assets securing liabilities	**-**	**1,622**	**106**	**1,728**	**-**	**1,017**	**387**	**1,404**

10.23 Investment financial assets

Investment financial assets	31 March 2025				31 December 2024			
	at amortized cost	at fair value through other comprehe-nsive income	at fair value through profit or loss	Total	at amortized cost	at fair value through other comprehe-nsive income	at fair value through profit or loss	Total
Equity instruments	n/a	690	1,530	2,220	n/a	609	1,471	2,080
Participation units and investment certificates	n/a	n/a	5,831	5,831	n/a	n/a	5,234	5,234
Debt securities	138,363	53,420	5,512	197,295	143,584	52,522	3,929	200,035
Government securities	108,557	44,325	4,898	157,780	96,142	41,062	3,508	140,712
Domestic	96,899	36,336	4,559	137,794	85,590	32,862	3,277	121,729
Fixed rate	77,074	26,291	2,695	106,060	70,180	22,929	2,071	95,180
Floating rate	19,825	10,045	1,864	31,734	15,410	9,933	1,206	26,549
Foreign	11,658	7,989	339	19,986	10,552	8,200	231	18,983
Fixed rate	11,658	7,989	337	19,984	10,552	8,200	231	18,983
Floating rate	-	-	2	2	-	-	-	-
Other	29,806	9,095	614	39,515	47,442	11,460	421	59,323
Fixed rate	20,216	5,584	156	25,956	37,898	7,996	125	46,019
Floating rate	9,590	3,511	458	13,559	9,544	3,464	296	13,304
Other, including:	14,967	-	-	14,967	14,966	-	-	14,966
Buy-sell-back transactions	9,392	-	-	9,392	9,747	-	-	9,747
Term deposits with credit institutions	1,480	-	-	1,480	1,033	-	-	1,033
Loans	4,095	-	-	4,095	4,186	-	-	4,186
Investment financial assets, total	**153,330**	**54,110**	**12,873**	**220,313**	**158,550**	**53,131**	**10,634**	**222,315**

(in millions of PLN)

Equity instruments measured at fair value through other comprehensive income	31 March 2025	31 December 2024
Biuro Informacji Kredytowej SA	321	263
Grupa Azoty SA	148	135
PSP sp. z o.o.	137	137
Krajowa Izba Rozliczeniowa SA	30	27
Webuild SpA	20	19
Other	34	28
Equity instruments measured at fair value through other comprehensive income, total	**690**	**609**

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

Carrying amount of debt securities issued by governments other than the Polish government	31 March 2025	31 December 2024
USA	7,870	6,988
France	4,985	5,052
Germany	2,297	1,166
Lithuania	1,007	995
Austria	798	726
United Kingdom	588	548
Romania	372	363
Latvia	218	267
Belgium	209	216
The Netherlands	208	426
Finland	207	4
Hungary	206	210
Saudi Arabia	188	197
Spain	186	111
Mexico	164	167
Chile	130	118
Colombia	114	118
Indonesia	112	114
Italy	105	103
Ukraine	96	102
Panama	86	89
Croatia	71	103
Serbia	67	69
Brazil	58	78
Other	598 [1)]	653 [2)]
Total	**20,940**	**18,983**

[1)] The item “Other” comprises bonds issued by 42 countries towards which the balance sheet liability per country does not exceed PLN 50 million.
[2)] The item “Other” comprises bonds issued by 43 countries.

(in millions of PLN)

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	31 March 2025	31 December 2024
K. Financial and insurance activities, including:	25,239	45,446
Foreign banks	10,857	11,647
National Bank of Poland	10,413	29,458
Companies from the WIG-Banks Index	1,113	1,265
O. Public administration and defense, compulsory social security, of which:	6,517	6,501
Domestic local governments	6,517	6,501
U. Extra-territorial organizations and teams	1,457	1,172
E. Water supply; sewerage, waste management and remediation activities	1,444	1,487
D. Electricity, gas, steam, hot water and air conditioning production and supply, including:	1,414	1,424
Companies from the WIG-Energy Index	958	977
C. Manufacturing, including:	1,176	1,141
Production and processing of crude oil refining products (including WIG-Fuels)	531	494
J. Information and communication	471	471
H. Transportation and storage	427	456
B. Mining and quarrying	282	278
I. R. Accommodation and food service activities (including: WIG - hotels and restaurants), and arts, entertainment and recreation activities	253	164
F. Construction	252	256
N. Administrative and support service activities	238	194
M. Professional, scientific and technical activity	167	152
L. Real property activities	164	170
G. Wholesale and retail trade services; repair services of motor vehicles and motorcycles	14	11
Total	**39,515**	**59,323**

10.24 Other receivables

Other receivables – carrying amount	31 March 2025	31 December 2024
Receivables from insurance intermediaries	101	104
Receivables from sale of securities and security deposits [1)]	1,497	1,912
Receivables on account of payment card settlements	877	1,529
Trade receivables	689	668
Receivables from the state budget, other than corporate income tax receivables	87	74
Receivables from commissions on off-balance sheet products	268	310
Prevention settlements	27	44
Receivables from security and bid deposits	74	70
Interbank and interbranch receivables	117	6
Disputed settlements	62	50
Co-insurance receivables on co-insurer’s share	52	47
Other	361	444
Other receivables, total	**4,212**	**5,258**

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

As at 31 March 2025, and 31 December 2024, 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.

(in millions of PLN)

10.25 Other assets

Other assets	31 March 2025	31 December 2024
IT costs settled over time	333	282
Accrued direct claims handling receivables	51	51
Costs settled over time	217	161
Inventories	56	52
Tax settlements on real properties, means of transport and land	28	-
Settlements of payments made to the Company Social Benefit Fund	59	-
Other assets	50	41
Total other assets	**794**	**587**

10.26 Expected credit losses

Loan receivables from clients (including finance lease receivables) measured at amortized cost	1 January – 31 March 2025					1 January – 31 March 2024 (restated)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	203,154	24,537	10,584	2,484	240,759	191,022	24,362	10,426	3,259	229,069
Recognition of instruments at the time of acquisition, creation, granting	24,818	-	-	322	25,140	28,111	-	-	262	28,373
Changes attributable to sale, exclusion or expiration of the instrument	(20,315)	(1,316)	(470)	(313)	(22,414)	(19,255)	(1,079)	(1,200)	(121)	(21,655)
Assets from the statement of financial position	-	-	(366)	(4)	(370)	-	-	(933)	(16)	(949)
Reclassification to basket 1	5,142	(5,053)	(89)	-	-	3,012	(2,915)	(97)	-	-
Reclassification to basket 2	(6,613)	6,782	(169)	-	-	(5,523)	5,720	(197)	-	-
Reclassification to basket 3	(439)	(612)	1,051	-	-	(380)	(763)	1,143	-	-
Other changes, including foreign exchange differences	(1,926)	(282)	32	23	(2,153)	(2,492)	(17)	1,015	(269)	(1,763)
End of the period	**203,821**	**24,056**	**10,573**	**2,512**	**240,962**	**194,495**	**25,308**	**10,157**	**3,115**	**233,075**
Expected credit losses										
Beginning of the period	(1,084)	(1,545)	(5,214)	(1,357)	(9,200)	(1,224)	(1,729)	(5,348)	(2,226)	(10,527)
Establishment of allowances for newly acquired, created, granted instruments	(118)	(3)	(24)	(46)	(191)	(135)	-	-	(34)	(169)
Changes attributable to sale, exclusion or expiration of the instrument (excluding reclassification)	44	37	113	8	202	46	29	112	8	195
Assets from the statement of financial position	-	-	366	4	370	-	-	933	16	949
Reclassification to basket 1	(217)	208	9	-	-	(177)	168	9	-	-
Reclassification to basket 2	101	(136)	35	-	-	89	(137)	48	-	-
Reclassification to basket 3	17	81	(98)	-	-	8	109	(117)	-	-
Other changes, including foreign exchange differences	169	(142)	(570)	70	(473)	181	(294)	(788)	288	(613)
End of the period	**(1,088)**	**(1,500)**	**(5,383)**	**(1,321)**	**(9,292)**	**(1,212)**	**(1,854)**	**(5,151)**	**(1,948)**	**(10,165)**
Net carrying amount at the end of the period	**202,733**	**22,556**	**5,190**	**1,191**	**231,670**	**193,283**	**23,454**	**5,006**	**1,167**	**222,910**

(in millions of PLN)

Loan receivables from clients measured at fair value through other comprehensive income	1 January – 31 March 2025					1 January – 31 March 2025				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Carrying amount										
Beginning of the period	247	-	-	-	247	82	-	-	-	82
Recognition of instruments at the time of acquisition, creation, granting	69	-	-	-	69	-	-	-	-	-
Changes attributable to sale, exclusion or expiration of the instrument	(33)	-	-	-	(33)	-	-	-	-	-
Reclassification to basket 2	(193)	193	-	-	-	-	-	-	-	-
Other changes	(8)	-	-	-	(8)	-	-	-	-	-
End of the period	**82**	**193**	**-**	**-**	**275**	**82**	**-**	**-**	**-**	**82**
Expected credit losses										
Beginning of the period	(3)	-	-	-	(3)	(1)	-	-	-	(1)
Establishment of allowances for newly acquired, created, granted instruments	(4)	-	-	-	(4)	-	-	-	-	-
Reclassification to basket 2	6	(6)	-	-	-	-	-	-	-	-
Other changes	-	(4)	-	-	(4)	-	-	-	-	-
End of the period	**(1)**	**(10)**	**-**	**-**	**(11)**	**(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 – 31 March 2025					1 January – 31 March 2025				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	143,288	367	-	64	143,719	121,184	479	-	96	121,759
Recognition of instruments at the time of acquisition, creation, granting	54,386	-	-	-	54,386	81,697	-	-	-	81,697
Changes attributable to sale, exclusion or expiration of the instrument	(59,421)	(19)	-	-	(59,440)	(75,853)	(24)	-	-	(75,877)
Reclassification to basket 1	4	(4)	-	-	-	3	(3)	-	-	-
Reclassification to basket 2	(221)	221	-	-	-	(21)	21	-	-	-
Other changes	(163)	2	-	(7)	(168)	673	(3)	-	6	676
End of the period	**137,873**	**567**	**-**	**57**	**138,497**	**127,683**	**470**	**-**	**102**	**128,255**
Expected credit losses										
Beginning of the period	(82)	(11)	-	(42)	(135)	(89)	(25)	-	(71)	(185)
Establishment of allowances for newly acquired, created, granted instruments	(9)	-	-	-	(9)	(13)	-	-	-	(13)
Changes attributable to sale, exclusion or expiration of the instrument	7	(6)	-	-	1	3	1	-	-	4
Reclassification to basket 2	8	(8)	-	-	-	3	(3)	-	-	-
Other changes, including foreign exchange differences	(9)	8	-	10	9	5	4	-	(7)	2
End of the period	**(85)**	**(17)**	**-**	**(32)**	**(134)**	**(91)**	**(23)**	**-**	**(78)**	**(192)**
Net carrying amount at the end of the period	**137,788**	**550**	**-**	**25**	**138,363**	**127,592**	**447**	**-**	**24**	**128,063**

The value of allowances for expected credit losses on buy-sell-back transactions is zero.

(in millions of PLN)

Debt investment financial assets measured at fair value through other comprehensive income	1 January – 31 March 2025					1 January – 31 March 2025				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Carrying amount										
Beginning of the period	53,383	156	-	-	53,539	45,104	119	-	-	45,223
Recognition of instruments at the time of acquisition, creation, granting	236,017	-	-	-	236,017	347,848	-	-	-	347,848
Changes attributable to sale, exclusion or expiration of the instrument	(234,664)	(1)	-	-	(234,665)	(341,113)	(15)	-	-	(341,128)
Reclassification to basket 1	2	(2)	-	-	-	31	(31)	-	-	-
Reclassification to basket 2	(52)	52	-	-	-	(85)	85	-	-	-
Other changes, including foreign exchange differences	156	(5)	-	-	151	556	(1)	-	-	555
End of the period	**54,842**	**200**	**-**	**-**	**55,042**	**52,341**	**157**	**-**	**-**	**52,498**
Expected credit losses										
Beginning of the period	(28)	-	-	-	(28)	(34)	(2)	-	-	(36)
Establishment of allowances for newly acquired, created, granted instruments	(4)	-	-	-	(4)	(13)	-	-	-	(13)
Changes attributable to sale, exclusion or expiration of the instrument	2	-	-	-	2	7	3	-	-	10
Reclassification to basket 2	3	(3)	-	-	-	1	(1)	-	-	-
Other changes, including foreign exchange differences	(1)	(1)	-	-	(2)	6	-	-	-	6
End of the period	**(28)**	**(4)**	**-**	**-**	**(32)**	**(33)**	**-**	**-**	**-**	**(33)**

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.

Term deposits with credit institutions	1 January – 31 March 2025					1 January – 31 March 2025				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	987	6	56	-	1,049	836	151	67	-	1,054
Recognition of instruments at the time of acquisition, creation, granting	19,069	-	-	-	19,069	25,698	-	-	-	25,698
Changes attributable to sale, exclusion or expiration of the instrument	(18,592)	(4)	-	-	(18,596)	(25,841)	(117)	(8)	-	(25,966)
Reclassification to basket 2	-	-	-	-	-	(115)	115	-	-	-
Change in the composition of the Group	-	-	-	-	-	25	-	-	-	25
Other changes, including foreign exchange differences	(26)	-	(1)	-	(27)	27	(2)	-	-	25
End of the period	**1,438**	**2**	**55**	**-**	**1,495**	**630**	**147**	**59**	**-**	**836**
Expected credit losses										
Beginning of the period	(8)	(1)	(7)	-	(16)	-	(11)	(7)	-	(18)
Establishment of allowances for newly acquired, created, granted instruments	(14)	-	-	-	(14)	(8)	-	-	-	(8)
Changes attributable to sale, exclusion or expiration of the instrument	9	-	-	-	9	-	6	-	-	6
Reclassification to basket 2	-	-	-	-	-	7	(7)	-	-	-
Other changes, including foreign exchange differences	5	1	-	-	6	-	3	-	-	3
End of the period	**(8)**	**-**	**(7)**	**-**	**(15)**	**(1)**	**(9)**	**(7)**	**-**	**(17)**
Net carrying amount at the end of the period	**1,430**	**2**	**48**	**-**	**1,480**	**629**	**138**	**52**	**-**	**819**

(in millions of PLN)

Loans	1 January – 31 March 2025					1 January – 31 March 2025				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	3,520	512	328	-	4,360	3,478	827	-	-	4,305
Recognition of instruments at the time of acquisition, creation, granting	94	10	-	-	104	174	15	-	-	189
Changes attributable to sale, exclusion or expiration of the instrument	(205)	-	-	-	(205)	(122)	-	-	-	(122)
Reclassification to basket 2	(58)	58	-	-	-	-	-	-	-	-
Other changes	2	10	(5)	-	7	9	17	-	-	26
End of the period	**3,353**	**590**	**323**	**-**	**4,266**	**3,539**	**859**	**-**	**-**	**4,398**
Expected credit losses										
Beginning of the period	(10)	(3)	(161)	-	(174)	(13)	(30)	-	-	(43)
Establishment of allowances for newly acquired, created, granted instruments	-	-	-	-	-	(3)	-	-	-	(3)
Changes attributable to sale, exclusion or expiration of the instrument	-	-	-	-	-	2	-	-	-	2
Reclassification to basket 2	2	(2)	-	-	-	-	-	-	-	-
Other changes	1	-	2	-	3	2	1	-	-	3
End of the period	**(7)**	**(5)**	**(159)**	**-**	**(171)**	**(12)**	**(29)**	**-**	**-**	**(41)**
Net carrying amount at the end of the period	**3,346**	**585**	**164**	**-**	**4,095**	**3,527**	**830**	**-**	**-**	**4,357**

Other receivables	1 January – 31 March 2025	1 January – 31 March 2024
Gross carrying amount		
Beginning of the period	5,661	5,635
Changes in the period	(1,046)	(343)
End of the period	**4,615**	**5,292**
Expected credit losses		
Beginning of the period	(403)	(408)
Changes in the period	-	6
End of the period	**(403)**	**(402)**
Net carrying amount at the end of the period	**4,212**	**4,890**

10.27 Fair value

10.27.1. Valuation techniques

10.27.1.1. 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 floating-rate debt instruments, a reference curve reflecting the level of risk-free rates for discounting future flows is built on the basis of the relevant currency swap curve. However, for instruments based on a fixed interest rate – based on the quotes of treasury bonds in the given currency. For illiquid listed bonds, an individual spread is added to the reference curve, quantifying the specific risk of a given debt instrument. However, for unlisted bonds and loans, in addition to the individual spread, a market sector spread published in news services is added, which reflects the pricing of risk for a given sector of the issuer's business and its rating.

10.27.1.2. 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.

10.27.1.3. 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.

10.27.1.4. 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 modeling method.

10.27.1.5. Loan receivables from clients (including finance lease receivables)

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.

10.27.1.6. 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 the 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.

10.27.1.7. 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.

10.27.1.8. 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.

10.27.1.9. 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.

10.27.2. 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:
  - quoted debt securities carried on the basis of the valuations published by an authorized information service;
  - 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 (for which no spread calibration is possible due to the lack of an active market) 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.

Measured assets	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

(in millions of PLN)

Measured assets	Unobservable data	Description	Impact on measurement
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
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 forecast profit or loss of the company or measurement models based on available market data.	

10.27.3. Assets and liabilities measured at fair value

Assets and liabilities measured at fair value	31 March 2025				31 December 2024			
	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	36,758	13,230	5,744	55,732	32,911	15,853	5,384	54,148
Equity instruments	164	-	526	690	148	-	461	609
Debt securities	36,594	13,230	5,218	55,042	32,763	15,853	4,923	53,539
Investment financial assets and assets pledged as collateral for liabilities measured at fair value through profit or loss	5,588	6,790	601	12,979	4,872	5,735	414	11,021
Equity instruments	1,218	-	312	1,530	1,155	-	316	1,471
Participation units and investment certificates	308	5,511	12	5,831	331	4,891	12	5,234
Debt securities	4,062	1,279	277	5,618	3,386	844	86	4,316
Loan receivables from clients	-	-	675	675	-	-	607	607
Measured at fair value through other comprehensive income	-	-	275	275	-	-	247	247
Measured at fair value through profit or loss	-	-	400	400	-	-	360	360
Financial derivatives	-	5,698	-	5,698	-	5,383	1	5,384
Investment property	-	-	3,172	3,172	-	-	3,159	3,159
Liabilities								
Derivatives	-	5,631	-	5,631	-	6,132	-	6,132
Liabilities to contributors of consolidated investment funds	-	930	-	930	-	845	-	845
Investment contracts for the client's account and risk (unit-linked)	-	390	-	390	-	554	-	554
Liabilities on borrowed securities (short sale)	750	-	-	750	1,399	-	-	1,399

(in millions of PLN)

Movement in assets and liabilities classified as Level III of the fair value hierarchy, in the period ended 31 March 2025	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	Investment certificates	Debt			through other comprehensive income	through profit or loss	
Beginning of the period	**461**	**4,923**	**316**	**12**	**86**	**1**	**-**	**247**	**360**	**3,159**
Purchase/opening of the position/granting	-	133	-	-	1,998	-	-	33	70	12
Reclassification from Level II [1)]	-	1,038	-	-	30	-	-	-	-	-
Reclassification from own properties	-	-	-	-	-	-	-	-	-	4
Profit or loss recognized in the profit and loss account:	-	1	29	-	1	-	-	(3)	(18)	(2)
- Interest income calculated using the effective interest rate, and equalized to them	-	1	-	-	1	-	-	(3)	(18)	-
- result from derecognition of financial instruments and investments not measured at fair value through profit or loss	-	-	1	-	-	-	-	-	-	-
- net movement in fair value of assets and liabilities measured at fair value	-	-	28	-	-	-	-	-	-	(2)
Profit or loss recognized in other comprehensive income	66	(36)	-	-	-	-	-	(7)	-	1
Sales/settlements/repayments/conversions	-	(539)	(15)	-	(1,773)	(1)	-	5	(12)	-
Reclassification to Level II	-	(301)	-	-	(65)	-	-	-	-	-
Foreign exchange differences	(1)	(1)	(18)	-	-	-	-	-	-	(2)
End of the period	**526**	**5,218**	**312**	**12**	**277**	**-**	**-**	**275**	**400**	**3,172**

[1)] Information on reclassifications is presented in section 10.27.6.

(in millions of PLN)

Movement in assets and liabilities classified as level III of the fair value hierarchy in the period ended 31 March 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	Investment certificates	Debt			through other comprehensive 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	-	20	-	-	109	-	-	-	60	13
Reclassification from Level II [1)]	-	1,085	-	12	5	-	-	-	-	-
Reclassification from own properties	-	-	-	-	-	-	-	-	-	-
Profit or loss recognized in the profit and loss account:	-	41	17	-	2	3	3	1	9	(13)
- Interest income calculated using the effective interest rate, and equalized to them	-	43	-	-	2	-	-	1	9	-
- result from derecognition of financial instruments and investments not measured at fair value through profit or loss	-	(2)	-	-	(1)	-	-	-	-	-
- net movement in fair value of assets and liabilities measured at fair value	-	-	17	-	1	3	3	-	-	(13)
Profit or loss recognized in other comprehensive income	(56)	25	-	-	-	-	-	(1)	-	-
Sales/settlements/repayments/conversions	-	(141)	-	-	(116)	(7)	-	-	(22)	-
Reclassification to Level II	-	(485)	-	-	(33)	-	-	-	-	-
Foreign exchange differences	-	-	3	-	-	-	-	-	-	(1)
Change in the composition of the Group	-	-	-	-	20	-	-	-	-	-
End of the period	**443**	**5,446**	**274**	**12**	**101**	**15**	**6**	**82**	**297**	**2,904**

[1)] Information on reclassifications is presented in section 10.27.6.

(in millions of PLN)

10.27.4. Assets and liabilities other than those measured at fair value

Fair value of assets and liabilities for which it is only disclosed	31 December 2025					31 December 2024				
	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	-	198	232,238	232,436	231,670	-	46	232,116	232,162	231,559
Investment financial assets measured at amortized cost	74,707	49,567	26,678	150,952	153,330	67,115	67,228	21,017	155,360	158,550
Debt securities	74,704	42,442	18,777	135,923	138,363	67,111	60,094	13,075	140,280	143,584
Buy-sell-back transactions	-	6,585	2,807	9,392	9,392	-	6,716	3,031	9,747	9,747
Term deposits with credit institutions	3	540	942	1,485	1,480	4	418	627	1,049	1,033
Loans	-	-	4,152	4,152	4,095	-	-	4,284	4,284	4,186
Cash	5,094	17,001	-	22,095	22,140	5,631	9,468	-	15,099	15,127
Liabilities										
Liabilities to banks	-	913	5,973	6,886	6,826	-	1,284	5,555	6,839	6,895
Liabilities to clients under deposits	-	420	335,803	336,223	336,411	-	369	333,748	334,117	334,193
Liabilities on the issue of own debt securities [1)]	-	14,627	1,921	16,548	16,314	-	16,222	2,087	18,309	18,086
Subordinated liabilities [1)]	-	2,831	2,328	5,159	5,106	-	2,781	2,362	5,143	5,099
Liabilities on account of repurchase transactions	-	1,603	105	1,708	1,708	-	1,346	41	1,387	1,387

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

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

During 3 months ended 31 March 2025 and in 2024 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.

10.27.6. 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.

In the 3-month period ended on 31 March 2025, the following reclassifications of assets between fair value levels were made:

(in millions of PLN)

- Corporate bonds measured using market price information for comparable financial instruments, corporate and municipal bonds and capital market derivatives, for which the impact of estimated credit parameters did not significantly affect the valuation were reclassified from level III to level II;
- corporate and municipal bonds and derivatives of the FX market 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 901 million which were measured using market quotations were reclassified from level II to level I due to an increase in market activity.

During 3 months ended 31 March 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, corporate bonds and capital market derivatives, for which the impact of estimated credit parameters did not significantly affect the valuation were reclassified from level III to level II;
- corporate and municipal bonds and 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 90 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 136 million were measured using market price information for comparable financial instruments were reclassified from level I to level II.

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

During 3 months ended 31 March 2025 the classification of financial assets was not changed as a result of changes in the purpose or use of those assets.

10.29 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.

All the shares have been fully paid up.

As at 31 March 2025 and 31 December 2024

Series /issue	Type of shares	Type of preference	Type of limitation on rights to shares	Number of shares	Value of series/issue at nominal value (PLN)	Capital coverage	Date of registration	Right to dividend (from a 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 contribution	31.03.1999	01.01.1999
Total number of shares				**863,523,000**				
Total share capital					**86,352,300**			

10.30 Distribution of the parent company's profit

Information about the distribution of the parent company's profit is presented in Section 22.

(in millions of PLN)

10.31 Subordinated liabilities

	Nominal value	Currency	Interest rate	Issue date/Maturity date	Carrying amount 31 March 2025	Carrying amount 31 December 2024
Liabilities classified as PZU's own funds						
Subordinated bonds – PZU	2,250	PLN	WIBOR 6M + margin	30 June 2017/29 July 2027	2,274	2,317
Liabilities classified as Pekao's own funds						
A series bonds	1,250	PLN	WIBOR 6M + margin	30 October 2017/29 October 2027	1,288	1,266
B series bonds	550	PLN	WIBOR 6M + margin	15 October 2018 / 16 October 2028	569	559
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	358	352
D1 series bonds	400	PLN	WIBOR 6M + margin	4 December 2019/4 June 2031	410	402
Subordinated liabilities					**5,106**	**5,099**

[1] Information on the early redemption of bonds is presented in section 20.

10.32 Liabilities on the issue of own debt securities

Liabilities on the issue of own debt securities	31 March 2025	31 December 2024
Bonds	14,818	16,362
Certificates of deposit	75	278
Covered bonds	1,421	1,446
Liabilities on the issue of own debt securities, total	**16,314**	**18,086**

10.33 Liabilities to banks

Liabilities to banks	31 March 2025	31 December 2024
Current deposits	824	609
One-day deposits	405	511
Term deposits	217	149
Loans received	5,176	5,500
Other liabilities	204	126
Liabilities to banks, total	**6,826**	**6,895**

(in millions of PLN)

10.34 Liabilities to clients under deposits

Liabilities to clients under deposits	31 March 2025	31 December 2024
Current deposits	242,425	240,247
Term deposits	92,709	92,734
Other liabilities	1,277	1,212
Liabilities to clients under deposits, total	**336,411**	**334,193**

10.35 Other liabilities

Other liabilities	31 March 2025	31 December 2024
Liabilities measured at fair value	**2,070**	**2,798**
Liabilities on borrowed securities (short sale)	750	1,399
Investment contracts for the client's account and risk (unit-linked)	390	554
Liabilities to contributors of consolidated investment funds	930	845
Accrued expenses	**1,766**	**1,727**
Accrued payroll expenses	1,101	971
Other	665	756
Deferred revenue	**395**	**386**
Other liabilities	**13,386**	**11,035**
Liabilities on account of repurchase transactions	1,708	1,387
Lease liabilities	1,639	1,658
Liabilities due under transactions on financial instruments	1,690	1,316
Liabilities to banks for payment documents cleared in interbank clearing systems	2,992	1,356
Liabilities to insurance intermediaries	253	279
Liabilities for overpayments not allocated to policies	124	131
Liabilities on account of payment card settlements	728	1,146
Regulatory settlements	400	555
Liabilities for contributions to the Bank Guarantee Fund	1,178	822
Liabilities to employees	206	175
Estimated refunds of compensation in connection with banks' clients lapsing or withdrawing from insurance purchased during the sale of credit products	23	22
Trade liabilities	534	714
Liabilities on account of employee leaves	213	174
Liabilities to the state budget other than for income tax	149	162
Liabilities on account of donations	3	7
The PZU Group banks' liabilities for insurance of bank products offered to the bank's clients	15	14
Insurance Guarantee Fund	15	16
Liability for the refund of loan costs	75	15
Liabilities for direct claims handling	40	39
Co-insurance obligations on the part of the co-insurer	54	52
Investment contracts with guaranteed and fixed terms – measured at amortized cost	759	608
Other	588	387
Other liabilities, total	**17,617**	**15,946**

(in millions of PLN)

10.36 Provisions

Movement in provisions in the period ended 31 March 2025	Beginning of the period	Increase	Utilization	Reversal	Other changes	End of the period
Provisions for guarantees and sureties given	522	146	(4)	(181)	-	483
Provision for retirement severance pays	348	11	(17)	-	-	342
Provision for disputed claims and potential liabilities	205	8	(3)	(2)	(2)	206
Provision for potential refunds of borrowing costs	59	-	(6)	-	-	53
Provision for legal risk pertaining to mortgage loans in Swiss francs	1,365	68	(46)	(2)	(8)	1,377
Provisions for refunds to clients of increased mortgage loan margins before the mortgage is established	57	-	(1)	-	-	56
Provision for penalties imposed by the Office of Competition and Consumer Protection	113	-	-	-	-	113
Provision for restructuring costs	5	-	(1)	-	-	4
Provision for post-mortem benefits	29	-	-	-	-	29
Other	52	-	(1)	-	(1)	50
Total provisions	**2,755**	**233**	**(79)**	**(185)**	**(11)**	**2,713**

Movement in provisions in the period ended 31 March 2024	Beginning of the period	Increase	Utilization	Reversal	Other changes	End of the period
Provisions for guarantees and sureties given	578	163	-	(204)	(1)	536
Provision for retirement severance pays	323	8	(4)	-	-	327
Provision for disputed claims and potential liabilities	140	10	(1)	(1)	-	148
Provision for potential refunds of borrowing costs	81	-	(7)	(5)	-	69
Provision for legal risk pertaining to mortgage loans in Swiss francs	926	114	(103)	(5)	(2)	930
Provisions for refunds to clients of increased mortgage loan margins before the mortgage is established	92	-	(2)	-	-	90
Provision for penalties imposed by the Office of Competition and Consumer Protection	51	-	-	-	-	51
Provision for restructuring costs	17	-	-	-	-	17
Provision for post-mortem benefits	28	-	-	-	-	28
Other	50	8	-	-	3	61
Total provisions	**2,286**	**303**	**(117)**	**(215)**	**-**	**2,257**

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 judgment 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 FX mortgage loans in Swiss francs

The accounting policy and line of jurisprudence have not changed from 31 December 2024, and are described in the 2024 consolidated financial statements.

As of 31 December 2024, there were 9,500 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 3,473 million (as of 31 December 2024: 9,000 cases with the litigation value of PLN 3,260 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 3 months ended 31 March 2025, in cases instituted by borrowers, 886 court judgments against the PZU Group were issued, including 121 final and non-appealable judgments, as well as 19 court judgments favorable for the PZU Group, including no final and non-appealable judgments (2024: 2,486 court judgments against the PZU Group were issued, including 533 final and non-appealable judgments, and 52 court judgments favorable for the PZU Group, including 5 final and non-appealable 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.

By the end of March 2025, Pekao had reached around 7,500 settlements. Pekao is launching another edition of the program in Q2 2025, as part of which it will offer customers new settlement proposals. The response from customers will be analyzed and reflected accordingly when calculating the level of provisions for legal risks.

The calculation of the provision as at 31 March 2025 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 – 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 55% (no change versus the end of 2024) of the total amount of such loans granted, amounting to about CHF 1.6 billion, may be subject to litigation (including about 85% for active contracts and about 30% 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% (no change versus the end of 2024);
- 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;

  In addition, the additional costs associated with the settlement of litigation, incurred for the entire portfolio covered by the reserve calculation: statutory 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, which is included in the forecast of future lawsuits. Otherwise, the probability and distribution of litigation decisions are the same as described above.

The process of determining the level of impact of legal risks requires expert assumptions in each case, based on professional judgment.

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 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.

(in millions of PLN)

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.

Cumulative legal risk costs of foreign currency mortgage loans	31 March 2025	31 December 2024
Loans receivable from clients (adjustment to reduce carrying value of mortgage loans)	1,251	1,326
Other provisions	1,377	1,366
Total	**2,628**	**2,692**

The increase in legal risk costs is mainly due to an updated forecast of the future influx of litigation cases and the cost of settlements.

The following table presents a forecast of the impact of a change in the parameters taken into account in calculating the provision:

Parameter	31 March 2025	31 December 2024
Forecast of lawsuit volume on active portfolio		
+1 p.p.	24	24
-1 p.p.	(24)	(24)
Forecast of the volume of lawsuits on the repaid portfolio		
+1 p.p.	17	17
-1 p.p.	(17)	(17)
Average length of litigation		
+1 month	7	7
-1 month	(5)	(5)

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 64 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 26.4.2).

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.

The amount of PLN 10 million relates to a provision set up by Alior Bank in connection with proceedings to declare the provisions of a model contract to be illegal. Additional information on this issue is presented in item 26.4.1.

(in millions of PLN)

10.37 Notes to the consolidated cash flow statement

Movement in liabilities attributable to financial activities in the period ended 31 March 2025	Beginning of the period	Changes resulting from cash flows	Interest accruals and payments as well as settlements of discount and premium	Foreign exchange differences	Other changes	End of the period
Loans received	5,500	(225)	2	(79)	(22)	5,176
Liabilities on the issue of debt securities	18,086	(1,886)	213	(78)	(21)	16,314
Bonds	16,362	(1,677)	212	(75)	(4)	14,818
Certificates of deposit	278	(195)	1	(3)	(6)	75
Covered bonds	1,446	(14)	-	-	(11)	1,421
Subordinated liabilities	5,099	(37)	42	-	2	5,106
Liabilities on account of repurchase transactions	1,387	305	1	2	13	1,708
Lease liabilities	1,658	(84)	3	-	62	1,639
Total	**31,730**	**(1,927)**	**261**	**(155)**	**34**	**29,943**

Movement in liabilities attributable to financial activities in the period ended 31 March 2024	Beginning of the period	Changes resulting from cash flows	Interest accruals and payments as well as settlements of discount and premium	Foreign exchange differences	Other changes	End of the period
Loans received	5,424	(139)	3	(43)	(56)	5,189
Liabilities on the issue of debt securities	12,003	1,717	87	(62)	(23)	13,722
Bonds	9,691	1,976	70	(62)	(7)	11,668
Certificates of deposit	1,257	(243)	11	1	(9)	1,017
Covered bonds	1,055	(16)	6	(1)	(7)	1,037
Subordinated liabilities	6,166	(346)	63	-	(5)	5,878
Liabilities on account of repurchase transactions	1,623	(94)	35	-	(35)	1,529
Lease liabilities	1,594	(65)	10	-	147	1,686
Total	**26,810**	**1,073**	**198**	**(105)**	**28**	**28,004**

(in millions of PLN)

11. 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	31 March 2025	31 December 2024
Carrying amount of financial assets pledged as collateral for liabilities	12,004	12,584
Repurchase transaction	1,710	1,387
Coverage of the Guaranteed Funds Protection Fund for the Bank Guarantee Fund	-	881
Coverage of liabilities to be paid to the guarantee fund at the Bank Guarantee Fund	413	408
Coverage of liabilities to be paid to the resolution fund (BFG)	777	769
Lombard and technical credit	6,557	6,516
Other loans	64	67
Issue of covered bonds	1,817	1,758
Coverage of the Settlement Guarantee Fund for the National Depository for Securities	50	44
Derivative transactions	590	726
Blockage of assets in connection with the agreement on the technical credit limit in the Clearing House	26	28
Carrying amount of financial assets pledged as collateral for contingent liabilities	-	-
Financial assets pledged as collateral for liabilities and contingent liabilities, total	**12,004**	**12,584**

12. Contingent assets and liabilities

Contingent assets and liabilities	31 March 2025	31 December 2024
Contingent assets, including:	4	4
- guarantees and sureties received	4	4
Contingent liabilities	87,293	86,863
- for renewable limits in settlement accounts and credit cards	5,716	5,614
- for loans in tranches	56,111	57,043
- guarantees and sureties given	10,199	10,359
- disputed insurance claims	1,131	1,011
- other disputed claims	406	406
- other, including:	13,730	12,430
- guaranteeing securities issues	1,231	1,401
- factoring	10,494	9,352
- intra-day limit	435	440
- letters of credit and commitment letters	1,327	1,086
– other	243	151

(in millions of PLN)

Off-balance sheet liabilities granted	1 January – 31 March 2025					1 January – 31 March 2025				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Nominal value										
Beginning of the period	78,293	6,317	827	9	85,446	72,350	5,653	756	18	78,777
Newly created/acquired off-balance sheet liabilities	9,155	-	-	-	9,155	14,318	-	-	-	14,318
Changes due to expiration of off-balance sheet liability	(4,884)	(610)	(68)	-	(5,562)	(8,239)	(571)	(58)	-	(8,868)
Reclassification to basket 1	2,011	(2,006)	(5)	-	-	1,500	(1,493)	(7)	-	-
Reclassification to basket 2	(1,699)	1,700	(1)	-	-	(966)	976	(10)	-	-
Reclassification to basket 3	(42)	(34)	76	-	-	(23)	(10)	33	-	-
Change in commitment	(2,553)	(294)	(141)	(1)	(2,989)	(2,714)	(240)	(8)	-	(2,962)
Other changes, including foreign exchange differences	(274)	(17)	(3)	-	(294)	(61)	(3)	-	-	(64)
End of the period	**80,007**	**5,056**	**685**	**8**	**85,756**	**76,165**	**4,312**	**706**	**18**	**81,201**
Allowance for off-balance sheet liabilities										
Beginning of the period	142	130	246	4	522	190	114	269	4	577
Newly created/acquired off-balance sheet liabilities	42	-	-	-	42	50	-	-	-	50
Changes due to expiration of off-balance sheet liability	(6)	(4)	(29)	-	(39)	(5)	(15)	(30)	-	(50)
Reclassification to basket 1	29	(29)	-	-	-	11	(9)	(2)	-	-
Reclassification to basket 2	(15)	15	-	-	-	(11)	12	(1)	-	-
Reclassification to basket 3	(15)	(1)	16	-	-	(8)	-	8	-	-
Change in commitment	(46)	3	4	1	(38)	(33)	5	(13)	-	(41)
Other changes, including foreign exchange differences	-	(1)	(3)	-	(4)	2	(1)	(1)	-	-
End of the period	**131**	**113**	**234**	**5**	**483**	**196**	**106**	**230**	**4**	**536**

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

In the 3-month period ended 31 March 2025, 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.

13. Commentary to the condensed interim consolidated financial statements

In the 3-month period ended 31 March 2025, insurance revenue was PLN 7,533 million, as compared to PLN 7,012 million in the corresponding period of the preceding year – an increase by PLN 521 million, i.e.: +7.4% (+PLN 446 million after reinsurance premium allocation). The increase concerned primarily:

- mass non-life insurance segment (+PLN 252 million y/y of insurance revenue, +248 million y/y after reinsurance premium allocation) as a consequence of higher sales of mainly non-motor insurance of PZU Dom and PZU Firma offered to small and medium-sized enterprises, and to a lesser extent of MOD and MPTL (the impact of an increase in average premiums in response to rising claims costs). 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 the share of non-motor insurance in the portfolio;
- corporate non-life insurance segment (+PLN 116 million y/y of insurance revenue, +45 million y/y after reinsurance premium allocation) as a consequence of higher sales of motor and non-motor insurance, particularly in terms of several larger contracts acquired in the second half of 2024 and early 2025. 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;

- insurance revenues in the group and individually continued life insurance segment (+PLN 94 million y/y) as a result of higher premiums needed to cover expected claims and benefits, which is the result of increased assumed loss ratios (including mortality) in group and individually continued insurance with assumed lower utilization in health insurance. Higher revenues are also the result of an increase in contract margin releases and, to a lesser extent, rising acquisition costs;
- insurance products in the Baltic countries segment (+PLN 36 million y/y of policyholder revenue, +PLN 36 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, non-life insurance, and health insurance;
- insurance revenue in the individual protective insurance segment (up PLN 20 million y/y) as a result of higher contractual service margin release, mainly in term insurance. The effect was strengthened by a higher level of premiums written to cover costs and expected claims and benefits.

Insurance service expenses were PLN 6,079 million, i.e. increase by PLN 245 million, as compared to the corresponding period of the previous year. Expenses adjusted for the amounts recoverable from reinsurers decreased by PLN 18 million, i.e. 0.3%, and this resulted from:

- in the mass non-life insurance segment, higher claims liabilities of the current year in motor insurance (the effect of claims inflation and higher claims frequency) and additionally higher acquisition expenses amortization. The effects were offset by a lower year-on-year recognition of the loss component for the current MTPL insurance portfolio, with a higher level of amortization of the loss component;
- in the corporate non-life insurance segment, a decrease in the development of the loss reserve from previous years mainly in non-motor insurance, partially offset by higher amortization of acquisition costs;
- higher claims and benefits with the development of the loss reserve from previous years in the group and individually continued life insurance segment both as a result of the higher cost of claims in other group and individually continued insurance (the impact of portfolio development) with year-on-year equalized utilization of health insurance benefits;
- higher administrative costs attributable to insurance activities in the segments of insurance business in Poland mainly due to an increase in personnel costs, IT costs, and higher sponsoring costs, partially limited by the lower level of call center costs.

The finance revenue and expenses on the insurance activities in Q1 2025 were -PLN 445 million, as compared to -PLN 484 million in the corresponding period of 2024 (and together with the finance revenue and expenses on the reinsurance activities, respectively, -PLN 494 million in Q1 2025 and -PLN 439 million in the corresponding period of 2024). The increase in the costs was influenced in particular by increases in the value of investments at policyholder risk in the investment insurance segment.

Investment result together with interest expense in the 3 months ended 31 March 2025 and in the analogous period in 2025 was, respectively, PLN 5,533 million and PLN 5,067 million. The increase was mainly driven by higher interest income from banking activities as a result of higher loan volumes and increased interest margin at Pekao, as well as lower interest expenses at Alior Bank (as a result of lower cost of derivative hedging instruments).

Investment results also increased excluding banking activities[1]. They were higher than in Q1 2024 mainly due to:

- higher performance of listed shares, in particular due to the stronger rise in stock exchange indices;
- higher income from the Polish government bonds portfolio measured at fair value through other comprehensive income as a result of purchasing of high-yield instruments for the portfolio;
- higher real estate portfolio result as a result of lower tenant acquisition costs and higher swap point income.

At the same time, the investment result on the asset portfolio that constitute investment insurance coverage was higher than in the comparable period of the previous year as a result of an increase in the valuation of liabilities under investment insurance, but this does not affect the total net result of the PZU Group.

In Q1 2025, the balance of other operating income and expenses was positive and stood at PLN 271 million, compared to PLN 247 million in the corresponding period of 2024. The year-on-year increase in revenue and operating expenses was affected by,

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

in particular, higher revenues from the sale of medical services (an increase of PLN 24 million from PLN 240 million in Q1 2024 to PLN 269 million in Q1 2025).

The PZU Group's non-insurance operating expenses amounted to PLN 3,003 million in Q1 2025, compared to PLN 2,761 million in the comparable period in 2024. The balance change was caused by the following factors:

- higher personnel costs, including in particular on banking operations, mainly Pekao (salary indexation);
- higher fees to the BFG by PLN 102 million, the total burden on banks in Q1 2025 rose to PLN 381 million.

Legal risk costs of foreign currency mortgage loans increased in Q1 2025 to PLN 66 million, compared to PLN 39 million in the comparable period of 2024 at both Pekao and Alior Bank (due to changes in model assumptions, in particular a change in assumptions regarding the target level of litigation cases).

The operating profit for the first quarter of 2025 was PLN 4,456 million and was higher by PLN 682 million (+18.1%) than the operating profit for the corresponding period of the preceding year. This was caused in particular by the following factors:

- higher profitability in the mass non-life insurance segment (+PLN 292 million y/y) - an increase in the insurance service result especially in non-motor insurance, with growing sales of both non-motor insurance and MTPL and MOD insurance;
- higher profitability on the operating activities of the corporate non-life insurance business (+80 million y/y), mainly as a result of an improved y/y insurance service result in non-motor insurance;
- higher operating profit in the group and individually continued life insurance segment (+PLN 85 million y/y), in particular as a result of an increase in the insurance service result as well , as the higher result from investments allocated to the segment;
- higher performance in the banking business segment (+108 million y/y), in particular due to an increase in the interest income at Pekao, resulting from higher loan volumes and higher interest margins. This was partially offset by higher operating costs, particularly personnel costs, and a higher level of fees paid to the BFG;
- an increase in operating profit in the investment segment (+93 million y/y), mainly due to the positive impact of temporary foreign exchange differences on hedging instruments for the real estate portfolio as well as higher earnings from listed shares, in particular due to stronger growth in stock market indices;

The net profit was higher by PLN 548 million (+19.0%) than that for Q1 2024 and amounted to PLN 3,436 million. The net profit attributable to the parent company's shareholders was PLN 1,760 million compared to PLN 1,254 million in the corresponding period in 2024 (an increase by 40.4%).

The consolidated equity according to IFRS at 31 March 2025 was PLN 69,300 million, as compared to PLN 63,331 million at 31 March 2025. 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 2025 to 31 March 2025 was 21.3% and was higher by 5.0 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 2025 to 31 March 2025 was 22.4% and was higher by 5.3 p.p. than a year ago. The consolidated equity increased by PLN 4,043 million, as compared to the consolidated equity at 31 December 2024. The value of non-controlling interests increased by PLN 2,099 million compared to the end of the previous year to PLN 35,245 million, and their change was due to the profit attributable to non-controlling shareholders in the amount of PLN 1,676 million, as well as an increase in the valuation of debt instruments and an increase in the valuation of cash flow hedging instruments; this applies to Alior Bank and Pekao.

The equity attributable to equity holders of the parent company increased by PLN 1,944 million as compared to the yearend 2024, as a result of the net result attributed to the parent company, generated in Q1 2025, at PLN 1,760 million, of an increase in the

[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).

valuation of debt instruments and cash flow hedging instruments measured at fair value through other comprehensive income, as well as of the positive effect of a change in discount rates for the valuation of insurance liabilities.

The total of equity and liabilities at 31 March 2025 was higher by PLN 4,669 million than at 31 December 2024 and amounted to PLN 507,926 million. The increase resulted primarily from an increase in the liabilities towards clients from deposits (+PLN 2,218 million), other liabilities (+PLN 1,671 million), and liabilities from insurance contracts (+PLN 429 million).

The investment portfolio (investment financial assets, assets pledged as collateral for liabilities, investment properties and financial derivatives) at 31 March 2025 totaled PLN 230,911 million and was higher by PLN 1,351 million, as compared to the end of 2024. The decrease in investments was mainly related to the banking activities including debt instruments at 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 31 March 2025 loan receivables from clients were PLN 232,345 million, as compared to PLN 232,166 million at 31 December 2024.

The largest liabilities at 31 March 2025 were liabilities to clients under deposits. The increase in their balance by PLN 2,218 million compared to the balance at the end of 2024 to PLN 336,411 million concerned current deposits.

The liabilities from insurance contracts at the end of Q1 2025 were PLN 44,071 million and constituted 8.7% of the total equity and liabilities. Compared to the liabilities as at 31 December 2024, they increased by PLN 429 million.

14. Equity management

On 2 December 2024, the PZU Supervisory Board adopted a resolution to approve the PZU Group’s Capital and Dividend Policy for 2021–2027 (“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 rests 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) in the period up to the effective date of the Solvency II amendments and at 180% for the PZU Group and 200% for PZU and PZU Life Życie in the period after the Solvency II amendments come into effect;
- The PZU Group’s financial leverage ratio shall not be 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 is based 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 following:

- 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 fulfillment 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.

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 report for 2024 will be published on 14 May 2025 and will be available on PZU's "Investor Relations" page. 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.

Irrespective of the foregoing, some PZU Group companies are required to comply with their own capital requirements imposed by the relevant legal regulations.

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

Notwithstanding the above, PZU Group units that were required by the relevant regulations to meet the relevant capital requirements, in accordance with the relevant sector regulations, met these requirements, both during the 3-month period ended on 31 March 2025, and throughout 2024.

15. Segment reporting

15.1 Reporting segments

15.1.1. 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 key segment classification of PZU Group is based on such criteria as a nature of business activities, product groups, client groups and regulatory environment. Individual segments have been described 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.
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.

Segment	Segment description	Aggregation criteria
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.	

15.1.2. Information relating to geographical areas

The PZU Group applies additional segmentation by geographic location, according to which the following geographic areas were identified:

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

15.2 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's result is reduced by intragroup 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.

15.3 Simplifications in the segment note

The segment note applies certain simplifications applicable for in accordance with 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.

15.4 Quantitative data

(in millions of PLN)

1 January – 31 March 2025	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic States	Ukraine	Investment contracts	Investments	Banking activities	Pension	Other	Total
Insurance service result before reinsurance	427	478	316	93	15	120	5	-	-	-	-	-	1,454
Insurance revenue	1,247	3,306	2,016	199	27	680	58	-	-	-	-	-	7,533
Amortization of liabilities for remaining coverage (PAA)	1,086	2,576	-	-	-	546	38	-	-	-	-	-	4,246
Expected claims and benefits (GMM, VFA)	-	-	1,327	44	4	3	1	-	-	-	-	-	1,379
Expected expenses (GMM, VFA)	-	-	221	28	3	2	1	-	-	-	-	-	255
Release of the contractual service margin (GMM, VFA)	-	-	327	82	13	3	1	-	-	-	-	-	426
Release of risk adjustment for non-financial risks (GMM, VFA)	-	-	33	6	1	1	-	-	-	-	-	-	41
Recovery of insurance acquisition cash flows	161	730	126	45	7	125	16	-	-	-	-	-	1,210
Other revenue	-	-	(18)	(6)	(1)	-	1	-	-	-	-	-	(24)
Insurance service expenses	(820)	(2,828)	(1,700)	(106)	(12)	(560)	(53)	-	-	-	-	-	(6,079)
Claims incurred in the period (without the investment component)	(596)	(1,943)	(1,395)	(47)	(1)	(414)	(30)	-	-	-	-	-	(4,426)
Administrative expenses	(73)	(233)	(217)	(26)	(2)	(71)	(11)	-	-	-	-	-	(633)
Run-off of claim reserves from prior years	9	20	32	13	1	48	1	-	-	-	-	-	124
Amortization of loss component	17	133	75	4	4	35	1	-	-	-	-	-	269
Recognition of and movement in the loss component	(16)	(75)	(69)	(5)	(7)	(33)	2	-	-	-	-	-	(203)
Amortization of insurance acquisition cash flows	(161)	(730)	(126)	(45)	(7)	(125)	(16)	-	-	-	-	-	(1,210)
Net income or expenses from reinsurance contracts held	(177)	(14)	-	-	-	(15)	3	-	-	-	-	-	(203)
Reinsurance premium allocation	(446)	(37)	-	-	-	(17)	-	-	-	-	-	-	(500)
Amounts recoverable from reinsurers, including:	269	23	-	-	-	2	3	-	-	-	-	-	297
Incurred claims	178	4	-	-	-	6	1	-	-	-	-	-	189
Incurred expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Run-off of claim reserves from prior years	91	19	-	-	-	(4)	2	-	-	-	-	-	108
Insurance service result	**250**	**464**	**316**	**93**	**15**	**105**	**8**	**-**	**-**	**-**	**-**	**-**	**1,251**

(in millions of PLN)

1 January – 31 March 2025	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic States	Ukraine	Investment contracts	Investments	Banking activities	Pension	Other	Total
Financial income and expenses from insurance	30	(73)	(125)	(27)	(243)	1	(8)	-	-	-	-	-	(445)
Finance income or expenses from reinsurance	(54)	3	-	-	-	-	2	-	-	-	-	-	(49)
Investment profit or loss [1]	92	190	237	30	246	13	12	11	264	6,471 [2] [3]	4	(27)	7,543
Revenue from commissions and fees	-	-	-	-	-	1	-	1	36	1,214 [4]	47	(55)	1,244
Fee and commission expenses	-	-	-	-	-	-	-	-	-	(285)	-	5	(280)
PZU Group operating expenses not related to insurance services	-	-	-	-	-	-	-	-	(33)	(2,543)	(20)	(407)	(3,003)
Interest expenses	-	-	-	-	-	-	-	-	(51)	(1,970)	-	11	(2,010)
Costs of legal risk of mortgage loans in foreign currencies	-	-	-	-	-	-	-	-	-	(66)	-	-	(66)
Other operating income	-	-	-	-	-	-	-	-	7	84	-	335	426
Other operating expenses	-	-	-	-	-	-	-	-	(11)	(69)	-	(75)	(155)
Operating profit	**318**	**584**	**428**	**96**	**18**	**120**	**14**	**12**	**212**	**2,836**	**31**	**(213)**	**4,456**

[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", "Result from allowances for expected credit losses" and "Net movement in fair value of assets and liabilities measured at fair value".

[2] Including: interest income calculated using the effective interest rate and equalized to them – PLN 6,645 million, other net investment income – PLN 36 million, result on derecognition of financial instruments and investments not measured at fair value through profit or loss – PLN 14 million, result from allowances for expected credit losses – PLN 280 million, net movement in fair value of assets and liabilities measured at fair value – PLN 56 million.

[3] Including revenue from other segments of PLN 56 million.

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

(in millions of PLN)

1 January – 31 March 2024 (restated)	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic States	Ukraine	Investment contracts	Investments	Banking activities	Pension	Other	Total
Insurance service result before reinsurance	515	236	244	83	9	86	5	-	-	-	-	-	1,178
Insurance revenue	1,131	3,054	1,922	179	24	644	58	-	-	-	-	-	7,012
Amortization of liabilities for remaining coverage (PAA)	982	2,360	-	-	-	520	42	-	-	-	-	-	3,904
Expected claims and benefits (GMM, VFA)	-	-	1,263	34	-	3	4	-	-	-	-	-	1,304
Expected expenses (GMM, VFA)	-	-	223	25	(2)	2	-	-	-	-	-	-	248
Release of the contractual service margin (GMM, VFA)	-	-	308	68	12	4	1	-	-	-	-	-	393
Release of risk adjustment for non-financial risks (GMM, VFA)	-	-	32	5	5	1	-	-	-	-	-	-	43
Recovery of insurance acquisition cash flows	149	694	114	43	10	115	14	-	-	-	-	-	1,139
Other revenue	-	-	(18)	4	(1)	(1)	(3)	-	-	-	-	-	(19)
Insurance service expenses	(616)	(2,818)	(1,678)	(96)	(15)	(558)	(53)	-	-	-	-	-	(5,834)
Claims incurred in the period (without the investment component)	(469)	(1,886)	(1,368)	(43)	(1)	(415)	(32)	-	-	-	-	-	(4,214)
Administrative expenses	(61)	(233)	(214)	(23)	(1)	(67)	(11)	-	-	-	-	-	(610)
Run-off of claim reserves from prior years	55	44	59	13	(8)	36	4	-	-	-	-	-	203
Amortization of loss component	27	108	82	3	4	35	2	-	-	-	-	-	261
Recognition of and movement in the loss component	(19)	(157)	(123)	(3)	1	(32)	(2)	-	-	-	-	-	(335)
Amortization of insurance acquisition cash flows	(149)	(694)	(114)	(43)	(10)	(115)	(14)	-	-	-	-	-	(1,139)
Net income or expenses from reinsurance contracts held	(341)	(35)	-	-	-	(15)	-	-	-	-	-	-	(391)
Reinsurance premium allocation	(375)	(33)	-	-	-	(17)	-	-	-	-	-	-	(425)
Amounts recoverable from reinsurers, including:	34	(2)	-	-	-	2	-	-	-	-	-	-	34
Incurred claims	73	1	-	-	-	6	-	-	-	-	-	-	80
Incurred expenses	(1)	-	-	-	-	-	-	-	-	-	-	-	(1)
Run-off of claim reserves from prior years	(38)	(3)	-	-	-	(4)	-	-	-	-	-	-	(45)
Insurance service result	**174**	**201**	**244**	**83**	**9**	**71**	**5**	**-**	**-**	**-**	**-**	**-**	**787**

(in millions of PLN)

1 January – 31 March 2024 (restated)	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic States	Ukraine	Investment contracts	Investments	Banking activities	Pension	Other	Total
Financial income and expenses from insurance	(67)	(87)	(128)	(25)	(156)	(15)	(6)	-	-	-	-	-	(484)
Finance income or expenses from reinsurance	42	2	-	-	-	1	-	-	-	-	-	-	45
Investment profit or loss [1]	89	176	227	29	161	24	14	-	180	6,201 [2] [3]	3	12	7,116
Revenue from commissions and fees	-	-	-	-	-	-	-	1	32	1,312 [4]	41	(41)	1,345
Fee and commission expenses	-	-	-	-	-	-	-	-	-	(438)	-	5	(433)
PZU Group operating expenses not related to insurance services	-	-	-	-	-	-	-	-	(34)	(2,320)	(10)	(397)	(2,761)
Interest expenses	-	-	-	-	-	-	-	-	(58)	(2,001)	-	10	(2,049)
Costs of legal risk of mortgage loans in foreign currencies	-	-	-	-	-	-	-	-	-	(39)	-	-	(39)
Other operating income	-	-	-	-	-	-	-	-	2	86	-	288	376
Other operating expenses	-	-	-	-	-	-	-	-	(3)	(73)	-	(53)	(129)
Operating profit	**238**	**292**	**343**	**87**	**14**	**81**	**13**	**1**	**119**	**2,728**	**34**	**(176)**	**3,774**

[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", "Result from allowances for expected credit losses" and "Net movement in fair value of assets and liabilities measured at fair value".

[2] Including: interest income calculated using the effective interest rate and equalized to them – PLN 6,340 million, other net investment income – PLN 26 million, result on derecognition of financial instruments and investments not measured at fair value through profit or loss – PLN 35 million, result from allowances for expected credit losses – PLN 284 million, net movement in fair value of assets and liabilities measured at fair value – PLN 84 million.

[3] Including revenue from other segments of PLN 49 million.

[4] Including revenue from other segments of PLN 41 million.

(in millions of PLN)

Geographic breakdown	1 January – 31 March 2025					1 January – 31 March 2024 (restated)				
	Poland	Baltic States	Ukraine	Not allocated	Consolidated value	Poland	Baltic States	Ukraine	Not allocated	Consolidated value
Insurance revenue	6,795	680	58	-	7,533	6,310	644	58	-	7,012
Fees and commissions result	1,243	1	-	-	1,244	1,345	-	-	-	1,345
Investment profit or loss [1]	7,518	13	12	-	7,543	7,078	24	14	-	7,116

[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”, “Result from allowances for expected credit losses” and “Net movement in fair value of assets and liabilities measured at fair value”.

Geographic breakdown	31 March 2025					31 December 2024				
	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]	7,610	276	4	-	7,890	7,714	283	4	-	8,001
Deferred tax assets	1,997	3	2	-	2,002	2,239	3	2	-	2,244
Assets	504,924	3,867	371	(1,236)	507,926	500,290	3,831	373	(1,237)	503,257

[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”, “Property, plant and equipment”.

15.5 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 revenues of the PZU Group (defined as the sum of revenues from insurance contracts, interest income and fee and commission income).

16. Note on reporting by segment

16.1 Corporate insurance – non-life insurance

The profit in the corporate insurance segment after Q1 2025 was PLN 318 million, meaning it was up by PLN 80 million or 33.6% compared to the corresponding period in 2024. The increase in operating result is mainly due to an improvement in the net insurance services result (+PLN 76 million), as well as a slight increase in investment result, including financial income and expenses on insurance.

The profit was driven mainly by:

- **an increase in revenues from insurance contracts** compared to Q1 2024 by PLN 116 million, i.e.: +10.3% y/y (+PLN 45 million y/y after reinsurance premium allocation). The increase resulted from an increase in the net amortization of liabilities for remaining coverage (LRC), largely as a consequence of a higher sales of motor insurance products (+PLN 32 million y/y). In motor insurance, the increase comes from good sales results this year, especially in leasing insurance (new passenger car registrations higher in Q1 2025 by 2.5% y/y). The increase in LRC amortization in non-motor insurance (+PLN 13 million y/y) is the effect of earning premiums from 2024, including from contracts with an oil company, including the one concluded in November 2024 (y/y premium increase by PLN 25 million) and strong sales in Q1 2025 in the strategic customer area. Higher y/y premiums allocated to recovery of insurance acquisition (+PLN 12 million; +8.1%) are the result of portfolio growth and a change in the product mix;

- a **level of insurance service expenses** adjusted for amounts due from reinsurers that is lower by PLN 31 million y/y (-5.3% y/y), which, together with a 6.0% y/y increase in net insurance revenues, means that profitability, as measured by the combined ratio (COR), improved by 8.2 p.p. to 68.8%. A decrease in the net insurance service expenses is a product of:
  - higher impact of the development of the loss reserve from previous years by PLN 83 million y/y, mainly in non-motor insurance (+PLN 74 million y/y) and to a lesser extent in motor insurance (+PLN 9 million y/y);
  - 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 is primarily due to higher personnel costs, IT costs (an increase in the amortization of ongoing projects and IT consulting services) and higher sponsorship costs, partially limited by lower call center costs;
- the PLN 3 million (+3.4% y/y) increase in **investment income** over the comparable period last year is the result of the purchase, to the portfolio of government bonds measured at fair value through other comprehensive income, of high-yield instruments, and the impact of exchange rate differences offset by a change in the level of insurance finance income and expenses;
- **insurance and reinsurance finance income or expenses** were -PLN 24 million, which is a slight improvement over the comparable period in 2024.

Gross insurance service result (excluding the reinsurer's share) amounted to PLN 427 million, meaning a decrease by PLN 88 million y/y, largely resulting from higher insurance expenses year-on-year. After taking into account the reinsurer's share, the net insurance service result reached 250 million, up 76 million from the comparable period in 2024.

16.2 Mass insurance – non-life insurance

The operating profit in the mass insurance segment in Q1 2025 was PLN 584 million, up by PLN 292 million (+100% y/y) compared to Q1 2024. The movement in profit is mainly the result of a significantly higher net insurance services result, up PLN 263 million y/y (+130.8% y/y), an increase in investment result (+PLN 14 million y/y), as well as higher net insurance finance income and expenses (+PLN 15 million y/y).

After Q1 2025, **gross revenues from insurance products** in the mass insurance segment increased versus the comparable period of 2024 by PLN 252 million, i.e.: +8.3% y/y (+PLN 248 million y/y after reinsurance premium allocation). The increase resulted from an increase in the net amortization of liabilities for remaining coverage (LRC), as a consequence of a higher sales of non-motor insurance products (+PLN 133 million y/y, net), as well as motor insurance products. The increase in non-motor insurance is a higher level of LRC amortization, mainly as a consequence of the development of home insurance (impact of tariff increases and offer refreshment, focusing on the All Risk offer, and withdrawal of infrequently selected variants), PZU Firma offered to small and medium-sized enterprises, and supplementary insurance i.e.: PZU Auto Pomoc and PZU Auto Szyba. In motor insurance, it is mainly the impact of gradual changes in tariffs, following claims inflation and the frequency of claims. The effect was partially limited by the slowdown of the growth in the number of motor policies, with a visible decline in the first quarter y/y due to strong pricing pressure from key competitors. 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 (+5.2% y/y), being the cumulative effect of growing sales and a simultaneous increase in the share of voluntary insurance in the portfolio).

Insurance service expenses adjusted by amounts recoverable from reinsurers decreased by PLN 15 million y/y (-0.5% y/y) , which together with an increase in the net revenues from insurance products by 8.2% y/y resulted in the profitability measured by the combined ratio (COR) increasing by 7.5 percentage points. A decrease in the net insurance service expenses is a product of:

- movement in the value of the loss component (including amortization), with a positive impact on the insurance service result at +PLN 58 million in Q1 2025, a year-on-year improvement of PLN 107 million. The improvement is mainly the result of the recognition of a lower y/y loss component for current insurance portfolio mass MTPL insurance segment (concerning both the PZU and LINK4 portfolios) and higher amortization of the component from previous years;
- higher y/y claims liabilities in the current year for both motor insurance (effect of claims inflation and higher y/y claim frequency);
- higher y/y acquisition expenses mainly as a result of the expansion of the insurance portfolio and an increase in the share of non-motor insurance in the portfolio;

- the PLN 14 million (+8.0% y/y) increase in **investment income** over the comparable period last year is the result of the purchase, to the portfolio of government bonds measured at fair value through other comprehensive income, of high-yield instruments, and the negative impact of exchange rate differences offset by a change in the level of insurance finance income and expenses;
- **insurance and reinsurance finance income and expenses** were PLN -70 million, which translates into a PLN 15 million y/y movement in expenses, triggered mainly by fluctuations in interest rates.

16.3 Group and individually continued insurance – life insurance

In Q1 2025, the PZU Group generated in the group and individually continued insurance segment the amount of PLN 428 million in operating profit, an increase of PLN 85 million, or 24.8%, 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 2024 by PLN 94 million, i.e.: +4.9% y/y . The higher level of revenues is the product of:
  - higher premiums needed to cover expected claims and benefits (+PLN 64 million y/y) which is the result of increased assumed loss ratios, including mortality, in group and individually continued insurance with assumed lower utilization in health insurance (in the comparable period in 2024 - the assumed implementation of post-covid increase in claims frequency);
  - higher premiums (revenue) to cover acquisition expenses (+PLN 12 million y/y);
  - equalized y/y level of expected expensens (down -PLN 2 million y/y);
  - an increase in contractual service margin release (+PLN 19 million y/y), coming from an increase in release on the individually continued insurance portfolio (+PLN 5 million y/y) and the group insurance (+PLN 4 million y/y), and health insurance (+PLN 9 million y/y);
- **insurance service expenses higher** by PLN 22 million y/y (+1.3% y/y), which together with an increase in the insurance revenue by 4.9% y/y resulted in the profitability measured by the ratio of insurance service result to insurance revenue increasing by 3.0 percentage points. An increase in the insurance service expenses is a product of:
  - higher claims and benefits with the run-off of claim reserves from prior years in other group and individually continued insurance with equalized year-on-year utilization of health insurance benefits;
  - higher acquisition expenses (+ PLN 12 million y/y);
  - higher administrative expenses (+PLN 3 million y/y) as a consequence of higher salary costs, an increase in IT costs due to the development of the IT area and marketing costs. Effect partially offset by lower cost of real estate and project activities;
  - changes in the value of the loss component with a positive impact on the result of +PLN 6 million (+PLN 47 million y/y) are the result of the deceleration of the loss component creation in health insurance (the impact of the premium retariffication process with a still high level of benefit utilization) and the recognition of a new loss component to the old portfolio of group insurance with low premiums;
- an **increase** of PLN 10 million (+4.4% y/y) in the **investment income** compared to the comparable period of the previous year was, in particular, due to a higher result on equities as well as the purchase, to the portfolio of government bonds, of instruments with a high level of profitability in the market.

The insurance finance income and expenses were -PLN 125 million, which translates into a decrease in expenses by PLN 3 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 85 million (+24.8% y/y) was caused by both higher insurance service result (+PLN 72 million y/y), as well as investment result (+PLN 10 million y/y) allocated to the segment and insurance finance income and expenses.

16.4 Individual protective insurance products – life insurance

In Q1 2025, the Group's individual protection insurance segment posted an operating profit of PLN 96 million, up PLN 9 million (+10.3%) from the comparable period last year. This was mainly due to a change in the insurance service result (+PLN 10 million y/y), with an even level of the investment income allocated to the segment (+PLN 1 million y/y) and a negligible increase of insurance finance income and expenses (+PLN 2 million). Compared to Q1 2024, there was **an increase of** PLN 20 million in **insurance revenues** , i.e.: +11.2% y/y . The increase is mainly a consequence of higher y/y contractual service margin release (total +PLN 14 million y/y), including in bancassurance (+PLN 6 million y/y; among other things, with the impact of higher y/y sales of mortgage insurance) and term insurance (+ PLN 3 million y/y). The effect was compounded by a higher level of premiums written to cover acquisition costs (+PLN 3 million y/y in total, mainly in term insurance and bancassurance) and expected claims and benefits (+PLN 10 million y/y), mainly in term life insurance and bancassurance. The movement in revenues is also the result of a lower item titled "Other income" (-PLN 10 million y/y).

Insurance service expenses increased by PLN 10 million (+10.4% y/y), which together with an increase in the insurance revenue by 11.2% resulted in the profitability measured by the ratio of insurance service result to insurance revenue increasing by 0.4 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;
- higher current period claims as a result of portfolio growth.

The level of investment income was slightly higher than in the comparable period last year (+PLN 1 million, or +3.4% 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 27 million, which means an increase in expenses by PLN 2 million y/y.

16.5 Life investment insurance

In Q1 2025, the operating profit for investment-grade life insurance amounted to PLN 18 million, up PLN 4 million from the comparable period last year. The y/y change is the result of an increase in sales of unit-linked life insurance with an insurance capital fund, high sales of life and endowment insurance with a guaranteed sum assured and higher fees charged to customers as a consequence of the higher value of unit-linked funds.

Investment income increased by PLN 85 million (+52.8% y/y), particularly in the PPE product. However, the increase in the investment income had no effect on the PZU Group's total net profit, as it is offset by insurance finance income or expenses.

16.6 Baltic States

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

The Lithuanian non-life insurance market share measured by the gross written premium at the end of February 2025 was 28.5%, while the life insurance market share was 7.0%. The share in the Estonian non-life insurance market in this period was 14.0%. However, at the end of 2024, the share in the Latvian non-life insurance market was 28.7%.

On account of its activity in the Baltic states, PZU Group generated in Q1 2025 the operating profit of PLN 120 million compared with PLN 81 million in the same period the previous year.

Compared to Q1 2024, insurance revenue increased by PLN 36 million, i.e. +5.6% y/y (in functional currency up 8.7% y/y). Within revenues, there was an increase in the amortization of LRC as a consequence of a higher sales. Sales higher by PLN 29 million, i.e. +4.2% y/y (+7.5% y/y in functional currency), were generated in the non-life insurance segment chiefly as the effect of a growth in sales of property insurance (by +11.4% y/y in the functional currency) due to an increase of average premiums and number of insurance policies; MTPL insurance (up 11.1% y/y in the functional currency) due to an increase in corporate insurance rates and number of policies within the mass segment in Lithuania; and health insurance (up 15.1% in functional currency) as a result of an increase in the number of policies. In life insurance, sales increased by 9.5% y/y (+13.1% 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 2 million y/y (+0.4%). Non-life insurance business saw expenses stay at the same level as in the previous year, which, with a 5.7% y/y increase in net insurance revenues, represents a 4.8 p.p. increase in profitability measured by the combined ratio (COR).

Within the framework of insurance service expenses, we noted:

- net compensation and benefits liabilities lower by PLN 1 million y/y;
- net run-off of prior years' claims reserves over the current projected value of payouts higher by PLN 12 million y/y;
- movement in the loss component with an effect on the insurance service result PLN -1 million y/y as a product of the recognition of a new loss component higher by PLN 1 million as compared to the corresponding period of the preceding year;
- a 6.0% 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 10.7% as last year;
- PLN 10 million higher amortization of acquisition cash flow. The acquisition expense ratio was 18.9% recording a 0.5 p.p. y/y increase.

The net insurance finance income and expenses were +PLN 1 million, which means an increase by PLN 15 million y/y.

The decrease in investment income compared to the comparable period last year (by PLN 11 million, i.e. -45.8% y/y) occurred in PZU Litwa Życie due to declines on financial markets.

16.7 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 4.7% at the end of 2024, while the share in the life insurance market was 6.9%.

The Ukraine segment closed Q1 2025 with an operating profit of PLN 14 million, compared to a PLN 13 million profit at the end of March of the previous year.

Insurance revenues remained at the level of Q1 2024 at PLN 58 million, (up +10.0% y/y in functional currency). Year-on-year sales increased by PLN 2 million, or +3.3%, with an increase in functional currency of UAH 75 million, or 12.9% y/y. Non-life and other personal insurance sales declined by PLN 3 million, or +5.1%, with a 14.9% y/y increase in the functional currency, mainly as a result of increases in sales of motor TPL and MOD insurance (in total by 18.8% y/y), Green Card insurance (by 14.1% y/y) and health insurance (in total by 7.0% y/y). Sales of life insurance products decreased by PLN 1 million, i.e. by 5.4% y/y (increase in the functional currency by 3.4% y/y).

Insurance service expenses adjusted by amounts due from reinsurers decreased by PLN 3 million y/y. Non-life insurance business saw a decrease of PLN 1 million (-2.1% y/y), which, with net insurance revenues maintained at the level recognized in the previous year, represents a 1.9 p.p. increase in profitability measured by the combined ratio (COR).

A decrease in the net insurance service expenses of the segment is a product of:

- net compensation and benefits liabilities lower by PLN 3 million y/y;
- the release of a PLN 1 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 and the effect of the movement in total lower by PLN 4 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;

- no change in the value of administrative costs. The segment's ratio of administrative expenses calculated to net insurance service revenue remained at the level of Q1 2024, at 19.0% as last year;
- PLN 2 million higher amortization of acquisition cash flow. The acquisition expense ratio was 27.6% recording a 3.4 p.p. y/y increase.

Net insurance finance income and expenses amounted to PLN -6 million, remaining at the same level as in the previous year.

The result from investments stood at PLN 12 million, down by PLN 2 million y/y.

16.8 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 PLN 11 million increase in operating profit was the impact of profit on sales of products with guaranteed sums insured.

16.9 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 Q1 2025, the investment income increased, as compared to the corresponding period of 2024, by PLN 84 million (+46.7% y/y), which was triggered by:

- the effect of temporary foreign exchange differences on real estate;
- higher real estate portfolio result in the face of lower tenant acquisition costs and higher swap point income;
- higher performance of listed shares, in particular due to the stronger rise in stock exchange indices;
- improved earnings from the Private Equity portfolio due to an increase in valuations of USD-denominated funds, which were supported by the cycle of interest cuts that began in 2024.

Operating result in the investment segment amounted to PLN 212 million in Q1 2025, up by PLN 93 million y/y, particularly due to a higher result from investments in free funds.

16.10 Banking activity

The banking activity segment consists of the capital groups of Pekao and Alior Bank.

After Q1 2025, the banking activity segment generated PLN 2,836 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 108 million as compared to the corresponding period of 2024.

Pekao 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 2,194 million (+PLN 235 million y/y), while Alior Bank's contribution was PLN 642 million (-PLN 127 million y/y).

The y/y increase in Pekao's result is mainly due to higher interest income, thanks to higher volumes and a higher interest margin. The y/y decline in Alior Bank's result is due to higher operating expenses, higher legal risk costs of foreign currency mortgage loans, while the result was also influenced by the ineffectiveness of transactions entered into as part of the fair value hedging of the portfolio (macro Fair Value Hedge), higher commission refunds as a result of a higher level of consolidation of the cash loan, and the creation of additional provisions for costs relating to the full year, which were recognized proportionally in the results of Q1 2025.

The key element of the segment’s income is the investment income, which amounted to PLN 6,471 million in (+4.4% y/y). Investment income consists of: interest income, dividend income, trading result and result on impairment losses.

In Q1 2025, Pekao saw a y/y increase in interest income, mainly driven by higher volumes and a higher interest margin. At Alior Bank, the y/y increase in interest income is a consequence of a decrease in interest expense as a result of, among other things, lower costs of derivative hedging instruments, an effect that outweighed the decrease in interest income; at the same time, interest income in Q1 2025 was burdened by the impact of higher commission refunds due to a higher level of cash loan consolidation.

The total portfolio of loan receivables in both banks increased by PLN 0.2 billion (+0.1% y/y) at the end of Q1 2025 compared to the same period in 2024.

The banking segment's investment result was burdened by the lower y/y valuation of derivatives at Pekao and the ineffectiveness of transactions entered into as part of the fair value hedging of the portfolio (macro Fair Value Hedge) at Alior Bank.

The value of allowances for expected credit losses and impairment losses on Pekao financial instruments totaled PLN 155 million, and was lower y/y by 29 million. The value of allowances for expected credit losses and impairment losses on financial instruments totaled PLN 125 million at Alior Bank, and was higher y/y by PLN 25 million.

Pekao’s profitability as measured by the net interest margin ratio, was 4.29%, an increase of 0.13 p.p. as compared to the corresponding period in 2024. The value of Alior Bank’s interest margin during the period was 5.88%, 0.08 pp. lower than in the same period of 2024; the decrease therein was due, among other things, to the growing share of loans and credit facilities granted at a fixed interest rate.

The fee and commission result in the banking activity segment was PLN 929 million and was by 6.3% higher than in the corresponding period of 2024, largely thanks to the increase recognized at Bank Pekao (+9.6% y/y).

In 2024, the PZU Group’s non-insurance operating expenses in the banking segment totaled PLN 2,543 million (+PLN 223 million y/y) and consisted of Bank Pekao’s expenses of PLN 1,849 million (PLN 1,696 million in Q1 2024) and Alior Bank’s expenses of PLN 694 million (PLN 624 million in Q1 2024). The 9.6% y/y increase in costs is mainly due to an increase in employee expenses and BFG premiums at both Banks. At Alior Bank, the level of operating costs was also affected by the recognition of a higher level of provisions for costs relating to the entire year, which were recognised proportionally in the first quarter of 2025. At Pekao, the increase in personnel costs was mainly due to the inflationary salary indexation and the variable portion of personnel costs linked to earnings; at Alior Bank, it was mainly due to an increase in the average salary level. BFG contributions in the banking segment in Q1 2025 amounted to PLN 381 million (+PLN 102 million y/y). The effect was partially offset by lower material and energy consumption and a lower tax on other financial institutions (PLN 288 million, -6 million y/y).

The cost of legal risk of foreign currency mortgage loans in Q1 2025 at Pekao was determined at PLN 49 million (up PLN 12 million y/y). At Alior Bank, legal provision costs for foreign currency mortgages amounted to PLN 17 million (up PLN 15 million y/y); the additional provision is related to changes in model assumptions, in particular changes in assumptions regarding the target level of litigation cases.

In addition, other operating income and expenses with a positive balance of PLN 15 million (+PLN 2 million y/y) contributed to the operating profit. The cost/income ratio stood at 39% for both banks. This ratio was 38.5% for Pekao and 42.0% for Alior Bank.

16.11 Pension insurance

The operating profit of the pension insurance segment in Q1 2025 amounted to PLN 31 million, which was 8.8% lower than in the same period of 2024, particularly as a result of an increase in PZU Group's non-insurance operating expenses by PLN 10 million to (PLN 20 million) due to a higher contribution to the Guarantee Fund. We also observed higher commission income by PLN 6 million, up to PLN 47 million, mainly in management fees, following higher average net asset value.

17. Impact of non-recurring events on operating results

In the first quarters of 2024 and 2025, no non-recurring events occurred that would have an impact on the operating profit of PZU Group.

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

18.1 Macroeconomic environment

18.1.1. Gross domestic product

According to the latest GUS figures, the GDP growth rate in 2024 accelerated to 2.9% after 0.2% in 2023.

The driver of last year's growth was primarily consumption. The household sector consumption grew by 3.1% last year, after declining by 0.3% in 2023, and accounted for 1.7 pp. of GDP growth. Consumption, especially in the first half of the year, was supported by strongly rising incomes in real terms, although at the same time, consumers remained cautious in their purchasing decisions and rebuilt savings that had been eroded by elevated inflation. GDP growth of another 1.6 pp. was boosted by government consumption, which was 8.2% higher in 2024 than in 2023. This was, among other things, a derivative of the leap in wages in the "budget sphere," reaching nearly 22%. Inventory recovery also made a positive contribution of 1.1 percentage points to GDP growth last year. However, GDP growth was negatively affected by net exports, which reduced it by 1.1 percentage points. Behind this stood the deterioration in the foreign trade balance resulting from a faster growth rate of imports (4.2%) than exports (2.0%). This reflected a faster pace of recovery in the activity of Poland compared to our trading partners. Investment also ended the year in the red, falling by 2.2% and subtracting a total of 0.4 pp. from GDP growth in 2024. Investment last year was not helped by a high baseline (in 2023, outlays growth reached 12.7%) and the ever limited scale of projects implemented using EU funds.

Figures published so far indicate that GDP growth in Q1 2025 is likely to be slower than that of Q4 2024, at 3.4% y/y. Consumption will remain the main driver of growth, as retail sales rose by 1.4% y/y in the first three months of 2025 on a to-date basis, while industrial production was higher by 0.9% y/y, and construction and assembly was up 0.2% y/y. Further growth prospects may be overshadowed by increased uncertainty and trade tensions as a consequence of Donald Trump's policies, but their effects will be offset by, among other things, arms investments, accelerated EU spending and interest rate cuts which are likely to come faster than previously expected.

18.1.2. Labor market and consumption

The average salary in the corporate sector in Q1 was PLN 8,736.49, nominally 8.2% higher than a year ago. This is the first single-digit salary growth rate in the corporate sector since Q3 2021. Such a result was primarily due to a significantly lower increase in the minimum salary than in previous years (10.0% y/y, versus 21.5% y/y in 2024 and 15.9% y/y in 2023).

Weakening wage pressures were also influenced by diminished labor demand. Average employment in the corporate sector in Q1 2025 amounted to 6,448 thousand full-time jobs, 0.9% lower than a year ago. A total of 11,000 full-time equivalent jobs were cut between January and March 2025. Weaker demand for labor also manifested itself in the mass layoffs pursued (in the first two months of 2025, they affected more than 7,600 people). Companies also cautiously increased their recruitment efforts (the Job Offer Barometer index grew from 256.2 points in January to 261.4 points in March 2025).

The registered unemployment rate in March 2025 was 5.3%, the same as a year earlier. The unemployed population increased slightly, with 829,900 unemployed people in the labor office registers at the end of March 2025, 7,700 more than in March 2024. Nevertheless, Poland has moved to the top of the ranking of EU member states with the lowest unemployment rate. Poland's deseasonalized unemployment rate published by Eurostat, calculated with a methodology harmonized for EU countries, was 2.6% in February 2025, with the average for the European Union at 5.8%.

Diminishing labor demand translates into elevated household concerns about unemployment; in April 2025, they were the highest since the outbreak of the war in Ukraine. The consumer survey component on future savings also remains at historically high levels. This translates into consumer purchasing decisions. In total, in Q1 2025, retail sales at fixed prices rose by 1.4% y/y, which may have been disappointing. However, Q1 2025 brought favorable changes in the sales structure, indicating a recovering demand for durable goods, i.e., furniture and household appliances and consumer electronics (in Q1 2025, sales in this category increased by 7.9 y/y), or clothing and footwear (up by 8.2% y/y). Motor vehicle sales continue to do very well, with sales in the first three months of 2025 higher by 13.6% than a year ago.

18.1.3. Inflation, monetary policy, interest rates

Inflation in Q1 2025 was 4.9% y/y, compared to 4.8% y/y in Q4 2024. A periodic acceleration of inflation in early 2025 was expected due to the low baseline effect. However, contrary to earlier fears, it did not ultimately exceed 5%, which among others was influenced by this year's significant revision of the inflation basket by GUS. Weakening price pressures were also confirmed by core inflation, which slowed to 3.6% y/y in February and March 2025, after 3.7% in January 2025, 4.0% in December 2024 and 4.3% in November 2024.

In Q1 2025, the Monetary Policy Council kept interest rates unchanged at 5.75%. However, the language of NBP communications softened in the following months. This was made possible by the sustained descent of inflation below 5% in Q1 2025, as well as the prospect of reduced global economic growth in the face of US administration's announcement of significant import tariffs.

18.1.4. Public finance

According to Statistics Poland's fiscal notification, the deficit in the government and local government sector in 2024 stood at 6.6% of GDP, after being at 5.3% of GDP in 2023. On 26 July 2024, the EU Council decided to launch the excessive deficit procedure against Poland. The justification states that the deficit of the central and local government sector exceeding the reference value (3% of GDP) is not temporary, as confirmed by the 2024 figure. The increase in the deficit last year was primarily due to an increase in defense spending and increases in salaries and benefits.

The Budget Act for 2024 assumed a **maximum** state budget **deficit** of PLN 184 billion, and after its October amendment, PLN 240.3 billion. In the end, the budget deficit at the end of 2024 amounted to PLN 210.9 billion, which was mainly the result of spending 32.1 billion less than planned.

According to the Statistics Poland's fiscal notification, **the deficit in the government and local government sector** in 2024 went up to 55.3% of GDP from 49.7% of GDP in 2023.

18.1.5. Situation on the financial markets

In the financial markets, Q1 2025 was shaped by announcements and speculation about changes in trade policy and the consequent geopolitical shifts announced by the newly elected US President Donald Trump. Information generated by the new American administration and the reactions of policy and monetary decision-makers in the countries directly and indirectly affected by these changes have translated into increased volatility in the interest rate, currency, commodity and stock markets. As a result, yields in Europe have risen slightly, whereas they have fallen in the U.S. despite the ECB's suggested greater willingness, compared to the Fed, to cut rates. This may have been due to the loosening of fiscal rules in Germany and the associated expectation of higher German bond issuance. The dollar became weaker against the euro; the stock markets in the US lost, while in Europe, they gained. Most industrial and agricultural commodities lost their values, with precious metal prices rising. In this environment, the markets did not react very eagerly to the macroeconomic data released.

18.1.5.1. Bond market

Over the first three months of 2025, domestic bond yields followed similar tenors of US bonds in the 5Y to 10Y segment. In the case of the 2Y segment, it was increasingly responsive to the change in the tone of the NBP, giving more and more signals indicating possible interest rate cuts soon. As a result, the yield curve on treasuries went down in the 2-year bond segment to 5.07%, from 5.17%, the 5-year to 5.34%, from 5.65%, the 10-year to 5.72%, from 5.90%. The spread of domestic 10-year treasuries against their German counterparts narrowed to 299 bps, from 354 bps. (Macrobond data), while to U.S. rose to 149 bps, from 135 bps. Declines in yields on treasuries continued throughout the quarter with a brief pause in early March.

18.1.5.2. Equity market

At the beginning of Q1 2025, stocks were rising on both sides of the ocean, stronger in Europe. This was influenced by surprises with high inflation in Germany and the US. Beginning in February, American indices began to fall in response to increased coverage of President Trump's plans to impose tariffs and his announcement of cuts to the administration. The upward trend from the beginning of the quarter persisted in Europe, where plans for increased arms spending by EU governments supported company valuations. In Poland, the WIG index has gained 20.6% since the beginning of the year, while the WIG20 has gained 22.7%, with the hope that investment spending (including under the National Recovery Plan) and consumer spending will be accelerated in an attempt to outpace the behavior of European indices. What also buttressed the situation was the announcement that hostilities in Ukraine might cease quickly.

18.1.5.3. Currency market

From the end of December 2024 to the end of March 2025, the EUR exchange rate, expressed in PLN, decreased to 4.1839, from 4.2730 (NBP data[4]), as a consequence of improved stock market sentiment and the announcements of the upcoming cessation of hostilities in Ukraine. In the case of the USD exchange rate, expressed in PLN, it went down to 3.8643 from 4.1012, which was significantly affected by the weakening of the dollar against the euro, EURUSD having moved to 1.0815 from 1.0389. The weakening of the dollar was the markets' reaction to the announcement of high import tariffs in the US.

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

Due to the scope of PZU Group's business (insurance sector in Poland, the Baltic States and Ukraine, mutual and pension funds sector and also banking sector), the key factors which will shape the environment in which the Group will operate and which may have a direct impact on the development and performance of the Group in the medium term, in particular in 2025, 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, directly or indirectly, albeit with a certain time lag, the dynamics of non-life insurance sales, as well as changes

[4] https://nbp.pl/statystyka-i-sprawozdawczosc/kursy/archiwum-tabela-a-csv-xls/

in demand for credit, accumulation of deposits and inflow of assets into funds. Moreover, they influence the claims ratio in non-life insurance and the investment result. They also determine the fund management results and key measures affecting the performance of the banking sector (net interest margin and costs of risk).

The key macroeconomic risk in 2025 now appears to be economic activity in Poland's external environment. Decisions by the Donald Trump administration regarding the American tariff policy could more strongly constrain global growth prospects, which given the competitiveness problems of the European economy, could translate into the Old Continent's GDP performance. Weaker GDP growth rate in our trading partners may in effect mean slower GDP growth than expected in Poland. In turn, increased infrastructure and armaments spending announced in Germany, as well as the loosening of fiscal rules by the EC to increase military spending in the EU, may work towards improving the country's growth prospects. Poland also still has a sizable amount of European funds to draw on, the growing inflow of which into the real economy should mitigate the negative effects of external shocks.

The economic situation in 2025 will continue to be largely shaped by geopolitical factors. The armed conflict between Russia and Ukraine, despite attempts to extinguish it, is still ongoing, with great uncertainty about the possibility and timing of a lasting peace agreement. Tensions in the Red Sea region also persist, though recently on a somewhat smaller scale, while the conflict between India and Pakistan has recently escalated. Potential escalation in the aforementioned areas could generate price shocks in the hydrocarbon, food and commodity markets which are difficult to predict, along with risks associated with increased refugee flows. Geopolitical risks are also associated with the international rivalry between the U.S. and China, and more broadly with the fragmentation of international economic cooperation and the ongoing erosion of multilateralism. These processes intensified after Donald Trump came to power in the US, including a drastic increase in tariffs by the US, to which China also responded. The potential consequences of these decisions on global trade flows and, as a result, the economic situation in individual economies, with a huge increase in uncertainty about the economic policies of major powers, are strongly affecting the underlying financial markets. This is of great importance for the situation on the Polish stock market, the exchange rate of the złoty or the profitability of Polish securities.

Among the macroeconomic risk factors, despite the recent lower CPI figures, the path of inflation should also not be overlooked, along with related decisions on possible changes in monetary policy parameters. The path of inflation will depend, among others, on the extent to which wage pressures have cooled, changes of the exchange rate in the face of rising interest rate disparity, further regulatory decisions relating to the price of energy carriers, as well as the speed with which internal demand recovers. In the case of the latter, according to forecasts, the assumed improvement is mainly related to the rebound of investment demand co-financed by EU funds, while the expected acceleration in the growth rate of consumer demand is relatively smaller.

Legal and regulatory factors

Insurance

Insurance companies face a number of legal and regulatory challenges in 2025, especially in the context of EU regulations on the revision of Solvency II, the IRRD, the AI Act, as well as national regulations, in particular, KNF's draft recommendation on insurance distribution. This will mean having to adapt practices to the new regulations and may involve necessary investment in advanced IT systems.

As of 17 January 2025, the Regulation on digital operational resilience for the financial sector (DORA) is in effect, which imposes ICT risk management obligations on insurance companies. Insurers face a number of challenges on adapting procedures and contracts to the extent required by these regulations, as well as new reporting obligations.

Also coming into force in 2025 is the Artificial Intelligence Act (AI Act), which was published on 1 August 2024, and introduces a comprehensive legal framework for AI systems to ensure their safe and ethical use. Some of the provisions, including those on banned practices, is already in effect since 2 February 2025; others will come into force on 2 August 2025. Insurance companies will have to carefully review the systems they use to ensure they meet the AI Act's definition of AI. This requires identifying which technologies fall within the scope of the Regulation, which can be a challenge due to the variety of solutions in use and possible definition issues.

In insurance, what is also important is the Regulation of the Minister of Finance of 10 February 2025 on specific rules related to the investment by the insurance company of assets from life insurance contracts in which the investment risk is incurred by the policyholder. The regulation will have a significant impact on the operations of life insurance companies offering contracts with unit-linked products. In particular, it will require a detailed analysis and possible adjustment of the current united-linked investment policies used by individual insurance companies. Such adjustment will require particular changes on the IT side, as well as adjustments of the currently implemented investment strategies offered under life insurance contracts with unit-linked funds.

Insurance companies will also have to implement the requirements set forth in the Act on ensuring that businesses satisfy accessibility requirements for certain products and services. The challenges of preparing for the implementation of the Pay Transparency Directive and the Directive on improving the gender balance among directors of listed companies, will also be an important issue.

Despite EU regulations as the revision to Solvency II or the IRRD, which were published on 8 January 2025, will be in force as of 2027, they are already analyzed and worked on to prepare for their application, which requires committing adequate resources and making preparations to implement changes in systems.

In terms of soft-law, in February this year, the KNF submitted a draft recommendation on insurance distribution for public consultation. The draft recommendation defines the issues that are most important from the view of the KNF, as related to insurance distribution by insurance companies. The recommendations are intended to replace the 24 June 2014 guidelines for insurance companies on insurance distribution. The recommendations will be applied to both individual and group insurance contracts.

Investments and retirement

In 2025, the PZU Group faces a number of regulatory challenges in the areas of investments and pensions due to dynamic changes in the legal, economic and technological environment. In particular, an important issue is the changes in the national pension system, including the introduction of new regulations on Employee Capital Plans (PPK) and Employee Pension Plans (PPE).

Banking

Credit payment holidays, which allowed the suspension of mortgage payments, will not continue in 2025. Borrowers were able to take advantage of this support for the last time between 1 September and 31 December 2024.

The “Bezpieczny kredyt 2%” was discontinued in early 2024. A new support program is currently being developed to replace it.

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 publishes 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.

The European Commission plans to propose amendments to the SFDR - Regulation on sustainability-related disclosures in the financial services sector in 2025. They will aim to cover transition products more comprehensively. This is in order to create a more flexible labeling system that reflects the diversity of sustainable investment strategies and supports a smooth transition towards sustainable practices. For insurers, this means adjusting product strategies and reporting processes to meet the new requirements. Introducing a more varied classification of sustainable products will allow the offerings to better reflect sustainability, but will require updating internal procedures and information systems. Furthermore, it will be necessary to train staff on the new standards and ensure compliance with the new supervisory requirements.

Market factors

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 claims ratio in the property insurance sector, the following hazards also exist:

- in insurance:
  - 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 continued traffic may cause an increase in how often claims are made, and consequently an increase in the claims ratio, which will impact profitability of MTPL and MOD insurance;
  - strong price competition in motor insurance and deteriorating result in MTPL and MOD will be reflected in different pricing strategies, thus affecting the market share levels in 2025;
  - changes in trends and behavior of customers looking for personalized offerings and a fast, electronic way to conclude contracts and avail themselves of insurance service are forcing the need to adapt quickly to new expectations in order to maintain a competitive edge; in life insurance, they may cause the development of individual insurance while reducing the potential for the development of group insurance in the current formula;
  - 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 growth of the construction industry, including the increase in infrastructure, mega-investments (nuclear power plant, wind farms in the Baltic Sea, Central Transport Port) and energy transition, in conjunction with the expected inflow of funds from with an expected influx of funds from the National Reconstruction Plan and EU funds for cohesion policy 2021-2027 will increase interest in contractual guarantees and construction insurance;
  - 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 will 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 (AI) 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;
  - 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;
  - the recommendations on insurance distribution implemented by the Financial Supervision Commission will translate into product value for the client;
  - implementation of regulatory projects and higher insurance companies' operating costs may translate into higher insurance prices;
  - The further expansion of private health care as a consequence of the realization of health debt, demographic changes, and the rise in popularity of health insurance may mean that the insurance offerings on the market are more competitive;
  - demographic changes and the aging society as well as the ensuing changes in the current mortality and fertility levels lead to developing insurance offerings for senior citizens and higher demand for health and ;retirement insurance;
  - an increase in mortality due to an aging population, and emergence of new epidemics or infectious diseases will 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 (AI) will allow the creation of more precise offerings and a better adjustment of price to risk, consequently, building a competitive edge;
  - potential increase in insurance fraud cases where the person is in a more difficult situation in various industries, with growing unemployment;
  - 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;

- in the area of health:
  - high demand for specialist physicians outstripping supply may slow the growth of health care facilities, as well as influence the margins they achieve;
  - 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;
  - changes in trends and expectations of clients, causing greater personalization of the offerings, may bring about the need to change processes and systems, which in turn may affect the bottom-line results achieved;
  - decrease in fertility rates, increase in mortality and morbidity rates, as well as the so-called "health debt" being the consequence of the fact that during the pandemic treatments for certain conditions (e.g., cardiovascular and oncology) were delayed, may translate into greater loss ratio in health products (e.g. in subscription plans or in health insurance);
  - the constant pressure on price in group insurance limits the ability to sell new health products that are add-ons to group insurance;
  - high competition in the health care services market in terms of both price and scope of the services affects the results;
  - high saturation of the market in larger cities and also staff shortages and lack of customer potential in smaller towns may slow down the development of the health offering;
  - potential modification of the valuation of outpatient specialist care services by the National Health Fund may cause significant changes in the financial results generated by medical centers;
  - social and economic consequences related to business restrictions due to the possible emergence of new epidemics or the return of the COVID-19 pandemic could result in restrictions on the operation of medical facilities, which could significantly affect their performance;
  - stronger and/or 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 in the long term.
- in the area of investments and retirement savings:
  - the geopolitical and macroeconomic situation, the fiscal actions of the world's central banks in terms of interest rates, which will translate into prosperity in the financial markets;
  - instability of the legal environment resulting in changes in laws, regulations and other legal acts and guidelines, as well as unforeseen changes in the regulations of the pension system, EPS, ECS;
  - Poland's economic growth dynamics and the performance of listed companies;
  - the economic situation of clients and their investment plans, in the context of the high cost of servicing their debt associated with the persistently elevated inflation/interest rates, will influence their propensity to invest and save money;
  - the climate on the capital market (in particular on the Warsaw Stock Exchange, which is affected by the geopolitical and macroeconomic situation) which affects the value of the funds' assets, and the level of fees collected by pension fund companies for management;
  - 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 may also have a significant impact. The scale of the impact will depend on the introduced changes;
  - the growing negative balance of cash flows between OFEs and ZUS resulting from the entry into the "zipper" mechanism of the vintages of fund members with the highest volume and those with the largest accumulated capital;

- in banking:
  - the level of inflation and monetary policy – direction and pace of changes in interest rates, which can significantly translate into the level of net interest margins of banks and, consequently, the results achieved by banks, due to the high sensitivity of the banking sector's results to this parameter;
  - the tax and regulatory environment, including in particular the existence of a tax on certain financial institutions, high equity requirements, contributions to Bank Guarantee Fund (BFG), costs of further adjustments to numerous regulatory solutions (e.g. MIFID II, GDPR, PSD II, MREL);
  - the pace of economic growth in 2025, especially individual consumption, which is an important factor in the demand for banking products and the level of risk costs, the economic situation in the European Union, which determines, among other things, the scale of exports of Polish companies;
  - uncertainty related to the trade war and its impact on the economy, including banking business conditions;
  - the financial situation of households and businesses, which will affect the ability of clients to repay their financial obligations on time;
  - the scale of demand reported for banking services by clients;
  - institutional environment, and potential settlements by the Court of Justice of the European Union, the Supreme Court or other state institutions in particular on foreign currency mortgages, free credit sanctions and cash loans;
  - the introduction of a government program to support the housing market;
  - ongoing consolidation and restructuring processes in the banking sector;
  - reform of the reference index, i.e., replacing the WIBOR index with a new index;
  - geopolitical events, including the ongoing armed conflict in Ukraine, conflicts in the Middle East and migratory movements of people;
  - development of banking services offered by non-regulated entities;
  - the pace of implementation of projects co-financed by EU funds, especially under the National Reconstruction Program.

19. Management Board's position on previously published forecasts

PZU did not publish standalone or consolidated forecasts.

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

During 3 months ended 31 March 2025 PZU did not issue, redeem or repay any debt or equity securities.

Pekao Management Board on 4 March 2025 passed a resolution on the early redemption of the series SN1 senior non-preference bonds issued on 3 April 2023 (SNP Series SN1 Bonds). The early redemption will take place on 3 April 2025 and will cover all issued SNP Series SN1 Bonds (1,500 units with a total nominal value of PLN 750 million).

On 19 March 2025, Pekao's Management Board adopted a resolution to issue series E subordinated capital bonds, as referred to in Article 27a(1)(b) of the Bond Law of 15 January 2015, with a total nominal value of PLN 750 million (1,500 bonds with a nominal value of PLN 0.5 million each). The issue came to fruition on 4 April 2025.

The bond offer was produced on the basis of exception to prepare prospectus under Article 1(4)(a) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published in connection with a public offering of securities or their admission to trading on a regulated market and repealing Directive 2003/71/EC by addressing the offer to qualified investors only within the meaning of Article 2(e) of the Regulation.

On 23 April 2025, Pekao received approval from the KNF to classify the bonds as Tier II instruments. The interest rate on the bonds will be variable, based on WIBOR 6M as a benchmark plus a margin of 1.85%. The redemption date will be 4 April 2035, subject to possible early redemption, provided that the prerequisites for such redemption are met, including in particular those set forth in Articles 77 and 78 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012. The bonds will be introduced into the Catalyst alternative trading system operated by the GPW.

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

During the 3 months ended 31 March 2025, 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.

22. 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 6 May 2023, the Management Board of PZU proposed to the GMS of PZU to distribute the PZU's net profit for the year ended 31 December 2024, in the amount of PLN 3,877 million, plus the amount of PLN 1,080 million transferred from the supplementary capital recognized as a result of allocation to the supplementary capital of the net profit for the year ended 31 December 2023, i.e. in the total amount of PLN 4,957 million, as follows:

- PLN 3,860 million (i.e. PLN 4.47 per share) to dividends;
- PLN 1,089 million to the supplementary capital;
- PLN 8 million to the Company Social Benefit Fund.

The Management Board of PZU has also requested that the dividend date be set at 25 September 2025 and the dividend payment date at 16 October 2025.

The PZU Management Board's proposal will be forwarded to the PZU Supervisory Board for evaluation. The final decision on the distribution of PZU's net profit for the year ended 31 December will be made by PZU's AGM.

The proposed profit distribution is in line with the PZU Group's Capital and Dividend Policy for 2025-2027 adopted on 2 December 2024, and takes into account recommendations contained in the KNF's position on the dividend policy in 2025 of 10 December 2024.

23. 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 are carried out with participation of the following 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 establishing technical provisions for known losses, considering the probability of an unfavorable outcome of the dispute and estimating the probable awarded amount.

As at 31 March 2025, the total value of disputes in all 249,636 cases (31 December 2024: 246,667 cases) pending before courts, arbitration bodies and public administration authorities in which PZU Group entities take part, was PLN 17,278 million (as at 31 December 2024: PLN 17,088 million). This amount included PLN 13,016 million (as at 31 December 2024: PLN 12,346 million) relating to liabilities, and PLN 4,262 million (as at 31 December 2024: PLN 4,742 million) relating to receivables of PZU Group companies.

During 3 months ended 31 March 2025 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.

23.1 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 and 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 carry out 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 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 ruling admitting evidence in the form of an opinion of a scientific institute to determine the amount of 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 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 31 March 2025, 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 in its entirety. PZU did not consent to mediation. In subsequent court sessions, evidentiary hearings have taken place.

23.2 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"), both companies with registered offices in Wysogotowo near Poznań, 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.

PZU is a creditor of PBG SA ("PBG") and Hydrobudowa Polska SA ("Hydrobudowa"), both companies with registered offices in Wysogotowo near Poznań, 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 consolidated financial statements PZU has not received the above amount.

23.3 Court proceedings on the free credit sanction

On 13 February 2025, the CJEU issued a ruling on aspects of the application of free credit sanctions. The CJEU has left a wide margin of discretion to national courts hearing individual cases.

As at 31 March 2025, 3,772 (as at 31 December 2024: 3,394) court proceedings were pending against the PZU Group with a total litigation value of PLN 151 million (as at 31 December 2024: PLN 134 million).

The PZU Group disputes the validity of the claims raised in these cases and will monitor the development of CJEU case law and national courts on matters of free credit sanctions and analyze the impact of these rulings on the PZU Group's position in pending litigation.

The value of the provision on this account as at 31 March 2025 is PLN 53 million (as at 31 December 2024: PLN 51 million).

23.4 Lawsuits against Alior Bank

23.4.1. 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 3 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.

23.4.2. 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. The total value of the provision as at 31 March 2025 was PLN 71 million (as at 31 December 2024: PLN 72 million).

24. 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/

(in millions of PLN)

Last affirmation and outlook

On 28 May 2024, the rating agency of S&P Global Ratings (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.

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 8 November 2024, the S&P rating agency decided to affirm the rating at A- and A-2 for long- and short-term liabilities in foreign currencies, respectively, and at A and A-1 for long- and short-term liabilities in the domestic currency, respectively. The rating outlook remained stable.

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	13 April 2018	A-2	13 April 2018

Source: S&P Global Ratings

25. Related party transactions

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

During the 3 months ended 31 March 2025 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.

25.2 Transactions with the State Treasury and the 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. In terms of disclosing transactions with related parties, the PZU Group applies the exemption from the provisions of IAS 24, item 25.

(in millions of PLN)

Under the decision of KNF, PZU Group was identified as a financial conglomerate within the meaning of the Act of 15 April 2005 on Supplementary Oversight over Credit Institutions, Insurance Undertakings, and Investment Firms Comprising a Financial Conglomerate.

Also under a decision of the KNF, PZU, as the leading entity in the financial conglomerate, was required to report periodically to the supervisory authority on significant concentration of risk in the financial conglomerate, with concentration exceeding the level of 4.5% of the financial conglomerate's own funds considered significant in the counterparty area by the supervisory authority. In order to fulfill its reporting obligation, the PZU Group obtains information from the regulated entities of the financial conglomerate, in particular Pekao and Alior Bank. Information analyzed by PZU for the purpose of preparing the report on significant concentration of risk was used to prepare the following disclosure on transactions with Treasury affiliates regarding gross credit exposure and off-balance sheet commitments granted in the banking business.

The value of State Treasury or Treasury-guaranteed bonds held by PZU Group units was PLN 138,568 million as at 31 March 2025 (as at 31 December 2024: PLN 123,133 million).

The value of liabilities (less receivables) to the State Treasury under corporate income tax amounted to PLN 157 million as at 31 March 2025 (as at 31 December 2024: PLN 1,806 million).

The balance of cash in accounts with the National Bank of Poland amounted to PLN 14,748 million as at 31 March 2025 (as at 31 December 2024: PLN 8,970 million).

The tables below present information on balances resulting from the largest transactions with Treasury-related parties. The exposure is presented to the extent reportable under financial conglomerate concentration risk.

Information on balances resulting from the most significant transactions with Treasury-related parties	Receivables from loans, borrowings and debt financial instruments 31 March 2025
Client 1	1,138
Client 2	920
Client 3	899
Client 4	742
Client 5	598
Client 6	578
Client 7	387
Client 8	322
Client 9	248
Client 10	206

Information on balances resulting from the most significant transactions with Treasury-related parties	Receivables from loans, borrowings and debt financial instruments 31 December 2024
Client 1	1,866
Client 2	1,262
Client 3	1,156
Client 4	1,151
Client 5	934
Client 6	538
Client 7	254
Client 8	229
Client 9	203
Client 10	58

(in millions of PLN)

Information on balances resulting from the most significant transactions with Treasury-related parties	Off-balance sheet liabilities granted 31 March 2025
Client 1	3,198
Client 2	2,612
Client 3	2,528
Client 4	1,591
Client 5	1,556
Client 6	679
Client 7	512
Client 8	189
Client 9	116
Client 10	75

Information on balances resulting from the most significant transactions with Treasury-related parties	Off-balance sheet liabilities granted 31 December 2024
Client 1	2,762
Client 2	2,489
Client 3	1,866
Client 4	1,366
Client 5	1,151
Client 6	848
Client 7	205
Client 8	189
Client 9	125
Client 10	101

Premiums from the most significant insurance contracts concluded with Treasury-related parties	Premium 1 January – 31 March 2025
Client 1	53
Client 2	46
Client 3	32
Client 4	20
Client 5	18
Client 6	17
Client 7	15
Client 8	11
Client 9	9
Client 10	8

(in millions of PLN)

Premiums from the most significant insurance contracts concluded with Treasury-related parties	Premium 1 January – 31 March 2024
Client 1	103
Client 2	48
Client 3	16
Client 4	16
Client 5	15
Client 6	15
Client 7	14
Client 8	14
Client 9	14
Client 10	12

25.3 Other related party transactions

Balances and turnovers resulting from commercial transactions between the PZU Group and related parties	1 January – 31 March 2025		1 January – 31 March 2024	
	Key management	Other related parties [1)]	Key management	Other related parties [1)]
Insurance revenue	-	-	-	-
Other revenue	-	1	-	-
Costs	-	2	-	2

Balances and turnovers resulting from commercial transactions between the PZU Group and related parties	31 March 2025		30 December 2024	
	Key management	Other related parties [1)]	Key management	Other related parties [1)]
Loan receivables from clients (including finance lease receivables)	-	-	-	-
Other receivables	-	1	-	1
Liabilities under deposits	-	23	2	39
Other liabilities	-	1	-	7
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, 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.

26. Other information

26.1 KNF Office inspections at PZU

In the period from 12 June to 10 August 2023, the PFSA carried out an inspection of claim handling procedures at PZU. On 2 February 2024, KNF issued 8 post-inspection recommendations with the implementation deadline of 31 March 2024. Throughout 2024, PZU informed the regulator of the implementation of all recommendations made. With respect to one of them, there was additional correspondence with KNF; finally, on 22 April 2025, PZU reported on how it had implemented the latest recommendation.

In the period 1 July – 29 August 2024, KNF inspected PZU operations and assets in terms of valuing technical provisions for solvency purposes. On 19 November 2023, PZU received an inspection report, to which it raised objections. On 31 March 2025, KNF issued 12 post-audit recommendations with a deadline for implementation being the date of reporting quarterly figures and information for supervision purposes made on 30 June 2025.

During the period from 13 January to 13 March 2025, KNF conducted an audit of reporting for accounting purposes, for statistical purposes and for solvency purposes. On April 29, 2025, PZU received the inspection report, to which it may submit any objections. The deadline for submitting such objections is May 15, 2025.

26.2 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 dialog 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.

26.3 Tax liability 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 started the judicial procedures challenging the individual tax interpretation of the Swedish Council for Tax Interpretation before the Supreme Administrative Court (Högsta förvaltningsdomstolen).

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. As a result, 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 began its tax appeal. Throughout the appellate proceedings, on 18 December 2024, PZU Finance AB received an opinion from the Swedish Tax Authority upholding the Authority's previous findings and decisions.

26.4 UOKiK proceedings

26.4.1. 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 27 January 2025, the President of UOKiK decided to extend the deadline for completion of the proceedings until 30 June 2025.

As at 31 March 2025, 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. The maximum amount of a fine for it is 10% of Alior Bank's turnover achieved in the year preceding the year in which the fine was imposed. As at 31 March 2025, the PZU Group has not recognized a provision on this account.

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. On 29 March 2024, Alior Bank responded by letter to UOKiK President's allegations. Alior Bank submitted a preliminary proposal for a commitment to take certain actions to end the alleged Alior Bank violation and remedy its consequences.

As at 31 March 2025, the value of complaints from unauthorized transactions that were rejected by Alior Bank, contrary to the position of UOKiK, is approximately PLN 50 million (as at 31 December 2023: PLN 43 million).

In Alior Bank's opinion, the complaints that have been rejected so far, if they have to be recognized in performance of a possible obligation in the proceedings of the Chairman of the UOKiK President, can then be partially recovered through the courts.

The total value of the provision on this account as at 31 March 2025 is PLN 10 million (as at 31 December 2024: PLN 10 million).

26.4.2. 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 regarding the complaint-handling process.

Pekao submitted a request to the President of UOKiK for a so-called commitment decision. As at 31 March 2025, the PZU Group maintains a provision of PLN 64 million for the implementation of the commitment proposed to the President of UOKiK by Pekao.

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 and the failure to reimburse them within D+1.

As at 31 March 2025, the PZU Group has not identified reasons to establish provisions on this account.

26.5 Issues concerning 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 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.

26.6 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 31 March 2025, 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 56 million (as at 31 December 2024: PLN 57 million).

The assets (net of the shares held mutually between PZU Ukraina and PZU Ukraina Życie) of these companies subject to consolidation totaled PLN 372 million (as at 31 December 2024: PLN 435 million), and liabilities – 316 million (31 December 2024: PLN 378 million).

Due to the martial law in force on the territory of the whole of Ukraine as of 24 February 2022 (now extended until 6 August 2025), Ukrainian companies in the PZU Group are working with war restrictions and legal considerations arising from the so-called "war regulations".

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.

(in thousands of PLN)

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

1. Interim balance sheet

ASSETS	31 March 2025	31 December 2024	31 March 2024 (restated)
I. Intangible assets, including:	331,802	342,921	307,942
- goodwill	-	-	-
II. Investments	51,467,909	49,239,744	48,153,484
1. Real property	263,119	268,721	276,910
2. Investments in related parties, including:	20,521,801	19,471,444	19,052,472
- investments in related parties accounted for using the equity method	20,003,019	18,848,317	18,495,218
3. Other financial investments	30,682,989	29,499,579	28,824,102
4. Deposits with ceding enterprises	-	-	-
III. Net assets of a life insurance company if the investment risk is borne by the policyholder	-	-	-
IV. Receivables	2,977,223	3,123,751	2,848,244
1. Receivables from direct insurance	2,353,229	2,585,453	2,212,555
1.1. From subordinated entities	1,709	1,791	2,988
1.2. From other entities	2,351,520	2,583,662	2,209,567
2. Reinsurance receivables	397,831	238,951	282,568
2.1. From subordinated entities	295,656	185,899	250,651
2.2. From other entities	102,175	53,052	31,917
3. Other receivables	226,163	299,347	353,121
3.1. Receivables from the state budget	42,881	7,848	146,150
3.2. Other receivables	183,282	291,499	206,971
a) from subordinated entities	56,596	100,174	57,150
b) from other entities	126,686	191,325	149,821
V.Other assets	310,157	311,122	277,422
1. Property, plant and equipment	110,241	116,944	126,500
2. Cash	199,916	194,178	150,922
3. Other assets	-	-	-
VI. Prepayments and accruals	2,807,836	3,075,999	3,421,650
1. Deferred tax assets	-	-	-
2. Deferred acquisition costs	2,095,811	2,043,777	2,067,368
3. Accrued interest and rents	-	-	-
4. Other prepayments and accruals	712,025	1,032,222	1,354,282
VII. Unpaid share capital	-	-	-
VIII. Treasury shares	-	-	-
Total assets	**57,894,927**	**56,093,537**	**55,008,742**

(in thousands of PLN)

Interim balance sheet (continued)

EQUITY AND LIABILITIES	31 March 2025	31 December 2024	31 March 2024 (restated)
I. Equity	24,499,708	22,729,360	22,190,014
1. Share capital	86,352	86,352	86,352
2. Supplementary capital	7,479,478	7,479,463	7,252,581
3. Revaluation reserve	12,617,261	11,286,526	10,567,366
4. Other reserve capital	-	-	-
5. Retained earnings (losses)	3,877,019	-	3,983,187
6. Net profit (loss)	439,598	3,877,019	300,528
7. Charges to net profit during the financial year (negative figure)	-	-	-
II. Subordinated liabilities	2,276,512	2,321,146	2,276,453
III. Technical provisions	31,427,884	31,545,929	31,026,062
IV. Reinsurers' share in technical provisions (negative figure)	(4,704,402)	(5,154,082)	(4,878,782)
V. Estimated salvage and subrogation (negative figure)	(109,320)	(123,123)	(101,378)
1. Gross estimated salvage and subrogation	(111,082)	(124,904)	(103,408)
2. Reinsurers' share in estimated salvage and subrogation	1,762	1,781	2,030
VI. Other provisions	1,340,110	1,118,940	1,292,320
1. Provisions for pension benefits and other compulsory employee benefits	233,993	195,816	230,396
2. Deferred tax liabilities	1,085,505	901,393	1,040,109
3. Other provisions	20,612	21,731	21,815
VII. Liabilities for reinsurers' deposits	-	-	-
VIII. Other liabilities and special-purpose funds	1,854,125	1,554,655	1,814,029
1. Liabilities on direct insurance	497,179	524,821	473,477
1.1. To subordinated entities	12,019	23,553	10,782
1.2. To other entities	485,160	501,268	462,695
2. Reinsurance liabilities	668,544	305,584	760,166
2.1. To subordinated entities	13,683	13,380	25,847
2.2. To other entities	654,861	292,204	734,319
3. Liabilities on the issue of own debt securities and drawn loans	-	-	-
4. Liabilities to credit institutions	-	-	50,110
5. Other liabilities	569,067	605,845	392,002
5.1. Liabilities to the state budget	85,770	176,962	34,104
5.2. Other liabilities	483,297	428,883	357,898
a) to related entities	69,822	72,729	72,996
b) to other entities	413,475	356,154	284,902
6. Special-purpose funds	119,335	118,405	138,274
IX. Prepayments and accruals	1,310,310	2,100,712	1,390,024
1. Accrued expenses	1,058,195	1,830,557	1,115,655
2. Negative goodwill	-	-	-
3. Prepayments	252,115	270,155	274,369
Total equity and liabilities	**57,894,927**	**56,093,537**	**55,008,742**

(in thousands of PLN)

Interim balance sheet (continued)

	31 March 2025	31 December 2024	31 March 2024 (restated)
Carrying amount	24,499,708	22,729,360	22,190,014
Number of shares	863,523,000	863,523,000	863,523,000
Book value per share (in PLN)	28.37	26.32	25.70
Diluted number of shares	863,523,000	863,523,000	863,523,000
Diluted book value per share (in PLN)	28.37	26.32	25.70

2. Interim statement of off-balance sheet line items

Off-balance sheet line items	31 March 2025	31 December 2024	31 March 2024
1. Contingent receivables, including:	3,892,444	3,999,930	3,059,131
1.1. Guarantees and sureties received	2,478	2,625	2,320
1.2. Other [1)]	3,889,966	3,997,305	3,056,811
2. Contingent liabilities, including:	1,580,136	1,477,120	1,792,781
2.1. Guarantees and sureties given	5,320	8,507	6,122
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	158,597	158,949	152,882
6. Other off-balance sheet line items	-	-	-
Total off-balance sheet line items	**5,631,177**	**5,635,999**	**5,004,794**

[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.

(in thousands of PLN)

3. Interim revenue account of non-life insurance

Revenue account of non-life insurance	1 January – 31 March 2025	1 January – 31 March 2024
I. Premiums (1-2-3+4)	3,891,962	3,560,144
1. Gross written premium	4,453,276	4,903,762
2. Reinsurers' share in gross written premium	253,672	277,843
3. Movement in the provision for unearned premiums and provision for unexpired risks, gross	105,420	947,807
4. Reinsurers' share in the movement in provision for unearned premiums	(202,222)	(117,968)
II. Net investment income (including costs) transferred from the general profit and loss account	61,206	58,852
III. Other net technical income	83,356	46,464
IV. Claims and benefits (1+2)	2,329,220	2,151,393
1. Net claims and benefits paid	2,291,724	2,205,469
1.1. Gross claims and benefits paid	2,720,487	2,217,901
1.2. Reinsurers' share in claims and benefits paid	428,763	12,432
2. Movement in provision for outstanding claims and benefits, net of reinsurance	37,496	(54,076)
2.1. Movement in provision for outstanding claims and benefits, gross	(209,988)	20,497
2.2. Reinsurers' share in the movement in the provision for outstanding claims and benefits	(247,484)	74,573
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	323	1,226
VII. Insurance activity expenses	1,081,209	1,029,441
1. Acquisition expenses, including:	880,465	830,815
- movement in capitalized acquisition costs	(52,034)	(173,422)
2. Administrative expenses	239,256	235,888
3. Reinsurance commissions and profit participation	38,512	37,262
VIII. Other net technical charges	163,151	107,976
IX. Movement in loss ratio (risk) equalization provisions	-	-
X. Technical result of non-life insurance	**462,621**	**375,424**

(in thousands of PLN)

4. Interim general profit and loss account

General profit and loss account	1 January – 31 March 2025	1 January – 31 March 2024
I. Technical result of non-life insurance or life insurance	462,621	375,424
II. Investment income	313,090	254,740
1. Investment income on real property	1,262	1,303
2. Investment income from related parties	2,655	7,508
2.1. On ownership interests or shares	-	-
2.2. On borrowings and debt securities	7,279	7,194
2.3. On other investments	(4,624)	314
3. Other financial investment income	211,431	200,188
3.1. On ownership interests, shares, other variable income securities, participation units and investment certificates in mutual funds	204	220
3.2. On debt securities and other fixed income securities	180,476	167,492
3.3. On term deposits with credit institutions	(46)	109
3.4. On other investments	30,797	32,367
4. Gain on revaluation of investments	690	-
5. Gain on realization of investments	97,052	45,741
III. Unrealized investment gains	187,770	76,183
IV. Net investment income after including costs transferred from the technical life insurance account	-	-
V.Investment activity expenses	47,373	53,871
1. Real property maintenance expenses	4,705	4,231
2. Other investment activity expenses	10,468	10,466
3. Loss on revaluation of investments	-	-
4. Loss on realization of investments	32,200	39,174
VI. Unrealized investment losses	197,059	54,344
VII. Net investment income after including costs transferred to the revenue account of non-life insurance	61,206	58,852
VIII. Other operating income	60,345	58,248
IX. Other operating expenses	155,716	158,533
X.Operating profit (loss)	562,472	438,995
XI. Extraordinary gains	-	-
XII. Extraordinary losses	-	-
XIII. Share of the net profit (loss) of related parties measured by the equity method	3,592	(37,819)
XIV. Profit (loss) before tax	566,064	401,176
XV. Income tax	126,466	100,648
a) current part	(15,463)	(168,078)
b) deferred part	141,929	268,726
XVI. Other compulsory reductions in profit (increases in losses)	-	-
XVII. Net profit (loss)	**439,598**	**300,528**

(in thousands of PLN)

	1 January – 31 March 2025	1 January – 31 March 2024
Net profit (loss) (annualized) [1)]	1,782,814	1,208,717
Weighted average number of common shares	863,523,000	863,523,000
Profit (loss) per common share (in PLN)	0.51	0.35
Weighted average diluted number of common shares	863,523,000	863,523,000
Diluted profit (loss) per common share (in PLN)	0.51	0.35

[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 – 31 March 2025	1 January – 31 December 2024	1 January – 31 March 2024
I. Equity at the beginning of the period (opening balance)	22,729,360	20,884,235	20,884,235
a) changes in the accepted accounting policies	-	-	-
I.a. Equity at the beginning of the period (opening balance), after adjustments to ensure comparability	22,729,360	20,884,235	20,884,235
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	7,479,463	7,252,581	7,252,581
2.1. Change in supplementary capital	15	226,882	-
a) increases (by virtue of):	15	1,080,494	-
- distribution of profit (above the statutorily required amount)	-	1,080,493	-
- from revaluation reserve – by sale and liquidation of fixed assets	15	1	-
b) reductions	-	853,612	-
2.2. Supplementary capital at the end of the period	7,479,478	7,479,463	7,252,581
3. Revaluation reserve at the beginning of the period	11,286,526	9,562,115	9,562,115
- changes in the accepted accounting principles (policy)	-	-	-

(in thousands of PLN)

Interim statement of changes in equity (continued)

Statement of changes in equity	1 January – 31 March 2025	1 January – 31 December 2024	1 January – 31 March 2024
3.a. Revaluation reserve at the beginning of the period (opening balance), after adjustments to ensure comparability	11,286,526	9,562,115	9,562,115
3.1. Change in the revaluation reserve	1,330,735	1,724,411	1,005,251
a) additions (by virtue of):	1,437,932	1,900,287	1,119,025
– valuation measurement of investments in subordinate entities	1,150,748	1,363,356	907,459
– valuation measurement of financial instruments qualified to the portfolio of available-for-sale financial assets	282,074	526,940	201,017
– valuation measurement of financial instruments held for hedge accounting purposes	4,924	4,772	5,573
- disposal of instruments held for sale	186	5,219	4,976
b) reductions (by virtue of)	107,197	175,876	113,774
– valuation measurement of investments in subordinate entities	932	19,715	1,037
– valuation measurement of financial instruments qualified to the portfolio of available-for-sale financial assets	87,144	136,038	99,260
– valuation measurement of financial instruments held for hedge accounting purposes	-	-	-
- disposal of instruments held for sale	19,106	20,122	13,477
- sale of fixed assets	15	1	-
3.2. Revaluation reserve at the end of the period	12,617,261	11,286,526	10,567,366
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	3,877,019	3,983,187	3,983,187
5.1. Retained earnings at the beginning of the period	3,877,019	3,983,187	3,983,187
a) changes in the accepted accounting policies	-	-	-
5.2. Retained earnings at the beginning of the period, after adjustments to ensure comparability	3,877,019	3,983,187	3,983,187
a) increases	-	853,612	-
b) reductions	-	4,836,799	-
- transfers to supplementary capital	-	1,080,493	-
- disbursement of dividends	-	3,747,690	-
- transfers/charges to the Company Social Benefit Fund	-	8,616	-
5.3. Retained earnings at the end of the period	3,877,019	-	3,983,187
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	3,877,019	-	3,983,187

(in thousands of PLN)

Interim statement of changes in equity (continued)

Statement of changes in equity	1 January – 31 March 2025	1 January – 31 December 2024	1 January – 31 March 2024
6. Net result	439,598	3,877,019	300,528
a) net profit	439,598	3,877,019	300,528
b) net loss	-	-	-
c) Charges to profit	-	-	-
II. Equity at the end of the period (closing balance)	**24,499,708**	**22,729,360**	**22,190,014**

(in thousands of PLN)

6. Interim cash flow statement

Cash flow statement	1 January – 31 March 2025	1 January – 31 December 2024	1 January – 31 March 2024 (restated)
A.Cash flows from operating activities			
I. Proceeds	5,839,537	20,392,787	5,145,664
1. Proceeds on direct activity and inward reinsurance	5,135,211	18,300,149	4,877,647
1.1. Proceeds on gross premiums	4,888,129	18,004,588	4,820,200
1.2. Proceeds on subrogation, salvage and claim refunds	211,038	224,752	41,265
1.3. Other proceeds on direct activity	36,044	70,809	16,182
2. Proceeds from outward reinsurance	476,637	986,440	97,487
2.1. Payments received from reinsurers for their share of claims paid	425,236	808,877	56,863
2.2. Proceeds on reinsurance commissions and profit participation	40,788	174,095	40,115
2.3. Other proceeds from outward reinsurance	10,613	3,468	509
3. Proceeds from other operating activity	227,689	1,106,198	170,530
3.1. Proceeds for acting as an emergency adjuster	99,530	513,370	109,134
3.2. Disposal of intangible assets and property, plant and equipment other than investments	489	2,469	72
3.3. Other proceeds	127,670	590,359	61,324
II. Expenditures	5,269,807	19,263,029	4,671,824
1. Expenditures on direct activity and inward reinsurance	4,085,704	15,444,215	3,592,041
1.1. Gross premium refunds	121,379	383,349	96,234
1.2. Gross claims and benefits paid	2,522,189	9,655,162	2,115,477
1.3. Acquisition expenditures	764,495	2,720,687	687,685
1.4. Administrative expenditures	468,467	1,968,672	463,380
1.5. Expenditures for claims handling and pursuit of subrogation	93,590	303,147	77,335
1.6. Commissions paid and profit-sharing on inward reinsurance	50,178	215,196	93,112
1.7. Other expenditures on direct activity and inward reinsurance	65,406	198,002	58,818
2. Expenditures on outward reinsurance	628,295	1,905,899	676,724
2.1. Premiums paid for reinsurance	616,742	1,870,726	671,361
2.2. Other expenditures on outward reinsurance	11,553	35,173	5,363
3. Expenditures on other operating activity	555,808	1,912,915	403,059
3.1. Expenditures for acting as an emergency adjuster	54,685	358,377	72,112
3.2. Purchase of intangible assets and property, plant and equipment other than investments	34,627	122,536	34,780
3.3. Other operating expenditures	466,496	1,432,002	296,167
III. Net cash flows from operating activities (I-II)	**569,730**	**1,129,758**	**473,840**

(in thousands of PLN)

Interim cash flow statement (continued)

Cash flow statement	1 January – 31 March 2025	1 January – 31 December 2024	1 January – 31 March 2024 (restated)
B.Cash flows from investing activity			
I. Proceeds	38,573,242	156,338,227	45,339,691
1. Sale of real property	6,780	-	-
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	(4,343)	180,654	165,853
4. Realization of debt securities issued by related parties and amortization of the loans granted to these parties	750	-	-
5. Realization of debt securities issued by other entities	483,733	2,840,681	1,138,998
6. Liquidation of term deposits with credit institutions	8,170,444	35,079,825	11,315,083
7. Realization of other investments	29,740,313	114,411,551	32,608,171
8. Proceeds from real property	1,478	5,559	167
9. Interest received	173,726	695,768	108,856
10. Dividends received	-	3,121,588	-
11. Other investment proceeds	361	2,601	2,563
II. Expenditures	39,046,009	153,500,604	45,775,301
1. Purchase of real property	87	839	233
2. Purchase of ownership interests and shares in subordinated entities	52	144,807	47,967
3. Purchase of ownership interests and shares in other entities and participation units and investment certificates in mutual funds	313,722	101,591	19,877
4. Purchase of debt securities issued by related parties and extension of loans to these parties	-	28,115	28,115
5. Purchase of debt securities issued by other entities	1,338,387	4,672,744	2,713,523
6. Purchase of term deposits with credit institutions	7,966,565	35,123,868	11,286,287
7. Purchase of other investments	29,401,365	113,337,943	31,650,466
8. Real property maintenance expenses	18,482	59,435	3,525
9. Other expenditures for investments	7,349	31,262	25,308
III. Net cash flows from investing activities (I-II)	**(472,767)**	**2,837,623**	**(435,610)**

(in thousands of PLN)

Interim cash flow statement (continued)

Cash flow statement	1 January – 31 March 2025	1 January – 31 December 2024	1 January – 31 March 2024 (restated)
C.Cash flows from financing activities			
I. Proceeds	-	630,087	84,306
1. Net proceeds from issuing shares and additional capital contributions	-	-	-
2. Loans, borrowings and issues of debt securities	-	630,087	84,306
3. Other financial proceeds	-	-	-
II. Expenditures	86,997	4,560,220	129,871
1. Dividends	-	3,747,690	-
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	-	630,973	34,141
5. Interest on loans and borrowings and issued debt securities	86,997	181,557	95,730
6. Other financial expenditures	-	-	-
III. Net cash flows from financing activities (I-II)	(86,997)	(3,930,133)	(45,565)
D. Total net cash flows (A.III+/-B.III+/-C.III)	9,966	37,248	(7,335)
E. Balance sheet change in cash, including:	5,738	34,121	(9,135)
- movement in cash due to foreign exchange differences	(4,228)	(3,127)	(1,800)
F. Cash at the beginning of the period	194,178	160,057	160,057
G. Cash at the end of the period (F+/-E), including:	199,916	194,178	150,922
- restricted cash	**51,779**	**33,143**	**58,002**

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 2024.

9. Changes in accounting policies

In the 3-month period ended 31 March 2025, no changes were made to the accounting principles (policy).

10. Changes in the preparation of financial statements and data comparability

In order to better reflect the economic nature of the recorded salary costs in the standalone financial statements for 2024, they have been presented under Other Liabilities to Other Entities and Provisions for Pensions and Other Compulsory Employee Benefits, rather than as Accrued Liabilities in the balance sheet. The comparatives in the balance sheet liabilities have been restated, as shown in the table below.

(in thousands of PLN)

Item	31 March 2024 (prior to restatement)	Change	31 March 2024 (restated)
VI. Other provisions	**1,125,152**	**167,168**	**1,292,320**
1. Provisions for pension benefits and other compulsory employee benefits	63,228	167,168	230,396
VIII. Other liabilities and special-purpose funds	**1,800,065**	**13,964**	**1814029**
5. Other liabilities	378,038	13,964	392,002
5.2. Other liabilities	343,934	13,964	357,898
b) to other entities	270,938	13,964	284,902
IX. Prepayments and accruals	**1,571,156**	**(181,132)**	**1,390,024**
1. Accrued expenses	1,296,787	(181,132)	1,115,655

In addition, in order to better present inflows and outflows related to the maintenance of real estate used for own purposes, they were moved from Cash Flow from Operating Activities to Net Cash Flow from Investment Activities. The comparative figures in the Cash Flow Statement have been restated, as shown in the table below.

Item	31 March 2024 (prior to restatement)	Change	31 March 2024 (restated)
I. Proceeds	**5,146,819**	**(1,155)**	**5,145,664**
3. Proceeds from other operating activity	**171,685**	**(1,155)**	**170,530**
3.3. Other proceeds	62,479	(1,155)	61,324
II. Expenditures	**4,688,945**	**(17,121)**	**4,671,824**
3. Expenditures on other operating activity	**420,180**	**(17,121)**	**403,059**
3.2. Purchase of intangible assets and property, plant and equipment other than investments	35,013	(233)	34,780
3.3. Other operating expenditures	313,055	(16,888)	296,167
III. Net cash flows from operating activities (I-II)	**457,874**	**15,966**	**473,840**
I. Proceeds	**45,338,536**	**1,155**	**45,339,691**
11. Other investment proceeds	1,408	1,155	2,563
II. Expenditures	**45,758,180**	**17,121**	**45,775,301**
1. Purchase of real property	-	233	233
9. Other expenditures for investments	8,420	16,888	25,308
III. Net cash flows from investing activities (I-II)	**(419,644)**	**(15,966)**	**(435,610)**

Signatures of the Management Board Members of PZU:

First name and last name	Position / Title	
Andrzej Klesyk	Member of the PZU Management Board directing the work of the PZU Management Board pending approval of the Polish Financial Supervision Authority	.... (signature)
Maciej Fedyna	Member of the 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)
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	Director of the Accounting Department	.... (signature)

Warsaw, 13 May 2025