



Half-year Report 2025







Management Board's report on the activity
of the PZU Group in 1H 2025

pzu.pl



INSURANCE | HEALTH | INVESTMENTS | BANKING

Legend of iconographics used in the report

-  insurance
-  banking
-  health
-  policy
-  investments
-  innovations



icons and buttons directing to links





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PZU Group

#1

the largest insurance and banking group
in Central and Eastern Europe¹

22 million

clients

99%

the most recognizable
brand in Poland²

A-/positive³

a stable business model
based on strong foundations

PLN 54.4 billion

stock market capitalization⁴

STRONG BALANCE SHEET

solvency II above the average for insurance groups in
Europe⁵

1) By assets
2) Continuous brand monitoring, CAWI, nat-rep 18-65, data for January-June 2025; percentage of respondents from the target group declaring familiarity with the brand, indicating it on a list of various brands
3) S&P rating confirmed on May 23, 2025
4) As of June 30, 2025
5) PZU's own study, based on reports from European insurers and reinsurers, data after Q1 2025




PZU Group

Percentage share of operating profit
(adjusted for PZU’s holdings in banks
in 1H 2025)

KEY:

 Non-life insurance

 Life insurance

 Market position in terms of assets under management

 Market position in terms of assets

 Market position in terms of medical revenues

60.9%
INSURANCE



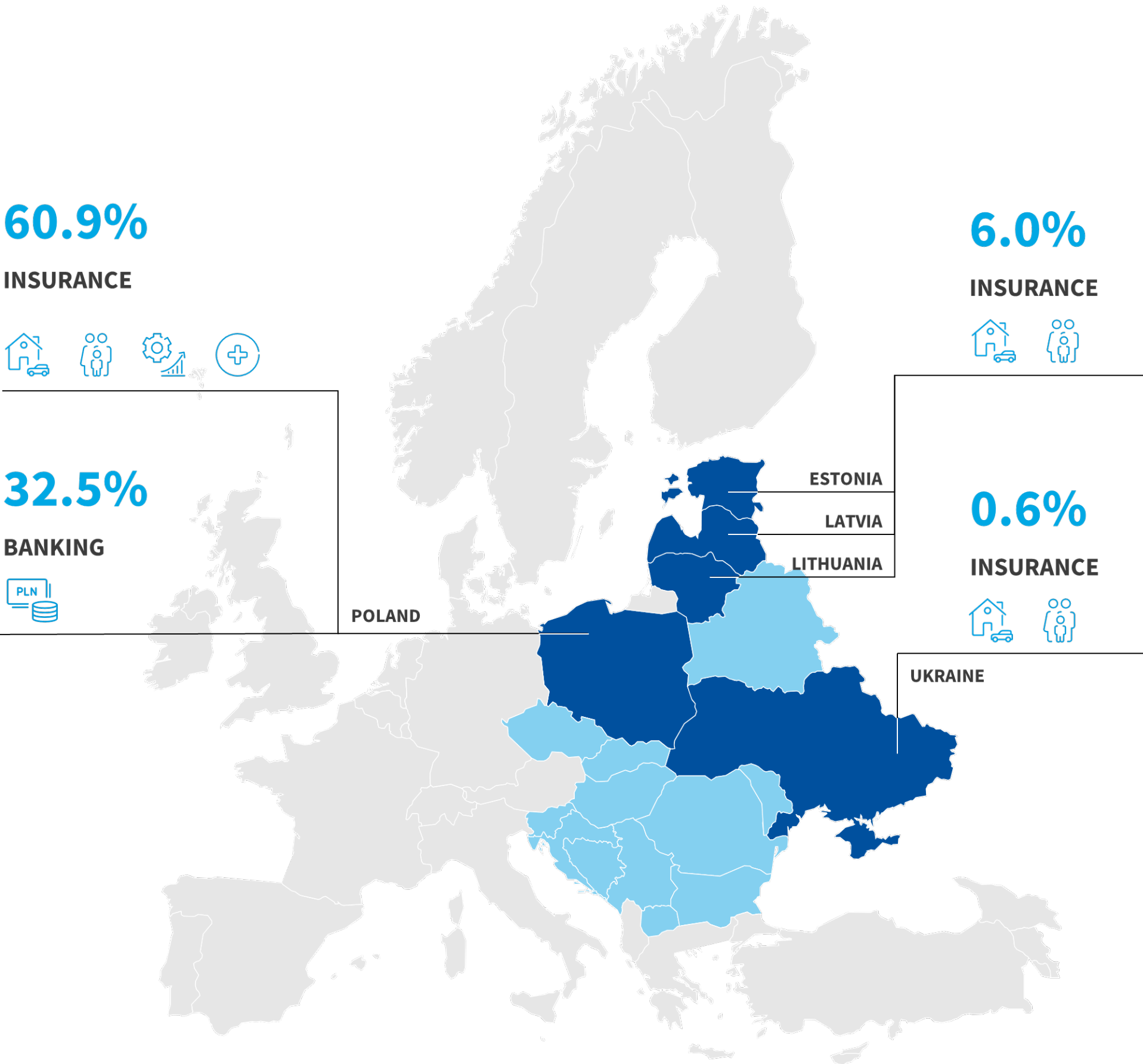
32.5%
BANKING



6.0%
INSURANCE



0.6%
INSURANCE





PZU Group

Market position of PZU Group companies

KEY:

- Non-life insurance
- Life insurance
- Market position in terms of assets under management
- Market position in terms of assets
- Market position in terms of medical revenues

POLAND

	#1	
	#2	
	#8	
TFI PZU	#2	
OFE PZU	#3	
Pekao TFI	#4	
	#3	

LITHUANIA

	#1	
	#6	

LATVIA

	#1	
--	----	--

ESTONIA

	#4	
--	----	--

UKRAINE

	#11	
	#4	



Summary of H1 2025 results

The financial results the PZU Group has been enjoying place it among the most profitable financial institutions in Poland.

In H1 2025, the return on equity on core business¹ was 21.7%. Net profit attributable to owners of the parent increased to PLN 3.2 billion, up PLN 0.78 billion from the same period last year. The Group also recorded an increase in gross insurance revenues to PLN 15.2 billion, up by PLN 0.9 billion y/y.

The dynamic growth is accompanied by continued high security of business. As at the closing of Q1 2025, the solvency ratio (calculated in line with the standard Solvency II formula) was 225%.²

Gross insurance revenue (PLN billion)



PZU’s net profit attributable to the parent company's owners (billion PLN)



	H1 2025	Increase	2027 target
ROE core business ¹	21.7%	+ 6.1 pp. vs. 1H 2024	>19%
EPS core business ¹	PLN 2.56	+ 50.6% vs. 1H 2024	>PLN 5.1
DPS	PLN 4.47	+ 3.0 % vs. 2024	≥ PLN 4.5

1) Core business excluding banks
2) Preliminary figures, not subject to audit or inspection by statutory auditor

Summary of H1 2025 results

INSURANCE

Non-life insurance in Poland

Gross non-life insurance revenue (PLN billion)



Combined Ratio (COR) (%)



Life insurance in Poland

Gross life insurance revenue (PLN billion)

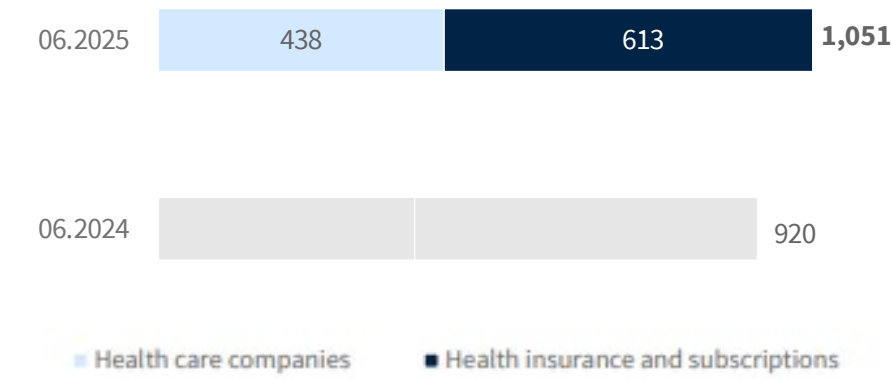


Life insurance operating margin in Poland (%)

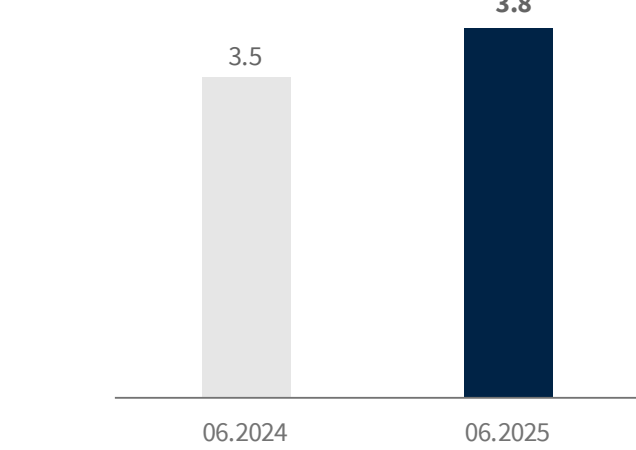


HEALTH

Health Pillar Revenue (PLN million)



Number of Health pillar contracts (million)

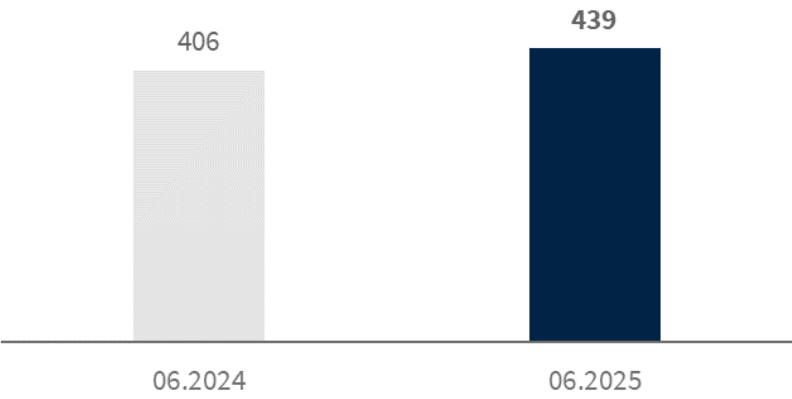




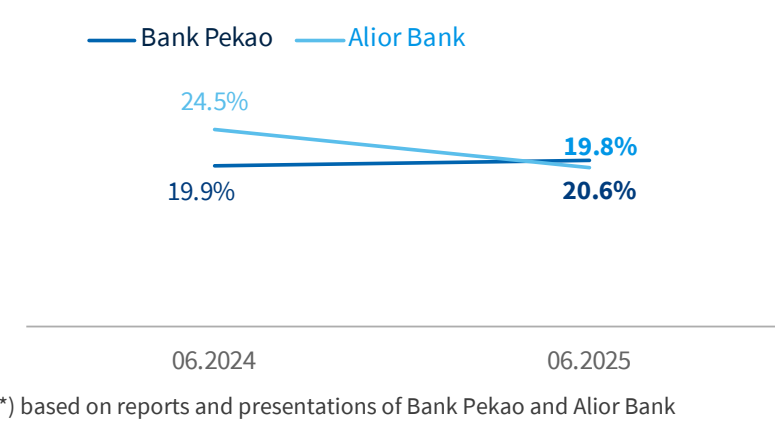
Summary of H1 2025 results

BANKING

Banking assets in PZU Group (PLN billion)

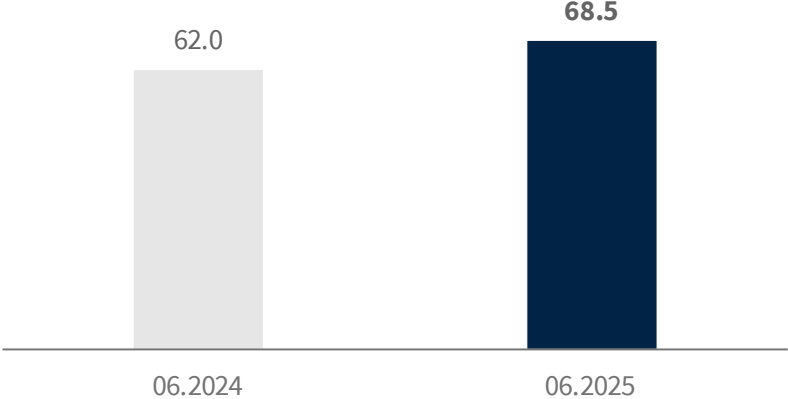


ROE (return on equity) of banks* (%)

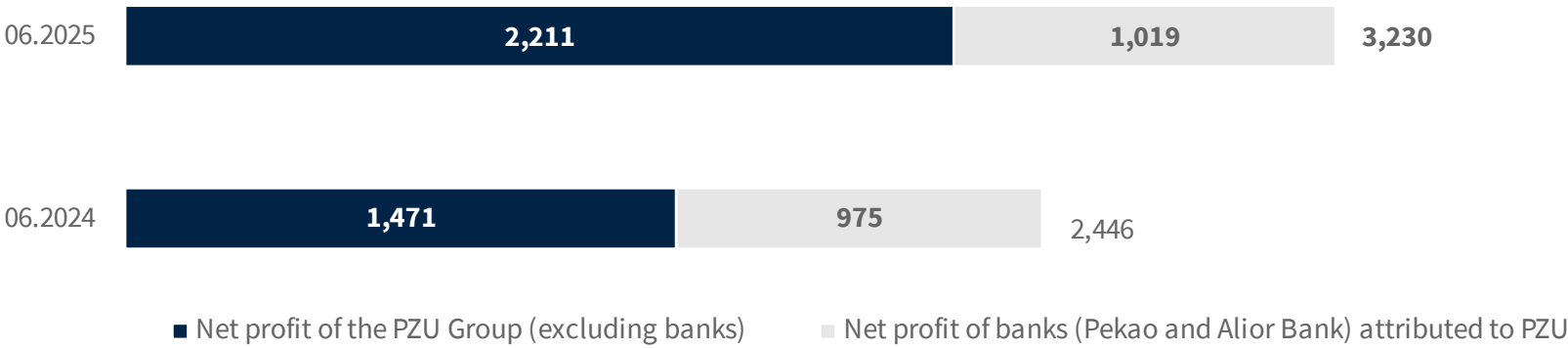


INWESTYCJE

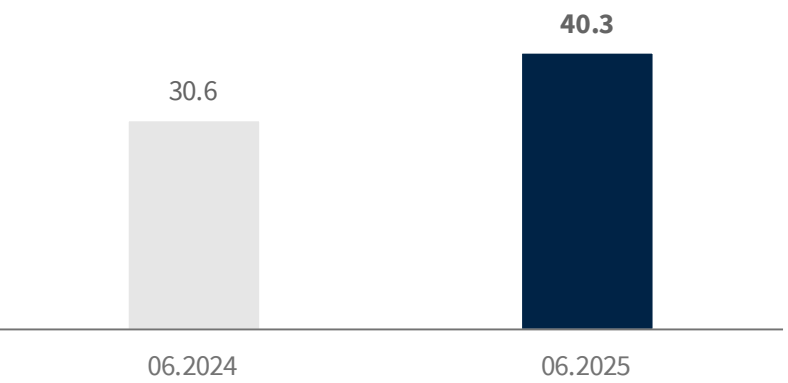
Assets of external clients of TFI PZU and PTE PZU (PLN billion)



Contribution of banking activities to net profit attributable to the equity holders of the parent company* (PLN million)



Assets of clients of TFI Pekao and TFI Alior (PLN billion)



*) excluding consolidation eliminations

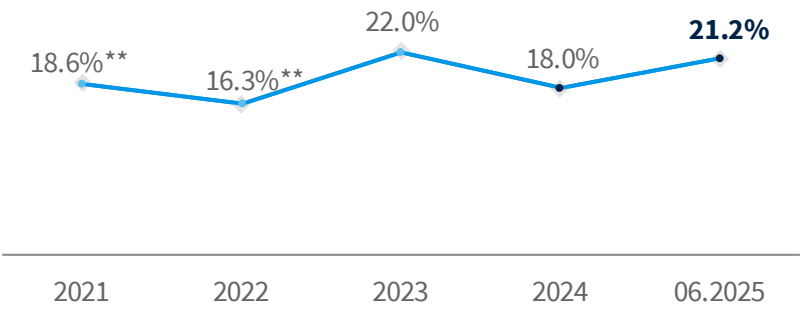




Summary of H1 2025 results

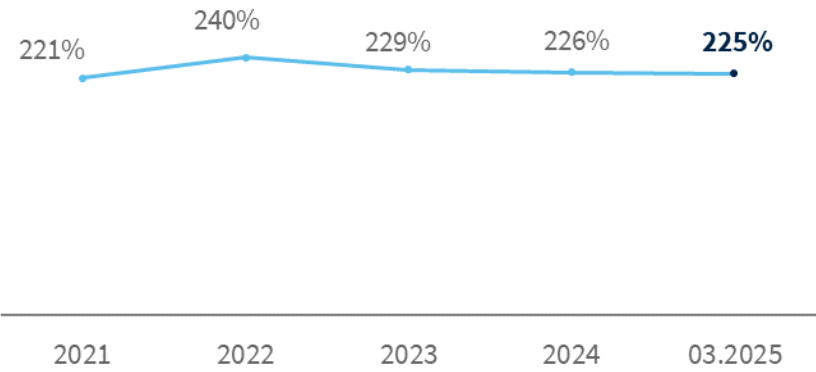
SELECTED INDICATORS

ROE (return on equity)* (%)



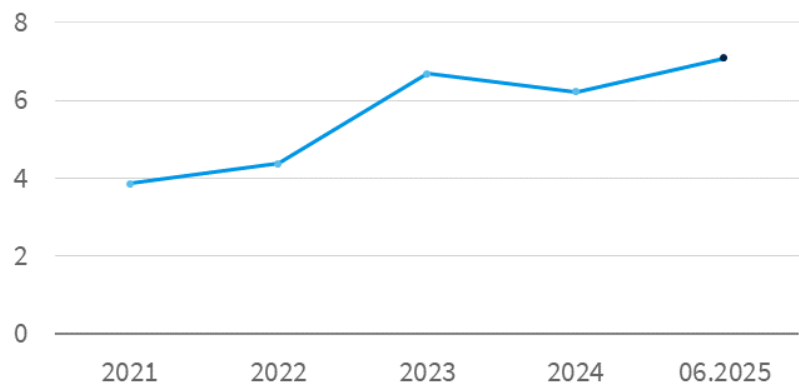
*) aROE – adjusted return on equity, calculated on a capital basis excluding cumulative other comprehensive income relating to insurance and reinsurance financial income and expenses; aROE attributable to equity holders of the parent company
**) ROE – return on equity attributable to equity holders of the parent company

Solvency II* (%)



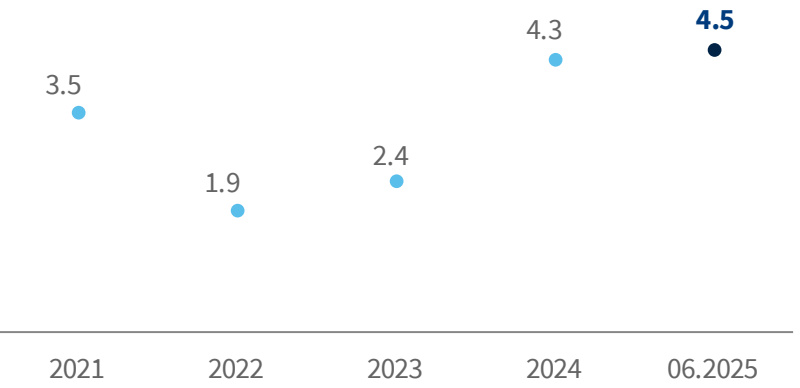
*) data for Q1 2024 are not subject to audit or statutory auditor review

EPS (earnings per share) (PLN)

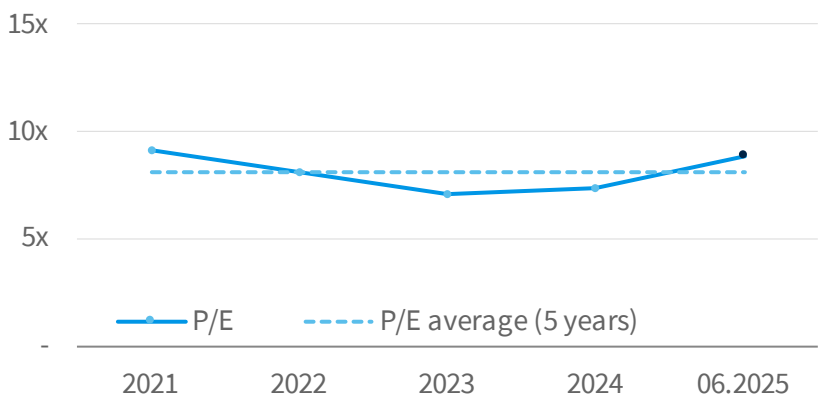


*) IFRS17 data; cumulative for 12 months

DPS (dividend per share) (PLN)

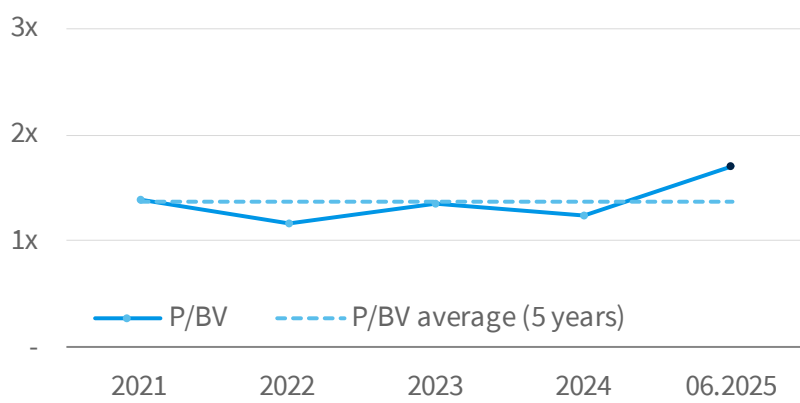


P/E (price to earnings per share)



*) IFRS17 data; cumulative for 12 months

P/BV (price to book value per share)



Summary of H1 2025 results

Basic consolidated data of the PZU Capital Group for H1 in 2023-2025 under IFRS 17 (in PLN million)

	H1 2023 ³	H1 2024	H1 2025
A) PZU Group excluding Alior Bank and Bank Pekao			
Gross insurance revenue	13,013	14,295	15,226
Net insurance revenue	12,289	13,397	14,232
Insurance service expenses (net)	(10,299)	(11,797)	(12,077)
Net insurance claims and benefit ¹	(7,095)	(8,106)	(8,456)
Administrative expenses	(1,118)	(1,214)	(1,253)
Amortization of insurance acquisition cash flows	(2,131)	(2,331)	(2,447)
Amortization of loss component	517	532	511
Recognition of the loss component	(472)	(678)	(432)
Insurance service result	1,990	1,600	2,155
Net financial income ²	570	570	658
Financial income and expenses from insurance	(873)	(838)	(1,016)
Result from investment activities – allocated to insurance segments	1,443	1,408	1,674
Net profit attributable to the equity holders of the parent company	1,747	1,471	2,211
B) Banks: Alior Bank and Bank Pekao			
Net profit attributable to the equity holders of the parent company	941	975	1,019
(A+B) Net profit attributable to the equity holders of the parent company	2,688	2,446	3,230

1) excluding the investment component with the development of the claim reserves from previous years
2) financial income and expenses from insurance and reinsurance, as well as investment result allocated to insurance business segments
3) restated data



Ratings

Credit rating and financial strength rating

A—

POSITIVE

On 23 May 2025, S&P Global Ratings reaffirmed PZU's rating at A- with a positive outlook.

PZU's rating was last revised on 28 May 2024. The agency's analysts raised the rating outlook from stable to positive. In justifying the change in outlook, the agency recognized the PZU Group for its proven track record in implementing its strategy, including the ambitious goals set for its insurance and banking businesses. S&P noted in a recent report that it expects PZU Group to continue to outperform its competitors, generating annual profits of PLN 3.6–5.5 billion in 2024–2026, translating into a return on capital in the 13–17% range. The S&P report also highlighted PZU Group's strong capital position, despite regular payments of

relatively high dividends. Analysts are expecting that PZU Group will maintain significant capital buffers under the S&P model in 2024–2026, despite capital market volatility affecting equity levels.





On 2 June 2025, S&P said that the announced memorandum on the reorganization of PZU Group and Pekao does not currently affect the ratings of these entities. PZU's financial strength rating, according to the agency's analysts, remains unchanged at this stage. However, due to

on the scope of the potential transaction, the agency will monitor in particular its impact on PZU's role in the holding company and capital structure in relation to PZU's status as a government-related entity under the agency's methodology, as well as PZU's ability to pass a hypothetical stress test.

S&P Global

ESG ratings

Sustainable management of ESG factors impacts, is not only part of PZU Group’s strategy, but also transparent reporting and evaluation by agencies specializing in analyzing non-financial indicators. The results of ESG ratings are used by our stakeholders, particularly investors, to make investment decisions. At PZU, on the other hand, the ratings are used to help identify areas where we can still improve or better communicate our operations. The following table shows how the rating agencies rated our management of ESG issues.

FTSE Russel	MSCI	S&P Global	Moody's Analytics	ISS
 FTSE4Good				
PZU is a constituent of FTSE4Good Index Series, created by the global index provider FTSE Russell, to measure the performance of companies demonstrating strong ESG practices. In 2024, the score rose from 3.4 to 3.8 (on a scale of 0 to 5, with 5 being the highest rating). In the insurance sector, PZU ranked in the 56 th percentile.	In 2024, PZU was rated BBB (on a scale of AAA to CCC) by MSCI ESG Ratings, recording an increase from a BB score. MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers. ⁶	PZU received 36/100 points ⁷ in the Sustainability Assessment – Corporate Sustainability Assessment (CSA) issued by S&P Global in 2025. In the insurance sector, PZU ranked in the 50 th percentile.	In 2024, PZU, in an analysis by Moody's Analytics, received an ESG score of 42/100. The score was 5 points higher than the previous one.	Institutional Shareholder Services (ISS), in its 2024 assessment, gave PZU a score of C- on a scale of D- to A+ (where A+ is the highest grade). Out of 100 possible points, PZU received 48.18. The previous score was 37.5.

6) the use by PZU of any MSCI ESG Research LLC or its affiliates (“MSCI”) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of PZU by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided “as-is” and without warranty. MSCI names and logos are trademarks or service marks of MSCI.
7) In this methodology, a lower score means a better sustainability position.



Calendar of the most important events in 2025



FEBRUARY

- 27 February – appointment, effective 3 March, of Andrzej Klesyk as President of the PZU Management Board

MARCH

- 27 September – 2024 Annual Report

MAY

- 12 May – 15 years of PZU on the Warsaw Stock Exchange
- 15 May – Quarterly Report for Q1 2025

JUNE

- 2 June – memorandum of cooperation on the reorganization of the PZU Group and Pekao
- 25 June – PZU Ordinary Shareholder Meeting
- 26 June – Term Sheet on the reorganization of the PZU and Pekao Groups

JULY

- 2 July – KNF approves appointment of Andrzej Klesyk as President of PZU Management Board

AUGUST

- 7 August – dismissal of Andrzej Klesyk from the position of President of the PZU Management Board and from the PZU Management Board, and temporary assignment of Tomasz Tarkowski, Member of the PZU Management Board, to perform the duties of President of the Management Board
- 28 August – Half-Yearly Report for H1 2025

SEPTEMBER

- 25 September – Record date for dividend rights

OCTOBER

- 16 October – Disbursement of dividends at PLN 4.47 per share

NOVEMBER

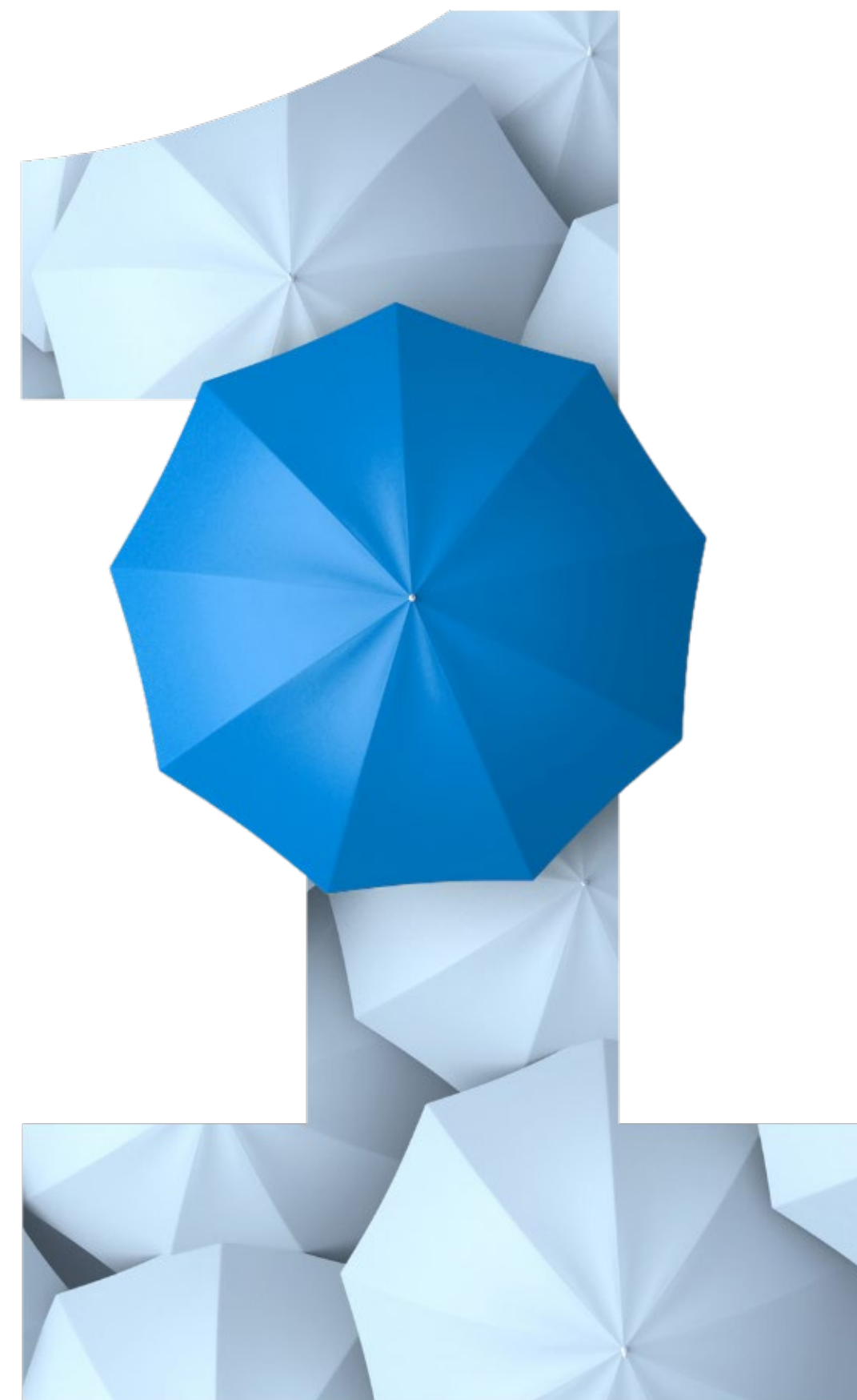
- 20 November – Quarterly Report for Q3 2025





1. PZU Group characteristics

- 1.1. Products and services
- 1.2. Brand
- 1.3. Mission, vision, values
- 1.4. Milestones of PZU Group's growth
- 1.5. PZU Group's structure



1.1. Products and services

For more than 220 years, PZU has been growing its business, gaining experience and using its potential to protect what is most valuable – the life and well-being of its clients, their families, assets and companies. Every day, the Group develops to grow be able to provide the most personalized, comprehensive and flexible offer to its clients. The priority for the PZU Group and the measure of its success is to generate benefits for its shareholders and clients in a sustainable and responsible manner.

The Powszechny Zakład Ubezpieczeń Group is the largest financial group in Poland and Central and Eastern Europe. PZU heads up the group with its traditions dating back to 1803 when the first insurance company was established on Polish soil. PZU is a public company. The stock of PZU has been listed on the Warsaw Stock Exchange (WSE) since 2010. Since its stock exchange debut PZU has been part of WIG20, an index of the Warsaw Stock Exchange’s largest companies. It is one of the most highly valued companies and heavily traded stocks on the Polish stock exchange. Since 2019, the shares of PZU have been also part of the WIG ESG (sustainability) index.

The main shareholder of PZU is the State Treasury, holding 34.19% of shares. Other PZU shares are held by investors from all across the world.

The PZU Group’s consolidated assets total PLN 520 billion. The Group enjoys the trust of 22 million clients, including 15 million insurance clients. It offers products and services to retail clients, small and medium

enterprises and big business entities. Poland is the PZU Group’s core market measured by its magnitude and client numbers. Nevertheless, the Group’s subsidiaries play an important role on the markets in Lithuania, Latvia and Estonia. The PZU Group is also present in the Ukrainian market.

Insurance is the core business of the PZU Group. The Group’s companies also offer investment, pension, banking and medical services products. They render assistance services to retail clients and businesses through strategic partnerships. The Group companies’ operations are founded on clients’ trust. PZU places the client in the center of attention and integrates all areas of activity around them. This allows it to offer increasingly personalized, flexible and comprehensive products and services matching the needs of clients at every stage of their private and professional lives and at the suitable place and time.

Among all insurers operating in Poland, PZU offers its clients the largest sales and service network. The network includes:

408

branches

7.9 thousand

tied agents and agencies

4.2 thousand

multiagency

1 thousand

brokers of insurance

and remote distribution channels, including

PZU sales hotline at 600 600 601

and online platform **mojePZU**

In the Baltic Countries where the PZU Group is in the insurance business, its distribution network consists of 563 agents, 15 multiagencies and 368 brokers. PZU also cooperates with six banks and nine strategic partners.

In Ukraine, insurance products are distributed through 142 agents and in collaboration with 16 multiagencies, 38 brokers and 14 banks.

When it comes to bancassurance and strategic partnerships, the PZU Group collaborates with

13

banks

24

strategic partners

PZU Group clients in Poland have access to the distribution network of Bank Pekao:

474

own branches

92

partner branches

and that of Alior Bank:

487 branches, including **149** traditional branches, **7** Private Banking branches, **12** Corporate Banking Centers, including **11** Micro Sales Centers and **319** partner branches.

Both banks have professional call centers and mobile and Internet banking platforms.



Key PZU Group business areas



INSURANCE

For many years the PZU Group has provided insurance cover in all of the most important areas of private, public and business life, thereby safeguarding its clients' lives, assets and health.

PZU (non-life insurance, including motor, residential and buildings, agricultural and third-party liability insurance) and PZU Życie (life insurance) are the leaders on Poland's insurance market. Since 2014, after the acquisition of LINK4, the Group has been offering insurance under two brands: the most recognizable, boasting a tradition of over 220 years, the PZU brand, and the much

younger LINK4 brand, associated with direct sales channels. In 2015 the third brand, TUW PZUW, or Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych, a mutual insurer, was founded to sell and handle insurance products for companies in various industries, focusing on cooperation with large corporates, medical entities (hospitals and clinics) as well as for church institutions and local government units.

The PZU Group is also the leader in the insurance market in the Baltic Countries (Lithuania, Latvia, Estonia). It also conducts insurance activity in Ukraine.

Poland is the Group's core market, where it generates 90% of its revenue (measured by gross insurance revenue). The insurance activity in the Baltic Countries and in Ukraine generates 10% of its revenue.



INVESTMENTS

The PZU Group is one of the largest asset managers on the Polish market. It is also the market leader in employee pension schemes.

It offers a broad range of investment products: open-ended and closed-ended investment fund and pension products, such as open-ended pension funds, individual retirement accounts (IRA), individual retirement security accounts with the PZU Voluntary Pension Fund, employee pension schemes (EPS), or employee capital schemes (ECS). TFI PZU also invests the PZU Group's own funds.

The PZU Group has three mutual fund management companies: PZU TFI, Pekao TFI and Alior TFI. It also has Powszechne Towarzystwo Emerytalne PZU managing the PZU Złota Jesień Open-end Pension Fund and the PZU Voluntary Pension Fund.

HEALTH

Striving to satisfy the clients' needs better and more fully the PZU Group intensively grows the health insurance segment along with associated medical care services.

The health business deals with the following activities: (i) sales of health products in the form of insurance and sales of non-insurance products (occupational medicine, medical subscriptions, partnerships and prevention programs), (ii) construction and development of medical infrastructure in Poland to give clients the best accessibility to the health care services rendered.

The PZU Zdrowie network includes nearly 130 of its own, and nearly 2,500 partner branches. Its advantages include quick appointments, respecting referrals for tests from physicians from outside the PZU Zdrowie network, remote medical consultations which make it possible, in addition to obtaining medical advice or discussing test results, to receive a prescription or referral to tests. The offer is supplemented by prevention services.



CLIENT

BANKING

The PZU Group's banking business comprises two groups of companies: Bank Pekao (a member since 2017) and Alior Bank (a member since 2015).

Bank Pekao, established in 1929, is a universal commercial bank offering a full range of banking services provided to individual and institutional clients. It is one of the largest financial institutions in Central and Eastern Europe, and the second largest bank in Poland.

Alior Bank is a universal deposit and credit bank. It was established in 2008 as a start-up. It combines the principles of traditional banking with innovative solutions, thanks to which it systematically strengthens its market position and sets out trends for the development of the Polish banking sector.

Tightening cooperation with banks has opened up enormous growth opportunities for the PZU Group, especially in terms of integrating and focusing its services on clients at every stage of their personal and professional development. Cooperation with the banking segment forms an additional plane for PZU to build lasting client relations. PZU Group's business within its banking model involves bancassurance and assurbanking.



1.2. Brand

PZU is the most recognizable brand in Poland. Aided brand awareness is at the level of 99%.⁸

Even though it is mostly associated with insurance, PZU Group's brand architecture also covers a few independent brands. They enjoy different visual systems, target groups, and corporate business models.

8) Continuous brand monitoring, CAWI, nat-rep 18-65, data for January-June 2025; percentage of respondents in the target group declaring familiarity with the brand by indicating it in a list of different brands

PZU Group’s brand architecture (the “corporate umbrella” model)

Dominant corporate brand

The dominant corporate brand within the Group is that of PZU. It is used to identify the PZU Group, most of its companies operating on the Polish market (PZU, PZU Życie, PTE PZU, TFI PZU, PZU Pomoc, PZU Zdrowie, PZU Centrum Operacji), as well as some of the international companies – companies in Ukraine and the Lithuanian branch in Estonia and Lithuanian company PZU Lietuva Gyvybes Draudimas (PZU Lithuania Life).



-  insurance
-  investments
-  health

PZU family brands

In the PZU Group’s architecture, there is also a group of PZU family brands. This family is formed by companies whose names do not reference the parent company brand, such as AAS BALTA and TUW PZUW. However, their logos look similar to the corporate brand.





-  insurance

Independent brands

The last level of brand architecture is the independent brands group. This category includes the brands within the PZU Group, the names and visualization of which differ from the corporate brand, such as Lietuvos Draudimas and LINK4.





-  result
-  financial employee benefits

Independent brands – banking segment

The independent brands that joined the PZU Group in 2015 and 2017 are Alior and Pekao bank brands, respectively.



-  banks
-  investments



1.3. Mission, vision, values

On 2 December 2024, PZU Group published its Strategy for 2025–2027, **which is embedded in four business pillars**. They include simplifying the structure, including consolidating banking assets, focusing on growing the core insurance business, growing through modernization in the digital area and investing in the health sector, and committing to building social resilience through prevention and education activities.



Simplicity

PZU is simplifying its internal organizational model and group asset structure.

The goal of the activities is to increase value for the PZU Group by providing a transparent structure for shareholders and the opportunity to generate more value.

This refreshed operating model within the organization will translate into efficient delivery of client value, increased decision-making and faster response to market needs and trends. Managers' responsibility for results will become clearer. The synergies from simplifying the asset structure and organizational structure amount to PLN 400 million in additional savings.



Simplicity

For us, simplicity means effectiveness.
We increase our efficiency and agility with a simplified organizational structure.



Focus

The PZU Group in its new strategic horizon will focus its business on what it does best. It wants to further increase **the profitability of the insurance business** while maintaining its leading market position.

In life insurance policies, PZU will strengthen its market leadership position through, among other things, focusing its operations around the baby boomer and silver generations. It also wants to maintain its client portfolio and dynamize profitability in group insurance. PZU will do this by introducing additional products – life, health and benefit products. This will give a boost to the value of the new business by more than 35% and achieve an operating margin of more than 20%.

There is a perceived insurance gap **in mass non-life insurance** in the Polish market. More than 60% of properties in Poland do not have sufficient insurance coverage in case of real damage. Thanks to, among other things, ubiquity in all distribution channels and the development of know-how, the PZU Group will achieve more than 30% growth in revenue from these insurances and improve its COR (combined ratio) to below 90%.

In the area of bancassurance, the PZU Group aims to record an increase of more than 50% in the number of insured clients at PZU Group banks.

In the corporate non-life insurance segment, the Group will develop a growth of more than 25% of insurance revenues in the strategy's outlook, including

through participation in major investments, including KPO's green transformation.

The effect of all the activities in the insurance business area will be **PLN 7.5 billion in additional revenues by 2027**.



Development

In the health business area, the Group is targeting revenue growth of more than 60%, above PLN 3 billion. The PZU Group will consistently build a leadership position, primarily through an efficient business and operating model that ensures high profitability and a technological infrastructure that sets the best market standards, as well as an extensive network of own outlets with a complementary network of partner outlets. The Group will achieve its goals in this business segment by investing up to PLN 1 billion.

An important business-building element will be the concentration of client relationships in the mojePZU digital platform. By strengthening the role of mojePZU as a central channel for clients, the Group will achieve an increase in users to 8 million people, up from 4.9 million (end-2024 estimate).

In international markets, the Group – already present in five countries – wants to further develop this business segment, testing markets in a “light” model of expansion through partner distribution channels and reinsurance.



Engagement

PZU also wants to strengthen trust in society and spread the image of a socially engaged brand. It is the popularization of healthy and active lifestyles, involvement in socially relevant events, educational campaigns that build social resilience and support for civil society and digital transformation. These goals will also be a pillar of the sponsorship and prevention activities carried out by both PZU and the PZU Foundation.

A priority – relevant to the implementation of the strategy – is to develop a work environment, in which leadership, responsibility for results, and fostering employee autonomy and innovation are rewarded.

As a result of the strategy, the PZU Group will deliver key values to clients:

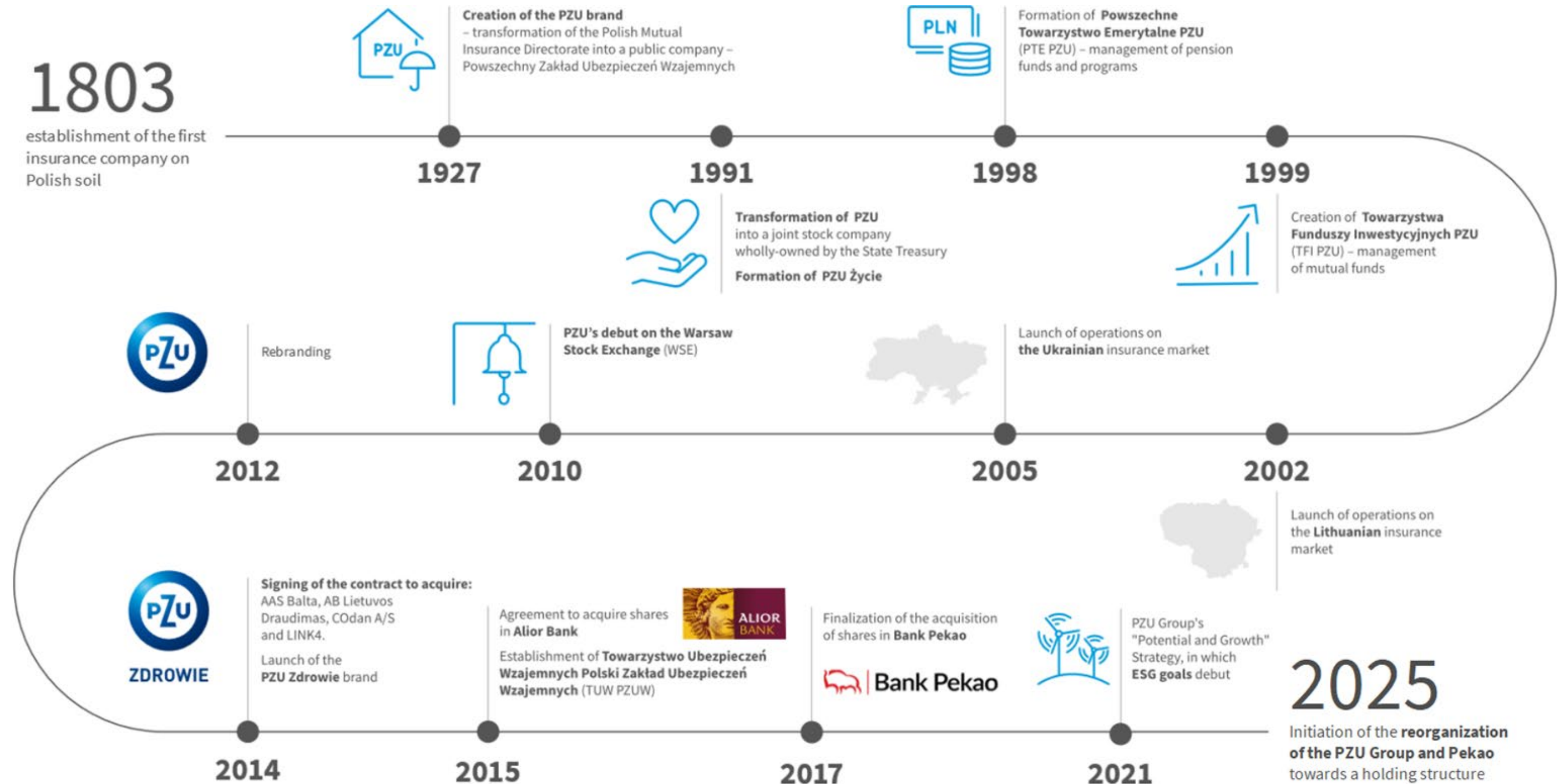
- No. 1 NPS on the market in products and service,
- mojePZU's modern digital ecosystem with products and services,
- widespread educational and preventive campaigns, with a positive impact on the physical and mental well-being of children and adults.

It also aims to increase awareness and use of insurance among Poles and build a positive perception of the insurance industry.



1.4. Milestones of PZU Group's growth

The PZU Group has been developing on the financial market for more than 220 years.





1.5. PZU Group’s structure

Structure of the PZU Group as at 30 June 2025

• The following branches operate within **PZU Zdrowie**:

- CM in Warsaw,
- CM in Kraków,
- CM in Poznań,
- CM in Wrocław,
- CM in Gdańsk,
- CM in Kielce,
- CM in Opole,
- CM in Radom,
- CM in Łódź,
- CM in Częstochowa
- CM FCM in Warsaw,
- CM Tarnów,
- CM Nasze Zdrowie in Warsaw,
- CM Warsaw Chmielna.

- The **PZU Zdrowie Group** includes: Medica Medical Center Group, Elvita Group, Tomma Group, Gamma Medical Center and Boramed Medical Center.
- The **Centrum Medyczne Medica Group** consists of the following companies:
 - Centrum Medyczne Medica sp. z o.o.,
 - Sanatorium Uzdrowiskowe “Krystynka” sp. z o.o. with its registered office in Ciechocinek;
- The **Elvita Group** consists of the following companies:
 - Przedsiębiorstwo Świadczeń Zdrowotnych i Promocji Zdrowia ELVITA – Jaworzno III sp. z o.o.,
 - Przedsiębiorstwo Usług Medycznych PROELMED sp. z o.o., based in Łaziska Górne;
- The **Tomma Group** is composed of the following companies:
 - Tomma Diagnostyka Obrazowa S.A.
 - Bonus-Diagnosta sp. z o.o.;

- The **Alior Bank Group** includes, among others:
 - Alior Bank SA,
 - Alior Services sp. z o.o.,
 - Alior Leasing sp. z o.o. (which has:
 - 100% of shares in Alior Leasing Individual sp. z o.o.,
 - 100% of shares in AL Finance sp. z o.o.),
 - Meritum Services ICB SA
 - Alior TFI SA,
 - CORSHAM sp. z o.o.,
 - RBL_VC sp. z o.o.,
 - RBL_VC sp. z o.o. - ASI S.K.A.;

- The **Bank Pekao Group** is composed of, among others:
 - Bank Pekao SA,
 - Pekao Bank Hipoteczny SA,
 - Pekao Leasing sp. z o.o. (which owns 100% of PEUF sp. z o.o.),
 - Pekao Investment Banking SA,
 - Pekao Faktoring sp. z o.o.,
 - Centrum Kart SA,
 - Pekao Financial Services sp. z o.o.,
 - Pekao Direct sp. z o.o.,
 - Pekao Investment Management SA (which owns 100% of Pekao TFI SA),
 - Krajowy Integrator Płatności SA (affiliate);
- The **Lietuvos Draudimas Group** includes:
 - UAB “B10 biurai,”
 - UAB “B10 apartamentai”.

The structure chart does not include investment funds or companies in liquidation or under bankruptcy.





Changes in the structure of the PZU Group in H1 2025 and until the date of publication of the report

The following changes transpired in the structure of the PZU Group in H1 2025 and up to the date of signing of the financial statements:

- On 31 January 2025, the following changes occurred in the structure of the PZU Group:
 - PZU SA’s involvement in UAB “PZU Lietuva gyvybes draudimas” increased from 99.4% to 100%,
 - Alior Leasing Sp. z o.o. acquired a 10% stake in Alior Leasing Individual from AL Finance sp. z o.o.. Since the completion of the transaction, Alior Leasing Sp. z o.o. owns 100% of Alior Leasing Individual sp. z o.o.
- On 2 April 2025, the following changes occurred in the structure of the PZU Group:
 - there was a change in the name of the consolidated fund inPZU CEEplus to inPZU Akcje Polskie Małych i Średnich Spółek;
 - there was a change in the name of the consolidated fund inPZU Obligacje Inflacyjne to inPZU Obligacje Skarbowe Amerykańskie;
- On 9 April 2025, the name of PZU CASH SA was changed to PZU TECH SA. The decision in this case was issued by the District Court for the Capital City of Warsaw, XIII Economic Division of the National Court Register, making an entry in the Register of Entrepreneurs of the National Court Register;
- On 30 April 2025, the following changes occurred in the structure of the PZU Group:
 - PZU FIZ Obligacji Korporacyjnych became subject to consolidation as of 1 April 2025;
 - FPB – Media sp. z o.o. in bankruptcy was deleted from the National Court Register on 8 April 2025 and is therefore no longer consolidated;
- on 15 May, the name of Sigma BIS SA was changed to re58 SA;
- on 4 June 2025, the liquidation of Pekao Fundusz Kapitałowy sp. z o.o. was repealed by a resolution of the Extraordinary Shareholder Meeting. (The resolution took effect on 1 July 2025);
- on 11 June 2025, the name change of RUCH SA to Usługi Logistyczne SA was registered;
- on 12 June 2025, the inPZU Akcje Amerykańskie fund ceased to be consolidated;
- on 26 June 2025, the inPZU Inwestycji Ostrożnych Obligacje Krótkoterminowe fund (formerly inPZU Inwestycji Ostrożnych) ceased to be consolidated;
- on 27 June 2025, the Ordinary Shareholder Meeting passed a resolution to dissolve Usługi Logistyczne SA and open its liquidation. The company is now operating under the name Usługi Logistyczne SA in liquidation.





2. Business model

2.1. Operating activities

2.2. Sales and distribution





2.1. Operating activities


2.1.1. Insurance

PZU Group offers non-life insurance in Poland under three brands: PZU, the traditional and most well-known brand; LINK4, associated with the direct sales channel; and T UW PZUW, i.e., the mutual insurance company. Life insurance is sold in Poland under the PZU Życie brand. Outside of Poland, the PZU Group sells insurance products under the PZU brand (in Ukraine), as Lietuvos Draudimas (in Lithuania and Estonia) and as BALTA (in Latvia).

Major companies and areas of insurance business:

 PZU non-life insurance 	 PZU Życie life insurance 	 LINK4 	 T UW PZUW 	  Foreign companies 
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PZU

 As the Group’s parent company, PZU offers an extensive array of non-life insurance products, including motor, property, casualty, agricultural and third-party liability insurance. Motor insurance was the most important group of products at the end of 2024, just like in previous years.

Faced with changing market conditions, PZU realigned its offering in H1 2025 to the clients’ needs and expectations by rolling out new products and innovative solutions.

In the **mass insurance** segment, PZU, among others:

- making the range of insurance offered to small and medium-sized enterprises more attractive, including: refreshing the PZU Doradca, PZU dla wspólnot i spółdzielni oraz Towarzystw Budownictwa Społecznego' general liability products. Consistent changes in the basic coverage across the three products allow the offer to be tailored to the individual client's needs by being able to exclude product TPL or property tenant TPL from the basic coverage. The basic territorial coverage includes the insured's TPL for damages arising in the territory of the countries of the European Union and Switzerland, Norway and Iceland. Included in the basic TPL insurance coverage is liability for damages for which the insured is liable, including, but not limited to:

- a) those arising from the transmission of infectious diseases including HIV, COVID 19;
 - b) those related to the administration or management of roads;
 - c) those resulting from the provision of maintenance services, cleaning of roads and roadside lanes, sidewalks, squares and parking lots;
 - d) those caused to things brought in by hotel guests in connection with the liability of maintaining hotels and similar establishments;
 - e) as the organizer of a mass event that is not subject to mandatory insurance;
- extension of **PZU DOM** insurance offer by:
 - a) the inclusion in the basic scope of protection of, among others: insurance of objects from breakage, insurance of installations outside the house (e.g. photovoltaic), theft of fixed elements while abandoning variants in the formula of named risks;
 - b) covering photovoltaic and heat pump installations regardless of power, also from the risk of failure, e.g. due to operating error;
 - introduction of a new special offer **PZU Rowerzysta**. Among other things, the policy provides support in case of accidents and burglary and theft of the bicycle. The basis of the PZU Rowerzysta product is ADD insurance. In the event of an accident while using a bicycle, it provides financial support, such as benefits for permanent injury, hospital allowance or reimbursement for additional medical treatment. The policy will also provide the client with access to assistance services in Poland. A bicycle can also be insured against burglary, such as from a single-family home or a cart. The sum insured is up to PLN 30,000.



With a MOD insurance for bicycles, a client can also receive compensation for damage, destruction or loss of a bicycle caused by a fortuitous event (e.g. flood, fire, rescue operation), accident or robbery. The offer is available in the digital channel as well as at PZU branches and PZU agents;

- development of the offer of voluntary **general TPL** insurance, including expansion of the territorial scope of the policy, making the basic coverage more flexible and introducing coverage for intentional damage. Changes to the product also include an expansion of basic territorial coverage. It currently covers 30 countries – the territory of the European Union, Switzerland, Norway and Iceland. The new insurance release provides liability coverage for individuals, legal entities, business and non-business owners of property (e.g., owners of townhouses) and non-corporate entities such as general partnerships and limited partnerships. With the modification of the general TPL insurance, they can take advantage of the extended basic coverage, which includes TPL:
 - a) in terms of its operations and property,
 - b) in terms of the product being marketed,
 - c) tenants of the property,
 - d) tenants of movable property.

Within **corporate insurance**, most changes which PZU focused on, involved making the offering more appealing for fleet clients and entrepreneurs, and continuously making cooperation with intermediaries more effective.

Major new products included:

- further development of **pricing models for small and medium-sized fleets** (up to 70 vehicles) through the use of further pricing variables and even better price-risk matching in the fleet insurance segment;
- introduction of **professional liability insurance for technology activities**. The product is aimed at entrepreneurs in the information technology industry, especially those performing activities related to software and IT consulting. The subject of insurance is professional liability, i.e.: violations concerning technological and professional services or technological products;
- making the offer of **general TPL insurance for businesses** more attractive by expanding the coverage in the basic variant and introducing additional clauses dedicated to selected types of business activity. At the same time, the tariff was refreshed to better match the insured risk;
- further development and popularization of the **Ryzyko PRO** program, including for smaller clients.

In the area of **financial insurance**, PZU actively supports initiatives that help Polish companies grow while also benefiting the environment and helping to mitigate the adverse effects of climate change. Insurance guarantees provided by PZU are one of the instruments through which PZU supports clients and business partners by securing the performance of contracts in key areas such as energy, construction, and scientific and innovative activities. There are also works on the cooperation with financial institutions and companies representing the defense industry.

In H1 2025, a simplified process for selling small guarantees was implemented.

PZU continues its cooperation with leasing companies for GAP financial loss insurance and with banks for mortgage payment insurance by entering into an agreement with a new bank in 2025.

In order to mitigate emerging risks, PZU conducts constant monitoring of the portfolio and the impact of the geopolitical situation on the portfolio. On an ongoing basis, it is taking measures to mitigate emerging risks.

PZU Życie



Within the PZU Group, PZU Życie operates on the Polish life insurance market. The company offers an extensive range of life insurance products, which for management purposes are reported and analyzed broken down into the following four segments:

- group and individually continued insurance;
- individual insurance;
- investment insurance;
- investment contracts.

PZU Życie, as a popular and the largest insurer on the Polish market, continuously expands its offering by adding new products or modifying existing ones to protect its customers at each stage of their lives. The unique synergy of competences within the PZU Group (insurer, medical operator, investment manager) allows the company to comprehensively take care of life, health and savings of its clients, providing them with the broadest possible support in accordance with their expectations and needs.

In H1 2025, PZU Życie's activities correlated with the key directions of the PZU Group Strategy for 2025–2027 focused on the development of individual and individually continued insurance offerings.



The changes concern not only the product itself but also entail the modernization and simplification of the way in which insurance is offered and sold. The changes incorporate the new requirements introduced by the regulatory authority and the increasing legal protection of consumers.

Activities of PZU Życie under **group, individually continued and health insurance** included:

- providing new service and sales functionalities that allow clients to modify their insurance much more easily, without having the need for contract renewals or filling out an accession declaration;
- introducing new ranges and further developing the PZU Na Życie Plus insurance offering (product launched in Q3 2024).

PZU Życie's efforts in the area of **individual protection insurance and protection and unit-linked insurance** include, among others:

- development of **PZU Perspektywa na przyszłość** insurance offer in the conservative variant by increasing the maximum age of the insured from 70 to 72 and reducing the minimum insurance period from 5 to 3 years;
- making the offer of **PZU Ochrona Każdego Dnia** term life insurance more attractive by better matching the premium to the risk of specific clients groups, which will translate into the ability to choose a higher level of insurance coverage for the same price. The changes will take effect in July 2025;

- introduction of a bundled insurance offer based on **PZU Pakiet na Życie i Zdrowie** Package product, aimed at building a long-term relationship with clients transitioning out of group insurance plans;
- making available for sale at PZU branches a lifetime package insurance under the **PZU Pakiet na Życie i Zdrowie** product with a view to people in the “silver economy” generation. The new offering is an expanded scope of protection while tailoring the solution to the needs of this client group;
- actions to change the current premium payment model in insurance linked to cash loans offered by PZU Group banks. A key element of this effort is the shift from a single insurance premium to a regular premium model, payable monthly. This solution contributes to the PZU Group's resilience to fluctuations in the credit market. The process of adjusting the product offering at Alior Bank has been completed – the new regular premium life insurance product was implemented in May 2025.

LINK4



LINK4 is one of the most recognizable insurance companies in Poland. As a pioneer in direct insurance, the company is dynamically developing cooperation with multiagencies, comparison sites, banks and strategic partners. LINK4 offers a wide range of property and personal insurance: motor, home, travel, health and liability insurance.

In 2025, LINK4 continued the marketing strategy implemented in 2024, based on a redefined brand positioning. The modern design and clear message, the research confirmed, enriched the company's image with values such as **maturity and responsibility**, while reinforcing the perception of innovation. This is a solid foundation for communication and sales of voluntary insurance.

In January 2025, LINK4 launched a nationwide program, **Doceniamy Dobrych Kierowców**, promoting in compliance with the rules and positive attitudes on the road. Several thousand drivers have already taken part in the initiative, driving a total of nearly 3 million kilometers, improving their compliance with the rules by an average of 5%. LINK4 is one of the first companies to make a real contribution to improving safety on Polish roads.

In H1 2025, LINK4 focused on adapting its offerings to the changing needs of clients and partners. The most important change was the expansion of coverage and increase in sums insured in the **Podróże** product, which went on sale in its new version in June.

In the **underwriting** area, the company has been intensively developing solutions to counter insurance fraud, making increasing use of **machine learning** in risk analysis and tariffication.

In H1 2025, LINK4 won numerous prestigious awards, including:

- **Performance Marketing Diamonds EU 2025** (with agency iProspect) for the most challenging performance campaign;
- **Investor in Human Capital** which is a confirmation of the high level of employee satisfaction and commitment;
- **first place in UFG's ranking** for data quality (95.72%) – in the category of companies reporting between 250,000 and 2 million records;
- **PIU badges “For meritorious service to insurance”** for three managers for their contribution to market development and insurance education;
- **second place in the NATO Locked Shields cyber defense exercise** for the LINK4 and PZU team honored in the world's most advanced cyber security exercise.





TUW PZUW



Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych (TUW PZUW) is a leader in the mutual insurance market and one of the most dynamically growing insurance companies in Poland. It provides insurance cover that focuses on cooperation with large corporate entities, medical centers (hospitals and clinics), church entities and local government units. TUW PZUW is an active participant in the dynamic transformation of the economy, securing key infrastructure investments made in Poland.

In the first half of 2025, TUW PZUW continued to expand its offering in the insurance sector for strategic industries of the Polish economy, placing particular emphasis on supporting the energy transition and developing products for local government units and the healthcare sector. Premiums from entities in the energy sector – both conventional and renewable – currently account for about 50% of TUW PZUW's total premiums. The company insures photovoltaic farms, biogas plants, hydroelectric power plants, onshore and offshore wind farms, among others.

As in the previous years, what distinguishes and is the market advantage of TUW PZUW is the care taken to minimize risk and extensive assistance in this respect. This brings tangible financial benefits to the mutual insured, who receive a portion of the premium back if the number and size of damages are small. The basis of TUW PZUW's business is the idea of reciprocity.

In Q2 2025, TUW PZUW, PZU Lab and Energa SA signed a cooperation agreement to work together to modernize and develop Poland's energy sector, with a focus on RES energy management and energy storage. The

agreement is intended to support Poland's energy transition, which is one of the most important economic challenges of the coming decades. The partners want to jointly create solutions that will increase energy security, reduce costs and accelerate the development of modern energy.

The main pillars for the development of TUW PZUW's offerings in 2025 remain:

- **Programs for municipalities at risk of flooding** – with a limit on flood risk and support in assessing investment risks, which was developed in response to the increasing difficulty of local governments in obtaining insurance coverage that includes flood risk. This arrangement is in line with TUW PZUW's mission as a community insurer that works not only to protect assets, but also to strengthen the resilience of local communities;
- **Development of health insurance** – including continued expansion of the “Healthcare” program, which remains one of the key components of the health offerings for employers and their employees. The program has been expanded to include, among other things, drug insurance, which allows employees to receive subsidies for the purchase of medicines;
- **Improving our offer to healthcare entities** – by developing the “Hospital 360” project with patient satisfaction surveys and continuing the proactive claims handling program, which is highly rated by our clients;

- **Continuing strategic partnerships (affinity)** – in an era of increasing digitization and rising client expectations, affinity insurance is gaining importance as a form of personalized protection that is available exactly where it is needed most – often at non-obvious times and places. TUW PZUW's offer in this area was designed for clients in the energy and gas distribution sector, and it is steadily growing in popularity, responding to the needs of an increasingly wide range of clients. In April 2025, assistance insurance was expanded in cooperation with a partner from the oil and mining industry with 12 new and updated variants. The new packages provide access to a wider range of qualified professionals ready to respond quickly to domestic emergencies and technical problems.



Foreign companies



Lietuvos Draudimas is the largest and the most experienced insurer, the leader of the Lithuanian insurance market and the largest insurance company in the Baltic Countries. Since the beginning of 2025, the company has consistently continued to support the pursuit of stable growth, applying the principles of sustainable and safe lifestyles to both business activity and organizational culture. Cooperation with partners supporting sustainable development has been strengthened.

Key initiatives to support core business operations are:

- the launch of the first synergy between the insurances offered by Lietuvos Draudimas and PZU Litwa Życie, under which a client buying non-life insurance can receive additional life insurance protection. It is an innovative solution on the non-life insurance market.
- Power project – provides significant revenue and profit benefits through the implementation of modern pricing methods, more accurate segmentation and risk selection at the client level, and optimization of underwriting processes;
- continuing to strengthen partnerships with car service providers, and providing clients with higher quality service and more convenient service;
- planning for the development of business analytics capabilities – supported by the new Flow project, which uncovers new potential areas for testing and redefinition;



- data management structure began to yield the first results of data inventory and business dictionary definition, building a solid foundation for migration to the new data platform technology;
- development of the self-service portal www.savasld.lt allowing online reporting of claims – the system allows the submission of documents and photos, as well as the use of remote inspection tools for damage assessment supporting the valuation and automatic implementation of compensation payments. All documents and the history of the claims liquidation process are stored in the filing system;
- streamlining the claims handling process – the payment is processed automatically after the client agrees;
- continuing active management of auto claims with a high probability of cash settlement – introducing predictive modeling to increase detection of fraudulent cases;
- implementation of functionality for paying complex claims in self-service mode.

PZU Litwa Życie – in the first half of the year, an asset management transition project was implemented – the selection and migration process was structured, a new manager was selected based on past performance, cost efficiency and a transparent investment process.

The “Pension Accumulation Program” initiative has been launched to study market trends, the level of competition and client demand, as well as to identify potential benefits for the development of PZU Litwa Życie's portfolio.

In order to strengthen brand awareness, work has been launched on the positioning of the pzu.lt website. These include headline optimization, link management, content creation, external link building and also publishing articles on news portals.

A project involving cooperation with Lietuvos Draudimas on digital sales has been launched, and work is underway to evaluate the possibility of cross-selling life insurance products within the Lietuvos Draudimas client base, using self-service channels and the LD call center.

Further work was also underway in 2025 to improve functionality in the self-service system. The focus was on optimizing administrative processes and on changes to improve customer service.

AAS BALTA is the leading non-life insurance company in Latvia. BALTA's commitment to sustainability is evident in its responsible business practices and active support for local communities. In H1 2025, an ESG strategy for 2025–2030 was adopted, setting the direction in which the company will lead on environmental, social and corporate governance issues.

In support of business activities:

- work was underway to streamline the claims handling process. The prompt payment process has been fully implemented in the area of health insurance for cases handled automatically, process capabilities have been expanded for prompt cases in MOD insurance, and work has begun on evaluating process automation for other individual claims;
- preparatory work was underway for a campaign launched in June to encourage clients to choose a more environmentally friendly solution – windshield repair instead of replacement – thus promoting more sustainable claims handling practices;
- healthy and active lifestyles were continuously promoted – BALTA continues its work with the Latvian Basketball Association, which began in the previous year, is an official sponsor of the EuroBasket 2025 final tournament;
- the functionality of self-service platforms and mobile applications for clients was improved to ensure that products are available to the widest possible segment of the population;

- the Sustainable Development Policy was revised, defining priority development directions based on the UN Sustainable Development Goals and clarifying the key principles of sustainable development. These include ethical business practices and responsibility to the climate and environment as well as responsible risk management, public safety, well-being and development, and creating positive experiences for employees and clients.





Lietuvos Draudimas – branch in Estonia, since 2025, focused on product development and acquiring new clients;

- since January, policies have ceased to be e-mailed to clients after they have been purchased from the online store; instead, clients are redirected to download documents from the self-service portal;
- work has been completed on a new MTPL+ insurance product for older cars and small vans, which can be purchased through online channels (PZU e-store and SEB e-store). The MTPL+ package includes three additional insurances – road accident, collision with a large wild animal and PZU roadside assistance. Accordingly, vehicle owners have the option of taking out additional MOD insurance to their motor TPL policy;
- in order to increase motor insurance sales (2025 saw a drastic drop in passenger car sales due to the introduction of the motor vehicle tax), promotional campaigns were implemented at PZU, IIZI (partner channel) and SEB e-stores.

The PZU Estonia branch meets the highest standards of responsible business conduct, which is confirmed by the Gold Level distinction in the Responsible Business Index, valid for the next two years.

PZU Ukraine – in the first half of 2025, work was carried out at the company to update its insurance products to comply with the requirements of new insurance regulations. Measures were implemented, based on analysis of tariff adequacy results and market conditions, to improve profitability:

- a number of changes have been made to health insurance: to the general terms and conditions of insurance and the procedures for providing services to insured persons;
- a new online store was successfully launched, ensuring continuity of client service during the transition from the previous store to the new one;
- cooperation with brokers in the areas of MOD insurance, health and cargo insurance was expanded. An incentive program for insurance brokers to increase MOD insurance sales was implemented;
- advertising campaigns were carried out for car dealers to increase awareness of the PZU Ukraine brand among the largest dealers in the market.

In addition, timely configuration of Cisco Firewall and WAF web applications is being carried out, and appropriate changes are being made to cyber defense processes, as required by the Security Service of Ukraine.

PZU Ukraina Życie – in H1 2025, it continued to provide life insurance services, ensuring the conclusion of new insurance in all sales channels as well as the support and maintenance of the existing portfolio.

New insurance agreements were still entered into only in safe regions of Ukraine, i.e., in regions not affected by any hostilities (in the west and center of Ukraine), and with restrictions on the sum insured, with the list of risks and special requirements due to the occupation and age of the insured.

As part of business activities in the first half of the year:

- the option to send clients messages via the Viber messenger was introduced, including a personalized link to pay the insurance premium through the Easy Pay service, for agency and brokerage sales channels;
- the transition to exclusively alternative (paperless) communication methods with clients of individual sales channels was completed, using the following services: email, User Account, Viber Chat-bot, Contact Center, and website inquiries;
- insurance application forms were updated, and templates of both standard and indexed insurance certificates were refined and implemented for agency and brokerage sales channels. Work continued on preparing the necessary templates of insurance agreements for the corporate sales channel.





2.1.2. Health care

Activity and product offering



PZU Zdrowie is one of the largest nationwide medical operators. The PZU Zdrowie medical network has almost **130 own centers**, including diagnostic imaging labs, and **almost 2,500 partner centers in 600 cities in Poland**. It has its own 24/7 medical hotline, mojePZU patient portal and Telemedicine Center. It provides healthcare in the form of insurance and subscriptions for companies and individual clients. PZU Zdrowie medical centers are also available to patients who do not have PZU packages. The Health Area consists of the PZU Życie medical operator business and health insurance. It is an integral part of the PZU Group's business model and represents one of its most important areas of growth.



PZU Zdrowie's medical operator activities include:

- handling health products in the form of insurance (life and health insurance and non-life and other personal health insurance – products of PZU, PZU Życie and TUW PZUW);

- sales and service of non-insurance products (occupational medicine, group and individual medical subscriptions, partnerships and prevention programs, individual medical consultations);
- building its own medical infrastructure of a uniform standard (medical centers, diagnostic laboratories and its own Telemedicine Center) to ensure the best possible access to the services as provided and to meet revenue targets.

The medical care model is focused on keeping up the good health of clients, providing a broad range of prevention measures and screening tests and on promoting healthy lifestyles.

Development of health offerings (packages, subscriptions)

In 2025, PZU Zdrowie continued to develop its group and individual medical care offerings to pursue its strategy as a comprehensive medical operator. The main activities included:

- expanding the offer of subscriptions for individual clients in the form of Medical Packages to include a Package for Pregnant Women. The package includes consultations with 20 specialists and a broad set of laboratory and imaging tests;
- maintaining payments through Banks with 0% installments for Clients;

- implementation of a group medical subscription add-on “trip of the intervention team,” aimed at helping patients more quickly;
- making the “travel insurance” service available to the group client, with two options;
- implementation of the allowance “second medical opinion” with the organization of treatment abroad.

mojePZU project in PZU Zdrowie

In H1 2025, project work was continued with the aim to optimize functionalities in the patient portal, and lower service costs. The Project to transform the entire health section of the mobile application has also begun, with the aim of optimizing business processes and the operating model and reducing the time spent on service and information activities, lowering the cost of servicing a PZU patient and reducing operating costs.

The Company's ambition is to carry out a mobile application transformation in which advanced technology solutions and modern UX will improve the patient experience and generate competitive advantages and maximize business benefits.

Development of innovative solutions



PZU Zdrowie tests and implements innovative solutions that bring tangible benefits to patients, medical staff and the entire PZU Group. Key areas of innovation focus on improving the quality of care, increasing operational efficiency, and enhancing the patient experience at every stage of the health pathway.


In its analysis and innovation projects, PZU Zdrowie focuses, among other things, on the use of:

- **advanced telemedicine systems** that increase service availability and reduce medical response times,
- **artificial intelligence** to support diagnostics, personalize therapy and optimize processes,
- **virtual reality**, used in medical education and rehabilitation,
- **digital treatments (DTx)** that support chronic disease management and mental health in a scalable and data-driven manner.

The development of innovations is based on close cooperation with substantive offices, medical facilities, technology partners and startups. This makes it possible to quickly test and implement solutions with high market and social potential. PZU Zdrowie actively participates in accelerator programs, competitions (e.g. Startup Med, EEC Startup Challenge), hackathons (Hack for Health) and industry events (e.g. AI & MedTech CEE).

At the same time, the organization is developing **a culture of innovation**, promoting interdisciplinary collaboration, a patient-centered approach and openness to change in the rapidly evolving medtech sector.

Of particular note is the **mojeHarmo** project, whose PoC (Proof of Concept) was launched at the end of 2024, with implementation taking place in 2025.

 **MojeHarmo** is a PowerApp designed to simplify and speed up the management of consultants' schedules implemented by the PZU Zdrowie Client Service team. It has made planning, reporting changes and communication between advisors, leaders and the planning team much simpler and clearer.

The application operates based on three levels of access rights:

- **Admin panel** – for the Schedule Planning Team (ZPH),
- **Leader panel** – for advisory team leaders,
- **Advisor panel** – for each consultant.


MVP testing of the application showed the following outcomes:

- **acceleration of processes and error reduction** – automation replaced Excel and emails, reducing the risk of mistakes;
- **better data access and easier analysis** – team leaders have access to a panel with team data, allowing the Planning Team to focus on optimization.
- **improved communication** – the flow of information between leaders, consultants and teams has been improved;
- **real-time response** – advisors can independently submit changes, which, once approved, immediately appear in the schedule;
- **flexibility and intuitive operation** – the application is easy to use, which reduces the implementation time for new employees.

Further development of the application is planned, which includes:

- new views and notifications for leaders regarding availability and schedules,
- expanding the panel of advisors to include information on work results and performance indicators,
- improving transparency and functionality of availability submission.


Membership in the AI and Health Innovation Coalition

 Within the framework of its activities, the Coalition aims to promote the use of artificial intelligence in the Polish health care system. Bringing together a group of experts and entities pursuing the ultimate objective of the well-being of patients, its ambition is to set directions for the development of the use of AI-based technologies in the sector. The Coalition aims to develop conditions that will enable the broadest possible use of solutions of this kind. At the same time, it highlights the significance of professional medical personnel, pointing to the supporting role of technology, which is to augment the treatment process rather than eliminate or diminish the role of a physician.

In its activities, the Coalition gets involved in projects seeking to advance the digitization of the health care system, in cooperation with the Ministry of Health and the Chancellery of the Prime Minister. PZU Zdrowie undertakes a range of activities, both nationwide and locally, with the aim of improving Poles' health.

2.1.3. Investments

TFI PZU

 Towarzystwo Funduszy Inwestycyjnych PZU (TFI PZU) operates on the investment fund market in the PZU Group. TFI PZU offers products and services for retail and institutional clients. In addition, under the third pillar of the pension system, TFI PZU offers:

In group form:

- Employee Pension Schemes (EPS);
- Employee Capital Schemes (ECS);

In the individual form:

- Individual Retirement Accounts (IRA); and
- Individual Retirement Security Accounts (IKZE).

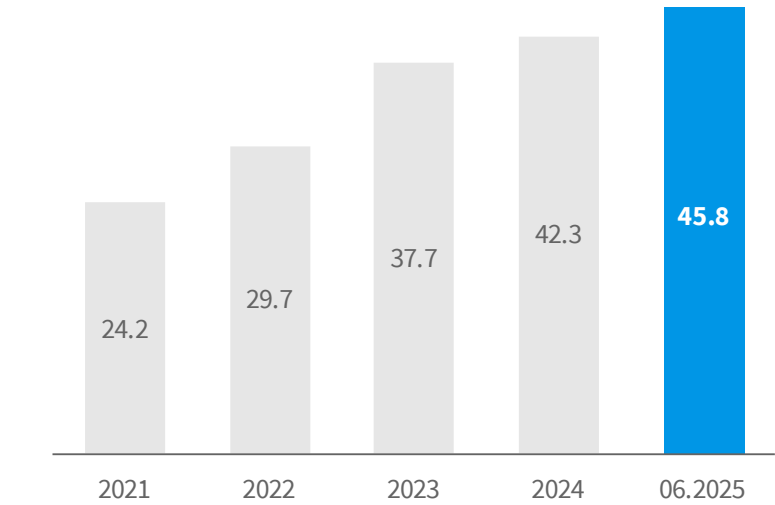
Complementing the statutorily regulated products are Employee Savings Plans (ESPs), Group Pension Plans (GPPs), and the Higher Pension Package (HPP).

As at the end of H1 2025, TFI PZU had 66 funds and sub-funds in its portfolio, including 9 ECS sub-funds.

As part of the Society's ongoing optimization of its product offerings:

- in April 2025:
 - 1) two passive sub-funds within inPZU SFIO were transformed:
 - inPZU Akcje CEEplus into inPZU Akcje Polskie Małych i Średnich Spółek;
 - inPZU Obligacje Inflacyjne into inPZU Obligacje Skarbowe Amerykańskie;
 - 2) a closed-end investment fund, PZU FIZ Obligacji Korporacyjnych, dedicated to institutional clients, was launched;
- In June 2025, two debt funds were merged. PZU SEJF+ took over the assets of PZU FIO Ochrony Majątku.

Net assets of TFI PZU funds (in PLN billion)



Source: IZFiA

At the end of June 2025, TFI PZU managed investment funds with net assets of PLN 45.8 billion, an increase of 9.1% as compared to June 2024 and a 12.0% share of the investment fund market. In the first half of the year, TFI PZU rose to second place after PKO TFI SA within the investment fund management market (according to a report by the Chamber of Fund and Asset Management).

As part of its progressively expanding asset management service on behalf of clients (asset management service), TFI PZU managed nearly PLN 16.6 billion in assets as at the end of June 2025, including approximately PLN 1.24 billion for an external client. The value of assets under management in investment funds and under the contract management service amounted to over PLN 61.6 billion, of which assets from an external client amounted to PLN 30.7 billion.

The balance of sales in H1 2025 ranks TFI PZU fourth among all TFIs in the market and first among “non-bank” TFIs.

TFI PZU saw the largest net asset growth in H1 2025 in PZU Obligace Krótkoterminowe (PLN +632 million), PZU Sejf+ (PLN +498 million), and PZU Papiery Dłużne POLONEZ (PLN +164 million) as well as target date funds: ECS inPZU 2035 (PLN +204 million), ECS inPZU 2040 (PLN +198 million).

Funds in which net assets recorded the largest decline in H1 2025 were inPZU Polskie Obligacje Skarbowe (PLN -59 million), inPZU Inwestycji Ostrożnych Obligacje Krótkoterminowe (PLN -36 million), PZU FIZ Akord Absolutnej Stopy Zwrotu (PLN -10 million) and PZU Globalny Akcji Medycznych (PLN -9 million).

Changes in assets under management within the funds were driven predominantly by:

- high sales activity in the secondary market of EPSS (7 acquisitions of EPSSs);
- acquisition of assets in cooperation with third-party distributors;
- development of the inPZU service and offering and the support actions;
- systematic contributions as part of ECSs and EPSs;
- a regular increase in the number of savers under ECSs, EPSs and HPP;
- the positive situation in debt and equity markets;
- interest rate cuts by central banks;
- declines in Polish bond yields, increasing their valuation.

In H1 2025, TFI PZU continued to take over assets from Employee Pension Schemes (EPSs), resulting in the takeover of 7 programs, which resulted in an asset transfer of PLN 189.5 million.

TFI PZU is also one of the market leaders in Employee Capital Schemes (ECS) and Employee Pension Schemes (EPS). This result is due to the extensive support that TFI PZU offers to employers in implementing and operating ECS, in and the continued stabilization of the ECS and EPS portfolio in 2025 has strengthened the PZU Group's position in both areas, both in terms of asset value and number of participants. TFI PZU’s ECS fund assets amounted to PLN 8.39 billion at the end of June 2025, compared to PLN 6.59 billion at the end of 2024, an increase of 27.3%. In total, at the end of June 2025, TFI

PZU had 110,989 ECS management agreements in place, with 970,280 employees enrolled.

Over 209 thousand employees participated in 609 EPS programs run by TFI PZU, which collectively accumulated savings worth PLN 10.79 billion at the end of June 2025.

PTE PZU



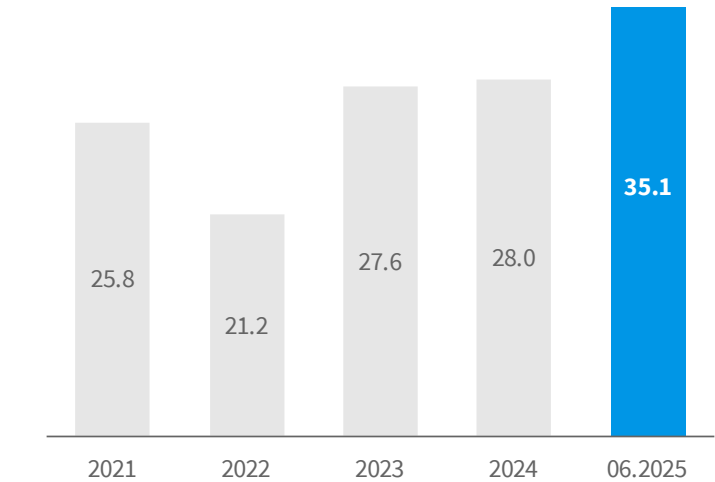
PTE PZU manages the following entities:

- OFE PZU “Złota Jesień” open-end pension fund;
- DFE PZU voluntary pension fund.

OFE PZU “Złota Jesień” is one of the largest pension funds in Poland. At the end of June 2025, OFE PZU was the fourth largest pension fund, both in terms of the number of members, as well as in terms of net asset value:

- the fund had over 2.1 million members, or 14.9% of all participants in open-end pension funds;
- net assets amounted to more than PLN 35.1 billion, or 13.3% of the total assets of open-ended pension funds operating in Poland.

Net assets of OFE PZU “Złota Jesień”
(in PLN billion)



Source: KNF

As at the end of 2024, DFE PZU had 49.8 thousand IKZE and IKE accounts with assets worth PLN 937.5 million. As such, it kept the leading position in terms of net assets among the voluntary pension funds.



2.1.4. Banking

Bank Pekao Group



Bank Pekao is a universal commercial bank offering a full range of banking services to individual and institutional clients operating chiefly in Poland. The Bank Pekao Group consists of financial institutions operating on the following markets: banking, asset management, brokerage services, investment and transaction advisory, leasing and factoring. Since 2017, Bank Pekao has been part of the PZU Group.

On the Polish market, the Bank offers competitive products and services, high-level client service and a developed distribution network. A broad product offering, innovative solutions and a personalized approach provide clients with comprehensive financial services and an integrated service model delivers superior client service and ensures optimal adaptation to changing needs. The Bank systematically strengthens its market position in the strategic areas of business.

At the end of Q1 2025, Bank Pekao was the second largest bank in Poland (in terms of the value of its assets).

Development of product portfolio

Bank Pekao maintained a high level of account sales in H1 2025, thanks to a marketing campaign on television, the Internet and social media, promoting the Mega Beneficial Account and the Savings Account with attractive interest rates and the “Bargains with Bison” program. A total of 258.8 thousand accounts were

opened for individual clients, maintaining the high performance of new client acquisition.

The Bank offered clients a broad and comprehensive package of “Superpowers on the go” solutions, the biggest novelty introduced, was a payment ring to which you can plug the Bank's card and pay contactless without a wallet, without a phone and without having to charge the device. The package includes also the ability to purchase vignettes available on the PeoPay mobile app, eSIM (free 3GB internet data package in more than 120 countries), refunds for cashless transactions on the go, collecting miles in the Miles&More program. The bank launched mobile service points at six of Poland's largest airports, i.e. Warsaw Okęcie, Krakow Balice, as well as in Katowice, Gdańsk, Wrocław and Poznań, allowing clients to set up a Mega Beneficial Account, even while traveling.

Bank Pekao promoted the opening of a first account for a child when applying for the 800+ parental benefit, and continued promotions with attractive interest rates on the “My Treasure” savings account. On the occasion of Children's Day, the Bank campaigned on talking about finances and learning to save from an early age.

It actively promoted card sales and the PeoPay application for young clients, introducing new card images inspired by passions: sports and music, gaming, and offering a special rewards catalog and promotion for registering a card with such an image as part of the Mastercard Priceless Moments program.

In the first half of 2025, further editions of online account opening promotions were carried out, under which clients who met the conditions of the promotion, i.e. actively used a debit card and gave marketing consents, could receive a bonus of up to PLN 300.

The number of new World Premium Accounts opened in H1 2025 reached more than 21 thousand, a 9% increase compared to the same period in 2024. Sales of the new accounts were supported by an attractive interest rate of 6% for 5 months on up to PLN 200 thousand in Premium Savings Accounts and a promotion of 10 thousand miles under the Miles&More program for opening a new World Premium Account together with the purchase of a “Bison Credit Card” and active use of it.

In H1 2025, the Bank continued to offer attractive promotions on savings accounts aimed at new clients and clients with small balances, 6% for 5 months on Savings Accounts and Premium Savings Accounts, 5% for 5 months on My Sweetie accounts, and 5% for 3 months on Piggy Bank accounts. Interest in the promotions translated into an increase in the total balance in savings accounts by PLN +1.4 billion, or +4.8%, compared to the end of March 2025.

In H1 2025, activities were carried out to support sales of the Bison Credit Card, which is used by more than 240 thousand clients.

As part of its partnership with LOT Polish Airlines and Miles & More, activities promoting airline miles collection for transactions made with the Credit Card with Bison were further pursued. Clients were able to exchange their collected miles, for example, for airline tickets, air travel upgrades or other prizes. A Miles & More promotion has been launched to support credit card sales to Private Banking clients: Pekao VISA Infinite and Pekao World Elite Mastercard. Clients who register these cards in the program can count on a very favorable conversion rate of 1 mile for every PLN 5 spent.



Bank Pekao

The “Payments in Extraordinary Style with Pekao Bank” promotion has been launched for Private Banking clients. The promotion provides clients with a modern form of payment through payment rings and cashback of up to PLN 600 for payments on the go (5% refund for 6 months, up to a maximum of PLN 100 per month).

In H1 2025, the value of cash loans granted by Bank Pekao, measured by net volume, rose to PLN 3.7 billion, an increase of 19% to the comparable period in 2024. Meanwhile, the gross value of signed contracts rose to PLN 4.3 billion, up 24.0% y/y compared to H1 2024. The cash loan portfolio at the end of June 2025 increased to PLN 13.5 billion, or +11.0% y/y, and +6.5% compared to December 2024.

Sales of cash loans concluded electronically in H1 2025 reached nearly PLN 3.0 billion, +37% y/y. The share of loans concluded through Pekao24 service, the PeoPay mobile application and the Bank's call center was systematically increased, reaching 89% in H1 2025 (compared to 80% in the same period of 2024). Developing electronic sales processes, the Bank is concerned with the security and comfort of clients, implementing solutions to enhance security and reduce the scale of phishing.

The mortgage offerings have been continuously updated and adapted to changing market conditions and clients' needs. The pricing offer was expanded to include additional preferences for loans above PLN 500 thousand, opening up to attract more affluent

clients, from larger cities, with specific financial needs and interested in a long-term relationship with the Bank.

In H1 2025, sales of home loans reached PLN 5.2 billion. Despite increasing competition in the market, the Bank continues to maintain a strong market position in terms of mortgage sales volume.

The sales results achieved translated into growth in the housing loan portfolio, which reached PLN 68.6 billion at the end of June 2025, i.e. an increase of +4.0% compared to the end of June 2024 and +1.6% compared to December 2024.

Another edition of the settlement program for borrowers with active CHF-denominated home loans was launched in H1 2025. These loans are almost entirely in the bank's portfolio as a result of the merger of the part of BPH SA separated in 2007. The availability of the offer was extended to more clients, aiming to cover all of them. By the end of June, settlement proposals had been received by more than 42% of clients and more than 7.9 thousand settlements had been signed.

In H1 2025, in the area of bancassurance, Pekao Bank focused on informing clients about the scope and benefits of the Bank's insurance offerings, using intensive marketing efforts and personalized communication through CRM systems.

The number of consultants offering insurance at the Contact Center was significantly increased, which, combined with intensive sales support activities carried out in all distribution channels, contributed to good results and high y/y growth.

The premiums collected from protection insurance were 34% higher y/y, after taking investment products into account, the dynamics reached 58% y/y.

A large increase in sales was recorded in insurance not related to bank products. The number of MOD insurance policies sold in H1 2025 was more than 80% higher y/y, and the number of travel policies was 76% higher y/y.

The share of the number of mortgages sold with insurance (for which insurance could be offered) remained stable at a high level of 95%, and in terms of the cash loans sold, it was 34%.

In the area of corporate banking, H1 2025 continued efforts to automate and digitize the credit process and develop e-banking functionalities for client self-service.

In H1 2025, the value of new loans sold (excluding renewals) in the SME segment reached PLN 3.7 billion, higher by 9% in reference to the comparable period in 2024. In the MID segment, the value of new loans sold amounted to PLN 7.1 billion, 13% more than in H1 2024.

In the corporate banking segment, the bank works with major companies, and provides support in the substantive, operational and financial development of clients, both in the day-to-day running of the business and in major strategic projects. At the end of the first half of 2025, 6.9 thousand clients were served.

Pekao TFI

The Pekao Mutual Fund Management Company (Pekao TFI) is member of the Pekao Group. It is the oldest mutual fund management company in Poland. Pekao TFI provides clients with modern financial products and offers opportunities to invest in the global capital

markets. For many years it has been devising savings programs, including programs affording an opportunity to put aside more money for retirement under the third retirement pillar. Pekao TFI also offers portfolio management services and Employee Capital Schemes (ECSs). The company is in the ECS records and its offering is available also through the mojeppk.pl portal.

As at 30 June 2025, the net asset value of Pekao TFI’s investment funds (including Employee Capital Schemes) totaled PLN 36.5 billion, up by PLN 8.3 billion or 29.3% compared to the end of June 2024.



Alior Bank Group

The Alior Bank Group is headed by Alior Bank. Alior is a universal deposit and credit bank, providing services to natural persons and legal persons, (including foreign entities). The bank’s core business comprises maintaining bank accounts, granting cash loans, issuing bank securities and purchase and sale of foreign currencies. The bank also conducts brokerage activity, provides financial advisory and intermediation services, and provides other financial services. Alior Bank has been a member of the PZU Group since 2015.

At the end of Q1 2025, Alior Bank was the eighth largest bank in Poland in terms of the value of its assets.

Development of product portfolio

In H1 2025, Alior Bank implemented the Bank's strategy in the development of digital sales channels and cooperation with PZU Group.

Alior Bank has released a new simplified process for applying for additional funds as part of an external loan or consolidation, aimed at clients who have a calculated pre-approved limit. The process is available both on Alior Online and on the Alior Mobile app. The focus on the continuous development of online processes and offers was reflected in the clients’ growing interest in the loan sales processes available online.

In H1 2025, as part of a cross-selling strategy with the PZU Group and in response to customer needs, life and job loss insurance with a monthly premium was introduced.

Alior Bank adjusted its cash loan price offerings, taking care of their profitability and competitiveness with the other offerings available on the market. Fixed-rate products continued to be the most popular with clients, giving them the comfort of predictability in the costs associated with their loan agreements.

In Q2 2025, Alior Bank launched a multi-channel marketing campaign for a new cash loan offering. Activities included communication through various channels, such as television, the Internet, social media, media in sales networks and micromarketing activities. In addition, internal communication channels such as Alior Online, Alior Mobile, SMS and push notifications were used. The offer was very popular, hence it attracted new clients.

A credit card with a credit limit for any purpose is a product for an individual client available in all distribution channels: landline channels, telephone channels, as well as Alior Mobile and Alior Online. In first half of 2025, the Bank continued to promote the following credit cards: Mastercard OK! and Mastercard TU and TAM, the main benefit of which is reimbursement for card payments (respectively, charged at selected retail and service outlets and for transactions in a currency other than PLN). For Private Banking clients, the Bank offers the World Elite card with a higher limit and a package of concierge services (assistance from a specialized hotline), travel insurance and Priority Pass –

the opportunity to use airport lounges while traveling. The World Elite card is available without an issuance fee thanks to the continued “No Card Issuance Fee to Start” promotion.

In the first half of 2025, the Bank continued to develop credit card sales through electronic and mobile banking (Alior Online and Mobile). There, clients receive personalized limit offers with the opportunity to take advantage of the “Card for 6+ on KLIK” promotion with the reward of an additional cashback of up to PLN 600 within the first 6 months of starting the contract. Within Alior Online and Mobile, clients have the option to launch an installment plan using their credit card, with a proposal to spread the transactions made into convenient installments.

Alior Bank recorded a significant increase in mortgage sales in H1 2025. Compared to Q4 2024, the Bank increased its market share by nearly 1 p.p. in Q1 2025.

During this period, Alior Bank offered clients a new iteration of its flagship special offer “Your Own Place, Wherever You Are” with greater territorial coverage than before.

Alior Bank’s offer includes mortgages in both variable rate and periodically fixed rate variants with a term of five years. In the structure of sales in H1 2025, the share of the periodic fixed rate reached nearly 90%. The sales structure is dominated by broadly defined housing purpose related to financing housing needs.



Alior Bank also actively participates in the “Apartment Without Down Payment” program, offering its clients the opportunity to finance up to 100% of the investment costs associated with their housing goal under the portfolio guarantee line of the Government Housing Fund (PLG-RFM) and, upon meeting certain conditions, to benefit from family repayment. Sales growth in this program in H1 2025 was nearly three times that of H2 2024 results.

One of the primary acquisition products in the savings area in H1 2025 at Alior Bank was the Mega Savings Account. In January 2025, a new version of it was introduced, with an attractive rate in the market for both new and existing clients.

In addition, clients with a Personal Account were still able to activate the benefit of a higher interest rate on their savings account. The offer of savings accounts with promotional interest rates was supplemented by:

- the "Family 800+" variant, intended for clients who have applied for a parental benefit through Alior Online or whose personal account at the Bank has been credited with a benefit from the "Family 800+" program;





- the “Bonus dla Młodych” (Bonus for the Young) variant, intended for holders of the Like-Minded Account who are at least 13 years old but under 18, and from November 2024 also for children between the ages of 7 and 12.

In H1 2025, Alior Bank also offered term deposits with fixed rates in PLN, USD and EUR to retail clients. Customers could choose the optimal option of the savings period and open a deposit in a selected distribution channel (including Alior Online and Alior Mobile). Clients showed interest, especially in deposits for new funds in PLN. Continuing efforts to digitize clients, a mobile deposit was offered, available exclusively on Alior Mobile for new users of the app. In April 2025, the Start Deposit was introduced for new clients opening a personal account with the bank. At the same time, the Bank was developing its retention offerings both in digital channels and in branches.

In the area of bancassurance in H1 2025, Alior Bank received the highest premiums written from offering investment and savings life insurance from the PZU Group's offering. The Bank offered individual life insurance with insurance equity funds “Multi Capital II,” under which clients also have access to a number of insurance equity funds with different investment strategies, geographic region, profit potential and risk levels. Clients can take advantage of the “Safe Tomorrow” individual life and endowment insurance with a guaranteed sum assured. The total earned premium volume from the two aforementioned insurances in H1 2025 was more than PLN 230 million.

Regulatory product implementations have been an important issue in bancassurance. In H1 2025, Alior Bank focused on changing its model for offering insurance for cash loans from premiums payable in a single payment to premiums payable in monthly installments. In February 2025, individual accident and job loss insurance for cash loan borrowers granted by Alior Bank was introduced in cooperation with PZU. In May, the individual life insurance provided by PZU Życie for cash loan borrowers granted by the Bank was modified.

The sales of stand-alone insurance products not linked to bank products, i.e., travel, motor and real estate insurance available online, continued an upward trend; these are products which are important for the development of the bancassurance offering. Sales of these insurances were supported by marketing campaigns based on promotions and discounts, among other things. There was a particularly high increase in the number of policies sold for PZU Wojażer travel insurance.

The Bank also offered group insurance as an added benefit to its banking products. These included assistance and travel insurance under the Like-Minded Account, travel insurance linked to World Elite credit and debit cards, and group insurance for installment loans.

The bank continues its strategy based on offering primarily insurance in the so-called individual model, in which it acts as an insurance intermediary and receives remuneration for this. The group model, in which the Bank is the policyholder, is used for products that are free of charge to the client, complementing the parameters of a given banking product and providing additional benefits to the client.

In the retail segment, Alior Bank also offers installment loans. In H1 2025, cooperation with additional Partners in the area of Consumer Finance was successfully expanded, which allowed the Bank to significantly increase the reach of its offerings. The implementation of key initiatives undertaken as part of the Bank's Strategy continued, with a focus on maintaining and strengthening its leadership position in the installment loan market.

In the first half of 2025, activities in the business segment, in the face of changing market conditions and growing business expectations, focused on the implementation of strategic priorities that allow us to build a solid foundation for further growth, while ensuring the security and profitability of operations. Key initiatives included expansion of RES financing offerings, implementation of a new online banking project, automation and development of online sales processes, allowing entrepreneurs to open accounts on their own.

Alior TFI

Alior Towarzystwo Funduszy Inwestycyjnych or Alior TFI (formerly Money Makers) is part of the Alior Bank Group. The company was established in 2010 and its operations, originally as a brokerage house, focused on asset management services. In 2015, the company was transformed into an investment fund management company, simultaneously taking over the ALIOR SFIO investment fund, which it had been managing.

Currently, Alior TFI focuses on managing the ALIOR SFIO investment fund, whose main distributor of participation units is Alior Bank. However, the company still holds a license to manage portfolios consisting of one or more financial instruments.

As at 30 June 2025, the net asset value of Alior TFI’s investment funds totaled PLN 3.8 billion, up by PLN 1.5 billion or 63.0% compared to the end of June 2024.





2.1.5. Other areas

Brief description of other PZU Group companies

PZU Pomoc

PZU Pomoc provides auxiliary services to PZU Group companies:

- managing the PZU repair network – as at 30 June 2025, the company cooperated with 857 repair shops;
- organizing motor assistance services for LINK4 and InterEurope (a company outside the PZU Group), and additionally, providing assistance services for SOS Ukraine;
- conducting salvage auctions and sales after loss and damage incidents;
- supporting technical claims handling in motor claims;
- handling assistance products for PZU and PZU Życie (among others, legal consulting, organization of assistance services);
- managing the loyalty program, PZU Pomoc w Życiu Club – more than 2.2 million club members as at 30 June 2025;
- managing PZU Sport in the form of sports and recreation subscriptions, the PZU Benefits platform, and operating a loyalty program for individual shareholders of PZU called Moje Akcje PZU.

PZU LAB

PZU LAB is a company dealing with advisory services and assistance in implementation of all kinds of solutions improving the security of the strategic corporate customers of PZU and TUV PZUW.

The company cooperates with numerous academic centers and experienced experts (local and foreign). Constantly seeks new and effective technological solutions to enable mitigation of the risks that have the greatest impact on the insurance activity.

The PZU LAB team has developed methods for cooperation with the existing and prospective customers. First, the engineers identify critical installation sites, simulate critical events such as fire, flooding or explosion, and determine their consequences. Then the possible scenarios and the methods of minimizing the negative consequences are discussed. Ultimately, PZU LAB engineers implement innovative technological solutions in client companies that are to improve their safety.

PZU LAB has implemented Poland's first product certification system in property damage prevention. The purpose of the certification system is to improve the effectiveness of products deployed to ensure the safety of enterprises and thus to reduce the instances of damage and the scope of losses to company assets. Certified products are marked with the patented "PZU LAB Approved" logo.

The company conducts intense safety-related educational and promotional activities. At the initiative of PZU LAB, the Maritime Industry Safety Forum, the Energy Industry Safety Forum and the Wood Industry Safety Forum are held annually. Moreover, a series of

training courses entitled "Pyramid of competences" was launched for all participants in the insurance market, aiming to increase the level of knowledge in risk management among businesses.

This approach signifies an evolution in customer relations. PZU ceases to be only a seller of insurance and becomes a risk management advisor.

PZU Finanse

PZU Finanse sp. z o.o. is a service company established to keep accounting ledgers for subsidiaries of the PZU Group (excluding PZU and PZU Życie and PTE PZU).

PZU Centrum Operacji

PZU Centrum Operacji provides services supporting the operation of PZU Group companies. PZU Centrum Operacji SA's line of business is the provision of the following services:

- auxiliary services related to insurance and pension funds;
- constant intermediation in conclusion of insurance agreements, financial and investment agreements, and assistance agreements;
- Contact Center;
- Data Center;
- printing services;
- IT services;
- keeping the accounting records;
- human resources and payroll;

- brokerage in selling and redeeming investment fund participation units and titles, as well as investment advice with regard to such instruments.

Tower Inwestycje

The company's line of business is investment activity through the investment of free funds and development activity in the construction of commercial real estate.

The company conducted the office and retail project in a prestigious location in Wrocław at ul. Oławska 35 (Plac Dominikański) in a venue occupied for the past several decades by an office building owned by PZU. This project is partially intended for the PZU Group's needs and partially for lease. The investment is intended partly for the PZU Group's needs and partly for rental. Currently, the Company is engaged in the business of leasing office and retail space in the building.

Ogrodowa-Inwestycje

The core business of the Company is the commercial rental of office and commercial space in the City Gate office building owned by the Company in Warsaw.

The services of the Conference Center are provided on a designated area of nearly 800 sq m; the scope of the services includes commercial rental of professionally equipped conference and training rooms for the organization of conferences, business meetings, training courses and seminars. The services of the Ogrodowa 58 Business Center are provided on a designated area of 1480 sq m; the scope of the services includes commercial rental of 135 modern workstations.

Armatura Kraków

Since October 1999, the PZU Group has held an equity stake in Armatura Kraków and since November 2020, PZU has been the sole shareholder.

The business of Armatura Kraków lies outside the domain of financial and insurance services. The group is a leading manufacturer in the sanitary and heating industry in Poland. It specializes in the manufacture of bathroom and kitchen taps, aluminum central heating radiators, shower cabins and screens, and a wide range of valves.

PZU Corporate Member Limited

On 28 September 2017, PZU acquired shares in PZU Corporate Member Limited, entitling it to 100% of votes at the shareholder meeting. The company is a member of Lloyd’s, a market for insurance companies, brokers and agents, bringing together nearly 100 syndicates. PZU Corporate Member is handled by Argenta Holdings Limited agency, which deals with the ongoing activities of syndicates, invests their funds and employs underwriters.



2.2. Sales and distribution

The PZU Group has created the geographically biggest sales network in Poland. It provides clients with a comprehensive product offering through synergies within the PZU Group using a variety of distribution channels. As a result, clients enjoy easy and convenient access to financial products and services. The Group also ensures quality service by upskilling the sellers and providing them with modern tools, and by removing barriers.

2.2.1. Insurance products

PZU has the largest sales and service network. At the end, H1 2025, it included 408 branches across the country, with 188 in small communities, and tied agents, multiagencies, insurance brokers and remote distribution channels.

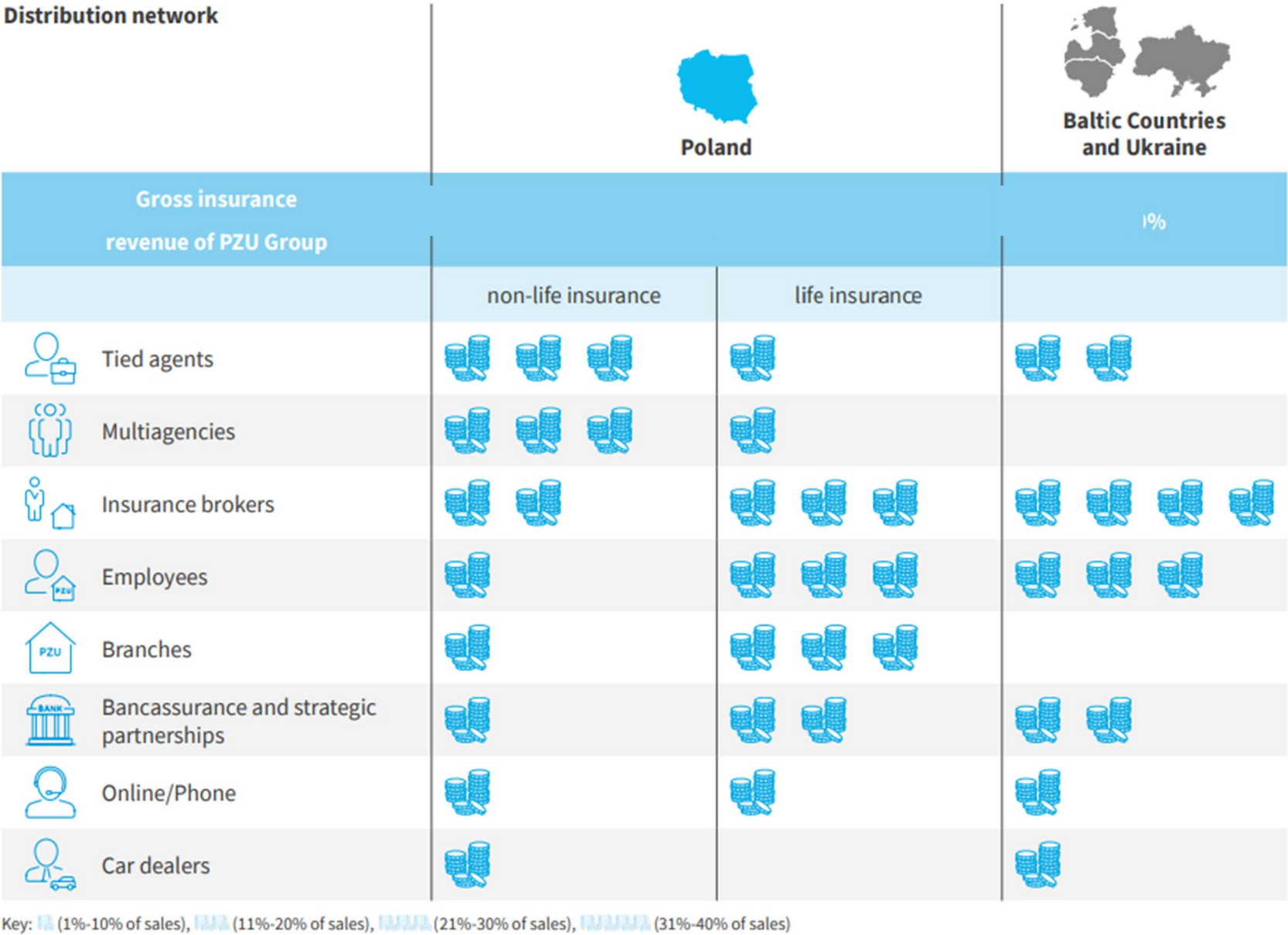
In H1 2025, the PZU Group’s distribution network included:

- tied agents** – in Poland, PZU’s own agency network consisted of 7.9 thousand tied agents and agencies. Sales are conducted through the agency channel predominantly in the mass customer segment, particularly of motor and non-life insurance as well as individual insurance (life insurance). LINK4 worked with 774 partners directly.

In the Baltic Countries the Group’s agency network comprised over 563 agents, while in Ukraine there were 142 agents;

- multiagencies** – on the Polish insurance market, the PZU Group cooperates with more than 4.2 thousand multiagencies. They perform sales operations targeted mainly at the mass market (insurance of all types is sold through this channel, especially motor insurance and non-life insurance) as well as individual life insurance. LINK4 cooperated with 61 aggregators, while in the Baltic CountriesGroup companies cooperated with 15 multiagencies and 16 in Ukraine;
- insurance brokers** – in Poland, the Group, in particular PZU’s Corporate Client Division, cooperated with over 1 thousand insurance brokers. In the Baltic Countries, where the brokerage channel is a major insurance distribution channel, the Group companies cooperated with 368 brokers and in Ukraine with 38 brokers;

- bancassurance and strategic partnership programs** – in the insurance area, PZU cooperated with 8 banks and 9 strategic partners, PZU Życie with 7 banks, TUW PZUW with 2 banks and 7 strategic partners. LINK4 cooperated with 5 banks within various distribution models for mostly motor insurance and 10 strategic partners. In the Baltic Countries, the cooperation included 6 banks and 9 strategic partners and 14 banks in Ukraine;
- remote channel** – non-life insurance sales through this channel is conducted in particular by LINK4 and comprises cooperation with price comparison engines, a website and a call center. This channel also includes the PZU sales infoline and mojePZU portal.





Branches and agencies

The bulk of PZU’s customers prefer direct service by the agent and in the agent’s office. The network of standardized PZU branches is evenly distributed across Poland in carefully selected locations. PZU branches are the only distribution channel ensuring comprehensive sales and aftersales service of PZU Group’s non-life, life and pension insurance and investment products in each outlet. The offering in PZU branches is targeted at individual clients as well as businesses from the small and medium-sized enterprise (SME) segment.

PZU continues to develop the professional agency sales network. Agent offices offer spacious and modern layouts and the quality of service appreciated by millions of customers. PZU is working on a new visualization standard for branches; the standard will combine modernity and functionality. Continuous work is conducted on professionalizing the network and improving the quality of client service, through attractive training courses and workshops. Agents actively use modern CRM and remote service systems such as mojePZU. Most agents running offices offer advice regarding the client property, life and health insurance. They provide customers with comprehensive service as part of the product offering of the entire PZU Group.

PZU supports agents by developing and promoting their online presence, as clients show great interest in seeking contact with an insurance consultant using this particular channel. The www.agentpzu.pl site is continuously developed together with agent websites in the agentpzu.pl domain. Support is also provided through management of Google business cards of the agency establishments and joint administration of agents’ professional Facebook profiles.

In H1 2025, the implementation of tools and reports to support managers in their daily work with Agents continued, in accordance with the current cooperation model. In addition, a new tool, the Agent Quality Cockpit, was implemented in May to enable ongoing monitoring of per-sales metrics. Its goal is to further improve the quality of cooperation and the effectiveness of the actions taken by managers and Agents.



H1 2025 brought even closer cooperation with companies within the PZU Group. Now, 1,401 Tied Agents can offer LINK4 motor insurance to clients. There were 947 Agents invited to work with Pekao Leasing and Alior Leasing. PZU also began to choose Agents to work with Pekao Bank. Currently, 118 Agents have signed the contract. Agents or their OFWCAs will be able to offer clients to open savings and checking accounts.

Actions taken in H1 2025 primarily include the introduction of a new recruitment offer divided into three cooperation options, tailored to needs and work styles:

- **Strong Start:** For those fully committed to a career as a PZU agent. Remuneration: commission + assignment bonus + training bonus. For whom? individuals with a minimum of one year of experience working with clients who want to build a career in insurance;
- **Safe Start:** A flexible model for those developing their own business or looking for an additional source of income. Remuneration: commission + assignment bonus. For whom? people with a minimum of 2 years of work experience, such as entrepreneurs, moms returning to work;
- **Start:** For those who want to try their hand at a new role on their own terms. Remuneration: commission on sales. For whom? people who value flexibility – for example, students, people working in other industries;

Tied Agents work with PZU in two models – as field agents and office agents. Regardless of the cooperation model, the network of Tied Agents implements client service in accordance with the applicable quality standards.

The number of PZU tied agent offices in Poland as at 30 June 2025 was:

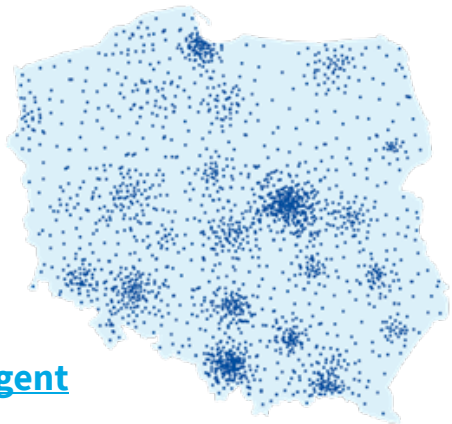
1,299



In H1 2025, a new client service model – NEO Client 360 – was developed and is being gradually implemented in the Tied Agent network. Its goal is to ensure continuous improvement in client satisfaction.

The key priorities for the network's development are professionalism, high quality client service in agents' offices, focusing on client needs and increasing the physical presence of agents and offices in the field.

See more



Find branch and agent

<https://www.pzu.pl/kontakt-i-pomoc/znajdz-oddzial-lub-agenta>





PZU Życie Tied Agent network

In 2025, PZU Życie continued the development of the PZU Życie Tied Agent network, improving client service standards and implementing new products. These activities are primarily aimed at high quality and availability of products and services to the customer.

The operations of The MDRT.PZU Club were also continued. It is a mentoring program aimed at supporting salespeople in achieving sales goals that enable them to join the Million Dollar Round Table (MDRT), an organization of the top 1% of the world's best financial agents and advisors. The program includes development activities to improve participants' sales skills and competence in organizing and managing their own work.

It was another year in the cooperation of the Agency Sales Office with the PZU sales network by training and equipping PZU Agents with a range of PZU Life Życie products.

The ability to offer life and health insurance while distributing asset protection products gives the seller the opportunity to provide full coverage, which determines the professionalization of the sales network and comprehensive client service.

In H1 2025, the remote sales process optimized the statements necessary to conclude a contract. At the same time, the client receives in an email a single link to the system, where all the documents and information necessary to conclude a contract in the remote process are available. Access to these documents occurs at every stage of the bidding process. Identity verification methods have also been expanded to include the mObywatel and MyID applications.

PZU sales infoline



Clients interested in buying insurance remotely can contact PZU via a hotline, contact forms available on pzu.pl and the mojePZU app. whereas clients with active agreements are taken care of by specialists who ensure the continuity in insurance cover and its alignment with the clients' changing needs. The Direct sales channel offers an ever-expanding, wide range of insurance products aimed at individual clients and SMEs.

Key initiatives of the Remote Sales Office

The Remote Sales Office has consistently developed its business by combining sales effectiveness with the highest possible standards of client service. During the period under review, the Office launched the next phase of an initiative to implement Language Learn Model (LLM) technology, which will enable advanced call center analysis. The data obtained will support control, training and operational processes, contributing to further optimization of service quality. Following the application of new technologies, the remote channel is paying close attention to developing its business in a sustainable manner. ESG activities continued with initiatives to support the mental health and well-being of employees. Among other things, mental resilience training was implemented, available forms of psychological support were promoted, and a restorative break was organized to celebrate Employee Appreciation Day.

The Direct sales channel actively supports the development of sales in traditional channels as well, through experience sharing, best practices and initiatives to support agents. These activities strengthened PZU's synergies and position as a market leader.

In H1 2025, 98% of clients highly rated the knowledge and competence of infoline consultants. A similar percentage of clients positively rated their commitment and willingness to help when talking about insurance purchase. In turn, overall satisfaction with the purchasing process is expressed by as many as 97% of customers.

The activities and initiatives carried out at the Remote Sales Office are also recognized by industry experts. This is evidenced by the awards received, including PZU's first place in the Institution of the Year ranking in the Best Service in Remote Channels category and being among the finalists in the Polish Contact Center Awards in the Best Consultant Team category.

mojePZU



The service and sales channel launched in 2018 is developed in such a way as to adapt to the clients' needs and market trends.

mojePZU combines the conveniences of a modern, intuitive solution with the valuable assets that have been the hallmarks of PZU for many years. mojePZU is the most extensive platform on the Polish insurance market, available on the computer and as the mojePZU mobile app.

The number of users is growing steadily – in mid-2025, mojePZU had more than 5.2 million clients, 61% of whom makes use of the application.

mojePZU is a space for developing and maintaining client relations in the digital world, offering numerous functionalities and strengthening the omni-channel solution. Clients can, among other things, buy new products, renew an existing policy, view details of an offer received from a vendor, see details of their policies, report a claim and check its status, or complete numerous service processes, for example the return of surplus or disposal of a vehicle.

Medical services are very popular. They include picking up an e-prescription, arranging tests and doctor's appointments. In addition, users can invest their savings and use the PZU sports and recreation package in the application.





mojePZU is constantly being developed and supplemented with new functionalities and services. Automation of service processes translates into saving clients' time, and digitalization of correspondence means less paper consumption.

In 2025, mojePZU was once again named winner in the competition organized by the Institution of the Year, in the category “Best remote travel policy process.”



Online is becoming routine for customers



4 090 000
downloaded applications
mojePZU mobile



More than 5.2 million users

Cooperation with banks in the area of distribution



PZU's bancassurance and assurbanking business is based on cooperation with the PZU Group banks: Alior Bank (in PZU Group since 2015) and Bank Pekao (in PZU Group since 2017), as well as in distribution of bancassurance insurance products through banks outside the Group. At the end of June 2025, more than 7.5 thousand banking advisors (4.4 thousand in Bank Pekao and 3.1 thousand in Alior Bank) were enrolled in the Register of Insurance Agents.

The overriding objective of the cooperation is to reach the largest number of customers using multiple distribution channels and provide insurance cover to bank customers. The PZU Group's strategy for 2025–2027 focuses on further strengthening relationships with Group banks and partnering with the broader banking market.

Active cooperation with Bank Pekao and Alior Bank allows us to consistently expand the range and scale of sales of insurance products linked to banking products, including insurance for cash loans and mortgages, as well as unrelated products, i.e. motor, travel and real estate insurance.

Bancassurance



Within bancassurance, cooperation with Bank Pekao and Alior Bank covers the sales of the following products:

with Bank Pekao:

- non-life and life insurance with mortgage loans, cash loans, personal bank accounts (RORs) and credit cards;
- investment products;
- products with a guaranteed sum insured (SPE);
- travel insurance;
- motor insurance;

with Alior Bank:

- non-life and life insurance for cash and mortgage borrowers;
- investment products;
- products with a guaranteed sum insured (SPE);
- travel insurance;
- ADD insurance with health package.

In H1 2025, PZU Group banks carried out activities to change the premium payment model for insurance products linked to cash loans – from a one-time form to a regular premium, payable on a monthly basis. The introduction of premiums spread over the entire coverage period increases PZU's resilience to fluctuations in the credit market.

Alior Bank has already completed the process of modifying its product offerings – both a non-life product and a life product have been implemented. At Bank Pekao, the implementation of the life product is planned for the third quarter of 2025.



In 2025, PZU LifeŻycie continues to work with the Group's banks: Pekao Bank and Alior Bank as well as VeloBank in the sale of unit-linked and products with guaranteed sums insured (SPE).

Thanks to cooperation with these banks, a high level of sales of SPE-type products, which take advantage of the potential of still-attractive interest rate levels, continued in H1 2025. In addition, there was a significant increase in sales of unit-linked investment products.

Assurbanking



PZU is one of the largest external partners of Bank Pekao in the distribution of savings and checking account (RORs) via the bank's Pekao360 app.

ROR sales are currently conducted at call centers, branches and PZU agencies in an end-to-end model. In addition, the telephone channel is used to sell a cash loan to an existing bank client and make appointments for clients interested in signing a credit card agreement.

On the side of Bank Pekao and PZU, technological changes have been implemented to allow the use of Bank Pekao's sales application by PZU's tied agents, as well as the transfer of requests as part of the integration between PZU's Service Desk and Pekao.

As of the end of June 2025, 1 400 PZU salesmen had active authorizations to offer and sell banking products.

Strategic partnerships

The PZU Group strives to be an active participant in creating various ecosystems in which the overriding objective is to manage client relations skillfully by offering client solutions in all venues accessible to them. This contributes to intensifying activities in strategic partnerships with companies operating on the Polish market, among others, power utilities, telecommunication operators, retail chains, e-commerce platforms and airlines, regarding joint offering of non-life and life insurance to the customers of such institutions.

Within the framework of its strategic partnerships, PZU offers a number of insurance contracts to the business partners' customers, including:

- electronic equipment insurance;
- assistance insurance guaranteeing services of professionals, e.g. electrician, plumber and brown goods/white goods servicing staff, who provide help in the case of an accident or unforeseen failure;
- insurance of photovoltaic installations;
- travel insurance.

In H1 2025, PZU cooperated with 9 strategic partners. Those are leaders in their respective industries that have customer bases offering the possibility of extending the PZU's offering with additional innovative products. For example, PZU cooperates with power sector companies to offer assistance services – assistance of a technician, handyman, or health assistant.



2.2.2. Health products



Health products – in the form of life & health and property insurance as well as non-insurance products – are distributed through various sales channels of the PZU Group, including the corporate and agency network of PZU and PZU Życie. The COVID-19 pandemic also contributed to an increase in sales through the digital channel of the mojePZU website where customers may choose from the new offering of prevention packages and individual medical subscriptions as well as individual medical consultations delivered both in the form of teleconsultations and stationary appointments.

Contact channels (outside facilities)



PZU Zdrowie's 24-hour medical hotline

801 405 905 or 22 505 15 48



mobile app / self-service website

mojePZU

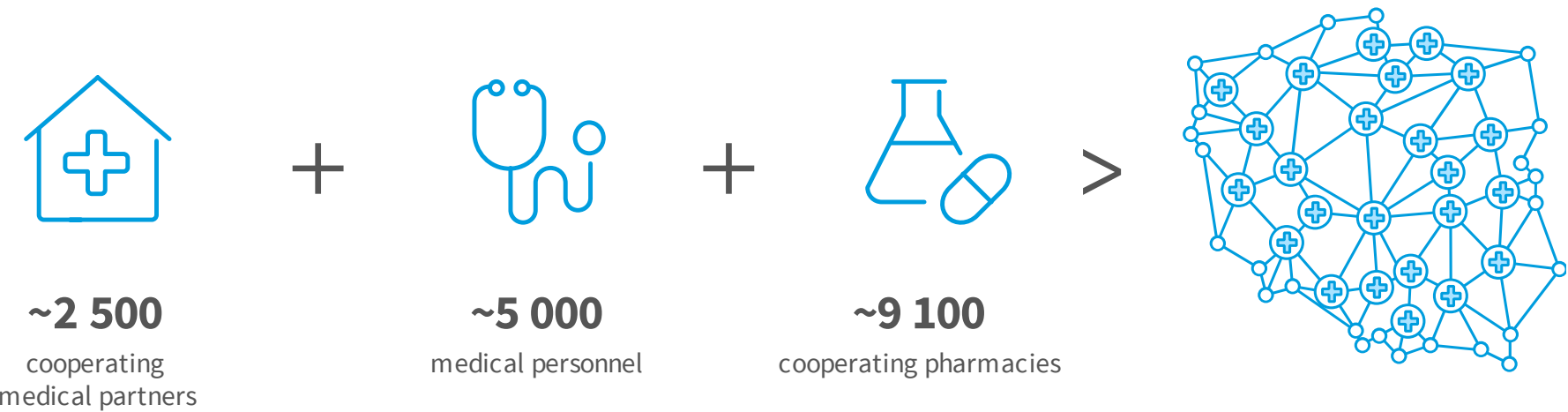
with access to the calendar
of appointments of each center



Health products distribution network

	Corporate insurance	Mass insurance	Individual insurance	Non-insurance products
Corporate sales	✓	✓		✓
Tied agents	✓	✓	✓	
Multiagencies/Brokers /Dealers	✓	✓	✓	
Branch	✓	✓	✓	
Direct (mailing)				✓
Strategic partners		✓		✓
PZU Zdrowie's employees (corporate network and branches)				✓

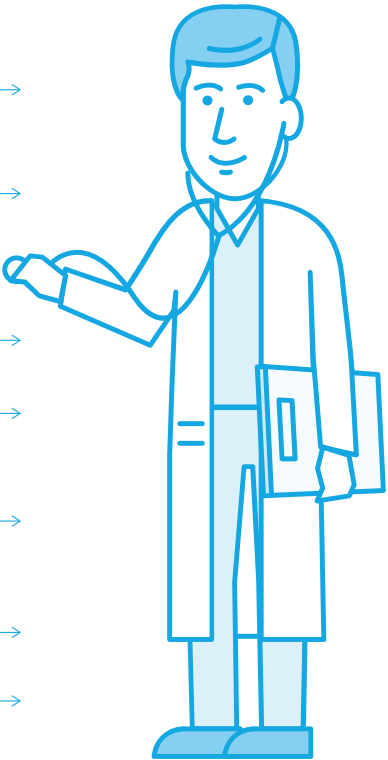
Development of the scale of PZU operations



Amenities for patients receiving medical care from PZU Zdrowie

What distinguishes us:

- access to specialist doctors without a referral
- accepting referrals from outside the network PZU Zdrowie
- reimbursement of the costs of medical visits and examinations outside PZU Zdrowie facilities
- modern and accessible patient portal
- Scientific Council - expert support from various fields of medicine
- modern medical centres equipped with top-class equipment
- electronic medical interview "Symptom Checker"
- emergency medical assistance



- wide range of telemedicine services
- high standards of patient service
- organization and management of occupational medicine using a dedicated portal
- preventive programs
- psychological help and vouchers for psychological consultations
- smooth process for proceeding to medical care
- pregnancy care and access to birthing school



2.2.3. Investment products

TFI PZU



TFI PZU acquires assets for management within the framework of the following four business models:

Model I – obtaining funds through strengthening the company’s market position in the pension market within the framework of EPSs and ECSs, whose assets exceeded a total of PLN 19.18 billion;

Model II – cooperation with external entities, such as banks, brokerage houses, insurers and independent financial advisors (IFAs) that distribute TFI PZU funds to retail and institutional clients. The external distribution model was launched in 2011 and is rapidly expanding in scope by acquiring new partners in traditional and remote channels. As at the end of June 2025, TFI PZU was working with 19 institutions in this channel;

Model III – the use of own and partner networks related to PZU – a network of PZU insurance branches, PZU Group member banks (Bank Pekao and Alior Bank) and TFI TFI’s own sales network.

Model IV – the youngest distribution model is the online inPZU platform launched in 2018 along with the launch of the first umbrella of index funds in Poland, which at the end of June 2025 was comprised of 22 asset classes.

inPZU



The online platform, inPZU.pl, launched in 2018, enables clients to independently invest in the first fully proprietary index funds, actively managed funds, and IKE and IKZE products in Poland. The platform is available 24/7, both in the desktop version and on any mobile device, and since 2020 also an English language version has been available. On the inPZU website, users may compare funds, define their investment objectives and personalize them. inPZU also enables users to search for funds and ready-made model portfolios as well as pay for their orders online. The platform is available to both individual and institutional customers. This is an attractive tool both for advanced investors and persons who are just starting to invest their savings.

At the end of June 2025, there were
>320 thousand
active users

In the first half of 2025, the inPZU site implemented WCAG guidelines and recommendations for bringing the site into compliance with the Accessibility Act. Integration work with the mojePZU portal has also been completed with regard to the presentation of all TFI products and their balances, as well as redirections to the inPZU service.

Call Center

TFI PZU provides a hotline to serve clients, participants, TFI PZU fund distributors and Employers. The infoline is available Monday through Friday on business days, and the number of calls conducted on the infoline in H1 2025 reached over 143 thousand calls.

The Transfer Agent also operates an hotline serving distributors and employers.



PTE PZU



Payments to OFE PZU originate from pension insurance contributions transferred by the Social Insurance Institution (ZUS) in accordance with the decision made by the insured, under the second pillar of the pension system.

Client acquisition for individual pension security accounts by DFE PZU is carried out through the following distribution channels:

- the Internet;
- PZU Życie;
- Bank Pekao;
- external distributors.

The online contracting tool is the Contract Wizard, available at ikze.pzu.pl. With this solution, clients may easily open their individual pension security accounts without the need to send any documents. Sales activities carried out in 2024 indicate that online actions have the greatest sales potential.

In H1 2025, educational activities were carried out; they were related to communication of contribution limits on individual pension security accounts, information on the possibility of taking advantage of the tax credit, and building awareness of pension security and retirement saving.



2.2.4. Banking products

Bank Pekao

Distribution channels



Clients of Bank Pekao can use a broad network of branches and ATMs, which provides convenient access throughout Poland, a professional call center and a competitive Internet banking and mobile banking platform for individual and corporate clients, and for small and micro businesses.

As at 30 June 2025, the bank had 566 own branches and 1,323 own ATMs.

Online and mobile banking

In H1 2025, the number of active mobile banking clients increased to 3.6 million, +9% more than a year ago and +21% more than two years ago. The number of active mobile clients using the PeoPay app, increased to 3.4 million and was +11% higher than a year ago and +25% higher than two years ago.

The most important projects implemented in the first half of 2025 in Pekao24 electronic banking included the introduction of, among others:

- payment rings – allowing payments to be made with them, thanks to the tokenization of Visa and Mastercard Bank cards (both debit and credit cards);

- e-vignettes – a function for purchasing electronic vignettes for highways and roads in Bulgaria, the Czech Republic, Slovakia, Slovenia, Switzerland and Hungary;
- extending highway payments to include a new section – enabling the A2 highway to be paid for on the Poznań-Konin section;
- restrictions on transferring funds abroad – function that allows the client to independently enable or disable the blocking of foreign transfers;
- consent for processing behavioral data – allowing clients to consent to the collection of behavioral data to enhance security;
- serial transfers – allowing multiple transfers to be made simultaneously in the Pekao24 service;
- improvements to remote identity verification – changes aimed at making the verification process more efficient and faster;
- changes in the design and ergonomics of electronic channels to increase the intuitiveness of operation.

Alior Bank

Distribution network



At the end of June 2025, Alior Bank had 487 branches (149 traditional branches, 7 Private Banking branches, 12 Corporate Banking Centers, 11 Micro Sales Centers and 319 partner branches). The bank's products were also distributed through 10 Mortgage Centers and a network of roughly 2.2 thousand credit intermediaries.

By the end of June 2025, Alior Bank upgraded its 93 branches to the new format. The role of the new branches is primarily to digitize customers and branch processes, provide convenience and privacy for customers, and improve bankers' convenience. The distinguishing features of these branches include their innovative design and the use of modern technologies.

Alior Bank also uses distribution channels based on a modern IT platform incorporating: online banking, mobile banking, call centers and the DRONN technology.

Online and mobile banking

In H1 2025 Alior Bank was mostly dedicated to work on optimizing the existing and introducing new solutions for Alior Online and Alior Mobile. These activities contributed to the implementation of the Bank's strategy "Alior Bank. Or nothing at all."

In an effort to provide the best possible client experience, the implementation of the mobile strategy began by preparing the Alior Mobile application for the growing traffic and user needs.

Much of the work in H1 2025 was directed at strengthening the technological foundations. Thanks to the measures taken, the number of possible simultaneous sessions has been significantly increased (from 11 thousand to 50 thousand sessions) and overload-related failures (occurring in 2024) have been eliminated. At the same time, activities were carried out to increase the efficiency of the manufacturing process and prepare the application to take advantage of the cloud potential. Work was also carried out on functional development of the application and improvement of solutions to increase the satisfaction of Alior Mobile users.

In H1 2025, work was underway to comply with the requirements of the EAA directive. The Alior Mobile application has been customized for people with special needs. Key areas of the application have been modified to allow management of font size while maintaining adequate contrast. Supporting the visually impaired and blind, navigation has been simplified with built-in assistants such as Talk Back and Voice Over, and contexts have been added for many functions. Aiming to support those using an external keyboard or specialized reader, the ability to navigate through the application and perform functions using these tools has been added.

BLIK Recurring Payments – Alior Bank offers a recurring payment solution that allows clients to conveniently and securely pay recurring obligations such as subscriptions, phone and Internet bills or purchases at selected online stores. The new solution eliminates the need to enter payment data each time, and, importantly, is free and available to all adult users of the Alior Mobile app.

The Currency Exchange Office service in Alior Online and Alior Mobile allows you to exchange: PLN, EUR, USD,

GBP, CHF 24 hours a day, 7 days a week, and the exchange takes place between the client's currency accounts in real time. The service offers clients a number of conveniences such as the ability to pay for currency purchases using a BLIK code, set exchange orders at a set rate, and currency rate notifications. The Currency Exchange Office service at Alior Online and Alior Mobile is free and available to all individual clients.

Alior Mobile has added the ability to manage items such as shortcuts or saved recipients on the desktop. In addition, access to the messages the client receives from the Bank has been made easier. Messages are available under the “Contact Us” tab. The transfer window has been given a new, simpler look. The transfer selection window has been refreshed as well as the windows where the client orders a tax transfer. This allows them to perform it in a more convenient way.





3. External environment

- 3.1. The most important economic trends in Poland and abroad
- 3.2. The insurance markets in which PZU Group companies operate
- 3.3. The health care market in Poland
- 3.4. The banking market in Poland
- 3.5. Financial markets in Poland and around the world
- 3.6. Regulations pertaining to the insurance market and the financial markets in Poland
- 3.7. Factors, including threats and risks that may affect the PZU Group's operations and results in the H2 of 2025 and in the medium term





3.1. The most important economic trends in Poland and abroad

The first six months of 2025 saw a weakening of inflationary pressures with a relatively high rate of growth in the country's economic activity. The global economic situation was determined by geopolitical risks, central bank decisions on the cost of money and concerns about the impact of increased tariffs on growth and inflation in various parts of the world.

3.1.1. Situation in the world economy

Economic activity in the world's major economies remained subdued, due in part to continued heightened uncertainty, conquered by trade and geopolitical tensions. After a relatively strong performance in 2024, U.S. GDP on an annualized basis fell 0.5% in Q1 2025. It was the first decline in three years and was driven primarily by a large increase in imports fueled by the announcement of higher tariffs, which translated into a record negative contribution of net exports to GDP growth. Annualized GDP growth was 3.0% in Q2 2025 after a significant reduction in imports. In addition to net exports, client spending made a positive contribution to growth, partially offset by declines in investment and exports. GDP growth also continues in the eurozone, with 1.4% y/y in Q2 2025, following 1.5% y/y in Q1 and 1.3% in Q4 2024. While a sizable contribution to the improved performance came from the double-digit growth recorded in Ireland, the German economy, which

is key to Poland because of its trade ties, is also showing improvement, with Germany's GDP growing by 0.4% y/y in Q2 and by 0.2% y/y in Q1 2025 after falling by 0.2% y/y in Q4 2024. Despite the gradual recovery of German industry from its slump with prospects for a stronger recovery due to the loosening of fiscal rules across our western border and the announced increase in arms spending, expectations for GDP changes in Europe remain moderate, burdened by problems related to the competitiveness and innovation of the European economy, as well as risks related to the final shape of trade policy. In China, GDP growth in Q1 and Q2 2025 remained above 5% y/y, due in part to stimulus measures and the high contribution of net exports to GDP growth. The deflationary trends, the real estate crisis that is still unresolved, and the uncertainty surrounding the rise of protectionism around the world casts a shadow over this economy's growth prospects in the coming years.

In the first half of 2025, disinflationary processes progressed, helped by, among other things, lower prices for energy commodities and some agricultural products than a year ago. In the eurozone, HICP inflation fell from 2.5% y/y in January to 2.0% y/y in June 2025 and is expected to fluctuate around the ECB's inflation target in the near term. In the United States, inflation eased from 3.0% y/y in January to 2.3% y/y in April, but then rose to 2.7% y/y in June. The increase was partly due to the effect of the tariffs imposed by President Trump's administration, although for now it is less than expected. In China, average prices for client goods and services rose just 0.1% y/y in June, while producer price deflation deepened to 3.6% y/y.

Disinflation allowed for further monetary policy easing, although not in all countries, and interest rates in key economies remained higher than they were before the outbreak of the COVID-19 pandemic. The European Central Bank cut interest rates by a total of 100 bps, to 2.15%, in four steps in H1 2025. The Fed, meanwhile, held off on further rate cuts, leaving rates at 4.25–4.50%.

At the same time, the labor market situation remained relatively favorable. In the eurozone, the unemployment rate in June 2025 stood at 6.2%, 0.2 p.p. lower than in the same period in 2024. Overseas, too, concerns about the health of the labor market have so far not translated into a marked deterioration in key indicators – the US unemployment rate in June was 4.1%, the same as in June 2024.

3.1.2. Trends in the Polish economy

GDP and production

GDP growth rate in Q1 2025 slowed to 3.2% y/y, compared to 3.4% y/y in Q4 2024.

The engine of growth at the beginning of this year was domestic demand. Household consumption grew in Q1 2025 in real terms by 2.5% y/y, following a 3.5% increase y/y in Q4 2024. It added 1.6 p.p. to GDP growth. The consumption result at the beginning of the year was somewhat affected by calendar effects, including the shift in the timing of Easter compared to 2024, as well as a slightly slower pace of real wage growth than at the end of the previous year. After a sharp decline in the fourth quarter of 2024 (-6.9% y/y), investment in the first quarter of 2025 increased by 6.3% y/y, adding 0.8 p.p. to GDP growth. Behind this result was primarily public investment, supported by EU funds and arms spending. Public consumption (+0.4 p.p.) and inventory adjustments (+1.5 p.p.) also made positive contributions to the growth of the Polish economy. In contrast, growth was negatively affected by net exports. This category subtracted 1.1 p.p. from the GDP rate in Q1 2025, and this was a result of faster growth in imports than exports (3.5% y/y and 1.1% y/y, respectively), reflecting a faster pace of activity at home than in our trading partners.



According to the first, quick estimate by Statistics Poland (GUS), the pace of real GDP growth accelerated in the second quarter of 2025 to 3.4% year-on-year. We do not yet know the detailed structure of the growth, but the data published so far indicate that consumption remained the main driving force, likely increasing its contribution to GDP growth compared to the first quarter. The contribution of net exports to the change in GDP may still have been negative. Risks to the growth outlook remain increased uncertainty in the global economy and trade tensions as a consequence of Donald Trump's policies. Their effects should be offset by, among other things, armament investments in the country, accelerating EU spending and further interest rate cuts.

In H1 2025, **industrial output sold** was 1.4% higher than in the same period last year. Such a result was driven by declines in production in mining and energy generation and supply, while the output of processing companies and those supplying water and managing wastewater and waste increased. Detailed data show that the good run of capital goods continues. Slightly better conditions in Poland's major trading partners brought a slight improvement in demand for Polish manufacturing export industries, although the scale of the improvement is moderate and may have been partly related to short-term adjustments to changes in global trade policy manifested, among other things, in the prudential build-up of inventories in the US.

In the first half of 2025, **construction and assembly output** was 0.7% lower than a year ago. Declines in production were recorded in entities constructing buildings and civil engineering structures, while entities performing specialized construction work achieved a significantly better result than a year ago. Specialized work includes the preparation of land for investment,

which, along with the launch of major infrastructure projects and the intensification of EU-funded projects, heralds an imminent revival in the construction sector.

Labor market and consumption

Average employment in the business sector decreased by 0.8% y/y in H1 2025. The number of full-time positions in companies between January and June 2025 has been reduced by 19 thousand. Weaker labor demand also manifested itself in ongoing layoffs, as well as in less recruitment activity by companies. Demand for employees has been shaped by demographic and structural changes and economic fluctuations, which have also been accompanied by a change in the form of work. As the National Bank of Poland points out, based on Social Security data, in Q1 2025 the lower number of full-time jobs was accompanied by a higher number of people working under civil law contracts and engaged in business activities than a year ago.

In contrast, the weaker economy in the labor market has not significantly affected **unemployment**. The registered unemployment rate remains at historically low levels, although it unexpectedly rose to 5.2% in June 2025 from 5.0% in May. However, this unfavorable change is not related to some kind of slump in the labor market. This is primarily the result of the reform that came into effect, changing the definition and conditions for maintaining unemployment status. Among other things, the new regulations have increased the flexibility to use the labor offices at the place of actual residence rather than registration, which has reduced the number of deregistrations, especially those resulting from failure to appear at the labor office on the scheduled date.

In turn, the deseasonalized unemployment rate published by Eurostat, calculated with a methodology

harmonized for EU countries, was 3.5% in June 2025, with the average for the European Union at 5.9%. Although the rate was up slightly from the end of 2024 (2.9%), increases were also seen in several other countries, and Poland remains one of the leaders – only Malta (2.5%) and the Czech Republic (3.0%) boasted lower rates in May.

The average gross monthly salary in the business sector in H1 2025 was PLN 8,828.17. Compared to the same period last year, it increased nominally by 8.7% and in real terms by 4.2%. Wage growth this year was significantly limited due to a 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). Lower wage pressures are also confirmed by NBP survey results. Due to calendar effects and shifts in the timing of moving component payments, the rate of wage growth in the corporate sector in Q2 was slightly higher than in Q1 (9.2% y/y and 8.2% y/y, respectively).

With lower inflation, slightly higher wage growth in the second quarter of 2025 boosted the purchasing power of household income, which supported client demand.

It was also supported by improving client sentiment, which in June reached its highest level since the outbreak of the COVID-19 pandemic. In particular, ratings of current ability to make important purchases or assessments of the household's future financial situation have improved. Concerns about future unemployment levels and inflation expectations have also declined.

This translated into consumer purchasing decisions. After the first six months of 2025, **retail sales** at constant prices were 3.7% higher than a year ago, with the growth in Q2 amounting to as much as 5.8 y/y. Detailed data

show recovering demand for durable goods, i.e. furniture and household appliances and electronics (in the first half of the year, sales of this category rose 12.2% y/y) and motor vehicles (up 11.0% y/y). Clothing and footwear sales are also doing very well, being 7.7% higher in H1 2025 than a year ago.

Inflation, monetary policy and interest rates

In H1 2025, **consumer prices** rose by an average of 4.5% y/y, with the inflation rate declining from 4.9% in January to 4.1% in June 2025. 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. The disinflation process has proceeded faster than the market expected, and the weakening price pressures were also confirmed by core inflation, the main measure of which slowed to 3.4% y/y in June this year from 4.0% y/y at the end of 2024 while reaching one of the lowest values in more than 5 years (since the beginning of 2020). The process of slowing inflation was supported by, among other things, cheaper fuels (a result of the drop in oil prices on the world market and the weakening of the dollar). The decision to continue intervening in the market for electricity and gas prices also played an important role in the formation of the CPI at the aggregate level. However, the prices of certain services, such as medical, dental, hairdressing, housekeeping and travel, remain increased. Their prices rose at an above-average rate in the first half of the year, and some continued to post double-digit increases. Overall, commodity prices rose by 3.8% y/y during the period, while service prices rose by 6.4% y/y.



Favorable trends in inflationary processes brought the first interest rate cut since October 2023. At its May meeting, the Monetary Policy Council cut **interest rates** by 50 bps, to 5.25%. The decision was justified by lower inflation readings and another downward revision of its forecasts, as well as weakening wage growth and signals of slowing economic activity, which could be further hurt by rising trade tensions.

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. Estimates available from Statistics Poland indicate that the deficit reached 6.9% of GDP in Q1 2025 (as the sum of the last four quarters). On 26 July 2024, the EU Council decided to launch the excessive deficit procedure against Poland. The justification states that the general government deficit's overshoot of the benchmark (3% of GDP) is not temporary, and both the Statistics Poland’s readings and the European Commission's (6.4%) forecasts indicate that the deficit will remain above 6% of GDP in 2025. The increase in the deficit last year was primarily due to an increase in defense spending and an increase in salaries and benefits with slower growth in tax revenue and social security and benefit contributions.

The revised budget law for 2024 assumed **a maximum** state budget **deficit** of PLN 240.3 billion. In the end, the budget deficit at the end of 2024 amounted to PLN 211 billion (5.8% of GDP), which was mainly the result of spending 32.1 billion less than planned. The budget law for 2025 assumes a maximum State Budget deficit of PLN 288.8 billion, and estimates from the Ministry of Finance show that after the first half of 2025 the deficit

was PLN 119.7 billion, and as a sum of the last four quarters it was equal to 6.9% of GDP.

According to the last of Statistics Poland’s fiscal notifications, **the deficit in the government and local government sector** in 2024 went up to 55.3% of GDP from 49.5% of GDP in 2023. The Ministry of Finance and the European Commission forecast that the debt rose to 57.8% and 58% of GDP in 2025, respectively. Estimates available from Eurostat indicate that it was at 57.4% of GDP in Q1 2025.

3.1.3. External environment in the Baltic Countries and Ukraine

Lithuania

Lithuania's economy grew by 0.4% q/q in Q1 2025, slightly below estimates of 0.6% growth and slowing from 1.0% growth in Q4 2024. The biggest contributors to the GDP slowdown were mainly declines in information and communications (-3.2% vs. 3.4%), professional, scientific and technical activities, administrative and service activities (-1.6% vs. 1.3%) and arts, entertainment and recreation (-1.1% vs. 0.2%). Capital investment growth was also lower (0.5% vs. 9.1%), and there was a decline in household consumption (-2.7% vs. 2.3%). The country's annual GDP grew by 3.2%, compared to 4.0% growth in the previous quarter.

Annual inflation (June 2025 versus June 2024) was 3.2%. It was mainly influenced by increases in the prices of milk, cheese and eggs, meat and meat products, tobacco products, pharmaceuticals, food services and accommodation services. At the same time, there has been a decline in electricity and fuel prices.

Figures released by Eurostat show that in the first quarter of 2025, Lithuania's unemployment rate stood at 7.2%, up 0.2 p.p. y/y, and up 0.3 p.p. from the end of 2024.

The average salary in Lithuania rose to EUR 2 337.70 in Q1 2025, up 0.1% from the previous quarter and 8.1% from Q1 of the previous year.

Latvia

Data collected by the Central Statistical Office of Latvia show that in Q1 2025, gross domestic product at constant prices fell by 0.3% compared to the previous quarter (according to non-seasonally and calendar-adjusted data). GDP in Q1 was negatively impacted by a decline in electricity and gas production, while the largest increases in positive GDP growth were recorded in construction and also in information services, accommodation and financial and insurance activities.

In the first quarter of 2025, compared to the same period of the previous year, total value added fell by 1.2%. Total value added in the manufacturing sectors decreased by 4.0%, while in the service sectors it remained at the previous year's level.

In June 2025, compared to June of the previous year, the average consumer price level increased by 3.8%. The average level of consumer prices was mainly influenced by increases in the prices of food and non-alcoholic beverages, housing-related goods and services, alcoholic beverages and tobacco products, leisure and cultural goods and services, health care, and a decrease in the prices of transportation-related goods and services.

The average gross monthly salary in Q1 2025 was 1,757 euro, 8.3% higher y/y. Compared to Q4 2024, it increased by 0.7%. In the private sector, annual growth in average wages was 3.6 p.p. higher than in the public sector (9.4% and 5.8%, respectively). As of 1 January 2025, the national minimum wage rose to EUR 740 (a 5.7% increase over December 2024), income tax rates were revised, and the differential tax-free amount was replaced by a fixed amount independent of income level.





Estonia

According to data from Statistics Estonia, gross domestic product in the first quarter of 2025 fell by 0.3% compared to the same period in 2024. In Q1, the largest positive contributions to the change in GDP came from information and communications, whose value added increased by 13.3%, real estate activities (+3.7%), health care and social assistance (+5.6%) and professional, scientific and technical activities (+5.2%). Value added also increased in manufacturing (+1.6%). The largest negative impact on the economy came from the energy sector (-22.4%) and transportation (-10.3%) as well as agriculture (-17.8%) and trade (-3.3%) and the financial sector, where value added fell by 1.6%.

Foreign trade grew despite a decline in value added. Exports increased by 5.4% and imports by 5.8%. Net exports were slightly negative, similar to the previous quarter. The change in the value of foreign trade was most influenced by trade in goods, with goods exports increasing by 8.6% and goods imports by 7%. The biggest impact in the first quarter was on trade in oil and natural gas, non-monetary gold and other transportation equipment. Electricity purchases had a negative impact. There was a slight increase (0.7%) in services exports, mainly due to IT and data processing services. Imports of services also increased (by 3.1%), driven by IT and other business services. Construction services and rail freight transport had a negative impact on service imports.

Compared to the first quarter of the previous year, private consumption in the first quarter of 2025 fell by 0.6%. There has been a reduction in spending on lodging and food services. Households also spent less on transportation, clothing and footwear, food, housing and various goods and services. At the same time,

spending on insurance and financial services and also on information and communications, as well as equipment and health, increased the most.

In March 2025, the consumer price index dropped by 0.5% compared to February and grew by 4.4% compared to March 2024. Food products, transportation and housing had the largest impact on the y/y change in the index. Prices rose in almost all categories of goods and services, the only exception being clothing and footwear, whose prices fell by 3.4%.

The unemployment rate in Q1 2025 was 8.6%, an increase of 0.8 pp. compared to the first quarter of the last year and 1.2 pp. compared to the preceding quarter.

The average gross monthly salary in Q1 2025 was 2,011 euro, 6.1% higher than in the same quarter previous year. The largest increases in average gross wages were in the electricity generation and supply (up 8.7%) and water supply (up 8.0%) sectors.

Ukraine

The war instigated by Russia on 24 February 2022 against Ukraine made most risks for both the people and the business materialize. Ukraine's economy is adjusting and gradually rebuilding, overcoming the challenges of the war. However, the process of rebuilding the economy is quite slow due to the effects of the war: massive attacks and heavy damage to critical infrastructure. The recovery in the economy continues to be driven by consumer demand in the domestic market. In Q1 2025, Poland's GDP grew in real terms by 0.5% y/y. An important factor in economic growth has largely been the stable supply of electricity.

In May 2025, inflation accelerated to 15.9% y/y. This was primarily due to an increase in the price of food products due to unfavorable weather conditions in the spring, increased food exports, rising consumer demand and the high cost of doing business in raw materials as well as rising labor costs and the weakening of the hryvnia exchange rate. On 6 May 2025, the NBU decided to increase the key interest rate to 15.5% to avoid upsetting inflation expectations and support real yields on UAH instruments. This is expected to increase interest in UAH short-term savings deposits and is expected to help ease pressure on the exchange rate and prices as inflation factors begin to subside.

There has been a slowdown in goods export growth due to last year's poor harvest and weaker external demand. In addition, the deletion of trade preferences by the EU in June is expected to have a negative impact and a return to the trade terms in effect until February 2022 for most goods. The introduction of tariffs by the US is not expected to have a significant impact on Ukrainian exports to the country due to their moderate volumes. In contrast, import growth is accelerating due to defense needs and purchases of gas and coking coal.

In the first quarter of 2025, the average monthly wage rose 24% y/y. The unemployment rate continued to fall and, according to NBU estimates, approached 11%, the lowest level since the beginning of the war. Nominal incomes of the population are rising mainly due to higher private sector wages and a lower unemployment rate, but in real terms total income growth is declining. According to UN data, the number of migrants from Ukraine continues to rise slightly, and as at 17 April 2025, stands at 6.9 million people, but this figure includes those who were forced to leave or were deported to Russia.

Since the beginning of the war, S&P Global Ratings has revised Ukraine's long-term foreign currency credit ratings several times, and as at 3 June 2025, the Standard & Poor's rating agency downgraded Ukraine's long-term foreign currency sovereign rating to "SD/D" (selective default) due to the failure to pay another instalment of GDP warrants with a negative outlook. At the same time, the long-term and short-term local currency credit ratings were affirmed at "CCC+/C," and the outlook for the long-term local currency rating remains stable at "CCC+." On 23 May 2025, the international agency Fitch Ratings confirmed Ukraine's long-term domestic currency rating at CCC+. At the same time, the agency affirmed the long-term foreign currency rating at "RD" (registered default).





3.2. Insurance markets on which PZU Group companies operate

Non-life insurance market in Poland

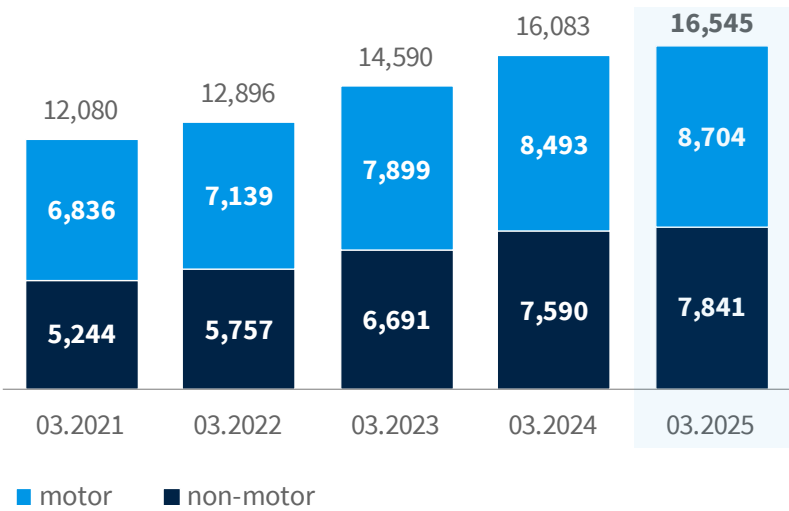
Measured by gross written premium in Q1 2025, the non-life insurance market in Poland grew by a total of PLN 0.5 billion (+2.9%) in comparison to the corresponding period of the previous year.

Total written premium on direct business grew by PLN 1.1 billion (+7.8% y/y), and on indirect business – decreased by PLN 0.6 billion (-36.5% y/y).

The market growth was attributable to the increase in gross written premium in non-motor insurance (by PLN 251 million, +3.3% y/y), and motor insurance (by PLN 211 million, +2.5% y/y).

In **non-motor** insurance, the biggest contributor to the growth of gross written premiums was general third-party liability insurance (by PLN 115 billion, +9.3% y/y, of which PLN 13 billion related to indirect business). Sales increases were also seen in insurance of the provision of assistance (up PLN 104 million, +16.3% y/y), and fire and other property damage insurance (up PLN 47 million, +1.2% y/y). Gross premiums written declined in accident and illness insurance (by PLN 36 million, -4.6% y/y) and other insurance (by PLN 7 million, -2.0% y/y).

Gross written premium of non-life insurers in Poland (in PLN million)



Source: The Quarterly Bulletin of the Polish Financial Supervision Authority (www.knf.gov.pl). Rynek ubezpieczeń 1/2025, Rynek ubezpieczeń 1/2024, Rynek ubezpieczeń 1/2023, Rynek ubezpieczeń 1/2022, Rynek ubezpieczeń 1/2021

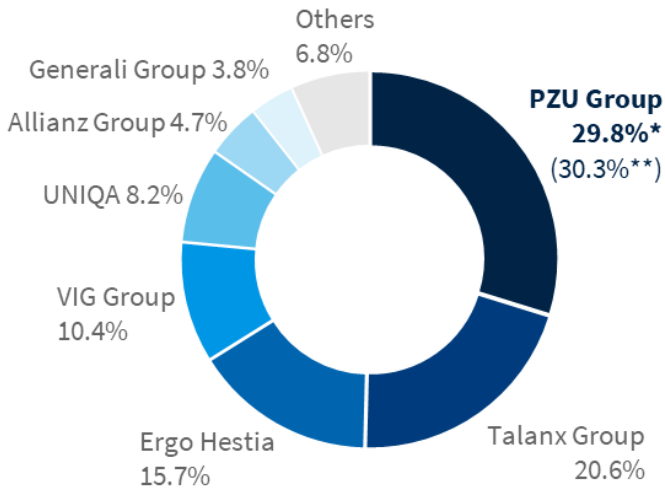
Motor insurance premium growth was driven by MOD insurance (up PLN 246 million, +7.0% y/y) whereas MTPL insurance observed a decline (down PLN 36 million, -0.7% y/y). At the same time, MTPL insurance remains the largest insurance group, generating PLN 4.9 billion in premiums written after Q1 2025, accounting for 29.8% of the non-life insurance market.

In Q1 2025, the overall non-life insurance market generated a net result of PLN 1,267 million, which is PLN 404 million more in comparison with the corresponding period of 2024 (up by 46.9%).

The technical result of the non-life insurance market after Q1 2025 grew by 55.4% y/y to PLN 1,105 million (up PLN 394 million). The biggest contributors to the increase in the technical result were MTPL insurance (improving the result by PLN 157 million y/y to PLN 57 million) and natural catastrophe insurance and other property damage (up by PLN 153 million y/y).

In addition, there was a significant increase in profitability in MOD insurance (up PLN 75 million), marine, aviation and transportation insurance (up PLN 31 million) and assistance benefit insurance (up PLN 22 million). Decreases in technical result were recognized only in other insurance of various financial risks (by PLN 66 million) and legal protection insurance (by PLN 2 million).

Non-life insurers – percentage of gross written premium in Q1 2025 (in %)



** PZU Group's market share in non-life insurance on direct business
Groups: **Grupa PZU** – PZU, LINK4, TUW PZUW; **Talanx** – Warta, Europa; **VIG** – Compensa, InterRisk, Wiener, TUW TUW; **Allianz** – Allianz, Euler Hermes, Santander Allianz TU S.A.;
Source: KNF's Quarterly Bulletin. Rynek ubezpieczeń [Insurance Market] 1/2025

After Q1 2025, the PZU Group had a 29.8% share in the non-life insurance market, measured by the gross written premium (30.3% on direct business) compared with 34.6% in the corresponding period of 2024 (32.0% from direct business), meaning a decrease of 4.8 pp. in the market share (1.7 pp from direct business).

Non-life insurance – Gross written premium vs technical result (in PLN million)

Gross written premium vs technical result	1 January – 31 March 2024			1 January – 31 March 2025		
	PZU*	Market	Market excl. PZU	PZU*	Market	Market excl. PZU
Written premium	5,571	16,083	10,511	4,931	16,545	11,614
Technical result	356	711	355	465	1,105	640

*) incl. LINK4 and TUW PZUW
Source: The Quarterly Bulletin of the Polish Financial Supervision Authority (www.knf.gov.pl). Rynek ubezpieczeń 1/2025, Rynek ubezpieczeń 1/2024, PZU figures





After Q1 2025, the PZU Group’s technical result (PZU together with LINK4 and TUW PZUW) stated as a percentage of the overall market’s technical result was 42.1% (the PZU Group’s technical result was PLN 465 million while the overall market’s technical result was PLN 1,105 million).

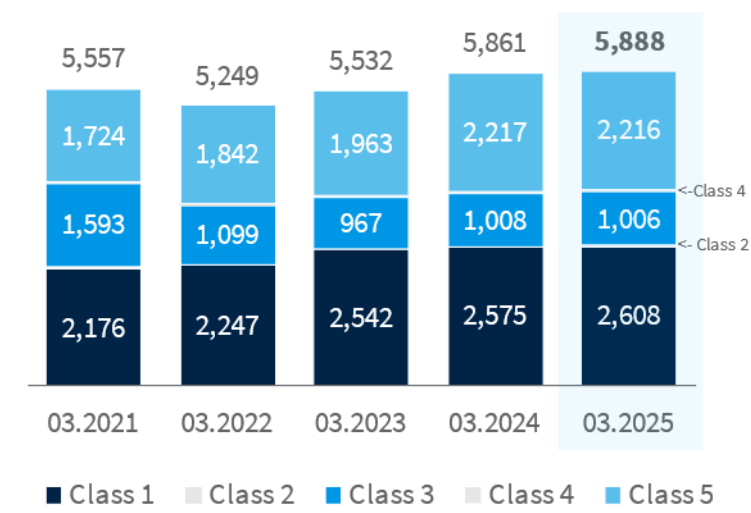
The total value of the investments made by non-life insurers at the end of Q1 2025 (net of the investments made by subordinated entities) was PLN 90,309 million, up 3.8% compared to the end of 2024.

Non-life insurers estimated their net technical provisions at a net aggregate amount of PLN 78,845 million, signifying a 2.2% growth compared to the end of 2024.

Life insurance market in Poland

After Q1 2025, the life insurance market in Poland, measured by gross written premium, was estimated at PLN 5,888 million, meaning that it has grown over the most recent five years, on average, by 2.4% *per annum*, whereas this is the result of the considerably dynamic growth of the last two years. The premiums collected in Q1 2025 were by 0.5% higher than those in the corresponding period of 2024 as a result of an increase in periodic premiums while a decrease in premiums paid on a one-time basis. In products of both payment types, the premium for protection insurance has decreased in marriage and child maintenance insurance (class II). After Q1 2025, the market recorded negative premium written from accident and sickness insurance with single premiums (Group V) at PLN -74.6 million (down PLN -194 million y/y; impact of the free credit sanction and the change in payment type from single to regular premiums) with a simultaneous increase of premiums with regular payments in this group of insurance of PLN -193 million (+9.2% y/y).

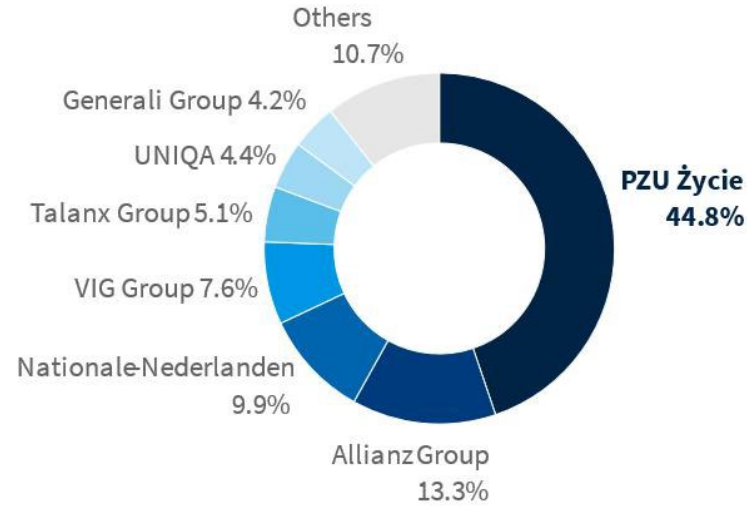
Gross written premium of non-life insurers in Poland (in PLN million)



Source: KNF’s Quarterly Bulletin. Rynek ubezpieczeń 1/2025, Rynek ubezpieczeń 1/2024, Rynek ubezpieczeń 1/2023, Rynek ubezpieczeń 1/2022, Rynek ubezpieczeń 1/2021

After Q1 2025, after a period of significant slowdown in sales of investment-type products, there was an increase in premiums, including single-premium insurance in class III (PLN +50.4 million, +38.2%). The reasons for the earlier downward cycle can be traced to changes in the capital market situation and the legal and macroeconomic environment, including the recommendations of the Polish Financial Supervision Authority.

Life insurers – percentage of gross written premium in Q1 2025 (%)



Source: KNF’s Quarterly Bulletin. Rynek ubezpieczeń [Insurance Market] 1/2025

As a result of the market changes, periodic premium products that constitute PZU Życie’s competitive edge on the market became more important. During the first quarter of 2025, premium from these products was 6.4 % higher compared to the same period in 2024, with a cumulative average growth rate of 4.8% for the last five years. Despite the declining periodic premium in unit-linked life insurance (down PLN 52.7 million y/y), the premium on protection products in classes I and V increased (by PLN 378.0 million y/y) in both group and individually purchased insurance.

At the same time, market concentration measured by the periodic gross written premium remained high. During the last year, the list of the five largest market players has not changed, and their combined market share was 80.7%.

Life insurance – Gross written premium vs technical result (in PLN million)

Gross written premium vs technical result	1 January – 31 March 2024			1 January – 31 March 2025		
	PZU Group*	Market	Market excl. PZU Życie	PZU Group*	Market	Market excl. PZU Życie
Written premium	2,407	5,861	3,454	2,637	5,888	3,251
Technical result	502	1,013	511	517	1,059	542
Profitability	20.8%	17.3%	14.8%	19.6%	18.0%	16.7%

*) includes PZU Życie and Polski Gaz TUW na Życie
Source: KNF (www.knf.gov.pl). Quarterly Bulletin. Rynek ubezpieczeń 1/2025, Rynek ubezpieczeń 1/2024, PZU Życie figures



Within Q1 2025, life insurers generated a total net result of PLN 811 million, up by PLN 17 million, 2.1% y/y. This was, among others, the effect of the technical result being higher than in the corresponding period of 2024.

The technical result of life insurance companies in Q1 2025 amounted to PLN 1,059 million, i.e., was PLN 46 million higher (+4.6% y/y) than in the corresponding period of 2024. The increase is mainly due to an increase in the technical result in class III unit-linked life insurance (up PLN 25 million), and in class V accident and sickness insurance (up by PLN 26 million) partially offset by a decrease in the technical result from life insurance (down by PLN 5 million).

The total value of the investments made by life insurance companies at the end of Q1 2025 was PLN 45,865 million, signifying an 2.4% increase compared to the end of 2024. The net asset value of life insurance in which policyholders bear the investment risk increased by 2.7% to PLN 40 024 million.

Within the PZU Group, PZU Życie operates on the Polish life insurance market.

In Q1 2025, the PZU Group accounted for 44.8% of the gross written premium of all life insurers on the market, signifying an increase versus the last year’s market share (by 3.7 pp), mostly as a consequence of the growing share of PZU Życie in the single premium market (+52.5 pp).

At the same time, the PZU Group continued to be the leader in the periodic premium segment. In Q1 2025, it generated 40.8% of these types of premiums, signifying a small decrease (-0.7 p.p.) in the market share in this segment as compared to the previous year. The PZU

Group's written premium growth in this segment was +4.6% y/y.

PZU Życie’s share in just the life insurance segment (class I) for periodic premiums, at the end of Q1 2025 was 46.7% when measured by gross written premium, and 48.6% when measured by the number of contracts in force.

The PZU Group’s market share in terms of the method of entering into a contract in the life insurance segment was 54.5% for contracts executed in group form and 37.2% for individual contracts (measured by gross written premium).

The PZU Group’s technical result represented close to 48.9% (-0.7 pp) of the result earned by all life insurance companies. This evidences the high profitability these products enjoy. PZU Życie’s technical result margin on gross written premium was higher than the overall margin generated by other companies offering life insurance (19.6% versus 16.7%).

Insurance markets in the Baltic Countries and Ukraine

Lithuania

The Bank of Lithuania has stated that in the six months of 2025 the gross written premium in non-life insurance amounted to EUR 671 million, up 9.8% in relation to the end of June 2024. Motor insurance was the most significant insurance class on the market (50.3% of all gross premiums written in non-life insurance). Within motor insurance, gross written premium on MTPL and MOD insurance grew by 8.3% y/y. Significant growth was also observed in property and health insurance (12.3% y/y and 10.1% y/y, respectively).

As at the end of June 2025, there were eleven companies operating in the non-life insurance sector, including seven branches of insurance companies registered in other EU Member States. The combined market share of top four players in the non-life insurance market totaled 79.6%.

The PZU Group has been present in Lithuania since 2002. As of November 2014, it has been conducting its activity on the non-life insurance market as Lietuvos Draudimas, which, as of May 2015, is also the owner of the PZU branch in Estonia.

Lietuvos Draudimas is the leader of the non-life insurance market in Lithuania. At the end of June 2025, its market share was 29.2%. After H1 2025, it recorded an increase in gross written premium by 10.3% y/y, generating a value of EUR 196 million. The biggest growth was achieved in non-life insurance (up by EUR +7 million), MTPL insurance (up EUR +6 million), and MOD insurance (up EUR +2 million).

Gross premiums written collected by Lithuanian life insurance companies in H1 2025 amounted to EUR 190 million, up 6.1% relative to H1 2024. Sales of regular premium insurance rose by 5.8% y/y (by EUR 10 million), and single premium insurance by 11.8% year-on-year.

In the life insurance structure, unit-linked insurance represented the largest share at 80.4% of the market value. Traditional life insurance accounted for 7.5% of written premium. New sales in the annualized premium decreased by 7.2%. The volume of new sales growth was positively affected by economic development and labor force growth.

As at the end of June 2025, seven companies operated on the Lithuanian life insurance market. The said market was highly concentrated – in June 2025, the share held by the three largest life insurance companies in total gross written premium was 62.6%.

The largest life insurance company in Lithuania in terms of total gross written premiums was Compensa (22.6% market share), followed by Swedbank (21.0% market share) and Allianz (19.0% market share).

PZU Group’s life insurance operations in Lithuania are conducted through UAB PZU Lietuva Gyvybės Draudimas (PZU Lithuania Life). The gross written premium posted by PZU Lithuania Life in H1 2025 was EUR 14 million, up 5.9% from H1 2024. Market share after June 2025 stood at 7.2%.



Latvia

According to the figures from the Bank of Latvia, as at the end of Q1 2025, gross premiums written from non-life and other personal insurance amounted to EUR 187 million. This is EUR 11 million (6.1%) more than in the corresponding period of 2024.

The largest increase, by EUR 6 million (+10.0%), took place in health insurance. There was also a significant increase in non-life insurance (up EUR 4 million or 12.8%) and MOD insurance (up EUR 1 million or 3.7%).

The most significant group was MTPL insurance and MOD insurance, which accounted for 15.6% and 20.5% of gross premiums written of the non-life insurance market, respectively. Health insurance (34.0% of gross written premium) and non-life insurance (18.2% of gross written premium) also had an important position in the product mix.

As at the end of March 2025, there were ten insurance companies operating on the Latvian non-life insurance market; the top four insurers held 78.0% of the market.

In June 2014, the PZU Group was joined in Latvia by AAS BALTA, which in May 2015 took over the PZU Lithuania branch operating in the Latvian market since 2012.

AAS BALTA is the largest insurer by gross written premium in Latvia. In Q1 2025, the share of AAS Balta in the non-life insurance market was 29.6%. In H1 2025, the gross premium written by AAS Balta reached EUR 102 million, up 6.6% (EUR 6 million) relative to the corresponding period in 2024. The greatest growth was observed in health, non-life and agricultural insurance.

Estonia

In H1 2025, gross written premium in non-life insurance amounted to EUR 299 million, down 1.1% in relation to the corresponding period of 2024.

The decrease in the market occurred in MOD insurance (-EUR 9 million, or -9.0% y/y) and MTPL insurance (-EUR 6 million, or -8.2% y/y). Its cause was the introduction of a vehicle tax as of 1 January 2025, and the consequent decline in new car sales as well as reductions in insurance rates. Declines in automobile insurance were partially offset by increases in sales of property insurance (+EUR 5 million, or +6.4% y/y) and health insurance (+EUR 2 million, or +17.5% y/y).

The sales structure of non-life and other personal insurance was dominated by motor insurance, which accounted for 50.7% of gross written premium (of which MOD insurance accounted for 29.2%), with property insurance accounting for 27.0%.

As at the end of June 2025, there were 13 companies operating in the non-life insurance sector (including 6 branches of foreign insurance companies), among which the top four held a combined market share of 63.8%.

Since May 2015, the PZU Group’s operations in Estonia have been conducted by the Lietuvos Draudimas branch, established through the merger of a branch of PZU’s Lithuanian subsidiary and the Estonia branch, which had operated under the Codan brand.

The share in the Estonian non-life insurance market in this period was 13.9% at the end of June 2025. Gross premiums written accumulated at the end of H1 amounted to EUR 42 million, a decrease of 5.6% (or EUR 2 million) from H1 2024. Greatest fall was observed in MOD and MTPL insurance.

Ukraine

The National Bank of Ukraine (NBU) has taken over the supervision of the insurance market in Ukraine as of the end of June 2021. NBU made supervision more efficient by monitoring compliance with applicable regulations and applying appropriate measures against the violators.

Past March 2022, NBU has regulated the activities of parties to non-banking financial services during martial law, and among other things extended the deadlines of enforcement. In relation to Russia’s aggression in Ukraine, NBU made more specific the manner in which certain normative and legal acts should be implemented to relieve market players of that burden, and also implemented a series of restrictions to minimize new risks arising due to the war. In mid-February 2023, the NBU eased restrictions for insurers on payments under foreign reinsurance contracts, expanding the ability to provide insurance benefits under reinsurance contracts with non-resident reinsurers.

After Q1 2025, the Ukrainian insurance market, measured by gross written premium, grew by 32.8% up to UAH 15 billion. The premium accumulated in non-life insurance was UAH 14 billion, signifying 36.4% growth compared to the same period in 2024.

All types of insurance experienced positive y/y growth in Q1 2025. Significant growth occurred in the MTPL insurance segment, resulting from the entry into force of the new law (as of 1 January 2025) on TPL for vehicle owners. Under the new law, compensation limits have been increased, free pricing has been introduced and the list of vehicles covered by mandatory insurance has been expanded. As a result, the average price of a policy on the market has increased between 70% and 100%. At the same time, the growth of Green Card sales has almost come to a halt, the growth effect associated with forced migration has been exhausted.

The Ukrainian insurance market in the non-life and other personal insurance segments is fragmented. At the end of March 2025, 52 insurance companies were operating there. Despite the large number of insurers, the top ten non-life insurers generated 71.5% of gross written premium.

As at the end of March 2025, insurance companies offering life insurance collected gross written premium of UAH 1.4 billion, signifying 5.0% growth compared to the corresponding period in 2024. At the same time, market concentration remains very high and continues to grow. Nine life insurance companies operated in Ukraine, with the five largest companies collecting 88.4% of gross written premiums.

On the Ukrainian market, the PZU Group operates the insurance business via two companies: PrJSC IC PZU Ukraine (PZU Ukraina) in non-life and other personal insurance, and PrJSC IC PZU Ukraine Life (PZU Ukraina Życie) in life insurance. In addition, LLC SOS Services Ukraine offers assistance services.



In H1 2025, gross written premium collected by PZU Ukraine amounted to UAH 1.3 billion, or 23.9% more than in the previous year. The increase in sales was recorded primarily in motor insurance, in particular MTPL insurance. In H1 2025, gross written premium collected by PZU Ukraine Life was UAH 189 million, up 1.3% from the comparable period in 2024.

During Q1 2025, PZU Ukraine attracted 3.9% of the gross written premium on the Ukrainian non-life insurance sector, and its market share went down by 0.8 pp versus Q1 2024. This ranked the company eleventh on the non-life insurance market. PZU Ukraine Life ranked fourth in the life insurance market with an 7.5% market share (down 0.1 pp relative to the previous year).





3.3. The health care market in Poland

The health market in Poland is a growing and promising business area, both in the public and private payer areas. Its most important segments include National Health Fund-financed services, fee-for-service (FFS), medical subscriptions, health insurance, and drug and non-drug expenses⁹.

Market value

Estimated healthcare expenditures in Poland amounted to more than PLN 300 billion in 2024, of which a third is for private healthcare services, and the rest is financed by the National Health Fund, particularly in the segments of hospital care, outpatient specialist care services, and primary health care services.

According to PMR Market Experts, a market research and analysis firm in Central and Eastern Europe, the estimated value of the private healthcare market in 2024 approached PLN 90 billion, growing by double digits, with fee-for-service products accounting for the largest share among medical services, nearly a third.

As of mid-2023, the National Health Fund increased valuations of services in specialized outpatient care. This

has a positive effect on medical centers offering healthcare services under public financing. According to PMR Market Experts, medical inflation is still an important factor affecting the value of the private healthcare care market. The apparent trend of rising prices from 2022 onward will also continue in the years to come, and the above aspects will be particularly important for the prices of outpatient and physician services. The healthcare services market (fee for service, subscriptions, insurance) is sensitive to marked increases in the price of electricity and materials and raw materials, which raise operating costs. In 2024, the growth rate for remunerations in private health care was as high as 9.4% y/y, which was mainly due to remuneration claims of white staff including physicians, nurses, physical therapists, physiotherapists, hygienists and dental assistants (which was a rate close to the forecasted for this year, being 9.3%).

9) The “medicine and non-medicine expenses” category includes: (1) patient spending on medicines (reimbursed, non-reimbursed Rx and OTC), dietary supplements and other products in pharmacies, and (2) patient spending on OTC medicines and dietary supplements outside of pharmacies (in convenience stores, including grocery stores, gas stations, drugstores, herbalists, herbal and medical stores, specialized supplement stores, sporting goods stores and others), including online sales in e-stores (including e-pharmacies) and sales platforms

Health insurance

The number of supplemental health insurance holders is growing every year. The vast majority of people holding these products are group policyholders, although there has been an increase in interest in individual policies since the outbreak of the pandemic. At the end of 2024, the number of people in Poland with private health insurance or medical subscriptions reached more than 7 million people, accounting for 12% of adult Poles, of which those with health insurance amounted to about 5.39 million, an increase of 12% y/y. In the course of this period, Poles spent nearly PLN 2.309 billion on private policies, up nearly 35.3% y/y. However, this represented only 2.7% of the total Polish insurance market.

PMR Market Experts forecast that the total value of the private healthcare market will grow at a high single-digit rate in 2025. Poland is still one of the European Union countries with a relatively **low level of spending on health care**, both per capita and in relation to GDP. Nevertheless, the private medical services segment is growing steadily. According to analysis by PMR Market Experts, its value – excluding drugs and paramedical products – will grow at **an average annual rate of 7.6%** until 2030.

In addition, the following is expected:

- further intensive development of telemedicine and service opportunities through remote channels;
- increasing number of persons outside working age and greater need to provide care to senior citizens;
- increasing public awareness of prevention and periodic examinations;
- persistently high inflation of medical services, in particular due to wage pressures from medical staff;
- increased interest in apps, platforms and digital solutions for prevention, health monitoring and therapy.

PZU Zdrowie’s market position

PZU Życie (Health Pillar) is the leader of the health insurance market in Poland and remains among the largest companies in the overall private health care market, where the main competitors are the LUX MED Group and Medcover. In terms of the value of the Health Pillar's revenues, the PZU Group ranks third among nationwide medical operators with revenues at PLN 1.9 billion in 2024, an increase of 18.1% y/y.





3.4. The bank market in Poland

Interest rates were cut by 50 bps in H1 2025, and by another 25 bps in July. In January-May 2025, the banking sector continued to experience positive growth in interest income, with profitability negatively affected by charges on legal risk provisions and rising operating costs.

At the end of May 2025, there were 29 commercial banks, 489 cooperative banks and 34 branches of credit institutions operating in Poland and abroad. The banking network comprised a total of 4,898 branches, 2,199 offices, agencies and other customer service outlets and 2,562 representative offices. Therefore, the banking network comprised a total of 9,659 outlets, i.e. 261 fewer than in the same period of 2024.

Headcount in the banking sector at the end of May 2025 rose to 148,300 people and had 2.3 (+1.6%) more people than at the end of May 2024.

Between January and May 2025, the banking sector generated a net profit of PLN 21.0 billion, compared to PLN 17.4 billion in the corresponding period of 2024, up PLN 3.6 billion. The biggest contributor to the higher net result was an increase in interest income (PLN +5.4 billion y/y, to PLN 75.8 billion). Net income was also positively affected by an increase in net fee and commission income (PLN +0.1 billion, to 8.2 billion). The net result was negatively affected by an increase in bank operating expenses and depreciation by a total of PLN 2.3 billion y/y (PLN 25.6 billion at the end of May 2025),

as well as an increase in interest expenses (PLN +1.6 billion y/y, to PLN 29.0 billion).

Net interest margin (NIM)¹⁰ rose to 3.77% at the end of May 2025, compared to 3.74% at the end of May 2024. At the end of May 2025, the return on equity (ROE)¹¹ of the banking sector was 15.98%, representing an increase by 4.30 pp y/y. In turn, at the end of May 2025, the return on assets (ROA) amounted to 1.32%, representing is an increase by 0.37 pp compared to May 2024. The R/I ratio¹² (the ratio of the banking sector’s burden of operating income on provisions and write-offs) grew by 0.5 p.p. y/y to 15.0% at the end of May 2025. Y/y growth in operating income with controlled cost dynamics contributed to lowering the sector-wide C/I ratio¹³ to 43.0% at the end of May 2025 from 47.5% at the end of May 2024.¹⁴

At the end of May 2025, the asset value of the banking sector was PLN 3,528 billion, up 13.7% from May 2024.

In May 2025, the value of credits in the non-financial sector amounted to PLN 1,171 billion, an increase of 5.0% compared to May 2024. Business loans increased by PLN 18.5 billion (+4.7% y/y) to the level of PLN 415.4 billion at the end of May 2025. Stronger growth by PLN 37.5 billion (+5.3 y/y) to PLN 747.7 billion was noticeable in household loans.

At the end of May 2025, the value of deposits of the non-financial sector was PLN 1,975 billion, an increase of 7.1% compared to May 2024. In the structure of non-financial sector deposits, household deposits recorded the highest growth, of 7.9%, and amounted to PLN 1,404 billion at the end of May 2025. Corporate deposits grew by 5.4% y/y to 529 billion at the end of May 2025.

The banking sector’s own funds for capital ratios, calculated in accordance with the regulations laid down in the CRR Regulation, were at PLN 264 billion at the end of 2024, up 7.8% from the end of 2023.

In 2024, the sector’s capital situation remained stable. The banking sector’s total capital ratio at the end of 2024 was 21.5%, while the Tier I capital ratio at the end of 2024 was 20.0%.

10) NIM indicator – the relation of the interest result of 12 consecutive months to average interest assets in the same period of 13 consecutive months.
11) ROA and ROE indicators – the relation of the sum of the financial result of 12 consecutive months to, respectively, average assets and average capital in the same period of 13 consecutive months. ROE relates to the aggregate commercial and cooperative banking sector (without branches of credit institutions), ROA relates to the entire banking sector.
12) R/I ratio – relation of write-offs and provisions (provisions+impairment or reversal of impairment) to revenue (total net operating income) – rolling average from 12 months.
13) C/I ratio – relation of costs (costs of an operation+depreciation of fixed assets and intangible assets) to revenue (total net operating income) – rolling average from 12 months.
14) KNF, Monthly data of the banking sector as of the end of May 2025





3.5. Financial markets in Poland and around the world

3.5.1. Global and local equity and bond market

In H1 2025, stock markets were on the rise, while yield curves steepened.

In the first half of 2025, the decline in inflation to levels acceptable to the world's major central banks and the threats posed by the US announcement of tariffs and its response to them translated into further interest rate cuts in Europe and a halt to interest rate cuts in the US. As in 2024, the BoJ raised rates in 2025, but uncertainty over changing global trade rules and falling inflation halted the process. Concerns about the introduction of tariffs by the U.S., only temporarily halted the rally in the stock markets. Bond yields in most markets declined in response to the rate cuts. In Europe, the long ends of the curves rose in anticipation of increased government spending. In Poland, stock indexes rallied in the wake of Europe and on hopes that increased fiscal expansion will have a positive impact on consumption and investment. Yields on treasuries (SPW) fell at the short end of the curve in the wake of the NBP's rate cuts and rose at the long end amid concerns about the costs of fiscal expansion.

Interest rates

Banks of developed countries – FED, ECB, BoJ, PBC

After most central banks reduced interest rates in 2024 in the face of falling inflation, the situation diversified in the first half of 2025. As for the Fed, it held off on further rate cuts, leaving rates at 4.25–4.50%. The arguments for stabilization included the tariffs announced by President Trump, a relatively strong labor market, and inflation remaining slightly above the target. The ECB, meanwhile, reduced rates, in four moves, by a total of 100 bps to 2.15% amid falling inflation and threats to growth. The BoE and SNB followed the same path, cutting rates by 50 bps (to 4.25%) and 175 bps (to 0%). Everywhere in Europe, central banks reacted to concerns about a slowdown in the face of the risk of US tariffs and falling inflation. In China, rates were reduced once by 0.1 bps, in May, amid fears of the impact of US-imposed tariffs. In the opposite direction went the BoJ, which raised interest rates by 0.25 p.p. in January, to +0.5%, the highest level in 17 years, in response to rising inflation (it reached 4% y/y in January) and the threat of U.S. tariffs.

Banks of emerging markets

Central banks in most developing countries continued the cycle of reductions, motivated by falling inflationary pressures. The group included most South American economies and Asian economies. The exceptions were Brazil (where inflation was rising), Turkey (where inflation remained high) and Chile, which stabilized interest rates, after a series of rate cuts.

National Bank of Poland

In Poland, rates remained stable throughout 2024. There was a 0.5 bps cut in May 2025, with the argument for the reduction based on falling inflation, a worsening economy, declining employment and wage growth. Meanwhile, the Central Bank of the Czech Republic continued to cut rates, Hungary halted rates, and Russia began cutting rates, after a series of increases.

Bond markets

Underlying markets

After declines in 2024, 2025 saw yields rise at the long ends and middles of yield curves in the underlying markets. The short end of the German curve has been declining in the wake of interest rate reductions in the Eurozone. Meanwhile, the middle and long end of the German curve was rising in response to expected increases in public spending and debt issuance in Germany. In the U.S., yields fell along the entire curve in the first quarter amid concerns about the negative impact of the new administration's policies on economic growth. Yields rebounded temporarily at the start of Q2

2025, amid concerns about the inflation-busting impact of the Trump administration's planned tariff hikes and a strong labor market. However, U.S. bond yields ultimately slipped below levels seen at the start of the year, despite a reduction in expectations of the possibility of Fed rate cuts in 2025, while the prospects for drastic U.S. tariff hikes are receding.

As a result, U.S. bond yields dropped between the end of 2024 and mid-2025 from 4.25% for 2L to 3.72%, from 4.38% for 5L to 3.79%, and from 4.58% for 10L to 4.24%. German bonds, meanwhile, moved, to 1.85%, from 2.08% for 2L, to 2.16%, from 2.15% for 5L and to 2.64%, from 2.36%.

Emerging markets

The dollar-denominated JP Morgan Emerging Markets Bonds ETF rose in Q1 2025, experiencing a temporary sharp decline at the end of the quarter in response to concerns about drastic tariff increases in the US. After rebounding at the beginning of the second quarter, yields in emerging markets fell in the wake of rate cuts in most markets, leading the index to rally. In this it was supported by a weakening dollar to most major currencies.

Poland

After yields on Treasury securities ended 2024 at relatively high levels, for almost the entire first quarter of 2025, yields on treasuries fell. The reductions were driven by declining inflation and markets' anticipation of a May rate cut. Additional fuel for improved debt valuations was provided by the behavior of treasuries in





the underlying markets. The second quarter saw a rebound in the wake of the German market's behavior and in response to increased political risks in the country related to the presidential election and a weak budget performance. Consequently, SPW yields closed at 4.60% mid-2025, down from 5.17% at the end of 2024 for 2L, at 4.96%, down from 5.65%, for 5L, and at 5.45%, down from 5.90%, for 10L.

Stock markets

Developed countries

After slight rallies at the beginning of the year, indexes in the underlying stock markets rose for most of the first quarter of 2025, only to fall at the beginning of the second quarter on fears that the U.S. administration would implement a drastic tariff increase. In the remainder of Q2, these concerns gradually weakened as the Trump administration staggered and de-escalated the size of tariff increases. Finally, on a half-year to half-year basis, the DAX index rose 17.3%, the S&P 500 rose 5.5%, and the TOPIX rose 11.5%.

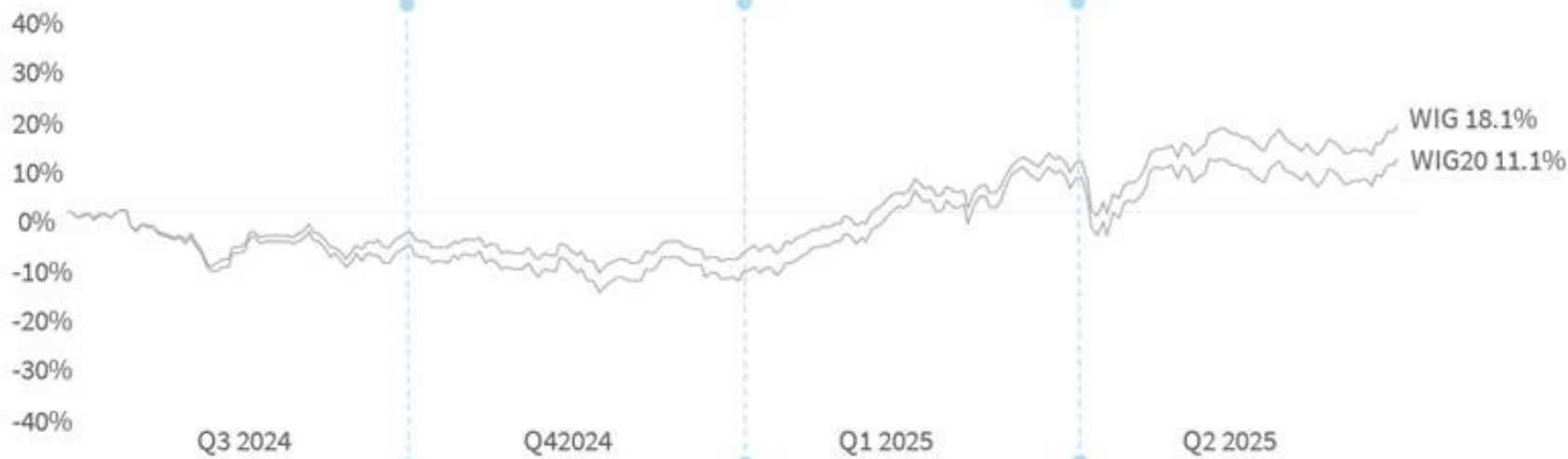
This spread of increases reflected a significantly improved outlook for the German economy, in the face of announced increases in government spending, and the Japanese economy, in the face of prospects for a new trade agreement with the US. Relatively weak rallies in the US followed the prospect of the Fed keeping rates high. Representing global equity markets, the iShares MSCI Acwi Dollar Index ETF rose 9.5% for the half-year.

Emerging countries

The trajectory of index behavior in emerging markets was similar to that of the underlying markets. Representing emerging markets, the dollar-

denominated iShares MSCI EM UCITS ETF index rose slightly in Q1, only to fall at the end of Q1 and the beginning of Q2, and rise significantly in Q2 2025. In the background was uncertainty about the impact of tariffs on the global economy in Q1 and its reduction in Q2 2025. As a result, the index rose 15.1% on a six-month basis.

WIG index, WIG 20 index



By geographic region and degree of economic development, the growth of the index was weakened by the stock exchanges of less developed Asian economies (Thailand, Malaysia) and South America (Brazil, Mexico), positively by the more developed economies of Latin America (Chile) and Asia (Korea, Singapore).

Poland

The first half of 2025 was marked by increases in the WIG and WIG20. As in the case of the underlying markets, the indexes rose in Q1, then suffered a decline at the end of Q1 and the beginning of Q2, only to rebuild with these discounts by the end of Q2 2025. Indexes rose in

anticipation of consumption and investment growth in Poland fueled by wage increases and an expected strong fiscal expansion (which was also helped by the prospect of getting KPO funds). In total, in the half-year perspective, this translated into a +31.6% change in the value of the WIG index, and a +29.8% change in the value of the WIG 20 index, with the y/y figures being 18.1% and 11.1%, respectively.

Foreign exchange markets

Underlying markets

During H1 2025, the EUR/USD exchange rate rose to 1.1720 from 1.0389. The changes were due to the US policy of weakening the dollar, despite the positive interest rate differential between the Fed and the ECB. The yen strengthened against the U.S. dollar to 144.17, from 157.37 (USD/JPY), led by rate hikes in Japan, with the prospect of a Fed rate cut.

Emerging markets

Among major emerging market countries, the Argentine peso (13.5%), which has traditionally been hurt by high, albeit declining, inflation, and the Indonesian rupiah (0.4%), hit by political uncertainty, high inflation and trade imbalances, lost the most against the dollar in H1 2025. The currencies of other South American countries did well, with the Brazilian real (13.9%) and the Mexican peso (10.8%) gaining the most. The peso was helped by solid macro fundamentals and the prospects of a rate cut in the U.S., while the Brazilian real benefited from high rates and robust commodity exports.

Among other currencies, the yuan gained about 1.9% to the US dollar amid a brightening of trade prospects with the US. Currencies in Poland's neighbors gained amid prospects of a public spending-driven rebound in the Eurozone, with the HUF strengthening to the EUR by 2.9% and the CZK by 1.8%.

Poland

In H1 2025, the EUR/PLN exchange rate went down to 4.2419 from 4.2730, and USD/PLN – to 3.6164 from 4.1012. A good macroeconomic outlook for Poland and the prospect of maintaining the heightened interest rate spread between the NBP and the ECB supported the zloty's appreciation against the euro. The CHF/PLN exchange rate moved to 4.5336 from 4.5371 during this period.





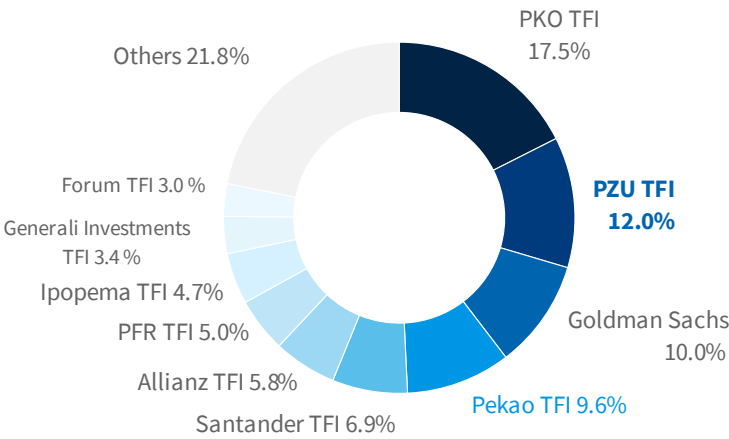
3.5.2. Polish investment and pension fund market

Investment fund market

As at the end of June 2025, assets under management of domestic investment funds were **above PLN 381.7 billion**, compared to PLN 379.3 billion at the end of 2024, representing a increase by 0.63% (PLN +2.4 billion).

According to the Online Analysis Portal, the growth was supported by both good market conditions and an influx of new funds. In June, the major stock indexes climbed to multi-year or historic highs, despite geopolitical turmoil. There was also money to be made in the Treasury debt market. Overall, nearly 95% of mutual funds generated positive returns in June.

Investment fund companies – share in the assets of funds managed by TFI as at 30/06/2025 (in %)



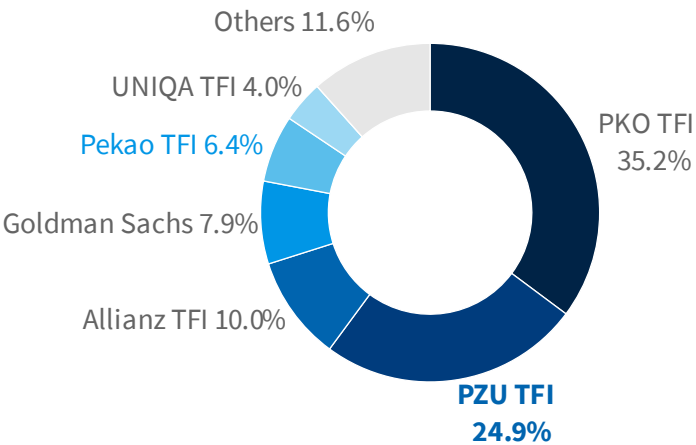
Source: IZFiA

Analizy Online estimates that in June 2025 alone, TFIs earned about PLN 3.1 billion in profits for their clients, with the balance of deposits and withdrawals amounting to PLN 3 billion.

Employee Capital Schemes

The net asset market value of the target date funds under the Employee Capital Schemes totaled **over PLN 38.4 billion** at the end of June 2025, compared to PLN 30.2 billion at the end of 2024, an increase of 27.1% on a yearly basis. The net asset value of ECSs managed by TFIs amounted to PLN 33.7 billion at the end of June 2025.

Investment fund companies (TFI) – share in ECS assets as at 30/06/2025 (in %)



Source: Chamber of Fund and Asset Management (IZFiA), Polish Financial Supervision Authority (KNF), DDF net asset value by managing institutions, data for TFIs only, excluding PTEs and TUs

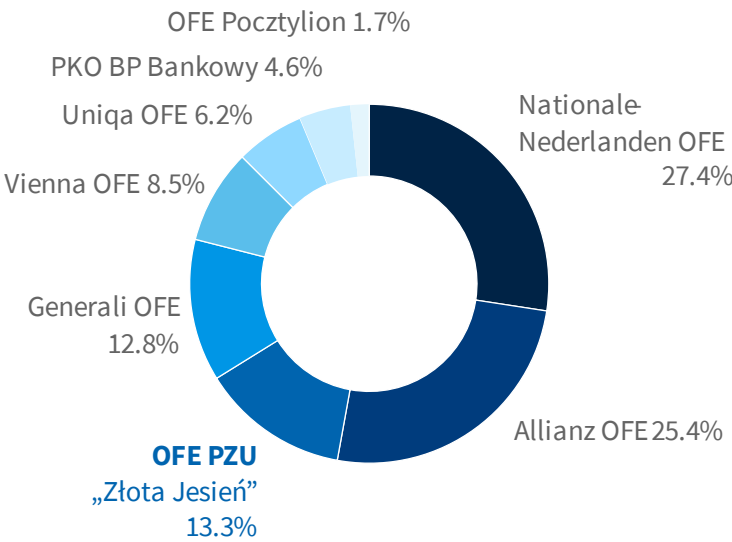
In 2025, further contributions from employees (2-4% of gross remuneration), employers (1.5-4% of employee gross remuneration), as well as welcome (PLN 250) and annual (PLN 240) surcharges from the state, were regularly paid for the ECS.

The number of employees enrolled in ECSs significantly contributed to the increase in assets. As at the end of June 2025, there were 970,280 people enrolled in TFI PZU compared to December 2024 (913,242), an increase of 6.3%.

Pension funds market

At the end of June 2025, the net assets of open-ended pension funds amounted to more than PLN 264 billion, an increase of **24.2%** compared to the end of 2024. The higher value of trade in goods was the result of mostly the good situation in the capital markets.

Open-ended pension funds – share in net assets as at 30/06/2025 (in %)



Source: KNF, monthly data on the OFE market, data for June 2025

Voluntary Pension Funds

Despite high volatility on the equity market in 2024,¹⁵ assets of voluntary pension funds rose to more than **PLN 2.2 billion** at year-end. In addition to the increase in net asset value resulting from fund management, current contributions had a significant impact on asset value.

In 2024, contributions to PZU's DFE totaled more than **PLN 211.7 million**. At the end of 2024, DFE PZU remained the IKZE market leader in the voluntary pension fund segment, in terms of both the number of accounts (55.8% of all accounts) and the value of assets (49.1%).

15) Latest available data





3.5.3. Main factors affecting PZU share prices

PZU made its début on the Warsaw Stock Exchange (WSE) on 12 May 2010. Since then, it has been included in the most important index – WIG20 – calculated on the basis of the portfolio value of the 20 largest and most heavily traded companies on WSE’s main market. PZU also belongs to the following Polish indices: WIG, WIG30, WIG-Poland, WIGdiv, WIG20 TR, WIG.MS-FIN, CEEplus and WIG ESG (sustainable development index) and the following international indexes: MSCI Poland (emerging markets), Stoxx Europe 600 (developed markets) and FTSE Russel Mid Cap Index (developed markets).

WSE Indices

In H1 2025, the Polish blue chip index (WIG20) oscillated within a broad band between 2,221 and 2,849 points. The variance was 628 points and was 203 points higher than that observed in the corresponding period of 2024 (425 points). In the first six months of 2025, the WIG20 index rose by 29.8%, with dividends (WIG20 TR) up 32.3%. The WIG broad market index gained 31.6%.

PZU’s share price

PZU shares in H1 2025 behaved much better than the major Polish benchmark indexes. In the last session of H1 2025, PZU shares were priced at PLN 63.0, up 34.8% on a 12-month basis (after adjusting for dividends) and up 37.4% year-to-date.

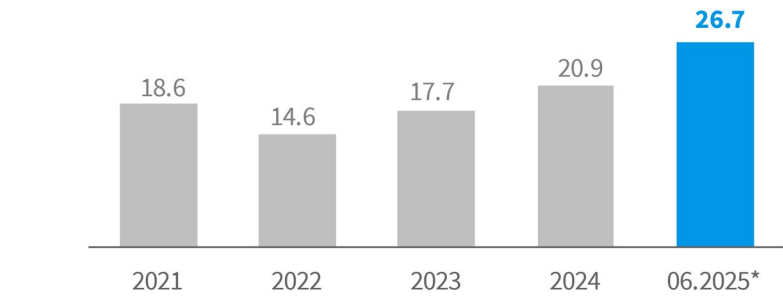
Capitalization

The stock market value (capitalization) of PZU at the end of H1 2025 was PLN 54.4 billion (up 37.4% y/y), placing it 3rd (up 1 position y/y) in terms of market price among Polish companies listed on the WSE. PZU’s share in WSE’s total trading volume was 5.5% (6th place – no change y/y).

Liquidity

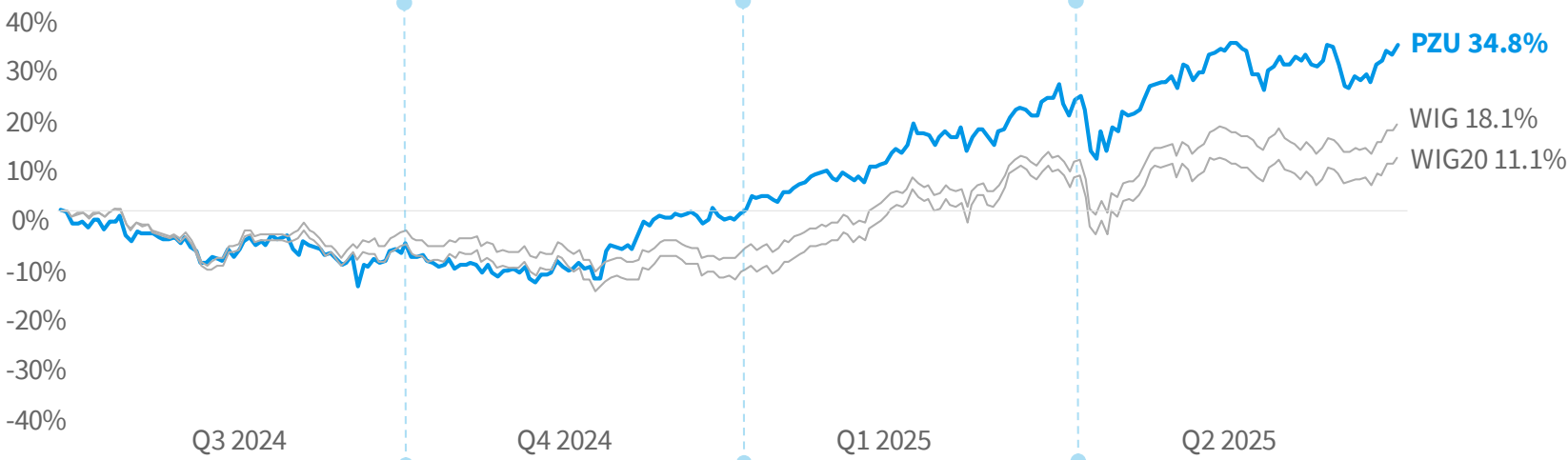
In H1 2025, PZU’s shares maintained highly liquidity. The average daily spread of PZU’s shares was 7 bps compared to the average spread of 11 bps for the 20 most liquid companies. The annualized share turnover for H1 2025 was PLN 26.7 billion (up 25.3% y/y), which was 49.0% of PZU’s total capitalization at the end of H1 2025 (up 1.2 p.p. y/y).

PZU share turnover in PLN billions



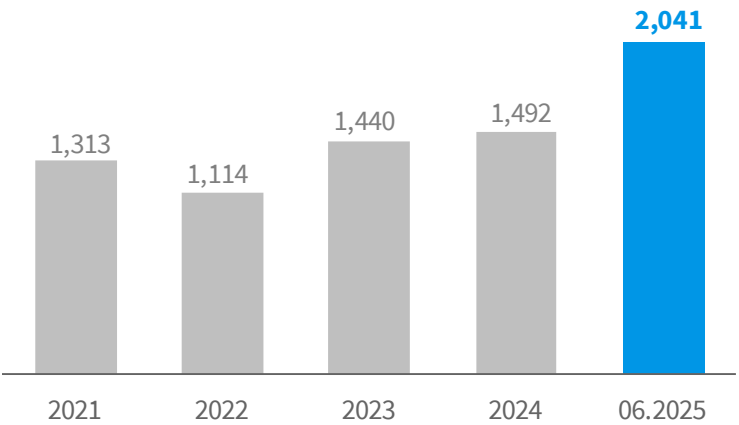
Source: <https://gpw.pl/>
* Annualized value

PZU share price (adjusted for dividend) versus WIG and WIG20



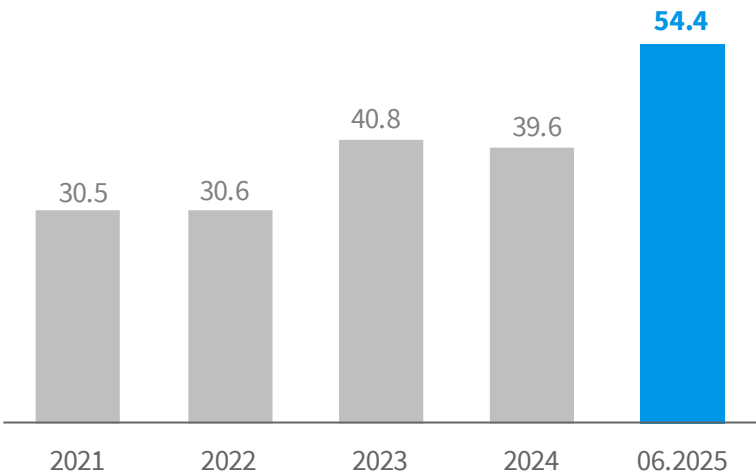
Source: <https://biznes.pap.pl/>; <https://stoog.pl/>

Capitalization of WSE in PLN billion (domestic and international companies)



Source: <https://gpw.pl/>

Capitalization of PZU in PLN billion



Source: <https://gpw.pl/>



Indicators for PZU shares*	2021	2022**	2023	2024	H1 2025
C/WK (P/BV) Market share price / book value per share	1.8x	1.2x	1.4x	1.2x	1,7x
WKNA (PLN) BVPS (PLN) Book value per share	19.8	30.3	34.8	37.2	37.0
C/Z (P/E) Market share price / net return per share	9.2x	8.1x	7.1x	7.4x	8,9x
ZNA (PLN) EPS (PLN) Net profit (loss) / number of shares	3.9	4.4	6.7	6.2	7.1

*) calculations based on the PZU Group figures (in line with IFRS); share price and book value as at end year; net profit for 12 months; number of PZU's shares; 863,523,000

***) data – restatement of comparative data resulting from the application of IFRS 17

PZU’s shares-related statistics*	2021	2022	2023	2024	H1 2025
Maximum price (PLN)	41.65	37.82	48.90	55.50	63.32
Minimum price (PLN)	29.27	23.16	31.63	39.15	39.15
Theoretical price at the last session of the year (PLN)	35.35	35.42	47.27	45.84	63.00
Average price per session (PLN)	35.86	30.97	40.13	47.14	52.41
Turnover value (PLN million)	18,565	14,645	17,692	20,945	26,671
Turnover (items)	517,939,229	472,866,103	436,702,363	447,904,241	478,499,830

Source: <https://biznes.pap.pl/>

* calculations based on the PZU Group figures (in line with IFRS); share price and book value as at end year; net profit for 12 months; turnover for H1 annualized; number of PZU's shares; 863,523,000





3.6. Regulations pertaining to the insurance market and the financial markets in Poland

The most important regulations for the PZU Group in H1 2025 were particularly related to new technologies and sustainability reporting. Some of the changes initiated back in 2024 have already begun to take effect, and further work will continue on the rest.

New technologies and data management

The Regulation (EU) 2024/1689 came into effect on 1 August 2024. The so-called **AI Act** establishes harmonized provisions for artificial intelligence, providing the first-ever comprehensive legal framework for artificial intelligence in the world. The Regulation 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 in effect since 2 February 2025; others will come into force on 2 August 2025. Insurers 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.

On 4 December 2024, the Council of the EU adopted its general position **on the proposed framework for access to financial data (Access to Financial Data, FIDA)**. The work began in early 2025 in order to finalize the implementation of the Regulation. The purpose of FIDA is to make it easier to share financial data between institutions, which should be conducive to developing new services for clients. The project came with expectations of increasing competitiveness and opening up new opportunities for consumers and businesses. However, over time the legitimacy of this regulation and its proportionality raised some questions. One of the main objections is the excessive complexity of the Regulation, which would require the financial sector to invest heavily in technology infrastructure, developing APIs, and providing advanced data security. In addition, in the insurance sector, which is much more complex than the banking sector, the process of standardizing data in our industry poses very different challenges. The variety of information processed, its specific nature and

the high complexity of the data make it more difficult to implement uniform mechanisms for sharing.

On 8 January 2025, **Directive (EU) 2025/1 of the European Parliament and of the Council on establishing a framework for the recovery and resolution of insurance and reinsurance undertakings (IRR)** was published. The purpose of the IRR is to strengthen the insurance sector and increase its resilience and ability to protect the interests of policyholders. The IRR introduces mechanisms to help insurance companies and relevant authorities manage crisis situations and respond early to serious financial difficulties. This is to protect policyholders and reduce the negative impact on the economy and financial system, while eliminating the risk of burdening taxpayers. The directive will be implemented in three phases of consultation with the insurance industry, during which EIOPA will develop detailed technical standards and guidelines. The first phase will be completed in Q2 2026, the second in Q4 2026, and the third will last until Q2 2027. Although the directive is to be implemented in Q4 2026, the industry is proposing a transition period until 2028 to be able to become fully compliant with the new regulations. The directive is to be implemented into Polish law by the end of January 2027.

The **Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector (DORA)** came into force on 17 January 2025. Its purpose is to strengthen the operational resilience of the entire financial sector to digital risks by establishing uniform standards for managing information and communications technology (ICT) risks. DORA covers a broad spectrum of entities, including insurance companies, which will have to adapt their operations to

the new requirements. Insurers are required to implement comprehensive mechanisms for identifying, assessing and monitoring risks associated with the ICT services they are provided with. This includes the preparation of risk management policies and procedures that will be an integral part of the organization's overall risk management system. Insurers have to report serious incidents in the ICT area to the relevant supervisory authorities within strict deadlines. By 30 April 2025, insurers were required to turn over records of their ICT service providers to regulators. This was intended to gather information at the supervisory level on all ICT service providers providing services to financial entities, and thus better monitor and manage the risks associated with third-party technology providers. Regular audits of key ICT service providers and implementation of post-audit findings will become mandatory. These measures are designed to ensure that suppliers meet the required security standards and do not pose a threat to the insurer's operational continuity.

The **Regulation 2023/2854 on harmonized rules on fair access to and use of data (Data Act)** comes into effect on 12 September 2025. It harmonizes the approach to non-personal data. The Regulation was published on 22 December 2023 in the Official Journal of the EU and entered into force on 11 January 2024. Its purpose is to facilitate sharing data across the European Union and between different sectors of the economy, which may have a positive impact on insurance offerings, though, for example, insurers' access to data collected on vehicles.





As of 10 July 2027, the regulations necessary to implement the European AML Directive will be in effect. The legislative acts constituting the **anti-money laundering and counter-terrorist financing package (AML/CFT package)** were published in the Official Journal of the EU on 19 June 2024. The AML/CFT package includes, among other things, a regulation on the prevention of the use of the financial system for money laundering, which is intended to replace the existing EU directive and also the anti-money laundering and counter-terrorist financing law issued thereunder. The Regulation harmonizes and clarifies the laws applicable in the EU and ensures that their application is more consistent and enforcement better. The Regulation will be the primary legal act regulating the operation of obliged institutions in the area of anti-money laundering and counter-terrorist financing.

Green finance

The Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 on **corporate sustainability reporting (Corporate Sustainability Reporting Directive – CSRD)** came into effect on 1 January 2024. It was implemented into Polish law under the Act of 6 December 2024 Amending the Act on Accounting, the Act on Statutory Auditors, Audit Firms and Public Supervision and Certain Other Acts. First reports were published in 2025 (data covering the 2024 fiscal year). The CSRD increased the scope of information provided, which have to comply with EU reporting standards. According to the requirements, operators are to provide investors with information on sustainability that should be taken into account in the investment process. What is key, is the so-called double materiality assessment. It requires companies to extensively analyze their operations and value chain to

identify material points through which the organization has the greatest impact on the environment or social issues.

On 26 February 2025, the European Commission announced **the first deregulation package under the Omnibus Directives**. Its purpose is to simplify EU regulations, increase competitiveness, and unlock additional investment potential. Thereby the Commission began implementing the plan announced last year to reduce administrative burdens by at least 25% and, for small and medium-sized enterprises (SMEs) – by as much as 35% by the end of this term. The Commission predicts that the adoption and implementation of the package will save businesses EUR 6.3 billion annually and trigger EUR 50 billion in additional investment. This is an important step toward creating a more business-friendly environment in the European Union, conducive to company growth, innovation, and creation of quality jobs. The first announced package of the Omnibus Directive proposals addressed what many entrepreneurs believe is one of the most problematic areas – sustainable financing. The proposed changes related to sustainable finance reporting (Corporate Sustainability Reporting Directive, CSRD), sustainability due diligence (Corporate Sustainability Due Diligence Directive, CSDD), and EU taxonomy.

The draft amendments provided for significant modifications to reporting obligations by significantly reducing the scope of the CSRD (by up to 80%) focusing reporting obligations on the largest companies that have a key environmental and social impact. It was proposed to limit application only to large companies with more than 1,000 employees and a turnover of more than EUR 50 million or a balance sheet total exceeding EUR 25 million. In addition, a two-year postponement in

the implementation of the requirements was introduced for companies included in subsequent phases of implementation. The project would also remove the European Commission's authority to adopt sectoral reporting standards and abandon the implementation of a requirement for reasonable assurance. In addition, there is a plan to significantly reduce the number of ESRS reporting indicators (*European Sustainability Reporting Standards*), which is expected to improve transparency, consistency with other regulations, and reduce the administrative burden on companies. A major change for the insurance sector was the decision that sector standards would not be prepared.

The proposed amendments to the taxonomy provided for optional reporting under the EU taxonomy for companies with fewer than 1,000 employees and a turnover of less than EUR 450 million. In addition, consultations were planned to reduce administrative burdens, including simplifying reporting templates by reducing the number of required data by 70%, introducing a financial materiality threshold, streamlining KPIs for financial institutions (with a focus on Bank GAR, Green Asset Ratio), and simplifying Do No Significant Harm (DNSH) regulations. It is particularly important that companies can be allowed optional reporting, which includes insurance companies with fewer than 1,000 employees and a turnover of less than 450 million. Reporting the “greenness” of an insurance portfolio and the “greenness” index of assets was a major challenge for smaller financial institutions.

On 16 April 2025, **the first of the deregulatory acts** was published – **Directive (EU) 2025/794 of the European Parliament and of the Council, the so-called stop-the-clock**. The Directive included deferring the start date of sustainability reporting requirements for companies that are required to report for the first time for 2025 and

2026 (in accordance with the CSRD) and the deadline for transposing and applying due diligence regulations (CSDDD).

On 28 July 2025, an act implementing the stop-the-clock directive into the Polish legal system was published in the Journal of Laws. The corresponding changes resulting in the postponement of ESG reporting obligations by two years for companies that were to begin reporting in 2026 and 2027 took effect on 12 August 2025.

At the same time, work is underway in the EU on further revisions to sustainability reporting, which should be completed by the end of 2025. They will then require implementation into national law.

Solvency

The **Directive (EU) 2025/2 of the European Parliament and of the Council amending Directive 2009/138/EC (Solvency II, or Solvency II)** was published on 8 January 2025. The changes to the Solvency II rules will free up cash that insurance companies have had to hold in reserve, allowing the sector to channel more funds into the economic recovery and the European Green Deal in particular. The update will also simplify supervision and, on the other hand, strengthen the supervisors’ position on systemic risk. The update also includes new provisions that will require insurance companies to better account for sustainability risks and report more information on these risks so that policyholders can understand a company's green credentials. The directive is to be implemented by the end of January 2027.



On 5 November 2024, the European Council and Parliament adopted a significant **revision of the Solvency II Directive**. The most important areas of that revision were amendments to the calculation of technical provisions in the areas of risk margin, cost of capital rate (down from 6% to 4.75%), extrapolation, volatility adjustment and interest rate risk. The purpose of the amendment was to simplify the provisions and make the more adjusted to the risks that insurance companies bear. The changes will allow insurers to free up some of the funds that previously had to be held in reserve. This will make it possible to invest them, particularly in the European Green Deal. The revision will introduce new regulations that will force insurance companies to take greater account of and better communicate sustainability risks. This will facilitate the policyholders’ understanding of the environmental aspects of the insurance companies’ operations.

Other

The Act of 26 April 2024 **on Ensuring that Business Entities Meet Accessibility Requirements for Certain Products and Services** came into effect on 28 June 2025. The purpose of the statute is that the products and services designated therein have characteristics that allow them to be used, as intended, by people with special needs, on an equal basis with other users. When offering insurance remotely, electronically via websites and mobile devices, it has to be ensured, among other things, that the communication function is available through more than one sensory channel and includes alternatives to visual, audio, speech, and tactile elements. At the same time, the statute also regulates that the message should be clear and comprehensible (font size and shape, line spacing, etc.). The solutions adopted in the statute require insurance companies to adapt their remote acquisition systems, in particular by ensuring multi-channel communication.

Selected rulings of the Supreme Court issued in H1 2025 which may impact insurance activity



On **15 January 2025**, in the case ref. III CZP 17/24, the Supreme Court adopted a resolution by a panel of 7 judges, in which it indicated that “the amount of the guaranteed sum for contracts of compulsory TPL insurance for owners of motor vehicles specified in the regulations in force at the time of adjudication cannot constitute the sole criterion for valorization under Article 357¹ of the Civil Code.”

On **21 January 2025**, in the case ref. II CSKP 153/24, the Supreme Court issued a ruling stating that the application of Articles 2 and 4 of the Act of 19 July 2019 on the special rights of injured persons in the event of exhaustion of the sum assured established under legislation in effect before 1 January 2006 is voluntary, not mandatory. Thus, common courts, based on their discretion, can raise this sum to the amount of the current guarantee sums.

On **21 January 2025**, in the case ref. II CSKP 153/24, the Supreme Court ruled on the timing of interest when awarding damages. As stated in the reasoning of the judgment: “It is only at the time of the court’s ruling that the extent of the injured party’s harm and the damage resulting from the harmful event is determined. As a result, in such cases, it is correct to award default interest starting from the day following the date of the judgment, rather than from the date of the demand for payment.”

On **5 February 2025**, in case number III USK 115/24, the Supreme Court issued a decision stating that performing work does not preclude *a limine* the possibility of establishing total inability to work. In this context, it is important whether this serves as evidence of a partially retained capacity to work.

On **14 May 2025**, in case number III KK 191/25, the Supreme Court issued a decision stating that: “an allegation of an incorrect determination of the amount of compensation for non-pecuniary damage may be effectively raised in a cassation appeal – being an extraordinary legal remedy – only if the challenged judgment clearly violates the principles for determining such compensation. A gross violation of these principles may be evidenced, for example, by awarding merely symbolic compensation instead of an amount that would constitute redress proportionate to the harm suffered.”



3.7. Factors that may affect PZU Group's operations and results in H2 2025 and in the medium term

Due to the scope of the PZU Group's business (insurance sector in Poland, the Baltic Countries and Ukraine, mutual and pension funds sector, health business, banking), the main factors that will shape the environment in which the Group operates and that may have a direct or indirect impact on the development and results of the PZU Group in the short term (up to one year), and the medium term (from one to five years), may be divided into the following three categories:

- macroeconomic and geopolitical factors;
- legal and regulatory factors;
- (external and internal) factors specific to individual sectors or businesses in which PZU Group operates.

3.7.1. Macroeconomic and geopolitical factors

The growth rate, level and structure of the key macroeconomic factors in Poland and abroad (GDP, inflation, interest rates) translate into the growth rate of business in all sectors in which the PZU Group operates and their profitability. They determine, directly or indirectly, albeit with a certain time lag, the gross written **premium growth rate** and insurance revenue in non-life insurance, as well as changes in **demand for credit and 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 shape the fund management fee results and key measures that affect the performance of the banking sector (net interest margin and costs of risk).

In particular, **inflation** is a factor that strongly affects the insurance business. It raises amounts claimed, costs of claims handling, and costs of business. It also generates a problem for clients related to the depreciation of insurance benefits in long-term products, significantly reduces the real value of life

policies and erodes the guaranteed sum in third-party liability insurance (e.g. D&O policies). Inflation and high costs may bring about the risk of underinsurance, present when the declared value of assets (such as movable and immovable property and content thereof) and risks are lower than in reality. When underinsurance arises, the insurer may accordingly diminish the sum they are obliged to pay, accounting for the ratio between the insurance value and the real value of the assets lost. As a consequence, the compensation paid out might not be enough to cover the real costs of restoring the assets insured. This is a particularly significant risk for corporate insurance, which may hinder the restoration of business and cause liquidity and stability problems for enterprises.

GDP growth also translates into individual consumption and domestic demand, and therefore also into spending by households and the corporate sector on the purchase of insurance policies, the sale of loans and related insurance for borrowers. Here, inflation has the inverse effect, affecting real household income, among other things. A slowdown in economic growth generally leads to a deceleration in the growth rate for gross written premiums in non-life insurance, a decline in the demand for life insurance as well as subscriptions and health insurance, particularly within the framework of perks offered by companies. Poorer financial standing of companies and households may result in an increase in credit risk (in particular in the banking segment) and higher loss ratio on the financial insurance portfolio, weakening of the growth rate of new mortgage loans and a weaker growth rate of consumer loans. In addition, rising unemployment and lower employment may also lead to an increase in extortion and insurance crimes.

The economic environment, in particular the actions of the Monetary Policy Council with respect to **interest rates** and the reserve requirement, play a key role in the functioning of the banking sector. A very low interest rate environment has a negative effect on the sector's performance (by affecting the banks' net interest income), which could be felt particularly in 2021. An increase in market interest rates, on the one hand, contributes to financial stability, as it promotes improvements in the profitability and financial position of banks and insurers, but on the other hand, it carries risks to financial stability, as it may contribute to a deterioration in the quality of banks' loan portfolios. Higher yields on bonds measured at arm's length in portfolios of banks and insurers involve a reduction in their nominal value. The effect for insurance companies of this matter depends on the difference between the duration of assets and equity and liabilities. Furthermore, administrative solutions aimed at lowering the cost of rising interest rates for households (so called moratorium periods) limit the profit of the banking sector.

The key macroeconomic risk in H2 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 Poland's 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 H2 2025 will still 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, although recently on a somewhat smaller scale. 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 took power in the US and announced a drastic increase in tariffs. 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 zloty 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.

3.7.2. Legal and regulatory factors

The PZU Group’s activity and operations are subject to the impact of both national regulations and European legislation.

Insurance

From the point of view of the insurance business, legal regulations and case law affecting premiums, claims paid and other costs, distribution and coverage are particularly important. In 2025, the insurance industry must face increasing regulatory challenges, especially in the context of EU regulations on Solvency II, IRRD or AML. This means having to adapt practices to the new regulations and may involve necessary investment in advanced IT systems and additional costs for the resolution of insurance undertakings.

The most important aspect in motor insurance will be the implementation of the provisions of the Act Amending the Mandatory Insurance, Insurance Guarantee Fund and Polish Motor Insurers’ Bureau and the Act on Insurance and Reinsurance Activity which

entered into force on 6 November 2024. The Act implements the provisions of the **European Motor Insurance Directive**. The most significant changes include, among others, an increase in the minimum sums insured to PLN 29 876 400 for personal injury and PLN 6 021 600 for property damage per incident, regardless of the number of injured parties.

The higher sums insured will apply to TPL insurance contracts for motor vehicle owners and farmers concluded after 22 December 2023, as well as to incidents occurring after that date under existing contracts. This retroactive increase in the sums insured is related to the delayed implementation of the provisions of the Motor Insurance Directive into the Polish legal system.

In March 2025, the KNF submitted a draft **recommendation on insurance distribution for public consultation**. According to the announcement of the supervisory authority, the recommendations address the value of the product to the customer and how to perform the customer needs analysis – its procedure, form, documentation. In addition, the recommendations include, among other things, rules for the organization of distribution activities, cooperation with intermediaries, the obligation to adequately supervise agents and OFWCA. The recommendations apply to both individual and group insurance contracts. The project has received much criticism from the market. In response, the KNF launched a consultation process in the format of a working group of insurance market representatives and UKNF staff. Work began in July 2025.

Year 2025 is also be important in terms of developing a market standard for interpreting the provisions of the Regulation of the European Parliament on **digital**

Data for the Polish economy

	2020	2021	2022	2023	2024	2025*
Real GDP growth in % (y/y)	(2.0)	6.9	5.3	0.2	2.9	3.6
Household sector consumption growth in % (y/y)	(3.4)	6.2	5.0	(0.3)	3.1	4.1
Growth in gross fixed capital formation in % (y/y)	(3.0)	1.5	1.7	12.7	(2.2)	7.9
Consumer price growth in % (y/y, annual average)”	3.4	5.1	14.4	11.4	3.6	3.6
Nominal wage growth in the national economy in % (y/y)	6.2	8.7	12.0	13.1	13.6	8.3
Unemployment rate in % (end of period)	6.8	5.8	5.2	5.1	5.1	5.7
NBP base rate in % (end of period)	0.10	1.75	6.75	5.75	5.75	4.50

*Estimate of the PZU Department of Macroeconomic Analyses of 13 August 2025.
Source: Statistics Poland/PZU Department of Macroeconomic Analyses



operational resilience for the financial sector (DORA) and CSRD. Insurers face a number of challenges to adapt procedures and contracts to the extent required by these regulations.

In addition, the insurance sector in the European Union is facing significant changes due to the evolving **regulation of sustainable financial products.** The current regulatory framework, in particular the Financial Services Sustainability Disclosure Regulation (SFDR), focuses on classifying products as “light green” (Article 8) or “dark green” (Article 9), which does not fully address transitional products that play a key role in the transition to a sustainable economy.

Although EU regulations such as the **Solvency II** revision, the **AML** Regulation, and the **IRRD** (as described in Chapter 3.6) are set to apply from 2027, they are already the subject of analysis and preparatory work aimed at ensuring PZU’s readiness for their implementation. This requires the allocation of appropriate resources and the implementation of changes in systems.

Banking

An important factor affecting the banking sector's profit is the contribution to the Bank Guarantee Fund (BFG). After a two-year hiatus, the BGF resumed collecting the banks' guarantee fund contributions. As a result, the total contribution to the BFG for banks in 2025 increased by 73% to PLN 2.7 billion, the highest in five years.

In H1 2025, rulings of the Court of Justice of the European Union (CJEU), the Supreme Court or other state institutions will continue to be key, particularly on foreign currency mortgages, free credit sanctions and cash loans.

On 13 February 2025, the CJEU ruled in case number C-472/23 on aspects of the application of free credit sanctions, leaving a wide margin of discretion to national courts hearing individual cases. Case law on CHF loans remains unfavorable for the sector. In 2024, the number of lawsuits from customers was increasing, also in cases of loans already paid off. This had an impact on the banks' subsidization of reserves. At the same time, banks are trying to reach out more actively to customers with settlement proposals.

Banking operations may also be affected by possible new government programs to support housing affordability as well as possible court cases challenging the WIBOR rate in loan agreements.

3.7.3. External and internal factors specific to the sectors in which the PZU Group operates

Non-life insurance in Poland

- 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;
- Higher growth of new car sales in 2024, mainly in the dealership channel and financed by leasing companies, may result in higher sales of motor 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;
- 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;
- Repeated and increasingly more unpredictable chance events, such as sudden floods, hail, torrential rains, hurricanes, tornadoes, droughts, and spring frosts which are contributing to increasing claims ratios in the non-life insurance sector;

- 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 sums insured (due to high 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;
- 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 may increase interest in contractual guarantees and construction insurance;
- The development of non-motor insurance offerings by, among other things, providing customers with value beyond just insurance coverage will result in the further development of strategic partnerships between insurers and companies with large customer bases, as well as the creation of customer service ecosystems;
- The increase in the use of technology and artificial intelligence (AI) will result in the rapid growth of the cyber-insurance market – insurers focusing on offering comprehensive solutions that combine financial protection with prevention and incident response services;





- 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, both in compulsory and voluntary insurance.

Life insurance market in Poland

- 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);
- Demographic changes and the aging society as well as the ensuing changes in the current mortality and fertility levels will lead to developing insurance offerings for senior citizens and higher demand for health and ;retirement insurance;
- Expansion of private health care as a consequence of the realization of health debt, demographic changes may translate into the rise in popularity of health insurance;
- Price pressure, in particular in group insurance, and the competition for client ownership (and client data) might cut the insurer’s margins, reduces the scope (quality) of the product and fostering entry and exit obstacles for clients to overcome with independent intermediaries;
- Increasing insurance awareness, changes in client trends and behavior toward personalized life insurance offerings may result in the development of individual insurance, while limiting the potential for the development of group insurance in its current formula;

- 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;
- 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.

Insurance in the Baltic Countries and Ukraine

- Geopolitical tensions, particularly the ongoing Russia-Ukraine, which has a direct impact on insurance operations in Ukraine and on their results;
- More intense and increasingly more unpredictable chance events, such as sudden floods, hail, torrential rains, hurricanes, tornadoes, droughts, and spring frosts, are contributing to increasing claims ratios in the non-life insurance sector;
- Increase in insurance fraud cases as a result of the more difficult situation in numerous industries causing growing unemployment;
- Changes in trends and behaviors of clients seeking customized proposals as well as an electronic, swift conclusion of agreements and handling of insurance, force insurers to adapt to these new expectations rapidly.

Health

- High demand for specialist physicians outstripping supply may slow the growth of health care facilities, as well as reduce the margins they achieve;
- Inflationary pressures from affiliate 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 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 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 facilities by competitors may significantly affect the possibility of acquiring patients or the competitive position of PZU Życie medical operators in the long term.





Investment funds and Employee Capital Schemes

The condition and performance of the market for investment funds and Employee Capital Schemes will depend mainly on the following:

- potential reductions in interest rates, which could favorably affect the valuations of debt funds, which will become even more attractive to clients, not only corporate but also individual ones;
- 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;
- stability 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.

Pension funds

The main phenomena determining the performance of pension fund market players are:

- 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.

Banking

The main factors that could affect banking operations include:

- the rate of economic growth, especially personal 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;
- 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);
- 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, cash loans and consumers' rights;
- regulatory changes, in particular regarding the introduction of the Long-Term Financing Ratio, and an increase in the countercyclical buffer;

- changes in U.S. trade policy, particularly tariffs imposed on trading partners;
- 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;
- 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;
- the pace of implementation of projects co-financed by EU funds, especially under the National Recovery Plan;
- development of banking services offered by non-regulated entities.



4. Strategy and perspective

- 4.1. Strategic ambitions by 2027
- 4.2. Implementation of the strategy in H1 2025
- 4.3. PZU Group reorganization towards a holding structure





4.1. Strategic ambitions by 2027

The Strategy of the PZU Group for 2025–2027 was adopted on 2 December 2024, and is focused on four pillars: simplicity, focus, development, and engagement. For the PZU Group, simplicity means simplifying the structure and strengthening operational efficiency. The focus is to ensure profitable growth of the insurance business. Development relates to investment in health market, digitization and offerings developed with partners. Engagement is about building the Poland's resilience and inclusive society.

The PZU Group set the following ambitions until 2027:

- **> PLN 6.2 billion of net profit;**
- **>19% ROE** from core business¹⁶;
- **+40% EPS growth** from core business¹⁷;
- **< 90% COR** in non-life insurance;¹⁸
- **>20% operating margin** in life insurance.



Financial objective are also reflected in the non-financial dimension:

- highest NPS on the market in products and service;
- 8 million clients in mojePZU digital channels;
- taking care of physical health and mental well-being of children and adults;
- inclusive and transparent sponsorship, prevention and education programs;
- common solutions implemented in cooperation with the market.

The ambitions adopted until 2027 will be implemented in the strategy horizon in each business line under four pillars: simplicity, focus, development, engagement.

16) ROE – Return on Equity, calculated on core business, i.e. excluding banks

17) EPS – Earnings per Share, calculated on core business, i.e. excluding banks

18) COR – Combined Ratio (mixed ratio), mass and corporate segments combined, all products

I. Simplicity

The PZU Group is focusing on efficiency by simplifying its organizational structure, which will increase efficiency and agility.

Operational efficiency

The PZU Group is building an organization in a structure that allows it to prioritize client needs.

PZU measures in terms of operational efficiency:

- adjusting the organizational structure to provide greater autonomy and agility for business units;
- simplifying processes to accelerate change implementation, enable optimization and automation, and enhance profitability management;
- streamlining the structure of banking assets within the Group to ensure transparency and efficient capital management;
- building synergy in insurance and investment companies.

Key objective for 2027



PLN 400 million increase in efficiency thanks to synergies of simplifying the Group's asset structure and organizational structure.

II. Focus

The PZU Group is focused on increasing the profitability of its core insurance business.

Mass non-life insurance

PZU's position and market context – PZU is a leader in mass property insurance, with ~32% share of premiums and ~47% in technical result.¹⁹ The non-life insurance market in Poland is on an upward trend, but profitability, particularly in the motor third-party liability insurance segment, remains a significant challenge.

Identified strategic objectives and actions to support profitable growth:

- achieving technical and operational excellence with advanced tariffing models, models based on behavioral and climate data, and competence centers in the areas of product, pricing, and claims handling;
- disseminating the offer across all channels through a profitable distribution presence and a new value proposition for own channels;
- active management of brands as a result of a multibrand strategy covering all client segments.

19) It covers both the mass and corporate segments in terms of direct business. Source: KNF, as of the end of 2Q 2024

Key objectives for 2027

-
- > 30% increase in insurance revenue;²⁰
 - < 90% combined ratio (COR).²¹

Corporate non-life insurance

Strong growth of the PZU Group in the rapidly growing corporate insurance market.

PZU's position and market context – PZU Group is a leader in the business insurance market with a share of ~37%, 18% average annual growth against a market with 13% growth.²²

Activities that support strategic objectives based on profitable growth and building client relations:

- making results independent from the impact of underwriting cycles through technical and operational excellence with better use of data in pricing and unified risk assessment and client data analysis, also through automation;
- building a unique value proposition for clients as well as agents and brokers based on the development of new and existing products and services: iFlota, RiskPRO, Process Safety Management (PSM);

20) Applies to non-life insurance in the mass segment excluding bancassurance products
21) COR – Combined Ratio (mixed ratio), mass and corporate segments combined, all products
22) As at 2023

- automation of sales and service processes using new technologies and GenAI to streamline sales processes (e.g., sales support via chat) and fast claims handling system.

Key objectives for 2027

-
- > 25% increase in insurance revenue;
 - < 90% combined ratio (COR).

Life insurance

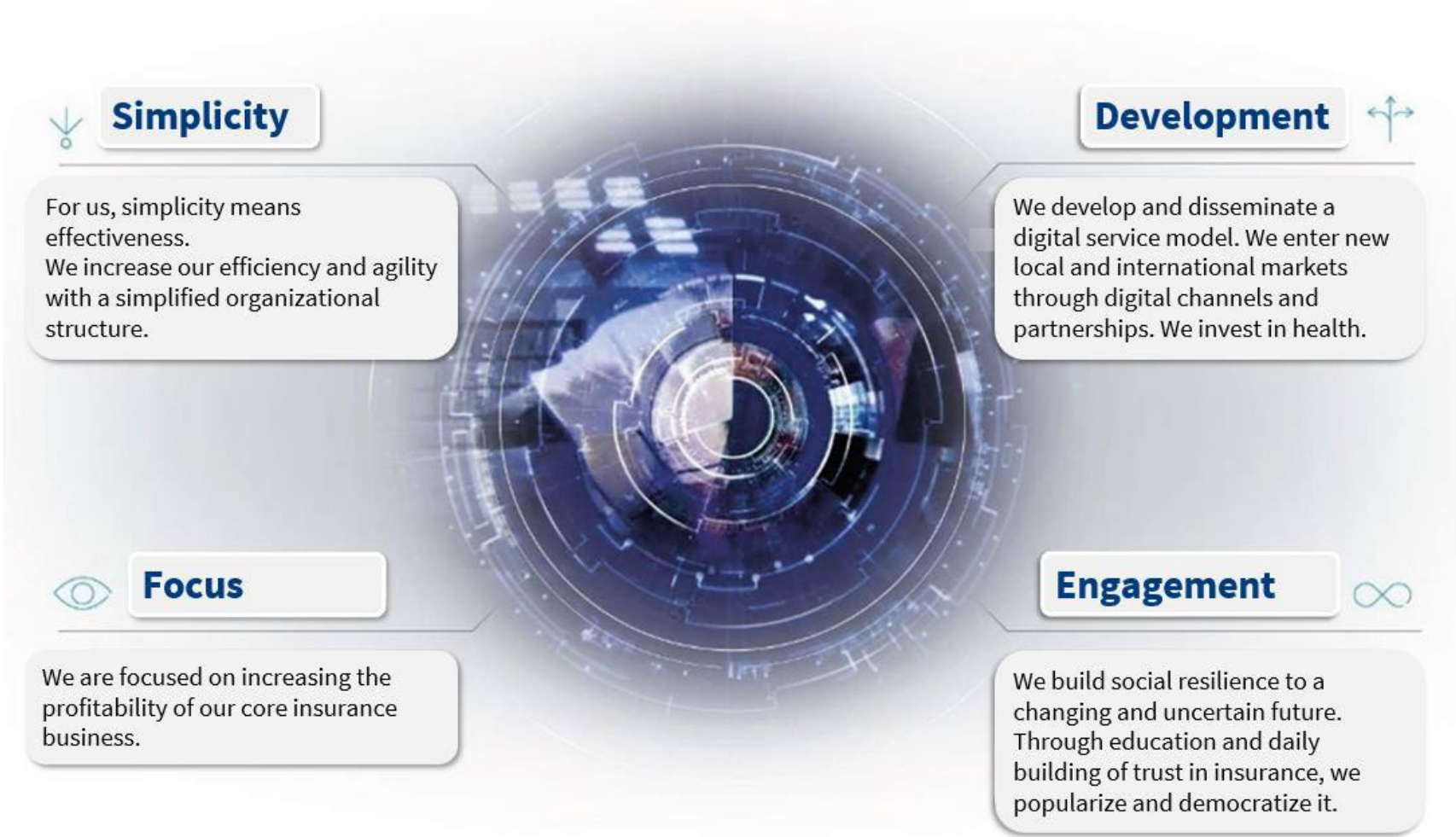
A leader that sees potential in changing demographics.

PZU's position and market context – PZU is a leader in the life insurance market, with ~42% share of premiums, ~33% share of APE and perceived highest potential for value creation in the baby boomer and silver generations, who expect more from financial institutions.²³

Strategic priorities define key directions to strengthen the market leadership position:

- making re offer more attractive and adjust it to the needs of changing demographics as a result of maintaining client portfolios and increasing profitability in group insurance by redefining the value proposition: new life, health, sports and other benefit products, and focusing activities around the baby boomer and silver generations;

23) Source: KNF, PIU; as at the end of Q2 2024. Shares calculated with respect to insurance with regular premiums.



- increase in conversion from group insurance to individual insurance as a result of the development of digital and hybrid sales and service processes for individual follow-up;
- simplifying the retail client base through x-sell growth – new products and active sales activities;

- improving the efficiency of distribution channels with the support of programs to increase the effectiveness and develop the competence of the sales network.

Key objectives for 2027

-
- >35% new business value growth²⁴
 - >20% operating margin

24) New business under IFRS 17 measurement for life insurance in Poland – defined as CSM contractual service margin less loss component for insurance contracts entered into during the period, measured at the time of contract recognition.



Bancassurance

Growth potential in the fastest-growing segment of unrelated protection products.

PZU’s position and market context – in investment insurance, a leadership position built through solid asset management and stable premium growth, despite market trends. In unrelated protection products, significant untapped potential PZU addressed by expanding offerings. In related protection products, the position is close to the shares of PZU Group banks, and has the potential to grow to the level of bancassurance business leaders.

Operational activities based on stable growth, expansion of offerings and omni-channel model:

- a new approach to offering insurance linked to bank products through premiums spread over the entire coverage period, giving stable growth and greater availability and value of products for the client;
- expanding the offering of unrelated protection insurance and services, as well as savings and investment products using new and modified products and tailoring on the basis of client knowledge and comprehensive life, health and asset protection offerings for every stage of life;
- omnichannel distribution and service model with the support of simplified digital and hybrid insurance sales processes as well as personalization of offerings and communications, reaching a broad client base.

Key objectives for 2027



- +50% increase in the number of insured clients in the PZU Group banks;
- 4x higher written premium in unrelated protection products.



III. Development

The PZU Group is developing and promoting a digital service model, entering new local and international markets through digital channels and partnerships. It is also investing in the health market.

Health

Growth in a huge market, in the fastest-growing categories.

PZU position and market context – PZU Group with a strong position in the private healthcare market in Poland. Group's segments (subscriptions and insurance) with expected +10-15% average annual growth over the Strategy horizon.²⁵

Operational activities to consistently build a leadership position:

- improving quality for clients through technology infrastructure that sets the best market standards as a result of the streamlining of digital customer pathways in mojePZU and the development of multichannel, digitalization of business processes and optimization of medical systems;
- improving profitability through an efficient business and operating model by increasing the use of own facilities (target ~60% share) and improving the terms of cooperation, with partner facilities (integration of systems and closer cooperation);

25) Source: OECD, Economist Intelligence Unit, PMR

- growth of revenue from a wide range of services and presence in the most attractive segments as a result of increasing the share of “fee-for-service” products in sales to ~20% and realizing the potential of cooperation with the public payer (NHF).

Key objectives for 2027



- >PLN 3 billion in revenue (>60% growth)
- 2x higher EBITDA operating result

Investments

Broader offerings for external clients and support for green transition.

PZU's position and market context

The PZU Group is a key investor in Poland, with a broad proposition of the value for clients, and PLN 111²⁶ billion in assets under management.

Directions of action and strategic objectives:

- increasing the PZU Group's exposure to green transformation as a result of increased investment in the debt financing segment;
- increasing the Group's exposure to innovation and technology through increased investments in the alternative funds segment;

26) TFI, PTE and PZU own assets



- expanding product offerings for external clients by creating an asset management service for businesses and an alternative investment fund for external clients.

Key objectives for 2027



- >PLN 50 billion in third-party client assets at TFI PZU (up +50%²⁷);
- PLN 3 billion in new investments in green transformation and innovation.

Digitalization

mojePZU as a comprehensive digital channel and client relations center.

PZU’s position – 4.9 million users of mojePZU, 40 million logins during the year, PLN 650 million of premium from direct and hybrid sales, 560 thousand reported claims and benefits.

Strategic objectives and actions:

- reaching 8.0 million mojePZU users (CAGR of 18%) and 60 million logins by 2027 (CAGR of 15%);
- strengthening the role of mojePZU through the availability of key client pathways, supporting the omnichannel sales model and aligning functions with broader sales needs and increasing “productization” of clients.

27) Compared to data at the end of 3Q 2024

Advanced technologies

New levels of operational excellence and innovation.

PZU’s position – PZU has an advanced CRM that leverages 360 view data for the customer and agent, aggregates data from all channels, and provides the ability to implement joint analytical projects with PZU Group banks.

PZU also cooperates with startups – cooperation within the PZU Ready for Startups platform has already brought a total of >PLN 200 million in additional profit with 76 completed projects.

Strategic objectives and actions:

- building a next-generation interactive CRM that enables real-time hyper-personalization and proactive relations management;
- PZU Group's consistent transformation using AI as a result of technology scaling and the introduction of an AI solution in tariffs, as well as a major pilot of AI Assistant;
- developing the PZU Ready for Startups platform for collaboration, reaching out to a wider group of perspective startups and supporting them to implement innovations.

Strategic partnerships and new business

Stabilizing relationships with major players in key markets and development of contextual offerings.

PZU’s position – leader in the embedded insurance market.²⁸ PZU is present with partner offerings in the sector, among others:

- energy, offering more than 60 assistance services;
- tourism, offering travel insurance with dynamic pricing in ticket reservation system;
- telecommunications, combining smartphone service with insurance;
- commerce, providing insurance packages for electronic devices, integrated within the API.

Strategic objectives and actions

- increasing the number of strategic partners as a result of focusing on key markets: financial services, automotive, tourism, real estate development, home appliances, electronics, ecommerce;
- developing employee benefits by expanding the offer to include the full range of benefits existing on the Polish market;
- creating a wellbeing ecosystem as a result of expanding the offer with a PZU Sport subscription and an ecosystem of complementary services, i.e.: psychological, dietary, recovery, supplementation, physiotherapy, and physical activity support.

28) Position in terms of gross written premiums

Overseas expansion

The PZU Group is now present in five Central European countries, with further development in light expansion model.

PZU’s position – experience in the region thanks to the presence of the PZU Group in 5 countries of Central and Eastern Europe. Well-established active reinsurance competencies, ~PLN 1.4 billion of written premiums from inward reinsurance in 2023.

Strategic objectives and actions

- developing international competence and exploring new markets
- PLN 500 million of additional revenue from active reinsurance outside the Group by 2030.²⁹

29) Not including reinsurance within the PZU Group – in Poland and abroad





IV. Engagement

The PZU Group is building social resilience to a volatile and uncertain future through education and building confidence in insurance on a daily basis, leading to its universalization and democratization.

Green Transition

PZU, in cooperation with banks, offers a full catalog of solutions to support the green transformation.

Corporate insurance area:

- products adequate at the investment stage, including engineering and specialized ones;
- post-project non-life insurance, including TUW.

Capital investment area:

- stocks and bonds of companies specializing in green transition;
- green government bonds;
- loans for green investments;
- investments in BREEAM-certified buildings.

Debt financing area:

- project finance and structured financing of green investment projects;
- targeted loans for investments.

Guarantee area – insurance and banking solutions to secure transactions between contractors in green investments, e.g., due performance, remedy of defects, payment of bid bonds, timely payment of receivables.

Collaboration

Building solutions for clients and market development, in partnership with key players.

mSerwis Ubezpieczeniowy – introduction of insurance services on common platforms, such as mStłuczka solutions within mObywatel, to increase client convenience by standardizing and digitizing the handling of motor claims.

Insurance Data Ecosystem – using and sharing data in the ecosystem, e.g., Insurance Databases, containing information on non-life and life insurance, allowing for advanced analysis of concluded contracts and reported claims.

Support tools – developing tools to improve market efficiency, e.g., FOTO for countering claim scams from motor insurance using automatic image recognition technology.

Strategic objectives:

- building the best solutions and value for clients;
- increasing insurance awareness among Poles;
- building a positive perception of the insurance industry.

Society

Building trust and a friendly image of a socially engaged brand.

Sponsorship and prevention activities:

- promoting a healthy and active lifestyle;
- building healthy and safe social attitudes;
- cooperating with public services: police, fire brigades;
- supporting emergency services: GOPR, WOPR;
- campaigns and projects implemented jointly with the ministries of health, education, sports.

PZU Foundation:

- building competencies of the future, including critical thinking, defense against disinformation;
- creating spaces for community integration and dialog;
- modern philanthropy, inspiring action;

- education and talent promotion;
- building a society that is resilient to the challenges of the current times through initiatives in the areas of health, education, reducing vulnerability to misinformation.

Key objectives for 2027



- 15 million of people each year covered by PZU’s activities in the field of social responsibility.³⁰

PZU Team

PZU is enhancing agile capabilities and developing competencies to drive the Group’s growth. Strong brand and HR competence make the PZU Group an attractive place to work:

- employee satisfaction in the area of people management and inclusiveness and cooperation, 4–6 p.p. above market average;
- good position in the pay market and GPG ratio (Gender Pay Gap) of 95%;
- ~2.5 x lower turnover, 4x higher return rate than on the market;
- space to develop skills and gain diverse experience.

³⁰⁾ Activities under the 4 operational objectives “Safe on the road,” “Safe in health” “Safe in action” “Safe at home and business”





The HR strategy will focus on:

- accountability for results through comprehensive performance management and ensuring optimal development of people and the organization;
- developing supportive leadership and distinctive employee experiences;
- inclusive organizational culture that supports agile operations, autonomy and employee innovation;
- delivering tomorrow's competencies, crucial from a strategic perspective, including for international expansion.



Bank assets

One of the priorities of the new strategy is to ensure the optimal structure of the PZU Group, including addressing the identified challenges associated with the banks under its control:

- lower attractiveness for investors and discount in measurement as one of the few insurance groups in Europe directly controlling two competing banks;
- complexity of direct supervision over two competing entities and failures to achieve synergies between entities operating in the same industry within the Group;
- large capital concentration on the Polish banking sector, with a large stake in two entities within the sector – greater risk;
- suboptimal use of capital.

Operational activities

In early December 2024, a letter of intent was signed between PZU and Pekao to analyze various strategic options for the merger, taking into account the impact on Group capitals, the external environment, potential synergies and integration costs.

Strategic directions and objectives:

- transparent structure that increases attractiveness to shareholders;
- simplified Group governance model;
- effective capital management;
- Ability to generate value through bank complementarity.

The company will use **the freed up capital to develop the Group's business** and transform the economy:

- developing strategic partnerships in Poland and abroad, including distribution, bancassurance and embedded insurance;
- strengthening the health area;
- participating in financing the transformation of the Polish economy.

The company will use **the freed up capital to develop the Group's business** and transform the economy:

- developing strategic partnerships in Poland and abroad, including distribution, bancassurance and embedded insurance;
- strengthening the health area;
- participating in financing the transformation of the Polish economy.

Financial ambitions

In the strategy horizon, thanks to its focus on core business, the company assumes:

- an increase of PLN 7.5 billion in insurance revenues to PLN 36.2 billion;
- 40% increase in EPS from core business to >PLN 5.1;
- increase by 2 p.p. ROE from core business to >19%.

All this with good cost efficiency and high solvency:

- <90% Combined ratio (COR) in non-life insurance;
- >20% life insurance operating margin;
- >190% Solvency II.

The objectives assumed in the new horizon are much more ambitious than in the previous one. Compared to the 12-month results (Q4 2023 – Q3 2024), PZU Group assumptions for 2027 are as follows:

- increase in net profit by 17% to >PLN 6.2 million.
- increase in core business EPS of 40% to >PLN 5.1;
- increase in core business ROE by 2 p.p. to >19%.



ESG

ESG is an integral part of PZU Group business. The following are value keys that provide a reference for the objectives implemented at the level of each business area.

Environment (E)

Strengthening resilience in the face of climate change:

- reducing CO_{2e} intensity in corporate insurance, banking and investments;
- financing projects that support green transition;
- impact of climate change on claims ratio included in tariffs.

Social impact (S)

Developing social skills:

- diversity, equality, inclusiveness;
- financial security, on the road and online;
- physical and mental health.

Corporate governance (G)

Building a modern and transparent governance model:

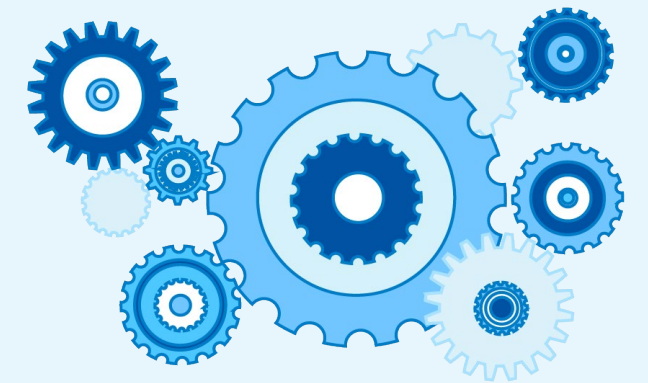
- new governance model;
- arranging the structure of assets.

Key directions through 2027:

- -23% CO_{2e} emission reduction in corporate insurance in terms of customer declarations by 2030,
- PZU Sustainable Product Framework: expanded product evaluation and inclusion of ESG factors in insurance risk assessment and tariffs.

Summary – PZU Group Strategy 2025–2027 primarily relies on:

- **focus on core business and profitability** – lowering COR to <90% with profitable growth as the priority of the insurance strategy;
- **simplifying the Group's structure** – building efficiency and value for investors;
- **improved efficiency within the Group** – PLN 400 million in additional synergies within the Group;
- **growing and secure dividend** – increasing DPS to a level of at least PLN 4.5, an increase in the result and less dependence on the level of interest rates;
- **ESG** – Implantation of ESG values into more business areas of the Group





4.2. Implementation of the strategy in H1 2025

Simplicity, focus, development and commitment are the 4 pillars of the PZU Group Strategy 2025–2027, announced in December 2024.

I. Simplicity – Simpler Group structure and stronger operational agility

Group reorganization

In the first half of 2025, the PZU Group began reorganizing to create a new banking and insurance group by merging PZU with Bank Pekao. Details in this regard are presented in [Chapter 4.3](#).

Operating model

At the beginning of 2025, PZU Group implemented an operating model around business units focused on clients and their needs. In the first half of 2025, processes were being implemented to optimize its operation in this system. Currently, there are 6 business units operating independently of each other, which have gained greater autonomy due to organizational changes, which has already visibly accelerated the pace of change after the first half of the year to meet client needs.

II. Focus – Ensuring profitable growth of the insurance business

Increase in insurance revenue

In the first half of 2025, in the area of mass non-life insurance, activities were carried out to increase tariff efficiency. The activities also covered corporate non-life insurance, where work was underway to improve fleet insurance and non-motor products. Additionally, the PZU Group is expanding its presence in the international inward reinsurance market.

Changes were also made to mass non-life insurance products, including an expanded scope of coverage for PZU Dom and both an extended scope and simplified structure of general TPL insurance. As part of a new offering for clients in proprietary channels, a special product – PZU Rowerzysta – was introduced, available exclusively through the dedicated (exclusive) sales network.

In the area of individual life insurance, the Group's activities are focused on developing its offerings and increasing interest in continuing insurance after the

termination of group insurance. In particular, supplementary insurance is being developed and modified. At the same time, efforts are being made to increase interest in the offering among clients exiting group insurance schemes. To support this, a new solution called the “IK Packages” has been introduced. With the “silver economy” clients in mind, in the first quarter PZU launched a new offering of lifetime insurance packages under the PZU Pakiet na Życie i Zdrowie product, available through branch sales.

Profitability increase for non-life insurance

As part of efforts aimed at improving cost efficiency, in the first half of 2025 processes were implemented to enhance the detection of insurance fraud at the early stages of claims handling, as well as to increase the availability of tools used in recourse processes.

In the first half of 2025, work was carried out on defining LINK4's target operating model and the role of the LINK4 brand in the PZU Group.

Strengthening leadership in the bancassurance market in Poland

In H1 2025, steps were taken to establish new cooperation agreements with banks to increase insurance sales in the banking channel. On the operations side, changes have been made to simplify the sales process itself.

III. Development – investment in health market, digitization and offerings developed with partners

Innovations

In the first half of 2025, more than 12 000 PZU employees were given access to a chatbot-based AI assistant based on generative artificial intelligence. This is one of the largest implementations of such a tool for employees in Poland and another PZU project using GenAI. The Group is also working on introducing more improvements based on artificial intelligence that will facilitate processes and accelerate the pace of the entire organization.

Development of the Health Pillar

In the Health pillar, work has been carried out to expand the network of proprietary facilities, which, according to the adopted strategy, is considered the main lever for increasing profitability in this area.

Development of the digital channel

We are enhancing mojePZU within the existing functionalities, and the Group is actively seeking and testing the relevance of new and unique features in the insurance market.





IV. Engagement

Investments in green transition

PZU keeps abreast of the debt transaction market, looks at projects and selects those that, in the Group's opinion, match the risk and yield profile expected by the PZU Group.

Foundation

As part of its sponsorship and preventive activities, the PZU Group Foundation continues to promote a healthy and active lifestyle. Building healthy and safe social attitudes is also important for the Group. Therefore, in the first half of 2025 – alongside activities directly targeted at our clients – PZU also engaged in wide-reaching initiatives, such as:

- “We Save and Teach How to Save” program aimed at children including learning first aid;
- attendance at the 33rd. Finale of the Great Orchestra of Christmas Charity (WOŚP);
- events to promote the idea and education about donation and transplantation;
- events to support physical activity;
- continued cooperation with emergency and uniformed services.

Foreign companies

In the area of foreign companies, in the first half of 2025, the Group conducted activities directed at increasing sales and improving client service. This was in particular:

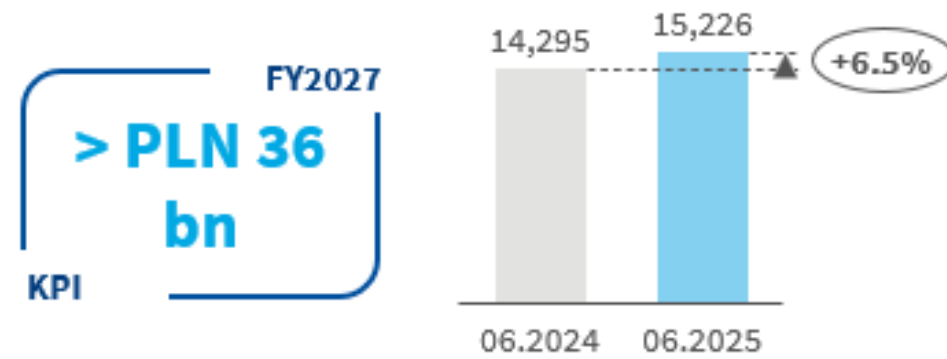
- works on developing new functionalities within self-service portals;
- increasing x-sell capabilities by implementing simple minicasco products in Estonia, or building an engine model to automatically type the next product for a client in Lithuanian LD;
- the development of a modern data warehouse in Latvia;
- launching a modified group life insurance product in the Lithuanian market.



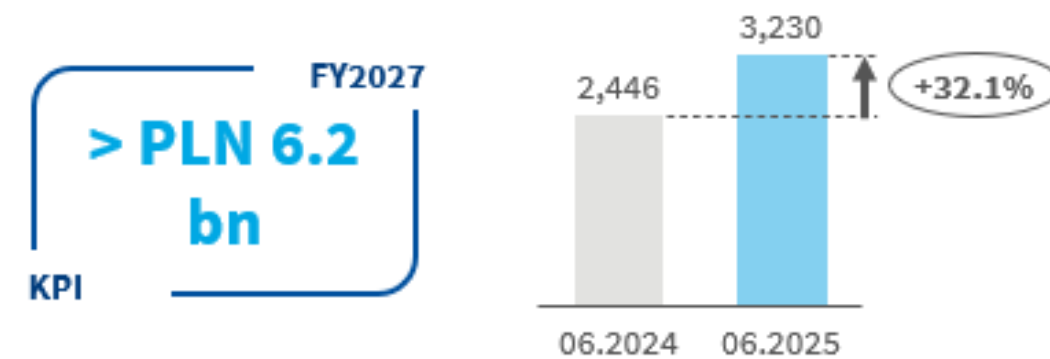


Strategic goals until 2027 and their implementation

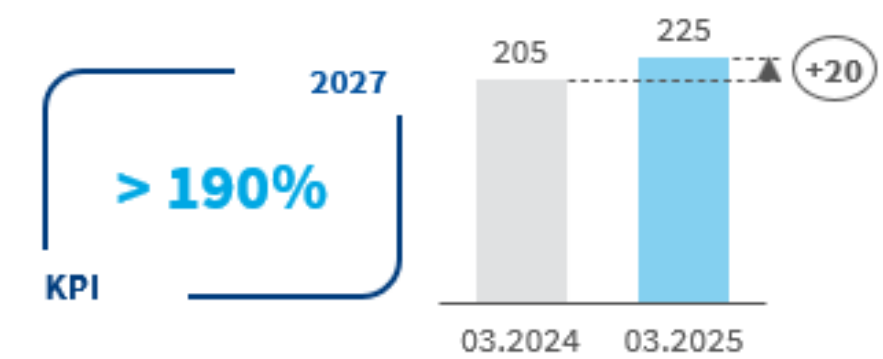
Gross insurance revenue¹ (PLN m)



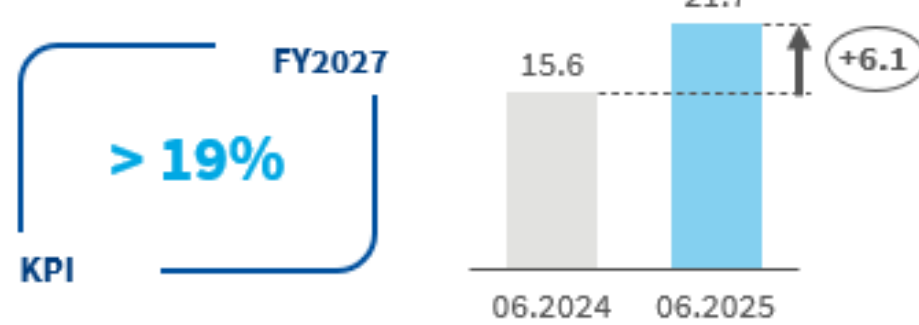
PZU Group net profit² (PLN m)



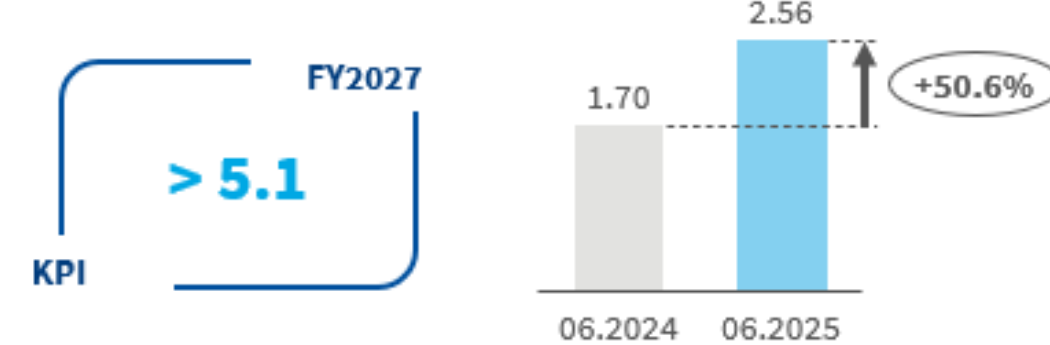
Solvency II ratio (%)



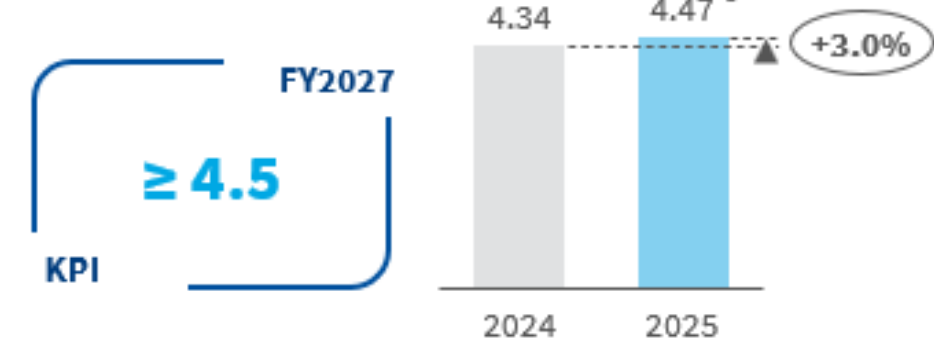
ROE³ (%)



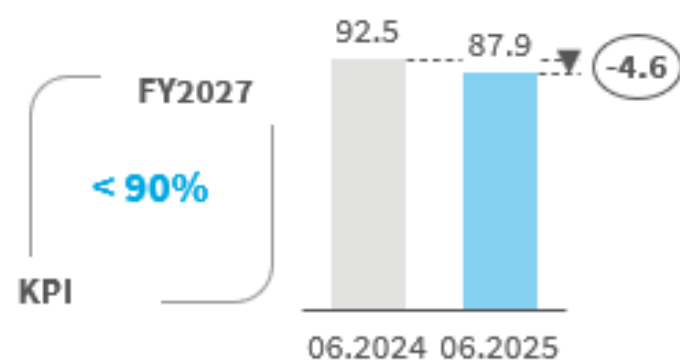
EPS³ (PLN)



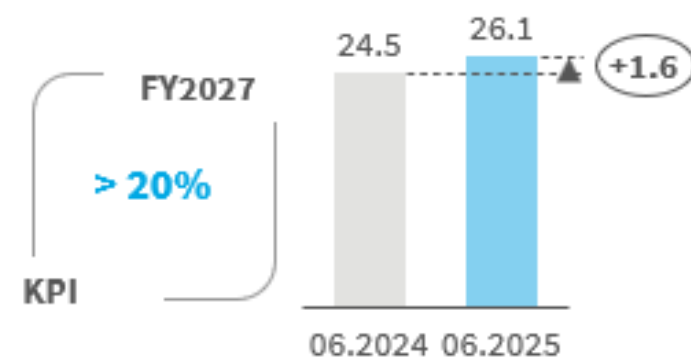
DPS (PLN)



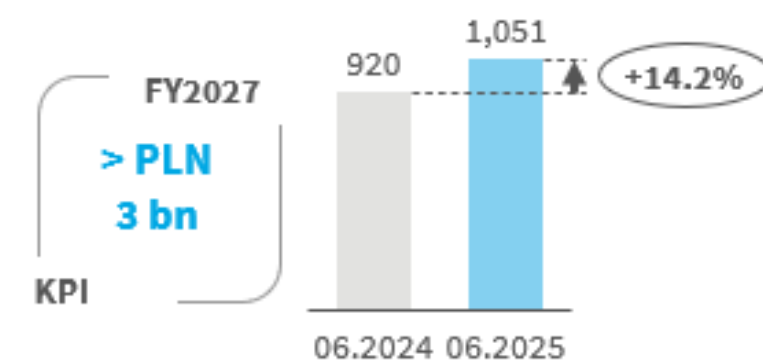
COR⁴ (%)



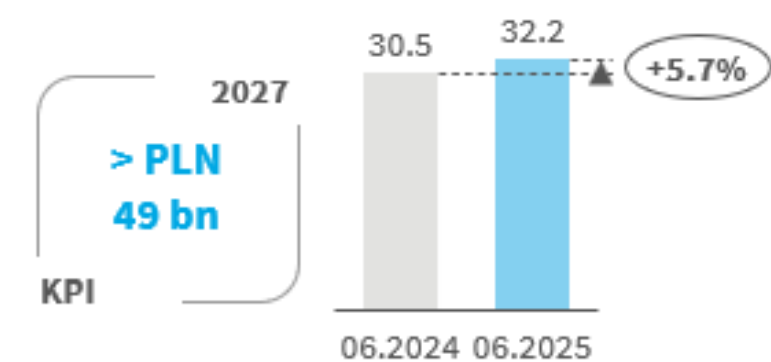
Margin⁵ (%)



Health Pillar revenue (PLN m)



Assets of external clients of TFI PZU (PLN bn)



1. Gross insurance revenues of PZU Group
2. Net profit attributable to the shareholders of the parent company
3. Core business, excluding banks

4. Combined ratio (COR) in non-life insurance in Poland
5. Life insurance operating margin in Poland
6. Dividend approved by the General Meeting of Shareholders



4.3. PZU Group reorganization towards a holding structure

In the first half of 2025, a reorganization process was launched in the PZU Group to create a new banking and insurance group by merging PZU with Bank Pekao.

Letter of intent – 2 December 2024

The first step in the reorganization phase was the signing of a letter of intent between PZU and Bank Pekao on 2 December 2024, which envisaged taking steps to reorganize the PZU Group's assets in order to optimally utilize the potential of all its companies.

Memorandum of cooperation – 2 June 2025

PZU and Bank Pekao signed a memorandum of cooperation on 2 June 2025, which provided a framework for further work toward the Group's reorganization. At this stage, it was announced that both brands will retain their identities, distinctiveness and autonomy of operation in their business areas, just as they have for many years within the PZU Group, but the new group will be headed by a bank rather than an insurer. To achieve this, it will first be necessary to divide PZU by separating a holding company and a wholly-owned subsidiary for its non-life insurance operations. The PZU holding company will then be merged with Bank Pekao as the acquirer. Ultimately, there will be one

company listed on the Warsaw Stock Exchange with a much higher capitalization and greater liquidity of shares than the current two, thus increasing the attractiveness of such an entity from the point of view of investors and the entire capital market.

Term Sheet – 26 June 2025

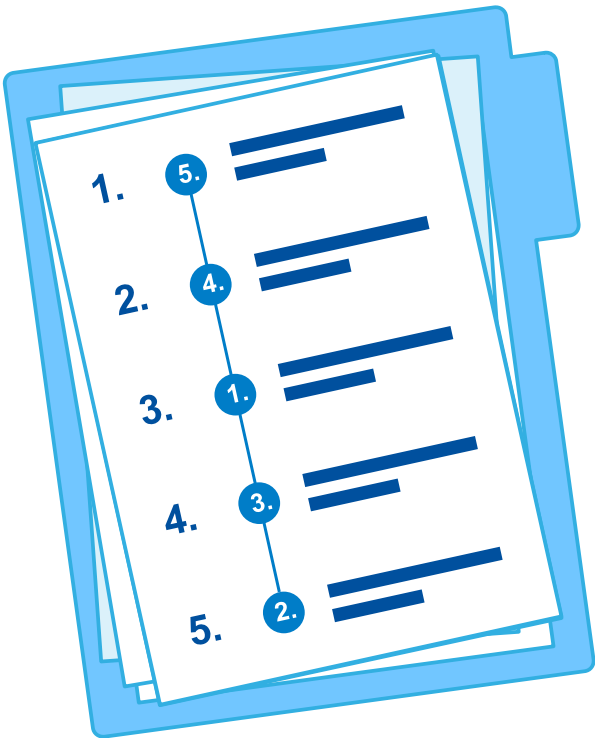
PZU and Bank Pekao signed a “Term Sheet” on 26 June 2025, i.e. a document that preliminarily establishes the principles of cooperation between the two companies in a potential transaction to reorganize the capital group and create a new banking and insurance group. The signing of the document was another step in the preparation of the transaction, strengthening the parties' cooperation. Among other things, it was agreed that the companies would establish a Steering Committee and joint working groups to carry out work on the project.

To ensure close coordination of activities, the parties agreed to establish a Steering Committee composed of the presidents of PZU and Pekao and one board member from each company. The committee will meet regularly

and make decisions unanimously. Among other things, the committee will determine the project's schedule and milestones. The parties will also jointly hire an external project manager and establish working groups – joint and in-house – for specific areas of project implementation activities.

The Term Sheet also indicated that the parties would determine the rules for determining the parity of exchange of PZU shares for Bank Pekao shares that would be issued to PZU shareholders in the process of merging the companies. The parity is to be determined taking into account the interests of all shareholders, including minority shareholders, and valuations of PZU and Bank Pekao will be made by reputable entities selected by the insurer and the bank, respectively.

According to the Term Sheet, it was announced that the intention of the parties is to complete the potential transaction by 30 June 2026. The document included a caveat that the execution of the transaction is subject to a number of factors beyond the control of the parties, including the entry into force of relevant legislative changes, including amendments to four laws (on the principles of state property management, banking law, insurance and reinsurance activity and insurance distribution), the agreement and conclusion of relevant transaction documentation by the parties (within 120 days of the entry into force of the necessary legislative changes), obtaining approvals from the Council of Ministers and a number of regulatory approvals, in particular from the KNF.





5. Risk management

5.1. Group's risk profile

5.2. Risk management system



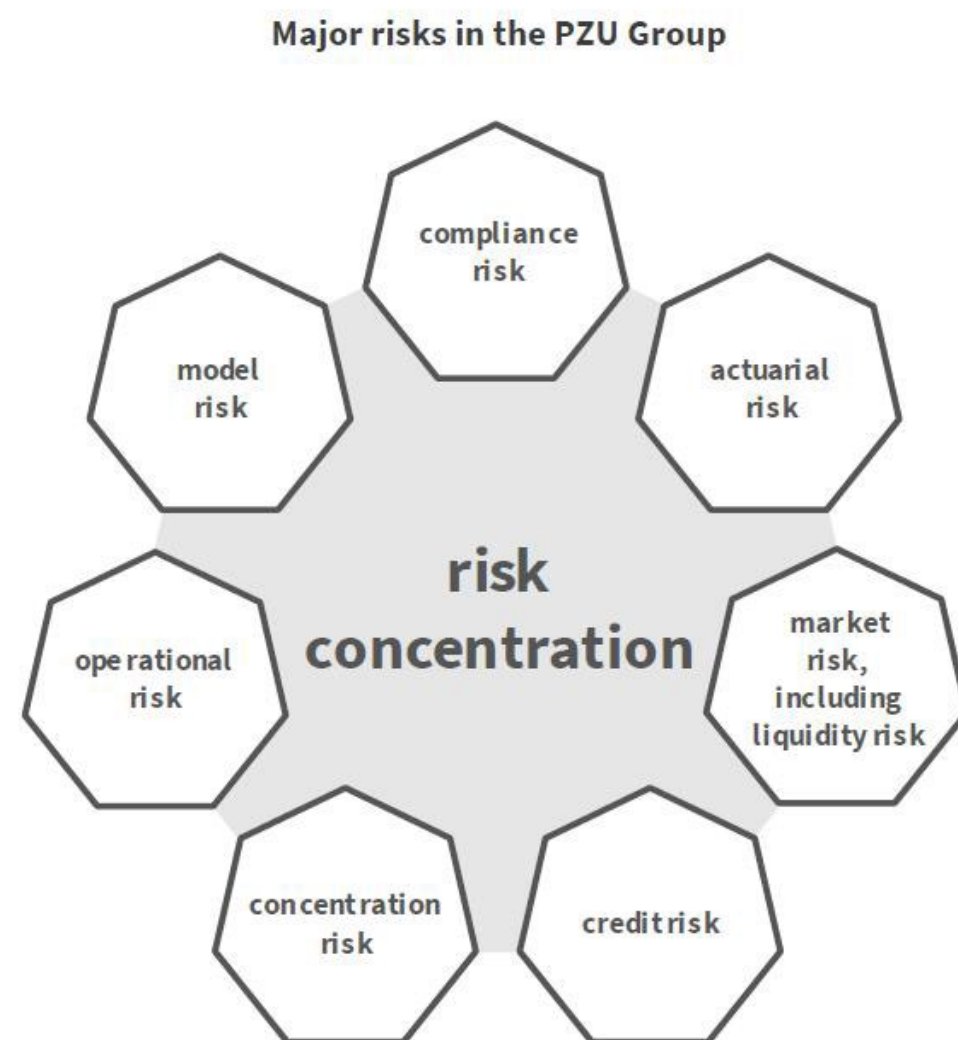


5.1. Profil ryzyka Grupy PZU

[IIRC]



The major risks to which the PZU Group is exposed include the following: actuarial risk, market (including liquidity) risk, credit risk, concentration risk, operational risk, model risk and compliance risk.



The major risks associated with the operation of Alior Bank and Bank Pekao include the following risks: credit risk (including the risk of loan portfolio concentration), operational risk and market risk (involving interest rate risk, FX risk, commodity price risk and financial instrument price risk) and liquidity risk.

The overall risk of the banking sector entities, taking into account PZU's shares in both banks, accounts for approximately 29% of the PZU Group's total risk (Q1 2025), while the largest contribution is in credit risk.

In H1 2025, there was no materialization of risks that could materially adversely affect PZU's operations.

The level of inflation in H1 2025 was stable and lower than the NBP's earlier projections, prompting the Monetary Policy Council in May to cut the NBP's benchmark interest rate by 50 bps. As a result, financing costs for PZU Group banks have fallen.

Persistently high interest rates have not resulted in a deterioration in the credit quality of the PZU Group Banks' portfolios, but have had a positive impact on their financial performance. Legal risks remained important in the banking sector in H1 2025. The increase in litigation related to CHF-denominated loans at PZU Group banks remained stable and in line with expectations. On the other hand, risks associated with other court settlements are identified, particularly those related to consumer credit (the so-called "free credit sanction") and the costs of unauthorized transaction complaints.

Elements of sustainability risks, particularly those related to climate change, are managed as part of the

individual risk categories identified later in the Report. Furthermore, selected ESG risks are subject to separate assessment within the framework of the risk analysis process and the key risk identification process. The main risks in this area are transformation risks and physical risks. In accordance with the European Commission's Sustainability Reporting Guidelines, transformation risks refer to the transition to a low carbon and climate resilient economy. Physical risk on the other hand entails financial losses stemming from the physical consequences of climate change and encompasses acute (e.g. storms, fires) and long-term risk (rising sea level).

The process of managing individual risk categories takes into account the requirements of sustainable development, also at the level of the PZU Group's subsidiaries, while respecting the provisions of generally applicable laws and those defined in separate internal regulations of the PZU Group, including the ESG ambitions, which are an integral part of the PZU Group Strategy.



Underwriting risk

The likelihood of a loss or an adverse change in the value of liabilities under the existing insurance contracts and insurance guarantee agreements, due to inadequate assumptions regarding premium pricing and creating technical provisions

Risk identification commences with a proposal to develop an insurance product and continues until the expiry of the related liabilities. The identification of actuarial risk is performed, among others, as follows:

- analyzing the general terms and conditions of insurance with respect to the risk being undertaken and compliance with the generally binding legal regulations;
- analyzing the general / specific terms and conditions of insurance or other model agreements with respect to the underwriting risk being undertaken on their basis;
- recognizing the potential risks related to a given product to measure and monitor them at a later time;
- analyzing the impact exerted by the introduction of new insurance products on capital requirements and risk margin computed using the standard formula;
- verifying and validating modifications to insurance products;
- assessing actuarial risk through the prism of similar existing insurance products;
- monitoring of existing products;
- analyzing the policy of underwriting (assessment of the risk accepted for insurance), tariffs, technical

provisions and reinsurance and the claims and benefits handling process.

The assessment of actuarial risk consists in the identification of the degree of the risk or a group of risks that may lead to a loss, and in an analysis of risk elements in order to make an underwriting decision.

The measurement of actuarial risk is performed using:

- an analysis of selected ratios;
- the scenario method – an analysis of impairment arising from an assumed change in risk factors;
- the factor method – a simplified version of the scenario method, reduced to one scenario per risk factor;
- statistical data;
- exposure and sensitivity measures;
- application of the expertise of the Company’s employees.

The monitoring and control of actuarial risk includes a risk level analysis by means of a set of reports on selected ratios.

Reporting aims to ensure effective communication regarding actuarial risk and supports management of actuarial risk at various decision-making levels – from an employee to the supervisory board. The frequency of each report and the scope of information provided therein are tailored to the needs at each decision-making level.

The management actions contemplated in the actuarial risk management process are performed by doing the following:

- defining the level of tolerance for actuarial risk and monitoring it;
- business decisions and sales plans;
- calculation and monitoring of the adequacy of technical provisions;
- tariff strategy, monitoring of current estimates and assessment of the premium adequacy;
- the process of assessment, valuation and acceptance of underwriting risk;
- applying tools designed to mitigate underwriting risk, including in particular reinsurance and prevention.

Moreover, mitigation of the actuarial risk inherent in current operations is supported by:

- defining the scopes of liability in the general / specific terms and conditions of insurance or other model agreements;
- co-insurance and reinsurance;
- application of an adequate tariff policy;
- application of the appropriate methodology for calculating technical provisions;
- application of an appropriate procedure to assess underwriting risk;
- application of a correct claims or benefits handling procedure;

- sales decisions and plans;
- prevention.





Reinsurance

Reinsurance protection in the PZU Group secures insurance activity, limiting the consequences of the occurrence of catastrophic phenomena that could adversely affect the financial standing of insurance undertakings. This task is performed through obligatory reinsurance contracts supplemented by facultative reinsurance.

Reinsurance treaties in PZU

PZU consciously and adequately protects the Company’s financial result against the results of materialization of natural risks, e.g. severe storms, floods, droughts or fires, associated with, among others, the climate change. For this purpose, the PZU Group runs, among others, periodic analyzes of the non-life insurance portfolio for its exposure to natural disasters. The portfolio is divided into zones with specific degrees of exposure to the risk of floods and cyclones has been introduced. The values of prospective losses are assigned to each one of the zones under analysis. They correspond to the severity of a given phenomenon and, consequently, its specific probability level. On this basis, as part of the annual reinsurance cover program design process, the distribution of the level of possible catastrophic loss is estimated.

PZU uses reinsurance treaties to limit its risk related to catastrophic losses among others through a catastrophic non-proportional excess of loss treaty and a non-proportional excess of loss treaty for crop insurance. The risk related to the consequences of large single losses, in turn, is mitigated under non-proportional reinsurance treaties to protect its portfolios of property, technical, marine, air, third party liability and third party liability motor insurance.

PZU’s risk is also mitigated by proportional and non-proportional reinsurance of the financial insurance portfolio (e.g. guarantees, commercial credit) and proportionate reinsurance of cybernetic risks.

PZU’s reinsurance partners have high S&P ratings. That evidences the reinsurer’s robust financial position and affords the Company security.

PZU’s inward reinsurance business involves the PZU Group’s other insurance companies. As a result of the exposure to protect Baltic companies, LINK4 and TUW PZUW, PZU continues to generate a high gross written premium by virtue thereof.

In addition, PZU generates gross written premium on inward reinsurance on domestic business through facultative and obligatory reinsurance.

Reinsurance treaties in PZU Życie

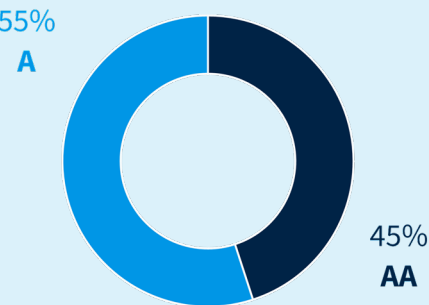
The outward reinsurance treaty entered into by PZU Życie protects the company’s entire portfolio against the accumulation of risk and individual policies with higher sums insured.

Reinsurance partners have high S&P ratings. That evidences the reinsurer’s robust financial position and affords the Company security.

Reinsurance treaties in the PZU Group’s international companies, LINK4 and TUW PZUW

The PZU Group’s other insurance companies, i.e., Lietuvos Draudimas, Lietuvos Draudimas Branch in Estonia, AAS BALTA, PZU Ukraine, PZU Lietuva gyvybes draudimas, LINK4 and TUW PZUW have reinsurance cover aligned to the profile of their operations and their financial standing. Every material insurance portfolio is secured with the appropriate obligatory treaty. Reinsurance cover is provided for the most part by PZU, which transfers a portion of the accepted risk outside the Group.

Reinsurance premium under PZU’s obligatory treaties according to the S&P/AM Best rating



Main reinsurers in 2025: Munich Re, Hannover Re, Swiss Re, VIG Re, Scor.

Reinsurance premium under PZU Życie’s obligatory treaties according to the S&P rating



Main reinsurers in 2025: QBE, VIG Re, Mapfre, DEVK.






Market risk, including liquidity risk

Market risk is understood as the risk of a loss or an adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, credit spread, as well as value of liabilities and financial instruments.

The risk management process for the credit spread and concentration risk has a different set of traits from the process of managing the other sub-categories of market risk and has been described in a subsequent section (Credit risk and concentration risk) along with the process for managing counterparty insolvency risk.

The market risk in the PZU Group originates from three major sources:

- operations associated with asset and liability matching (ALM portfolios);
- operations associated with designating the optimum medium-term other asset structure (non-ALM portfolios);
- banking operations – in conjunction with them, the PZU Group has a material exposure to interest rate risk.

 Numerous documents approved by supervisory boards, management boards and relevant committees govern investment activity in the PZU Group entities.

Market risk identification consists in the identification of actual and potential sources of this type of risk. For assets, the identification of risk begins with the decision to commence transactions in a given type of financial

instrument. Units that make a decision to start entering into such transactions draw up a description of the instrument containing, in particular, a description of the risk factors. They convey this description to the unit responsible for risk that identifies and assesses market risk on that basis.

The identification of market risk associated with insurance liabilities commences with the process of developing an insurance product. It involves identification of the relationship between the cash flows generated by that product and the relevant market risk factors. The identified market risks are subject to assessment using the criterion of materiality, specifying whether the materialization of risk entail a loss capable of affecting the financial condition of a particular PZU Group entity.

Market risk is measured using a standard formula in accordance with the rules defined by Solvency II and measures of exposure and sensitivity, such as basis point value (BPV), currency gap or exposure to selected asset classes.

In the case of banking entities suitable measures are employed in accordance with the regulations applicable to this sector and best market practices. These measures were included in the risk appetites of the entities.

Market risk measurement is divided into stages, in particular:

- collection of information on assets and liabilities that generate market risk;
- calculating the value of risk.

The risk measurement is performed:

- daily – for exposure and sensitivity measures of the instruments in systems used by particular PZU Group companies;
- monthly – based on the estimation of the standard formula for selected market risk submodules;
- quarterly – based on the standard formula.

Monitoring and control of market risk involves an analysis of the level of risk and of the utilization of the designated limits.

Reporting involves communicating to the various decision-making levels information concerning the level of market risk and the results of monitoring and controlling it. The frequency of each report and the scope of information provided therein are tailored to the information needs at each decision-making level.

Management actions in respect of market risk involve in particular:

- execution of transactions serving the purpose of mitigation of market risk, i.e. selling a financial instrument, closing a position on a derivative, purchasing a derivative to hedge a position;
- diversification of the assets portfolio, in particular with respect to market risk categories, maturities of instruments, concentration of exposure in one entity, geographical concentration;

- setting market risk restrictions and limits.

The application of limits is the primary management tool to maintain a risk position within the acceptable level of risk tolerance. The structure of limits for the various categories of market risk and also for the various organizational units is established by appointed committees in such a manner that the limits are consistent with risk tolerance as agreed by the management boards of the PZU Group subsidiaries. Banking sector entities are in this respect subject to additional requirements in the form of sector regulations.

Financial liquidity risk means the possibility of losing the capacity to settle, on an ongoing basis, the PZU Group’s liabilities to its clients or business partners. The liquidity risk management system aims to maintain the capacity of fulfilling the entity’s liabilities on an ongoing basis. Liquidity risk is managed separately for the insurance part and the bancassurance part.

The risk identification involves analysis of the possibility of occurrence of unfavorable events, in particular:

- shortage of liquid cash to satisfy current needs;
- lack of or limited liquidity of financial instruments held;
- the structural mismatch between the maturity of assets and liabilities.

Risk assessment and measurement involve estimation of the shortage of cash to pay for liabilities. The risk estimate and measurement is carried out from the following perspectives:





- liquidity gaps (static, long-term financial liquidity risk) – by monitoring a mismatch of net cash flows resulting from insurance contracts executed until the balance sheet date and inflows from assets to cover insurance liabilities in each period, based on a projection of cash flows prepared for a given date;
- potential shortage of financial funds (medium-term financial liquidity risk) – through analysis of historical and expected cash flows from the operating activity;
- stress tests (medium-term financial liquidity risk) – by estimating the liquidity of portfolios of financial investments in a short period to satisfy liabilities arising from the occurrence of insurable events, including extraordinary ones;
- current statements of estimates (short-term financial liquidity risk) – by monitoring demand for cash reported by the date defined in regulations which are in force in that entity.



The banks in the PZU Group employ the liquidity risk management metrics stemming from sector regulations, including Recommendation P issued by the Polish Financial Supervision Authority.

To manage the liquidity of the banks in the PZU Group, liquidity ratios are used for different periods ranging from 7 days, to a month, to 12 months, and to above 12 months.

Within management of liquidity risk, banks in the PZU Group also analyze the maturity profile over a longer term, depending to a large extent on the adopted assumptions about development of future cash flows

connected with items of assets and equity and liabilities. The assumptions take into consideration:

- stability of equity and liabilities with indefinite maturities (e.g. current accounts, cancellations and renewals of deposits, level of their concentration);
- possibility of shortening the maturity period for specific items of assets (e.g. mortgage loans with an early repayment option);
- possibility of selling items of assets (liquidity portfolio).

Monitoring and controlling financial liquidity risk involves analyzing the utilization of the defined limits. Liquidity ratios of both PZU Group banks remained at high levels throughout H1 2025, significantly above regulatory requirements. Short-term fluctuations were mainly due to changes in balance sheet structure (changes in deposit base and loan portfolios) and ongoing liquidity management.

The current conditions did not have a material impact on liquidity risk of PZU Group's insurance business in H1 2025. This liquidity was maintained at a safe level, and there were no grounds to take extraordinary management actions in terms of liquidity risk. As part of routine management actions regarding liquidity risk, the PZU Group constantly monitored the level of available liquid funds and the current utilization of liquidity limits.

Liquidity risk reporting involves communicating the level of financial liquidity to various decision-making levels. The frequency of each report and the scope of information provided therein are tailored to the information needs at each decision-making level.

The following measures aim to reduce financial liquidity risk:

- maintaining cash in a separate liquidity portfolio at a level consistent with the limits for the portfolio value;
- maintaining sufficient cash in a foreign currency in portfolios of investments earmarked for satisfying insurance liabilities denominated in the given foreign currency;
- provisions of the Agreement on managing portfolios of financial instruments entered into between TFI PZU and PZU regarding limitation of the time for withdrawing cash from the portfolios managed by TFI PZU to at most 3 days after a request for cash is filed;
- the possibility of performing sell-buy-back transactions on treasury securities, including those held until maturity;
- centralization of management of portfolios/funds by TFI PZU;
- limits of liquidity ratios in the banks belonging to the PZU Group.

Credit risk and concentration risk

Credit risk is understood as the risk of a loss or an adverse change in the financial situation resulting from fluctuations in the reliability and creditworthiness of issuers of securities, counterparties and all debtors. It materializes in the form of a counterparty's default on a liability or an increase in credit spread.

The following risk categories are distinguished in terms of credit risk:

- credit spread risk – the possibility of incurring loss as a result of changes in the value of assets, liabilities and financial instruments, caused by changes in the level or in the volatility of credit spreads over the term structure of the interest rates on securities issued by the State Treasury; Credit spread risk are regarded as an integral part of market risk when measuring risk for the purposes of risk profile, risk tolerance, and market risk ratio monitoring and reporting.
- counterparty default risk;
- credit risk in financial insurance.

Asset concentration risk is understood as the possibility of incurring loss stemming either from lack of diversification in the asset portfolio or from large exposure to default risk by a single issuer of securities or a group of related issuers. Asset concentration risk is regarded as an integral part of market risk when measuring risk for the purposes of risk profile, risk tolerance, and market risk ratio monitoring and reporting.



Credit risk and concentration risk are identified at the stage of making a decision on an investment in a new type of financial instrument or on accepting credit exposure. It involves an analysis of whether the contemplated investment entails credit risk or concentration risk, what its level depends on and what its volatility over time is. Actual and potential sources of credit risk and concentration risk are identified.

Risk assessment consists of estimating the probability of risk materialization and the potential impact exerted by risk materialization on a given entity's financial standing.

The measurement of credit risk is performed using:

- measures of exposure (gross and net credit exposure and maturity-weighted net credit exposure);
- capital requirement calculated using the standard formula.

Concentration risk for a single entity is calculated using the standard formula.

A measure of total concentration risk is the sum of concentration risks for all entities treated separately. In the case of related parties, concentration risk is calculated for all related parties jointly.

In the case of banking entities suitable measures are employed in accordance with the regulations applicable to this sector and best market practices. Credit risk is measured using a set of loan portfolio quality metrics.

Monitoring and control of credit risk and concentration risk involves an analysis of the current risk level, assessment of creditworthiness and calculation of the degree of utilization of existing limits. Such monitoring is performed, without limitation, on a daily, monthly and quarterly basis.

The monitoring pertains to:

- credit exposure in investment portfolios;
- credit risk exposures in financial insurance;
- exposures to reinsurance;
- exposure limits and risk tolerance limits;
- credit exposures in the processes in effect in banking entities.

Reporting involves providing information on the levels of credit risk and concentration risk and the effects of monitoring and control. The frequency of each report and the scope of information provided therein are tailored to the information needs at each decision-making level.

Management actions in respect of credit risk and concentration risk involve in particular:

- setting limits to curtail exposure to a single entity, group of entities, sectors or countries;
- diversification of the portfolio of assets and financial insurance, especially with regard to country and sector;
- acceptance of collateral;

- execution of transactions to mitigate credit risk, i.e. selling a financial instrument, closing a derivative, purchasing a hedging derivative, restructuring a debt;
- reinsurance of the financial insurance portfolio.

The structure of credit risk limits and concentration risk limits for various issuers is established by appointed committees in such a manner that the limits are consistent with the adopted risk tolerance determined by the management boards of the respective subsidiaries and in such a manner that they make it possible to minimize the risk of 'infection' between concentrated exposures.

In banking activity the provision of credit products is accomplished in accordance with loan granting methodologies appropriate for a given client segment and type of product. The assessment of a client's creditworthiness preceding a credit decision is performed using tools devised to support the credit process, including a scoring or rating system, external information and the internal databases of a given PZU Group bank. Credit products are granted in accordance with the binding operational procedures stating the relevant actions performed in the lending process, the units responsible for that and the tools used.

To minimize credit risk, adequate collateral is established in line with the credit risk incurred. The establishment of a security interest does not waive the requirement to examine the client's creditworthiness.

In H1 2025, the quality of the loan portfolio of PZU Group banks remained stable, despite persistent increased interest rates in the country, resulting in high loan installments.

In H1 2025, the exposure to one entity in the PZU and PZU Życie loan portfolio remained in Basket 3 under IFRS9 (in Q3 2024, there was a reclassification of this exposure from Basket 2 to Basket 3 under IFRS9. As of the end of June 2025, write-downs for this exposure increased by PLN 31 million (compared to the end of 2024). The remaining portion of the portfolio was stable.





Operational risk

Operational risk is the risk of suffering a loss resulting from improper or erroneous internal processes, human activities, system failures or external events.

Operational risk is identified in particular by:

- accumulation and analysis of information on operational risk incidents and the reasons for their occurrence;
- self-assessment of operational risk;
- scenario analysis.

Operational risk is assessed and measured by:

- calculating the effects of the occurrence of operational risk incidents;
- estimating the effects of potential operational risk incidents that may occur in the business.

Monitoring and control of operational risk is supported mainly by an established system of operational risk indicators and limits enabling assessment of changes in the level of operational risk over time and assessment of factors that affect the level of this risk in the business.

Reporting involves communicating to the various decision-making levels information concerning the level of operational risk and the results of monitoring and controlling it. The frequency of each report and the scope of information provided therein are tailored to the information needs at each decision-making level.

Management actions involving reactions to any identified and assessed operational risks involve primarily:

- taking actions aimed at minimizing risks, for instance by strengthening the internal control system;
- risk transfer – in particular, by entering into insurance agreements;
- risk avoidance by refraining from undertaking or withdrawing from a particular type of business in cases where too high a level of operational risk is ascertained and where the costs involved in risk mitigation are unreasonable;
- risk acceptance – approval of consequences of a possible realization of operational risk unless they threaten to exceed the operational risk tolerance level.

In 2022, PZU and PZU Życie established the Crisis Management Team in the light of the attack by the armed forces of the Russian Federation on Ukraine. The announced Crisis Situation means that there is ongoing monitoring of the current political and market situation, and adequate measures are introduced to ensure the safety of employees, the business continuity of the companies and security of financial assets of the PZU Group.

Additional cybersafety measures were introduced to mitigate risk with increasing probability of materialization. Anomalies in terms of cyber threats, extending to subsidiaries, are under continuous 24/7 monitoring.

Due to the nationwide implementation of CRP Alert Level 3 (CHARLIE-CRP) and Alert Level 2 (BRAVO), a

heightened state of readiness of the physical and cyber security areas has been maintained continuously since February 2022.

Model risk

Model risk, classified by the PZU Group as significant, is defined as the risk of incurring financial losses, incorrectly estimating data reported to the regulatory authority, taking incorrect decision or losing reputation as a result of errors in the development, implementation or application of models.



The formal identification and assessment process for this risk was implemented in PZU and PZU Życie to ensure high-quality practices for model risk assessment.

The model risk management process involves:

- risk identification, which takes place through regular identification of the models used in the areas covered by the process; (identified models are assessed for materiality);
- risk measurement, which is based on the results of independent model validations and monitoring;
- risk monitoring, which involves ongoing analysis of deviations from the adopted points of reference regarding the model risk (including verification of how recommendations are implemented, verification that the level of model risk is acceptable from the point of view of internal regulations);
- risk reporting, which involves communicating the process results on the appropriate management level, in particular results of risk monitoring, validation and measurement;

- management actions, which aim to mitigate the model risk level; they can be active (e.g. recommendations resulting from completed validations) and passive (developing model and model risk management standards).



In the entities from the banking sector, given the high significance of model risk, the management of this risk has already been implemented in the course of adaptation to the requirements of Recommendation W issued by the KNF. Both PZU Group banks have defined standards for the model risk management process, including the rules for developing models and evaluating the quality of their operation, ensuring at the same time appropriate corporate governance solutions. Model risk is factored into the risk appetite of both banking sector entities.





Compliance risk

The compliance risk understood as the risk that PZU, PZU Życie, other PZU Group entities or related parties may infringe on the law, internal regulations and adopted standards of conduct, including ethical standards. It results or may result in:

- incurring legal sanctions by the Company / PZU Group entities or persons acting on its behalf;
- incurring financial loss;
- or loss of reputation or credibility.

The compliance risk also includes the risk that the operations performed by the PZU Group will be out of line with the changing legal environment (both in the area of the so called “hard law” and “soft law”). This risk may materialize as a result of delayed implementation or absence of clear and unambiguous laws. This may cause irregularities in business and, as a result, lead to higher costs (for instance, administrative penalties, other financial penalties) and a heightened level of loss of reputation risk. Due to the broad spectrum of the PZU Group’s business, reputation risk is also affected by the risk of litigation that is predominantly inherent in the Group’s insurance entities and banks.

PZU and PZU Życie have consistent and uniform solutions for ongoing compliance risk management and monitoring.

Identification, assessment, reporting and analysis of compliance risk are carried out at relevant levels of risk management at the Company, in accordance with the competencies under the regulations adopted at PZU and PZU Życie.

The compliance risk at PZU and PZU Życie level is analyzed taking into account the cyclical risk self-assessment prepared by the unitary organizational structures as part of the ongoing risk management in the supervised areas. The results of the self-assessment are subject to systematization on the basis of compliance risk awareness arising from all activities undertaken by the compliance function of PZU and PZU Życie.

These include analyses of the legal situation and legislative changes, supervisory recommendations, results of compliance analyses, findings from investigations of notifications, and participation in implementation projects for new regulations. Conclusions from systemic risk analyses are one of the factors considered in planning of activities and compliance analyses by PZU and PZU Życie, and they are also the subject of reporting.

Periodically, sets of reports on the compliance risk management system of PZU and PZU Życie are provided to Members of the Management Board and Supervisory Board.

Compliance risks in the PZU Group

PZU makes efforts aimed at ensuring adequate and uniform standards of compliance solutions in all subsidiaries of the PZU Group and monitors compliance risk throughout the entire Group. In H1 2025 the compliance systems of PZU Group entities were aligned with the standards set by PZU and appropriate to their business profile and scale.

Compliance units of each PZU Group entity are responsible for providing the PZU Compliance Department with full information on compliance risks. They are required to assess and measure compliance risk, undertake and implement appropriate remedial actions, which reduce the likelihood of realization of this risk.

The most significant powers of PZU’s Compliance Department in the area of compliance risk in the PZU Group are as follows:

- shaping systemic solutions in the area of compliance risk in the PZU Group;
- monitoring the functioning of systemic solutions and standards of conduct, including ethical standards, in consideration of the best practices adopted in the PZU Group;
- ensuring uniform solutions and standards in deploying the compliance function and managing compliance risk in the PZU Group;
- issuing guidelines and recommendations in the area of compliance;
- identifying and assessing compliance risk generated at the level of the PZU Group;

- preparing reports and management information regarding the efficiency and adequacy of the compliance function in the PZU Group, and submitting them to the Management Board and the Supervisory Board of PZU;
- providing support to PZU Group entities in the area of system solutions in the implementation of compliance function activities;
- preparing, developing and promoting common training and information standards in the PZU Group;
- providing analysis and ongoing monitoring of the application of “Chinese wall” rules – in connection with the additional investor commitments made by PZU on 21 April 2017 (as part of the proceedings following the notification on the intent to purchase Bank Pekao’s shares).

In the first half of 2025, PZU's Compliance Bureau took a number of steps to further align the compliance function with the changing legal environment, taking into account the current needs of the PZU Group.

In addition, the compliance area engaged in working to ensure that the Company meets the requirements imposed by a number of legal acts, among which can be mentioned:

- Directive (EU) 2025/2 of the European Parliament and of the Council of 27 November 2024 amending Directive 2009/138/EC as regards proportionality, quality of supervision, reporting, measures on long-term guarantees, macro-prudential tools, sustainability risks and group and cross-border supervision, and amending Directives 2002/87/EC and 2013/34/EU (Revision of the Solvency II Directive);





- Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024, establishing harmonized rules for artificial intelligence and amending Regulations (EC) No. 300/2008, (EU) No. 167/2013, (EU) No. 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (AI Act);
- Draft artificial intelligence systems act;
- Draft recommendation of the KNF to insurance companies on insurance distribution;
- Regulation of the European Parliament and of the Council on the operational digital resilience of the financial sector and amending Regulations (EC) No. 1060/2009, (EU) No. 648/2012, (EU) No. 600/2014 and (EU) No. 909/2014 (DORA);
- Draft act amending certain laws in connection with ensuring the operational digital resilience of the financial sector;
- Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU with regard to corporate sustainability reporting (CSRD);
- Act of 6 December 2024 Amending the Act on Accounting, the Act on Statutory Auditors, Audit Firms and Public Supervision and Certain Other Acts;
- Proposal Regulation of the European Parliament and of the Council amending Regulation (EU) No. 1286/2014 with regard to the modernization of key information documents (RIS Package);

- Proposal Directive of the European Parliament and of the Council amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2014/65/EU and (EU) 2016/97 as regards Union rules on retail investor protection (RIS Package);
- Position of the Polish Financial Supervision Authority on certain aspects of the use of outsourcing by insurance and reinsurance companies.
- Regulation (EU) 2024/162 of the European Parliament and of the Council of 31 May 2024 establishing an Office for the Prevention of Money Laundering and Terrorist Financing and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010;
- Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing;
- Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms that Member States should put in place to prevent using the financial system for money laundering or terrorist financing, amending Directive (EU) 2019/1937 and amending and repealing Directive (EU) 2015/849;
- Draft Act on Combating Money Laundering and Financing of Terrorism;
- Directive (EU) 2025/1 of the European Parliament and of the Council of 27 November 2024 on establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU

- and (EU) 2017/1132 and Regulations (EU) No. 1094/2010, (EU) No. 648/2012, (EU) No. 806/2014 and (EU) 2017/1129 (IRRDR);
- Regulation (EU) 2023/2854 of the European Parliament and of the Council of 13 December 2023 on harmonized rules on fair access to and use of data, and amending Regulation (EU) 2017/2394 and Directive (EU) 2020/1828 (Data Act);
- Regulation of the European Parliament and of the Council on the proposed framework for access to financial data, and amending Regulations (EC) No 1093/2010, (EU) No 1094/2010, (EU) No 1095/2010 and (EU) No 2022/2554 (FIDA);
- Draft act reducing red tape and legal barriers;
- 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;
- Directive (EU) 2023/970 of the European Parliament and of the Council of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms (Pay Transparency Directive);
- Act of 26 April 2024 on Ensuring that Business Entities Meet Accessibility Requirements for Certain Products and Services;
- Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures (Woman on Boards);

- Draft Act on Amending the Act on public offering, the conditions governing the introduction of financial instruments to organized trading, and on public companies and the Act on implementation of certain provisions of the European Union on equal treatment.

PZU Życie's operation remains compliant with the requirements of the product intervention (decision of the FSC of 15 July 2021 with regard to prohibitions of marketing, distribution and sale of investment products – life insurance contracts, if they are related to UFK), including in particular: the product offering comprises only investment products for which the compliance tests performed showed compliance with both criteria indicated in the above-mentioned decision (Multi Kapitał II and Świat Inwestycji Premium II).



Risk concentration

When managing the various categories of risk, the PZU Group identifies, measures and monitors risk concentration. Compliance with the regulatory obligations imposed on groups identified as financial conglomerates is supported by the model introduced in 2020 to manage significant risk concentration in the PZU Financial Conglomerate in keeping with the requirements of the Supplementary Supervision Act.

Supplementary supervision protects the financial stability of lending institutions, insurance undertakings, reinsurance undertakings and investment firms being members of financial conglomerates. The supervision is exercised, among others, through measuring the risk concentration level in the financial conglomerate as a whole, also from the perspective of regulated entities being its members.

The implementation of this model served the purpose of defining the risk concentration management principles and supporting the units involved in the process, in particular through:

- defining the roles and responsibilities of individual participants of the significant risk concentration management process;
- introducing consistent risk definitions;
- introducing the principles of identifying, measuring and assessing risk;
- determining the risk profile of exposures identified as material concentration;
- defining the risk limits and threshold values;

- defining the principles of monitoring significant risk concentrations;
- introducing the principles of reporting and management decision-making.

Regulated subsidiaries monitor and submit regular reports to the leading entity in the PZU Financial Conglomerate on the measures and data required to identify risk concentrations. In the case of identification of an excessive risk concentration, management actions are implemented on the level of the given entity or the whole financial conglomerate.

Risk concentration is measured and monitored, in particular, in the following dimensions:

- concentration per counterparty or group of counterparties;
- concentration per currency;
- concentration per sector of economy;
- concentration per country;
- concentration per asset type.



5.2. Risk management system

The objective of the PZU Group’s risk management system is to ensure early identification and adequate management of material risks associated with the activities of the PZU Group and its individual entities. Risk management is one of the key internal processes in the PZU Group. The risk management system in place in PZU is based on three lines of defense. Its framework reflects the standards prevailing in the insurance sector and the guidelines laid down in regulatory regulations.

The ESG risk management processes are part of a broader risk management process in the Group. ESG risks were also identified through a dual materiality assessment process. Selected ESG risks are taken into account in the investment decision-making process and in selected corporate client risk assessment processes, which enable the insurer to evaluate the premium.

The risk management system in the PZU Group

PZU exercises supervision over the PZU Group’s risk management system by the power of cooperation agreements entered into with other Group entities and the information provided thereunder. It manages risk at the PZU Group level on an aggregate basis, especially in terms of capital requirements. The cooperation agreements signed with the PZU Group subsidiaries enable the collection and processing of information necessary for appropriate and effective management of risk at the PZU Group level. They also guarantee that the various risks generated by the individual PZU Group

entities are assessed and are based on the same standards, taking into account the requirements and restrictions arising from the applicable law. The main elements of the PZU Group’s risk management system have been implemented to ensure sectoral consistency and the execution of the various entities’ strategic plans and the overall PZU Group’s business objectives.

The Risk Management Strategy in the PZU Group is the basis of operation of the risk management system in the PZU Group. The Group has introduced risk management rules for the affiliates identified in the strategy. The rules constitute a recommendation issued by PZU regarding the organization of the risk management system in subsidiaries. Additionally, guidelines regulating the various risk management processes in the PZU Group entities are also issued from time to time. The management boards of PZU Group companies from the financial sector are responsible for fulfilling their own duties in accordance with the generally applicable provisions of national and international law. In particular, they are responsible for the implementation of an adequate and effective risk management system.

Subsidiaries from outside of the financial sector introduce the risk management rules including the allocation of roles and responsibilities and the catalog of risks associated with the relevant activity.

The determination of the appropriate level of risk in each company is the management board’s responsibility, whereas a review of the risk management system, especially the risk appetite level, is conducted once a year by the unit responsible for risk, with all actions being coordinated at the PZU Group level.

Internal Control System

Effective risk management is supported by the Internal Control System implemented in PZU, which offers solutions for three levels:

- **1st level** – includes risk management by business process owners in the course of operations;
- **2nd level** – includes risk management by specialized cells responsible for risk identification, measurement, monitoring and reporting and controlling the limits;
- **3rd level** – includes internal audit which conducts independent audits of the individual elements of the risk management system, as well as of control procedures.

The risk management process consists of the following stages:

Identification

The process commences with a proposal to develop an insurance product, buying a financial instrument, modifying an operating process, as well as whenever some other event occurs that may potentially lead to the emergence of risk. The identification process continues until the expiration of liabilities, receivables or activities associated with the risk. Risk identification involves identification of actual and potential sources of risk, which are later analyzed in terms of significance.

Measurement and assessment of risk

Conducted depending on the nature of the risk type and its significance level. Risk measurement is carried out by specialized units. Risk units in each company are responsible for the development of tools and the measurement of risk in terms of risk appetite, risk profile and risk tolerance.

Risk monitoring and control

Consists in the ongoing analysis of deviations from benchmarks (limits, threshold values, plans, figures from prior periods, recommendations and guidelines).

Reporting

Allows for effective communication on risk and supports risk management on various decision-making levels.

Management actions

They include, among others, risk avoidance, risk transfer, risk mitigation, acceptance of risk level, as well as implementation of supporting tools, such as limits, reinsurance programs or regular review of internal regulations.

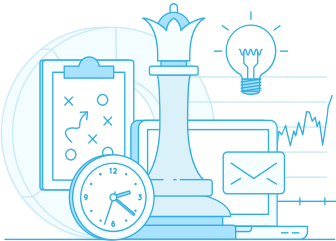
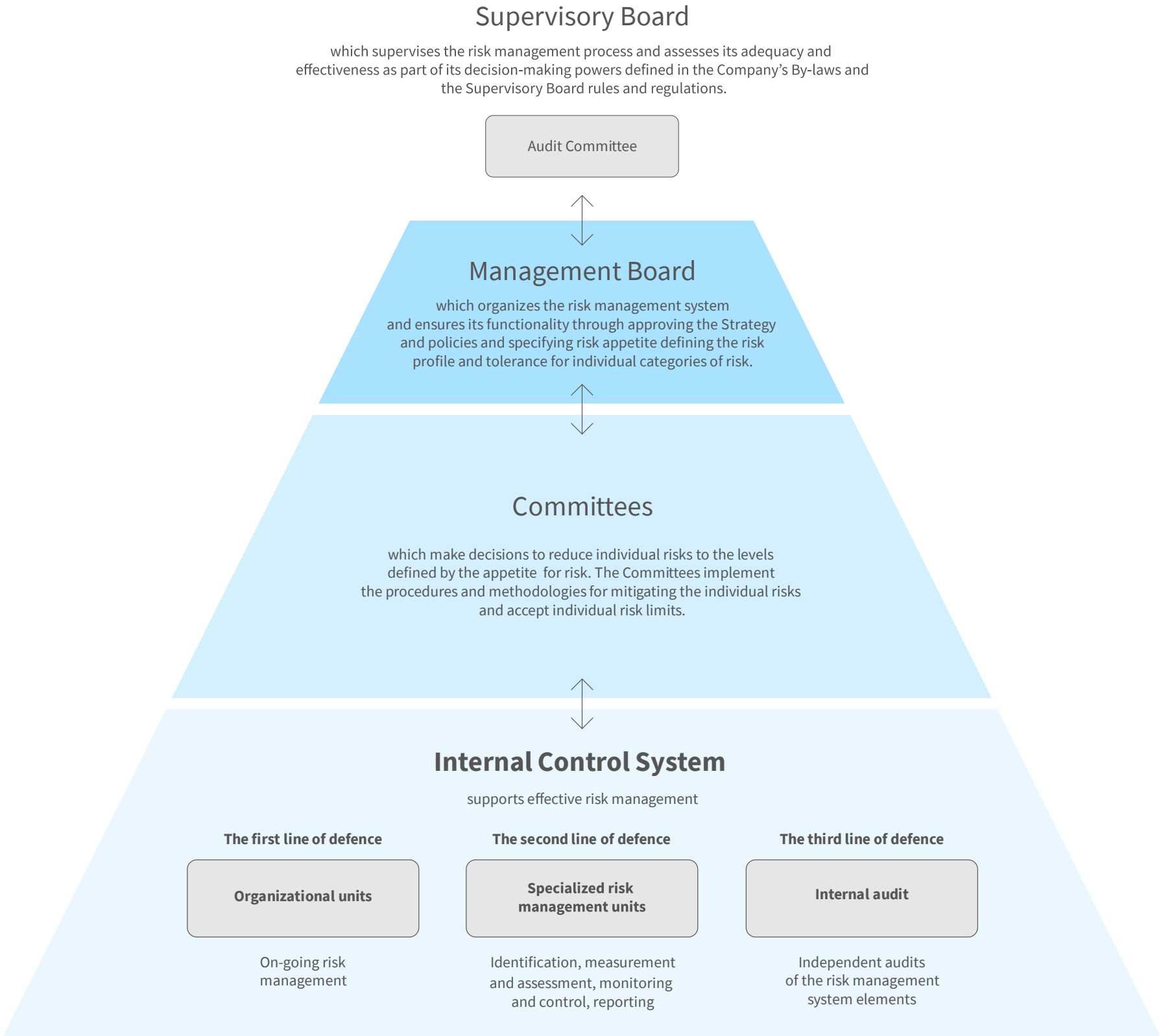




Chart of the organizational structure for the risk management system



Risk appetite

Risk appetite is defined in the PZU Group Risk Management Strategy as the minimum value of the PZU Group’s solvency ratio on a consolidated basis and PZU on a standalone basis.

In addition, PZU as the leading entity in the PZU Group Financial Conglomerate manages risk concentration at the level of the overall conglomerate. The leading entity has established the risk concentration management standards, in particular through introduction of rules for identification, measurement and assessment, monitoring and reporting of significant risk concentration and making managerial decisions.

Once a year, the internal audit unit prepares an annual activity report, which includes, in particular, an evaluation of the internal control system and the risk management system. The procedure for preparing the report and its scope are governed by separate internal regulations. For the purposes of report, the risk unit prepares information as to the adequacy and effectiveness of the risk management system.

Risk management – subsidiaries

Risk management responsibility, including the climate impact risk

The consistent split of powers and tasks in the PZU Group and in its various financial sector subsidiaries covers four decision-making levels: Supervisory Board, Management Board, Committees, and various operating units within the three lines of defense.

1. Supervision over the risk management systems in the various financial sector entities is exercised by supervisory boards. PZU designates its representatives to the supervisory boards of its subsidiaries, including in particular the Alior Bank Group and the Pekao Bank Group.
2. The management boards of PZU Group entities are responsible for executing their own duties in accordance with the generally applicable provisions of national and international law. In particular, they are responsible for implementing an adequate and effective risk management system. The Management Board organizes the risk management system and ensures that it is operational by adopting strategies and policies, setting the level of risk appetite, defining the risk profile as well as tolerance levels for the individual categories of risk.
3. Committees decide about limiting the levels of individual risks to fit the risk appetite framework they have defined, adopt procedures and methodologies for mitigating the individual risks and accept the limits for individual risk types. Selected members of the Management Boards sit in the Committees. In H1 2025, the Investment Risk Committee was abolished in the structure of PZU and PZU Życie and its powers were taken over by the Asset and Liability Management Committee.
4. The fourth decision-making level pertains to operational measures in the various business units divided into three lines of defense.





6. Performance and dividend

- 6.1. Key factors affecting the financial results achieved
- 6.2. PZU Group's revenue and costs
- 6.3. PZU Group's asset and liability structure
- 6.4. Contribution made by the market segments to the consolidated result
- 6.5. Capital management and dividend
- 6.6. Financial rating



6.1. Key factors affecting the financial results achieved

In H1 2025, net profit attributable to the shareholders of the PZU Group’s parent company was PLN 3,230 million, compared to PLN 2,446 million in H1 2024 (up 32.1%). Net profit reached PLN 6,625 million, i.e. PLN 17.5% more than in the same period of 2024, and profit before tax stood at PLN 8,512 million, compared to PLN 7,324 million the year before.

Net of non-recurring events,³¹ net result rose by 15.5% compared to last year.

Operating profit in H1 2025 was PLN 8,517 million, up PLN 16.4% compared to the result in H1 2024.

Key contributors to operating profit included in particular:

- higher result in the mass non-life insurance segment (PLN +433 million), largely due to the growth in the insurance service result both in non-motor and motor insurance; The increase in revenue was the result of higher sales growth in non-motor insurance (mainly PZU Dom insurance and PZU Firma product offered to small and medium-sized crop insurance companies) and motor insurance (increase in average premium). Higher net insurance service expenses by 1.1% y/y which together with an increase in the net insurance contract revenue by 7,5% y/y resulted in the higher profitability measured by the combined ratio (COR) decreasing by 5.7 percentage points;

- increase in operating profit in the corporate non-life insurance segment (PLN +40 million), as a result of higher year-on-year net claims liabilities of the current year, while revenues increased largely as a result of higher sales growth in non-motor insurance, and to a lesser extent in motor insurance;
- an increase in operating profit in the group and individual continued life insurance segment (PLN +68 million), mainly due to higher insurance contract revenues exceeding the increase in insurance costs, including a higher level of contractual service margin release in all of the segment's insurance groups and as a result of improved profitability in group protection and health insurance and higher investment result allocated to the segment;
- higher operating profit in the individual protection life insurance segment (PLN +24 million), mainly as a result of higher insurance revenues thanks to releasing contractual margins including in bancassurance and term insurance;
- higher result in the Baltics segment (PLN +56 million) due to higher income from insurance contracts caused by an increase in sales in property and other personal insurance (mainly due to an increase in sales of property, health and MTPL insurance), with a simultaneous increase in the cost of claims and benefits as a result of an increase in the value of the portfolio;
- an increase in operating profit in the investment segment (PLN +114 million), particularly as a result of higher investment profit on free funds including on listed equity portfolios due to stronger growth in stock market indices, commercial real estate in the face of higher swap point income, and the purchase of debt instruments for the portfolio at high yields;
- higher results in the banking operations segment (PLN +445 million), in particular due to an increase in interest income as a result of higher loan volumes and higher interest margin at Bank Pekao as well as growth in the average loan portfolio, lower financing costs, and lower costs of derivative transactions at Alior Bank, partially offset by higher costs of legal risk of foreign currency mortgage loans mainly at Bank Pekao and higher operating expenses;
- lower performance on the operating activities in the pension insurance segment (PLN -3 million), mainly due to greater costs in respect of the contribution to Guarantee Fund of the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych, “KDPW”), partially offset by an increase in fund management fees.

31) One-time events in H1 2025 include:
- updating the provision for risks related to foreign currency mortgage loans at Bank Pekao;
- provision for client protection issues at Bank Pekao.

One-time events in H1 2024 include:
- updating the provision for risk related to foreign currency mortgage loans at Bank Pekao S.A.;
- costs related to modifying contracts of PLN mortgage loans granted to clients due to their suspension of loan repayments (so called “moratorium periods”).

In the individual operating result items, the PZU Group recorded:

- a 6.5% increase in insurance revenues, to PLN 15,226 million, (PLN +835 million after accounting for reinsurance premium allocations), including an increase in liability amortization (LRC) as a consequence of higher sales growth, both non-motor insurance (further development of the PZU Dom insurance portfolio, and PZU Firma insurance offered to small and medium-sized enterprises and crop insurance) and motor insurance, particularly in the mass non-life insurance segment (an increase in average premiums in response to rising claims costs). Higher revenues were recorded in the group and individual continued insurance segments as a result of higher contractual service margin releases in all of the segment's insurance groups. Growth was also recorded in the Baltic Countries segment as a result of higher sales in non-life insurance, including non-life insurance (increase in average premium and number of insureds), health insurance, and MTPL and MOD insurance. The higher level of insurance revenue is also triggered by a higher level of premiums allocated to recovery of insurance acquisition cash flows as a consequence of growing sales and a simultaneous increase in commission costs (resulting from changes in the sales distribution channels, mostly in the segment of mass non-life insurance);
- the higher level of insurance service expenses, which amounted to PLN 12,583 million, i.e. 5.3% more than in H1 2024. Expenses adjusted for the amounts recoverable from reinsurers increased by PLN 280 million, and this resulted from:

- higher current year claims liabilities in both non-life insurance segments, including mainly in the non-motor insurance group (related to damage caused by forces of nature in mass non-life insurance) and Own Damage insurance;
- release of higher excess net loss reserves from previous years over the value of payouts in the mass non-life insurance segment;
- recognition of a loss component, mainly in the MTPL insurance portfolio, mass non-life insurance segment, as a consequence of high claims inflation, though in an amount that does not exceed the amortization from the opening balance sheet; The total excess of depreciation over the creation of the loss component amounted to PLN 72 million (y/y change of PLN +203 million);
- higher claims and benefits in the group and individual continued life insurance segment with the development of the loss reserve from previous years, mainly in individual continued insurance, an increase partially offset by a change in the value of the loss component with a positive impact on the result (the impact of improved profitability in group protection and health insurance);
- higher administrative costs attributable to insurance operations due to increased personnel costs (impact of salary increases), higher IT costs due to the development of the IT area;

- higher amortization of acquisition cash flow, including in particular in the bulk insurance segment as a consequence of growing sales while commission expenses increased (and due to the change in distribution of sales by channel).
- 8.1% higher investment income, exclusive of interest expenses, and 12.6% higher income after factoring in the interest expenses³² (increase from PLN 9,789 million to PLN 11,021 million). Growth pertained to investment results from both banking and non-banking activities. On the banking business, it was related in particular to an increase in interest income. At Bank Pekao, the increase in interest income was due to higher loan volumes and a higher interest margin. At Alior Bank, the increase in net interest income was a consequence of growth in the bank's average loan portfolio, a reduction in the cost of financing and lower derivative transaction costs. At the same time, an increase in investment income was posted in investment activity, net of banking activity.³³ They were higher than in H1 2024 mainly due to:

32) including: 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, interest. expense

33 Banking activity: data of Bank Pekao and Alior Bank

Operating result of the PZU Group in H1 2025 (in PLN million)

Operating profit H1 2024	7,319
Gross insurance revenue	931
Reinsurance premium allocation	(96)
Net claims and benefits	(125)
Administrative expenses	(39)
Acquisition expenses	(116)
Finance income or expenses	(178)
Net investment income*	1,118
Fee and commission result	120
Operating costs of the PZU Group not related to insurance services	(255)
Interest expenses	114
Legal provision costs for foreign currency mortgages	(150)
Other operating income and expenses	(126)
Operating profit H1 2025	8,517

*) exclusive of interest expenses





- increase in the results generated in the investment activity on the asset portfolio that constitute investment insurance coverage, which has no impact on the PZU Group’s total net result, as it is offset by the change in insurance financial income and expenses;
- higher performance of the portfolio of listed stocks in particular due to stronger increases in the capital markets and a gain on the sale of some shares;
- increase in income from debt instrument portfolios as a result of purchasing instruments at high yields into the portfolio;
- higher swap point income from derivatives on commercial real estate portfolios as well as foreign currency debt instruments;
- an increase in net fee and commission income to PLN 1,971 million in H1 2025 compared to PLN 1,851 million in the same period in 2024, mainly related to an increase in revenue from funds and mutual fund companies. There was also a higher result from brokerage commissions at banks;
- higher provision for legal risk related to foreign currency mortgages amounted to PLN 420 million versus PLN 270 million in H1 2024. The increase affected Bank Pekao in particular, and was mainly due to an updated forecast of a future influx of lawsuits from borrowers;
- an increase in the level of the Group's non-insurance operating expenses from PLN 5,350 million in H1 2024 to PLN 5,605 million in H1 2025, in particular as a result of a PLN 139 million increase in contributions to the Bank Guarantee Fund (BGF). In addition, employee costs higher by 1.5% y/y were observed, while the charge for the tax on financial institutions fell in total from PLN 779 million in H1 2024 to PLN 773 million in H1 2025 (this is the result of a movement in taxable assets, not the tax rate);
- movement in the balance of other operating income and expenses – to PLN 411 million, compared with PLN 537 million in H1 2024. The change was mainly due to the establishment of provisions for consumer protection issues at Bank Pekao. The increase in costs was partially offset by higher revenues from the sale of medical services.

*) including: 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.

**) Restated data.

Basic amounts of the consolidated profit and loss account	1 January – 30 June 2023 PLN million	1 January – 30 June 2024** PLN million	1 January – 30 June 2025 PLN million
Insurance service result before reinsurance	1,309	2,350	2,643
Insurance revenue	13,013	14,295	15,226
Insurance service expenses	(11,704)	(11,945)	(12,583)
Net income or expenses from reinsurance contracts held	681	(750)	(488)
Reinsurance premium allocation	(724)	(898)	(994)
Amounts recoverable from reinsurers	1,405	148	506
Insurance service result	1,990	1,600	2,155
Financial income and expenses from insurance	(883)	(928)	(935)
Finance income or expenses from reinsurance	10	90	(81)
Fee and commission result	1,805	1,851	1,971
Net investment result*	13,737	13,874	14,992
Operating costs of banks	(3,056)	n/a	n/a
PZU Group’s non-insurance operating expenses	n/a	(5,350)	(5,605)
Legal risk costs of foreign currency mortgage loans	(48)	(270)	(420)
Interest expenses	(4,486)	(4,085)	(3,971)
Other operating income and expenses	(1,400)	537	411
Operating profit (loss)	7,669	7,319	8,517
Share of the net financial results of entities accounted for using the equity method	4	5	(5)
Profit (loss) before tax	7,673	7,324	8,512
Income tax	(1,757)	(1,688)	(1,887)
Net profit (loss)	5,916	5,636	6,625
Net profit (loss) attributable to the equity holders of the parent company	2,688	2,446	3,230



6.2. PZU Group’s revenue and costs

Insurance revenue

In H1 2025, the insurance revenue of PZU Group reached PLN 15,226 million, i.e. 6.5% more (PLN 931 million) than in the corresponding period in 2024. The change in the level of insurance revenues was driven predominantly by:

- an increase of PLN 474 million (+7.5% y/y, to PLN 6,782 million) in insurance revenues in the mass non-life segment (after taking into account reinsurance premium allocations, an increase of PLN 466 million), including an increase in the amortization of liabilities for the remaining period of service (LRC) as a consequence of higher sales dynamics of non-motor insurance (mainly PZU Dom home insurance and PZU Firma product offered to small and medium-sized enterprises) and crop insurance as well as motor insurance (an increase in average premiums in response to rising claims costs);

- an increase of PLN 236 million (+10.3% y/y, to PLN 2,534 million) in insurance revenues in the corporate non-life insurance segment – including amortization of liabilities for remaining coverage (LRC) (PLN +209 million), mainly as a result of higher sales growth in non-motor insurance (the effect of earning Q4 2024 premiums, including on large contracts) and in motor insurance to a lower extent (an increase in average premiums since Q4 2024). After reinsurance premium allocations, revenues increased by PLN 147 million.
- higher insurance revenues in the Baltic countries segment (gross revenue growth of PLN 88 million y/y, revenue growth after reinsurance premium allocation of PLN 90 million) as a result of higher sales in the non-life insurance segment, including property insurance (due to higher average premium and number of policies), health insurances (greater number of policies), and motor insurance to a lower extent;

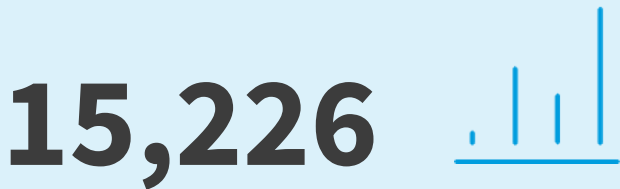
- higher insurance revenues in the group and individual continued life insurance segment (up by PLN 87 million y/y) as a result of higher contractual service margin releases (PLN +56 million) in all the segment's insurance groups, a higher level of premiums needed to cover expected claims and benefits (the resultant of lower utilization of health insurance benefits and higher claims and benefits in other group and individual continued insurance derived from portfolio premium growth), and higher revenues to cover rising acquisition costs;
- an increase in insurance revenues in the individual protection insurance segment (up by PLN 45 million y/y) as a result of higher contractual service margin releases, in bancassurance mainly due to higher insurance sales to mortgages and in term insurance, an increase in premiums written to cover acquisition costs, expected costs and expected claims and benefits.

Fee and commission result

In H1 2025, commissions and fees result amounted to PLN 1,971 million, and was by PLN 120 million, i.e. 6.5%, higher than in the previous year. The revenues included primarily:

- net revenues from fees and commissions in the banking activities of PLN 1,565 million, up PLN 57 million, or 3.8%, as compared to last year; mainly due to greater revenue in respect of brokerage fees;
- pension insurance revenues – at PLN 95 million, higher by PLN 10 million (+11.8% y/y), mainly due to an increase in fund management fees due to a higher average net value of assets;
- revenues and fees from funds and mutual fund companies – amounting to PLN 308 million, higher by PLN 52 million (+ 20.3% y/y), including due to a higher level of assets under management.

PZU Group insurance revenues
in H1 2025 (in PLN million)



Fees and commissions result
in H1 2025 (in PLN million)





Investment result and interest expense

In H1 2025, investment result including interest expense excluding Pekao Bank and Alior Bank amounted to PLN 1,816 million compared to PLN 1,461 million in the comparable period of the previous year.

The higher result on investment activities excluding banking activities was particularly related to:

- increase by PLN 196 million in the results generated on the asset portfolio that constitute investment insurance coverage, which has no impact on the PZU Group's total net result, as it is offset by insurance finance Change income or expenses;
- higher performance of the portfolio of listed stocks in particular due to stronger increases in the capital markets and a gain on the sale of some shares;
- higher income from the Polish government bonds portfolio measured at fair value through other comprehensive income due to, i.a., the purchasing of high-yield instruments for the portfolio;
- an increase in income from the portfolio of emerging market bonds measured at fair value through other comprehensive income due to higher swap point income and an improvement in the result from the sale of a portion of the bonds in the portfolio;
- higher real commercial estate portfolio result thanks to higher swap point income.

PZU Group's non-insurance operating expenses

The PZU Group's non-insurance operating expenses amounted to PLN 5,605 million in H1 2025, compared to PLN 5,350 million in the comparable period in 2024. The balance change was caused by the following factors:

- higher fees to the Bank Guarantee Fund by PLN 139 million, the total burden on banks in H1 2025 rose to PLN 418 million;
- 1.5% higher employee costs, including in particular on banking operations;
- lower charge of the tax levy on financial institutions (insurance and banking activities combined) increased from PLN 779 million in H1 2024 to PLN 773 million in H1 2025, due to movement in taxable assets (the rate of the bank levy did not change).

Result on other operating income and expenses

In H1 2025, the balance of other operating income and expenses stood at PLN 411 million, compared to the balance of PLN 537 million in H1 2024. The balance change was caused by the following factors:

- higher costs due to the creation of provisions for consumer protection issues at Pekao in the amount of PLN 108 million;
- an increase in revenue from the sale of medical services.

Insurance segments	Insurance revenue		
	1 January – 30 June 2023 PLN million	1 January - 30 June 2024 PLN million	1 January – 30 June 2025 PLN million
TOTAL	13,013	14,295	15,226
Total non-life insurance – Poland	7,725	8,606	9,316
Mass insurance – Poland	5,771	6,308	6,782
MTPL insurance	2,106	2,211	2,315
MOD	1,590	1,781	1,870
Other products	2,075	2,316	2,597
Corporate insurance – Poland	1,954	2,298	2,534
MTPL insurance	323	315	355
MOD	445	488	530
Other products	1,186	1,495	1,649
Total life insurance – Poland	3,994	4,263	4,398
Group and individually continued insurance – Poland	3,634	3,850	3,937
Individual insurance – Poland	311	362	407
Investment insurance – Poland	49	51	54
Total Non-life insurance – Ukraine and the Baltic Countries	1,252	1,389	1,476
Ukraine – non-life insurance	79	105	106
Baltic Countries – non-life insurance	1,172	1,284	1,370
Total life insurance – Ukraine and Baltic Countries	42	38	36
Ukraine – life insurance	20	16	12
Baltic Countries – life insurance	22	22	24





Insurance service expenses (PZU Group)

Insurance service expenses were PLN 12,583 million, i.e. increased by PLN 638 million, i.e. by 5.3%, as compared to H1 2024. Expenses adjusted for the amounts recoverable from reinsurers increased by PLN 280 million, and this resulted from:

- in the mass non-life insurance segment, higher claims liabilities of the current year non-motor insurance portfolio (the effect of damages caused by forces of nature) and deterioration in MOD insurance (due to claims inflation) while improving in TPL insurance. Additionally, higher costs result from increased amortization of acquisition costs (due to the growing share of the multi-agency channel portfolio), as well as the recognition of a loss component mainly on the MTPL insurance portfolio, which is a consequence of high claims inflation; however, this loss does not exceed the amortization recorded in the opening balance sheet. The total excess of depreciation over the creation of the loss component amounted to PLN 72 million (y/y change of PLN +203 million);
- in the corporate non-life insurance segment, higher claims liabilities for the current year were recorded in non-motor insurance and MOD insurance, mainly due to claims inflation, increased claims frequency in motor insurance, and the occurrence of high-value individual claims (fire and mining insurance). Additionally, there was a release of a higher net claims reserve surplus from previous years exceeding the current level of claims payments, as well as increased amortization of acquisition costs;
- higher claims and benefits, along with the development of loss reserves from previous years, were recorded in the group and individual continued

life insurance segment, mainly in individual continued insurance. There was a change in the value of the loss component with a positive impact on the result (a combined effect of slowing the creation of the loss component in group protection and health insurance, and maintaining the creation of a new loss component at a stable level for the individual continued insurance portfolio), as well as higher amortization of acquisition costs;

- higher liabilities for the current year’s claims in the Baltic countries segment as a result of the increase in the value of the portfolio, greater administrative expenses attributable to the insurance business mainly due to higher personnel costs and amortization of insurance acquisition cash flows;
- higher liabilities for current year claims, costs including amortization of insurance acquisition cash flows in the individual protection life insurance segment;
- higher administrative costs attributable to insurance operations due to increased personnel costs (impact of salary increases) and IT costs due to the development of the IT area.

Finance income or expenses from PZU Group insurance

Insurance finance income or expenses in H1 2025 were PLN -935 million, as compared to PLN -928 million in H1 2024 (and together with the financial revenues and expenses on the reinsurance activities, respectively, PLN -1,016 million and PLN -838 million). The increase in expenses was influenced in particular by the increase in the value of investments at policyholder risk in the investment insurance segment and the effect of changes in interest rates on the effect of shortening the discount period.

Costs of legal risk of mortgage loans in foreign currencies

The cost of legal risk of mortgages in foreign currencies increased from PLN 270 million in H1 2024 to PLN 420 million in H1 2025 and the change in their balance was mainly related to Bank Pekao and was due in particular to an updated forecast of a future influx of lawsuits from borrowers.

Drivers and atypical events affecting the results

In H1 2025 PZU Group’s result was burdened by non-recurring effects related to banking activities:

- legal risk costs of foreign currency mortgage loans at Bank Pekao in the amount of PLN 358 million;
- recognition of provisions for consumer protection issues at Bank Pekao amounting to PLN 108 million.

In H1 2024 PZU Group’s result was burdened:

- legal risk costs of foreign currency mortgage loans at Bank Pekao in the amount of PLN 243 million;
- costs related to the modification of agreements for PLN mortgage loans granted to consumers due to their suspension of loan repayments (the so-called loan repayment holidays), in the gross amount of PLN 234 million at Bank Pekao and PLN 86 million at Alior Bank.





6.3. PZU Group’s asset and liability structure

As at 30 June 2025, the PZU Group’s total assets were PLN 520,068 million, up PLN 16,811 million compared to the end of 2024.

Assets

As at 30 June 2025, loan receivables from clients constituted 46.1% of the Group’s assets (likewise at the end of 2024). Their balance reached PLN 239,702 million. Compared to 2024, it increased by PLN 7,536 million chiefly due to an increase in business segment loans as well as mortgage loans for individual clients.

Deposits accounted for 45.1% of assets (versus 46.2% at the end of 2024). These include investment financial assets, investment real estate, derivatives, and assets pledged as collateral for liabilities. They totaled PLN 234,689 million, and were up by PLN 2,427 million as compared to the end of last year. 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. The balance of deposits was also affected by a decline in investment financial assets related to banking activities, including debt instruments at Pekao.

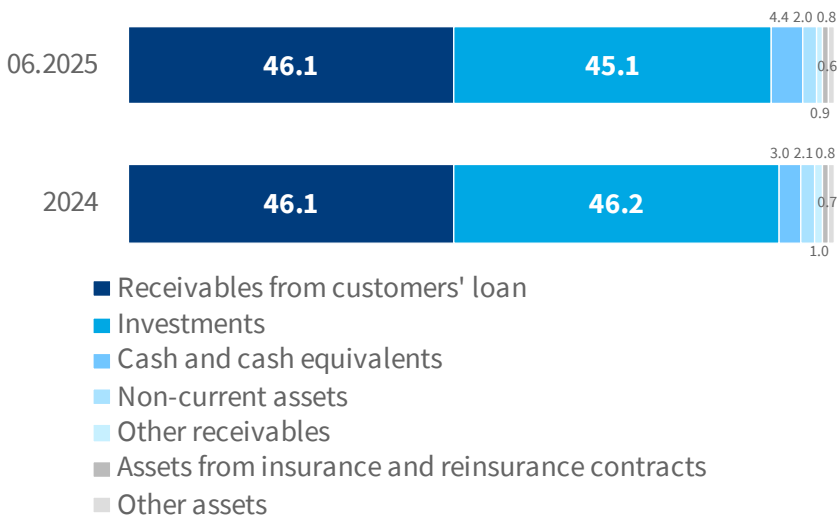
2.0% of assets (versus 2.1% at the end of 2024) were non-current assets in the form of intangible assets, goodwill and property, plant and equipment. They totaled PLN 10,605 million, and were down PLN 188 million as compared to the end of 2024. The decrease was especially in property, plant and equipment, and intangible assets.

4.4% of assets (versus 3.0% at the end of 2024) were cash and cash equivalents. Their value was PLN 23,028 million, and was PLN 7,901 million higher than in 2024. This was mainly determined by an increase in the cash balance in bank accounts.

0.9% of assets (versus 1.0% at the end of 2024) represented the PZU Group’s receivables, including receivables under the current income tax. They totaled PLN 4,574 million, and were down PLN 690 million as compared to the end of 2024. The decrease arose primarily due to a lower balance of receivables due to

payment card settlements and unsettled financial instruments and margin transactions.

PZU Group’s asset structure (in %)



Assets held for sale were at 0.1% of assets as at the end of 1H 2025 and 2024. In 2025, their balance fell by PLN 14 million, to PLN 581 million. This concerned mainly the properties held for sale by real estate sector mutual funds since the expected investment horizon was reached.

Equity and liabilities

At of 30 June 2025, the PZU Group’s consolidated equity reached PLN 64,704 million, which was down PLN 553 million compared to 2024.

The value of the non-controlling interests decreased by PLN 400 million to PLN 32,746 million. This was a result of the profit attributable to non-controlling shareholders of PLN 3,395 million (earned by Alior Bank and Bank Pekao), the allocation of PLN 4,819 million and PLN 1,200 million to dividends by Pekao and Alior Bank (including a total of PLN 4,671 million to minority shareholders), and an increase in the valuation of debt and cash flow hedging instruments measured at fair value through other comprehensive income.

Equity attributable to the parent company’s shareholders dropped by PLN 153 million to PLN 31,958 million. This results from:

- an increase in the net profit attributable to the parent company for 2025 in the amount of PLN 3,230 million;
- an increase in the valuation of debt and hedging instruments measured at fair value through other comprehensive income;
- allocating PLN 3,860 million (distribution of PZU’s profit for 2024 of PLN 3,877 million, plus PLN 1,080 million transferred from the supplementary capital created from net profit for 2023).

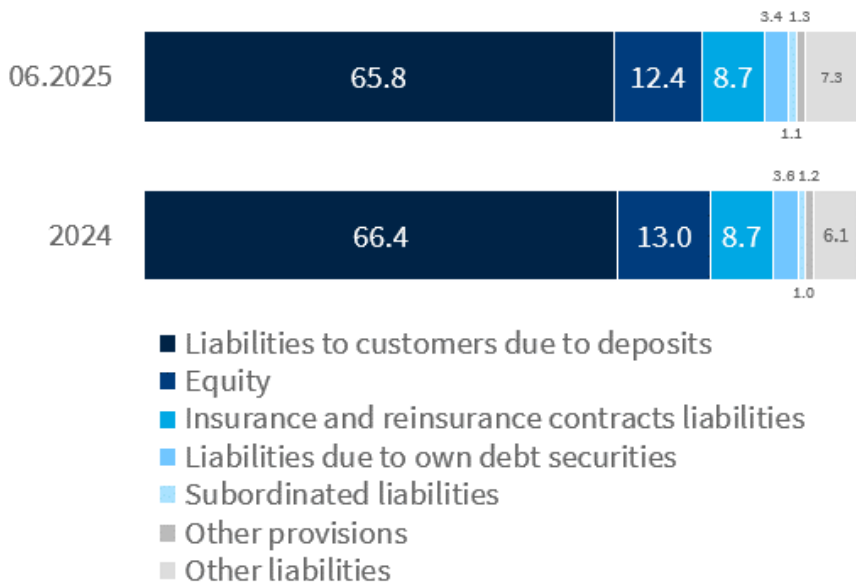


As at 30 June 2025, 65.8% of the Group's liabilities consisted of deposit liabilities to clients. They amounted to PLN 342,038 million, and were by PLN 7,845 million higher as compared to the end of 2024. This was influenced by an increase in current and time deposits at Alior Bank and current deposits at Bank Pekao.

As at 30 June 2025, the PZU Group had liabilities arising from own debt securities totaling PLN 17,808 million, including:

- PLN 16,277 million on bonds issued by Bank Pekao and Alior Bank;
- PLN 35 million on certificates of deposit issued by Bank Pekao and Alior Bank;
- PLN 1,496 million on covered bonds issued by Bank Pekao.

Structure of PZU Group’s equity and liabilities (in %)



Subordinated liabilities of the PZU Group as at 30 June 2025 reached PLN 5,860 million, up by PLN 761 million as compared to 2023.

The value of net insurance contract liabilities amounted to PLN 44,972 million as at 30 June 2025, and accounted for 8.7% of total equity and liabilities. Compared to the liabilities as at 31 December 2024, they increased by PLN 1,295 million.

4.7% of equity and liabilities at the end of June 2025 was other liabilities in the amount of PLN 24,482 million. They were PLN 8,536 million higher than at the end of 2024. The balance changed primarily due to liabilities to shareholders due to dividends, liabilities arising from repurchase transactions and liabilities to banks for payment documents cleared in interbank clearing systems.

Cash flow statement

At the end of H1 2025, net cash flow was PLN 8,018 million, up by PLN 7,260 million compared to the previous year. This increase was recorded in particular in net cash flows from investment activity.

Material off-balance sheet line items

The value of contingent liabilities as of 30 June 2025 was PLN 89,374 million, that is PLN 2,511 million more than at the end of 2024. The balance consisted primarily of the following items:

- PLN 5,735 million in contingent liabilities for renewable limits in settlement accounts and credit cards;
- PLN 57,717 million in liabilities from loans in tranches;
- PLN 10,543 million in liabilities in the form of awarded guarantees and sureties;
- 10,309 million in factoring liabilities.



6.4. Contribution made by the market segments to the consolidated result

The following industry segments were identified in order to facilitate management of the PZU Group:

- corporate insurance (non-life insurance) – a broad scope of property, TPL and motor insurance products customized to a client’s needs entailing individual underwriting offered by PZU, TUW PZUW and Polski Gaz TUW in liquidation;
- mass insurance (non-life insurance) – property, accident, TPL and motor insurance products offered to individual clients and entities in the small and medium enterprise sector by PZU and LINK4;
- group 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;

- individual protection insurance (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;
- life investment insurance – unit-linked insurance with significant insurance risk (investment agreements that are not investment contracts);
- 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;
- pension insurance – the segment includes income and expenses of PZU OFE pension funds;
- banking – a broad range of banking products offered to corporate and retail clients by Bank Pekao and Alior Bank;
- Baltic Countries – non-life insurance and life insurance products provided in the territories of Lithuania, Latvia and Estonia;
- Ukraine – non-life insurance and life insurance products provided in the territory of Ukraine;

- investment contracts – include PZU Życie products that do not transfer material insurance risk and do not satisfy the definition of insurance contract; these are some of the products with a guaranteed rate of return and in unit-linked form;
- other – consolidated companies that are not classified in any of the enumerated segments.

Corporate insurance

The operating profit in the corporate insurance segment in 2025 was PLN 527 million, up by PLN 40 million (+8.2% y/y). The improvement in operating result was mainly due to an increase in net insurance services profit (PLN +38 million y/y) and a movement in investment income and other financial revenues or costs (PLN +2 million y/y).

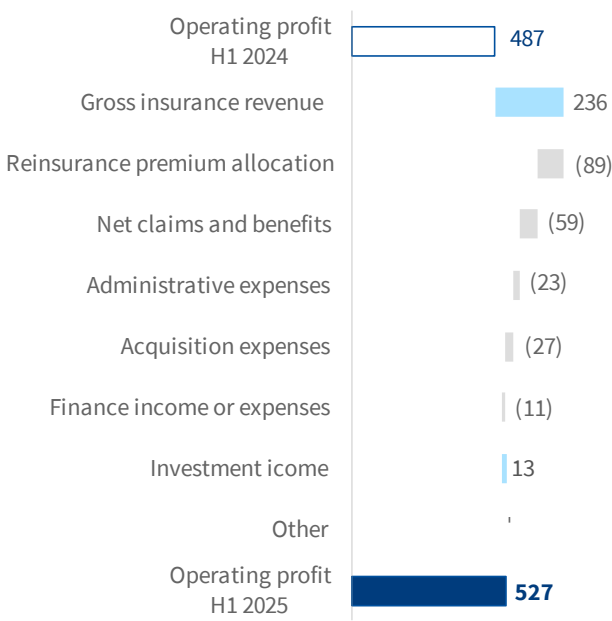
The operating result was driven mainly by:

- growth of **revenue from insurance contracts** compared to the corresponding period of 2024 by PLN 236 million, i.e.: +10.3% y/y (PLN +147 million y/y after reinsurance premium allocation). The increase resulted from an increase in the amortization of liability for remaining coverage (LRC) as a consequence of higher sales both of non-motor and motor insurance. The increase in LRC amortization in non-motor insurance is the result of premium earning from Q4 2024 including, a contract with a power generation customer with a premium of more than PLN 200 million and several larger contracts. In motor insurance, higher LRC amortization is the result of an increase in average premiums from Q4 2024. The higher level of insurance contract 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 change in the product portfolio structure;

- higher net insurance service expenses by PLN 109 million y/y (+9.3 % y/y) which together with an increase in the net insurance contract revenue by 9,7% y/y resulted in the increase in profitability measured by the combined ratio (COR decrease by 0.3 percentage point). An increase in the net insurance service expenses is a result of:

Operating profit in the corporate insurance segment
(in PLN million)



- higher y/y claims and benefits of the current year (PLN +114 million y/y) resulting from deterioration in non-motor insurance and MOD insurance with an even level of claims (increase of PLN 4 million y/y) in MTPL insurance – the impact of claims inflation, higher frequency of claims in motor insurance and high unit value claims (fire and mining);
 - release of a higher y/y net excess of prior years' claims reserves over the current value of payouts;
 - higher costs, both for amortization of acquisition and for administrative expenses attributable to insurance operations. The increase in administrative costs is mainly the result of higher personnel costs (the impact of salary increases), IT costs due to the development of the IT area;
- the PLN 13 million (7.0% y/y) increase in investment income over the comparable period last year is the result of the purchase to the portfolio of Polish government bonds measured at fair value through other comprehensive income with high market yield;
 - insurance finance income or expenses (after reinsurance allocation) decreased (PLN 11 million y/y) and amounted to PLN -52 million. The increase in costs is the result of changes in the exchange rate and the timing of foreign currency reinsurance settlements.

In the first half of 2025, the segment recorded PLN 791 million in gross insurance service result (excluding the reinsurer's share), representing a year-on-year decrease of PLN 232 million, while the net insurance service result increased by PLN 38 million compared to the result in the first half of 2024.

Mass insurance

The operating profit in the mass insurance segment in H1 2025 was PLN 870 million, meaning it was up by PLN 433 million or 99.1% compared to the corresponding period in 2024. The higher profit was the result of an increase in net insurance service result (PLN +399 million), finance income or expenses under insurance and reinsurance (PLN +3 million), with better performance on investments (PLN +31 million).

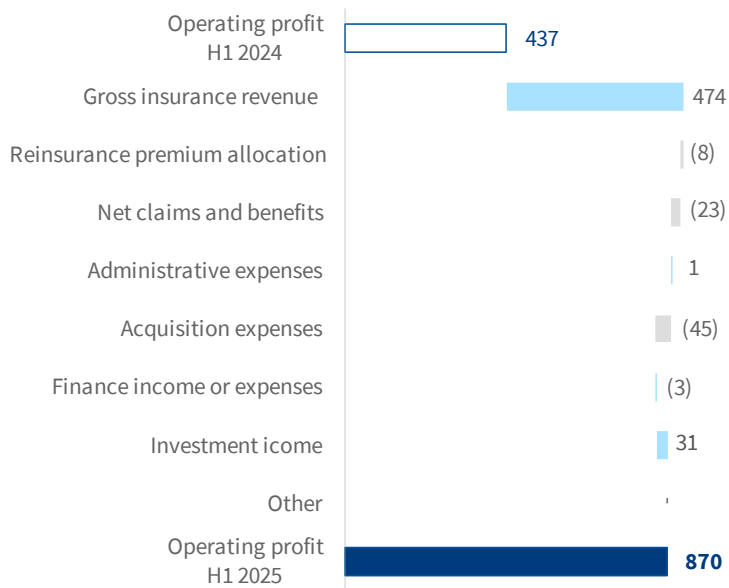
The profit was driven mainly by:

- growth of **revenue from insurance contracts** compared to the corresponding period of 2024 by PLN 474 million, i.e.: +7.5% y/y (PLN +466 million y/y after reinsurance premium allocation). The increase resulted from an increase in the amortization of liability for remaining coverage (LRC) as a consequence of a higher sales of motor insurance products (MOD and MTPL), and non-motor insurance products. In motor insurance, the main driver was the high premium growth observed in the second half of 2024 and the first half of 2025 (an increase in the average premium as a response to rising claims costs). The increase in LRC amortization in non-motor insurance was primarily the result of the expanding PZU Dom insurance portfolio, linked to the new version of the product (broad coverage as standard), as well as the development of PZU Firma insurance for small and medium-sized enterprises (better risk-

adjusted offering) and crop insurance. The higher level of insurance contract revenue is also triggered by a higher y/y level of premiums allocated to recovery of insurance acquisition cash flows (+3.2% y/y) costs as a consequence of growing sales and a simultaneous movement in the share of each sales channel in the portfolio (higher share of the Dealer channel, with simultaneous decline in multiagents and tied agents);

- higher net insurance service expenses by PLN 67 million y/y (+1.1 % y/y) which together with an increase in the net insurance revenue by 7,5% y/y resulted in the increase in profitability measured by the combined ratio (COR decrease by 5.7 percentage point). An increase in the net insurance service expenses is a product of:

Operating profit in the mass insurance segment
(in PLN million)



- higher y/y liabilities for current year damages and acquisition costs, mainly as a result of the growing portfolio. The y/y increase in claims and benefits of the current year (+136 million y/y) especially felt in non-motor insurance, as a result of damage caused by forces of nature, including spring frosts in April and May 2025 causing significant crop losses, heavy rainfall and hail mainly in June 2025. The deterioration in motor insurance is a resultant of the deterioration in MOD insurance (impact of claims inflation) while improving in MTPL insurance. Maintaining administrative costs at an even level (down PLN 1 million y/y);
- recognition of a loss component, mainly in the MTPL insurance portfolio, including on the inward reinsurance portfolio with PZU Group companies as a consequence of high claims inflation, though in an amount that does not exceed the amortization from the opening balance sheet; The total excess of depreciation over the creation of the loss component amounted to PLN 72 million (y/y change of PLN +203 million);
- development of net loss reserve from previous years with impact on the result PLN -19 million;

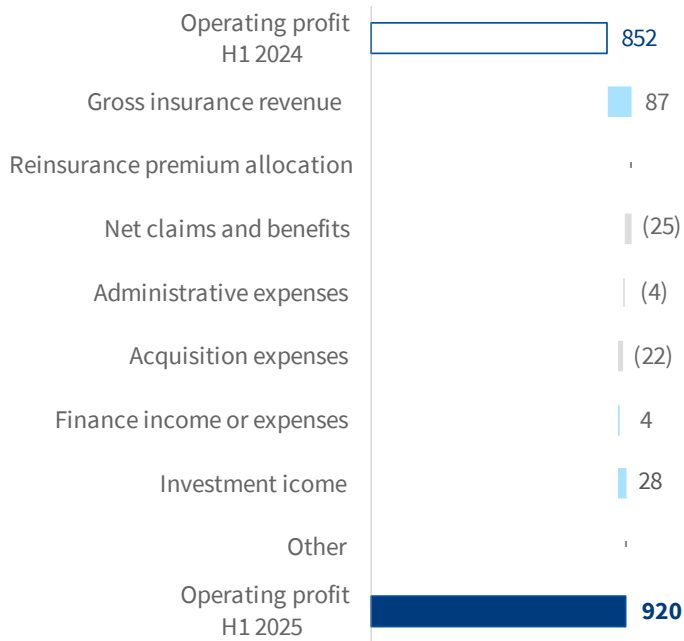
- the PLN 31 million (8.3% y/y) increase in investment income over the comparable period last year is the result of the purchase to the portfolio of Polish government bonds measured at fair value through other comprehensive income with high market yield;
- insurance finance income and expenses (after reinsurance allocation) were PLN -169 million, a decrease in expenses of PLN 3 million y/y mainly as a consequence of the impact of exchange rate differences as well as changes in interest rates.

Group insurance and individually continued insurance

In the first half of 2025, the PZU Group generated PLN 920 million in operating profit in the group and individual continued insurance segments. This represents an increase of PLN 68 million, or 8.0%, compared to the same period last year. The profit was driven mainly by:

- insurance contract revenues higher by PLN 87 million (+2.3% y/y) as a result of:
 - higher contractual service margin release in 2025 (PLN +56 million y/y) in all segment insurance groups, including on the individual continued insurance portfolio (PLN +20 million y/y) and health insurance (PLN +22 million y/y);
 - a higher level of premium required to cover expected claims and benefits (PLN +11 million y/y), resulting from a combination of lower utilization of health insurance benefits (PLN -30 million y/y) and higher claims and benefits in other group and individual continued (IK) insurance, driven by portfolio premium growth

Operating profit in group insurance and individually continued insurance (in PLN million)



and an increase in the average age of insured persons in the IK portfolio;

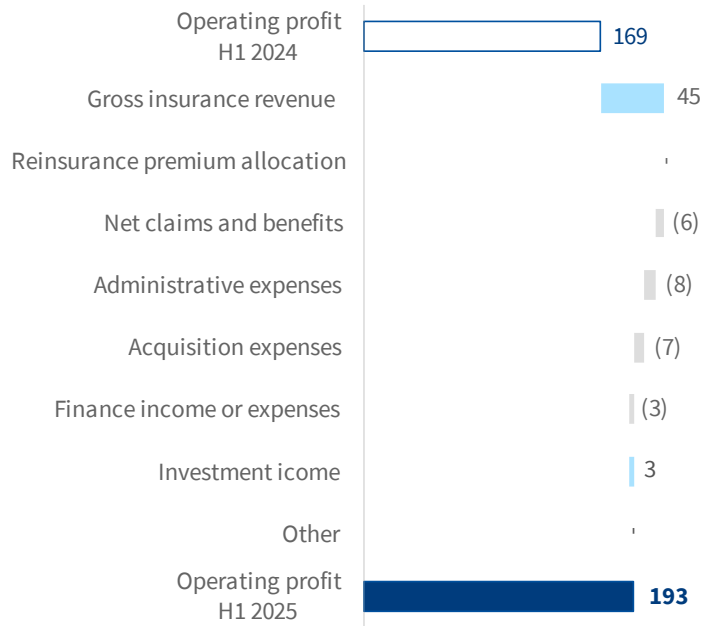
- an increase in revenue to cover rising acquisition costs (+9.5% y/y), mainly due to portfolio growth and a higher share of intermediary commissions – primarily in the group protection insurance portfolio.
- an increase in net insurance service expenses by PLN 51 million y/y (+1.6% y/y), which together with an increase in the net insurance contract revenue by 2,3% y/y resulted in the profitability measured by the ratio of insurance service result to insurance revenue increasing by 0.5 percentage points. An increase in the insurance service expenses is a product of:

- higher claims and benefits along with the development of the loss reserve from previous years mainly in individual continued insurance;
- changes in the value of the loss component with a positive impact on the result of PLN +9 million (PLN +36 million y/y) are the result of the deceleration of the component creation in group protection insurance and health insurance (the impact of the premium retariffication process with a still high level of benefit utilization) and the maintenance at a stable level of the creation of a new loss component to the portfolio of individually continued insurance;
- higher administrative costs (PLN +4 million y/y) as a consequence of an increase in personnel costs, real estate (rental services) and IT costs (development of the IT area and indexation of costs related to product support);
- an **increase** of PLN 28 million (+6.3% 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 with a high level of profitability in the market.
- the insurance finance income and expenses, which were PLN -252 million, translating into an decrease in expenses by PLN 4 million y/y triggered, among other things, by fluctuations in locked-in rates.

Individual insurance

In the individual insurance segment, PZU Group posted an operating profit of PLN 193 million, up PLN 24 million, or 14.2%, compared to the same period last year. This was mainly due to a change in the insurance service result (PLN +24 million y/y), with an even level of the investment income allocated to the segment (PLN +3 million y/y).

Operating profit in the individual insurance segment (in PLN million)



The profit was driven mainly by:

- higher insurance revenues (PLN +45 million y/y) resulting from:

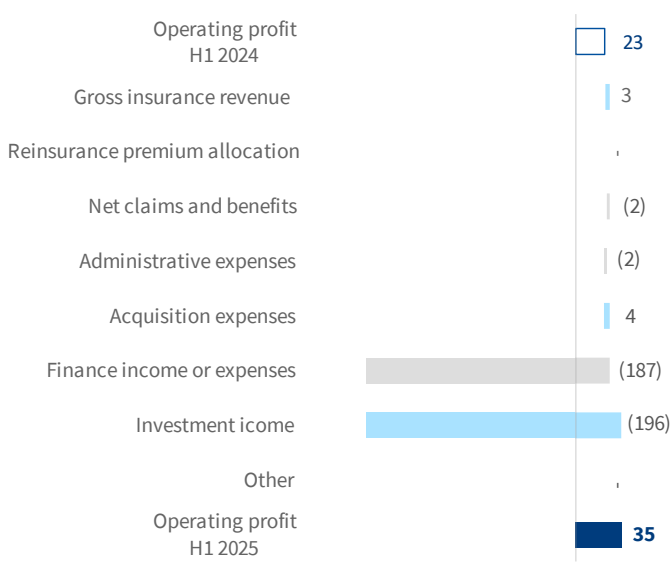
- higher y/y contract margin release (PLN +27 million y/y), including in bancassurance (PLN +10 million y/y, thanks to among other things higher y/y sales of mortgage insurance), and in term insurance (PLN +8 million y/y);
- an increase in premiums allocated to recovery of insurance acquisition cash flows, expected costs, as well as expected claims and benefits, by a total of PLN 34 million y/y;
- a decrease in other revenues by PLN 19 million y/y. There were fewer cancellations of bancassurance contracts in the first half of 2024;
- an increase in net insurance service expenses by PLN 21 million y/y (+10.6% y/y), which together with an increase in the net insurance contract revenue by 12,4% y/y resulted in the profitability measured by the ratio of insurance service result to insurance revenue increasing by 0.9 percentage points. An increase in the net insurance service expenses is mainly the result of:
 - higher administrative expenses as a result of higher personnel and IT expenses;
 - changes in the loss component with a PLN -6 million y/y impact on the result being the cumulative effect of the creation of a new loss component at a higher level compared to the same period last year (relating to term and bank insurance) and higher amortization of the loss component for active cohorts from prior periods than in the first half of 2024;

- investment income was slightly higher than in the comparable period last year (PLN +3 million, or +5.2% y/y) as a result of the increase in the required level of assets to cover liabilities.
- insurance finance income or expenses (net of reinsurance) were PLN -55 million, which means an increase in expenses by PLN 3 million y/y.

Life investment insurance

In the investment life insurance segment, the PZU Group recorded an operating profit of PLN 35 million, compared to PLN 23 million in the same period last year. The y/y change results from a change in the product portfolio structure (an increase in sales of unit-linked life insurance with an insurance capital fund, high sales of life insurance and life insurance with a guaranteed sum assured, and higher fees charged to clients as a consequence of the lower value of unit-linked funds)

Profit/loss in the life investment insurance operating activity segment (in PLN million)



and the movement in the loss component, including the creation of the component for the portfolio of insurance products with a guaranteed sum assured offered by banks and structured products.

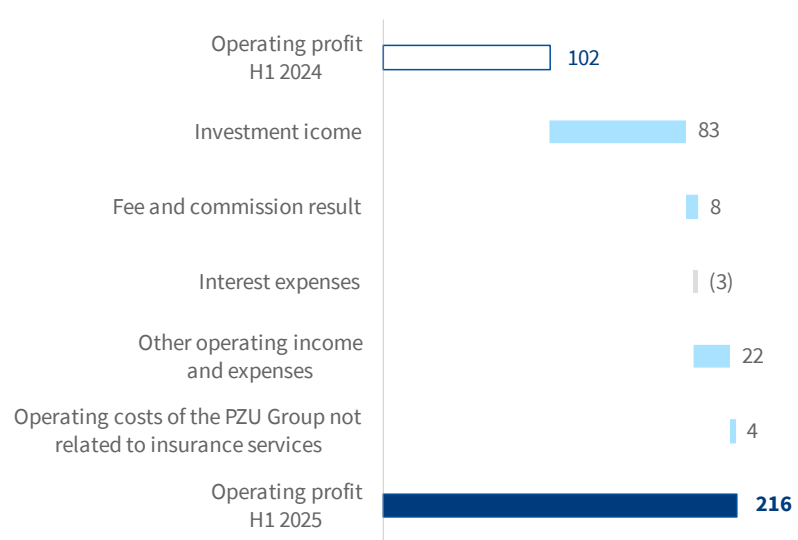
The investment income was PLN 476 million, as compared to PLN +280 million in the previous year (change of PLN +196 million y/y), in particular, on the PPE product. However, the increase in the investment income had no effect on the PZU Group's total net profit, as it is offset by insurance finance income or expenses.

Investments

Operating result in the investment segment amounted to PLN 216 million in H1 2025, up by PLN 114 million y/y, particularly due to a higher result from investments in free funds.

In H1 2025, the segment saw a PLN 83 million increase in investment result compared to the same period in 2024 (+ 37.7% y/y), driven by a higher result in listed equities due to stronger equity market gains and a gain on the sale of some instruments, an increase in real estate result in the face of higher swap point income, and the purchase of debt instruments at high yields.

Operating result in the investment segment (in PLN million)



Banking segment / banking activity

The operating profit in the banking segment (without amortization of intangible assets acquired as part of the bank acquisition transactions), composed of the Bank Pekao and Alior Bank groups, amounted to PLN 5,760 million in H1 2025 and was higher by PLN 445 million than in the corresponding period in 2024.

Bank Pekao’s contribution to the PZU Group’s operating profit in the banking segment (net of the amortization of intangible assets acquired as part of the acquisition transaction) was PLN 4,290 million (PLN +535 million y/y), while Alior Bank’s contribution was PLN 1,470 million (PLN -90 million y/y).

The y/y increase in Bank Pekao’s result is mainly due to higher interest income and commissions and fees result. The y/y decline in Alior Bank's result is mainly due to an increase in operating costs.

The key element of the segment’s income is the investment income, which amounted to PLN 13,056 million in H1 2025 (+6.9% y/y). Investment income consists of: interest income, dividend income, trading result and result on impairment losses. Investment income after factoring in interest expense amounted to PLN 9,165 million (+11.6% y/y).

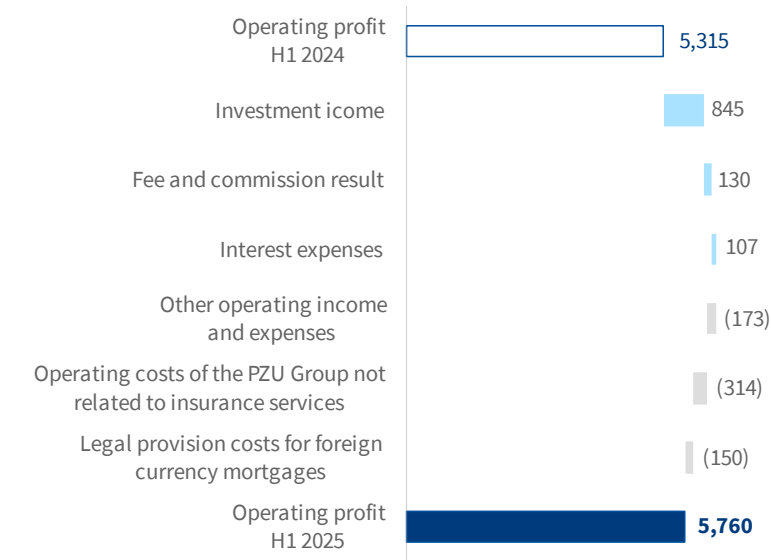
In H1 2025, Bank Pekao saw a y/y increase in interest income, mainly driven by higher volumes and a higher interest margin. At Alior Bank, the y/y increase in interest income was determined primarily by growth in the bank's average loan portfolio, a reduction in the cost of funding and lower derivative transaction costs. H1 2024 results recognized costs related to the modification of agreements for PLN mortgage loans granted to consumers due to their suspension of loan repayments (the so-called moratorium periods) in Bank Pekao and Alior Bank.

The total portfolio of loan receivables in both banks increased by PLN 7.5 billion (+3.2% y/y) at the end of June 2025 compared to the end of December 2024. The growth was primarily driven by rising receivables from business segment clients.

The value of allowances for expected credit losses and impairment losses on Bank Pekao financial instruments totaled PLN 385 million, and was lower y/y by PLN 31 million. The value of allowances for expected credit losses and impairment losses on financial instruments totaled PLN 176 million at Alior Bank, and was lower y/y PLN 1 million.

Bank Pekao’s profitability achieved in H1 2025, as measured by the net interest margin ratio, was 4.27%, an increase of 0.08 p.p. over the margin, excluding costs of recognition of the moratorium periods, achieved in

Operating result in the banking segment
(in PLN million)



H1 2024. The value of Alior Bank’s net interest margin after H1 2025 is 5.77%, down 0.17 p.p. compared to the corresponding period in 2024.

The net fee and commission income in the banking activity segment amounted to PLN 1,905 million and was 7.3% higher than in H1 2024. The main reason for the improvement in commission income was increases in all major business areas at Bank Pekao, particularly in the mutual fund and brokerage business.

In H1 2025, the PZU Group’s non-insurance operating expenses in the banking segment totaled PLN 4,777 million and consisted of Pekao’s expenses of PLN 3,459 million (PLN 3,258 million in H1 2024) and Alior Bank’s expenses of PLN 1,318 million (PLN 1,205 million in H1 2024). The 7.0% y/y increase in segment costs is mainly the result of an increase in fees to the Bank Guarantee Fund (BFG) (PLN +139 million y/y, to PLN 418 million), rising third-party service costs and higher employee costs. At Bank Pekao, the increase in BFG costs was due

to the reinstatement of contributions to the bank guarantee fund, which had not been collected over the past two years, as well as an increase in the volume of guaranteed deposits. The tax on other financial institutions, which is one of the operating cost of the PZU Group not related to insurance services, amounted to PLN 570 million in the segment in the first half of 2025 (PLN -17 million y/y – mainly due to a higher share of non-taxable assets in Bank Pekao’s balance sheet structure).

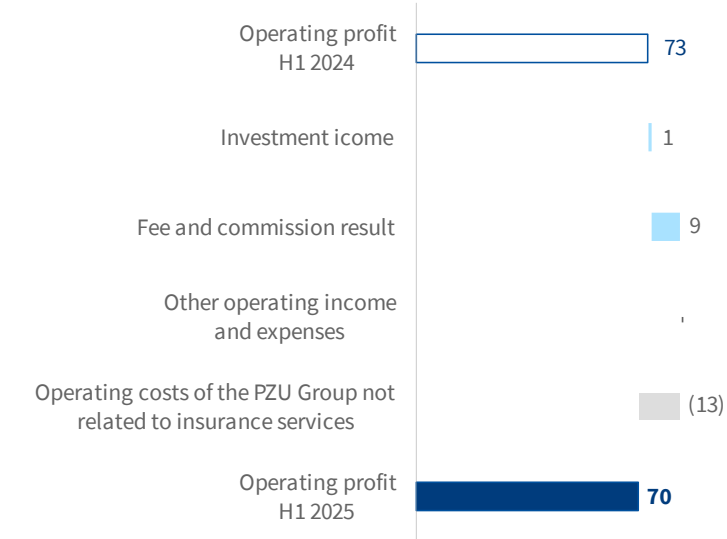
The cost of legal risk of foreign currency mortgage loans in H1 2025 at Bank Pekao was determined at PLN 358 million (up PLN 115 million y/y). The increase was mainly driven by an updated forecast of future lawsuits from borrowers. At Alior Bank, legal provision costs for foreign currency mortgages amounted to PLN 62 million (up PLN 35 million y/y), the additional provision is related to an increase in the number of disputes and changes in model assumptions, in particular the change in assumptions regarding the target level of litigation cases.

In addition, other operating income and expenses with a negative balance of PLN -113 million contributed to the operating result (lower y/y by PLN 173 million), which was burdened by the recognition of provisions for consumer protection issues at Bank Pekao in the amount of PLN 108 million. The Cost/Income ratio was 36.5% for both banks (36% for Bank Pekao and 39% for Alior Bank), or 0.1 percentage points more than in H1 2024.

Pension insurance

The operating profit of the pension insurance segment in H1 2025 amounted to PLN 70 million, which was 4.1% 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 13 million to PLN 33 million due to a higher contribution to the Guarantee Fund. We also observed higher commission income by PLN 9 million, up to PLN 95 million, mainly in management fees, following higher average net asset value.

Operating profit in the pension insurance segment
(in PLN million)



Baltic Countries

The operating result in the Baltic Countries after H1 2025 was PLN 245 million, an increase by PLN 56 million, or 29.6%, compared to the corresponding period in 2024.

Compared to the previous year, there was an increase of PLN 88 million, or +6.7%, in insurance contract revenue, including allocated reinsurance premiums of PLN 90 million. Within revenues, there was an increase in the amortization of LRC as a consequence of a higher sales. Sales higher by PLN 64 million (i.e. +4.7%, or +6.9% in the functional currency) were generated in the non-life insurance due to, among other things, the increases in sales of the following:

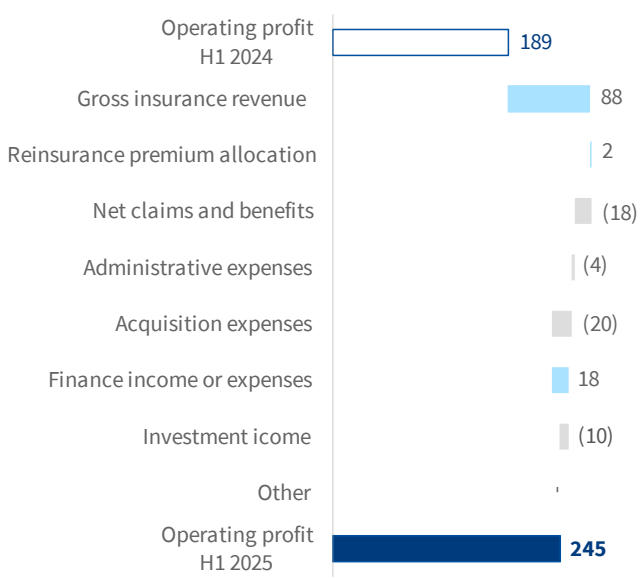
- non-life insurance (up 13.6% y/y in functional currency) as a result of an increase in the average premium number of policies;
- health insurance (up 13.1% in functional currency) as a result of an increase in the number of insurance policies;
- MTPL and MOD insurance (up 2.6% y/y in functional currency) as a result of portfolio growth in Lithuania;

Sales of life insurance products increased by PLN 2 million (i.e. by +3.7%, or +5.9% in functional currency).

The higher level of insurance contract 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.

Insurance service expenses adjusted by amounts due from reinsurers increased by PLN 42 million y/y (+3.8%). The increase concerns the non-life insurance and, with

Operating result in the Baltic Countries segment
(in PLN million)



an increase in the net revenues from insurance contracts by 7.1% y/y, represents a 2.7 p.p. improvement in profitability as measured by the combined ratio (COR). In the life insurance business, insurance service expenses grew by 5.9% compared to the corresponding period in the previous year.

Within the framework of insurance service expenses, we noted:

- net compensation and benefits liabilities higher by PLN 18 million y/y;
- net run-off of prior years' claims reserves over the current projected value of payouts higher by PLN 6 million y/y;
- change of a loss component with an effect on the insurance service result PLN -6 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, and of changes in assumptions for active cohorts from the preceding years having an effect on the profit in the amount of PLN -5 million y/y;

- a 2.9% 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 decreased by 0.4 p.p. to 10.4%;
- PLN 20 million higher amortization of acquisition cash flow. The acquisition expense ratio was 18.5% which is a 0.3 p.p. y/y increase.

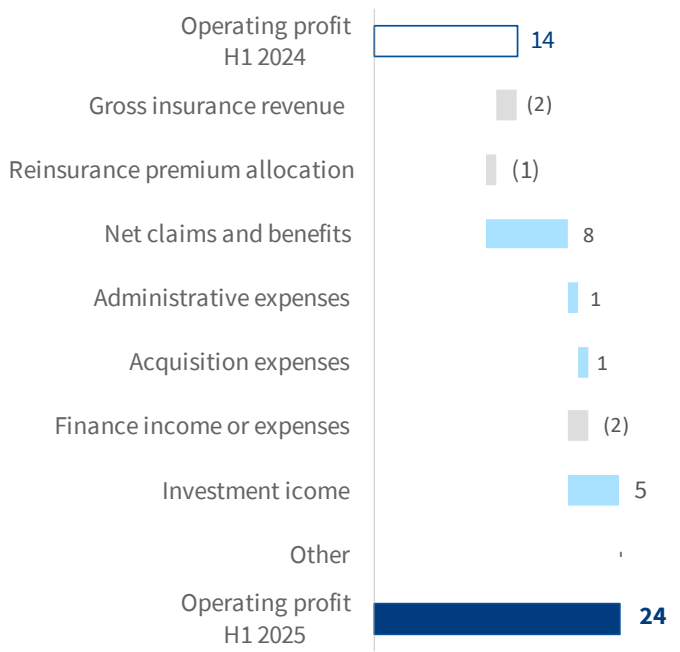
The net insurance finance income and expenses were PLN -7 million, which means a fall in expenses by PLN 18 million y/y.

The decrease in investment income compared to the comparable period last year (by PLN 10 million, i.e. -20% y/y) occurred in PZU Litwa Życie due to declines on financial markets.

Ukraine

The Ukraine segment ended H1 2025 with an operating profit of PLN 24 million, meaning a PLN 10 million increase, i.e., by 71.4%, compared to the corresponding period in the previous year.

Operating result in Ukraine segment (in PLN million)



In H1 2025, there was a decrease in insurance contract revenue compared to the corresponding period in the previous year by PLN 2 million, i.e. -1.7% y/y (in functional currency, an increase of UAH 102 million, i.e. +8.6% y/y), with the inclusion of allocated reinsurance premiums – an increase of PLN 3 million. Within revenues, there was an increase in the amortization of LRC due to a growth in sales. Sales increased by PLN 12 million y/y, or 9.2% (UAH 258 million, or 20.6%, in functional currency). In non-life insurance, sales growth in functional currency amounted to UAH 255 million, or 23.9%, mainly as a result of the growth in the following portfolios: MTPL and MOD (34.4% y/y in total) and Green

Card insurance (25.8% y/y). In life insurance, sales increased by UAH 3 million, i.e. 1.3% y/y.

Insurance service expenses adjusted by amounts due from reinsurers decreased by PLN 10 million y/y. Non-life insurance business saw a decrease of PLN 5 million (-4.9% y/y), which, with a 1.0% increase in net insurance revenues, represents a 5.7 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 2 million y/y;
- maintaining net loss reserves from previous years at the previous year's level;
- movement in the loss component with an effect on the insurance service result at PLN +6 million y/y as a product of the lack of recognition of a new loss component compared to PLN 6 million in H1 2024;
- a 4.2% y/y decrease in administrative expenses, mainly due to lower personnel and IT costs. The segment’s ratio of administrative expenses calculated to net insurance revenues dropped by 0.3 p.p. as compared to the corresponding period in the previous year and stood at 19.7%;
- PLN 1 million (3.0% y/y) lower amortization of acquisition cash flow. The acquisition expense ratio dropped by 0.1 p.p. to 27.4%.

The net insurance finance income and expenses were PLN -12 million, generating an increase in expenses by PLN 2 million y/y.

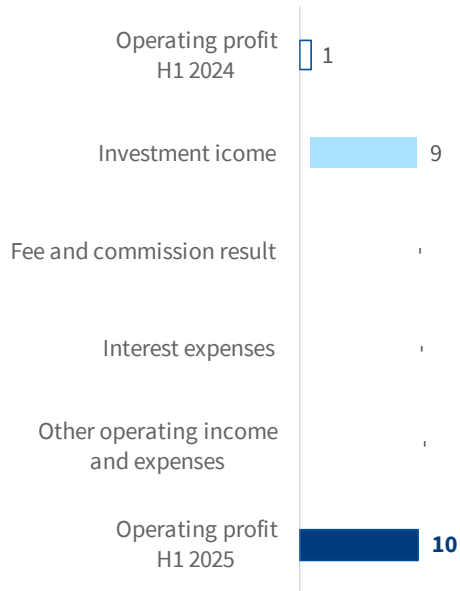
The result from investments stood at PLN 25 million, up by PLN 5 million y/y.

Investment contracts

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

The change in operating profit is a consequence of high sales of products with guaranteed sums insured.

Operating result in the investment contracts segment
(in PLN million)



Alternative Performance Measures

Selected Alternative Performance Measures (APM) within the meaning of European Securities and Markets Authority Guidelines (ESMA) no. 2015/1415 are presented below.

The profitability and operational efficiency indicators presented herein, constituting standard measures applied generally in financial analysis, provide, in the opinion of the Management Board, significant additional information about the PZU Group’s financial performance. Their usefulness was analyzed in terms of information, delivered to the investors, regarding the Group’s financial standing and financial performance.

Profitability indicators

To facilitate the analysis of PZU Group’s profitability, such indicators were selected that best describe this profitability in the opinion of the Management Board.

Return on equity (ROE), adjusted return on equity (aROE) and return on assets (ROA) indicate the extent to which the Company is able to generate profit using its resources, i.e. equity or assets, and return on equity from core business (ROE from core business) indicates the ability to generate profit from core business i.e. excluding the banking sector.

They belong to the most frequently applied indicators in the analysis of profitability of companies and groups regardless of the sector in which they operate.

Return on equity (ROE) is a measure of profitability. It permits an assessment of the degree to which the company multiplies the funds entrusted to it by the

owners (investors). This is a ratio of the generated profit to the held equity, i.e. financial resources at the Group’s disposal for an indefinite term which were contributed to the enterprise by its owners. In the case of the PZU Group, the value of net profit and equity differ considerably depending on whether they are provided excluding or including the profit/equity of minority shareholders. In this respect, both return on equity (ROE) – attributable to equity holders of the parent, and return on equity (ROE) – consolidated, without excluding profit and equity attributable to non-controlling shareholders, are presented. In addition, the PZU Group presents an adjusted return on equity (aROE), calculated on an equity basis excluding accumulated other comprehensive income relating to insurance and reinsurance financial income and expenses (being a cumulative effect of changes in discount rates for valuation of insurance liabilities on the PZU Group’s capital), which provides greater stability to the indicator.

Return on equity from core business (ROE from core business) is the return on equity, where the contribution to earnings from the banking sector was subtracted from net income, while equity attributable to the parent company was reduced by equity attributable to banking sector entities and Bank Pekao's goodwill (breakdown presented in sections 2.4 and 10.16 of the PZU Group Consolidated Report).

Return on assets (ROA) reflects their capability of generating profit. This indicator specifies the amount of net profit attributable to a unit of financing sources engaged in company’s assets.

Return on equity attributable to equity holders of the parent company (PZU) for H1 2025 was 20.2% and the aROE ratio was 21.2%. The ratios were 3.6 p.p. and 3.8 p.p. higher than those obtained in the same period of the previous year, respectively, as a consequence of an

increase in the insurance service result, including, in particular, in the mass non-life insurance segment, both in motor and non-motor insurance. Higher result in insurance business segments was compounded by better results in the banking segment, including despite higher (than a year ago) charges related to the legal risk costs of foreign currency mortgage loans and fees paid to the BFG. Return on equity from core business (ROE from core business) for the first half of 2025 reached 21.7%, increasing by 6.1 p.p. compared to the same period in 2024, driven by improved profitability in insurance operations – particularly in the mass non-life insurance segment – and a higher result from investment activity (excluding banks), mainly due to better performance of the listed equity portfolio and increased income from debt instrument portfolios. Return on assets (ROA) of the PZU Group for H1 2025 was 2.6%, i.e. 0.2 p.p. higher than in the corresponding period of 2024. This was due to better performance in insurance services, in particular, in the mass non-life insurance segment, compounded by higher performance in the investment segment and in the banking segment (an increase in interest income partially offset by higher legal risk costs of mortgage loans and higher fees paid to the BFG).

Basic performance indicators of the PZU Group	1 January – 30 June 2023	1 January – 30 June 2024*	1 January – 30 June 2025
Adjusted Return on Equity (aROE) – attributable to the parent company (annualized net profit / average shareholders’ equity excluding accumulated other comprehensive income relating to financial income and expenses from insurance and from reinsurance) x 100%	22.1%	17.4%	21.2%
Return on equity from core business (ROE on core business) – attributable to the parent company (annualized net profit excluding banks / average equity excluding banks) x 100%	n/a	15.6%	21.7%
Return on equity (ROE) – attributable to the parent company (annualized net profit / average shareholders’ equity) x 100%	20.3%	16.6%	20.2%
Return on equity (ROE) – consolidated (annualized net profit / average shareholders' equity) x 100%	23.4%	19.0%	20.4%
Return on assets (ROA) (annualized net profit / average assets) x 100%	2.7%	2.4%	2.6%

*Restated data.



Operational efficiency ratios

To facilitate the analysis of PZU Group’s performance, such indicators were selected that best describe performance in the case of insurance companies and those pursuing banking activity in the opinion of the Management Board. Some indicators refer the costs of pursuit of insurance activity to revenue, hence reflect which portion of the revenue was allocated to costs and which portion – to margin. For the banking activity, the Cost/Income (C/I) ratio was selected as the relation which best reflects the performance of this area of the activity in the opinion of the Management Board. All indicators are widely applied by other companies from the corresponding sectors and by investors and serve an analysis of efficiency and profitability of these companies.

One of the fundamental measures of operational efficiency and performance of an insurance company is COR (Combined Ratio) calculated, due to its specific nature, for the non-life insurance sector (Section II). 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.

The combined ratio (for non-life insurance) of the PZU Group’s has been maintained at a level ensuring high profitability of business.

It stood at 87.5% in H1 2025, down 3.5 p.p. compared to H1 2024, mainly as a result of increased profitability in the mass non-life insurance segment due to higher insurance revenues far outpacing the increase in insurance service costs in motor and non-motor insurance.

Another important indicator is the life insurance profit margin – the profitability of life insurance segments calculated as the ratio of operating profit/loss to net insurance revenues. In H1 2025, the ratio reached 26.3%, and its increase by 1.7 p.p. in comparison to H1 2024 was, in particular, due to higher insurance revenues and improved profitability of group protection and health insurance.

As regards banking activities, efficiency is measured by the cost/income ratio, i.e., the quotient of the PZU Group's non-insurance operating expenses excluding tax on other financial institutions and total operating income, which includes: interest income calculated using the effective interest rate and equalized, other net investment income, result on discontinued recognition of financial instruments and investments not measured at fair value through profit or loss, net change in fair value of assets and liabilities measured at fair value, interest expenses, and result on commissions and fees and other operating income and expenses. In H1 2025, the cost to income ratio in the PZU Group’s banking business reached 36.5%, and was higher than in H1 2024 by 0.1 p.p. This was due to the rate of growth in costs surpassing that in income in the segment. The increase in costs was mainly related to higher y/y fees to the Bank Guarantee Fund at both banks.

Operational efficiency ratios		1 January – 30 June 2023	1 January – 30 June 2024*	1 January – 30 June 2025
1.	Index of administrative expense ratio of insurance segments <i>(administrative expenses / net insurance revenue) x 100%</i>	9.1%	9.1%	8.8%
2.	Combined ratio in non-life and other personal insurance <i>(net insurance service expenses / net insurance revenue) x 100%</i>	84.6%	91.0%	87.5%
3.	Margin from insurance operations in life insurance <i>(operating profit / net insurance revenue) x 100%</i>	22.4%	24.6%	26.3%
4.	Cost/income ratio – banking activity	30.9%**	36.4%	36.5%

* Restated data.
** The ratio measured according to the previously used methodology as the quotient of administrative expenses and the sum of operating income, excluding: the BFG charge, the levy on other financial institutions and the movements in allowances for expected credit losses and impairment losses on financial instruments.



6.5. Capital management and dividends

6.5.1. Capital and Dividend Policy

On 2 December 2024, the PZU Management Board adopted the Capital and Dividend Policy for 2025–2027. Compared to the previous Policy, the Solvency II target ratio is amended for the PZU Group and set at 180% (it is unamended for PZU and PZU Życie) – as of the date the Solvency II amendments come into force. Until then, target solvency ratios of 200% for the PZU Group, 200% for PZU SA and 200% for PZU Życie will be maintained, so they will remain at the levels set out in the Capital and Dividend Policy that expired in 2024.

In keeping with the Policy, PZU Group endeavors to:

- 1) manage capital effectively by optimizing the usage of capital from the Group’s perspective;
- 2) 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 organic growth and acquisitions;
- 3) ensure sufficient financial means to cover the Group’s liabilities to its clients.

The capital management policy rests on the following principles:

- 1) manage the PZU Group’s capital (including excess capital) at the level of PZU;
- 2) maintain target solvency ratios of 200% for the PZU Group, 200% for PZU and 200% for PZU Życie (according to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance, hereinafter referred to as the “Solvency II Directive”) in the period until the date of entry into force of the amendments to the Solvency II Directive and at the level of 180% for the PZU Group, 200% for PZU and 200% for PZU Życie in the period after the entry into force of the amendments to the Solvency II Directive;

- 3) maintain a financial leverage ratio of no more than 25%;
- 4) ensure funds for growth and acquisitions;
- 5) maintain the financial conglomerate’s surplus own funds above the pertinent requirements for solvency;
- 6) PZU will not issue any new shares for the duration of this Policy.

The PZU and PZU Group’s Dividend Policy is based on the following principles:

- 1) the PZU Group endeavors to manage capital effectively and 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 acquisitions;
- 2) the dividend amount proposed by the parent company’s Management Board which PZU pays for the respective financial year is determined on the basis of the PZU Group’s consolidated financial result attributable to equity holders of the parent company, where:
 - a) not more than 20% will increase retained earnings (supplementary capital) for purposes of organic development and innovations, and implementation of development initiatives;
 - b) no less than 50% is subject to payment as an annual dividend;
 - c) 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;

with the reservation that:

- 3) according to the 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;
- 4) the dividend determination takes into account the recommendations of the supervisory authority on dividends for all PZU Group companies.




6.5.2. Solvency ratio

Solvency ratios for the PZU Group, PZU and PZU Życie are calculated in compliance with Directive 2009/138/ EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

In Bank Pekao and Alior Bank, the capital adequacy ratio and the Tier 1 ratio were computed on the basis of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR) and also the various types of risk identified in the Internal Capital Adequacy Assessment Process (ICAAP).

As at the closing of Q1 2025, the estimated solvency ratio (calculated in line with the standard Solvency II formula) was

225% 

Solvency ratio	2024	1Q 2025*
SCR		
PZU Group	226%	225%
PZU	240%	232%
PZU Życie	337%	344%
MCR		
PZU Group	376%	346%
PZU	910%	889%
PZU Życie	748%	765%
CRR		
	2024	H1 2025
PZU Group – total solvency ratio	16.1%	17.2%
Tier 1	14.9%	15.6%
Alior Bank Group – total solvency ratio	18.3%	17.0%
Tier 1	18.3%	17.0%

*) 1Q 2025 was neither audited nor reviewed by the Statutory Auditor

6.5.3. Disbursement of dividends

On 25 June 2025, the Ordinary Shareholder Meeting of PZU passed a resolution on the distribution of net profit PZU for the year ended 31 December 2024 increased by the amount transferred from the supplementary capital created from the net profit for the year ended 31 December 2023, in which it decided to allocate nearly PLN 3,859,947,810.00, i.e., PLN 4.47 per share, for the disbursement of dividends.

The dividend record date was set for 25 September 2025 and the dividend payout date was set for 16 October 2025.

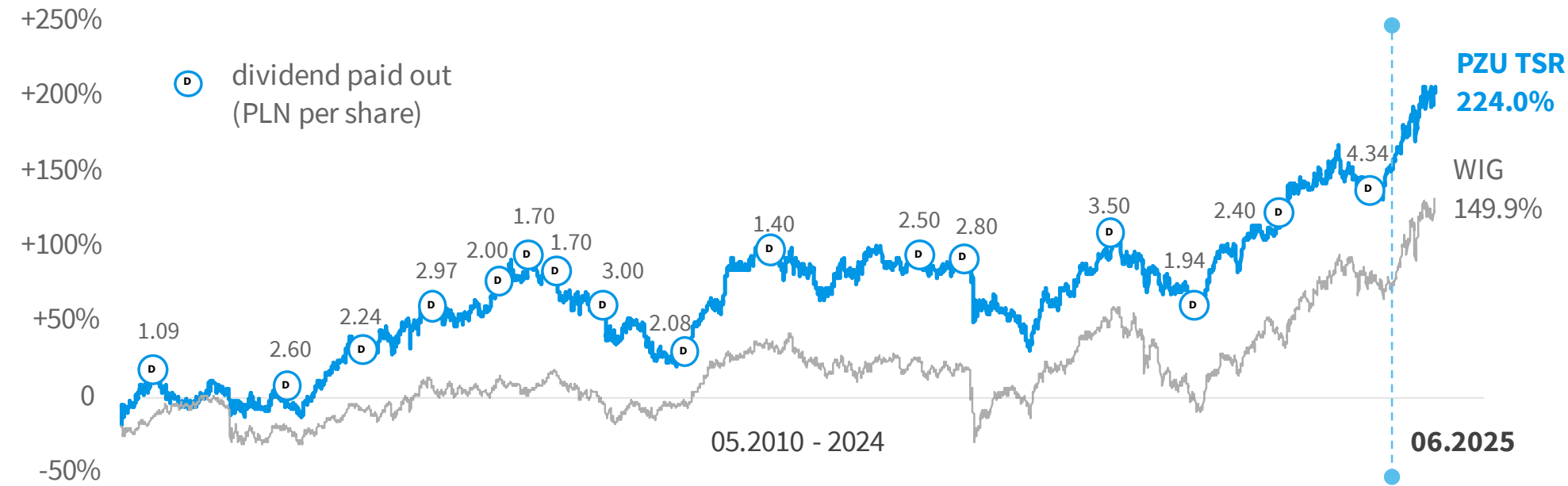
PZU profit and dividend	2021	2022	2023	2024	H1 2025
Consolidated profit attributable to the parent company (PLN million)	3,336	3,781	5,780	5,342	3,230
PZU’s unconsolidated profit (PLN million)	2,028	1,637	3,983	3,877	4,330
Dividend paid for the year (PLN million)	1,675	2,072	3,748	3,860	***
Dividend per share for the year (PLN)	1.94	2.40	4.34	4.47	***
Dividend per share according to the year in which the right was established (PLN)	3.50	1.94	2.40	4.34	4.47
(a) Change in share price ytd	9.2%	0.2%	33.5%	(3.0)%	37.4%
(b) Annual dividend ratio (%)*	10.8%	5.5%	6.8%	9.2%	9.8%
(a+b) TSR Total Shareholders Return	20.1%	5.7%	40.2%	6.2%	47.2%

* ratio calculated as dividend (according to the year in which the right was established) compared to share price as at the end of the previous reporting year
Source: PZU figures



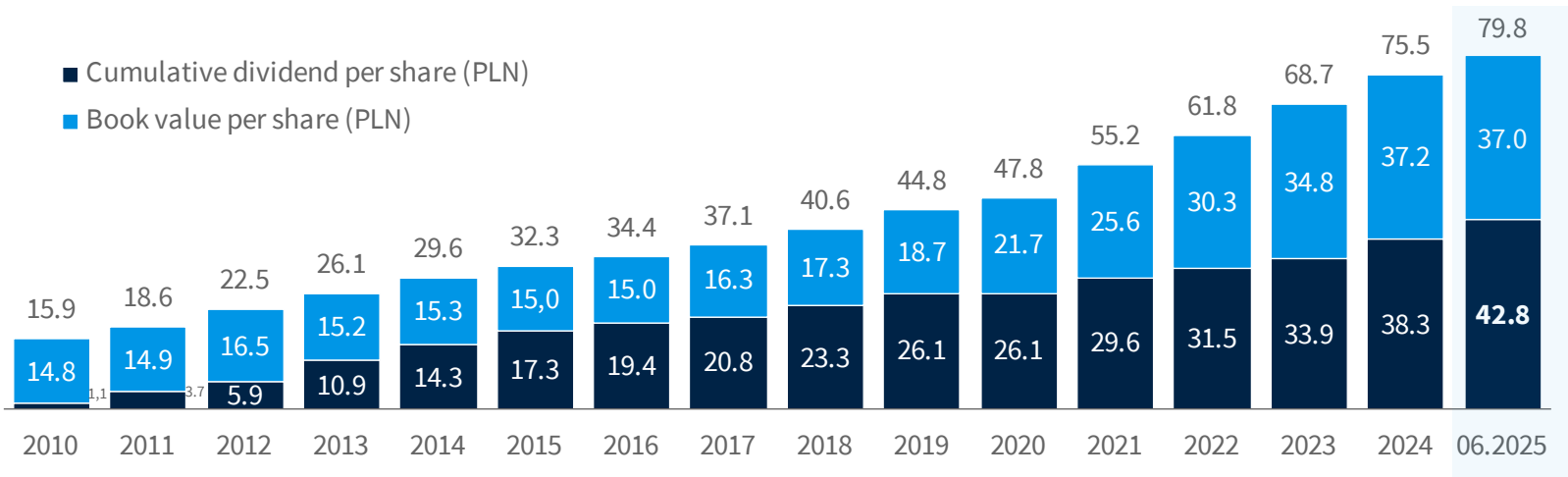


Total Shareholders Return (TSR) compared to the WIG index



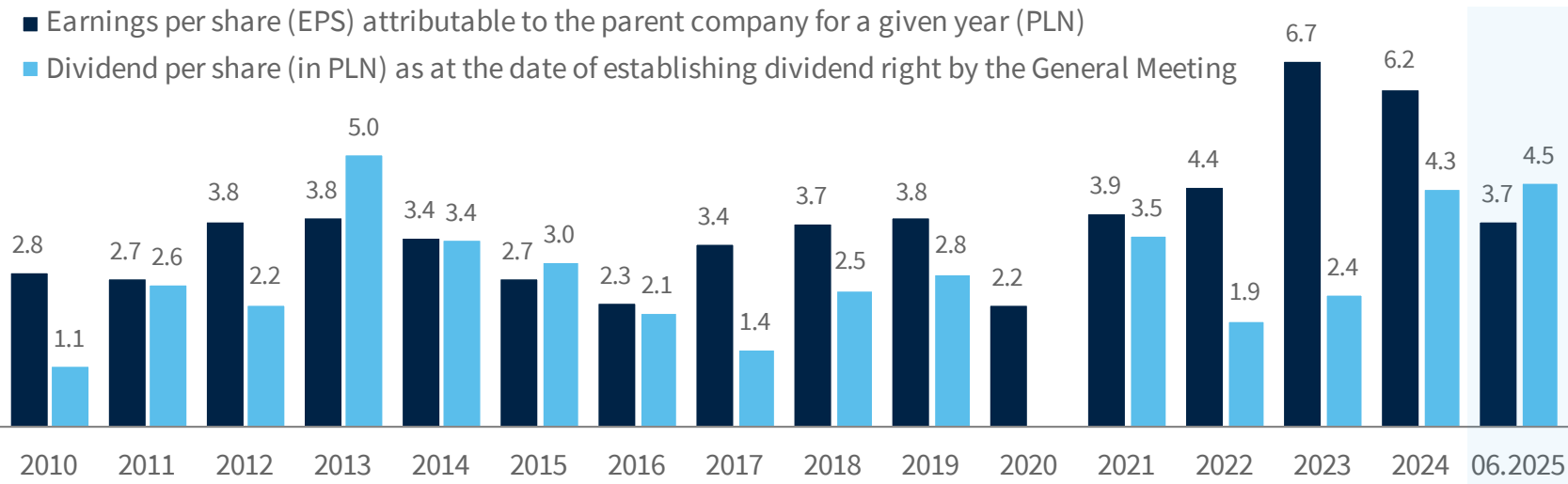
Source: PZU

Book value per share and cumulative gross dividend per share of PZU in PLN



Source: PZU

PZU profit and dividend since going public on the WSE



Source: PZU



6.6. Financial rating

Poland’s 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.

Recent rating/outlook changes

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.

On 23 May 2025, S&P Global Ratings affirmed the financial strength and credit strength ratings for PZU and its main subsidiaries at “A-”. The outlook remained unchanged (positive).

Poland’s rating

On May 10, 2025, 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.

PZU rating

	Current		Previous	
Company name	Rating and outlook	Last change	Rating and outlook	Update date
PZU				
Financial strength rating	A- /positive/	28 May 2024	A- /stable/	06 April 2020
Credit rating	A- /positive/	28 May 2024	A- /stable/	06 April 2020
PZU Życie				
Financial strength rating	A- /positive/	28 May 2024	A- /stable/	06 April 2020
Credit rating	A- /positive/	28 May 2024	A- /stable/	06 April 2020
TUW PZUW				
Financial strength rating	A- /positive/	28 May 2024	A- /stable/	06 April 2020

Poland’s rating*

	Current		Previous	
Country	Rating and outlook	Last change	Rating and outlook	Update date
Poland				
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



Pekao Bank

Bank Pekao cooperates with three leading rating agencies: Fitch Ratings (Fitch), S&P Global Ratings (S&P) and Moody’s Investors Service (Moody’s). The first two agencies prepare the rating at the Bank Pekao’s request on the basis of concluded contracts; however, the Bank does not have a contract Moody’s and their rating is based on publicly available information and review meetings.

Changes in H1 2025: on 27 June 2025, Fitch raised the long-term rating (IDR) of Bank Pekao and Pekao Bank Mortgage to “BBB+” from “BBB,” maintaining a stable outlook.

S&P GLOBAL RATINGS	PEKAO BANK	POLAND
Long-term rating in foreign currencies	A-	A-
Long-term rating in domestic currency	A-	A
Short-term rating in foreign currencies	A-2	A-2
Short-term rating in domestic currency	A-2	A-1
Stand-alone rating	bbb+	-
Outlook	Stable	Stable

S&P GLOBAL RATINGS (COUNTERPARTY’S RATING IN THE CASE OF FORCED RESTRUCTURING)	PEKAO BANK	POLAND
Long-term rating of liabilities in foreign currencies	A	-
Short-term rating of liabilities in foreign currencies	A-1	-
Long-term rating of liabilities in domestic currency	A	-
Short-term rating of liabilities in domestic currency	A-1	-

FITCH RATINGS	PEKAO BANK	POLAND
Long-term issuer’s rating (IDR)	BBB+	A-
Short-term issuer’s rating (IDR)	F2	F1
Viability rating	bbb	-
Government subsidy rating	No subsidy	-
Outlook	Stable	Stable
Domestic long-term rating	AA(pol)	
Domestic short-term rating	F1+(pol)	-

MOODY’S INVESTORS SERVICE	PEKAO BANK	POLAND
Long-term rating of deposits in foreign currencies	A2	A2
Short-term rating of deposits	Prime-1	Prime-1
Baseline Credit Assessment	baa2	-
Long-term counterparty credit risk rating	A2(cr)	-
Short-term counterparty credit risk rating	Prime-1(cr)	-
Outlook	Stable	Stable
Long-term counterparty risk rating	A2	-
Short-term Counterparty Risk Rating	Prime-1	-



Alior Bank

On 18 April 2025, rating agency Fitch Ratings updated its rating report, in which it maintained Alior Bank's long- and short-term ratings at BB+ and B, respectively. In the report, the agency highlighted the bank's improved capital buffers, enhanced internal capital generation capacity, and stable funding and liquidity profile. According to Fitch Ratings, the transformation of Alior Bank’s loan portfolio, with greater emphasis on secured lending and tighter credit policies in the non-retail segment, has led to improvements in asset quality performance and concentration ratios. The outlook for the Bank’s long-term rating is stable.

On 26 May 26, 2025, S&P Global Ratings published an update to Alior Bank's credit rating report, in which it affirmed the long-term and short-term ratings at their current levels of BB+ and B, respectively, with a positive outlook. The publication pointed out that further tightening of lending standards and active reduction of the non-performing loan portfolio supports improvement of the Bank's risk profile and strengthens financial stability. The agency saw a further improvement in the structure of the loan portfolio with an increasing share of lower-risk products, such as mortgages and loans to small and medium-sized enterprises, while reducing the share of higher-risk products, such as loans in the microenterprise segment.

FITCH RATINGS	ALIOR BANK	POLAND
Long-term issuer’s rating (IDR)	BB+	A-
Short-term issuer’s rating (IDR)	B	F1
Viability rating	bb+	-
Government subsidy rating	ns	-
Outlook	Stable	Stable

S&P GLOBAL RATINGS	ALIOR BANK	POLAND
Long-term rating in foreign currencies	BB+	A-
Long-term rating in domestic currency	BB+	A
Short-term rating in foreign currencies	B	A-2
Short-term rating in domestic currency	B	A-1
Stand-alone rating	bb	-
Outlook	Positive	Stable



7. Corporate governance

- 7.1. Audit firm auditing the financial statements
- 7.2. Shareholders and the issuer's securities
- 7.3. Calendar of PZU's periodic reports published in 2025





7.1. Audit firm auditing the financial statements

On 24 August 2022, the Supervisory Board passed a resolution on the selection of PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. (PwC) as the audit firm to conduct audits of the annual and reviews of the interim individual and consolidated financial statements and audits of the annual individual and consolidated reports on the solvency and financial condition of PZU and the PZU Group for the five fiscal years 2024–2028, with an option to extend the contract for two more fiscal years 2029–2030. In H1 2025, the audit firm auditing the financial statements rendered permitted non-audit services to PZU, which was approved, following an assessment of the company’s independence, by the Audit Committee. PZU’s additional cooperation with KPMG Audyt covers, without limitation, audits of solvency and financial standing reports required by the Solvency II Directive.

Main assumptions underlying the policy for selecting the audit firm

The following are among the main assumptions underlying PZU’s policy for selecting the audit firm:

- ensuring that the process of selecting the audit firm is done correctly and determining the responsibility and the duties of the participants in this process,
- analyzing when selecting the audit firm the recommendations given by the Audit Committee,
- giving consideration to the rule of rotating the audit firm and the key statutory auditor in the embraced time horizon.

The main objectives of the policy for the provision of permitted non-audit services by the audit firm conducting the statutory audit, its related entities and by a member of the audit firm’s network were as follows:

- ensuring correctness in the process of procuring permitted services;
- determining the responsibility and the duties of the participants in this process,
- defining the catalog of permitted services,
- establishing the procedure for procuring permitted services.



7.2. Shareholders and the issuer’s securities

PZU’s shares

PZU’s share capital is divided into 863,523,000 ordinary shares with a nominal value of PLN 0.10 each giving the right to 863,523,000 votes at the Shareholder Meeting³⁴.

Significant equity stakes in PZU

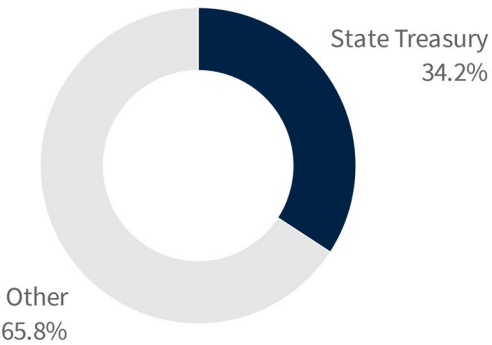
As at 31 December 2024, the only shareholder of PZU with a significant equity stake (at least 5%) was the State Treasury of the Republic of Poland, which held 295,217,300 shares, representing 34.19% of PZU’s share capital and entitling it to 295,217,300 votes at the Shareholder Meeting.

On 21 May 2025, PZU was notified by BlackRock, Inc. that as a result of the acquisition of PZU SA’s shares on 15 May 2025, the total shareholding of BlackRock, Inc. in the share capital and in the total number of votes at the

General Meeting of Shareholders of PZU SA (“GMS”) amounted to 5% as of 20 May 2026. According to the notice in question, before the transaction was settled, BlackRock, Inc. had held a total of 43,118,728 PZU shares, corresponding to 4.988% of the Company’s share capital and entitling to exercise 43,118,728 votes, representing 4.988% of the total number of votes at PZU GMS. After the transaction was settled, BlackRock, Inc. holds 43,249,344 PZU shares, representing 5% of the Company’s share capital and entitling to exercise 43,249,344 votes, representing 5% of the total number of votes at the GMS.

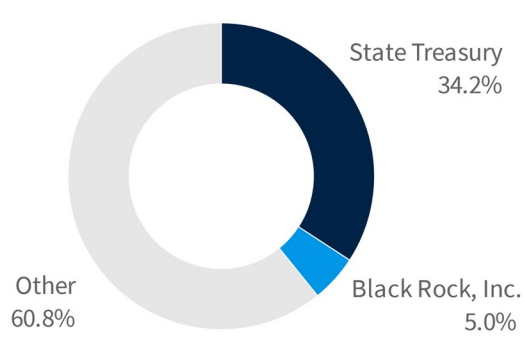
Shareholders holding significant equity stakes	Number of shares and votes at the Shareholder Meeting		Shareholding and share in the total number of votes at the SM	
	31 December 2024	30 June 2025	31 December 2024	30 June 2025
State Treasury	295,217,300	295,217,300	34.19%	34.19%
BlackRock, Inc.	n/a	43,249,344	n/a	5.00%
Other	568,305,700	525,056,853	65.81%	60.11%
Total	863,523,000	863,523,000	100.00%	100.00%

PZU shareholder structure as of 31 December 2024



Source: Current report 25/2024

PZU shareholder structure as of 30 June 2025



Source: Current report 19/2025

34) On 30 June 2015, PZU’s Ordinary Shareholder Meeting adopted a resolution to split all PZU shares by decreasing the nominal value of each PZU share from PLN 1 to PLN 0.10 and increasing the number of PZU shares making up the share capital from 86,352,300 to 863,523,000 shares. The split was effected by exchanging all the shares at a ratio of 1:10 and did not affect the amount of PZU’s share capital. On 3 November 2015, the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register registered the pertinent amendment to PZU’s Articles of Association. On 24 November 2015, the Management Board of the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych, “KDPW”) adopted Resolution No. 789/15 on setting 30 November 2015 as the date for splitting 86,348,289 PZU shares with a nominal value of PLN 1 each into 863,482,890 PZU shares with a nominal value of PLN 0.10 each.





Entitlements and restrictions on PZU shares

All PZU shares are ordinary shares with no preferential rights attached to them, in particular no special control rights. Each share carries the right to one vote at the Shareholder Meeting and the same right to dividends.

However, PZU’s Articles of Association limit voting rights on PZU shares in certain cases. The shareholders’ voting rights is limited in such a manner that no shareholder may exercise more than 10% of the total number of votes in existence in PZU at its Shareholder Meeting on the date of holding a Shareholder Meeting subject to the reservation that for the purposes of determining the obligations of the buyers of significant equity stakes contemplated by the Act on Public Offerings and the Insurance and Reinsurance Activity Act, such limitation of voting rights shall be deemed not to exist. The restriction on voting rights does not apply to the following:

- shareholders who on the date of adopting the Shareholder Meeting resolution implementing this restriction were entitled to shares representing more than 10% of the total number of votes (i.e., the State Treasury);
- shareholders acting with the shareholders specified in the item above pursuant to executed agreements pertaining to jointly exercising the voting rights attached to shares.

For the purpose of limiting voting rights, the votes of shareholders among whom there is a parent or subsidiary relationship are totaled in accordance with the rules described in the Articles of Association. The aforementioned restrictions on shareholders' voting

rights will expire as soon as the State Treasury's stake in PZU's share capital falls below 5%.

The PZU Management Board does not have information about executed agreements as a result of which changes may transpire in the future in the equity stakes held by its shareholders and bondholders to date.

PZU did not issue, redeem or repay any debt or equity securities and did not issue any securities that would provide its shareholders with special control rights.

In 2013–2025, PZU did not have any employee stock programs in place.

Limitations on transferring the title to the issuer’s securities

The PZU Articles of Association contain no provisions restricting the transfer of the title to the issuer’s securities (either shares or bonds). Nor are there any other known limitations arising from documents other than the Articles of Association that would be applicable in this context, except for limitations resulting from generally applicable laws in precisely defined situations, in particular:

- limitations resulting from the provisions of the Act of 29 July 2005 on Public Offerings and the Conditions for Offering Financial Instruments in an Organized Trading System and on Public Companies (consolidated text: Journal of Laws of 2024, item 620, 1883), namely:
 - from Article 75(4) – shares encumbered with a pledge, until the date of its expiration, may not be traded, except in a situation where the acquisition of such shares takes place in the performance of an agreement on the establishment of financial

security within the meaning of the Act of 2 April 2004 on Certain Forms of Financial Security,

- from Article 88a – temporary limitations on the direct or indirect acquisition of or subscription for shares in a public company by an entity required to perform the obligations specified in Article 73(1) of the Act, which in the company in question exceeded the threshold of the total number of votes specified in these regulations – until the date of fulfillment of such obligations;
- limitations arising from Article 362 of the Commercial Company Code, regarding the prohibition of the acquisition of treasury shares by the issuer, except for the cases specified therein and limitations on the acquisition of the parent company’s treasury shares by a subsidiary company or a subsidiary cooperative and persons acting on their behalf;
- limitations pertaining to the closed period referred to in Article 19 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (MAR) and insider dealing within the meaning of the provisions of MAR;
- possible objection by the regulatory authority, in the form of a decision, to the acquisition of or subscription for shares or rights attaching to shares in a domestic insurance undertaking in a quantity ensuring the achievement or exceeding of, as the case may be, one-tenth, one-fifth, one-third, one-second of the total number of votes at the Shareholder Meeting or of a stake in share capital – in accordance with Article 90(1) of the Act of 11 September 2015 on Insurance and Reinsurance Activity (consolidated

text: Journal of Laws of 2024, item 838, 1565, 1863) (hereinafter the “Insurance Activity Act”), if:

- the entity submitting the notification referred to in Article 82(1) failed to remove the deficiencies in its notification or in the documents or information attached to the notification within the prescribed time limit,
- the entity submitting the notification referred to in Article 82(1) failed to provide additional information or documents required by the regulatory authority within the prescribed time limit,
- it is justified by the need of prudent and stable management of the domestic insurance undertaking due to a possible impact of the entity submitting the notification referred to in Article 82(1) on the domestic insurance undertaking or due to the assessment of the financial standing of the entity submitting the notification;
- possible determination by the regulatory authority of a time limit for the acquisition of or subscription for shares or rights attached to shares, in accordance with Article 90(4) and (5) of the Insurance Activity Act, in a decision declaring the absence of grounds for filing an objection;
- possible issuance, by the regulatory authority, in accordance with Article 98(5) of the Insurance Activity Act, of a decision requiring the disposal of shares within the prescribed time limit in the event that the authority issues a decision prohibiting the exercise of voting rights attached to shares in a domestic insurance undertaking for the reasons specified in Article 98(1) of this Act;
- possible issuance, by the regulatory authority, in accordance with Article 98(5) of the Insurance Activity



- Act, of a decision requiring the disposal of shares within the prescribed time limit in the event that the authority issues a decision prohibiting the exercise of voting rights attached to shares in a domestic insurance undertaking for the reasons specified in Article 98(1) of this Act.

Shares or rights to shares held by persons managing or supervising

As of the date of signing of this Management Report for H1 2025 (i.e. 27 August 2025), PZU shares were held by four persons serving as members of the Management Board (Maciej Fedyna, Tomasz Kulik, Tomasz Tarkowski, Jan Zimowicz) and one person serving as a member of the Supervisory Board (Adam Uszpolewicz).

As of the date of publication of the consolidated financial statements for the three-month period ended 31 March 2025 (i.e., 15 May 2025), PZU had five persons serving as members of the Management Board (Andrzej Klesyk, Maciej Fedyna, Tomasz Kulik, Tomasz Tarkowski, Jan Zimowicz) and one person serving as a member of the Supervisory Board (Adam Uszpolewicz).

A summary of the number of PZU shares held by managers and supervisors is presented in the table opposite.

Number of PZU shares held by PZU Management Board Members and PZU Supervisory Board Members	15 May 2025	27 August 2025	change
PZU Management Board Members			
Maciej Fedyna	300	300	0
Tomasz Kulik	7,847	7,847	0
Tomasz Tarkowski	830	830	0
Jan Zimowicz	1,520	1,520	0
PZU Supervisory Board Members			
Adam Uszpolewicz	5,150	5,150	0

PZU bonds

As at 30 June 2025, PZU held subordinated bonds (ISIN PLPZU00000037) worth PLN 2.25 billion, bearing interest at WIBOR6M + 180 bps., issued on 30 June 2017. The maturity date for these bonds is 29 July 2027, or 10 years after issue with an early redemption option 5 years after the issue date. The bonds are listed on the Catalyst ASO WSE/Bondspot.



7.3. Calendar of PZU’s periodic reports published in 2025

Calendar of PZU’s reports published in 2025

	PZU	Bank Pekao	Alior Bank
2024 Annual Report	27 March	27 February	4 March
Quarterly Report for Q1 2025	15 May	30 April	25 April
Half-Yearly Report for H1 2025	28 August	7 August	6 August
Quarterly Report for Q3 2025	20 November	30 October	28 October

Kontakt do RI



IR website:
Contact:



Magdalena Komaracka, CFA,
Director of Management Consolidation and Investor Relations

www.pzu.pl/en/investor-relations/reports
www.pzu.pl/en/investor-relations/kontakt-dla-inwestorow





8. Other statements



Information about significant agreements executed between shareholders

The PZU Management Board does not have any information about agreements executed until the date of this Report on the activity of the PZU Group among shareholders as a result of which changes may transpire in the future in the percentages of shares held by its shareholders to date.

Information about significant executed agreements

No agreements significant to the Issuer's business were entered into in H1 2025.

Related party transactions on terms other than an arm’s length basis

In H1 2025, neither PZU nor its subsidiaries executed any transaction with their related parties which were of material significance individually or collectively and were executed on non-arm’s length conditions.

Purchase of treasury shares in the financial year

As at 30 June 2025, consolidated funds held 179,912 PZU shares.

PZU did not hold any treasury shares as at 30 June 2025.

Granted and received guarantees and sureties

In H1 2025 neither PZU nor its subsidiaries issued any sureties for loans or borrowings, or any guarantees – jointly to a single entity or its subsidiary – for which the total amount of the existing sureties or guarantees would be material.

Information on off-balance sheet items as of 30 June 2025 is included in [Chapter 6.3. PZU Group’s asset and liability structure](#).

Rules of preparation

The Rules of preparing the interim consolidated financial statements have been described in the PZU Group’s consolidated financial statements.

Assessment of the management of financial resources, including the capacity to satisfy the assumed liabilities and specification of possible threats and actions taken or to be taken by the Issuer to counter these threats Assessment of the performance of investment-related intentions

The PZU Group and PZU are in very good financial standing and satisfy all the safety criteria imposed by the legal regulations and the Polish Financial Supervision Authority. PZU's “A-” rating by S&P and positive rating outlook confirm that PZU has a strong business position, with a high level of own equity, including for the performance of investment-related intentions.

Financial forecasts

PZU has not published any forecasts of its financial results.

Disputes

During 6 months ended 30 June 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 in the Condensed Interim Consolidated Financial Statements for the 6 months ended 30 June 2025.

As at 30 June 2025, the total value of disputes in all 231,493 cases (31 December 2024: 246,667) pending before courts, arbitration bodies and public administration authorities in which PZU Group entities take part, was PLN 17,952 million (31 December 2024: PLN 17,088 million). Of that amount, PLN 13,471 million (31 December 2024: PLN 12,346 million) relates to liabilities, and PLN 4,481 million (as at 31 December 2024: PLN 4,742 million) relating to receivables of PZU Group companies.



9. Management Board Statement on the Accuracy of the Reports

Representation by the Parent Company's Management Board on the preparation of standalone and consolidated financial statements and the activity report

To the best knowledge of the PZU Management Board, the PZU Group's condensed interim consolidated financial statements and PZU's condensed interim standalone financial statements for the six months ended 30 June 2025, as well as the comparative data, have been prepared in line with the prevailing accounting principles, and honestly, accurately and clearly reflect the PZU Group's and the PZU's assets and financial position as well as their financial result. To the best knowledge of the PZU Management Board, the report on the activities of the PZU Group contains a true picture of the development, achievements and situation of the PZU Group, including a description of basic threats and risks.



This Report on the Activity of the PZU Group for H1 2025 has 135 consecutively numbered pages.

Signatures of PZU Management Board Members

Tomasz Tarkowski – acting President of the Management Board; Management Board Member

Bartosz Grześkowiak – Management Board Member

Elżbieta Häuser-Schöneich – Management Board Member

Tomasz Kulik – Management Board Member

Maciej Fedyna – Management Board Member

Jan Zimowicz – Management Board Member

Warsaw, 27 August 2025





10. Annexes

10.1. Glossary of terms

10.2. Alternative Performance Measures w





10.1. Glossary of terms

insurance agent – commercial undertaking conducting agency activity pursuant to an agreement executed with an insurance undertaking. The activity of agents focuses on acquiring customers, entering into insurance contracts, participating in the administration and performance of insurance agreements and organizing and supervising agency activity

assurbanking – distribution of banking products by insurance companies

bancassurance – distribution of insurance products by banks

BEL – value of the best estimate liability under insurance contracts, Best Estimate Liability – the amount required to ensure payment of services and benefits to insureds according to best estimates, i.e., when everything happens according to predictions (best estimate assumptions)

insurance broker – entity holding a permit to conduct brokerage activity Performs activities on behalf or in favor of an entity seeking insurance cover

coverage units – coverage units of insurance services used to determine contractual service margin (CSM) amortization schemes

cross-selling – sales strategy for selling an insurance product in combination with a complementary

insurance product or an insurer's partner's product, e.g. a bank's product. Bancassurance products such as credit insurance may serve as an example

CSM – contractual service margin, a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit the entity will recognize as it provides insurance contract services. Changes in actuarial assumptions recognized over time are passed through the CSM

P/BV (Price to Book Value) – indicator specifying the ratio of the market price to the book value per share

P/E (Price to Earnings) – indicator specifying the ratio of the company's market price (per share) to earnings per share

DPS (Dividend Per Share) – market multiple specifying the dividend per share

DY (Dividend Yield) – market multiple specifying the ratio of the dividend per share to the market share price

EPS (Earnings Per Share) – market multiple specifying earnings per share

GMM – General Measurement Model, the default model of IFRS 17, in which insurance liabilities are calculated as the sum of discounted estimated future cash flows (BEL), non-financial risk adjustments and CSM

IDD – Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (Insurance Distribution Directive)

IPO (Initial Public Offering) – public offering of specific securities performed for the first time. One of the most important elements of an initial public offering is the preparation of a prospectus and the proceeding before the institution supervising admission to be traded publicly

Civil Code – Act of 23 April 1964 entitled Civil Code

Commercial Company Code – Act of 15 September 2000 entitled Commercial Company Code

initial recognition (IR) – the date of first recognition of an insurance contract

nondistinct investment component (NDIC) – represents the portion of the benefit payable to the insured that will always be paid to the insured regardless of whether an insured event occurs

PAA – Premium Allocation Approach, a simplified approach, where the measurement of the liability for remaining insurance cover is analogous with the unearned premiums mechanism according to IFRS 4 (without a separate presentation of risk adjustment for non-financial risk or contractual service margin), whereas liabilities for paid claims are measured in the same manner as for the general measurement model. The PAA method is applied to short-term contracts that meet the relevant eligibility criteria at initial recognition

ECSs – Employee Capital Schemes defined by the provisions of the Act of 4 October 2018 on Employee Capital Schemes

PRIIP – Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 supplementing Regulation (EU) No. 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products

gross insurance revenue – this is the remuneration expected to be received by the entity in exchange for insurance services provided during the period. In the GMM or VFA model, it includes the contractual service margin solution (CSM) in the amount of the contract profit attributable to the period, the release of the adjustment for non-financial risks during the period, the compensation, benefits and expenses expected during the period, and the portion of the premium associated with the recovery of acquisition costs, and the PAA simplified model includes the amortization of liabilities for remaining coverage

Insurance Finance Income or Expenses (IFIE) – the effect of time value of money and financial risks and their changes recognized partly in the profit and loss account and partly in other comprehensive income

gross written premium – the amounts of gross written premiums (net of the reinsurer's share) due by virtue of the insurance contracts executed in the reporting period, notwithstanding the term of liability stemming from these agreements

net earned premium – the gross written premium in a given period giving consideration to the settlement of revenues (premiums) over time through movement in the provisions for unearned premiums and the reinsurers' share

adjustment for non-financial risk (RA) – compensation an entity requires for bearing the uncertainty about the



amount and timing of the cash flows that arises from non-financial risk as the entity fulfills insurance contracts

reinsurance – transfer to some other insurance undertaking – the reinsurer – of all or part of the insured risk or class of risks along with the pertinent portion of the premiums. As a result of reinsurance, a secondary split of risks transpires to minimize the risks to the insurance market

outward reinsurance – reinsurance activity whereby the insurer (assignor) transfers a portion of the concluded insurance to a reinsurer or reinsurers in the form of a reinsurance agreement

inward reinsurance – reinsurance activity whereby a reinsurer or reinsurers accept a portion of insurance or a class of insurance transferred by a cedent

technical provisions (PSR) – provisions that should ensure full coverage of current and future liabilities that may result from executed insurance contracts. The following, in particular, are included in technical and insurance provisions: provision for unearned premiums, provision for life insurance, provision for outstanding claims and benefits, provision for unexpired risks, provision for investment risk borne by policyholders and provision for bonuses and discounts for insureds.

RODO – Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC

CRR – Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on

prudential requirements for credit institutions and investment firms (Capital Requirements Regulation)

Regulation on Current and Periodic Information – Finance Minister’s Regulation 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 (Journal of Laws of 2018, item 757).

credit scoring – method for assessing the credibility of an entity (usually a natural person or a business) applying for a bank loan. The result of credit scoring is ordinarily presented in the form of a score – the higher the number of points, the greater the credibility of a prospective borrower

sell-side – part of the financial sector involved in creating, promoting and selling equities, bonds, foreign currencies and other financial instruments; it includes investment bankers who act as intermediaries between securities issuers and investors as well as market makers who provide liquidity on the market. Sell-side analysts release research reports with investment recommendations and daily comments for the buy side, i.e. for asset managers

Locked-in interest rates – interest rates at initial recognition

spread – the difference between the purchase and sale price of a financial instrument

risk-free rate – rate of return on financial instruments with zero risk. In PZU the risk-free rate is based on the yield curves for treasuries and it is the basis for

determining transfer prices in settlements between operating segments

sum insured – amount in cash for which an insured object is insured. In non-life insurance the sum insured ordinarily constitutes the upper limit of the insurer’s liability

Transition – date of transition to valuation in accordance with IFRS 17 standard, i.e. 1 January 2022

Total Shareholder Return (TSR) – measure specifying the total rate of return obtained by shareholders by virtue of holding shares in a given company during an annual period. This measure expresses the sum total of profit stemming from the movement in the share price of a given company and the dividends paid during the time when an investor holds its shares in relation to its share value at the beginning of a given year. It is expressed as a percentage on an annualized basis

Unit-linked – Unit-linked insurance fund, a separate fund consisting of assets constituting a provision consisting of insurance premiums invested in the manner specified in the insurance agreement, a constituent part of unit-linked life insurance also referred to as an investment policy

UoA (Unit of Account) – a unit of account, the lowest level at which valuation under IFRS 17 is conducted, only at this level compensation of profit and loss of insurance contracts is allowed

Act on Statutory Auditors – Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws of 2017, Item 1089, as amended)

UOKiK – Office of Competition and Consumer Protection, the Polish anti-trust authority, acting to ensure the development of competition, protect businesses exposed to monopolistic practices and protect consumer interests, www.uokik.gov.pl

Insurance Activity Act – Act of 11 September 2015 on Insurance and Reinsurance Activity (Journal of Laws of 2015, item 1844), with most regulations in force as of 1 January 2016. This Act introduced Solvency II requirements to the Polish legal system

release of non-financial risk adjustment (RA) presented in profit or loss – compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risks as the entity fulfills insurance contracts

release of the contractual service margin (CSM) – contractual service margin release presented in profit or loss – contractual service margin (CSM) is released in the current period based on the proportion of the total insurance service provided in the period

UX (User Experience) – area related to the experiences of users of the respective tool (or, more broadly, of a process, or interacting with the brand in general). It is associated directly with web usability, which is an empirical field of knowledge dealing with the design and testing of tools (in this case: online tools) in consideration of the needs and preferences of target users. In the context of websites, it involves broadly construed usefulness and effectiveness in attaining specific goals



VFA – Variable Fee Approach, method based on the building block approach, applied for contracts with direct participating features, where changes in economic assumptions passes through CSM over the life of contract, method applied e.g. for Unit-Linked contracts

WIBOR6M – reference interest rate for a loan for 6 months on the Polish interbank market

Solvency II – solvency system for European insurance undertakings taking the risk profile into account. These requirements have been in force since 1 January 2016

prudent person principle – principle expressed in article 129 of the Solvency II Directive of the European Parliament and of the Council on the Taking-up and Pursuit of the Business of Insurance and Reinsurance that imposes on insurance undertakings and reinsurance undertakings the requirement of investing assets in the policyholders’ best interest, properly matching investments to liabilities and duly incorporating the various types of financial risk, such as liquidity risk and concentration risk

liability (or asset) for insurance contracts – replaces in IFRS 17 the existing technical provisions and other balance sheet contributions related to the valuation of insurance contracts. It consists of the Liability for Remaining Coverage and Liability for Incurred Claims)



10.2. Alternative Performance Measures

Selected Alternative Performance Measures (APM) within the meaning of European Securities and Markets Authority Guidelines (ESMA) no. 2015/1415 are presented below.

The profitability and operational efficiency indicators presented herein, constituting standard measures applied generally in financial analysis, provide, in the opinion of the Management Board, significant additional information about the PZU Group’s financial performance. Their usefulness was analyzed in terms of information, delivered to the investors, regarding the Group’s financial standing and financial performance.

aROE – adjusted return on equity, calculated on a capital basis excluding cumulative other comprehensive income relating to insurance and reinsurance financial income and expenses.

Assets of external clients of TFI PZU and PTE PZU (PLN billion) – assets of external clients accumulated in the PZU “Złota Jesień” Open-End Pension Fund and the PZU Voluntary Pension Fund as well as all assets accumulated and managed by TFI PZU, other than those constituting own funds of PZU Group companies. Compared to the values reported before 2021, PPE products sold past PZU Życie as UFK and managed by TFI PZU as asset management were also included. An increase in this indicator means that the inflows of assets into the funds are greater than the outflows from the funds and/or that the funds generated positive rates of return on assets under management.

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).

Net interest margin (NIM) – the difference between a bank’s net interest income earned on income-generating assets and interest expenses incurred on liabilities. It is the ratio of a bank’s earnings generated on interest to average assets net of matured interest on at-risk receivables; an increase in the value of this indicator signifies an improvement in efficiency.

Operating margin in life insurance – profitability of life insurance segments, calculated as the ratio of the profit or loss on operating activities to the net income on insurance activities; the higher the ratio, the better the efficiency.

Operating margin in group and individually continued insurance – profitability of the segment of group and individually continued insurance, calculated as the ratio of profit/loss on operating activity to net insurance revenues; an increase in the value of this indicator signifies an improvement in efficiency.

Revenue of the Health Pillar / Area – gross written premium from health insurance (property and life insurance) and revenue from medical care subscription, occupational medicine, services under a contract with the National health Fund and fee-for-service products

carried out in medical centers of PZU Zdrowie (in branches and subsidiaries of PZU Zdrowie), excluding intragroup transactions.

Number of contracts of the Health Pillar / Area – the number of contracts of clients of health products of the PZU Group (PZU Życie, PZU, PZU Zdrowie, TUW PZUW, LINK4), i.e., the number of contracts of clients having: group or individual health insurance, subscription for medical services or occupational medicine services. For group contracts, the client is either the insured or the beneficiary.

ROA (Return on Assets) – return on assets, calculated as the ratio of the annual net profit to the arithmetic mean of total assets at the beginning and end of the reporting period; an increase in the value of this indicator signifies an improvement in efficiency, i.e. a greater ability of the assets to generate profits.

ROE (Return on Equity) attributable to equity holders of the parent – 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 minus minority interest at the beginning and end of the reporting period; an increase in the value of this indicator signifies an improvement in efficiency and the ability to multiply funds entrusted by the owners.

ROE (Return on Equity) from core business attributable to equity holders of the parent – return on equity calculated as the ratio of the annual net profit attributable to owners of the parent company, excluding the banking sector’s contribution to the result, to the arithmetic mean of consolidated equity minus minority interest, own capital attributable to banking sector

entities, and the goodwill of Bank Pekao at the beginning and end of the reporting period; an increase in the value of this indicator signifies an improvement in efficiency and the ability to multiply funds entrusted by the owners.

Consolidated ROE (Return on Equity) – return on equity calculated as the ratio of the annual net profit to the arithmetic mean of consolidated equity at the beginning and end of the reporting period; an increase in the value of this indicator signifies an improvement in efficiency and the ability to multiply funds entrusted by the owners.

Administrative expense ratio – the quotient of net administrative expenses and to net insurance revenues; the ratio determines the percentage of administrative expenses to net insurance revenues and a decrease in the value of the ratio indicates an improvement in efficiency.

Cost/Income ratio (banking sector) – the quotient of the PZU Group's non-insurance operating expenses excluding tax on other financial institutions and total operating income, which includes: interest income calculated using the effective interest rate and equalized, other net investment income, result on discontinued recognition of financial instruments and investments not measured at fair value through profit or loss, net change in fair value of assets and liabilities measured at fair value, interest expenses, as well as result on commissions and fees and other operating income and expenses; a decrease in the value of the ratio indicates an improvement in efficiency;

PZU Group’s solvency ratio – the level of coverage of the solvency capital requirement with the PZU Group’s own funds within the meaning of Directive 2009/138/EC





of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), as amended and supplemented with related documents; an increase in the value of this indicator signifies an increase in the capital surplus.



This Activity Statements contain forward-looking statements concerning the strategic operations. Such forward-looking statements are exposed to both known and unknown types of risks, involve uncertainties and are subject to other significant factors which may cause that the actual results, operations, or achievements of PZU Group considerably differ from future results, operations, or achievements expressed or implied in the forwards-looking statements. The statements are based on a number of assumptions concerning the current and future business strategy of PZU Group and the external environment in which the Group will operate in the future. PZU expressly waives any and all obligations or commitments concerning distribution of any updates or adjustments to any of the assumptions contained in these Management Board’s report on the activity of the PZU Group and PZU, which shall aim to reflect the changes in PZU expectations or changes in events, conditions, or circumstances on which a given assumption has been made, unless provisions of the law provided otherwise. PZU stipulates that the forwardlooking statements do not constitute a guarantee as to the future results, and the company’s actual financial standing, business strategy, management plans and objectives concerning the future operations may considerably differ from those presented or implied in such statements contained in these Management Board’s report on the activity of the PZU Group and PZU. Moreover, even if the PZU Group’s financial standing, business strategy, management plans and objectives concerning the future operations comply with the forward-looking statements contained in these Management Board’s report on the activity of the PZU Group and PZU, such results or events may not be treated as a guideline as to the results or events in the subsequent periods.

PZU does not undertake to publish any updates, changes, or adjustments to information, data or statements contained in these Management Board’s report on the activity of the PZU Group and PZU if the strategic operations or plans of PZU shall change, or in the case of facts or events that shall affect such operations or plans of PZU, unless such an obligation to inform resulted from applicable provisions of the law.

PZU Group is not liable for the effects of decisions made following the reading of the Management Board’s report on the activity of the PZU Group and PZU.

At the same time, these Management Board’s report on the activity of the PZU Group and PZU may not be treated as a part of a call or an offer to purchase securities or make an investment. The Management Board’s report on the activity of the PZU Group and PZU does not constitute also an offer or a call to effect any other transactions concerning securities.