

Powszechny Zakład Ubezpieczeń
Spółka Akcyjna
Group

Consolidated financial statements for the year ended
31 December 2025 prepared in accordance with
International Financial Reporting Standards



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Consolidated profit and loss account

Consolidated profit and loss account	Note	1 January – 31 December 2025	1 January – 31 December 2024
Insurance service result before reinsurance		5,925	4,307
Insurance revenue		30,882	29,423
Insurance service expenses		(24,957)	(25,116)
Net income or expenses from reinsurance contracts held		(1,124)	(792)
Reinsurance premium allocation		(2,031)	(1,882)
Amounts recoverable from reinsurers		907	1,090
Insurance service result	11	4,801	3,515
Insurance finance income or expenses	12	(2,023)	(1,565)
Finance income or expenses from reinsurance	12	(20)	140
Interest income calculated using the effective interest rate, and equalized to them	13	28,562	28,367
Interest income calculated using the effective interest rate		27,369	27,097
Income of a nature similar to interest		1,193	1,270
Other net investment income	14	157	373
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	15	97	8
Result from allowances for expected credit losses	16	(1,305)	(1,486)
Net movement in fair value of assets and liabilities measured at fair value	17	1,928	946
Revenue from commissions and fees	18	5,436	5,165
Fee and commission expenses	19	(1,237)	(1,323)
PZU Group's non-insurance operating expenses	20	(11,206)	(10,514)
Interest expenses	21	(7,415)	(8,243)
Legal risk costs of foreign currency mortgage loans	22	(819)	(729)
Other operating income	24	1,841	1,728
Other operating expenses	25	(950)	(685)
Operating profit		17,847	15,697
Share of the net financial results of entities measured by the equity method		(5)	8
Profit before tax		17,842	15,705
Income tax	26	(3,855)	(3,484)
Net profit, of which:		13,987	12,221
- profit attributable to the equity holders of the Parent Company		6,699	5,342
- profit (loss) attributable to holders of non-controlling interests		7,288	6,879
Weighted average basic and diluted number of common shares	27	863,334,967	863,358,403
Basic and diluted earnings (loss) per ordinary share (in PLN)	27	7.76	6.19

Consolidated statement of other comprehensive income

Consolidated statement of other comprehensive income	Note	1 January – 31 December 2025	1 January – 31 December 2024
Net profit		13,987	12,221
Net other comprehensive income		1,933	669
Subject to subsequent reclassification to profit or loss		1,780	686
Valuation of debt instruments		1,413	155
Reclassification of debt instruments valuation for the profit and loss account		(40)	45
Measurement of loan receivables from clients		(6)	6
Insurance finance income or expenses		(640)	495
Reinsurance finance income or expenses		56	(16)
Foreign exchange translation differences		(28)	(38)
Cash flow hedging, including:		1,471	202
Gains and losses on fair value measurement of financial instruments hedging cash flows in the portion constituting an effective hedge		861	(907)
Gains and losses on cash flow hedging financial instruments reclassified to profit or loss		610	1,109
Income tax	26	(446)	(163)
Not to be reclassified to profit or loss in the future		153	(17)
Valuation of equity instruments		211	(82)
Reclassification of real property from property, plant and equipment to investment property		2	61
Actuarial gains and losses related to employee provisions		2	(2)
Income tax	26	(62)	6
Total comprehensive income		15,920	12,890
- comprehensive income attributable to equity holders of the Parent Company		7,219	5,828
- comprehensive income attributable to holders of non-controlling interests		8,701	7,062

Consolidated statement of financial position

Assets	Note	31 December 2025	31 December 2024
Goodwill	28	2,816	2,792
Intangible assets	29	3,824	3,745
Property, plant and equipment	30	4,588	4,256
Investment property	31	3,103	3,159
Entities accounted for using the equity method	32	61	69
Insurance contract assets	11	124	108
Reinsurance contract assets	11	3,990	4,042
Assets pledged as collateral for liabilities	35	1,558	1,404
Assets held for sale	49	585	595
Loan receivables from clients (including finance lease receivables)	33	249,098	232,166
Financial derivatives	34	7,540	5,384
Investment financial assets	36	234,515	222,315
Measured at amortized cost		148,960	158,550
Measured at fair value through other comprehensive income		68,848	53,131
Measured at fair value through profit or loss		16,707	10,634
Deferred tax assets	48	2,134	2,244
Current income tax receivables		54	6
Other receivables	37	4,626	5,258
Other assets	38	634	587
Cash and cash equivalents	40	16,233	15,127
Total assets		535,483	503,257

Consolidated statement of financial position (cont.)

Equity and liabilities	Note	31 December 2025	31 December 2024
Equity			
Equity attributable to equity holders of the parent company		35,471	32,111
Share capital	41.1	86	86
Other capital	41.3	25,419	22,076
Treasury shares		(6)	(7)
Supplementary capital		18,668	17,491
Other reserve capital		5,574	3,923
Accumulated other comprehensive income		1,183	669
Retained earnings		9,966	9,949
Retained profit		3,267	4,607
Net profit		6,699	5,342
Non-controlling interest	2.4	37,182	33,146
Total equity		72,653	65,257
Liabilities			
Insurance contract liabilities	11	45,872	43,642
Reinsurance contract liabilities	11	38	35
Subordinated liabilities	42	7,951	5,099
Liabilities on the issue of own securities	43	22,449	18,086
Liabilities to banks	44	6,024	6,895
Liabilities to clients under deposits	45	348,642	334,193
Financial derivatives	34	6,148	6,132
Current income tax liabilities		895	1,818
Other liabilities	46	17,872	15,946
Provisions	47	3,171	2,756
Deferred income tax liabilities	48	3,767	3,374
Liabilities directly associated with assets classified as held for sale	49	1	24
Total liabilities		462,830	438,000
Total equity and liabilities		535,483	503,257

Consolidated statement of changes in equity

Consolidated statement of changes in equity	Equity attributable to equity holders of the parent company											Non-controlling interest	Total equity
	Share capital	Other capital								Retained earnings	Total		
		Treasury shares	Supplementary capital	Other reserve capital	Accumulated other comprehensive income								
					Revaluation reserve	Insurance finance income or expenses	Reinsurance finance income or expenses	Actuarial gains and losses related to provisions for employee benefits	Foreign exchange translation differences				
Note	41.1											2.4	
As at 1 January 2025	86	(7)	17,491	3,923	(834)	1,657	(61)	(9)	(84)	9,949	32,111	33,146	65,257
Total comprehensive income	-	-	-	-	1,016	(516)	46	2	(28)	6,699	7,219	8,701	15,920
Net profit (loss)	-	-	-	-	-	-	-	-	-	6,699	6,699	7,288	13,987
Net other comprehensive income	-	-	-	-	1,016	(516)	46	2	(28)	-	520	1,413	1,933
Transaction with the shareholders of the parent company	-	-	1,172	1,651	-	-	-	-	-	(6,682)	(3,859)	(4,671)	(8,530)
Distribution of financial result	-	-	2,252	1,651	-	-	-	-	-	(3,903)	-	(4,671)	(4,671)
PZU dividend	-	-	(1,080)	-	-	-	-	-	-	(2,779)	(3,859)	-	(3,859)
Other changes	-	1	5	-	(6)	-	-	-	-	-	-	6	6
Transactions in treasury shares	-	1	1	-	-	-	-	-	-	-	2	-	2
Sales of equity instruments designated at fair value through other comprehensive income	-	-	2	-	(2)	-	-	-	-	-	-	-	-
Transactions with holders of non-controlling interests	-	-	(2)	-	-	-	-	-	-	-	(2)	3	1
Other	-	-	4	-	(4)	-	-	-	-	-	-	3	3
As at 31 December 2025	86	(6)	18,668	5,574	176	1,141	(15)	(7)	(112)	9,966	35,471	37,182	72,653

Consolidated statement of changes in equity (continued)

Consolidated statement of changes in equity	Equity attributable to equity holders of the parent company										Non-controlling interest	Total equity	
	Share capital	Other capital								Retained earnings			Total
		Treasury shares	Supplementary capital	Other reserve capital	Accumulated other comprehensive income								
					Revaluation reserve	Insurance finance income or expenses	Reinsurance finance income or expenses	Actuarial gains and losses related to provisions for employee benefits	Foreign exchange translation differences				
Note	41.1											2.4	
As at 31 January 2024	86	(4)	15,804	2,218	(948)	1,258	(48)	(8)	(47)	11,726	30,037	30,515	60,552
Total comprehensive income	-	-	-	-	138	399	(13)	(1)	(37)	5,342	5,828	7,062	12,890
Net profit (loss)	-	-	-	-	-	-	-	-	-	5,342	5,342	6,879	12,221
Net other comprehensive income	-	-	-	-	138	399	(13)	(1)	(37)	-	486	183	669
Transaction with the shareholders of the parent company	-	-	1,665	1,705	-	-	-	-	-	(7,118)	(3,748)	(4,424)	(8,172)
Distribution of financial result	-	-	2,519	1,705	-	-	-	-	-	(4,224)	-	(4,424)	(4,424)
PZU dividend	-	-	(854)	-	-	-	-	-	-	(2,894)	(3,748)	-	(3,748)
Other changes	-	(3)	22	-	(24)	-	-	-	-	(1)	(6)	(7)	(13)
Transactions on treasury shares	-	(3)	-	-	-	-	-	-	-	-	(3)	-	(3)
Sales of equity instruments designated at fair value through other comprehensive income	-	-	24	-	(24)	-	-	-	-	-	-	-	-
Transactions with holders of non-controlling interests	-	-	(2)	-	-	-	-	-	-	-	(2)	(7)	(9)
Other	-	-	-	-	-	-	-	-	-	(1)	(1)	-	(1)
As at 31 December 2024	86	(7)	17,491	3,923	(834)	1,657	(61)	(9)	(84)	9,949	32,111	33,146	65,257

Consolidated cash flow statement

Consolidated cash flow statement	Note	1 January – 31 December 2025	1 January – 31 December 2024
Profit before tax		17,842	15,705
Adjustments		(7,176)	(6,400)
Amortization of intangible assets and depreciation of property, plant and equipment		1,517	1,499
Net movement in fair value of assets and liabilities measured at fair value		(1,928)	(946)
Realized gains/losses from investing activities and result from allowances for expected credit losses		1,377	1,565
Net foreign exchange differences		41	(159)
Interest income and expenses		(8,183)	(8,359)
Movement		4,694	22,604
Change in loans receivable from clients (including finance lease receivables)		(18,207)	(14,673)
Movement in liabilities under deposits		14,630	30,297
Movement in insurance contract assets and liabilities		1,574	1,709
Movement in reinsurance contract assets and liabilities		111	(527)
Movement in receivables		(102)	(39)
Movement in liabilities		1,553	(443)
Movement in liabilities under investment contracts		278	477
Movement in participation units and investment certificates of investment funds		557	315
Other		4,300	5,488
Income tax paid		(4,841)	(3,568)
Net cash flows from operating activities		10,519	28,341
Cash flow from investing activities			
Inflows		1,493,173	2,222,230
- sale of investment property		19	-
- sale of intangible assets and property, plant and equipment		281	203
- sale of ownership interests and shares		1,054	780
- realization of debt securities		803,635	1,588,479
- closing of buy-sell-back transactions		511,185	447,092
- closing of term deposits with credit institutions		130,882	142,837
- realization of other investments		36,304	38,863
- interest received		9,717	3,890
- dividends received		71	64
- increase in cash due to the change in the scope of consolidation		3	4
- other investment proceeds		22	18

Consolidated cash flow statement (continued)

Consolidated cash flow statement	Note	1 January – 31 December 2025	1 January – 31 December 2024
Expenditures		(1,498,946)	(2,249,015)
- purchase of investment property		(54)	(8)
- purchase of intangible assets and property, plant and equipment		(1,508)	(1,390)
- purchase of ownership interests and shares		(1,089)	(775)
- purchase of ownership interests and shares in subsidiaries		(27)	(60)
- decrease in cash due to the sale of entities and change in the scope of consolidation		(11)	-
- purchase of debt securities		(817,686)	(1,619,038)
- opening of buy-sell-back transactions		(510,084)	(446,664)
- purchase of term deposits with credit institutions		(131,710)	(142,586)
- purchase of other investments		(36,743)	(38,458)
- other expenditures for investments		(34)	(36)
Net cash flows from investing activities		(5,773)	(26,785)
Cash flows from financing activities			
Inflows		334,697	287,272
- proceeds from loans and borrowings	54	677	1,226
- proceeds on the issue of own debt securities	54	46,085	37,118
- opening of repurchase transactions	54	287,935	248,928
Expenditures		(338,213)	(291,370)
- dividends paid to equity holders of the parent	41.2.1.1	(3,859)	(3,748)
- dividends to owners of non-controlling interests		(4,671)	(4,424)
- repayment of loans and borrowings	54	(2,124)	(1,091)
- redemption of own debt securities	54	(39,036)	(32,255)
- closure of repurchase transactions	54	(287,781)	(249,164)
- interest on loans and borrowings	54	(3)	(10)
- interest on outstanding debt securities	54	(348)	(393)
- expenditures on leases – capital part	54	(317)	(237)
- expenditures on leases – interest part	54	(74)	(48)
Net cash flows from financing activities		(3,516)	(4,098)
Total net cash flows		1,230	(2,542)
Cash and cash equivalents at the beginning of the period		15,127	17,702
Movement in cash due to foreign exchange differences		(124)	(33)
Cash and cash equivalents at the end of the period, including:	40	16,233	15,127
- restricted cash		10	9

Supplementary information and notes

1. Introduction

Compliance statement

These consolidated financial statements of the Powszechny Zakład Ubezpieczeń Spółka Akcyjna Group (“consolidated financial statements” and “PZU Group”, respectively) have been prepared in line with the International Financial Reporting Standards as endorsed by the European Commission (“IFRS”), published and in force as at 31 December 2025.

Period covered by the statements

These consolidated financial statements cover the period of 12 months, from 1 January to 31 December 2025, and include comparative figures for the period of 12 months, from 1 January to 31 December 2024.

Approval of the statements

These consolidated financial statements were signed and authorized for publication by the Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna on 25 February 2026 and will be subject to approval by the shareholder meeting of Powszechny Zakład Ubezpieczeń Spółka Akcyjna.

Functional and presentation currency

The functional and presentation currency of PZU and other entities based in Poland is the Polish zloty. Unless noted otherwise, all amounts presented in these consolidated financial statements are stated in millions of Polish zloty.

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

Going concern assumption

These consolidated financial statements have been drawn up under the assumption that the PZU Group remains a going concern in the foreseeable future, i.e. in the period of at least 12 months after the end of the reporting period. As at the date of signing these consolidated financial statements, there are no facts or circumstances that would indicate a threat to the ability of the PZU Group to continue its activity in the period of 12 months after the end of the reporting period as a result of an intentional or an induced discontinuation or a material curtailment of its hitherto activity.

Discontinued operations

Both in 2025 and in 2024, the PZU Group did not discontinue any material type of activity.

Glossary

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

Names of companies

Balta – AAS “BALTA”.

Alior Bank – Alior Bank SA.

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

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

Idea Bank – Idea Bank SA.

LD – AB “Lietuvos draudimas”.

Link4 – Link4 Towarzystwo Ubezpieczeń SA.

Pekao – Bank Polska Kasa Opieki SA.

PG TUW – Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych in liquidation.

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

PFR – Polski Fundusz Rozwoju SA.

PIM – Pekao Investment Management SA.

PZU, Parent Company – Powszechny Zakład Ubezpieczeń Spółka Akcyjna.

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

PZU LT GD – UAB “PZU Lietuva gyvybes draudimas”.

PZU CO – PZU Centrum Operacji SA.

PZU Ukraina – PRJSC IC “PZU Ukraine”.

PZU Ukraina Życie – PRJSC IC “PZU Ukraine Life Insurance”.

PZU Życie – Powszechny Zakład Ubezpieczeń na Życie Spółka Akcyjna.

TFI PZU – Towarzystwo Funduszy Inwestycyjnych PZU SA.

TUW PZUW – Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych.

Other terms

BFG – Bank Guarantee Fund.

CDI – core deposit intangible.

CGU – cash generating unit.

CSM – contractual service margin.

EBA – European Banking Authority.

ECL – expected credit losses.

Forbearance – tools used to restructure debt, most frequently taking the form of arrangements provided to the debtor by the creditor.

FRA – Full retrospective approach.

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

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

WSE – Warsaw Stock Exchange.

IBOR – Interbank Offered Rate.

IRS – Interest rate swap.

PZU’s standalone financial statements for 2025 – annual standalone financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for 2025, prepared in accordance with PAS, signed by the PZU Management Board on 25 February 2026.

KNF – Polish Financial Supervision Authority.

Commercial Company Code – Act of 15 September 2000 entitled Commercial Company Code.

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

LGD – loss given default, expressed as a percentage of the total exposure in case of a counterparty's insolvency.

LIC – Liability for incurred claims.

LRC – Liability for remaining coverage.

MRA – Modified retrospective approach.

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

NBP – National Bank of Poland.

PAA – Premium allocation approach.

PD – probability of default of a counterparty over a specified time horizon.

POCI – Purchased or originated credit-impaired financial assets.

Tax Group – PZU Tax Group – on 10 November 2023, a Tax Group agreement was signed, covering 14 companies: PZU, PZU Życie, Link4, PZU CO, PZU Pomoc SA, Ogrodowa-Inwestycje sp. z o.o., PZU Zdrowie SA, Tulare Investments sp. z o.o., TFI PZU, Ipsilon sp. z o.o., PZU Finanse sp. z o.o., PZU LAB SA, Omicron Bis SA, PZU Projekt 01 SA. The Tax Group was established for a period of 3 years – from 1 January 2024 to 31 December 2026 – and the Head of the First Mazowiecki Tax Office in Warsaw issued a registration decision on 13 December 2023. PZU is the parent company representing the Tax Group. The Tax Group performs settlements with the Tax Office on a monthly basis. PZU pays advances for corporate income tax that are due from all the companies to the Tax Office, while the companies transfer the CIT advances related to their business activities to PZU.

PLET – Polish Life Expectancy Tables published annually by the Central Statistical Office of Poland.

Banking Law – the Act of 29 August 1997 entitled Banking Law.

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

IASB – International Accounting Standards Board.

BMR – Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

Capital Requirements Regulation, CRR – Regulation (EU) 2013/575 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

Consolidated financial statements – consolidated financial statements of the PZU Group prepared in accordance with IFRS for the year ended 31 December 2025.

SPPI test – solely payments of principal and interest test.

CJEU – Court of Justice of the European Union.

UKNF – Office of the Polish Financial Supervision Authority.

BFG Act – Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and resolution.

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

Supplementary Oversight Act – Act of 15 April 2005 on supplementary oversight over credit institutions and insurance undertakings, reinsurance undertakings and investment firms comprising a financial conglomerate.

Act on Trading in Financial Instruments – Act on Trading in Financial Instruments of 29 July 2005.

VaR – value at risk.

VFA – variable fee approach.

EBA Guidelines – guidelines on legislative and non-legislative moratoria on loan repayments applied in light of the COVID-19 crisis (EBA/GL/2020/02) of 2 April 2020 (as amended).

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

2. Composition of PZU Group

2.1 Key information on the PZU Group

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

2.2 PZU Group companies and associates

No.	Name of the entity	Registered office	Date of obtaining control / significant influence	% of the share capital and % of votes held directly or indirectly by PZU		Line of business and website
				31 December 2025	31 December 2024	
Consolidated insurance undertakings						
1	Powszechny Zakład Ubezpieczeń SA	Warsaw	n/a	n/a	n/a	Non-life insurance. https://www.pzu.pl/grupa-pzu/spolki/pzu-sa
2	Powszechny Zakład Ubezpieczeń na Życie SA	Warsaw	18.12.1991	100.00%	100.00%	Life insurance. https://www.pzu.pl/pl/grupa-pzu/spolki/pzu-zycie
3	Link4 Towarzystwo Ubezpieczeń SA	Warsaw	15.09.2014	100.00%	100.00%	Non-life insurance. https://www.link4.pl/
4	Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych	Warsaw	20.11.2015	100.00%	100.00%	Non-life insurance. https://www.tuwpuw.pl/
5	AB "Lietuvos draudimas"	Vilnius (Lithuania)	31.10.2014	100.00%	100.00%	Non-life insurance. http://www.ld.lt/
6	AAS "BALTA"	Riga (Latvia)	30.06.2014	100.00%	100.00%	Non-life insurance. http://www.balta.lv/
7	PRJSC IC "PZU Ukraine"	Kiev (Ukraine)	1.07.2005	100.00%	100.00%	Non-life insurance. http://www.pzu.com.ua/
8	PRJSC IC "PZU Ukraine Life Insurance"	Kiev (Ukraine)	1.07.2005	100.00%	100.00%	Life insurance. http://www.pzu.com.ua/
9	UAB "PZU Lietuva gyvybes draudimas"	Vilnius (Lithuania)	8.04.2004	100.00% ¹⁾	99.34%	Life insurance. https://pzugd.lt/
10	Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych in liquidation ²⁾	Warsaw	25.01.2024	100.00%	100.00%	Non-life insurance. https://www.link4.pl/
11	Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie in liquidation ²⁾	Warsaw	25.01.2024	100.00%	100.00%	Life insurance. https://polskigaztuw.pl/pgtuwnz_oferta/
Consolidated companies – Pekao Group						
12	Bank Pekao SA	Warsaw	7.06.2017	20.02%	20.03%	Banking services. https://www.pekao.com.pl/
13	Pekao Bank Hipoteczny SA	Warsaw	7.06.2017	20.02%	20.03%	Banking services. http://www.pekaobh.pl/
14	Pekao Leasing sp. z o.o.	Warsaw	7.06.2017	20.02%	20.03%	Lease services. http://www.pekaoleasing.com.pl/
15	Pekao Investment Banking SA	Warsaw	7.06.2017	20.02%	20.03%	Brokerage services. http://pekaoib.pl/
16	Pekao Inwestycje Dłużne sp. z o.o.	Warsaw	15.12.2025	20.02%	n/a	Auxiliary financial activities.
17	Pekao Faktoring sp. z o.o.	Lublin	7.06.2017	20.02%	20.03%	Factoring services. https://www.pekaofactoring.pl/
18	Pekao Towarzystwo Funduszy Inwestycyjnych SA	Warsaw	11.12.2017	20.02%	20.03%	Creation, representing and management of mutual funds. https://pekaotfi.pl/
19	Centrum Kart SA	Warsaw	7.06.2017	20.02%	20.03%	Auxiliary financial services. http://www.centrumkart.pl/

No.	Name of the entity	Registered office	Date of obtaining control / significant influence	% of the share capital and % of votes held directly or indirectly by PZU		Line of business and website
				31 December 2025	31 December 2024	
Consolidated companies – Pekao Group – continued						
20	Pekao Financial Services sp. z o.o.	Warsaw	7.06.2017	46.82% ³⁾	46.82% ³⁾	Transfer agent. http://www.pekao-fs.com.pl/pl/
21	Pekao Direct sp. z o.o.	Kraków	7.06.2017	20.02%	20.03%	Call center services. https://www.pekaodirect.pl/
22	Pekao Property SA in liquidation	Warsaw	7.06.2017	20.02%	20.03%	Development activities.
23	Pekao Fundusz Kapitałowy sp. z o.o. ⁽⁴⁾	Warsaw	7.06.2017	20.02%	20.03%	Development activities.
24	Pekao Investment Management SA	Warsaw	11.12.2017	20.02%	20.03%	Asset management. https://pekaotfi.pl/o-nas/pekao-investment-mangament
25	PeUF sp. z o.o.	Warsaw	20.07.2021	20.02%	20.03%	Auxiliary financial activities.
Consolidated companies – Alior Bank Group						
26	Alior Bank SA	Warsaw	18.12.2015	31.93%	31.94%	Banking services. https://www.aliorbank.pl/
27	Alior Services sp. z o.o.	Warsaw	18.12.2015	31.93%	31.94%	Other activity supporting financial services, excluding insurance and pension funds.
28	Alior Leasing sp. z o.o.	Warsaw	18.12.2015	31.93%	31.94%	Lease services. https://www.aliorbank.pl/wlasna-dzialalnosc/alior-leasing.html
29	Meritum Services ICB SA	Gdańsk	18.12.2015	31.93%	31.94%	IT services.
30	Alior Towarzystwo Funduszy Inwestycyjnych SA	Warsaw	18.12.2015	31.93%	31.94%	Asset management services and management of Alior SFIO subfunds. https://www.aliortfi.com/
31	AL Finance sp. z o.o.	Katowice	30.01.2017	31.93%	31.94%	Agency activities.
32	Corsham sp. z o.o.	Warsaw	4.02.2019	31.93%	31.94%	No business conducted.
33	RBL_VC sp. z o.o.	Warsaw	7.11.2019	31.93%	31.94%	Venture capital fund management activities.
34	RBL_VC sp. z o.o. ASI SKA	Warsaw	17.04.2020	31.93%	31.94%	Venture capital fund management activities.
35	Alior Leasing Individual sp. z o.o.	Warsaw	23.10.2023	31.93%	31.94%	Finance lease
Consolidated companies – PZU Zdrowie Group						
36	PZU Zdrowie SA	Warsaw	2.09.2011	100.00%	100.00%	Medical services. https://www.pzu.pl/pl/grupa-pzu/spolki/pzu-zdrowie
37	Centrum Medyczne Medica sp. z o.o.	Płock	9.05.2014	100.00%	100.00%	Medical services. https://www.plock.pzuzdrowie.pl/
38	Sanatorium Uzdrowskowie “Krystynka” sp. z o.o.	Ciechocinek	9.05.2014	99.09%	99.09%	Hospital, physical therapy and spa services. http://www.sanatoriumkrystynka.pl/
39	Przedsiębiorstwo Świadczeń Zdrowotnych i Promocji Zdrowia ELVITA– Jaworzno III sp. z o.o.	Jaworzno	1.12.2014	100.00%	100.00%	Medical services. https://www.jaworzno.pzuzdrowie.pl/
40	Przedsiębiorstwo Usług Medycznych PROELMED sp. z o.o.	Łaziska Górne	1.12.2014	57.00%	57.00%	Medical services. http://www.proelmed.pl/

No.	Name of the entity	Registered office	Date of obtaining control / significant influence	% of the share capital and % of votes held directly or indirectly by PZU		Line of business and website
				31 December 2025	31 December 2024	
Consolidated companies – PZU Zdrowie Group – continued						
41	Centrum Medyczne Gamma sp. z o.o.	Warsaw	8.09.2015	100.00%	100.00%	Medical services. http://www.cmgamma.pl/
42	Tomma Diagnostyka Obrazowa SA	Poznań	9.12.2019	100.00%	100.00%	Medical services. https://tomma.com.pl/
43	Bonus-Diagnosta sp. z o.o.	Poznań	9.12.2019	100.00%	100.00%	Medical services.
44	Boramed Centrum Medyczne sp. z o.o.	Warsaw	31.05.2023	100.00%	100.00%	Medical services. https://www.boramed.pl/
45	Humana Medica Omeda sp. z o.o. ⁵⁾	Białystok	28.11.2025	100.00%	n/a	Medical services. https://omeda.pl/#
Consolidated companies – other companies						
46	Powszechne Towarzystwo Emerytalne PZU SA	Warsaw	8.12.1998	100.00%	100.00%	Management of pension funds. https://www.pzu.pl/pl/grupa-pzu/spolki/pte-pzu
47	PZU Centrum Operacji SA	Warsaw	30.11.2001	100.00%	100.00%	Auxiliary activity associated with insurance and pension funds. https://www.pzu.pl/grupa-pzu/spolki/pzu-centrumoperacji
48	Towarzystwo Funduszy Inwestycyjnych PZU SA	Warsaw	30.04.1999	100.00%	100.00%	Creation, representing and management of mutual funds. https://www.pzu.pl/pl/grupa-pzu/spolki/tfi-pzu
49	PZU Pomoc SA	Warsaw	18.03.2009	100.00%	100.00%	Provision of assistance services. https://www.pzu.pl/grupa-pzu/spolki/pzu-pomoc
50	PZU Finance AB (publ.) in liquidation	Stockholm (Sweden)	2.06.2014	100.00%	100.00%	Financial services.
51	PZU Finanse sp. z o.o.	Warsaw	8.11.2013	100.00%	100.00%	Financial and accounting services.
52	Tower Inwestycje sp. z o.o.	Warsaw	27.08.1998	100.00%	100.00%	Development activity, operation and lease of properties. https://www.pzu.pl/pl/grupa-pzu/spolki/tower-inwestycje
53	Ogrodowa-Inwestycje sp. z o.o.	Warsaw	15.09.2004	100.00%	100.00%	Buying, operating, renting and selling real estate. http://www.ogrodowainwestycje.pl/
54	Arm Property sp. z o.o.	Kraków	26.11.2014	100.00%	100.00%	Purchase and sale of real estate.
55	Ipsilon sp. z o.o.	Warsaw	2.04.2009	100.00%	100.00%	No business conducted.
56	PZU LAB SA	Warsaw	13.09.2011	100.00%	100.00%	Consulting and training services, development of technology innovation to support technical and procedural security processes and risk management. https://www.pzu.pl/pl/grupa-pzu/spolki/pzu-lab
57	Omicron BIS SA	Warsaw	28.08.2014	100.00%	100.00%	No business conducted.

No.	Name of the entity	Registered office	Date of obtaining control / significant influence	% of the share capital and % of votes held directly or indirectly by PZU		Line of business and website
				31 December 2025	31 December 2024	
Consolidated companies – other companies – continued						
58	LLC SOS Services Ukraine	Kiev (Ukraine)	1.07.2005	100.00%	100.00%	Assistance services.
59	PZU TECH SA (formerly PZU CASH SA) ⁶⁾	Warsaw	15.09.2017	100.00%	100.00%	Other service activities in the field of information technology and computer technology.
60	Tulare Investments sp. z o.o.	Warsaw	15.09.2017	100.00%	100.00%	No business conducted.
61	PZU Projekt 01 SA	Warsaw	1.09.2020	100.00%	100.00%	No business conducted.
62	UAB "B10 biurai"	Vilnius (Lithuania)	14.03.2023	100.00%	100.00%	Property management.
63	UAB "B10 apartamentai"	Vilnius (Lithuania)	14.03.2023	100.00%	100.00%	Property management.
Consolidated companies – Armatura Group						
64	Armatura Kraków SA	Kraków	7.10.1999	100.00%	100.00%	Production and sale of radiators and sanitary fittings and administration and management of the group. https://www.kfa.pl/
65	Aquaform Ukraine TOW in liquidation	Zhytomyr (Ukraine)	15.01.2015	100.00%	100.00%	No business conducted.
Consolidated companies – mutual funds						
66	PZU SFIO Universum	Warsaw	15.12.2009	n/a	n/a	Investment of funds collected from fund members.
67	PZU FIZ Aktywów Niepublicznych Sektora Nieruchomości 2	Warsaw	21.11.2011	n/a	n/a	As above.
68	PZU FIZ Aktywów Niepublicznych BIS 1	Warsaw	12.12.2012	n/a	n/a	As above.
69	PZU FIZ Aktywów Niepublicznych BIS 2	Warsaw	19.11.2012	n/a	n/a	As above.
70	inPZU Akcje Polskie	Warsaw	10.05.2018	n/a	n/a	As above.
71	inPZU Akcje Rynków Rozwiniętych	Warsaw	10.05.2018	n/a	n/a	As above.
72	inPZU Obligacje Rynków Wschodzących	Warsaw	10.05.2018	n/a	n/a	As above.
73	inPZU Akcje Rynków Wschodzących	Warsaw	28.10.2019	n/a	n/a	As above.
74	inPZU Akcje Polskie Małych i Średnich Spółek (formerly inPZU Akcje CEEplus) ⁷⁾	Warsaw	28.10.2019	n/a	n/a	As above.
75	PZU FIZ Legato Absolutnej Stopy Zwrotu	Warsaw	11.08.2021	n/a	n/a	As above.
76	inPZU Akcje Rynku Surowców	Warsaw	15.12.2021	n/a	n/a	As above.
77	inPZU Akcje Rynku Złota	Warsaw	15.12.2021	n/a	n/a	As above.
78	inPZU Akcje Sektora Zielonej Energii	Warsaw	15.12.2021	n/a	n/a	As above.
79	inPZU Akcje Sektora Informatycznego	Warsaw	15.12.2021	n/a	n/a	As above.
80	inPZU Akcje Sektora Nieruchomości	Warsaw	15.12.2021	n/a	n/a	As above.

No.	Name of the entity	Registered office	Date of obtaining control / significant influence	% of the share capital and % of votes held directly or indirectly by PZU		Line of business and website
				31 December 2025	31 December 2024	
Consolidated companies – mutual funds – continued						
81	inPZU Akcje Europejskie	Warsaw	15.12.2021	n/a	n/a	Investment of funds collected from fund members.
82	inPZU Obligacje Skarbowe Amerykańskie (formerly inPZU Obligacje Inflacyjne) ⁷⁾	Warsaw	15.12.2021	n/a	n/a	As above.
83	PZU Dłużny Korporacyjny	Warsaw	12.04.2023	n/a	n/a	As above.
84	inPZU Złoto (formerly inPZU Akcje Sektora Biotechnologii) ⁸⁾	Warsaw	7.09.2023	n/a	n/a	As above.
85	inPZU Akcje Sektora Cyberbezpieczeństwa	Warsaw	7.09.2023	n/a	n/a	As above.
86	inPZU Akcje Sektora Technologii Kosmicznych	Warsaw	7.09.2023	n/a	n/a	As above.
87	inPZU Zielone Obligacje	Warsaw	7.09.2023	n/a	n/a	As above.
88	inPZU Obligacje Korporacyjne High Yield	Warsaw	7.09.2023	n/a	n/a	As above.
89	inPZU Puls Życia 2070	Warsaw	4.01.2024	n/a	n/a	As above.
90	PZU FIZ Forte Absolutnej Stopy Zwrotu	Warsaw	28.01.2025	n/a	n/a	As above.
91	PZU FIZ Corporate Bonds	Warsaw	1.04.2025	n/a	n/a	As above.
92	PZU FIZ Private Debt	Warsaw	25.09.2025	n/a	n/a	As above.
Consolidated companies – special purpose vehicles of PZU FIZ Aktywów Niepublicznych Sektora Nieruchomości 2						
93	PH 3 sp. z o.o.	Warsaw	28.01.2011	100.00%	100.00%	Real property management.
94	PH 3 sp. z o.o. SKA	Warsaw	28.01.2011	100.00%	100.00%	As above.
95	Portfel Alliance Silesia I BIS sp. z o.o. in liquidation ⁹⁾	Warsaw	29.03.2013	100.00%	100.00%	As above.
96	Portfel Alliance Silesia III sp. z o.o.	Warsaw	2.10.2012	100.00%	100.00%	As above.
97	Portfel Alliance Silesia IV sp. z o.o.	Warsaw	4.10.2012	100.00%	100.00%	As above.
98	Portfel Alliance Silesia V sp. z o.o.	Warsaw	8.10.2012	100.00%	100.00%	As above.
99	Portfel Alliance Silesia VII sp. z o.o. in liquidation ¹⁰⁾	Warsaw	4.10.2012	100.00%	100.00%	As above.
100	Portfel PB 1 sp. z o.o.	Warsaw	3.10.2012	100.00%	100.00%	As above.
101	Portfel PB 2 sp. z o.o.	Warsaw	8.10.2012	100.00%	100.00%	As above.
102	Portfel PH 1 sp. z o.o.	Warsaw	2.10.2012	100.00%	100.00%	As above.
103	Portfel PH 2 sp. z o.o.	Warsaw	8.10.2012	100.00%	100.00%	As above.
104	EBP 1 sp. z o.o.	Warsaw	28.09.2018	100.00%	100.00%	As above.
105	EBP 2 sp. z o.o.	Warsaw	11.07.2012	100.00%	100.00%	As above.
106	EBP 3 Sp. z o.o.	Warsaw	13.07.2012	100.00%	100.00%	As above.

No.	Name of the entity	Registered office	Date of obtaining control / significant influence	% of the share capital and % of votes held directly or indirectly by PZU		Line of business and website
				31 December 2025	31 December 2024	
Consolidated companies – special purpose vehicles of PZU FIZ Aktywów Niepublicznych Sektora Nieruchomości 2 – continued						
107	Ogrody Lubicz sp. z o.o.	Kraków	25.07.2012	100.00%	100.00%	Real property management.
108	Portfel PM1 sp. z o.o. in liquidation ¹⁰⁾	Warsaw	9.10.2012	100.00%	100.00%	As above.
109	3 PB 1 sp. z o.o.	Warsaw	22.03.2012	100.00%	100.00%	As above.
110	3 PB 1 sp. z o.o. SKA	Warsaw	22.03.2012	100.00%	100.00%	As above.
111	Portfel2 PH5 sp. z o.o.	Warsaw	28.11.2014	100.00%	100.00%	As above.
112	2 PB 1 sp. z o.o.	Warsaw	13.12.2011	100.00%	100.00%	As above.
113	2 PB1 sp. z o.o. SKA	Warsaw	13.12.2011	100.00%	100.00%	As above.
114	2 PB 2 sp. z o.o.	Warsaw	8.02.2012	100.00%	100.00%	As above.
115	2PB3 sp. z o.o.	Warsaw	12.07.2012	100.00%	100.00%	As above.
116	2PB4 sp. z o.o.	Warsaw	11.07.2012	100.00%	100.00%	As above.
117	2PB5 sp. z o.o.	Warsaw	25.07.2012	100.00%	100.00%	As above.
118	2 PM 1 sp. z o.o.	Warsaw	28.03.2014	100.00%	100.00%	As above.
119	2PM2 sp. z o.o.	Warsaw	4.12.2012	100.00%	100.00%	As above.
120	2 PM 3 sp. z o.o.	Warsaw	13.08.2014	100.00%	100.00%	As above.
121	2PM4 sp. z o.o.	Warsaw	7.11.2014	100.00%	100.00%	As above.
122	2 PM 5 sp. z o.o.	Warsaw	7.11.2014	100.00%	100.00%	As above.

No.	Name of the entity	Registered office	Date of obtaining control / significant influence	% of the share capital and % of votes held directly or indirectly by PZU		Line of business and website
				31 December 2025	31 December 2024	
Associates						
123	re58 SA (formerly Sigma BIS SA) ¹¹⁾	Warsaw	03.10.2019	34.00%	34.00%	Advertising activity. https://www.re58.pl/
124	Logistics Services SA in liquidation (formerly RUCH SA) ¹²⁾	Warsaw	23.12.2020	30.92%	30.92%	Retail sale of newspapers and stationery in specialized stores.
125	Krajowy Integrator Płatności SA ¹³⁾	Poznań	31.03.2021	7.67%	7.68%	Other monetary intermediation. https://tpay.com/

¹¹⁾ As of 27 February 2025, PZU became the owner of 100% of the shares of UAB "PZU Lietuva gyvybes draudimas" entitling to 100% of the votes at the General Meeting of Shareholders.

¹²⁾ By decision of 17 October 2025, the KNF revoked the license to conduct insurance activity of Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych in liquidation, and by decision of 16 January 2026, the license of Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie in liquidation.

¹³⁾ PZU directly holds a 33.5% equity stake in Pekao Financial Services sp. z o.o. while Pekao holds 66.5%.

⁴⁾ By a resolution of the Extraordinary Shareholders' Meeting of June 4, 2025, the liquidation of the company was repealed and it was decided that the company would continue to exist.

⁵⁾ Information on the company's acquisition is presented in section 2.3.1.

⁶⁾ The new name of the company became effective on 9 April 2025.

⁷⁾ The new name of the fund became effective on 2 April 2025.

⁸⁾ The new name of the fund became effective on 28 August 2025.

⁹⁾ On 1 July 2025, the company Shareholders' Meetings passed resolution to open liquidation.

¹⁰⁾ On 1 July 2025, the companies' Shareholders' Meetings passed resolutions to open liquidation, and on 27 January 2026 to close the liquidation.

¹¹⁾ The new name of the company became effective on 18 June 2025.

¹²⁾ The new name of the company became effective on 11 June 2025. On June 27, 2025, the General Meeting passed a resolution to dissolve the company and open its liquidation.

¹³⁾ Pekao's associate in which it holds a 38.33% stake. Therefore, the Management Board of PZU believes that PZU Group has a significant influence on this company.

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

Detailed accounting rules applicable to the recognition of acquisition transactions are presented in section 6.3.

2.3.1. Mergers of companies

On 28 November 2025, PZU Zdrowie acquired 150 shares with a nominal value of PLN 1 thousand each, representing 100% of the share capital of Humana Medica Omeda sp. z o.o. (“Humana Medica”) and entitling it to 100% of the votes at the Shareholder Meeting of Humana Medica.

The acquisition of Humana Medica is intended to support the development of PZU Zdrowie’s network of own facilities and to expand the scope of services provided to include surgical procedures. Humana Medica is a modern medical center located in the center of Białystok. The facility cooperates with experienced specialists in many fields, including allergology, endocrinology, gastroenterology, gynaecology, paediatrics and urology. It is equipped with modern medical equipment and two fully equipped operating theatres.

The acquisition of Humana Medica is consistent with the strategic objectives set out in the PZU Zdrowie Strategy for 2025–2027, enabling the elimination of a significant “white spot” on the map of own facilities, an increase in revenues from FFS and NFZ, and improved channeling of patient traffic to own facilities.

Goodwill recognized in the consolidated financial statements reflects the assumed growth in the scale of services in this segment and the increase in the volume of services generated by health insurance, while improving profitability by retaining part of the margin within the PZU Group.

Humana Medica has been consolidated since 28 November 2025.

Purchase price allocation of the acquisition of Humana Medica Omeda sp. z o.o.

The PZU Group made the provisional settlement of the acquisition, applying the principles of IFRS 3 Business Combinations as of the dates of obtaining control.

The allocation process of the share purchase prices was carried out based on accounting data as at 30 November 2025.

The consolidated financial statements contain the provisional fair value of the assets and liabilities acquired. During the goodwill calculation, no significant differences were identified between the carrying amount and the fair value of the acquired assets and liabilities. No intangible assets were found that were previously unrecognized in the financial statements of Humana Medica; no contingent liabilities requiring recognition were identified; no potential indemnification assets requiring recognition were identified.

The tables below present the purchase price allocation of the acquisition of Humana Medica.

Value of acquired net assets	Humana Medica sp. z o.o. Provisional accounting
Assets	13
Property, plant and equipment	10
Receivables	2
Cash and cash equivalents	1
Liabilities	(13)
Other liabilities	(13)
Value of net assets acquired	-

Calculated goodwill / gain from a bargain purchase	Humana Medica sp. z o.o. Provisional accounting
Purchase price	30
Net value of identifiable assets	-
Goodwill	30

Goodwill will not be deductible from taxable income.

Financial data of the acquired company

The table below shows the financial data of the company acquired in 2025 included in the consolidated profit and loss account. The data was prepared in accordance with IFRS and relates to the period when this company was under the control of the PZU Group.

Data from the consolidated profit and loss account	
Other operating income	2
Other operating expenses	(1)
Operating profit	1
Profit before tax	1
Income tax	-
Net profit, including:	1
- profit attributable to the equity holders of the Parent Company	1
- profit (loss) attributable to holders of non-controlling interests	-

2.3.2. Acquisition of Pekao Direct sp. z o.o.

In May 2025, Pekao acquired Pekao Direct Sp. z o.o. related to the provision of call-center services. The transaction did not affect the PZU Group's consolidated financial statements.

2.3.3. Transfer of a group of assets and related liabilities of Pekao Bank Hipoteczny SA

In October 2025, a separated part of the enterprise of Pekao Bank Hipoteczny SA was transferred to Pekao. The separated group of assets and related liabilities consisted primarily of a portfolio of foreign currency loans to retail and commercial customers, PLN-denominated loans to commercial customers, impaired PLN-denominated loans to retail customers, human resources and IT infrastructure, as well as related liabilities, constituting a functionally and organizationally separated part of the enterprise. The transaction did not affect the PZU Group's consolidated financial statements.

2.3.4. Acquisition of the enterprise of Centrum Kart SA

In November 2025, Pekao acquired the enterprise of Centrum Kart SA, primarily related to the provision of support services in the area of card transaction processing and payment card personalization. The transaction did not affect the PZU Group's consolidated financial statements.

2.3.5. Changes to consolidation of mutual funds

During 2025:

- funds under the control of the PZU Group were consolidated: PZU FIZ Forte Absolutnej Stopy Zwrotu (effective 28 January 2025), PZU FIZ Obligacji Korporacyjnych (effective 1 April 2025) and PZU FIZ Private Debt (effective 25 September 2025);
- funds over which the PZU Group ceased to exercise control were excluded from consolidation: inPZU Polskie Obligacje Skarbowe (as of 1 February 2025), inPZU Akcje Amerykańskie, inPZU Inwestycje Ostrożne Obligacji Krótkoterminowych (effective 30 June 2025) and inPZU Bitcoin (effective 31 December 2025).

2.3.6. Liquidation of PZU Group company

On April 8, 2025, FPB – Media sp. z o.o. was deleted from the National Court Register (KRS). The deletion did not affect the consolidated financial statements of the PZU Group.

2.3.7. Sale of PZU Group company

On 24 September 2025, PZU Corporate Member Limited was sold to Residual Services Limited. The selling price was 1 GBP. The transaction had no significant effect on the consolidated financial statements.

2.4 Non-controlling interest

2.4.1. Accounting policy

Non-controlling interests constitute that part of capital in a subsidiary that is not directly or indirectly attributable to the parent company. As at the date of acquisition of control, non-controlling interests are measured at the at the non-controlling interest's proportionate share in the fair value of the subsidiary's identifiable net assets. As at the subsequent balance sheet dates, the value of non-controlling interests is updated by the value of comprehensive income attributable to non-controlling interests.

2.4.2. Quantitative data

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

Name of the entity	31 December 2025	31 December 2024
Pekao ¹⁾	79.98%	79.97%
Alior Bank ²⁾	68.07%	68.06%
Przedsiębiorstwo Usług Medycznych PROELMED sp. z o.o.	43.00%	43.00%
Sanatorium Uzdrowiskowe "Krystynka" sp. z o.o.	0.91%	0.91%
PZU LT GD ³⁾	-	0.66%

¹⁾ As a result, PZU also holds non-controlling interests in the Pekao's subsidiaries listed in the table in section 2.2.

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

³⁾ As of 27 February 2025, PZU owns 100% of the shares of UAB "PZU Lietuva gyvybes draudimas" entitling to 100% of the votes at the General Shareholder Meeting.

Carrying amount of non-controlling interests	31 December 2025	31 December 2024
Pekao Group	28,348	25,541
Alior Bank Group	8,833	7,604
Other	1	1
Total	37,182	33,146

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

Assets	Pekao Group		Alior Bank Group	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Goodwill	693	693	-	-
Intangible assets	2,202	2,216	660	586
Deferred tax assets	1,384	1,321	682	831
Other assets	257	206	105	94
Property, plant and equipment	2,276	2,103	829	698
Entities accounted for using the equity method	152	59	-	-
Assets held for sale	21	26	-	-
Assets pledged as collateral for liabilities	1,080	1,345	-	18
Loan receivables from clients (including finance lease receivables)	183,817	169,720	64,878	61,996
Financial derivatives	6,234	4,670	908	489
Investment financial assets	140,375	136,480	28,003	24,916
Measured at amortized cost	109,763	121,819	5,337	3,684
Measured at fair value through other comprehensive income	27,889	13,317	22,543	21,204
Measured at fair value through profit or loss	2,723	1,344	123	28
Current income tax receivables	1	-	46	-
Other receivables	2,551	3,167	1,556	1,479
Cash and cash equivalents	11,287	12,269	4,063	2,123
Total assets	352,330	334,275	101,730	93,230

Equity and liabilities	Pekao Group		Alior Bank Group	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Equity				
Equity attributable to equity holders of the parent company	35,444	31,938	12,976	11,173
Share capital	263	263	1,306	1,306
Other capital	26,403	23,585	9,225	7,403
Retained earnings	8,778	8,090	2,445	2,464
Non-controlling interest	14	14	-	-
Total equity	35,458	31,952	12,976	11,173
Liabilities				
Subordinated liabilities	5,642	2,782	-	-
Liabilities on the issue of own securities	20,265	16,168	2,322	2,087
Liabilities to banks	5,436	6,736	589	160
Liabilities to clients under deposits	267,259	258,200	82,557	76,937
Derivatives	5,805	5,338	337	647
Current income tax liabilities	440	1,356	217	277
Other liabilities	9,370	9,415	2,304	1,610
Provisions	2,634	2,310	426	337
Deferred income tax liabilities	21	18	2	2
Total liabilities	316,872	302,323	88,754	82,057
Total equity and liabilities	352,330	334,275	101,730	93,230

Consolidated profit and loss account for the period from 1 January to 31 December 2025	PZU Group	Exclusion of data of the Pekao Group	Exclusion of data of the Alior Bank Group	Elimination of consolidation adjustments	PZU Group excluding the Pekao Group and the Alior Bank Group
Insurance service result before reinsurance	5,925	-	-	-	5,925
Insurance revenue	30,882	-	-	-	30,882
Insurance service expenses	(24,957)	-	-	-	(24,957)
Net income or expenses from reinsurance contracts held	(1,124)	-	-	-	(1,124)
Reinsurance premium allocation	(2,031)	-	-	-	(2,031)
Amounts recoverable from reinsurers	907	-	-	-	907
Insurance service result	4,801	-	-	-	4,801
Insurance finance income or expenses	(2,023)	-	-	-	(2,023)
Finance income or expenses from reinsurance	(20)	-	-	-	(20)
Interest income calculated using the effective interest rate, and equalized to them	28,562	(19,285)	(6,892)	280	2,665
Other net investment income	157	(267)	(61)	(16)	(187)
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	97	(98)	(66)	-	(67)
Result from allowances for expected credit losses	(1,305)	820	376	-	(109)
Net movement in fair value of assets and liabilities measured at fair value	1,928	(189)	21	1	1,761
Revenue from commissions and fees	5,436	(4,116)	(1,161)	243	402
Fee and commission expenses	(1,237)	984	288	(36)	(1)
PZU Group's non-insurance operating expenses	(11,206)	6,772	2,603	(462)	(2,293)
Interest expenses	(7,415)	5,522	1,741	(73)	(225)
Legal risk costs of foreign currency mortgage loans	(819)	664	155	-	-
Other operating income	1,841	(275)	(143)	77	1,500
Other operating expenses	(950)	424	172	(14)	(368)
Operating profit (loss)	17,847	(9,044)	(2,967)	-	5,836
Share of the net financial results of entities measured by the equity method	(5)	5	-	-	-
Gross profit (loss)	17,842	(9,039)	(2,967)	-	5,836
Income tax	(3,855)	1,962	573	-	(1,320)
Net profit (loss)	13,987	(7,077)	(2,394)	-	4,516
- profit attributable to the equity holders of the Parent Company	6,699	(1,419)	(764)	-	4,516
- profit (loss) attributable to holders of non-controlling interests	7,288	(5,658)	(1,630)	-	-

Consolidated profit and loss account for the period from 1 January to 31 December 2024	PZU Group	Exclusion of data of the Pekao Group	Exclusion of data of the Alior Bank Group	Elimination of consolidation adjustments	PZU Group excluding the Pekao Group and the Alior Bank Group
Insurance service result before reinsurance	4,307	-	-	-	4,307
Insurance revenue	29,423	-	-	-	29,423
Insurance service expenses	(25,116)	-	-	-	(25,116)
Net income or expenses from reinsurance contracts held	(792)	-	-	-	(792)
Reinsurance premium allocation	(1,882)	-	-	-	(1,882)
Amounts recoverable from reinsurers	1,090	-	-	-	1,090
Insurance service result	3,515	-	-	-	3,515
Insurance finance income or expenses	(1,565)	-	-	-	(1,565)
Finance income or expenses from reinsurance	140	-	-	-	140
Interest income calculated using the effective interest rate, and equalized to them	28,367	(18,886)	(7,183)	261	2,559
Other net investment income	373	(196)	58	(8)	227
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	8	(11)	(91)	-	(94)
Result from allowances for expected credit losses	(1,486)	890	470	-	(126)
Net movement in fair value of assets and liabilities measured at fair value	946	(320)	(114)	-	512
Revenue from commissions and fees	5,165	(3,731)	(1,296)	202	340
Fee and commission expenses	(1,323)	894	457	(28)	-
PZU Group's non-insurance operating expenses	(10,514)	6,413	2,421	(424)	(2,104)
Interest expenses	(8,243)	6,081	1,996	(60)	(226)
Legal risk costs of foreign currency mortgage loans	(729)	669	60	-	-
Other operating income	1,728	(244)	(269)	70	1,285
Other operating expenses	(685)	269	149	(13)	(280)
Operating profit (loss)	15,697	(8,172)	(3,342)	-	4,183
Share of the net financial results of entities measured by the equity method	8	(7)	-	-	1
Gross profit (loss)	15,705	(8,179)	(3,342)	-	4,184
Income tax	(3,484)	1,755	780	-	(949)
Net profit (loss)	12,221	(6,424)	(2,562)	-	3,235
- profit attributable to the equity holders of the Parent Company	5,342	(1,289)	(818)	-	3,235
- profit (loss) attributable to holders of non-controlling interests	6,879	(5,135)	(1,744)	-	-

Statement of comprehensive income	Pekao Group		Alior Bank Group	
	1 January – 31 December 2025	1 January– 31 December 2024	1 January – 31 December 2025	1 January– 31 December 2024
Net profit	7,077	6,424	2,394	2,562
Net other comprehensive income	1,252	151	604	92
Subject to subsequent reclassification to profit or loss	1,140	202	564	75
Valuation of debt instruments	404	163	265	(34)
Measurement of loan receivables from clients	(6)	6	-	-
Foreign exchange translation differences	-	-	-	(2)
Cash flow hedging	1,014	80	449	129
Income tax	(272)	(47)	(150)	(18)
Not subject to subsequent reclassification to profit or loss	112	(51)	40	17
Valuation of equity instruments	149	(62)	61	21
Actuarial gains and losses related to employee provisions	1	(1)	-	-
Income tax	(38)	12	(21)	(4)
Total net comprehensive income	8,329	6,575	2,998	2,654

Statement of Cash Flows	Pekao Group		Alior Bank Group	
	1 January – 31 December 2025	1 January– 31 December 2024	1 January – 31 December 2025	1 January– 31 December 2024
Net cash flows from operating activities	4,739	26,783	6,303	3,463
Net cash flows from investing activities	(5,780)	(27,946)	(3,014)	(1,545)
Net cash flows from financing activities	167	746	(1,313)	(2,052)
Total net cash flows	(874)	(417)	1,976	(134)

Dividend-related information	Pekao		Alior Bank	
	1 January – 31 December 2025	1 January– 31 December 2024	1 January – 31 December 2025	1 January– 31 December 2024
Date of ratifying the dividend	24 April 2025	17 April 2024	16 June 2025	26 April 2024
Record date	7 May 2025	24 April 2024	30 June 2025	10 May 2024
Dividend payment date	23 May 2025	10 May 2024	14 July 2025	24 May 2024
Dividend per share (PLN)	18.36	19.20	9.19	4.42
Dividend attributable to PZU Group	965	1,009	383	184
Dividend attributable to non-controlling interest	3,854	4,031	817	393

3. Shareholder structure

PZU's shareholder structure, taking into consideration the shareholders with at least 5% of the votes at the PZU Shareholder Meeting is as follows:

31 December 2025

No.	Shareholder's name	Number of shares and votes at the General Meeting of Shareholders	Percentage held in the share capital and in the total number of votes at the General Meeting of Shareholders
1	State Treasury	295,217,300	34.1875%
2	BlackRock, Inc. ¹⁾	43,209,557	5.0039%
3	Other shareholders	525,096,143	60.8086%
Total		863,523,000	100%

¹⁾ Based on the current report No. 38/2025 dated 23 October 2025.

31 December 2024

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

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

Information on the number of shares taken into account in the calculation of earnings per share is presented in section 27.

Transactions with material blocks of PZU shares

In 2025, BlackRock, Inc. transacted in PZU shares:

Transaction date	Type of transaction	Number of shares and votes at the General Meeting of Shareholders before the transaction	Percentage held in the share capital and in the total number of votes at the General Meeting of Shareholders before the transaction	Number of shares and votes at the General Meeting of Shareholders after the transaction	Percentage held in the share capital and in the total number of votes at the General Meeting of Shareholders after the transaction
15 May	acquisition	43,118,728	4.9934%	43,249,344	5.0085%
20 October	divestment	43,298,802	5.0142%	43,136,798	4.9954%
21 October	acquisition	43,136,798	4.9954%	43,209,557	5.0039%

4. Key management

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

The members of the Management Board of PZU and PZU Życie, including the Directors of the PZU Group, ensure a coherent and effective management model in PZU and PZU Życie, based on the functional division of responsibility for individual areas of the companies' operations. The Directors of the PZU Group generally oversee analogous areas in PZU and PZU Życie.

Members of the Management Boards of Pekao and Alior Bank are responsible for planning, managing and controlling processes that affect the balance sheet total and financial results of these banks. Due to the significant share of these values in the balance sheet total and consolidated financial result of the PZU Group, a decision was made to recognize Members of the Management Boards of Pekao and Alior Bank as key management personnel of the PZU Group.

4.1 Management Board of the Parent Company

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

- Artur Olech – President of the PZU Management Board;
- Maciej Fedyna – Member of the PZU Management Board;
- Bartosz Grzeškowiak – Member of the PZU Management Board;
- Elżbieta Häuser-Schöneich – Member of the PZU Management Board;
- Tomasz Kulik – Member of the PZU Management Board;
- Tomasz Tarkowski – Member of the PZU Management Board;
- Jan Zimowicz – Member of the PZU Management Board.

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

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

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

On 2 July 2025, the KNF unanimously approved the appointment of Andrzej Klesyk as the President of PZU.

On 7 August 2025, PZU's Supervisory Board dismissed Andrzej Klesyk from his position as the President of PZU and from the PZU Management Board. The PZU Supervisory Board also passed a resolution to temporarily entrust PZU Management Board member Tomasz Tarkowski with the duties of the President of PZU until the appointment of the President of PZU.

On 24 September 2025, the PZU Supervisory Board adopted a resolution to appoint Bogdan Benczak to the PZU Management Board and entrusted him with the function of the PZU Management Board President, subject to approval by the KNF. Until the KNF's approval is obtained, the Supervisory Board of the Company has entrusted Mr Benczak with discharging the duties of the President of the Management Board in the scope admissible by relevant law. The resolution came into force upon its adoption. The appointment was effective as of 25 September 2025, for a joint term of office, encompassing three full financial years 2023–2025. On 22 December 2025, the KNF approved the appointment of Bogdan Benczak as the President of the PZU Management Board.

From 25 September 2025, to the date of signing the consolidated financial statements, the PZU Management Board consisted of the following persons:

- Bogdan Benczak – President of the PZU Management Board;
- Maciej Fedyna – Member of the PZU Management Board;
- Bartosz Grzeškowiak – Member of the PZU Management Board;
- Elżbieta Häuser-Schöneich - Member of the PZU Management Board;
- Tomasz Kulik – Member of the PZU Management Board;
- Tomasz Tarkowski – Member of the PZU Management Board;
- Jan Zimowicz – Member of the PZU Management Board.

4.2 PZU Group Directors

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

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

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

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

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

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

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

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

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

On 30 May 2025, with effect from 1 June 2025, Katarzyna Majewska was appointed Group Director of PZU and PZU Życie.

On 19 February 2025, with effect from 9 June 2025, Andrzej Mikosz was appointed as the PZU Group Director at PZU and PZU Życie.

On 16 June 2025, Katarzyna Majewska was dismissed from her position as PZU Group Director at PZU Życie, following her appointment to the PZU Życie Management Board.

On 26 June 2025, with effect from 1 July 2025, Rafał Cegieta was appointed as Group Director at PZU.

On 4 November 2025, Michał Świtalski was appointed PZU Group Director at PZU.

From 4 November 2025, to the date of signing the consolidated financial statements, the following persons were PZU Group Directors:

- Rafał Cegiela (PZU);
- Artur Fromberg (PZU);
- Bartosz Grześkowiak (PZU Życie);
- Elżbieta Häuser-Schöneich (PZU Życie);
- Michał Kopyt (PZU);
- Katarzyna Majewska (PZU);
- Andrzej Mikosz (PZU and PZU Życie);
- Michał Świtalski (PZU);
- Iwona Wróbel (PZU);
- Jan Zimowicz (PZU Życie).

4.3 Pekao Management Board

On 31 December 2025, the composition of the Pekao Management Board was as follows: Cezary Stypułkowski, Marcin Gadomski, Łukasz Januszewski, Michał Panowicz, Robert Sochacki, Błażej Szczecki, Dagmara Wojnar, Marcin Zygmanski.

4.4 Alior Bank Management Board

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

5. Supervisory Board of the parent company

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

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

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

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

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

On 25 June 2025, the Ordinary Shareholder Meeting of PZU dismissed Michał Bernaczyk from the PZU Supervisory Board, and appointed Beata Stelmach and Maciej Szwarc to the PZU Supervisory Board.

On 22 October 2025, the Minister of State Assets, acting on behalf of the State Treasury of the Republic of Poland, appointed Kazimierz Karolczak as a member of the Supervisory Board of PZU SA for a term of office, pursuant to § 20(7) of the Articles of Association of PZU SA.

On 3 November 2025, Mr. Filip Gorczyca tendered his resignation from serving in the capacity of a PZU SA Supervisory Board Member, effective as of 3 November 2025.

On 23 December 2025, the Extraordinary Shareholder Meeting of PZU appointed Jarosław Antonik as Member of the PZU Supervisory Board.

From 23 December 2025, to the date of signing the consolidated financial statements, the PZU Supervisory Board consisted of the following persons:

- Marcin Kubicza – Chairman of the Supervisory Board;
- Małgorzata Kurzynoga – Vice Chairman of the Supervisory Board;
- Anna Machnikowska – Secretary of the Supervisory Board;
- Jarosław Antonik – Member of the Supervisory Board;
- Anita Elżanowska – Member of the Supervisory Board;
- Michał Jonczyński – Member of the Supervisory Board;
- Andrzej Kaleta – Member of the Supervisory Board;
- Kazimierz Karolczak – Member of the Supervisory Board;
- Beata Stelmach – Member of the Supervisory Board;
- Maciej Szwarz – Member of the Supervisory Board;
- Adam Uszpolewicz – Member of the Supervisory Board.

6. Significant accounting policies and significant estimates and judgments

The preparation of consolidated financial statements in compliance with IFRS requires the PZU Management Board to make professional judgments, estimates and assumptions that affect the adopted accounting policies and the presented values of assets, liabilities, revenues and costs.

The estimates and the related assumptions are based on historical experience and other factors which are deemed reasonable in the given circumstances, and their results provide the basis for professional judgment regarding the carrying amount of the assets and liabilities which does not follow directly from other sources.

In making judgments, estimates or assumptions, the PZU Management Board may, in significant matters, rely on the opinions of independent experts.

The actual value may differ from the estimated one. All judgments, estimates and related assumptions are revised on an ongoing basis.

The key accounting policies, estimates and judgments used for the preparation of the consolidated financial statements are described below and in the individual notes as specified in the table below.

Item of the profit and loss account	Note	Item of the statement of financial position	Note
Insurance service result	11	Assets and liabilities under insurance and reinsurance contracts	11
		Goodwill	28
Interest income calculated using the effective interest rate, and equalized to them	13	Intangible assets	29
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	15	Property, plant and equipment	30
Result from allowances for expected credit losses	39	Investment property	31
Revenue from commissions and fees	18	Assets pledged as collateral for liabilities	35
Fee and commission expenses	19	Entities accounted for using the equity method	32
PZU Group operating expenses not related to insurance services	20	Loan receivables from clients (including finance lease receivables)	33
Interest expenses	21	Financial derivatives	34
Legal risk costs of foreign currency mortgage loans	47.3.2	Investment financial assets	36
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6.1 Amendments to the applied IFRS

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

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

Name of standard/interpretation	Approving regulation	Comment
Amendments to IAS 21 – The effects of changes in foreign exchange rates	2024/2862	<p>The amendments relate to requirements to be applied by entities when the foreign currency is not exchangeable.</p> <p>The amendments include:</p> <ul style="list-style-type: none"> • specify when a currency is exchangeable and when it is not; • specify how an entity determines the exchange rate to apply when a currency is not exchangeable; • require the disclosure of additional information when a currency is not exchangeable – evaluation how a currency’s lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. <p>The amendment has not affected the PZU Group’s consolidated statements to any significant extent.</p>

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

Approved by European Commission Regulation – coming into force on 1 January 2026

Name of standard/ interpretation	Comment
Amendments to IFRS 9 and IFRS 7 – changes in classification and measurement of financial instruments	<p>Approved by Regulation 2025/1047, as amended by Regulation 2025/1266.</p> <p>The amendments are in response to emerging concerns in the application of the standards and include, among others:</p> <ul style="list-style-type: none"> • clarification of the timing of recognition and discontinuation of recognition of financial assets and liabilities, including a new exception for financial liabilities settled by electronic transfer – if certain criteria are met, the amendments allow an entity to cease recognizing a financial liability (or part thereof) that will be settled using an electronic payment system, before the payment settlement date. An entity that chooses this option will be obliged to apply the selected approach to all settlements made by the same electronic payment system; • clarifications and additional guidance clarifying whether financial assets meet the criteria of the principal and interest flow test (SPPI test) – the amendments cover three areas considered when performing the SPPI test: <ul style="list-style-type: none"> ○ contractual conditions that can change cash flows based on contingent events (e.g., a change in interest rates dependent on specific ESG criteria); ○ terms of non-recourse instruments (instruments in which the right of the instrument holder to receive cash flows is contractually limited to a specific asset) – the existence of such terms does not automatically exclude compliance with the SPPI test, but requires in-depth analysis; ○ contractually linked instruments – the issuer may prioritize payments using multiple contractually linked instruments, leading to concentration of credit risk (so-called "tranches"). The amendment indicates that a key element that distinguishes contractually linked agreements from other non-recourse instruments is the cascading payment structure, resulting in a disproportionate allocation of cash shortfalls between tranches. The amendment also points out that not all transactions with multiple debt instruments meet the criteria for transactions with multiple contractually related instruments, and points out examples. It further clarifies that reference to instruments in the underlying pool may include financial instruments outside the scope of IFRS 9; • new disclosures for instruments whose contractual terms change the distribution over time or the amount of contractual cash flows based on contingencies not directly related to changes in underlying costs and credit risk (e.g., instruments with features relating to the level of achievement of environmental, social and governance (ESG) goals); • amendment of disclosure requirements for equity instruments designated at fair value through other comprehensive income (among other things, the need for separate presentation of gain or loss on instruments held at period end and those for which recognition has been discontinued); • for environmentally dependent electricity contracts, often taking the form of power purchase agreements: <ul style="list-style-type: none"> ○ clarify the application of the “for personal use” requirements; ○ allow the use of hedge accounting if such contracts are used as hedging instruments; ○ introduce new disclosure requirements to enable investors to understand the impact of such agreements on an entity's financial results and cash flows. <p>Amendments to standards had no significant effect on the consolidated financial statements.</p>

Name of standard/ interpretation	Comment
Annual updates – 11th edition	<p>Approved by Regulation 2025/1331.</p> <p>The updates include changes to 5 standards:</p> <ul style="list-style-type: none"> • IFRS 1 – hedge accounting upon first-time adoption of IFRS – the amendment addresses a potential concern arising from inconsistent provisions between paragraph B6 of IFRS 1 and the hedge accounting requirements of IFRS 9. • IFRS 7: <ul style="list-style-type: none"> ○ gain or loss on discontinued recognition – the amendment addresses a potential ambiguity in paragraph B38 of IFRS 7, arising from an outdated reference to the paragraph, which was removed from the standard with the issuance of IFRS 13; ○ disclosure of deferred differences between fair value and transaction price – the amendment addresses inconsistencies between paragraph 28 of IFRS 7 and the accompanying implementation guidance, which arose when the implementation of IFRS 13 amended paragraph 28 but did not change the implementation guidance; ○ credit risk introduction and disclosures – the amendment addresses a potential concern by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements of the referenced paragraphs of IFRS 7 and by simplifying some of the explanations; • IFRS 9: <ul style="list-style-type: none"> ○ discontinuation of recognition of lessee's lease obligations – the amendment addresses a potential ambiguity in the application of IFRS 9 requirements to recognize the expiration of a lessee's liability, which arises due to the fact that paragraph 2.1(b)(ii) of IFRS 9 contains a reference to paragraph 3.3.1, but does not contain a reference to paragraph 3.3.3 of IFRS 9; ○ transaction price – the amendment addresses a potential ambiguity arising from the reference in Appendix A to IFRS 9 to the definition of "transaction price" in IFRS 15, while the term "transaction price" is used in individual paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of the term in IFRS 15; • IFRS 10 – definition of “de facto agent” – the amendment addresses a potential concern arising from inconsistencies between paragraphs B73 and B74 related to an investor's determination of whether another party is acting on its behalf, by aligning the wording in both paragraphs. • IAS 7 – cost method – the amendment addresses a potential ambiguity in the application of paragraph 37 of IAS 7, which stems from the use of the term “cost method,” which is no longer used in IFRS. <p>Amendments to standards had no significant effect on the consolidated financial statements.</p>

Approved by European Commission Regulation - coming into force on 1 January 2027

Name of standard/ interpretation	Comment
IFRS 18 – Presentation and disclosures in financial statements	<p>Approved by Regulation 2026/338.</p> <p>IFRS 18 to replace IAS 1 – Presentation of Financial Statements The new standard aims to improve information on the financial performance of entities.</p> <p>The new requirements include, among others:</p> <ul style="list-style-type: none"> • presentation of the profit and loss account, in particular the disclosure of specific totals and subtotals – all income and expenses will have to be classified into one of five categories – operating, investment, finance, income tax and discontinued operations. The presentation of the operating result, the result before financing and income tax and profit or loss will be compulsory; • the performance measures used by management, defining them as subtotals that the entity uses in external communications, outside the financial statements, presenting a management perspective on the performance of the entity. IFRS 18 will require disclosure of all of an entity's performance measures in a single note, including how the measure was calculated, its value in use and a reconciliation to the most comparable value, in accordance with IFRS 18; • guidelines on aggregation and disaggregation of financial information. <p>Some of the requirements will remain unchanged from IAS 1. Some of the requirements will be transferred from IAS 1 to IAS 8. Modifications will also be made to IAS 7 and IAS 34.</p> <p>The application of the new standard will affect the structure of the primary financial statements (the consolidated profit and loss account and the consolidated cash flow statement), as well as the disclosures presented in the consolidated financial statements of the PZU Group. PZU Group is in the process of analyzing this impact.</p>

Not approved by the European Commission

Name of standard/ interpretation	Comment
IFRS 19 – Subsidiaries not accountable to the public – Disclosures	<p>Date of issue by the IASB: 9 May 2024 as amended on 21 August 2025. Planned effective date according to IASB: 1 January 2027.</p> <p>The new IFRS 19 standard allows subsidiaries to limit the scope of disclosures when applying IFRS in their financial statements. This entitlement is available to entities:</p> <ul style="list-style-type: none"> • which are not publicly accountable, i.e. do not hold shares or listed debt instruments and do not hold assets in a fiduciary capacity to a wide range of outsiders; • the parent company of which applies IFRS in its consolidated financial statements. <p>The application of IFRS 19 is optional. The disclosure requirements in IFRS 19 are a reduced version of the disclosure requirements in other IFRSs. An authorized subsidiary applying IFRS 19 is required to apply the requirements of other IFRS accounting standards regarding recognition, measurement and presentation requirements.</p> <p>The new standard will not affect the PZU Group’s consolidated statements.</p>
Amendments to IAS 21 – The effects of changes in foreign exchange rates – Conversion into a hyperinflationary presentation currency	<p>Date of issue by the IASB: 13 November 2025. Planned effective date according to IASB: 1 January 2027.</p> <p>The amendment provides guidance on converting financial statements from a non-hyperinflationary currency to a hyperinflationary currency. The amendment aims to reduce the diversity of practices and provide clear foundations for reporting in a hyperinflationary currency.</p> <p>The amendment will not affect the PZU Group’s consolidated financial statements.</p>

6.2 Consolidation rules

These consolidated financial statements for the financial year ended on 31 December 2025 include financial data of the parent company and all its subsidiaries after elimination of intragroup transactions.

A subsidiary is an entity that is controlled by another entity. That means that the latter simultaneously has: power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

Consolidation involves the combination of similar items of assets, liabilities, equity, revenue, costs and cash flows of a parent company and its subsidiaries and then elimination of the carrying amount of the parent’s investment in each subsidiary and the parent’s portion of equity of each subsidiary. Also, assets and liabilities, revenue, costs and cash flows relating to intra-group transactions between PZU Group entities are eliminated in full.

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

Subsidiaries are consolidated from the date of obtaining control until the date cessation of control.

The rules applicable to translation of assets, liabilities and comprehensive income of foreign subsidiaries denominated in foreign currencies are presented in section 6.4.

6.2.1. Judgments in exercising control

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

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

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

Criterion	Pekao	Alior Bank
Share in votes at the shareholder meeting	20.02%	31.93%
Shareholder agreements	<p>On 23 January 2017, PZU and PFR (holding 12.8% of Pekao’s share capital) signed a Shareholder Agreement to build Pekao’s long-term value, implement a policy aimed at ensuring Pekao’s development, financial stability and effective and prudent management. It defines the rules of cooperation between PZU and PFR, in particular pertaining to joint exercise of voting rights from the shares held and the implementation of a common long-term policy for Pekao’s business. The Shareholder Agreement provides for the possibility of having real influence on Pekao’s operating policies.</p> <p>An annex of 30 March 2023 added a new area of cooperation to the scope of the Agreement regarding non-financial sustainability reporting requirements.</p> <p>On 14 May 2025, an annex was signed extending the Shareholder Agreement until 7 June 2030, with the possibility of further extensions.</p> <p>The Management Board of PZU does not have any information about any agreements that may have been concluded between Pekao’s other shareholders.</p>	<p>The PZU Group has not entered into agreements with other shareholders of Alior Bank.</p> <p>The Management Board of PZU also does not have any information about any agreements that may have been concluded between Alior Bank’s other shareholders.</p>

Criterion	Pekao	Alior Bank
Other shareholders	<p>Only two shareholders hold a stake of more than 5%, accounting in total for 11% shares. The remaining shareholders are dispersed and a significant number of entities would have to take concerted action to outvote PZU at the shareholder meeting.</p> <p>The provisions of paragraphs B73 – B75 of IFRS 10 and ESMA's guidance indicate that votes held by entities under the control of the same entity as PZU should also be considered when analyzing voting rights held, even if there are no formal agreements on joint voting.</p> <p>Although there are no formal agreements with other Treasury-related parties, PZU accepts that such parties may be “de facto agents” within the meaning of IFRS 10.B73.</p> <p>General Meeting resolutions necessary for the day-to-day management of Pekao's important activities are adopted by a simple majority. A qualified majority is required only for special matters (such as amending the charter) that exceed the scope of the day-to-day management of the entity.</p> <p>An analysis of attendance at past general meetings shows that it did not exceed 75% of those eligible to vote, which demonstrates the passive attitude of some shareholders, so that at past general meetings, since the acquisition of Pekao, PZU has been able to vote on the draft resolutions it proposed.</p>	<p>Three shareholders hold a stake of more than 5%, accounting in total for 24% shares. The remaining shareholders are dispersed and a significant number of entities would have to take concerted action to outvote PZU at the shareholder meeting.</p> <p>The provisions of paragraphs B73 – B75 of IFRS 10 and ESMA's guidance indicate that votes held by entities under the control of the same entity as PZU should also be considered when analyzing voting rights held, even if there are no formal agreements on joint voting.</p> <p>Although there are no formal agreements with other Treasury-related parties, PZU accepts that such parties may be “de facto agents” within the meaning of IFRS 10.B73.</p> <p>General Meeting resolutions necessary for the day-to-day management of Alior Bank's important activities are adopted by a simple majority. A qualified majority is required only for special matters (such as amending the charter) that exceed the scope of the day-to-day management of the entity.</p> <p>An analysis of attendance at past general meetings shows that it did not exceed 74% of those eligible to vote, which demonstrates the passive attitude of some shareholders, so that at past general meetings, since the acquisition of Alior Bank, PZU has been able to vote on the draft resolutions it proposed.</p>
PZU representatives in governing bodies	<p>Supervisory Board members include persons fulfilling key management functions at PZU.</p> <p>Most members of the Supervisory Board were proposed by PZU or PFR.</p>	<p>Supervisory Board members include persons fulfilling key management functions at PZU.</p> <p>Most of the Supervisory Board members were nominated by the PZU Group.</p>

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

6.2.2. Rules of consolidation of mutual funds

The PZU Group has assumed that it exercises control over a mutual fund if the following conditions are jointly met:

- PZU Group companies jointly have the capacity to exercise their authority over the fund to influence the value of the return on investment, with the prerequisites for this capacity being, among others, control exercised over the mutual fund company and a significant share in the total number of votes at the meeting of investors or board of investors;
- the total exposure of PZU Group companies to variable returns from their involvement in a mutual fund is significant, which means that the total share of PZU Group companies in the fund's net assets equals or exceeds 20% (whereas the fund's assets that are net assets of unit-linked contracts are not used to determine this total share), for which the PZU Group does not bear the risk. If the involvement is less than 20% of the fund's net assets then the exposure to fluctuations in the fund's financial results, considered together with decision-making powers, imply that such a fund is not controlled by the Group.

PZU Group accepts that a fund will remain consolidated (or unconsolidated, as the case may be) for a period of two quarters following a quarter that closed for the first time with a decline (or increase, as the case may be) of the share in the fund's net assets below 20% (or above 20%, as the case may be) if this decline (or increase, as the case may be) resulted from deposits (or withdrawals, as the case may be) made by participants from outside the PZU Group.

In the course of its analysis, the PZU Group also takes into account the rights held by other entities, such as the rights and ability to convene a meeting of fund participants.

The mutual funds controlled by the PZU Group are consolidated. Their assets are presented in their full amount in the statement of financial position as financial assets by type and classified to the relevant portfolios, while the liability related to the fund's net assets owned by third-party investors is recognized in "Other liabilities". If control over a mutual fund is lost then its consolidation ceases and the fund's assets and liabilities, as well as liabilities to its participants, if any, are excluded from the consolidated statement of financial position. Instead, the participation units or the investment certificates corresponding to the fair value of shares held by PZU Group companies in the fund's net assets are presented.

6.3 Method of acquisition

Acquisitions of subsidiaries by the PZU Group are recognized by the acquisition method of accounting.

For each acquisition transaction, the acquirer is identified and the acquisition date is determined, which is the date on which the acquirer obtains control over the acquiree. As of the acquisition date, the acquirer recognizes, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.

As at the date of acquisition, the identifiable assets acquired and the liabilities assumed are measured at fair value.

For each acquisition, any non-controlling interest in the acquiree are measured at the non-controlling interest's proportionate share in the fair value of the acquiree's identifiable net assets.

Determination of goodwill or a gain from a bargain purchase

Goodwill is measured and recognized as at the date of obtaining control as the surplus of:

- the consideration transferred measured at fair value as at the date of obtaining control;
- the amount of any non-controlling interest in the acquiree measured as described above;
- the acquisition-date fair value of the PZU Group's previously held equity interest in the acquiree;

over the obtaining control date net amount of the fair value of the identifiable assets acquired and the liabilities assumed.

If the net fair values of identifiable assets acquired and the liabilities assumed exceeds the fair value of payment received, increased by the value of all non-controlling interests in the acquiree and the fair value of the interest in the acquiree's equity and held before obtaining control, the gain from a bargain purchase is recognized in the consolidated profit and loss account. Before a gain from a bargain purchase is recognized, a reassessment is made whether all of the assets acquired and all of the liabilities assumed have been correctly identified and all additional assets or liabilities have been are recognized.

In the period of maximum 1 year from taking the control, PZU Group may retrospectively adjust the provisional fair values of assets and liabilities recognized as at the date of obtaining control to reflect new information obtained about facts and circumstances that existed as of the date of obtaining control and, if known, would have affected the measurement of these assets and liabilities. Such adjustments are charged directly to the recognized goodwill or gain from a bargain purchase.

Intangible assets

Intangible assets acquired in business combination transactions are recognized at fair value as at the date of obtaining control. The fair value of an intangible asset reflects expectations as to the probability that the entity achieves economic benefits from the asset in the future. The fair value of intangible assets is determined as follows:

- trademark – using the relief-from-royalty method, based on potential savings on the license fees that the company is not required to pay as the owner of the trademark (i.e. present value of future potential license fees). In the valuation of the trademark, potential tax relief arising from the tax amortization benefit (TAB) of the trademark is taken into account. The rate used to discount the projected cash flows takes into account, among other things, the risk specific to the particular trademark;
- relations with clients – using the multiperiod excess earnings method (MEEM), based on the present value of future profits generated by each relation. The projected duration of the relationship is determined using a termination rate (based on the so-called Weibull curve). The valuation takes into account contributory asset charges (CAC), such as maintaining capital ratios

at levels required by regulatory authorities, tangible fixed assets, organized workforce, the trademark, and other intangible assets. The CAC charge is applied to after-tax cash flows. If there are any tax structures in place that allow an average market participant to amortize a relation then its measurement should include TAB;

- relations with customers holding savings and checking accounts (CDI, core deposit intangible) – as the present value of the difference between the cost of the CDI and the alternative borrowing costs (including interest and administrative expenses) that the bank would have to incur if it had no core deposit. The value of CDI is measured using the favorable source of funds method derived from the expense and income methods. In this method, the account retention ratio is projected (using the Weibull curve), the average initial balance and the number of accounts to be included in the measurement are estimated and the net balance of deposits is calculated (adjusted by the retention ratio and the unstable part of the deposit base). Then the cost of acquired deposits is calculated as reserve requirements, interest and administration expenses less net commission income from the accounts. Next, interest rate benchmarks are used to estimate the alternative borrowing cost. In the next step, the difference between the alternative borrowing costs and the cost of acquired deposits is calculated, which is discounted using the required rate of return. The measurement of CDI does not include any tax amortization benefit (TAB).

The discount rate used for the measurement of intangible assets reflects the time value of money and risks related to expected future cash flows. It is calculated on the basis of the expected return from the best investment alternative to the investment being measured. This rate sets the lowest return from the measured asset that is required by an investor in such a manner that the rate of return achieved by the investor is at least equal to the best available investment alternative. The return on the alternative investment must be comparable in terms of value, time and certainty.

The cost of equity (CE) is estimated as at the date of obtaining control in accordance with the Capital Asset Pricing Model (CAPM): $CE = RF + ERP \times \beta + SP + SR$, where RF stands for risk-free rate, ERP – market risk premium, β – measure of systematic risk borne by the equity holders, including the operational and financial risks associated with the business, SP – small cap premium, SR – specific risk premiums.

Loans and advances to customers

The measurement of the loan portfolio to fair value at the acquisition date of the subsidiaries was performed using the income method involving the discounting of future cash flows arising from the loan portfolio component being measured. For performing loans, fair value was estimated as the present value of cash flows defined as the sum of the contractual installments of principal and interest (in accordance with the contractual interest rates and outstanding principal), adjusted by prepayments where relevant. The following was used to discount cash flows:

- interest rate determined based on money market instruments and derivative transactions (standard curve) taking into account the term structure and currency of the loan;
- credit spread (credit spread curve) taking into account the term structure, broken down into the credit risk level of the client or the transaction;
- liquidity margin (liquidity curve) taking into account the term structure and currency of the loan;
- market margin, taking into account the cost of capital and profit margin, broken down into client segment, type and currency of the product.

For measurement purposes, the loan portfolio has been divided by currencies, product groups, risk level and client segments.

The standard curve was calculated on the basis of quotations for deposits for nodes up to 1 year and IRS transactions for nodes above 1 year.

The credit spread curve was calculated on the basis of estimated cumulative probability of default curves and expected average recovery rates for a given product group and client segment.

The liquidity curve for PLN was determined as the higher of zero or the difference between the PLN:BOND curve (zero-coupon curve based on Treasury bond prices) and the PLN:Std curve. For other currencies, the liquidity curve was increased by the cost of a swap converting PLN into the currency in question (calculated from FX Swap and Cross Currency Basis Swap quotations). When the cost was negative, the value of zero was assumed.

Market margin was calibrated for loans granted in the period of 3 months preceding the date of obtaining control, so that the fair value is equal to the gross carrying amount. If the market margin became negative following the calibration, it was assumed to be

zero. For foreign currency mortgage loans, the margin was determined as the margin for PLN mortgage loans plus the difference in the average margin between mortgage loans granted in foreign currencies and the average margin of PLN mortgage loans.

For short-term working capital loans, the net carrying amount was taken as fair value.

Analyses have shown that the fair value of impaired loans did not differ materially from their carrying amount.

6.4 Measurement of transactions and balances denominated in foreign currencies and FX rates used

Transactions carried out in a currency other than Polish zloty are recognized at the exchange rate set by the National Bank of Poland (NBP) for the transaction date. At the end of the reporting period, cash items denominated in foreign currencies are translated using the average NBP exchange rate in effect on that date. Non-cash items measured at fair value and denominated in foreign currencies are measured using the average NBP exchange rate in effect on the date on which the fair value is determined. Gains and losses on currency conversion are recognized directly in the profit and loss account.

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

- assets and liabilities – at the average exchange rate set by the National Bank of Poland at the end of the reporting period;
- items of the profit and loss account, other comprehensive income and cash flows – at the arithmetic mean of average exchange rates set by the National Bank of Poland as at the dates ending each month of the reporting period.

Translation differences, as referred to above, are recognized under “Foreign exchange translation differences” in equity.

The following FX rates have been used for these consolidated financial statements:

FX rates used for translation of financial data of foreign related parties	1 January – 31 December 2025	1 January – 31 December 2024	31 December 2025	31 December 2024
EUR	4.2372	4.3042	4.2267	4.2730
GBP	4.9476	5.0960	n/a	5.1488
UAH	0.0900	0.0991	0.0851	0.0976

6.5 Reform of interest rate benchmarks

On 1 January 2018, a new standard took effect in the European Union for the development of benchmarks, based on the BMR, defining the principles of operation and duties of benchmark administrators and entities making use of these benchmarks. The purpose of the new rules is to increase the credibility, transparency and reliability of benchmarks. As a result of the reform, the benchmarks were adjusted to the new rules (including EURIBOR) or ceased to exist (such as LIBOR) having been replaced with alternative indicators. The largest impact of the reform on the PZU Group stems from loans and advances to customers.

As at 31 December 2025, the IBOR reform affecting the currencies covered by the PZU Group’s exposure was largely completed. The table below presents the status of the transition to new benchmarks under the IBOR reform.

Currency	Benchmark before the reform	Benchmark after the reform	As at 31 December 2025
PLN	WIBOR (Warsaw Inter Bank Offered Rate)	POLSTR	currently in effect
CHF	CHF LIBOR	SARON, SARON compound	completed
USD	USD LIBOR	SOFR, Term SOFR	completed
GBP	GBP LIBOR	SONIA, Term SONIA	completed

The subsequent tables present the PZU Group’s exposure to unreformed WIBOR benchmarks.

WIBOR (Warsaw Inter Bank Offered Rate)	31 December 2025	31 December 2024
Assets (gross carrying amount)	238,066	214,766
Liabilities (gross carrying amount)	39,760	36,354
Off-balance sheet liabilities – granted (nominal value)	14,598	14,688
Off-balance sheet liabilities - granted (nominal value)	333,730	304,766
Derivatives – concluded under hedge accounting (nominal value)	64,665	50,483

6.5.1. WIBOR (Warsaw Inter Bank Offered Rate)

Starting in 2022, work is underway by the National Working Group (“NGR”) to prepare a new indicator and a timetable for its implementation in such a way as to ensure the safety of the financial system.

Due to the fact that the reform of benchmarks consists of a great many interrelated elements, it was agreed that the process will be staggered, and the reform of indicators in Poland will be implemented in its entirety by the end of 2027.

In December 2024, the NGR Steering Committee (“NGR SC”) decided on a target interest rate benchmark, replacing WIBOR and based on unsecured deposits of credit institutions and financial institutions (POLSTR). Thus, the NGR SC reviewed and modified its earlier decision to select the WIRON indicator. In April 2025, the NGR SC adopted an updated Roadmap for the reform of benchmarks in Poland.

On 30 September 2025, GPW Benchmark SA, the administrator of interest rate benchmarks, decided to discontinue the calculation of WIBID and WIBOR benchmarks for certain fixing periods, as of:

- 22 December 2025 – Tomorrow/Next (T/N), 2 weeks (2W),
- 1 October 2026 – Overnight (O/N),
- 22 December 2026 – 1 year (1Y).

The PZU Group does not have significant exposure to these benchmarks.

6.5.2. Impact of the IBOR reform on hedge accounting

As part of the established hedging relationships, the PZU Group identifies the following interest rate reference rates: WIBOR, EURIBOR. As of the date on which the consolidated financial statements were prepared, these benchmarks were quoted and the resulting flows were exchanged with business partners.

In the case of WIBOR, the PZU Group believes there is uncertainty about the timing and amount of cash flows for the new benchmark. Such uncertainty may influence the assessments of the effectiveness of the relationship and high probability of the hedged position. For the purposes of these assessments, the PZU Group assumes that the interest rate benchmarks underlying the cash flows will change symmetrically for both the hedged item and the hedging instrument.

As regards hedging instruments, the PZU Group companies joined the ISDA Fallbacks Protocol and actively cooperate with their counterparties to implement the rules of conduct consistent with the ISDA methodology.

7. Segment reporting

7.1 Reportable segments

7.1.1. Key classification criterion

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

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

Reporting segment	Segment description	Aggregation criteria
Corporate insurance (non-life insurance)	Broad scope of non-life insurance products, TPL and motor insurance customized to a customer’s needs entailing individual underwriting offered to large economic entities by PZU and TUW PZUW.	Aggregation by similarity of products offered, similar client groups to which they are offered, distribution channels and operation in the same regulatory environment.

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

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

7.1.2. Information relating to geographical areas

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

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

7.2 Measure of the segment's profit

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

For all segments, with the exception of banking operations, the segment's result is reduced by intragroup transactions.

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

7.3 Simplifications in the segmental note

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

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

7.4 Quantitative data

1 January – 31 December 2025	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic Countries	Ukraine	Investment contracts	Investments	Banking activities	Pension	Other	Total
Insurance service result before reinsurance	1,778	1,624	1,535	422	96	454	16	-	-	-	-	-	5,925
Insurance revenue	5,187	13,655	7,921	870	101	2,876	272	-	-	-	-	-	30,882
Amortization of liabilities for remaining coverage (PAA)	4,501	10,667	-	-	-	2,317	188	-	-	-	-	-	17,673
Expected claims and benefits (GMM, VFA)	-	-	5,071	193	12	13	4	-	-	-	-	-	5,293
Expected expenses (GMM, VFA)	-	-	914	122	17	10	5	-	-	-	-	-	1,068
Release of the contractual service margin (GMM, VFA)	-	-	1,434	353	54	14	3	-	-	-	-	-	1,858
Release of risk adjustment for non-financial risks (GMM, VFA)	-	-	123	26	2	2	1	-	-	-	-	-	154
Recovery of insurance acquisition cash flows	686	2,988	501	191	23	520	72	-	-	-	-	-	4,981
Other income	-	-	(122)	(15)	(7)	-	(1)	-	-	-	-	-	(145)
Insurance service expenses	(3,409)	(12,031)	(6,386)	(448)	(5)	(2,422)	(256)	-	-	-	-	-	(24,957)
Claims incurred in the period (without the investment component)	(2,695)	(8,261)	(5,079)	(158)	(5)	(1,726)	(126)	-	-	-	-	-	(18,050)
Administrative expenses	(288)	(947)	(863)	(117)	(9)	(285)	(53)	-	-	-	-	-	(2,562)
Run-off of claim reserves from prior years	269	78	43	25	(11)	124	(11)	-	-	-	-	-	517
Amortization of the loss component	72	435	268	18	24	140	8	-	-	-	-	-	965
Recognition of the loss component	(81)	(348)	(254)	(25)	19	(155)	(2)	-	-	-	-	-	(846)
Amortization of insurance acquisition cash flows	(686)	(2,988)	(501)	(191)	(23)	(520)	(72)	-	-	-	-	-	(4,981)

1 January – 31 December 2025	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic Countries	Ukraine	Investment contracts	Investments	Banking activities	Pension	Other	Total
Net income or expenses from reinsurance contracts held	(986)	(79)	-	-	-	(66)	7	-	-	-	-	-	(1,124)
Reinsurance premium allocation	(1,784)	(173)	-	-	-	(72)	(2)	-	-	-	-	-	(2,031)
Amounts recoverable from reinsurers, including:	798	94	-	-	-	6	9	-	-	-	-	-	907
Incurred claims	855	13	-	-	-	20	-	-	-	-	-	-	888
Incurred expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Run-off of claim reserves from prior years	(62)	81	-	-	-	(14)	9	-	-	-	-	-	14
Recognition and movement in the loss recovery component	5	-	-	-	-	-	-	-	-	-	-	-	5
Insurance service result	792	1,545	1,535	422	96	388	23	-	-	-	-	-	4,801
Insurance finance income or expenses	(65)	(340)	(519)	(115)	(920)	(40)	(24)	-	-	-	-	-	(2,023)
Finance income or expenses from reinsurance	(37)	14	-	-	-	1	2	-	-	-	-	-	(20)
Investment profit or loss ¹⁾	385	781	882	127	924	102	47	13	699	25,484 ^{2) 3)}	16	(21)	29,439
Revenue from commissions and fees	-	-	-	-	-	2	-	2	189	5,277 ⁴⁾	209	(243)	5,436
Fee and commission expenses	-	-	-	-	-	-	-	-	-	(1,272)	-	35	(1,237)
PZU Group's non-insurance operating expenses	-	-	-	-	-	-	-	-	(150)	(9,334)	(66)	(1,656)	(11,206)
Interest expenses	-	-	-	-	-	-	-	-	(207)	(7,263)	-	55	(7,415)
Legal risk costs of foreign currency mortgage loans	-	-	-	-	-	-	-	-	-	(819)	-	-	(819)
Other operating income	-	-	-	-	-	-	-	-	20	416	1	1,404	1,841
Other operating expenses	-	-	-	-	-	-	-	-	(2)	(578)	-	(370)	(950)
Operating profit	1,075	2,000	1,898	434	100	453	48	15	549	11,911	160	(796)	17,847

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

²⁾ Including: interest income calculated using the effective interest rate and equalized to them – PLN 26,007 million, other net investment income – PLN 329 million, result on derecognition of financial instruments and investments not measured at fair value through profit or loss – PLN 168 million, result from allowances for expected credit losses – PLN (1,186) million, net movement in fair value of assets and liabilities measured at fair value – PLN 166 million.

³⁾ Including revenue from other segments of PLN 218 million.

⁴⁾ Including revenue from other segments of PLN 243 million.

1 January – 31 December 2024	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic Countries	Ukraine	Investment contracts	Investments	Banking activities	Pension	Other	Total
Insurance service result before reinsurance	1,361	579	1,608	367	4	385	3	-	-	-	-	-	4,307
Insurance revenue	4,704	13,106	7,840	744	104	2,683	242	-	-	-	-	-	29,423
Amortization of liabilities for remaining coverage (PAA)	4,070	10,176	-	-	-	2,170	156	-	-	-	-	-	16,572
Expected claims and benefits (GMM, VFA)	-	-	5,168	149	13	11	1	-	-	-	-	-	5,342
Expected expenses (GMM, VFA)	-	-	918	105	1	8	4	-	-	-	-	-	1,036
Release of the contractual service margin (GMM, VFA)	-	-	1,267	295	45	14	9	-	-	-	-	-	1,630
Release of risk adjustment for non-financial risks (GMM, VFA)	-	-	131	21	18	2	6	-	-	-	-	-	178
Recovery of insurance acquisition cash flows	634	2,930	471	169	31	477	70	-	-	-	-	-	4,782
Other income	-	-	(115)	5	(4)	1	(4)	-	-	-	-	-	(117)
Insurance service expenses	(3,343)	(12,527)	(6,232)	(377)	(100)	(2,298)	(239)	-	-	-	-	-	(25,116)
Claims incurred in the period (without the investment component)	(2,377)	(8,687)	(4,990)	(129)	(6)	(1,658)	(124)	-	-	-	-	-	(17,971)
Administrative expenses	(261)	(929)	(861)	(97)	(5)	(280)	(51)	-	-	-	-	-	(2,484)
Run-off of claim reserves from prior years	(79)	75	56	23	(15)	117	18	-	-	-	-	-	195
Amortization of the loss component	98	523	326	13	15	145	12	-	-	-	-	-	1,132
Recognition of the loss component	(90)	(579)	(292)	(18)	(58)	(145)	(24)	-	-	-	-	-	(1,206)
Amortization of insurance acquisition cash flows	(634)	(2,930)	(471)	(169)	(31)	(477)	(70)	-	-	-	-	-	(4,782)

1 January – 31 December 2024	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic Countries	Ukraine	Investment contracts	Investments	Banking activities	Pension	Other	Total
Net income or expenses from reinsurance contracts held	(902)	168	-	-	-	(49)	(9)	-	-	-	-	-	(792)
Reinsurance premium allocation	(1,629)	(176)	-	-	-	(74)	(3)	-	-	-	-	-	(1,882)
Amounts recoverable from reinsurers, including:	727	344	-	-	-	25	(6)	-	-	-	-	-	1,090
Incurred claims	651	294	-	-	-	44	-	-	-	-	-	-	989
Incurred expenses	11	1	-	-	-	-	-	-	-	-	-	-	12
Run-off of claim reserves from prior years	65	49	-	-	-	(19)	(6)	-	-	-	-	-	89
Recognition and movement in the loss recovery component	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance service result	459	747	1,608	367	4	336	(6)	-	-	-	-	-	3,515
Insurance finance income or expenses	(204)	(335)	(522)	(107)	(335)	(41)	(21)	-	-	-	-	-	(1,565)
Finance income or expenses from reinsurance	128	11	-	-	-	1	-	-	-	-	-	-	140
Investment profit or loss ¹⁾	366	753	888	119	328	86	51	12	395	25,221 ²⁾³⁾	16	(27)	28,208
Revenue from commissions and fees	-	-	-	-	-	2	-	2	150	5,027 ⁴⁾	184	(200)	5,165
Fee and commission expenses	-	-	-	-	-	-	-	-	-	(1,351)	-	28	(1,323)
PZU Group's non-insurance operating expenses	-	-	-	-	-	-	-	-	(146)	(8,785)	(38)	(1,545)	(10,514)
Interest expenses	-	-	-	-	-	-	-	-	(207)	(8,077)	-	41	(8,243)
Legal risk costs of foreign currency mortgage loans	-	-	-	-	-	-	-	-	-	(729)	-	-	(729)
Other operating income	-	-	-	-	-	-	-	-	37	395	1	1,295	1,728
Other operating expenses	-	-	-	-	-	-	-	-	(21)	(387)	-	(277)	(685)
Operating profit	749	1,176	1,974	379	(3)	384	24	14	208	11,314	163	(685)	15,697

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

²⁾ Including: interest income calculated using the effective interest rate and equalized to them – PLN 25,913 million, other net investment income – PLN 138 million, result on derecognition of financial instruments and investments not measured at fair value through profit or loss – PLN 105 million, result from allowances for expected credit losses – PLN (1,367) million, net movement in fair value of assets and liabilities measured at fair value – PLN 432 million.

³⁾ Including revenue from other segments of PLN 215 million.

⁴⁾ Including revenue from other segments of PLN 200 million.

Geographic breakdown	1 January – 31 December 2025					1 January – 31 December 2024				
	Poland	Baltic Countries	Ukraine	Not allocated	Consolidated value	Poland	Baltic Countries	Ukraine	Not allocated	Consolidated value
Insurance revenue	27,734	2,876	272	-	30,882	26,498	2,683	242	-	29,423
Revenue from commissions and fees	5,434	2	-	-	5,436	5,163	2	-	-	5,165
Investment profit or loss ¹⁾	29,290	102	47	-	29,439	28,071	86	51	-	28,208

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

Geographic breakdown	31 December 2025					31 December 2024				
	Poland	Baltic Countries	Ukraine ¹⁾	Not allocated	Consolidated value	Poland	Baltic Countries	Ukraine ¹⁾	Not allocated	Consolidated value
Non-current assets other than financial assets ²⁾	8,132	276	4	-	8,412	7,714	283	4	-	8,001
Deferred tax assets	2,127	4	3	-	2,134	2,239	3	2	-	2,244
Assets	532,072	4,219	429	(1,237)	535,483	500,290	3,831	373	(1,237)	503,257

¹⁾ Assets of companies based in Ukraine, adjusted for mutual interests between them.

²⁾ The sum of the following items of the consolidated statement of financial position: “Intangible assets”, “Property, plant and equipment”.

7.5 Information on key customers

Due to the nature of operations undertaken by PZU Group companies, there are no customers that would provide 10% or more of total revenues of the PZU Group (defined as the sum of revenues from insurance contracts, interest income and fee and commission income).

8. Risk management

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8.1 Introduction

Risk management aims to build value for all PZU Group stakeholders by actively and deliberately managing the quantum of risk accepted. The essence of the process also involves preventing the acceptance of risk at a level that could pose a threat to the financial stability of the PZU Group, which is also a financial conglomerate.

Risk management in the PZU Group is based on risk analysis in all processes and units. Risk management is an integral part of the management system.

To ensure sectoral consistency and the execution of the strategic plans of individual companies as well as the business objectives of the entire PZU Group, the main elements of PZU Group's risk management have been implemented. They include among others:

- systems of limits and limitations on the acceptable level of risk, including the level of risk appetite;
- processes involving identification, measurement and assessment, monitoring and control, reporting and management measures pertaining to individual risks and significant risk concentration;
- risk management organizational structure in which the management boards and supervisory boards of the entities and dedicated committees play a crucial role.

Entities from the financial sector are additionally obligated to apply the appropriate standards for a given sector. The adopted internal regulations specify among others:

- processes, methods and procedures facilitating risk measurement and management;
- split of duties in the risk management process;
- scope and conditions and the frequency of risk management reporting.

The risk management system in the PZU Group is based on the following:

- a split of duties and tasks performed in the risk management process by statutory bodies, committees and individual organizational units and cells;
- risk management process, including risk identification, measurement and assessment, monitoring and control methods, risk reporting and undertaking management actions.

PZU exercises supervision over the PZU Group's risk management system on the basis of mutual cooperation agreements entered into with Group entities. PZU manages the PZU Group risk from an aggregated perspective and on the basis of the information provided thereunder. The agreements entered into and the scope of information to be provided take into consideration the specific legal nature of each entity, including limitations arising from banking secrecy rules.

In addition, PZU as the leading entity in the 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.

Additionally, the PZU Group has in place processes to ensure the effectiveness of risk management at the PZU Group level. The risk management rules applicable to the subsidiaries include a recommendation issued by PZU regarding the organization of the risk management system in those entities (both insurance and banking sector 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 entities 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 implementation of an adequate and effective risk management system. Due to the different scope of operations and other key risks involved, PZU Group banks apply their own dedicated risk management policies, which are in line with the PZU Group's general principles, but at the same time are tailored to the specific requirements and regulations of the banking sector.

Supervision over the risk management systems in the various financial sector unites is exercised by the supervisory boards to which PZU appoints its representatives.

8.2 Split of duties and tasks

The consistent split of duties and tasks in the PZU Group and in individual subsidiaries of the PZU Group's financial sector is based on four decision-making levels.

The first three are:

- The Supervisory Board, which supervises the risk management process and assesses its adequacy and effectiveness as part of its decision-making powers defined in each company's Articles of Association and the Supervisory Board bylaws;
- the Management Board, which organizes the risk management system and ensures that it is operational, by adopting strategies and policies and setting the risk appetite, defining the risk profile and tolerance for individual categories of risk;
- committees, which make decisions to mitigate individual risks to a level determined by the risk appetite. The committees adopt the procedures and methodologies for mitigating the individual risks and accept individual risk limits. In 2025, the Investment Risk Committee was liquidated, and its responsibilities were transferred to the Asset and Liability Management Committee.

The fourth decision-making level pertains to operational measures and is divided into three lines of defense:

- the first line of defense – entails ongoing risk management at the entities’ business unit and organizational unit level and decision-making as part of the risk management process, also within the framework of the prevailing limits;
- the second line of defense includes risk management by specialized cells responsible for risk identification, measurement, monitoring and reporting and controlling the limits;
- the third line of defense – entails internal audit that conducts independent audits of the elements of the risk management system as well as control activities embedded in the Group’s operations.

In the risk management process in banks (Pekao and Alior Bank), an active role is played by Management Board, Supervisory Boards and special committees dealing with credit, financial and operating risk as well as asset and liability management.

The Supervisory Boards oversee the risk management process and set out a relevant strategy each year. The Management Boards are responsible, among others, for accepting policies and guidelines related to risk management and setting detailed limits for mitigating the banks’ risks, as well as providing a proper mechanism to control them.

Special committees exercise ongoing control over the bank’s risk management, which includes decisions about the accepted level of credit risk for single transactions, recommendations of portfolio limits for credit risk to the Management Board, supervision of liquidity risk level, market risk limits and the allowed level of operational risk. In addition, they monitor the risk appetite and capital adequacy levels.

8.3 Risk appetite, risk profile and risk tolerance

A process of determining the risk appetite and risk limits for each risk category consistent with the Group’s process has been implemented in the PZU Group insurance entities. The Management Board of each entity determines the risk appetite, risk profile and risk tolerance reflecting its financial plans, business strategy and the objectives of the entire PZU Group.

Risk appetite is defined as the level of risk that a company is prepared to accept in pursuit of its business objectives. The measure of risk appetite is the level of potential financial losses, the decline in asset value or the growth in the amount of liabilities within one year. The level of risk appetite is defined as the minimum capital requirement coverage ratio. Risk appetite defines the maximum level of permissible risk while setting limits and restrictions for the various partial risks and the level above which remedial actions are taken to curtail further risk expansion.

The risk profile involves quantitative limits, which offer a more precise definition of the risk appetite.

Tolerance limits are additional limits introduced for the individual risks types to mitigate potential risk.

This approach ensures the adequacy and effectiveness of the risk management system in the PZU Group and prevents acceptance of risk levels that could jeopardize the financial stability of individual companies and the entire PZU Group. The determination of the appropriate level of risk in each entity is the responsibility of its Management Board. The risk unit reviews the size of the risk appetite at least once a year. All actions are coordinated at the PZU Group level.

Risk appetite is determined at least once a year in the PZU Group’s banking sector entities. This process is carried out based on the applicable regulatory requirements and best practices. This process is tailored to both banks to reflect their business strategy and capital structure. Risk appetite in banking sector entities is a topic for consultation with the PZU Group’s parent company and the subject matter of opinions issued by the PZU Group Risk Committee with a view to ensuring consistency between the activities carried out by the banks and the strategic plans and business objectives of the entire PZU Group as a whole while maintaining an acceptable level of risk at the Group level. The agreed upon level of risk appetite is also approved by the Supervisory Boards of the banking entities.

8.4 Risk identification, measurement, assessment, monitoring and reporting methods

Identification, measurement and assessment, monitoring and control, and undertaken management activities ensure ongoing adequacy and effectiveness of the risk management system. The risk management process in PZU Group consists of:

- **risk identification** – commences with a proposal to start developing an insurance product, buying a financial instrument, modifying an operating process, and also 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 entity 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** – including, among others, risk avoidance, risk transfer, risk mitigation, determination of risk appetite, acceptance of risk level, as well as the use of supporting tools, such as limits, reinsurance programs or regular review of internal regulations.

Two levels are distinguished in the risk management process:

- **the PZU Group level** – ensuring that the PZU Group attains its business objectives in a safe manner appropriate to fit the scale of the risk involved. The PZU Group provides support for the implementation of a risk management system, including the introduction of compatible mechanisms, standards and organization of an efficient operation of the internal control system (with particular emphasis on the compliance function), the risk management system (in particular in the reinsurance area) and the security management system in the PZU Group, and monitors their ongoing application. While carrying out their tasks in the risk management system, authorized PZU Group personnel cooperates with the Management Boards of subsidiaries and the management of such areas as finance, risk, actuary, reinsurance, investments and compliance on the basis of appropriate cooperation agreements. A risk concentration management system was implemented to ensure that entities in the financial conglomerate attain their business objectives in a manner ensuring financial stability at the level of both the entire conglomerate and individual entities. The system monitors appropriate risk concentration measures and their limits and threshold values. Risk measurement permits identification of the sources of concentration in individual risks at the level of both the financial conglomerate and individual regulated entities and supports an assessment of the impact of these concentrations on financial stability;
- **the entity level** – ensuring that the PZU Group entity attains its business objectives in a safe manner appropriate to the scale of the risk involved. Monitored at this level are the limits and risk categories specific to the company and, as part of the risk management system, mechanisms, standards and organization are implemented for the efficient operation of the internal control system (with particular emphasis on the compliance function), the risk management system (in particular in reinsurance area) and the security management system.

8.5 Risk profile

The main types of risk to which the PZU Group is exposed includes credit risk (in particular risk related to bank credit portfolio), actuarial risk, market risk (in particular interest rate risk, foreign exchange risk, and risk related to financial instruments and commodities), liquidity risk, concentration risk, operational risk, compliance risk and models risk.

In 2025, there was no materialization of risks that could materially adversely affect the operations of the PZU Group.

In the first quarter of 2025, inflation stabilized and then began to gradually decline. This prompted the Monetary Policy Council to initiate a cycle of interest rate cuts. As a result, funding costs for the banks within the PZU Group began to decrease. The decline in interest rates in 2025 led to an increase in the number of loans granted by the banks belonging to the PZU Group. The quality of the loan portfolio at Pekao remained stable, while at Alior Bank it systematically improved.

Legal risks remained important in the banking sector in 2025. The inflow of new lawsuits related to CHF-denominated or CHF-indexed loans at the banks within the PZU Group remained stable. A material risk also arises from potential court rulings concerning consumer loans, particularly regarding so-called free-loan sanctions, which could significantly impact the costs and profitability of the loan portfolio. Additionally, the risk is amplified by ongoing discussions between the banking sector and UOKiK concerning the expected approach of banks in handling customer-reported unauthorized transactions.

Capital buffers of the banks within the PZU Group remained at high, safe levels.

When managing the various risk types, the PZU Group identifies, measures and monitors risk concentration. To meet the regulatory obligations imposed on groups identified as financial conglomerates, a model to manage significant risk concentration in the PZU Financial Conglomerate was implemented by the PZU Group in 2020 in keeping with the requirements of the Supplementary Oversight Act. Regulated subsidiaries monitor and submit regular reports to the leading entity in the financial conglomerate (PZU) on the measures and data supporting identification of risk concentrations. In the case of identification of an excessive risk concentration, appropriate management actions are implemented on the level of the given entity or the whole financial conglomerate.

8.5.1. Credit risk and concentration risk

Credit risk is the risk of a loss or adverse change in the financial situation resulting from fluctuations in the trustworthiness and creditworthiness of issuers of securities, counterparties and all debtors, materializing through a counterparty's default on a liability or an increase in credit spread. This definition also includes credit risk in financial insurance.

Credit risk types in the PZU Group include:

- **credit risk in banking activity** – is the credit risk arising from activity conducted in the banking sector, associated mainly with the possibility that a debtor or borrower defaults on its obligations;
- **credit risk in financial insurance** – credit risk resulting from activity in the financial insurance sector, related mainly to the possibility that a PZU Group customer defaults on its obligations to a third party, or a debtor/borrower defaults on its obligations to a PZU Group customer; this threat may result from failure to complete an undertaking or adverse influence of the business environment;
- **credit spread risk** – the possibility of incurring a loss due to a change in the value of assets, liabilities and financial instruments resulting from a change in the level of credit spreads as compared to the term structure of interest rates of debt securities issued by the State Treasury or fluctuations of their volatility;
- **counterparty default risk** – the possibility of incurring a loss as a result of unexpected default of counterparties and debtors or deterioration of their credit rating.

Concentration risk is the risk 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.

Exposure to credit risk in the PZU Group arises directly from banking, investment activities, activity in the financial insurance and guarantee segment and reinsurance and bancassurance operations. The PZU Group distinguishes the following kinds of credit risk exposure:

- risk of a customer's default against PZU Group under contracted loans (in banking activity);
- default risk arising from insurance receivables;
- risk of bankruptcy of an issuer of financial instruments in which PZU Group invests or which it trades, e.g. corporate bonds;
- counterparty default risk, e.g. reinsurance or OTC derivatives and bancassurance activity;
- risk of default of a PZU Group's customer against a third party, e.g. insurance of cash receivables, insurance guarantees.

The maximum exposure to credit risk is equal to the carrying amount of financial assets recognized in the consolidated statement of financial position and the gross value of off-balance sheet liabilities.

8.5.1.1. Concentration risk arising out of lending activity

This section presents information related to lending activity of PZU Group's banks.

To prevent adverse events that could result from excessive concentration, both Pekao and Alior Bank mitigate the concentration risk by setting limits and applying concentration standards arising from both external and internal regulations. These include:

- rules of identifying the areas where concentration risk arises in credit activity;
- taking concentration into account when estimating internal capital;
- process of setting and updating limit levels;
- process of managing the limits and adopting the rules of conduct if the permitted limit level is exceeded;
- concentration risk monitoring process, including reporting;
- oversight over the concentration risk management process.

The process of setting and updating concentration limits takes the following into account:

- information on the level of credit risk of limited portfolio segments and their impact on realization of assumptions related to risk appetite in terms of credit portfolio quality and capital position;
- sensitivity of limited portfolio segments to changes in the macroeconomic environment assessed in regular stress tests;
- reliable economic and market information concerning each exposure concentration area, especially macroeconomic and industry ratios, information about economic trends, including the projection of the levels of interest rates, exchange rates, political risk analysis, ratings of governments and financial institutions;
- reliable information about economic situation of companies, industries, branches, economic sectors, general economic information including news about economic and political situation of countries, as well as other information needed to evaluate concentration risk;
- interactions between different kinds of risk, i.e. credit, market, liquidity and operational risk.

Risk analysis is performed, in individual and portfolio approach. Measures are undertaken to:

- minimize credit risk for an individual loan with the assumed level of return;
- reduce overall credit risk arising from a specific credit portfolio.

In order to minimize the risk level of a single exposure, the following is assessed every time when a loan or other credit product is granted:

- reliability and creditworthiness, including detailed analysis of the source of repayment;
- collateral, which entails review of the formal, legal and economic status, including loan to value adequacy.

In order to enhance control over the risk of individual exposures, clients are monitored regularly and appropriate measures are taken if increased risk is identified.

In order to minimize credit risk arising from a particular portfolio:

- concentration limits are set and tracked;
- early warning signals are monitored;
- credit portfolio is monitored regularly, especially material credit risk parameters;
- regular stress tests are carried out.

8.5.1.2. Credit risk in banking activity

Risk assessment in credit process

The provision of credit products is accomplished in accordance with loan granting methodologies appropriate for a given client segment and type of product. The internal rating process in both banks constitutes a significant part of assessing credit risk of both the client and the transaction. It is an important step in the credit decision-making process for new loans and for changes of lending terms, and in monitoring loan portfolio quality. Each bank has developed its own models used in the client creditworthiness assessment process, which must be completed before a credit decision is made. The models are based on external information and on internal data. Credit products are granted in the banks in accordance with the operating procedures,

whose purpose is to set out the proper steps that must be taken in the credit process, identify the units responsible for those activities and the tools to be applied.

Credit decisions are made in accordance with the existing credit decision system (with decision-making powers at specific levels matching the risk level of a particular client and transaction).

In order to conduct regular assessment of accepted credit risk and to mitigate potential losses on credit exposures, the client's standing is monitored during the lending period by identifying early warning signals and by conducting regular individual reviews of credit exposures.

To minimize credit risk, security interests are established in line with the level of exposure to credit risk, considering recovery rate from a specific type of collateral. The establishment of a security interest does not waive the requirement to examine the client's creditworthiness.

Collateral is taken to secure repayment of the loan amount with due interest and costs if the borrower fails to settle its due debt within the dates stipulated in a loan agreement and restructuring activities are not successful. Accepted forms of collateral include: guarantees, sureties, account freezes, registered pledges, transfers of title, assignments of receivables, assignment of credit insurance, promissory notes, mortgages, powers of attorney to bank accounts and security deposits (as special forms of collateral). The assets constituting collateral are reviewed in the credit process in terms of their legal capacity to establish effective security interest and also the recoverable amount in a possible enforcement procedure.

The financial effect of the established collateral for the portfolio of exposures measured individually with recognized impairment as at 31 December 2025 is PLN 1,557 million (as at 31 December 2024: PLN 2,229 million). This is an amount by which the level of the required impairment losses for this portfolio would be higher if no discounted cash flows obtained from collateral were taken into account in their estimation.

Scoring and credit rating

The rating scale differs by bank, customer segment and transaction type. The following tables present the quality of credit portfolios for exposures covered by internal rating models. Because of the different rating models employed by Pekao and Alior Bank, the data are presented for each of the banks separately.

Pekao

At Pekao, the rating scale used for internal rating models is based on the rating scale formula applicable to external ratings – the so-called Masterscale, as shown in the table below:

Description	Class
Investment classes	
High quality	AA (0% <= PD <= 0.01000%)
	AA- (0.01000% < PD <= 0.01700%)
Robust repayment capacity	A+ (0.01700% < PD <= 0.02890%)
	A (0.02890% < PD <= 0.04913%)
	A- (0.04913% < PD <= 0.08352%)
Adequate repayment capacity	BBB+ (0.08352% < PD <= 0.14199%)
	BBB (0.14199% < PD <= 0.24138%)
	BBB- (0.24138% < PD <= 0.41034%)
Speculative classes	
Repayment likely, some degree of permanent uncertainty	BB+ (0.41034% < PD <= 0.69758%)
	BB (0.69758% < PD <= 1.18588%)
	BB- (1.18588% < PD <= 2.01599%)
High risk of default	B+ (2.01599% < PD <= 3.42719%)
	B (3.42719% < PD <= 5.82622%)
	B- (5.82622% < PD <= 9.90458%)
Very high risk	CCC (9.90458% < PD <= 16.83778%)
Default likely	CC (16.83778% < PD <= 28.62423%)
	C (28.62423% < PD <= 100%)

Retail customer portfolio (unimpaired) covered by the rating model – gross carrying amount	31 December 2025					31 December 2024				
	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total
	Stage 1	Stage 2	Stage 1	Stage 2		Stage 1	Stage 2	Stage 1	Stage 2	
Microentrepreneurs (Masterscale)	2,568	394	2,008	29	4,999	2,268	392	1,228	23	3,911
AA	5	1	-	-	6	6	1	-	-	7
AA-	1	-	3	-	4	1	-	-	-	1
A+	9	-	3	-	12	6	-	1	-	7
A	29	-	15	-	44	16	-	5	-	21
A-	42	1	23	-	66	36	-	35	-	71
BBB+	60	-	49	-	109	58	-	97	1	156
BBB	74	2	94	-	170	64	-	60	1	125
BBB-	125	2	94	2	223	100	2	107	1	210
BB+	203	5	133	1	342	150	7	175	1	333
BB	351	18	342	3	714	268	20	195	2	485
BB-	437	42	753	15	1,247	388	39	362	13	802
B+	657	57	230	1	945	630	58	76	2	766
B	320	77	137	3	537	300	72	45	1	418
B-	166	55	73	2	296	147	57	34	-	238
CCC	58	39	33	-	130	64	39	22	-	125
CC	16	29	10	-	55	17	31	10	1	59
C	15	66	16	2	99	17	66	4	-	87
Mortgage-backed residential loans (Masterscale)	63,241	4,402	-	-	67,643	60,293	5,448	-	-	65,741
AA	1,071	1	-	-	1,072	837	3	-	-	840
AA-	1,813	10	-	-	1,823	1,640	10	-	-	1,650
A+	3,483	21	-	-	3,504	3,072	17	-	-	3,089
A	6,933	49	-	-	6,982	6,527	36	-	-	6,563
A-	9,677	83	-	-	9,760	8,842	66	-	-	8,908
BBB+	9,200	82	-	-	9,282	8,361	69	-	-	8,430
BBB	8,061	98	-	-	8,159	7,585	76	-	-	7,661
BBB-	9,166	108	-	-	9,274	9,215	141	-	-	9,356
BB+	7,505	143	-	-	7,648	7,676	275	-	-	7,951
BB	4,077	350	-	-	4,427	4,179	495	-	-	4,674
BB-	1,617	987	-	-	2,604	1,639	1,189	-	-	2,828

Retail customer portfolio (unimpaired) covered by the rating model – gross carrying amount	31 December 2025					31 December 2024				
	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total
	Stage 1	Stage 2	Stage 1	Stage 2		Stage 1	Stage 2	Stage 1	Stage 2	
B+	433	1,185	-	-	1,618	468	1,410	-	-	1,878
B	118	566	-	-	684	151	818	-	-	969
B-	76	487	-	-	563	87	559	-	-	646
CCC	11	232	-	-	243	14	283	-	-	297
CC	-	-	-	-	-	-	1	-	-	1
C	-	-	-	-	-	-	-	-	-	-
Cash (consumer) loans (Masterscale)	12,797	1,528	-	-	14,325	10,949	1,420	-	-	12,369
AA	16	1	-	-	17	13	-	-	-	13
AA-	22	1	-	-	23	19	1	-	-	20
A+	53	1	-	-	54	43	1	-	-	44
A	119	2	-	-	121	96	2	-	-	98
A-	233	3	-	-	236	201	3	-	-	204
BBB+	450	4	-	-	454	384	4	-	-	388
BBB	832	6	-	-	838	685	9	-	-	694
BBB-	1,418	11	-	-	1,429	1,177	21	-	-	1,198
BB+	2,105	23	-	-	2,128	1,770	43	-	-	1,813
BB	2,356	47	-	-	2,403	2,013	63	-	-	2,076
BB-	1,860	96	-	-	1,956	1,561	81	-	-	1,642
B+	1,489	179	-	-	1,668	1,277	143	-	-	1,420
B	1,072	244	-	-	1,316	932	191	-	-	1,123
B-	514	264	-	-	778	495	211	-	-	706
CCC	177	205	-	-	382	188	202	-	-	390
CC	69	208	-	-	277	80	214	-	-	294
C	12	233	-	-	245	15	231	-	-	246

Retail customer portfolio (unimpaired) covered by the rating model – gross carrying amount	31 December 2025					31 December 2024				
	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total
	Stage 1	Stage 2	Stage 1	Stage 2		Stage 1	Stage 2	Stage 1	Stage 2	
Credit cards and revolving limits (Masterscale)	1,151	132	-	-	1,283	1,055	128	-	-	1,183
AA	3	-	-	-	3	2	-	-	-	2
AA-	4	-	-	-	4	3	-	-	-	3
A+	10	-	-	-	10	8	-	-	-	8
A	22	-	-	-	22	20	-	-	-	20
A-	39	-	-	-	39	36	-	-	-	36
BBB+	71	-	-	-	71	69	-	-	-	69
BBB	122	-	-	-	122	114	-	-	-	114
BBB-	156	-	-	-	156	140	-	-	-	140
BB+	164	-	-	-	164	148	-	-	-	148
BB	186	1	-	-	187	161	1	-	-	162
BB-	191	-	-	-	191	178	1	-	-	179
B+	135	5	-	-	140	126	8	-	-	134
B	36	41	-	-	77	39	36	-	-	75
B-	8	38	-	-	46	8	36	-	-	44
CCC	4	27	-	-	31	3	27	-	-	30
CC	-	20	-	-	20	-	19	-	-	19
C	-	-	-	-	-	-	-	-	-	-
Retail customer segment, total	79,757	6,456	2,008	29	88,250	74,565	7,388	1,228	23	83,204

Corporate segment portfolio (unimpaired) covered by the rating model – gross carrying amount	31 December 2025					31 December 2024				
	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total
	Stage 1	Stage 2	Stage 1	Stage 2		Stage 1	Stage 2	Stage 1	Stage 2	
Large enterprises (Masterscale)	38,027	6,832	4,936	121	49,916	31,409	4,255	4,489	107	40,260
AA	-	-	-	-	-	-	-	1	-	1
AA-	-	-	-	-	-	-	-	-	-	-
A+	-	-	1	-	1	-	-	1	-	1
A	21	-	1	-	22	-	-	5	-	5
A-	92	-	24	-	116	127	-	15	-	142
BBB+	712	49	114	-	875	345	-	134	-	479
BBB	1,033	99	286	-	1,418	875	30	106	-	1,011
BBB-	5,397	216	633	1	6,247	3,511	26	407	-	3,944
BB+	6,456	336	807	-	7,599	5,074	151	924	1	6,150
BB	13,073	866	872	13	14,824	3,048	848	938	2	4,836
BB-	6,978	921	1,049	18	8,966	10,053	552	800	14	11,419
B+	2,230	1,991	600	18	4,839	2,119	376	646	34	3,175
B	1,302	1,078	297	31	2,708	2,534	658	243	42	3,477
B-	302	1,027	179	29	1,537	798	938	218	6	1,960
CCC	423	145	47	11	626	179	663	36	8	886
CC	6	87	22	-	115	2,737	13	12	-	2,762
C	2	17	4	-	23	9	-	3	-	12
Small and medium-sized enterprises (Masterscale)	6,700	1,697	3,918	82	12,397	10,437	3,432	3,152	95	17,116
AA	-	-	-	-	-	-	-	2	-	2
AA-	-	-	-	-	-	-	-	-	-	-
A+	3	-	4	-	7	3	-	1	-	4
A	24	-	11	-	35	63	-	5	-	68
A-	40	2	38	-	80	102	-	40	-	142
BBB+	190	4	112	-	306	183	2	48	-	233
BBB	276	2	159	1	438	543	6	107	-	656
BBB-	739	19	305	1	1,064	641	2	243	3	889
BB+	993	62	506	7	1,568	1,867	196	406	12	2,481
BB	978	257	677	3	1,915	1,766	168	539	3	2,476
BB-	1,122	191	768	24	2,105	1,743	523	576	19	2,861

Corporate segment portfolio (unimpaired) covered by the rating model – gross carrying amount	31 December 2025					31 December 2024				
	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total
	Stage 1	Stage 2	Stage 1	Stage 2		Stage 1	Stage 2	Stage 1	Stage 2	
B+	1,076	227	529	11	1,843	2,003	543	402	9	2,957
B	553	262	318	17	1,150	689	330	328	19	1,366
B-	467	295	236	13	1,011	581	694	247	17	1,539
CCC	100	193	138	4	435	155	812	108	8	1,083
CC	77	75	61	-	213	91	83	46	4	224
C	62	108	56	1	227	7	73	54	1	135
Enterprises covered by the rating model of Pekao Bank Hipoteczny SA	17	33	-	-	50	192	65	-	-	257
Class 1 (0% <= PD <= 0.1%)	-	33	-	-	33	53	37	-	-	90
Class 2 (0.1% < PD <= 0.6%)	17	-	-	-	17	137	7	-	-	144
Class 3 (0.6% < PD <= 1.5%)	-	-	-	-	-	2	9	-	-	11
Class 4 (1.5% < PD <= 3%)	-	-	-	-	-	-	-	-	-	-
Class 5 (3% < PD <= 7.5%)	-	-	-	-	-	-	4	-	-	4
Class 6 (7.5% < PD <= 20%)	-	-	-	-	-	-	1	-	-	1
Class 7 (20% < PD <= 100%)	-	-	-	-	-	-	7	-	-	7
Corporate segment, total	44,744	8,562	8,854	203	62,363	42,038	7,752	7,641	202	57,633

Local government units (unimpaired) covered by the rating model – gross carrying amount	31 December 2025					31 December 2024				
	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total
	Stage 1	Stage 2	Stage 1	Stage 2		Stage 1	Stage 2	Stage 1	Stage 2	
AA	-	-	-	-	-	-	-	-	-	-
AA-	-	-	-	-	-	-	-	-	-	-
A+	-	-	-	-	-	-	-	-	-	-
A	-	-	-	-	-	-	-	-	-	-
A-	-	-	-	-	-	-	-	-	-	-
BBB+	27	-	-	-	27	34	-	-	-	34
BBB	291	-	-	-	291	58	-	-	-	58
BBB-	24	-	-	-	24	32	-	-	-	32
BB+	255	-	-	-	255	208	-	-	-	208
BB	138	-	-	-	138	156	-	-	-	156
BB-	349	-	-	-	349	440	-	-	-	440
B+	30	-	-	-	30	41	-	-	-	41
B	-	-	-	-	-	-	-	-	-	-
B-	-	-	-	-	-	-	-	-	-	-
CCC	-	-	-	-	-	-	-	-	-	-
CC	-	-	-	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-	-	-
Local government units, total	1,114	-	-	-	1,114	969	-	-	-	969

Portfolio of exposures not covered by the rating model (without impairment) – gross carrying amount	31 December 2025					31 December 2024				
	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total
	Stage 1	Stage 2	Stage 1	Stage 2		Stage 1	Stage 2	Stage 1	Stage 2	
0% <= PD <= 0,01000%	43	-	-	-	43	343	-	-	-	343
0,01000% < PD <= 0,01700%	-	-	-	-	-	-	-	-	-	-
0,01700% < PD <= 0,02890%	350	-	-	-	350	288	-	-	-	288
0,02890% < PD <= 0,04913%	2	-	-	-	2	25	-	-	-	25
0,04913% < PD <= 0,08352%	369	-	-	-	369	107	-	-	-	107
0,08352% < PD <= 0,14199%	1,069	28	-	-	1,097	683	10	-	-	693
0,14199% < PD <= 0,24138%	1,459	32	-	-	1,491	1,570	74	-	-	1,644
0,24138% < PD <= 0,41034%	475	26	-	-	501	1,258	18	-	-	1,276
0,41034% < PD <= 0,69758%	253	24	-	-	277	309	17	-	-	326
0,69758% < PD <= 1,18588%	1,473	28	-	-	1,501	203	15	-	-	218
1,18588% < PD <= 2,01599%	1,700	16	-	-	1,716	1,250	22	-	-	1,272
2,01599% < PD <= 3,42719%	387	14	625	-	1,026	384	11	1,675	-	2,070
3,42719% < PD <= 5,82622%	347	11	152	-	510	759	8	-	-	767
5,82622% < PD <= 9,90458%	337	7	-	-	344	15	80	-	1	96
9,90458% < PD <= 16,83778%	710	89	-	6	805	693	67	-	10	770
16,83778% < PD <= 28,62423%	30	13	56	5	104	21	138	93	17	269
28,62423% < PD <= 100%	2	7	1	1	11	70	13	-	4	87
Portfolio of exposures not covered by the rating model, total	9,006	295	834	12	10,147	7,978	473	1,768	32	10,251

Portfolio of specialized lending exposures within the meaning of the CRR – unimpaired – by supervisory classes – gross carrying amount	31 December 2025					31 December 2024				
	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total
	Stage 1	Stage 2	Stage 1	Stage 2		Stage 1	Stage 2	Stage 1	Stage 2	
High	283	-	-	-	283	286	40	-	-	326
Good	17,568	162	-	-	17,730	13,527	29	-	-	13,556
Satisfactory	304	513	-	-	817	322	906	-	-	1,228
Poor	-	-	-	-	-	-	-	-	-	-
Total	18,155	675	-	-	18,830	14,135	975	-	-	15,110

Portfolio of exposures with recognized impairment – gross carrying amount	31 December 2025					31 December 2024				
	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total	Receivables other than receivables from financial leasing		Receivables from financial leasing		Total
	Stage 3	POCI	Stage 3	POCI		Stage 3	POCI	Stage 3	POCI	
Non-overdue	2,511	557	880	-	3,948	1,988	412	735	-	3,135
Overdue	3,636	1,616	100	-	5,352	3,209	1,793	355	-	5,357
up to 1 month	764	67	18	-	849	345	74	41	-	460
from 1 to 3 months	242	35	8	-	285	212	24	35	-	271
3 months to 1 year	599	63	17	-	679	819	27	103	-	949
from 1 to 5 years	1,587	111	13	-	1,711	1,636	180	153	-	1,969
over 5 years	444	1,340	44	-	1,828	197	1,488	23	-	1,708
Total	6,147	2,173	980	-	9,300	5,197	2,205	1,090	-	8,492

Loan receivables from clients	31 December 2025					31 December 2024				
	Gross carrying amount		Expected credit losses		Carrying amount	Gross carrying amount		Expected credit losses		Carrying amount
	Other than from financial leasing	From financial leasing	Other than from financial leasing	From financial leasing		Other than from financial leasing	From financial leasing	Other than from financial leasing	From financial leasing	
Exposures without recognized impairment	168,764	11,940	(1,511)	(29)	179,164	156,273	10,894	(1,664)	(26)	165,477
Portfolio covered by the rating model for the retail customer segment	86,213	2,037	(656)	(3)	87,591	81,953	1,251	(787)	(3)	82,414
Microenterprises	2,962	2,037	(30)	(3)	4,966	2,660	1,251	(33)	(3)	3,875
Retail clients	83,251	-	(626)	-	82,625	79,293	-	(754)	-	78,539
Mortgage-backed residential loans	67,643	-	(272)	-	67,371	65,741	-	(398)	-	65,343
Cash (consumer) loans	14,325	-	(318)	-	14,007	12,369	-	(311)	-	12,058
Credit cards and revolving limits	1,283	-	(36)	-	1,247	1,183	-	(45)	-	1,138
Portfolio covered by the rating model for the corporate segment	53,306	9,057	(516)	(18)	61,829	49,790	7,843	(493)	(18)	57,122
Large enterprises (Masterscale)	44,859	5,057	(424)	(8)	49,484	35,664	4,596	(284)	(8)	39,968
Small and medium-sized enterprises (Masterscale)	8,397	4,000	(92)	(10)	12,295	13,869	3,247	(208)	(10)	16,898
Corporate segment covered by the rating model of Pekao Bank Hipoteczny SA	50	-	-	-	50	257	-	(1)	-	256
Portfolio covered by the rating model for the local government unit segment (Masterscale)	1,114	-	(1)	-	1,113	969	-	(1)	-	968
Specialized lending exposures	18,830	-	(254)	-	18,576	15,110	-	(204)	-	14,906
Exposures not covered by the internal rating model	9,301	846	(84)	(8)	10,055	8,451	1,800	(179)	(5)	10,067
Exposures with recognized impairment	8,320	980	(4,683)	(195)	4,422	7,402	1,090	(4,051)	(269)	4,172
Receivables from clients on account of impaired loans, total ¹⁾	177,084	12,920	(6,194)	(224)	183,586	163,675	11,984	(5,715)	(295)	169,649

¹⁾ Loan receivables from clients are measured at amortized cost or at fair value through other comprehensive income.

Portfolio of exposures not covered by the rating model (without impairment) - nominal amount of off-balance sheet exposures	31 December 2025					31 December 2024				
	Financial		Guarantee		Total	Financial		Guarantee		Total
	Stage 1	Stage 2	Stage 1	Stage 2		Stage 1	Stage 2	Stage 1	Stage 2	
0% <= PD <= 0,01000%	42	-	-	-	42	46	-	-	-	46
0,01000% < PD <= 0,01700%	-	-	-	-	-	-	-	-	-	-
0,01700% < PD <= 0,02890%	106	-	-	-	106	16	-	-	-	16
0,02890% < PD <= 0,04913%	-	-	-	-	-	-	-	-	-	-
0,04913% < PD <= 0,08352%	21	-	-	-	21	-	-	-	-	-
0,08352% < PD <= 0,14199%	130	-	-	-	130	-	-	-	-	-
0,14199% < PD <= 0,24138%	-	-	-	-	-	273	-	-	-	273
0,24138% < PD <= 0,41034%	9	-	-	-	9	1,703	-	-	-	1,703
0,41034% < PD <= 0,69758%	33	-	1,104	-	1,137	67	-	-	-	67
0,69758% < PD <= 1,18588%	2,738	12	-	-	2,750	678	-	497	-	1,175
1,18588% < PD <= 2,01599%	243	232	110	32	617	579	130	-	-	709
2,01599% < PD <= 3,42719%	12	44	-	-	56	1	120	-	-	121
3,42719% < PD <= 5,82622%	606	10	68	-	684	432	11	149	-	592
5,82622% < PD <= 9,90458%	54	12	-	-	66	4	14	-	-	18
9,90458% < PD <= 16,83778%	145	21	1	-	167	278	-	1	-	279
16,83778% < PD <= 28,62423%	-	-	-	-	-	-	39	-	-	39
28,62423% < PD <= 100%	-	-	-	-	-	20	2	-	-	22
Total	4,139	331	1,283	32	5,785	4,097	316	647	-	5,060

Portfolio of exposures with recognized impairment - nominal amount of off-balance sheet exposures	31 December 2025					31 December 2024				
	Financial		Guarantee		Total	Financial		Guarantee		Total
	Stage 3	POCI	Stage 3	POCI		Stage 3	POCI	Stage 3	POCI	
Non-overdue	414	3	71	-	488	480	4	212	3	699
Overdue	25	-	21	-	46	28	-	16	-	44
up to 1 month	2	-	11	-	13	7	-	12	-	19
from 1 to 3 months	4	-	8	-	12	2	-	-	-	2
3 months to 1 year	12	-	-	-	12	7	-	-	-	7
from 1 to 5 years	7	-	2	-	9	12	-	4	-	16
over 5 years	-	-	-	-	-	-	-	-	-	-
Total	439	3	92	-	534	508	4	228	3	743

Nominal value of off-balance sheet exposures – guarantees	31 December 2025				31 December 2024			
	Stage 1	Stage 2	Stage 3 and POCI	Total	Stage 1	Stage 2	Stage 3 and POCI	Total
Portfolio covered by the rating model	9,299	1,231	-	10,530	7,919	789	-	8,708
AA	-	-	-	-	-	-	-	-
AA-	-	-	-	-	1	-	-	1
A+	1	-	-	1	-	-	-	-
A	13	-	-	13	4	-	-	4
A-	70	-	-	70	36	-	-	36
BBB+	370	9	-	379	315	5	-	320
BBB	1,632	33	-	1,665	815	144	-	959
BBB-	2,089	189	-	2,278	1,722	22	-	1,744
BB+	1,578	142	-	1,720	1,738	50	-	1,788
BB	1,485	125	-	1,610	1,045	83	-	1,128
BB-	1,108	71	-	1,179	1,487	21	-	1,508
B+	808	279	-	1,087	479	10	-	489
B	91	219	-	310	68	27	-	95
B-	35	122	-	157	177	97	-	274
CCC	16	40	-	56	1	328	-	329
CC	3	2	-	5	31	1	-	32
C	-	-	-	-	-	1	-	1
Specialized lending exposures	125	49	-	174	37	112	-	149
High	104	-	-	104	-	104	-	104
Good	21	15	-	36	37	-	-	37
Satisfactory	-	34	-	34	-	8	-	8
Poor	-	-	-	-	-	-	-	-
Exposures not covered by the rating model	1,283	32	-	1,315	647	-	-	647
Exposures with recognized impairment	85	7	-	92	223	5	3	231
Total	10,792	1,319	-	12,111	8,826	906	3	9,735

Nominal value of off-balance sheet exposures – financial	31 December 2025				31 December 2024			
	Stage 1	Stage 2	Stage 3 and POCI	Total	Stage 1	Stage 2	Stage 3 and POCI	Total
Portfolio covered by the rating model	49,368	5,481	-	54,849	49,476	3,199	-	52,675
AA	103	-	-	103	99	-	-	99
AA-	160	1	-	161	152	-	-	152
A+	313	4	-	317	276	2	-	278
A	619	5	-	624	515	2	-	517
A-	988	8	-	996	1,490	1	-	1,491
BBB+	3,428	20	-	3,448	2,631	54	-	2,685
BBB	4,753	194	-	4,947	4,509	362	-	4,871
BBB-	12,437	250	-	12,687	8,340	110	-	8,450
BB+	6,899	1,355	-	8,254	8,246	272	-	8,518
BB	10,831	697	-	11,528	8,392	178	-	8,570
BB-	5,188	725	-	5,913	6,629	418	-	7,047
B+	2,207	981	-	3,188	3,045	196	-	3,241
B	957	707	-	1,664	2,995	733	-	3,728
B-	207	449	-	656	592	318	-	910
CCC	137	50	-	187	94	527	-	621
CC	60	11	-	71	1,466	18	-	1,484
C	81	24	-	105	5	8	-	13
Specialized lending exposures	4,921	10	-	4,931	3,654	314	-	3,968
High	117	-	-	117	40	189	-	229
Good	4,324	9	-	4,333	3,418	10	-	3,428
Satisfactory	480	1	-	481	196	115	-	311
Poor	-	-	-	-	-	-	-	-
Exposures not covered by the rating model	4,139	331	-	4,470	4,096	317	-	4,413
Exposures with recognized impairment	372	67	3	442	440	68	4	512
Total	58,800	5,889	3	64,692	57,666	3,898	4	61,568

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Loan receivables from clients (including finance lease receivables)	31 December 2025			31 December 2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Retail segment	39,345	3,508	42,853	37,135	2,739	39,874
Consumer finance	17,990	2,112	20,102	18,018	1,656	19,674
PD < 0.18%	2,694	41	2,735	1,753	47	1,800
0.18% <= PD < 0.28%	1,122	60	1,182	1,031	20	1,051
0.28% <= PD < 0.44%	1,013	50	1,063	1,078	27	1,105
0.44% <= PD < 0.85%	2,058	119	2,177	2,276	74	2,350
0.85% <= PD < 1.33%	2,456	150	2,606	2,817	83	2,900
1.33% <= PD < 2.06%	2,372	145	2,517	2,655	93	2,748
2.06% <= PD < 3.94%	3,711	289	4,000	3,154	176	3,330
3.94% <= PD < 9.10%	1,826	237	2,063	1,971	272	2,243
PD => 9.1%	701	1,012	1,713	1,253	857	2,110
No scoring	37	9	46	30	7	37
Loans for real estate	21,355	1,396	22,751	19,117	1,083	20,200
PD < 0.18%	16,095	361	16,456	15,421	395	15,816
0.18% <= PD < 0.28%	1,496	73	1,569	1,214	67	1,281
0.28% <= PD < 0.44%	1,688	158	1,846	70	-	70
0.44% <= PD < 0.85%	1,177	113	1,290	522	45	567
0.85% <= PD < 1.33%	2	-	2	484	49	533
1.33% <= PD < 2.06%	81	32	113	218	16	234
2.06% <= PD < 3.94%	504	144	648	467	74	541
3.94% <= PD < 9.10%	207	114	321	592	308	900
PD => 9.1%	105	401	506	128	128	256
No scoring	-	-	-	1	1	2
Business segment	16,168	4,864	21,032	15,900	4,997	20,897
Receivables from financial leasing	5,378	600	5,978	5,012	482	5,494
PD < 0.28%	217	1	218	2	-	2
0.28% <= PD < 0.44%	387	1	388	-	-	-
0.44% <= PD < 0.85%	2,152	1	2,153	-	-	-
0.85% <= PD < 1.33%	10	1	11	878	-	878
1.33% <= PD < 2.06%	968	3	971	56	-	56
2.06% <= PD < 3.94%	1,001	11	1,012	1,027	-	1,027
3.94% <= PD < 9.1%	311	30	341	2,980	-	2,980
PD => 9.1% and no rating	332	552	884	69	482	551
Other loans and borrowings	10,790	4,264	15,054	10,888	4,515	15,403
PD < 0.28%	598	-	598	575	-	575
0.28% <= PD < 0.44%	276	46	322	356	30	386
0.44% <= PD < 0.85%	1,355	165	1,520	796	41	837
0.85% <= PD < 1.33%	2,282	209	2,491	1,606	201	1,807
1.33% <= PD < 2.06%	2,128	337	2,465	1,935	490	2,425
2.06% <= PD < 3.94%	2,340	978	3,318	1,883	584	2,467
3.94% <= PD < 9.1%	1,147	1,192	2,339	2,400	1,660	4,060
PD => 9.1%	565	1,335	1,900	1,229	1,507	2,736
No rating	99	2	101	108	2	110
Total loan receivables from clients	55,513	8,372	63,885	53,035	7,736	60,771

Loan receivables from clients (including receivables from financial leasing) - by overdue status	31 December 2025						Total
	Non-overdue	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	
Stage 1	54,258	1,215	40	-	-	-	55,513
Retail segment	38,617	693	35	-	-	-	39,345
Consumer finance	17,533	447	10	-	-	-	17,990
Loans for real estate	21,084	246	25	-	-	-	21,355
Business segment	15,641	522	5	-	-	-	16,168
Receivables from financial leasing	5,086	292	-	-	-	-	5,378
Other loans and borrowings	10,555	230	5	-	-	-	10,790
Stage 2	6,767	1,181	395	21	5	3	8,372
Retail segment	2,589	624	271	18	4	2	3,508
Consumer finance	1,563	400	135	8	4	2	2,112
Loans for real estate	1,026	224	136	10	-	-	1,396
Business segment	4,178	557	124	3	1	1	4,864
Receivables from financial leasing	250	289	61	-	-	-	600
Other loans and borrowings	3,928	268	63	3	1	1	4,264
Stage 3	869	436	304	869	914	165	3,557
Retail segment	143	90	163	363	155	43	957
Consumer finance	100	72	120	314	127	25	758
Loans for real estate	43	18	43	49	28	18	199
Business segment	726	346	141	506	759	122	2,600
Receivables from financial leasing	48	44	38	102	87	1	320
Other loans and borrowings	678	302	103	404	672	121	2,280
POCI	127	26	15	34	105	57	364
Retail segment	28	8	8	1	3	40	88
Consumer finance	11	5	5	1	2	38	62
Loans for real estate	17	3	3	-	1	2	26
Business segment	99	18	7	33	102	17	276
Receivables from financial leasing	-	-	-	-	-	-	-
Other loans and borrowings	99	18	7	33	102	17	276
Total	62,021	2,858	754	924	1,024	225	67,806

Loan receivables from clients (including receivables from financial leasing) - by overdue status	31 December 2024						Total
	Non-overdue	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	
Stage 1	51,763	1,200	68	4	-	-	53,035
Retail segment	36,300	766	65	4	-	-	37,135
Consumer finance	17,530	477	11	-	-	-	18,018
Loans for real estate	18,770	289	54	4	-	-	19,117
Business segment	15,463	434	3	-	-	-	15,900
Receivables from financial leasing	4,797	214	1	-	-	-	5,012
Other loans and borrowings	10,666	220	2	-	-	-	10,888
Stage 2	6,267	1,118	320	25	3	3	7,736
Retail segment	2,003	493	215	23	3	2	2,739
Consumer finance	1,159	357	127	8	3	2	1,656
Loans for real estate	844	136	88	15	-	-	1,083
Business segment	4,264	625	105	2	-	1	4,997
Receivables from financial leasing	90	349	43	-	-	-	482
Other loans and borrowings	4,174	276	62	2	-	1	4,515
Stage 3	1,275	313	332	938	1,099	202	4,159
Retail segment	144	100	171	333	266	68	1,082
Consumer finance	112	84	132	276	204	37	845
Loans for real estate	32	16	39	57	62	31	237
Business segment	1,131	213	161	605	833	134	3,077
Receivables from financial leasing	65	53	43	99	67	8	335
Other loans and borrowings	1,066	160	118	506	766	126	2,742
POCI	108	37	30	13	114	113	415
Retail segment	36	12	4	1	15	84	152
Consumer finance	17	7	3	1	12	69	109
Loans for real estate	19	5	1	-	3	15	43
Business segment	72	25	26	12	99	29	263
Receivables from financial leasing	-	-	-	-	-	-	-
Other loans and borrowings	72	25	26	12	99	29	263
Total	59,413	2,668	750	980	1,216	318	65,345

Nominal value of non-overdue off-balance sheet exposures – financial	31 December 2025				31 December 2024			
	Stage 1	Stage 2	Stage 3 and POCI	Total	Stage 1	Stage 2	Stage 3 and POCI	Total
PD < 0.28%	2,320	354	-	2,674	1,992	126	-	2,118
0.28% ≤ PD < 0.44%	707	80	-	787	792	129	-	921
0.44% ≤ PD < 0.85%	1,912	150	-	2,062	1,341	181	-	1,522
0.85% ≤ PD < 1.33%	3,565	183	-	3,748	2,254	139	-	2,393
1.33% ≤ PD < 2.06%	1,636	452	-	2,088	2,150	136	-	2,286
2.06% ≤ PD < 3.94%	1,067	326	-	1,393	1,158	273	-	1,431
3.94% ≤ PD < 9.10%	332	275	-	607	475	217	-	692
PD ≥ 9.1%	60	81	-	141	116	119	-	235
No scoring	29	70	-	99	29	-	-	29
Total	11,628	1,971	-	13,599	10,307	1,320	-	11,627

Nominal value of non-overdue off-balance sheet exposures – guarantee	31 December 2025				31 December 2024			
	Stage 1	Stage 2	Stage 3 and POCI	Total	Stage 1	Stage 2	Stage 3 and POCI	Total
PD < 0.28%	34	-	-	34	143	-	-	143
0.28% <= PD < 0.44%	131	-	-	131	43	-	-	43
0.44% <= PD < 0.85%	98	2	-	100	148	11	-	159
0.85% <= PD < 1.33%	113	9	-	122	144	22	-	166
1.33% <= PD < 2.06%	189	41	-	230	205	14	-	219
2.06% <= PD < 3.94%	85	17	-	102	47	69	-	116
3.94% <= PD < 9.10%	42	13	-	55	14	26	-	40
PD >= 9.1%	11	57	-	68	1	54	-	55
Total	703	139	-	842	745	196	-	941

8.5.1.3. Restructured exposures

A restructured exposure is an exposure whose terms of repayment have been changed during the life of the liability in respect of a debtor experiencing or is likely to experience financial difficulties. The change of contractual terms includes a variety of restructuring activities, such as:

- extending the lending period (in the form of an annex to the agreement) or signing a restructuring agreement (in the case of debt that is fully overdue), which results in reduction of the principal and interest installment;
- change of terms and conditions of the agreement allowing for lower interest or principal repayments;
- agreement subject to refinancing.

A restructured exposure that is classified as non-performing (either due to restructuring measures taken or prior to the taking of any restructuring measures) or that has been reclassified from performing to non-performing, including as a result of a restructured exposure being overdue by more than 30 days during the contingency period, is considered a non-performing restructured exposure (technically: forbore exposure).

In the case of granting a loan moratorium period, the PZU Group applies an approach consistent with the regulatory guidance in this respect and does not classify such items automatically as forbore.

Loan receivables from clients	31 December 2025						31 December 2024					
	Stage 1	Stage 2	Stage 3		POCI	Total	Stage 1	Stage 2	Stage 3		POCI	Total
			Individual analysis	Group analysis					Individual analysis	Group analysis		
Measured at amortized cost												
Gross forbore exposures	70	1,476	1,193	913	1,099	4,751	89	1,907	1,078	988	929	4,991
Impairment loss	-	(82)	(496)	(469)	(296)	(1,343)	-	(113)	(472)	(513)	(197)	(1,295)
Net forbore exposures	70	1,394	697	444	803	3,408	89	1,794	606	475	732	3,696
Total	70	1,394	697	444	803	3,408	89	1,794	606	475	732	3,696

Movement in net carrying amount of forbore exposures	1 January – 31 December 2025	1 January – 31 December 2024
Opening balance	3,696	3,794
Value of exposures recognized in the period	1,318	1,477
Value of exposures excluded in the period	(1,575)	(1,445)
Movements in impairment losses	323	595
Other changes	(354)	(725)
Total net receivables	3,408	3,696

8.5.1.4. Credit risk arising out of investing activity

The management principles for credit risk arising from investing activity in the PZU Group are governed by a number of documents approved by supervisory boards, management boards and dedicated committees.

Credit risk exposures to respective counterparties and issuers are subject to restrictions based on exposure limits. The limits are established by dedicated committees, based on the analyses of risks associated with a given exposure and taking into account the financial standing of entities or groups of related entities and the impact of such exposures on the occurrence of concentration risk. Qualitative restrictions on exposures established by individual committees in accordance with their powers form an additional factor mitigating the credit risk and concentration risk identified in investment activities.

The limits refer to exposure limits to a single entity or a group of affiliated entities (this applies to both credit limits and concentration limits). The use of credit risk and concentration risk limits is subject to monitoring and reporting. If the limit is exceeded, appropriate actions, as defined in internal regulations, are taken.

Credit risk assessment of an entity is based on internal credit ratings (the approach to rating differs by type of entity). Ratings are based on quantitative and qualitative analysis and are one of the fundamental elements to the process of establishing commitment limits. The credit quality of counterparties and issuers is regularly monitored. One of the basic elements of monitoring is a regular update of internal ratings.

Risk units identify, measure and monitor exposure to credit risk and concentration risk related to investment activity, in particular they give opinions on requests to set exposure limits referred to individual committees.

Information on the credit quality of assets related to investing activity is presented in section 39.

Future macroeconomic factors in the credit quality assessment of the investment portfolio

For the purposes of credit risk management of investment portfolios at PZU and PZU Życie on their own risk, macroeconomic data are used. These data are applied, among others, in the calculation of allowances for expected credit losses and in setting exposure limit grids for individual countries and economic sectors. These processes are performed on a cyclical basis. Additionally, PZU conducts cyclical monitoring of the geopolitical situation and examines the impact of macroeconomic conditions, assessing potential risks to the investment portfolios held.

Under IFRS 9, the estimation of expected credit losses requires consideration of both current risk parameters and expected future macroeconomic factors (FLI – forward-looking information). At PZU, this process involves applying individual risk parameters assigned to each debt exposure, including government bonds, corporate bonds, and loans. PD parameters are determined on a TTC (Through The Cycle) basis and then scaled to a PIT (Point In Time) basis in a manner that reflects the macroeconomic forecasts adopted in the models.

In particular, the following macroeconomic forecasts are applied:

- for exposures to domestic issuers, internal macroeconomic forecasts are used, especially regarding GDP growth;
- for exposures to foreign issuers, external economic scenarios published by the International Monetary Fund (IMF) are used.

Internal macroeconomic forecasts are prepared by the Macroeconomic Analysis Offices.

The solutions developed within the credit models include a set of FLI adjustments and the use of lifetime curves of the impact of macroeconomic factors on PD parameters, allowing assessment of the effect of business cycle changes on credit risk over the entire life of the instrument. The models also include sensitivity analyses, enabling evaluation of the impact of alternative macroeconomic scenarios on the behavior of the investment portfolio.

Exposure to credit risk

The following tables present the exposure of credit risk assets to credit risk (except for loans receivable from clients presented earlier) broken down by ratings granted by external rating agencies. Credit risk exposures arising from conditional transactions are presented as an exposure to the issuer of the underlying securities.

Credit risk assets as at 31 December 2025	Stage 1	Stage 2	Stage 3	POCI	Total
Debt securities measured at amortized cost – carrying amount	135,647	222	-	17	135,886
- gross carrying amount	135,741	226	-	56	136,023
- from AAA to A	120,641	-	-	-	120,641
- from BBB to B	2,290	2	-	-	2,292
- no rating, including	12,810	224	-	56	13,090
- NBP cash vouchers	38	-	-	-	38
- write-off for expected credit losses	(94)	(4)	-	(39)	(137)
Debt securities measured at fair value through other comprehensive income – carrying amount	67,871	169	-	-	68,040
- from AAA to A	48,641	-	-	-	48,641
- from BBB to B	2,566	134	-	-	2,700
- no rating, including	16,664	35	-	-	16,699
- NBP cash vouchers	13,093	-	-	-	13,093
- write-off for expected credit losses ¹⁾	(33)	(6)	-	-	(39)
Debt securities measured at fair value through profit or loss – carrying amount	X	X	X	X	8,421
- from AAA to A	X	X	X	X	6,374
- from BBB to B	X	X	X	X	773
- no rating	X	X	X	X	190
- assets at the client's risk	X	X	X	X	1,084
Term deposits with credit institutions and buy-sell-back transactions – carrying amount	10,145	-	39	-	10,184
- gross carrying amount	10,157	-	45	-	10,202
- from AAA to A	2,296	-	-	-	2,296
- from BBB to B	328	-	-	-	328
- no rating	7,506	-	45	-	7,551
- assets at the client's risk	27	-	-	-	27
- write-off for expected credit losses	(12)	-	(6)	-	(18)
Loans – carrying amount	3,380	504	117	-	4,001
- gross carrying amount	3,394	510	359	-	4,263
- from BBB to B	285	-	-	-	285
- no rating	3,109	510	359	-	3,978
- write-off for expected credit losses	(14)	(6)	(242)	-	(262)
Derivatives	X	X	X	X	7,540
- from AAA to A	X	X	X	X	6,812
- from BBB to B	X	X	X	X	105
- no rating	X	X	X	X	623
- assets at the client's risk	X	X	X	X	-
Cash	16,233	-	-	-	16,233
- from AAA to A	1,354	-	-	-	1,354
- from BBB to B	195	-	-	-	195
- no rating, including:	14,679	-	-	-	14,679
- current accounts at the central bank	9,380	-	-	-	9,380
- assets at the client's risk	5	-	-	-	5
Total	233,276	895	156	17	250,305

¹⁾ The write-off is recognized in revaluation reserve and it does not lower the carrying amount of assets.

Credit risk assets as at 31 December 2024	Stage 1	Stage 2	Stage 3	POCI	Total
Debt securities measured at amortized cost – carrying amount	143,206	356	-	22	143,584
- gross carrying amount	143,288	367	-	64	143,719
- from AAA to A	103,398	-	-	-	103,398
- from BBB to B	2,752	-	-	-	2,752
- no rating, including:	37,138	367	-	64	37,569
- NBP cash vouchers	25,059	-	-	-	25,059
- write-off for expected credit losses	(82)	(11)	-	(42)	(135)
Debt securities measured at fair value through other comprehensive income – carrying amount	53,383	156	-	-	53,539
- from AAA to A	41,705	-	-	-	41,705
- from BBB to B	3,878	142	-	-	4,020
- no rating, including:	7,800	14	-	-	7,814
- NBP cash vouchers	4,398	-	-	-	4,398
- write-off for expected credit losses ¹⁾	(28)	-	-	-	(28)
Debt securities measured at fair value through profit or loss – carrying amount	X	X	X	X	4,316
- from AAA to A	X	X	X	X	2,733
- from BBB to B	X	X	X	X	358
- no rating	X	X	X	X	62
- assets at the client's risk	X	X	X	X	1,163
Term deposits with credit institutions and buy-sell-back transactions – carrying amount	10,726	5	49	-	10,780
- gross carrying amount	10,734	6	56	-	10,796
- from AAA to A	2,475	-	-	-	2,475
- from BBB to B	398	-	-	-	398
- no rating	7,837	6	56	-	7,899
- assets at the client's risk	24	-	-	-	24
- write-off for expected credit losses	(8)	(1)	(7)	-	(16)
Loans – carrying amount	3,510	509	167	-	4,186
- gross carrying amount	3,520	512	328	-	4,360
- from BBB to B	262	-	-	-	262
- no rating	3,258	512	328	-	4,098
- write-off for expected credit losses	(10)	(3)	(161)	-	(174)
Derivatives	X	X	X	X	5,384
- from AAA to A	X	X	X	X	4,875
- from BBB to B	X	X	X	X	139
- no rating	X	X	X	X	370
- assets at the client's risk	X	X	X	X	-
Cash	15,127	-	-	-	15,127
- from AAA to A	513	-	-	-	513
- from BBB to B	467	-	-	-	467
- no rating, including:	14,143	-	-	-	14,143
- current accounts at the central bank	8,978	-	-	-	8,978
- assets at the client's risk	4	-	-	-	4
Total	225,952	1,026	216	22	236,916

¹⁾ The write-off is recognized in revaluation reserve and it does not lower the carrying amount of assets.

8.5.1.5. Credit risk in insurance activity

The PZU Group enters into reinsurance contracts to mitigate actuarial risks arising from its insurance activity. Reinsurance is exposed to credit risk associated with the risk that a reinsurer default on its obligations.

The credit quality of reinsurers is assessed based on the rating assigned by leading rating agencies and the results of the reinsurers' internal financial strength model. A potential counterparty is subject to individual evaluation before entering into a reinsurance contract. Preference is given to counterparties with an external rating of no less than A-. In addition, a quarterly assessment of all counterparties is carried out as part of credit risk monitoring.

The following tables present the credit risk of the reinsurers that cooperated with PZU Group companies.

Reinsurer	Reinsurance contract assets as at 31 December 2025	Best A.M.'s rating as at 31 December 2025 ¹⁾
Reinsurer 1	504	A+
Reinsurer 2	401	AA-
Reinsurer 3	285	AA
Reinsurer 4	134	A
Reinsurer 5	128	AA-
Reinsurer 6	123	AA-
Reinsurer 7	109	A+
Reinsurer 8	97	AA+
Reinsurer 9	92	A
Reinsurer 10	86	NR
Others, including: ²⁾	2,031	
With investment-grade rating	1,924	BBB- or higher
With sub-investment grade rating or unrated	107	BB+ or lower, or no rating
Total	3,990	

¹⁾ In the absence of Best A.M.'s rating, a rating from Standard&Poor's has been included.

²⁾ The "Others" item includes assets from reinsurance contracts for which the carrying amount of the asset related to a single reinsurer is lower than in the case of the reinsurers listed above.

Reinsurer	Reinsurance contract assets as at 31 December 2024	Best A.M.'s rating as at 31 December 2024 ¹⁾
Reinsurer 1	595	A+
Reinsurer 2	358	NR
Reinsurer 3	338	AA
Reinsurer 4	163	A+
Reinsurer 5	158	A+
Reinsurer 6	152	A+
Reinsurer 7	128	AA-
Reinsurer 8	128	AA+
Reinsurer 9	92	A++
Reinsurer 10	84	A+
Others, including: ²⁾	1,846	
With investment-grade rating	1,487	BBB- or higher
With sub-investment grade rating or unrated	359	BB+ or lower, or no rating
Total	4,042	

¹⁾ In the absence of Best A.M.'s rating, a rating from Standard&Poor's has been included.

²⁾ The "Others" item includes assets from reinsurance contracts for which the carrying amount of the asset related to a single reinsurer is lower than in the case of the reinsurers listed above.

Counterparty risk related to reinsurance is mitigated by the fact that the PZU Group cooperates with numerous reinsurers with reliable credit ratings.

8.5.1.6. Concentration risk

The table below presents the industry concentration of PZU Group's exposures, including:

- exposure to financial investments such as debt securities, loans granted, buy-sell-back transactions, bank accounts and term deposits;
- amounts of extended insurance guarantees;
- liability limits for insurance of receivables;
- value of loans (gross carrying amount and off-balance sheet exposure).

Industry segment	31 December 2025	31 December 2024
Public administration and defense, compulsory social security	37.41%	34.75%
Manufacturing	12.66%	13.06%
Financial and insurance activities	11.43%	13.63%
Wholesale and retail trade services; repair services of motor vehicles and motorcycles	10.06%	10.20%
Real property activities	4.66%	4.91%
Professional, scientific and technical activity	4.51%	3.49%
Transportation and storage	3.47%	3.20%
Construction	3.29%	4.23%
Electricity, gas, steam, hot water and air conditioning supply	3.28%	3.37%
Information and communication	2.42%	2.27%
Mining and quarrying	1.01%	1.21%
Other sectors	5.80%	5.68%
Total	100.00%	100.00%

8.5.2. Actuarial risk (non-life and life insurance)

Actuarial risk is the possibility of loss or of adverse change in the value of liabilities under the executed insurance agreements and insurance guarantee agreements, due to inadequate premium pricing and determination of the value of liabilities under insurance contracts assumptions. Actuarial risk includes:

	Non-life insurance	Life insurance
Longevity risk – the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where a decrease in the mortality rate leads to an increase in the value of insurance liabilities.	X	X
Expense risk – the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of the expenses incurred in servicing insurance or reinsurance contracts.	X	X
Lapse risk – the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level or volatility of the rates of policy lapses, terminations, renewals and surrenders.	X	X
Catastrophe risk – the risk of loss, or of adverse change in the value of insurance liabilities, resulting from the significant uncertainty of pricing and technical provisioning assumptions related to extreme or irregular events.	X	X
Premium risk – risk of inadequate estimation of tariff rates and possible deviations of written premiums from the expected level, resulting from fluctuations in the timing, frequency and severity of insured events.	X	n/a
Provisioning risk – risk of inadequate estimation of the level of liability for incurred claims and the possibility of fluctuations of actual losses around their statistical average because of the stochastic nature of future claims payments.	X	n/a
Revision risk – the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the level, trend, or volatility of the revision rates applied to annuities, due to changes in the legal environment or health.	X	n/a
Mortality risk – the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of insurance liabilities.	n/a	X

	Non-life insurance	Life insurance
Morbidity (disability) risk – the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend or volatility of disability, sickness and morbidity rates.	n/a	X

PZU Group manages its actuarial risk among others through:

- calculation and monitoring of adequacy of insurance contract liabilities;
- tariff strategy and monitoring of premium adequacy;
- underwriting;
- reinsurance.

Calculation and monitoring of the adequacy of estimates of future cash flows

PZU Group manages the risk of the adequacy of estimates of future cash flows by using appropriate estimation methodology and by controlling the processes involved in determining their amount. This approach is based on:

- prudent estimation of future cash flows by including a non-financial risk adjustment;
- using appropriate actuarial methods to develop cash flow estimates based on available data;
- a continuity principle, which entails making no changes in the methodology for estimating future cash flows if no significant circumstances occur to justify such changes.

For non-life insurance, the adequacy of the level of estimates for future cash flows related to incurred claims is assessed on an ongoing basis (once a month). Actuarial methods are used to analyze the adequacy of estimates for future cash flows from incurred claims, based on the observation of claims development over time and the historical adequacy of provisions.

In the case of life insurance, the main data sources for estimating expected cash flows are internal historical data related to insurance portfolios (e.g., data on policy cancellations) and public statistics (e.g., life expectancy tables) published by specialized entities. Periodic statistical analyses of the frequency of insurance events affecting the value of cash flows are conducted at the product group level, individual insurance portfolios, and appropriately defined homogeneous risk groups. These analyses allow for the comparison of the frequency of events in insurance portfolios relative to public statistics, which is one of the key methods for ensuring the adequacy of cash flow estimates.

Estimation of future cash flows in the PZU Group is supervised by chief actuaries of individual units.

Tariff strategy and monitoring of premium adequacy

The objective of the tariff policy is to guarantee adequate level of premium (sufficient to cover current and future liabilities under in-force policies and expenditures). Along with developing a premium tariff or tariff changes, simulations are conducted with regard to the projected impact of the changes on the future results. Additionally, regular premium adequacy and portfolio profitability studies are carried out for each insurance type based on, among others, evaluation of the technical result on a product for a given financial year. The frequency and level of detail of analyses is adjusted to the materiality of the product and possible fluctuations of its result. If the insurance history is permanently unfavorable then measures are taken to restore the specified profitability level, which involve e.g. adjustment of the premium tariffs, change of the underwriting rules, modification of reinsurance contracts or change of the insured risk profile, through amendments to general terms of insurance.

Underwriting

The underwriting area functions regardless of the sales area, which means that the risk assessment and acceptance rules and the authority levels are defined in the area of underwriting. The process of selling insurance to corporate clients is preceded by a risk analysis and assessment carried out by the sales teams, within the powers they hold. For risks lying beyond the powers of the sales area, underwriting decisions are made by dedicated underwriting teams.

As part of the underwriting process for corporate clients, an engineering underwriting is performed by a specialized team of engineers. Engineering audits are conducted physically at the client's location.

In addition, the Corporate Client Division has an analytical team that participates in modeling insurance rates by adapting them to different types of clients (differentiating rates according to the type of business, the size of insurance sums and a number of additional variables specific to the client group).

Reinsurance

The reinsurance program of the PZU Group in non-life insurance serves to protect the insurance business, limiting the risk associated with the consequences of catastrophic events that could negatively impact the financial position of the PZU Group. This task is performed through obligatory reinsurance contracts supplemented by facultative reinsurance.

PZU Group limits its risk among others by way of:

- non-proportional excess of loss treaties, which protect the portfolios against catastrophic losses (e.g. flood, cyclone);
- non-proportional excess of loss treaties, which protect property, technical, marine, aviation, TPL (including MTPL) portfolios against the effects of large single losses;
- non-proportional excess of loss treaty, which protects the agricultural crops portfolio;
- a proportional treaty, which protects the financial insurance portfolio.

Optimization of the reinsurance program in terms of protection against catastrophic claims is based on the results of internal analyses and uses third-party models.

Claims handling process

The area of claims handling is important for actuarial risk management by controlling costs, optimizing process times and providing the data needed for accurate risk assessment. The PZU Group in the area of claims handling manages the process, paying special attention to the key aspects from the actuarial risk point of view:

- claims handling expenses;
- process time;
- operational risk management;
- data analysis and delivery;
- optimization of claims provisions.

In terms of claims and benefits handling, the PZU Group identifies the following risks:

- financial risks arising from incorrectly determined compensation;
- the risk of not complying with the timeliness of statutory information obligations and timely issuance of substantive decisions on claims;
- operational risks due to unavailability of systems and resources;
- operational risks associated with the occurrence of mass damage (e.g., associated with flooding);
- reputational risks due to erroneous claims handling.

The PZU Group manages risk in the area of claims and benefits handling by:

- using system safeguards to secure timeliness (system commands reminding of the deadline of 7, 14, 30 days and system safeguards for the proxy amounts of dedicated employees);
- providing dedicated training for the claims handling staff (refresher training and training on new topics);
- providing template responses to clients on relevant issues;
- preparing dedicated reports for timeliness and other quality indicators in claims handling;
- implementing an adequate organizational structure to effectively manage risk (division into handling units, teams dedicated to handling specific cases, implementation of a system of replacements in case of employee absence);

- implementing a system of periodic controls.

The area of claims handling is monitored in terms of:

- extortion risks in the area of claims settlement;
- legal risks as regards the trend in the number of new passive litigation cases relating to insurance, as well as the ratio of such cases to the number of new claims; legal risks may also materialize in the form of litigation cases (interest for delay, court and attorney fees, etc.) as a result of a dispute over the denial of payment or the amount of payment of compensation / benefits, and information on this is reported;
- claims handling effectiveness.

8.5.2.1. Claims development in non-life insurance

Motor insurance – motor own damage (autocasco) and MTPL – is the core component of the PZU Group’s portfolio. Both types of insurance are generally concluded for one year, in which the loss must occur for the claim to be paid out. In the case of motor own damage, the time for reporting a loss is short and it is not the source of uncertainty. MTPL is a whole different situation – the period for reporting losses may be up to 30 years. The level of property losses is sensitive especially to the number of litigation claims reported and court rulings awarded in respective cases. In the case of TPL insurance contracts, new types of long-tail losses arise, which makes the process of estimating future cash flows for incurred claims much more complicated.

The following tables show how the estimates of undiscounted amounts of claims and benefits developed in non-life insurance (on a gross and net basis).

Claims development in non-life insurance, gross (by reporting year)	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimated gross undiscounted amounts of claims and benefits:									
– at the end of the claim year	5,231	9,226	8,619	9,276	10,769	11,051	13,130	12,961	
– calculated 1 year later	5,110	9,026	8,256	9,200	11,533	10,978	12,915		
– calculated 2 years later	5,116	9,047	8,235	9,084	11,571	10,887			
– calculated 3 years later	5,180	9,044	8,276	9,090	11,297				
– calculated 4 years later	5,173	9,133	8,371	9,091					
– calculated 5 years later	5,097	9,186	8,515						
– calculated 6 years later	5,124	9,154							
– calculated 7 years later	5,112								
Total amount of claims and benefits paid	4,371	8,173	7,376	8,114	8,995	9,288	10,638	8,101	65,056
Liability for incurred claims, net of expenses that have occurred less than 7 years from the balance sheet date – undiscounted value of the best estimate	741	981	1,139	977	2,302	1,599	2,277	4,860	14,876
Other liability for incurred claims – undiscounted value of the best estimate									9,807
Liability for incurred claims – undiscounted value of the risk adjustment for non-financial risk									2,528
Discount effect									(9,860)
Carrying amount of liability for incurred claims									17,351

Claims development in non-life insurance, on a net basis (by reporting year)	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimated undiscounted amounts of claims and benefits:									
– at the end of the claim year	4,945	8,960	8,348	8,927	9,515	10,576	12,137	12,164	
– calculated 1 year later	4,791	8,633	7,985	8,808	9,510	10,503	11,958		
– calculated 2 years later	4,784	8,566	7,977	8,735	9,505	10,393			
– calculated 3 years later	4,816	8,598	7,983	8,681	9,453				
– calculated 4 years later	4,817	8,632	8,038	8,685					
– calculated 5 years later	4,747	8,641	8,033						
– calculated 6 years later	4,777	8,641							
– calculated 7 years later	4,770								
Total amount of claims and benefits paid	4,062	7,840	7,195	7,839	8,206	9,027	10,159	8,085	62,413
Liability for incurred claims, net of expenses that have occurred less than 7 years from the balance sheet date – undiscounted value of the best estimate	708	801	838	846	1,247	1,366	1,799	4,079	11,684
Other liability for incurred claims – undiscounted value of the best estimate									9,084
Liability for incurred claims – undiscounted value of the risk adjustment for non-financial risk									1,892
Discount effect									(9,128)
Carrying amount of liability for incurred claims									13,532

8.5.2.2. Risk concentration in non-life insurance

Within actuarial risk, the PZU Group identifies concentration risk with regard to possible losses caused by natural disasters, such as, in particular, floods and cyclones. The table below presents sums insured in the specified ranges, broken down by voivodeships (for operations conducted in Poland) and countries (for foreign operations). With regard to the exposure to the risk of floods and cyclones, the risk management system in the PZU Group allows to monitor it regularly and the reinsurance program in place reduces the potential for net catastrophic loss.

In September 2024, flooding occurred in the Lower Silesian, Opole, Silesian and Lubuskie provinces due to intense and prolonged rainfall. The value of damages is within the capacity of the reinsurance program, so the PZU Group's share of damages was limited to the contract's retainer. Damage from flood risk does not materially affect the financial stability and capital position of the PZU Group.

Exposure to catastrophic losses in non-life insurance	Sum insured (PLN million) 31 December 2025							Sum insured (PLN million) 31 December 2024						
	0-0.2	0.2-0.5	0.5-2	2-10	10-50	over 50	Sum	0-0.2	0.2-0.5	0.5-2	2-10	10-50	over 50	Sum
	Dolnośląskie	0.4%	1.0%	2.1%	0.7%	0.5%	1.9%	6.6%	0.6%	1.2%	2.1%	0.8%	0.5%	1.6%
Kujawsko-Pomorskie	0.3%	0.6%	0.9%	0.4%	0.3%	1.0%	3.5%	0.4%	0.7%	0.9%	0.4%	0.3%	1.2%	3.9%
Lubelskie	0.3%	0.5%	0.6%	0.2%	0.1%	1.4%	3.1%	0.3%	0.6%	0.5%	0.2%	0.2%	0.9%	2.7%
Lubuskie	0.1%	0.3%	0.4%	0.2%	0.1%	0.3%	1.4%	0.2%	0.3%	0.4%	0.2%	0.1%	0.4%	1.6%
Łódzkie	0.4%	0.8%	1.2%	0.3%	0.3%	2.5%	5.5%	0.5%	1.0%	1.1%	0.4%	0.3%	1.6%	4.9%
Małopolskie	0.4%	0.9%	1.9%	0.6%	0.5%	2.2%	6.5%	0.5%	1.2%	1.8%	0.6%	0.5%	2.4%	7.0%
Mazowieckie	1.1%	1.8%	4.5%	1.4%	1.2%	14.5%	24.5%	1.4%	2.5%	4.0%	1.3%	1.4%	14.2%	24.8%
Opolskie	0.1%	0.3%	0.5%	0.1%	0.1%	1.2%	2.3%	0.2%	0.3%	0.5%	0.1%	0.1%	0.5%	1.7%
Podkarpackie	0.3%	0.7%	0.7%	0.2%	0.2%	0.7%	2.8%	0.3%	0.9%	0.7%	0.2%	0.2%	1.0%	3.3%
Podlaskie	0.2%	0.3%	0.5%	0.2%	0.3%	0.5%	2.0%	0.2%	0.4%	0.5%	0.2%	0.3%	0.6%	2.2%
Pomorskie	0.3%	0.7%	1.7%	0.7%	0.7%	3.9%	8.0%	0.4%	0.9%	1.5%	0.7%	0.8%	5.3%	9.6%
Śląskie	0.6%	1.2%	2.1%	0.6%	0.3%	2.4%	7.2%	0.8%	1.5%	2.0%	0.6%	0.4%	3.1%	8.4%
Świętokrzyskie	0.2%	0.3%	0.4%	0.1%	0.1%	0.8%	1.9%	0.2%	0.4%	0.3%	0.1%	0.1%	0.4%	1.5%
Warmińsko-Mazurskie	0.2%	0.4%	0.5%	0.2%	0.2%	0.3%	1.8%	0.2%	0.4%	0.5%	0.2%	0.1%	0.6%	2.0%
Wielkopolskie	0.6%	1.2%	2.3%	0.8%	0.6%	2.2%	7.7%	0.8%	1.6%	2.2%	0.8%	0.7%	2.4%	8.5%
Zachodniopomorskie	0.2%	0.4%	0.7%	0.4%	0.4%	1.7%	3.8%	0.2%	0.5%	0.7%	0.4%	0.4%	1.8%	4.0%
Lithuania and Estonia	0.4%	1.6%	3.3%	1.1%	0.9%	1.5%	8.8%	0.3%	0.6%	1.2%	0.6%	0.8%	0.7%	4.2%
Latvia	0.0%	0.3%	0.9%	0.4%	0.4%	0.6%	2.6%	0.0%	0.4%	1.0%	0.5%	0.4%	0.6%	2.9%
Ukraine	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Norway	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	6.1%	13.3%	25.2%	8.6%	7.2%	39.6%	100.0%	7.5%	15.4%	21.9%	8.3%	7.6%	39.3%	100.0%

8.5.2.3. Exposure to insurance risk – life insurance

The PZU Group has not disclosed information on the development of claims in life insurance, since uncertainty about the amount and timing of claims payments is typically resolved within one year.

Risk concentration is associated with the concentration of insurance contracts or sums insured. For traditional individual insurance products, where concentration risk is related to the possibility that an insurable event occurs or is related to the potential level of payouts arising from a single event, the risk is assessed on a case-by-case basis. The assessment includes medical risk and – in justified cases – also financial risk. Consequently, risk selection occurs (a person concluding an insurance agreement is evaluated) and the maximum acceptable risk level is defined.

In group insurance, concentration risk is mitigated by the sheer size of the contract portfolio. This significantly reduces the level of disturbances caused by the random nature of insurance history. Additionally, the collective form of a contract, under which all the persons insured have the same sum insured and coverage is an important risk-mitigating factor. Therefore, some risks within the contract portfolio are not concentrated.

In the case of group insurance contracts in which insurance cover may be adjusted at the level of individual group contracts, a simplified underwriting process is used. It is based on information about the industry in which the work establishment operates, assuming appropriate ratios of the insured to employees in the work establishment. The insurance premiums used in such cases and appropriate mark-ups result from statistical analyses conducted by PZU Life on incidence of claims at the level of defined homogeneous risk groups, including relative frequency of events compared to public statistical data.

It should be noted that for most contracts, the claim amount is strictly defined in the insurance contract. Therefore, compared to typical non-life insurance contract, concentration risk is reduced, since single events with high claims payments are relatively rare.

8.5.2.4. Sensitivity analysis

The following tables show how contractual service margin, net profit and equity will change, as a result of changes in insurance risk factors. The analysis presents sensitivities both before and after risk mitigation by way of reinsurance and assumes that all other variables remain constant.

Sensitivity analysis of insurance risk 31 December 2025	Contractual service margin		Net profit		Equity	
	gross	net	gross	net	gross	net
Corporate insurance						
Claim amount – increase by 5%	n/a	n/a	(134)	(98)	(135)	(99)
Claim amount – decrease by 5%	n/a	n/a	131	95	132	96
Mortality for annuities – increase by 5%	n/a	n/a	6	6	5	5
Mortality for annuities – decrease by 5%	n/a	n/a	(5)	(5)	(5)	(5)
Mass insurance						
Claim amount – increase by 5%	n/a	n/a	(445)	(444)	(447)	(447)
Claim amount – decrease by 5%	n/a	n/a	414	413	416	416
Mortality for annuities – increase by 5%	n/a	n/a	50	50	45	44
Mortality for annuities – decrease by 5%	n/a	n/a	(50)	(50)	(45)	(45)
Group and individually continued insurance						
Mortality – increase by 5%	(431)	(431)	(68)	(68)	(64)	(64)
Mortality – decrease by 5%	452	452	68	68	63	63
Morbidity – increase by 5%	(81)	(81)	(41)	(41)	(38)	(38)
Morbidity – decrease by 5%	81	81	41	41	38	38
Expenses – increase by 10%	(213)	(213)	(41)	(41)	(28)	(28)
Expenses – decrease by 10%	213	213	41	41	28	28
Lapse rate – increase by 10%	5	5	12	12	5	5
Lapse rate – decrease by 10%	(5)	(5)	(12)	(12)	(5)	(5)

Sensitivity analysis of insurance risk 31 December 2025	Contractual service margin		Net profit		Equity	
	gross	net	gross	net	gross	net
Individual insurance						
Mortality – increase by 5%	(26)	(26)	(1)	(1)	(3)	(3)
Mortality – decrease by 5%	27	27	1	1	2	2
Morbidity – increase by 5%	(6)	(6)	(1)	(1)	(1)	(1)
Morbidity – decrease by 5%	6	6	1	1	1	1
Expenses – increase by 10%	(48)	(48)	(8)	(8)	(7)	(7)
Expenses – decrease by 10%	48	48	8	8	7	7
Lapse rate – increase by 10%	(58)	(58)	-	-	(9)	(9)
Lapse rate – decrease by 10%	62	62	-	-	9	9
Investment insurance						
Mortality – increase by 5%	(3)	(3)	-	-	-	-
Mortality – decrease by 5%	3	3	-	-	-	-
Expenses – increase by 10%	(8)	(8)	(6)	(6)	(6)	(6)
Expenses – decrease by 10%	8	8	6	6	6	6
Lapse rate – increase by 10%	(21)	(21)	(3)	(3)	(3)	(3)
Lapse rate – decrease by 10%	24	24	3	3	3	3
Baltic Countries						
Claim amount – increase by 5%	n/a	n/a	(157)	(156)	(156)	(155)
Claim amount – decrease by 5%	n/a	n/a	116	115	115	114
Mortality – increase by 5%	(2)	(2)	-	-	-	-
Mortality – decrease by 5%	2	2	-	-	-	-
Morbidity – increase by 5%	(7)	(7)	(1)	(1)	(1)	(1)
Morbidity – decrease by 5%	7	7	1	1	1	1
Expenses – increase by 10%	(7)	(7)	(1)	(1)	(1)	(1)
Expenses – decrease by 10%	7	7	1	1	1	1
Lapse rate – increase by 10%	(8)	(8)	-	-	(1)	(1)
Lapse rate – decrease by 10%	8	8	-	-	1	1
Mortality for annuities – increase by 5%	n/a	n/a	1	1	1	1
Mortality for annuities – decrease by 5%	n/a	n/a	(1)	(1)	(1)	(1)
Ukraine						
Claim amount – increase by 5%	n/a	n/a	(5)	(5)	(5)	(5)
Claim amount – decrease by 5%	n/a	n/a	3	3	3	3
Mortality – increase by 5%	(1)	(1)	-	-	-	-
Mortality – decrease by 5%	1	1	-	-	-	-
Morbidity – increase by 5%	(1)	(1)	-	-	-	-
Morbidity – decrease by 5%	1	1	-	-	-	-
Expenses – increase by 10%	(2)	(2)	(1)	(1)	-	-
Expenses – decrease by 10%	2	2	1	1	-	-

Sensitivity analysis of insurance risk 31 December 2024	Contractual service margin		Net profit		Equity	
	gross	net	gross	net	gross	net
Corporate insurance						
Claim amount – increase by 5%	n/a	n/a	(106)	(81)	(105)	(81)
Claim amount – decrease by 5%	n/a	n/a	105	80	105	80
Mortality for annuities – increase by 5%	n/a	n/a	6	6	5	5
Mortality for annuities – decrease by 5%	n/a	n/a	(5)	(5)	(5)	(5)
Mass insurance						
Claim amount – increase by 5%	n/a	n/a	(451)	(439)	(449)	(437)
Claim amount – decrease by 5%	n/a	n/a	433	421	432	420
Mortality for annuities – increase by 5%	n/a	n/a	47	46	40	40
Mortality for annuities – decrease by 5%	n/a	n/a	(49)	(49)	(43)	(43)

Sensitivity analysis of insurance risk 31 December 2024	Contractual service margin		Net profit		Equity	
	gross	net	gross	net	gross	net
Group and individually continued insurance						
Mortality – increase by 5%	(422)	(422)	(64)	(64)	(46)	(46)
Mortality – decrease by 5%	443	443	65	65	44	44
Morbidity – increase by 5%	(76)	(76)	(35)	(35)	(30)	(30)
Morbidity – decrease by 5%	76	76	35	35	30	30
Expenses – increase by 10%	(255)	(255)	(45)	(45)	(19)	(19)
Expenses – decrease by 10%	255	255	45	45	19	19
Lapse rate – increase by 10%	11	11	12	12	4	4
Lapse rate – decrease by 10%	(10)	(10)	(12)	(12)	(4)	(4)
Individual insurance						
Mortality – increase by 5%	(22)	(22)	-	-	(1)	(1)
Mortality – decrease by 5%	23	23	-	-	-	-
Morbidity – increase by 5%	(4)	(4)	(1)	(1)	(1)	(1)
Morbidity – decrease by 5%	4	4	1	1	1	1
Expenses – increase by 10%	(46)	(46)	(8)	(8)	(5)	(5)
Expenses – decrease by 10%	47	47	8	8	5	5
Lapse rate – increase by 10%	(48)	(48)	(1)	(1)	(8)	(8)
Lapse rate – decrease by 10%	52	52	-	-	9	9
Investment insurance						
Mortality – increase by 5%	(3)	(3)	-	-	-	-
Mortality – decrease by 5%	3	3	-	-	-	-
Expenses – increase by 10%	(9)	(9)	(7)	(7)	(7)	(7)
Expenses – decrease by 10%	9	9	7	7	7	7
Lapse rate – increase by 10%	(18)	(18)	(3)	(3)	(3)	(3)
Lapse rate – decrease by 10%	20	20	3	3	3	3
Baltic Countries						
Claim amount – increase by 5%	n/a	n/a	(154)	(152)	(153)	(151)
Claim amount – decrease by 5%	n/a	n/a	107	105	106	104
Mortality – increase by 5%	(2)	(2)	-	-	-	-
Mortality – decrease by 5%	2	2	-	-	-	-
Morbidity – increase by 5%	(6)	(6)	(1)	(1)	-	-
Morbidity – decrease by 5%	6	6	-	-	-	-
Expenses – increase by 10%	(7)	(7)	(1)	(1)	-	-
Expenses – decrease by 10%	7	7	1	1	-	-
Lapse rate – increase by 10%	(10)	(10)	-	-	(1)	(1)
Lapse rate – decrease by 10%	11	11	-	-	1	1
Mortality for annuities – increase by 5%	n/a	n/a	1	1	1	1
Mortality for annuities – decrease by 5%	n/a	n/a	(1)	(1)	(1)	(1)
Ukraine						
Claim amount – increase by 5%	n/a	n/a	(5)	(5)	(5)	(5)
Claim amount – decrease by 5%	n/a	n/a	4	4	4	4
Mortality – increase by 5%	(1)	(1)	-	-	-	-
Mortality – decrease by 5%	1	1	-	-	-	-
Morbidity – increase by 5%	(1)	(1)	-	-	-	-
Morbidity – decrease by 5%	1	1	-	-	-	-
Expenses – increase by 10%	(1)	(1)	(1)	(1)	-	-
Expenses – decrease by 10%	1	1	1	1	-	-

Changes in insurance risk factors primarily affect:

- a contractual service margin – changes in cash flows not related to the loss component, other than those recognized as insurance finance income or expenses;
- a net financial result – changes in cash flows related to the loss component, changes in cash flows recognized as insurance and reinsurance finance income or expenses;
- equity – changes in cash flows recognized as insurance and reinsurance finance income or expenses recognized in other comprehensive income and changes affecting the net financial result.

8.5.3. Market risk

Market risk means the risk of loss or of 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, value of liabilities and financial instruments.

Market risk types in the PZU Group include:

- **equity risk** – the possibility of incurring loss as a result of changes in the values of assets, liabilities and financial instruments caused by changes in the level or in the volatility of market prices of equities;
- **unquoted equity risk** – the possibility of incurring loss as a result of changes in the valuation of unquoted shares;
- **property risk** – the possibility of incurring loss as a result of changes in the values of assets, liabilities and financial instruments caused by changes in the level or in the volatility of market prices of real estate;
- **commodity risk** – the possibility of incurring loss as a result of changes in the values of assets, liabilities and financial instruments caused by changes in the level or in the volatility of market prices of commodities;
- **inflation risk** – the possibility of incurring loss associated with the level of information, especially inflation of prices of goods and services as well as expectations as to the future inflation level, which affect the valuation of assets and liabilities;
- **liquidity risk** – the risk of being unable to realize investments and other assets without affecting their market prices in order to settle financial obligations when they fall due;
- **interest rate risk** – the possibility of incurring a loss as a result of changes in the value of financial instruments or other assets and a change in the present value of projected cash flows from liabilities, caused by changes in the term structure of market rates or in the volatility of risk-free market interest rates;
- **basis risk** – the possibility of incurring a loss as a result of changes in the value of financial instruments or assets and a change in the present value of projected cash flows from liabilities, caused by changes in the term structure of spreads between market interest rates and risk-free rates or in the volatility of such spreads, excluding credit spreads;
- **foreign exchange 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 currency exchange rates;
- **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 debt securities issued by the State Treasury;
- **concentration risk** – 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.

Concentration risk and 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 reporting. The risk management process has, however, a different set of traits from the process of managing the other sub-categories of market risk and has been described in section 8.5.1.1 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 portfolio);
- operations associated with designating the optimum medium-term asset structure (non-ALM portfolios);
- banking activity at Pekao and Alior Bank.

A number of documents approved by supervisory boards, management boards and dedicated committees govern investment activity in PZU Group companies.

Risk units take part in the risk identification process, measure, monitor and report on the risks. Market risk is measured with a standard formula in accordance with the rules defined by Solvency II Directive and with a number of other indicators relating to measures of sensitivity and exposure, such as the bpv measure or the currency gap. In order to effectively manage market risk, risk limits are adopted in a form of a capital amount allocated to each market risk and limits for individual market risks.

In Pekao, the market risk management system forms the structural, organizational and methodological framework, which aims to maintain the balance sheet and off-balance sheet structure in line with the accepted strategic objectives. The market risk management process and the governing procedures include the separation into the banking and trading books.

In managing its trading book's market risk, Pekao strives to optimize the financial performance and ensure the highest possible quality of service of the bank's clients in respect to market-making, while remaining within the limits approved by the management board and the supervisory board.

When managing interest rate risk in its banking book, Pekao endeavors to secure the economic value of equity and to achieve its intended net interest income target within the accepted limits.

In Alior Bank, the exposure to market risk is restricted by the system of periodically updated limits covering all risk measures the level of which is monitored and reported by Alior Bank's organizational units that are independent of the business division. In Alior Bank, there are three types of limits that differ in respect to their functioning – basic, supplementary and stress-test limits. Market risk management focuses on limiting potential adverse changes in economic value of equity.

Exposure to market risk

Carrying amount	Note	31 December 2025				31 December 2024			
		Assets at Group's risk		Assets at client's risk	Total	Assets at Group's risk		Assets at client's risk	Total
			including banks' assets				including banks' assets		
Financial assets and cash exposed to interest rate risk		496,996	439,090	1,116	498,112	467,094	413,107	1,191	468,285
Fixed-income debt securities	35,36	160,725	117,408	1,032	161,757	160,455	118,587	1,077	161,532
Variable-income debt securities	35,36	50,538	43,665	52	50,590	39,821	35,528	86	39,907
Loan receivables from clients (including finance lease receivables)	33	249,098	249,098	-	249,098	232,166	232,166	-	232,166
Term deposits with credit institutions	36	1,382	793	27	1,409	1,009	601	24	1,033
Loans	36	4,001	-	-	4,001	4,186	-	-	4,186
Cash	40	16,228	15,349	5	16,233	15,123	14,392	4	15,127
Buy-sell-back transactions	36	8,774	6,550	-	8,774	9,747	7,271	-	9,747
Derivatives	34	6,250	6,227	-	6,250	4,587	4,562	-	4,587
Financial assets exposed to other price risk		5,768	1,873	5,045	10,813	3,671	1,366	4,440	8,111
Equity instruments	36	4,478	959	5,045	9,523	2,874	772	4,440	7,314
Derivatives	34	1,290	914	-	1,290	797	594	-	797
Total		502,764	440,963	6,161	508,925	470,765	414,473	5,631	476,396

Assets at client's risk include deposits related to investment-grade life insurance contracts (*unit-linked* insurance, where there is significant insurance risk, and life and endowment contracts with single premiums with a guaranteed sum insured) and investment contracts. The risks associated with these assets are borne by the client, not the PZU Group.

Liabilities exposed to interest rate risk	31 December 2025	31 December 2024
Insurance contract liabilities	38,560	36,174
Subordinated liabilities	7,951	5,099
Liabilities on the issue of own securities	22,449	18,086
Liabilities to banks	6,024	6,895
Liabilities to clients under deposits	348,642	334,193
Derivatives	5,302	5,477
Liabilities on account of repurchase transactions	1,567	1,387
Lease liabilities	1,821	1,658
Total	432,316	408,969

The following table presents financial assets of banks and at client's risk, by the item in which they are classified in the consolidated financial statements:

Financial assets of banks and financial assets at client's risk	Note	31 December 2025		31 December 2024	
		Pekao Group and Alior Bank Group	Financial assets at client's risk	Pekao Group and Alior Bank Group	Financial assets at client's risk
Loan receivables from clients (including finance lease receivables)	33	249,098	-	232,166	-
Financial derivatives		7,141	-	5,156	-
Investment financial assets		169,375	6,156	162,759	5,627
Measured at amortized cost		116,095	27	125,504	24
Debt securities		108,752	-	117,632	-
Government securities		82,006	-	73,745	-
Domestic		77,588	-	63,433	-
Fixed rate		55,892	-	48,120	-
Floating rate		21,696	-	15,313	-
Foreign		4,418	-	10,312	-
Fixed rate		4,418	-	10,312	-
Other		26,746	-	43,887	-
Fixed rate		17,913	-	36,387	-
Floating rate		8,833	-	7,500	-
Buy-sell-back transactions		6,550	-	7,271	-
Term deposits with credit institutions		793	27	601	24
Measured at fair value through other comprehensive income		50,434	-	35,539	-
Equity instruments		664	-	467	-
Debt securities		49,770	-	35,072	-
Government securities		32,130	-	26,759	-
Domestic		27,881	-	23,059	-
Fixed rate		18,674	-	14,006	-
Floating rate		9,207	-	9,053	-
Foreign		4,249	-	3,700	-
Fixed rate		4,249	-	3,700	-
Other		17,640	-	8,313	-
Fixed rate		14,292	-	4,923	-
Floating rate		3,348	-	3,390	-
Measured at fair value through profit or loss		2,846	6,129	1,716	5,603
Equity instruments		293	428	305	444
Participation units and investment certificates		2	4,617	-	3,996
Debt securities		2,551	1,084	1,411	1,163
Government securities		2,292	1,027	1,335	1,099
Domestic		2,283	1,027	1,315	1,090
Fixed rate		1,772	1,018	1,066	1,058
Floating rate		511	9	249	32
Foreign		9	-	20	9
Fixed rate		9	-	20	9
Other		259	57	76	64
Fixed rate		189	14	53	10
Floating rate		70	43	23	54
Cash		15,349	5	14,392	4
Total financial assets of banks and financial assets at client's risk		440,963	6,161	414,473	5,631

In its investing activities, the PZU Group uses derivatives as a tool to mitigate risk (with or without hedge accounting) and to facilitate efficient management of the investment portfolio.

The PZU Group's exposure to derivatives is presented in section 34.

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

Carrying amount of debt securities issued by governments other than the Polish government	31 December 2025	31 December 2024
USA	6,187	6,988
France	1,783	5,052
Lithuania	1,101	995
Austria	611	726
Romania	308	363
Hungary	271	210
Philippines	268	46
Latvia	221	267
Mexico	213	167
European Union	212	-
Chile	130	118
Spain	119	111
Ukraine	112	102
Colombia	112	118
Germany	107	1,166
Finland	105	4
Croatia	104	103
Italy	104	103
Bulgaria	97	50
Indonesia	96	114
Panama	91	89
Serbia	69	69
Saudi Arabia	66	197
Other	442 ¹⁾	1,825 ²⁾
Total	12,929	18,983

¹⁾ The item "Other" comprises bonds issued by 48 countries towards which the balance sheet liability per country does not exceed PLN 50 million.

²⁾ The item "Other" comprises bonds issued by 44 countries (including UK 548 million, Netherlands 426 million, Belgium 216 million, Brazil 78 million, Oman 69 million).

Exposure to debt securities issued by corporations and local government units

Carrying amount of debt securities issued by corporations, local government units and National Bank of Poland	31 December 2025	31 December 2024
Financial and insurance activities, including:	35,161	45,446
Foreign banks	17,869	11,647
National Bank of Poland	13,131	29,458
Companies from the WIG-Banks Index	1,541	1,265
Public administration and defense, compulsory social security, of which:	6,544	6,501
Domestic local governments	6,544	6,501
Extra-territorial organizations and teams	1,605	1,172
Manufacturing, including:	1,602	1,141
Production and processing of crude oil refining products (including WIG-Fuels)	929	494
Water supply; sewerage, waste management and remediation activities	1,523	1,487
Electricity, gas, steam, hot water and air conditioning production and supply, including:	1,156	1,424
Companies from the WIG-Energy Index	784	977
Mining and quarrying	556	278
Information and communication	470	471
Transportation and storage	457	456
Construction	222	256
Accommodation and food service activities (including: WIG - hotels and restaurants), and arts, entertainment and recreation activities	220	164
Real property activities	207	170
Professional, scientific and technical activity	148	152
Administrative and support service activities	143	194
Wholesale and retail trade services; repair services of motor vehicles and motorcycles	14	11
Total	50,028	59,323

8.5.3.1. Interest rate risk

The following tables present the sensitivity test of the portfolio of financial instruments for which the PZU Group bears the risk (except for loan receivables from clients and deposit liabilities) and the portfolio of liabilities under insurance agreements.

Change in portfolio value caused by a +/-100 bp shift in the yield curve, by currency of the instrument	31 December 2025				31 December 2024			
	Net profit		Equity		Net profit		Equity	
	increase	decrease	increase	decrease	increase	decrease	increase	decrease
PLN	(136)	82	(1,071)	848	(51)	13	(580)	592
EUR	(28)	10	(232)	245	20	(42)	(151)	166
USD	(9)	1	(137)	166	(19)	10	(70)	83
GBP	(1)	(4)	(5)	5	6	(12)	(3)	4
Total	(174)	89	(1,445)	1,264	(44)	(31)	(804)	845

Change in the value of assets and liabilities under insurance and reinsurance contracts as a result of a +/- 100 bps change in the yield curve, by currency	31 December 2025				31 December 2024			
	Net profit		Equity		Net profit		Equity	
	increase	decrease	increase	decrease	increase	decrease	increase	decrease
PLN	4	(5)	1,199	(1,502)	5	(7)	1,157	(1,452)
EUR	(1)	1	67	(79)	(1)	1	77	(91)
USD	-	-	-	(1)	-	-	(2)	2
GBP	-	-	5	(5)	-	-	8	(9)
other	-	-	3	(3)	(1)	-	3	(4)
Total	3	(4)	1,274	(1,590)	3	(6)	1,243	(1,554)

The table below presents the contractual level of sensitivity of net interest income (NII) PZU Group banks to a 100 bp change in interest rates and sensitivity of the economic value of equity (EVE) of PZU Group's banks to a 200 bps change in interest rates. The measure (NII) is used for managing interest rate risk in order to reduce variations in net interest income. EVE is defined as the present value of future cash flows that will be generated by the entity's assets, less the present value of the future cash flows necessary to pay the entity's liabilities. Both analyses assume an immediate change in market rates. The interest rate on bank products changes according to the contractual provisions, whereas in the case of contractual NII sensitivity, for deposits from retail customers, the declines in interest rates are limited to the zero interest rate level, but not down to negative figures, while for EVE sensitivity the zero-based limitation of interest rate decreases applies to all liabilities. Also, in the case of EVE sensitivity for PLN-denominated current deposits, a model that ensures realistic revaluation is used.

Entity	Measure	31 December 2025		31 December 2024	
		decrease	increase	decrease	increase
Pekao Group	NII	-0.28%	1.15%	-0.36%	1.42%
	EVE	1.62%	-4.13%	1.99%	-5.16%
Alior Bank Group	NII	-2.42%	-1.20%	-2.23%	0.11%
	EVE	3.48%	-8.20%	0.07%	-3.52%

8.5.3.2. Currency risk

Exposure to FX risk

Assets by currency	31 December 2025					31 December 2024				
	PLN	EUR	USD	Other	Total	PLN	EUR	USD	Other	Total
Insurance contract assets	118	6	-	-	124	104	4	-	-	108
Reinsurance contract assets	2,524	316	1,138	12	3,990	2,293	394	1,417	12	4,116
Loan receivables from clients (including finance lease receivables)	209,549	37,274	1,455	820 ¹⁾	249,098	190,409	38,867	1,878	1,012 ²⁾	232,166
Financial derivatives	6,184	1,082	274	-	7,540	4,340	971	73	-	5,384
Investment financial assets	198,619	23,229	13,381	844	236,073	187,264	19,823	15,189	1,443	223,719
Measured at amortized cost	130,240	13,456	6,045	329	150,070	139,043	10,139	8,850	518	158,550
Debt securities	117,668	12,190	5,923	105	135,886	125,593	8,921	8,721	349	143,584
Government securities	100,924	1,754	2,919	105 ³⁾	105,702	83,757	5,864	6,172	349 ⁴⁾	96,142
Other	16,744	10,436	3,004	-	30,184	41,836	3,057	2,549	-	47,442
Buy-sell-back transactions	8,774	-	-	-	8,774	9,747	-	-	-	9,747
Term deposits with credit institutions	912	172	101	224 ⁵⁾	1,409	519	302	43	169 ⁶⁾	1,033
Loans	2,886	1,094	21	-	4,001	3,184	916	86	-	4,186
Measured at fair value through other comprehensive income	55,088	8,181	5,274	306	68,849	40,244	8,514	4,563	827	54,148
Equity instruments	747	62	-	-	809	567	42	-	-	609
Debt securities	54,341	8,119	5,274	306 ⁷⁾	68,040	39,677	8,472	4,563	827 ⁸⁾	53,539
Government securities	37,564	6,313	5,074	224	49,175	30,681	7,119	3,989	290	42,079
Other	16,777	1,806	200	82	18,865	8,996	1,353	574	537	11,460
Measured at fair value through profit or loss	13,291	1,592	2,062	209	17,154	7,977	1,170	1,776	98	11,021
Equity instruments	814	55	604	156	1,629	734	40	605	92	1,471
Participation units and investment certificates	4,987	1,058	1,037	3	7,085	3,338	923	970	3	5,234
Debt securities	7,490	475	407	49	8,421	3,905	207	201	3	4,316
Government securities	7,023	50	319	49	7,441	3,628	118	146	3	3,895
Other	467	425	88	-	980	277	89	55	-	421
Other investment financial assets:	-	4	14	1	19	-	-	-	-	-
Current income tax receivables	54	-	-	-	54	6	-	-	-	6
Other receivables	3,139	1,400	78	9	4,626	4,009	1,167	68	14	5,258
Cash and cash equivalents	12,313	2,015	950	955 ⁹⁾	16,233	11,347	1,877	958	945 ¹⁰⁾	15,127
Total assets	432,500	65,322	17,276	2,640	517,738	399,772	63,103	19,583	3,426	485,884

¹⁾ Including PLN 548 million in GBP, PLN 189 million in NOK.

²⁾ Including PLN 572 million in GBP, PLN 192 million in NOK, and PLN 157 million in CHF.

³⁾ Including PLN 105 million in UAH.

⁴⁾ Including PLN 254 million in GBP and PLN 95 million in UAH.

⁵⁾ Including PLN 208 million in UAH and PLN 15 million in GBP.

⁶⁾ Including PLN 147 million in UAH and PLN 17 million in NOK.

⁷⁾ Including PLN 306 million in GBP.

⁸⁾ Including PLN 827 million in GBP.

⁹⁾ Including PLN 333 million in GBP, PLN 202 million in CHF, and PLN 83 million in NOK.

¹⁰⁾ Including PLN 337 million in GBP, PLN 191 million in CHF, and PLN 71 million in NOK.

Liabilities by currency	31 December 2025					31 December 2024				
	PLN	EUR	USD	Other	Total	PLN	EUR	USD	Other	Total
Insurance contract liabilities	40,612	3,535	1,181	544	45,872	38,103	3,453	1,378	708	43,642
Reinsurance contract liabilities	36	1	-	1	38	36	(1)	-	-	35
Subordinated liabilities	5,846	2,105	-	-	7,951	5,099	-	-	-	5,099
Liabilities on the issue of own securities	13,024	9,425	-	-	22,449	12,952	5,092	42	-	18,086
Liabilities to banks	2,010	3,875	78	61 ¹⁾	6,024	2,730	4,066	82	17 ²⁾	6,895
Liabilities to clients under deposits	290,803	36,763	16,396	4,680 ³⁾	348,642	276,370	36,785	16,469	4,569 ⁴⁾	334,193
Financial derivatives	5,234	849	65	-	6,148	5,370	602	159	1	6,132
Current income tax liabilities	876	8	-	11	895	1,812	3	-	3	1,818
Other liabilities	15,801	1,865	161	45	17,872	13,282	2,409	186	69	15,946
Total liabilities by currency	374,242	58,426	17,881	5,342	455,891	355,754	52,409	18,316	5,367	431,846

¹⁾ Including PLN 52 million in CHF, PLN 2 million in GBP.

²⁾ Including PLN 9 million in GBP, PLN 7 million in CHF.

³⁾ Including PLN 1,913 million in GBP, PLN 1,211 million in CHF, PLN 405 million in NOK, PLN 219 million in CAD, PLN 158 million in SEK, and PLN 77 million in AUD.

⁴⁾ Including PLN 1,859 million in GBP, PLN 1,173 million in CHF, PLN 413 million in NOK, PLN 236 million in CAD, PLN 185 million in SEK, and PLN 80 million in AUD.

To manage its FX risk, the PZU Group uses also derivatives which allows it to take a selected market exposure in a more efficient manner than by using cash instruments.

Liabilities by currency	31 December 2025					31 December 2024				
	PLN	EUR	USD	Other	Total	PLN	EUR	USD	Other	Total
Contingent liabilities	76,153	15,700	2,631	217	94,701	70,698	12,997	2,887	112	86,694

The following table presents the sensitivity test of the portfolio of PZU Group's financial instruments (except for loan receivables from clients and deposit liabilities) in respect to financial instruments for which the PZU Group bears the risk.

Financial assets exposed to exchange risk include investment (deposit) financial assets of the PZU Group and derivative financial assets denominated in foreign currencies.

The following tables present a sensitivity analysis of foreign exchange risk for portfolios of financial instruments and of assets and liabilities under insurance and reinsurance contracts.

Volatility in interest rates primarily affects:

- net financial result – foreign exchange gains and losses under insurance and reinsurance contracts as well as financial instruments, recognized in the consolidated profit and loss account;
- equity – foreign exchange gains and losses, recognized in other comprehensive income and the consolidated profit and loss account.

Sensitivity analysis of foreign exchange risk	31 December 2025				31 December 2024			
	Net profit		Equity		Net profit		Equity	
	increase	decrease	increase	decrease	increase	decrease	increase	decrease
EUR – change of 20%								
Assets and liabilities under insurance and reinsurance contracts	(100)	100	(604)	604	(122)	122	(583)	583
Financial instruments	(400)	412	607	(595)	(245)	251	726	(720)
GBP – change of 20%								
Assets and liabilities under insurance and reinsurance contracts	(35)	35	(34)	34	(62)	62	(58)	58
Financial instruments	(9)	9	40	(40)	(87)	87	47	(47)
USD – change of 20%								
Assets and liabilities under insurance and reinsurance contracts	(6)	6	(6)	6	(4)	4	(4)	4
Financial instruments	(410)	413	(7)	10	(338)	341	(16)	19
Other – change of 20%								
Assets and liabilities under insurance and reinsurance contracts	(9)	9	(78)	78	(11)	11	(66)	66
Financial instruments	93	(93)	93	(93)	92	(75)	92	(75)

8.5.3.3. Equity risk

Level of risk exposure

The value of the portfolio of equity financial instruments is presented in section 36.2.

Sensitivity analysis

The table below presents the sensitivity test of PZU Group's portfolio of quoted equity instruments for which the PZU Group bears the risk.

Impact of 20% change in valuation of quoted equity instruments	31 December 2025				31 December 2024			
	Net profit		Equity		Net profit		Equity	
	increase	decrease	increase	decrease	increase	decrease	increase	decrease
Equity instruments	113	(113)	136	(136)	152	(152)	176	(176)

8.5.4. Liquidity risk

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 aim of the liquidity risk management system is 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 liquidity of financial instruments held;
- the structural mismatch between the maturity of assets and liabilities.

Risk assessment and measurement are carried out by estimating 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 possibility of selling the portfolio 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 KNF.

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 perform analyses of 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.

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.

In 2025, basic liquidity ratios at PZU Group banks remained stable at stable and high levels, reflecting a good liquidity situation and easy access to financing, particularly in the form of client deposits. Issues performed to meet MREL requirements also contributed to improving liquidity.

The current conditions did not have a material impact on liquidity risk of PZU Group's insurance segment in 2025. This liquidity was maintained at a required 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.

Risk exposure

Carrying amount of debt instruments, by maturity	31 December 2025							31 December 2024						
	up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total	up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Loan receivables from clients (including finance lease receivables)	71,658	27,105	23,015	17,258	16,017	94,045	249,098	66,905	25,483	21,244	17,946	14,174	86,414	232,166
Investment (deposit) debt instruments	45,210	21,361	27,108	30,342	38,330	64,180	226,531	78,781	17,923	21,060	16,595	29,751	52,295	216,405
Measured at amortized cost	23,312	14,618	18,259	21,811	27,744	44,326	150,070	68,075	9,735	13,415	8,870	20,694	37,761	158,550
Debt securities	13,152	14,375	17,731	21,315	26,548	42,765	135,886	57,332	8,915	12,650	8,312	19,615	36,760	143,584
Government securities	9,984	12,168	13,906	17,506	21,040	31,098	105,702	25,863	6,177	11,167	7,599	15,740	29,596	96,142
Other	3,168	2,207	3,825	3,809	5,508	11,667	30,184	31,469	2,738	1,483	713	3,875	7,164	47,442
Buy-sell-back transactions	8,774	-	-	-	-	-	8,774	9,747	-	-	-	-	-	9,747
Term deposits with credit institutions	1,347	9	9	6	2	36	1,409	996	9	9	9	2	8	1,033
Loans	39	234	519	490	1,194	1,525	4,001	-	811	756	549	1,077	993	4,186
Measured at fair value through other comprehensive income	20,921	6,331	8,112	7,700	7,405	17,571	68,040	10,317	7,868	7,187	6,910	8,252	13,005	53,539
Government securities	7,236	5,061	7,333	7,163	6,483	15,899	49,175	4,029	6,634	5,745	6,122	7,739	11,810	42,079
Other	13,685	1,270	779	537	922	1,672	18,865	6,288	1,234	1,442	788	513	1,195	11,460
Measured at fair value through profit or loss	977	412	737	831	3,181	2,283	8,421	389	320	458	815	805	1,529	4,316
Government securities	744	324	639	546	3,067	2,121	7,441	315	277	436	788	765	1,314	3,895
Other	233	88	98	285	114	162	980	74	43	22	27	40	215	421
Total	116,868	48,466	50,123	47,600	54,347	158,225	475,629	145,686	43,406	42,304	34,541	43,925	138,709	448,571

The following table presents future undiscounted cash flow from assets and liabilities.

Liquidity risk	31 December 2025								31 December 2024							
	up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	over 10 years	Total	up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	over 10 years	Total
Assets	214,113	50,786	46,876	40,854	41,466	77,038	84,051	555,184	212,149	49,004	43,317	34,508	39,828	73,629	78,687	531,122
Cash and cash equivalents	16,233	-	-	-	-	-	-	16,233	15,127	-	-	-	-	-	-	15,127
Receivables	2,766	717	4	-	1	847	345	4,680	2,948	1,212	1	-	-	821	282	5,264
Loan receivables from clients (including finance lease receivables)	67,084	36,273	30,139	21,276	19,650	44,927	58,949	278,298	62,643	34,406	29,255	22,415	18,644	43,880	53,986	265,229
Debt securities	117,481	13,245	16,007	18,810	20,359	29,944	24,538	240,384	120,244	12,237	12,987	11,410	19,966	28,004	24,202	229,050
Loans	373	551	726	751	1,456	1,311	219	5,387	418	1,149	1,074	683	1,203	916	217	5,660
Buy-sell-back transactions	8,777	-	-	-	-	-	-	8,777	9,747	-	-	-	-	-	-	9,747
Term deposits with credit institutions	1,399	-	-	17	-	9	-	1,425	1,022	-	-	-	15	8	-	1,045
Liabilities	(177,630)	(20,777)	(11,243)	(8,441)	(8,217)	(27,631)	(192,543)	(446,482)	(184,335)	(19,480)	(20,438)	(11,931)	(8,710)	(31,816)	(144,893)	(421,603)
Insurance contract liabilities	(6,659)	(2,563)	(2,088)	(1,213)	(1,055)	(4,979)	(24,606)	(43,163)	(6,409)	(2,958)	(1,974)	(1,184)	(1,032)	(4,462)	(24,167)	(42,186)
Reinsurance contract liabilities	1,765	659	338	205	104	189	654	3,914	1,566	1,098	478	206	112	168	646	4,274
Lease liabilities	(289)	(258)	(268)	(204)	(198)	(540)	(672)	(2,429)	(274)	(256)	(217)	(234)	(185)	(457)	(681)	(2,304)
Subordinated liabilities	(138)	(3,625)	(550)	-	-	(1,700)	(2,115)	(8,128)	(172)	(170)	(3,670)	(550)	-	(950)	-	(5,512)
Liabilities on the issue of own debt securities	(9,047)	(4,302)	(1,153)	(1,717)	(2,477)	(4,227)	(9)	(22,932)	(8,859)	(1,639)	(3,949)	(1,072)	(654)	(2,461)	-	(18,634)
Liabilities to banks	(2,911)	(1,226)	(1,247)	(328)	(120)	(9)	-	(5,841)	(3,185)	(960)	(1,096)	(1,120)	(201)	(73)	-	(6,635)
Liabilities to clients under deposits	(143,801)	(8,472)	(6,226)	(5,090)	(4,373)	(16,191)	(165,136)	(349,289)	(150,880)	(14,035)	(9,994)	(7,956)	(6,672)	(23,408)	(120,086)	(333,031)
Other liabilities	(16,550)	(990)	(49)	(94)	(98)	(174)	(659)	(18,614)	(16,122)	(560)	(16)	(21)	(78)	(173)	(605)	(17,575)
Gap	36,483	30,009	35,633	32,413	33,249	49,407	(108,492)	108,702	27,814	29,524	22,879	22,577	31,118	41,813	(66,206)	109,519

The following table presents future undiscounted cash flows from banks' off-balance sheet liabilities (by contractual terms).

Off-balance sheet liabilities granted	31 December 2025						31 December 2024					
	Up to 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total	Up to 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total
Financing	78,914	-	-	-	-	78,914	73,833	-	-	-	-	73,833
Guarantees	14,561	-	-	-	-	14,561	11,802	-	-	-	-	11,802
Total	93,475	-	-	-	-	93,475	85,635	-	-	-	-	85,635

The following table presents future undiscounted cash flows from derivative financial instruments in gross amounts.

Financial derivatives	31 December 2025							31 December 2024								
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years	Total	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years	Total
Inflows	63,074	2,203	1,450	912	1,712	461	-	69,812	46,885	1,083	210	275	4,623	234	-	53,310
Outflows	(62,508)	(2,129)	(1,470)	(932)	(1,752)	(431)	-	(69,222)	(46,890)	(1,068)	(200)	(273)	(4,726)	(243)	-	(53,400)

Insurance contract liabilities payable on demand	31 December 2025		31 December 2024	
	Value payable on demand	Carrying amount	Value payable on demand	Carrying amount
Individual insurance	2,050	2,011	1,944	1,826
Investment insurance	6,871	6,937	5,848	5,911
Baltic Countries	448	370	406	339
Ukraine	143	159	163	151
Total	9,512	9,477	8,361	8,227

8.5.5. Risks related to climate change

Risks related to sustainable development, particularly climate change, are managed within the individual risk categories indicated in the consolidated financial statements. 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.¹

ESG risk management is an integral part of the overall risk management process. Individual ESG risks are classified into major risk categories. Issues concerning the social and corporate governance areas at PZU Group are primarily operational and compliance risks. For environmental issues, it's also business, credit, market and actuarial risks. In terms of environmental factors, transformation risks and physical risks are key. 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 and long-term risks.

The PZU Group conducts regular stress tests and sensitivity analyses under its annual analysis of own risk and solvency assessment (ORSA) and stress tests consistent with the requirements of the regulatory authority. Under ORSA, the sensitivity analyses for PZU cover stress scenarios affecting assets and liabilities. The stress tests selected for execution as part of this assessment cover the major areas of activity and the Group's risk profile. They correspond to the assessment of the most important risks; in particular, the short-term impact of extreme weather-related phenomena (catastrophic losses) and the impact of the growth of the loss ratio on the PZU Group's capital condition are regularly analyzed.

To supplement the processes governing the management of respective risk categories, PZU, as parent company, cyclically conducts identification and analysis of risks, as well as identification of key risks. All risks identified in this process are assessed as to their frequency and scale of materialization (accounting for the financial aspect and reputation). In particular, risks related to climate change are subject to risk in terms of physical risks and transition risks. This process facilitates risk analysis in the medium-term and identification and assessment of emerging risks. This analysis is updated at least once a year.

When analyzing the impact that climate has on PZU Group's operations, in the context of growth, results and capital situation, we have identified risks, accounting for the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD) and European Commission and conducted a climate change scenario analysis.

The scenario structure proposed by NGFS (The Network of Central Banks and Supervisors for Greening the Financial System) was used as a starting point for the analysis conducted at the Group. The scenarios are structured according to the degree of attainment of the climate goals and the transition pattern. In turn, in its document, the European Insurance and Occupational Pensions Authority (EIOPA) assigned two long-term scenarios of temperature increase (above and below 2 degrees Celsius) to the four global pictures defined by the NGFS.

As part of the scenario analysis of climate risks the PZU Group studied:

- the "Greenhouse effect" scenario in which physical risks play the main role, which in a simplified approach involve the assumption of a zero impact exerted by transition risks;
- the "Unorganized" scenario in which the transition risks play the main role, which in a simplified approach involve the assumption of a zero impact exerted by physical risks.

¹ According to the European Commission guidance for non-financial reporting, transition risks refer to the transition of the economy to a low-carbon and climate-resilient future. 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 following assumptions and risk factors have been taken into account:

Greenhouse effect scenario	Unorganized scenario
<p>Extreme catastrophic events:</p> <ul style="list-style-type: none"> floods, hurricane and hail, where the value of loss 1 to 200 years is set out in line with the standard formula used to determine the capital solvency requirement; forest fires in suburban areas and croplands – maximum loss on deductible in respect of a single event. <p>Short-term horizon: payouts due to catastrophic risks in line with the current reinsurance program, lower equity.</p> <p>Long-term horizon: higher reinsurance prices and legitimate portions, higher SCR due to higher net best-estimate liabilities (net BEL). Higher mortality, in particular in cities, due to extreme weather events and higher temperatures in the cities compared to surrounding areas.</p> <p>Short-term horizon: payouts due to higher claims ratio in first year, lower equity.</p> <p>Long-term horizon: higher mortality rates used to determine BEL, lower equity and change in (SCR).</p>	<ul style="list-style-type: none"> Higher credit risk due to reinsurance of part of the portfolio at lower-rated reinsurers; Revaluation of shares and corporate bonds in selected sectors; Regulatory risk related to the readjustment of standard formula parameters used to set the capital solvency requirement. <p>The transition risks are expected to materialize in the short-term or medium-term horizon.</p>

Should the scenarios assumed materialize, the solvency of the PZU Group will not be under a threat. The regulatory requirements and the assumptions concerning the internal limit system are satisfied in both scenarios.

Sensitivity of PZU Group's solvency ratio:

- greenhouse effect scenario: -34 p.p.;
- unorganized scenario: -6 p.p.

Classifying the occurrence of extreme flooding, hurricane and hail as a physical risk is the most severe factor. This is a long-term risk associated with temperatures rising more than 2°C. Annual renewals of contracts, analysis of current data and forecasts coupled with the selection of the appropriate reinsurance program make it possible to reduce considerably the possible impact this risk can exert on the Group.

The probability that the risk related to the global economy transition into a low-carbon one (transition risk) will materialize is much higher than the probability that the most extreme physical risk related to the climate change will materialize. The most severe transition risk is the regulatory risk associated with a change in the parameters used to calculate the sub-module for the natural catastrophe risk.

8.5.6. Operational risk

Operational risk is the possibility of suffering loss resulting from improper or erroneous internal processes, human activities, system failures or external events.

Operational risk management has the purpose of optimizing the level of operational risk and operating efficiency in the PZU Group's operations, leading to a reduction of losses and costs arising from such risks and ensuring adequate and effective control mechanisms. Information on operational risk levels is regularly reported to relevant internal authorities.

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 possible occurrence of operational risk incidents.

Monitoring and control of operational risk is performed mainly through 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 the level of operational risk, the effects of monitoring and control 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.

Management actions involving reactions to any identified and assessed operational risks involve, in particular:

- 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.

PZU has a business continuity plan in place, which sets out a framework for dealing with an event that could disrupt or interrupt the business continuity of the critical areas identified therein, and management structures to ensure oversight of the plan.

As part of the crisis staff's operation, ongoing monitoring is being carried out for two emergencies:

- announced on 28 January 2022, the emergency situation related to the threat of war in Ukraine (attack of the armed forces of the Russian Federation on Ukraine), which includes ongoing monitoring of the current situation in terms of business continuity of companies and security of financial assets of the PZU Group;
- announced on 22 February 2022, an emergency situation related to the heightened risk of cyber-attacks, which included additional security measures in the areas of cyber threats and physical security, and a commitment for PZU Group companies to promptly report anomalies in these areas.

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 current nationwide implementation of the second alert level CRP (BRAVO-CRP), an elevated state of readiness of the physical and cyber security areas has been maintained continuously since February 2022.

8.5.7. Compliance risk

Compliance risk is the risk that an entity or persons acting on its behalf will suffer consequences, in particular legal sanctions, financial losses or loss of reputation, due to the occurrence of non-compliance or regulatory risk. This risk exists until the obligation to apply the regulatory change comes into force and may affect the level of compliance provided by the unit and, as a result, all of its structures in accommodating the necessary changes in business operations.

The PZU Group's compliance risk management process includes its systemic and ongoing management.

System management consists, in particular, in creating consistent and uniform solutions for the ongoing management of compliance risk, monitoring compliance risk, making recommendations for taking actions to mitigate the risk and eliminate instances of non-compliance.

Ongoing compliance risk management entails: identifying, assessing, monitoring, and reporting.

8.5.8. 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 – taking place through regular identification of the models used in the areas covered by the process and assessment of their materiality;

- risk measurement - which is based on the results of independent model validations and monitoring;
- risk monitoring – involving 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 the Model Risk Management Policy);
- risk reporting – involving communicating the process results on the appropriate management level, in particular results of risk monitoring, validation and measurement;
- management actions – aiming to mitigate the model risk level (active – e.g. recommendations resulting from completed validations – and passive – e.g. 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 banks have defined standards for the model risk management process, including the rules for developing models and evaluating the quality of their operation and have ensured appropriate corporate governance solutions.

8.5.9. Other risks specific to the banking sector

The banking sector is exposed to significant legal and regulatory risks arising from the complexity and dynamism of the legal environment, the evolving practices of supervisory and consumer protection authorities, as well as the variability of rulings by national and European courts. These risks materialize in the form of an increasing number and value of legal disputes, complaints, and mass claims, which may result in the need to bear the costs of rulings, settlements, legal services, and the creation or increase of provisions.

In recent years, there has been a trend of growing claims filed by customers, including those based on new or emerging legal grounds related to consumer protection. These claims may relate, in particular (but not limited to), to issues such as:

- challenging contractual terms and legal effects of certain product structures (e.g., regarding foreign currency/exposure indexed/denominated loans);
- disputes regarding the calculation of interest rates or the use of reference benchmarks (including claims related to WIBOR or other benchmarks);
- claims arising from breaches of information duties and creditworthiness assessment requirements, including claims related to the so-called free loan sanction;
- claims and disputes related to payment services, particularly regarding unauthorized payment transactions, liability of parties, reporting deadlines, due diligence, and security standards;
- claims regarding fees and commissions, the presentation of costs, as well as other obligations arising from consumer protection and regulatory provisions.

In 2025, pressure from claims was observed in the following areas: (i) disputes regarding foreign currency mortgage loans (including settlement after declaring the contract invalid), (ii) claims related to the use of reference benchmarks (especially WIBOR) in variable interest rate agreements, (iii) free loan sanction (SKD) in consumer loans, (iv) unauthorized payment transactions, (v) regulatory proceedings regarding standard terms, modification clauses, claims practices, and other aspects of consumer protection.

Managing legal and regulatory risk includes: (i) reviewing standard terms and market practices, (ii) product adjustments (e.g., limiting non-interest-related credit costs and changes to insurance structures), (iii) settlement policies and refinancing actions aimed at reducing exposure to historical claims, (iv) raising the standards of complaint handling and payment security processes, and (v) active regulatory dialog and implementation of binding decisions. These activities are conducted within a system of limits, risk appetite, and risk reporting, with responsibilities assigned to appropriate committees and defense lines.

Beyond the currently identified categories of disputes, new claims may arise from different interpretations of regulations, new regulations, judicial rulings, or practices of authorities, and their materialization may impact the level of legal risk, financial results, capital, and liquidity of banks. Therefore, considering the volatility of the environment and the risk of new claims arising, banks belonging to the PZU Group maintain enhanced monitoring and readiness to update estimates and policies to maintain the financial stability of the entire PZU Group. A key risk factor is the possibility of changes in the line of judicial rulings, issuance of new precedent-setting rulings or resolutions, as well as shifts in the position of authorities and enforcement practices, which could

affect the assessment of the probability of losing disputes, the amount of potential claims, and the calculation of economic impacts (including interest, capital use fees, legal costs, or other incidental payments). Additionally, banks are exposed to the risk of group claims or uniform legal actions, which may lead to the accumulation of exposure and a sharp increase in costs. Both banks within the PZU Group conduct processes for identifying and monitoring legal and dispute risks, including periodic reviews of product portfolios and exposure assessments to disputes.

PZU Group creates provisions and discloses contingent liabilities in accordance with the applicable accounting standards, based on the best available information (legal status analysis, judicial line, portfolio parameters, history of rulings, and probability and expected value of outflows). Due to the high level of uncertainty and dependence on external factors (rulings by the CJEU/Supreme Court, practices of authorities, potential legislative changes), actual dispute costs may deviate from current estimates, which may require updating provisions in subsequent periods.

9. Equity management

On 2 December 2024, the PZU Supervisory Board adopted a resolution to approve the PZU Group's Capital and Dividend Policy for 2021–2027 ("Policy").

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

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

The capital management policy rests on the following principles:

- manage the PZU Group's capital (including excess capital) at the level of PZU;
- maintaining target solvency ratios of 200% for the PZU Group, PZU, and PZU Życie (according to Solvency II) until the entry into force of changes in the Solvency II Directive, and at the level of 180% for the PZU Group and 200% for PZU and PZU Życie after the entry into force of changes in the Solvency II Directive;
- maintain the PZU Group's financial leverage ratio at a level no higher than 25%;
- ensure funds for growth and acquisitions;
- maintain the financial conglomerate's surplus own funds above the pertinent requirements for solvency;
- PZU will not issue any new shares for the duration of this Policy.

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

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

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

subject to the following:

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

External capital requirements

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

Pursuant to Article 412(1) of the Insurance Activity Act, the PZU Group is obligated to prepare and disclose an annual solvency and financial condition report at the group level drafted in accordance with the principles of Solvency II. The 2024 report published on 14 May 2025 is available online at <https://www.pzu.pl/fileserver/item/1560294>. Pursuant to Article 290 sec. 1 of the Insurance Activity Act, a solvency and financial condition report of an insurance undertaking shall be audited by an audit firm.

The PZU Group's solvency ratio as at 31 December 2024, published in the PZU Group's 2024 solvency and financial condition report, was 226%.

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

Notwithstanding the above, PZU Group units that were required by the relevant regulations to meet the relevant capital requirements, in accordance with the relevant sector regulations, met these requirements, both during 2025 and 2024.

10. Fair value

10.1 Description of valuation techniques

10.1.1. Debt securities and loans

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

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

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

10.1.2. Equity-based financial assets

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

10.1.3. Participation units and investment certificates of mutual funds

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

10.1.4. Derivatives

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

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

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

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

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

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

10.1.6. Properties measured at fair value

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

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

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

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

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

Investment property is measured in accordance with the following rules:

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

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

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

10.1.8. Liabilities under deposits

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

10.1.9. Other liabilities

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

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

10.1.9.2. Liabilities to contributors of consolidated investment funds

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

10.1.9.3. Liabilities on borrowed securities

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

10.2 Fair value hierarchy

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

- level I – assets and liabilities measured based on quoted prices (unadjusted) from active markets for identical assets and liabilities. This level includes:
 - liquid listed quoted securities;

- shares and investment certificates quoted on exchanges;
- derivatives quoted on exchanges;
- liabilities on borrowed securities quoted on exchanges (short sale).
- level II – assets and liabilities whose measurement is based on input data other than quoted prices included within level I, which can be observed on the market, either directly (as prices) or indirectly (derived from prices). This level includes:
 - quoted debt securities carried on the basis of the valuations published by an authorized information service;
 - derivatives – e.g. FX Swap, FX Forward, IRS, CIRS, forward rate agreements;
 - participation units and investment certificates of mutual funds;
 - liabilities to contributors of consolidated investment funds;
 - investment contracts for the client’s account and risk.
- level III – assets measured based on input data unobserved on the existing markets (unobservable input data). This level includes:
 - unquoted debt securities and non-liquid quoted (for which no spread calibration is possible due to the lack of an active market) debt securities (including non-treasury debt securities issued by other financial entities, local government and non-financial entities), measured using models based on discounted cash flows;
 - investment properties or properties held for sale measured using the income method or the residual method or the comparative method;
 - loan receivables from clients and liabilities to clients under deposits;
 - options embedded in certificates of deposit issued by PZU Group companies and options concluded in the interbank market to hedge embedded option positions.

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

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

Measured assets	Unobservable data	Description	Impact on measurement
Loan receivables from clients (including finance lease receivables)	Liquidity margin and current margin from the sale of the product group	Fair values are estimated using valuation techniques, with an assumption that when the loan is granted, the fair value is equal to the carrying amount. The fair value of loans without recognized impairment is equal to the sum of future expected cash flows discounted at the balance sheet date less expected credit loss. The cash flow discounting rate is the appropriate risk-free market rate plus the liquidity margin and current sales margin for the loan’s product group. The margin is determined by product group and by maturity. For the purpose of estimating the fair value of foreign currency loans, the liquidity margin for PLN loans is used, adjusted by quotations of FX swap and basis-swap transactions. The fair value of loans with recognized impairment is equal to the sum of future expected salvage discounted using the effective interest rate, since the average expected recoveries fully reflect the credit risk component. For loans that do not have a repayment schedule (current account loans, overdrafts and credit cards), the fair value is assumed to be equal to the carrying amount.	Negative correlation
Liabilities to clients under deposits	Sales margin	Fair values are estimated using valuation techniques, with an assumption that when the deposit is accepted, the fair value is equal to the carrying amount. The fair value of term deposits is equal to the sum of future expected cash flows discounted at the balance sheet date. The cash flow discounting rate is the appropriate risk-free market rate plus the current sales margin. The margin is determined on the basis of deposits accepted in the last quarter, by product group and by maturity. For short-term deposits (current deposits, overnight deposits and savings accounts), the carrying amount is taken as fair value.	Negative correlation

Measured assets	Unobservable data	Description	Impact on measurement
Options embedded in certificates of deposit issued by PZU Group companies and options concluded in the interbank market to hedge embedded option positions.	Model parameters	<p>Embedded instruments are plain vanilla options and exotic options for individual shares, indices, commodities and other market indicators, including interest rate indices and exchange rates and their stages. All separated options are offset on an ongoing basis on the interbank market. Currency options are measured based on the Garman-Kohlhagen option pricing model (and in the case of barrier and Asian options based on the so-called extended Garman-Kohlhagen model).</p> <p>Exotic options embedded in deposit agreements and their offsets are measured using the Monte-Carlo technique, assuming a geometric Brownian motion model for risk factors.</p>	
Non-liquid bonds and loans	Credit spreads	Spreads are observed on all bonds (their series) or loans of the same issuer or a similar issuer. These spreads are observed on the dates of issue of new bond series, dates of conclusion of new loan agreements and dates of market transactions on the receivables following from such bonds and loans.	Negative correlation
Investment property and property held for sale	Capitalization rate	Capitalization rate is determined through analysis of rates of return obtained in transactions for similar properties.	Negative correlation
	Construction costs	Construction costs are determined based on market construction costs less costs incurred as at the date of measurement.	Positive correlation
	Monthly rental rate per 1 m ² of relevant space or per parking space	Rental rates are observed for similar properties of similar quality, in similar locations and with a similar size of leased space.	Positive correlation
Derivatives	Model parameters	Currency options are measured based on the Garman-Kohlhagen option pricing model (and in the case of barrier and Asian options based on the so-called extended Garman-Kohlhagen model). Exotic options embedded in deposit agreements and their offsets are measured using the Monte-Carlo technique, assuming a geometric Brownian motion model for risk factors.	
Own issues and subordinated loans	Issue spread above the market curve	If the historical spread of issues above the market curve is used, these issues are classified at level III of the fair value hierarchy.	Negative correlation
Equity instruments not quoted on an active market		Quotations of financial services, current value of future forecast profit or loss of the company or measurement models based on available market data.	

10.2.1. Assets and liabilities measured at fair value

Assets and liabilities measured at fair value	31 December 2025				31 December 2024			
	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Assets								
Investment financial assets measured at fair value through other comprehensive income	39,375	25,313	4,161	68,849	32,911	15,853	5,384	54,148
Equity instruments	145	-	664	809	148	-	461	609
Debt securities	39,230	25,313	3,497	68,040	32,763	15,853	4,923	53,539
Investment financial assets measured at fair value through profit or loss	8,201	8,301	652	17,154	4,872	5,735	414	11,021
Equity instruments	1,340	-	289	1,629	1,155	-	316	1,471
Participation units and investment certificates	501	6,576	8	7,085	331	4,891	12	5,234
Debt securities	6,341	1,725	355	8,421	3,386	844	86	4,316
Other investment financial assets	19	-	-	19	-	-	-	-
Loan receivables from clients (including finance lease receivables)	-	-	608	608	-	-	607	607
Measured at fair value through other comprehensive income	-	-	143	143	-	-	247	247
Measured at fair value through profit or loss	-	-	465	465	-	-	360	360
Financial derivatives	-	7,540	-	7,540	-	5,383	1	5,384
Investment property	-	-	3,103	3,103	-	-	3,159	3,159
Investment property held for sale	-	-	564	564	-	-	541	541
Liabilities								
Derivatives	-	6,148	-	6,148	-	6,132	-	6,132
Liabilities to contributors of consolidated investment funds	-	1,226	-	1,226	-	845	-	845
Investment contracts for the client's account and risk (unit-linked)	-	392	-	392	-	554	-	554
Liabilities on borrowed securities (short sale)	950	-	-	950	1,399	-	-	1,399

Movement in assets and liabilities classified as level III of the fair value hierarchy in the year ended 31 December 2025	Investment financial assets measured at fair value through other comprehensive income		Investment financial assets measured at fair value through profit or loss			Derivatives – assets	Derivatives – liabilities	Loan receivables from clients measured at fair value		Investment properties	Investment property held for sale
	Equity	Debt	Capital	Investment certificates	Debt			through other comprehensive income	through profit or loss		
Beginning of the period	461	4,923	316	12	86	1	-	247	360	3,159	541
Purchase/opening of the position/granting	-	1,099	-	-	1,730	-	-	17	172	79	-
Reclassification from level II ¹⁾	-	706	-	-	550	-	-	-	-	-	-
Reclassification from own properties	-	-	-	-	-	-	-	-	-	5	-
Reclassification to assets held for sale	-	-	-	-	-	-	-	-	-	-	43
Profit or loss recognized in the profit and loss account:	-	14	35	(4)	1	1	-	10	(37)	(88)	(9)
- Interest income calculated using the effective interest rate, and equalized to them	-	12	-	-	1	-	-	10	(37)	-	-
- result from derecognition of financial instruments and investments not measured at fair value through profit or loss	-	2	-	-	-	-	-	-	-	-	-
- net movement in fair value of assets and liabilities measured at fair value	-	-	35	(4)	-	1	-	-	-	(88)	(9)
Profit or loss recognized in other comprehensive income	203	95	-	-	-	-	-	(39)	-	2	-
Sales/settlements/repayments/conversions	-	(2,424)	(23)	-	(1,698)	(2)	-	(92)	(30)	(9)	(11)
Reclassification to properties held for sale or own properties	-	-	-	-	-	-	-	-	-	(44)	-
Reclassification to level II ¹⁾	-	(915)	-	-	(314)	-	-	-	-	-	-
Effect of movements in exchange rates	-	(1)	(39)	-	-	-	-	-	-	(1)	-
End of the period	664	3,497	289	8	355	-	-	143	465	3,103	564

¹⁾ Information on reclassifications is presented in section 10.3.

Movement in assets and liabilities classified as level III of the fair value hierarchy in the year ended 31 December 2024	Investment financial assets measured at fair value through other comprehensive income		Investment financial assets measured at fair value through profit or loss			Derivatives - assets	Derivatives - liabilities	Loan receivables from clients measured at fair value		Investment property	Investment property held for sale
	Equity	Debt	Capital	Investment certificates	Debt			through other comprehensive income	through profit or loss		
Beginning of the period	499	4,901	254	-	114	19	3	82	250	2,905	564
Purchase/opening of the position/granting	-	1,530	-	-	1,165	-	-	185	126	22	-
Reclassification from level II ¹⁾	-	1,957	-	12	102	1	-	-	-	193	-
Reclassification from own properties	-	-	-	-	-	-	-	-	-	105	-
Reclassification to properties held for sale	-	-	-	-	-	-	-	-	-	-	7
Profit or loss recognized in the profit and loss account:	-	105	64	-	2	2	-	17	19	(120)	(30)
- Interest income calculated using the effective interest rate, and equalized to them	-	99	-	-	3	3	1	17	19	-	-
- result from derecognition of financial instruments and investments not measured at fair value through profit or loss	-	6	5	-	-	(1)	(1)	-	-	-	-
- net movement in fair value of assets and liabilities measured at fair value	-	-	59	-	(1)	-	-	-	-	(120)	(30)
Profit or loss recognized in other comprehensive income	(37)	62	-	-	-	-	-	4	-	61	-
Sales/settlements/repayments/conversions	-	(2,257)	(13)	-	(1,258)	(20)	(2)	(41)	(35)	-	-
Reclassification to properties held for sale	-	-	-	-	-	-	-	-	-	(7)	-
Reclassification to level II ¹⁾	-	(1,374)	-	-	(59)	(1)	(1)	-	-	-	-
Effect of movements in exchange rates	(1)	(1)	11	-	-	-	-	-	-	-	-
Change in the composition of the Group	-	-	-	-	20	-	-	-	-	-	-
End of the period	461	4,923	316	12	86	1	-	247	360	3,159	541

¹⁾ Information on reclassifications is presented in section 10.3.

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

Both in 2025 and in 2024, no changes were made in the fair value measurement method for financial instruments measured at fair value that would be of material significance for the consolidated financial statements.

10.2.1.2. Sensitivity analysis of fair value of assets classified as level III

Loan receivables from clients (including finance lease receivables)

Loan receivables from clients	Fair value as at 31 December 2025	Measurement technique	Unobservable parameter	Scenario	Impact on fair value as at 31 December 2025	
					positive scenario	negative scenario
Loans and borrowings valued through profit or loss	465	Discounted cash flow model	Credit spread	+50 bp / - 50 bp	24	(22)
Loans and borrowings valued through other comprehensive income	143	Discounted cash flow model	Credit spread	+50 bp / - 50 bp	-	-

Loan receivables from clients	Fair value as at 31 December 2024	Measurement technique	Unobservable parameter	Scenario	Impact on fair value as at 31 December 2024	
					positive scenario	negative scenario
Loans and borrowings valued through profit or loss	360	Discounted cash flow model	Credit spread	+50 bp / - 50 bp	17	(16)
Loans and borrowings valued through other comprehensive income	247	Discounted cash flow model	Credit spread	+50 bp / - 50 bp	2	(2)

Investment financial assets – debt instruments

Impacts of unobservable factors on the fair value of financial instruments are presented in subsequent tables.

Debt securities	Fair value as at 31 December 2025	Measurement technique	Unobservable parameter	Scenario	Impact on fair value as at 31 December 2025	
					positive scenario	negative scenario
Corporate and municipal debt securities	3,323	Discounted cash flow model	Credit spread	+50 bp / - 50 bp	45	(49)
Treasury debt securities	529	Discounted cash flow model	Credit spread	+40 bp / - 40 bp	9	(9)

Debt securities	Fair value as at 31 December 2024	Measurement technique	Unobservable parameter	Scenario	Impact on fair value as at 31 December 2024	
					positive scenario	negative scenario
Corporate and municipal debt securities	4,765	Discounted cash flow model	Credit spread	+50 bp / - 50 bp	57	(64)
Treasury debt securities	244	Discounted cash flow model	Spread to the reference bond	+40 bp / - 40 bp	5	(5)

Investment financial assets – equity instruments

Impacts of unobservable factors on the fair value of equity-based financial assets are presented in subsequent tables.

Equity-based financial assets	Fair value as at 31 December 2025	Parameter	Scenario	Impact on fair value as at 31 December 2025	
				positive scenario	negative scenario
VISA	273	Conversion discount	10 p.p. / -10p.p.	2	(2)
Biuro Informacji Kredytowej SA	368	Discount rate	1 p.p. / -1 p.p.	51	(41)
PSP SA	197	Risk premium Financial forecasts	Risk premium +/- 25 bp; Financial forecasts +/- 10%	19	(19)

Equity-based financial assets	Fair value as at 31 December 2024	Parameter	Scenario	Impact on fair value as at 31 December 2024	
				positive scenario	negative scenario
VISA	284	Conversion discount	10 p.p. / -10 p.p.	5	(29)
Biuro Informacji Kredytowej SA	263	Discount rate	1 p.p. / -1 p.p.	31	(25)
PSP SA	137	Risk-free rate	Risk premium +/- 25 bp; Financial forecasts +/- 10%	3	(3)

Investment property

The table on the next page presents the key parameters used in measuring the largest investment properties (including those presented as held for sale).

Significant from the perspective of the consolidated financial statements, investment properties classified at level III of fair value were measured using the income approach, applying the investment method and the simple capitalization technique, or using a hybrid approach. This valuation uses non-observable inputs such as:

- capitalization rate – determined through analysis of rates of return obtained in transactions for similar properties;
- monthly rental rate per 1 m² of relevant space or per parking space.

Properties classified as level III	Type of space	31 December 2025			31 December 2024		
		Carrying amount	Rental fees included in the measurement	Capitalization rates included in the measurement	Carrying amount	Rental fees included in the measurement	Capitalization rates included in the measurement
Investment property							
office	office parking lot	1,369	13.50 – 15.50 EUR 40.00 – 95.00 EUR	7.05%–10.78%	1,291	13.60 – 15.00 EUR 40.00 – 95.00 EUR	7.12% – 8.54%
warehouse	office Warehouse	1,316	11.00 – 12.50 EUR 4.30 – 4.90 EUR	6.19%–6.62%	1,555	10.50 – 12.50 EUR 4.30 – 4.90 EUR	6.07% – 6.50%
commercial	commercial	148	depending on size of leased space	8.35%–8.42%	111	depending on size of leased space	8.01% – 10.34%
other		270			202		
Total		3,103			3,159		
Investment property held for sale							
commercial	commercial	20	3.00 – 21.00 EUR	9.97%–9.97%	-	-	-
warehouse	office Warehouse	514	10.00 – 10.50 EUR 4.00 – 4.30 EUR	6.22%–7.50%	523	10.00 – 10.50 EUR 4.00 – 4.30 EUR	6.23% – 7.61%
other		30			18		
Total		564			541		

Real property	Fair value as at 31 December 2025	Unobservable parameter	Scenario	Impact on fair value as at 31 December 2025	
				positive scenario	negative scenario
Investment property	3,103	Capitalization rate	-0.25 p.p. / +0.25 p.p.	98	(91)
		Monthly rent rate	+5% / -5%	109	(109)
Investment property held for sale	564	Capitalization rate	-0.25 p.p. / +0.25 p.p.	22	(21)
		Monthly rent rate	+5% / -5%	24	(24)

Real property	Fair value as at 31 December 2024	Unobservable parameter	Scenario	Impact on fair value as at 31 December 2024	
				positive scenario	negative scenario
Investment property	3,159	Capitalization rate	-0.25 p.p. / +0.25 p.p.	102	(94)
		Monthly rent rate	+5% / -5%	110	(110)
Investment property held for sale	541	Capitalization rate	-0.25 p.p. / +0.25 p.p.	22	(21)
		Monthly rent rate	+5% / -5%	25	(25)

10.2.2. Assets and liabilities not measured at fair value

Fair value of assets and liabilities for which it is only disclosed	31 December 2025					31 December 2024				
	Level I	Level II	Level III	Fair value, total	Carrying amount	Level I	Level II	Level III	Fair value, total	Carrying amount
Assets										
Loan receivables from clients measured at amortized cost	-	76	249,561	249,637	248,490	-	46	232,116	232,162	231,559
Business segment	-	9	121,121	121,130	119,378	-	8	110,598	110,606	109,659
Receivables from financial leasing	-	-	18,797	18,797	18,807	-	-	17,065	17,065	17,333
Other loans and borrowings	-	9	102,324	102,333	100,571	-	8	93,532	93,540	92,326
Retail segment – real estate loans	-	-	93,091	93,091	93,916	-	-	88,176	88,176	89,018
Retail segment – other	-	67	35,349	35,416	35,196	-	38	33,342	33,380	32,882
Investment financial assets measured at amortized cost	78,882	48,692	22,981	150,555	150,070	67,115	67,228	21,017	155,360	158,550
Debt securities	78,882	42,222	15,142	136,246	135,886	67,111	60,094	13,075	140,280	143,584
Buy-sell-back transactions	-	6,135	2,639	8,774	8,774	-	6,716	3,031	9,747	9,747
Term deposits with credit institutions	-	335	1,088	1,423	1,409	4	418	627	1,049	1,033
Loans	-	-	4,112	4,112	4,001	-	-	4,284	4,284	4,186
Cash	5,019	11,192	-	16,211	16,233	5,631	9,468	-	15,099	15,127
Liabilities										
Liabilities to banks	-	1,076	5,056	6,132	6,024	-	1,284	5,555	6,839	6,895
Liabilities to clients under deposits	-	322	348,147	348,469	348,642	-	369	333,748	334,117	334,193
Liabilities on the issue of own debt securities ¹⁾	-	20,240	2,322	22,562	22,449	-	16,222	2,087	18,309	18,086
Subordinated liabilities ¹⁾	-	5,644	2,351	7,995	7,951	-	2,781	2,362	5,143	5,099
Liabilities on account of repurchase transactions	-	1,089	478	1,567	1,567	-	1,346	41	1,387	1,387

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

10.3 Reclassification between fair value hierarchy levels

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

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

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

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

In 2025, the following transfers of assets between fair value levels were made:

- corporate, municipal, and government bonds were transferred from level III to level II and were measured using market information on prices of comparable financial instruments, as well as corporate and municipal bonds and commodity and currency market derivatives, for which the impact of estimated credit parameters did not materially affect the valuation;
- financial assets and liabilities were transferred from level II to level III, for which the impact of an estimated unobservable factor significantly affected the valuation: corporate, municipal, and government bonds, as well as commodity and currency market derivatives;
- debt securities with a value below PLN 1 million, for which quotes from an active market were not available, were transferred from level I to level II;
- government bonds with a value below PLN 1 million, for which quotes from an active market were available, were transferred from level II to level I.

In 2024, the following transfers of assets between fair value levels were made:

- corporate bonds which were measured using market price information for comparable financial instruments, as well as corporate and municipal bonds for which the impact of estimated credit parameters did not significantly affect the measurement, as well as capital market derivatives for which the estimated volatility did not significantly affect the valuation were reclassified from level III to level II;
- financial assets and liabilities for which the impact of the estimated unobservable factor significantly affected the measurement: corporate and municipal bonds (credit parameters), treasury debt securities, foreign exchange derivatives (probability of default) were reclassified from level III to level II;
- debt securities with the value of PLN 116 million which were measured using market price information for comparable financial instruments were reclassified from level II to level I.

11. Insurance and reinsurance contracts

11.1 Accounting policies and significant estimates

The table below presents information on the key decisions made by PZU Group with regard to the accounting policy applied for the measurement purposes in accordance with IFRS 17.

Assumptions as made	Decision made by PZU Group	Justification
Method for determining discount rate curves	Curves determined with the bottom-up approach.	Approach adopted for consistency with Solvency II discounting methodology.
Risk adjustment for non-financial risk	Depending on a nature of the risk concerned, a risk adjustment for non-financial risks is determined using the VaR method or the cost-of-capital method.	Decision on the valuation method made taking into account the characteristics of a risk profile of the portfolio concerned, as referred to in section 11.1.1, in order to best reflect uncertainties of measurement associated with non-financial risks.
Contract grouping	For life insurance products, PZU Group decided to divide contracts into groups that contain contracts concluded within a year ("annual cohorts"). In the case of non-life insurance, the PZU Group decided to divide contracts into groups that contain contracts concluded during the quarter ("quarterly cohorts").	PZU Group considered that, for long-term life insurance contracts, the introduction of a period shorter than one year would lead to excessive complexity (storage of greater quantities of data), which would not be commensurate with the benefits obtained. However, for non-life insurance products, which are mostly short-term, the division into quarterly cohorts allows for the profitability to be assessed in a more accurate manner in situations in which tariffs change during the year.

11.1.1. Identification and aggregation of insurance contracts

In order to identify insurance contracts, including inward reinsurance contracts that are within the scope of IFRS 17, PZU Group verifies whether, under a given contract, the PZU Group accepts a significant insurance risk from the policyholder and undertakes to compensate the policyholder for an adverse effect defined as an uncertain future insured event.

The assessment whether a contract transfers considerable insurance risk requires analysis of the cash flows related to a product in various scenarios and estimating the probability of such scenarios. Such an assessment includes an element of subjective judgment, which has significant influence on the accounting principles applied. According to the assumptions adopted by the PZU Group, a significant insurance risk is present when

- the average sum at risk over the term of the insurance contract, corresponding to the percentage of technical provisions created on the basis of local accounting standards, is equal to or higher than 10% for structured insurance, life insurance and non-participating life insurance;
- the sum at risk (for mortality risk and accidental death risk) exceeds 10% of the fund value in the first years of the contract – in the case of unit-linked products.

Based on this criterion, concluded contracts are recognized either according to IFRS 17 or according to IFRS 9.

IFRS 17 does not provide specific guidance on combining contracts subject to measurement under different standards. Guided by the provisions of IAS 8, that is, analyzing similar issues described in the standards and the provisions of the conceptual assumptions, the PZU Group assessed that insurance, credit or leasing contracts do not meet the criteria for combining contracts and should be recognized and measured separately, in accordance with the relevant standards.

Classification of non-life insurance contracts

Analysis has shown that all non-life insurance contracts transfer considerable insurance risk and accordingly they are governed by the requirements of IFRS 17.

The PZU Group applies IFRS 17 to financial guarantees offered by the PZU Group's insurance companies.

Classification of life insurance contracts

Analysis has shown that PZU Group's offer contains products that do not transfer significant insurance risk (including certain products with guaranteed rate of return and some unit-linked products) and thus do not meet the definition of an insurance contract pursuant to IFRS 17. Therefore, these products have been classified in the consolidated financial statements as investment contracts measured in accordance with IFRS 9 at amortized cost or fair value (depending on the structure of each product).

Investment contracts include, among others: Pewny Zysk individual life and endowment insurance (recognized at amortized cost), unit-linked PZU IKZE insurance and Program Inwestycyjny Prestige [Prestige Investment Program] (recognized at fair value).

Both insurance contracts and investment contracts may include discretionary participation features (DPF). They entitle the insured to receive an additional benefit or a bonus in addition to the guaranteed claim. Such a benefit constitutes a significant portion of the total contractual claim; its amount or term are contractual and they depend on the insurer's discretion, whereas their occurrence depends on:

- history of the specified set or type of contracts;
- whether or not profit is realized on specified assets;
- whether the insurer, a fund or another entity related to the agreement makes profit or incurs loss.

All insurance contracts with discretionary participation features, unilaterally specified by the insurance company, are measured in accordance with IFRS 17.

In addition, no life insurance contracts were identified that included an investment component (requiring separation) or a component for services other than those covered by the insurance contract.

Aggregation of insurance contracts

For the measurement of liabilities, insurance contracts are aggregated into groups of insurance contracts. The purpose of this aggregation is to ensure that profits are recognized over time in proportion to the insurance services provided, and that losses are recognized immediately when the entity assesses that the concluded contract is onerous. Offsetting profits and losses between the identified groups of insurance contracts is not allowed. Insurance contracts are grouped on initial recognition and in accordance with IFRS 17 the PZU Group does not reassess the groups in subsequent periods, unless there are grounds for derecognition as set forth in IFRS 17, related to the modification of the insurance contract, causing a new contract to be recognized. Insurance contracts are aggregated into groups of insurance contracts, taking into consideration the following three levels:

- portfolio – contracts with similar risk characterization, managed jointly;
- cohort – contracts issued no more than one year apart;
- profitability – contracts, if any, belonging to the same profitability group – one of the three defined by IFRS 17:
 - the group of contracts that are onerous at the initial recognition;
 - the group of contracts that at the initial recognition have no significant possibility of becoming onerous subsequently;
 - a group of the remaining contracts in the portfolio.

In PZU Group, portfolios are divided into groups of insurance contracts, taking into account the aforementioned dimensions as follows:

- portfolio:
 - based on the risk characterization of individual insurance contracts and based on existing insurance portfolio management processes;
- profitability:
 - for life insurance – at the level of a single contract by measuring the given insurance contract, that is by determining whether the expected current value of future inflows under this contract, less the expected value of future outflows within the limits of the contract, and taking into account the adjustment for non-financial risk, is a positive value or not. If this value is negative, such a contract is considered to be an onerous contract;
 - for non-life insurance – all contracts are treated as contracts for which there is no significant probability at initial recognition that they will later become onerous contracts, unless there are facts or circumstances that indicate that the contracts are onerous at initial recognition. Profitability is assessed at the level of the IFRS 17 portfolio based on the analysis of the combined ratio for a given portfolio, taking into account the adjustment for non-financial risk and any other significant business information that may affect product profitability. The assessment may be moved to the level of the cohort for the given quarter or year;
- cohorts:
 - the decision has been made to group life insurance into annual cohorts and non-life insurance into quarterly cohorts, which allows a more accurate allocation of insurance contracts to profitability for the purposes of measuring liabilities.

Insurance contracts may include one or more components subject to another IFRS if these were separate contracts. Such components may be as follows:

- embedded derivative instruments whose economic characteristics and risks are not strictly connected with economic characteristics and risks of the underlying contract and whose terms and conditions do not meet the definition of an insurance contract or a reinsurance contract as an independent instrument;
- separated investment components which are not related, to a large extent, to insurance components and with regard to which contracts of equivalent terms and conditions are sold or could be sold separately in the same market or in the same jurisdiction by entities selling insurance contracts or other entities;
- commitments to transfer separated goods or services other than services incorporated in the insurance contract to the insured.

The PZU Group analyzed whether its products include insurance contracts that constitute one or more of the above components. As a result of that analysis, the PZU Group decided that it does not offer any products whose components constitute separate contracts subject to another IFRS.

The non-separated investment component cannot be separated from the insurance contract and is recognized in accordance with IFRS 17. However, it is excluded from insurance revenue and insurance service expenses. It represents the value that must be returned to the insured in any possible scenario (i.e., regardless of whether an insured event occurs) and is identified when the benefit occurs.

The PZU Group identifies the following cases where there is a non-separated investment component:

- premium for no claims and low claims ratio (non-life insurance contracts);
- scale commission and reinsurer's profit share (reinsurance contracts);
- the value of unit-linked insurance contracts (life insurance contracts);
- the surrender value (life insurance contracts).

11.1.2. Contract boundary

The measurement of an insurance contract only includes cash flows that fall within the contract boundary. The contract boundary distinguishes future cash flows that relate to existing insurance contracts from those that relate to future insurance contracts that have not been issued yet.

The PZU Group sets that the insurance contract boundary start at date of initial recognition of contract. Insurance contract is issued from the earliest of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due;
- for a group of onerous contracts, when the group becomes onerous.

The PZU Group sets the contract boundary when the PZU Group cannot compel the policyholder to pay the premiums or when the PZU Group has no longer a substantive obligation to provide the policyholder with insurance contract services. The substantive obligation to provide services expires when:

- it is feasible in practice to reassess the risk for an individual insured and, consequently, a price or level of benefits can be established that fully reflects that risk (assessment at the level of an individual insured); or
- both of the following criteria are met:
 - the entity has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio (portfolio assessment); and
 - the pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

In PZU Group, the approach to the contract boundary, except for a few exceptions, is consistent with the definition of the end of the contract provided for in the insurance contract as a legal document. The exceptions are contract boundaries applied in life insurance riders. From a legal perspective, riders are mostly yearly renewable contracts. For the purpose of measurement in accordance with IFRS 17, riders are recognized and measured along with the main contract, unless it has been assessed that they constitute a separate insurance contract and should therefore be separated from the main contract. Contracts comprising additional risks linked with the main contract are modelled with account taken of renewals, and contract boundaries of riders are in line with the boundary of the main contract. In the case of unit-linked products with regular premiums, for an IFRS 17 measurement, the contract boundary occurs when the PZU Group no longer has a substantive obligation to provide the policyholder with insurance contract services, which in practice means including all forecast future cash flows in the measurement.

11.1.3. Modification of the insurance contract

A modification of the insurance contract changes the original terms and conditions of the contract on the basis of an agreement between the parties or as a result of amendments in legal regulations. It differs from an amendment resulting from any party to the contract exercising its rights that come within the original terms and conditions of the contract.

If terms and conditions of the insurance contract are modified and at least one of the following conditions is met, then the PZU Group derecognizes the original contract and recognizes the modified contract as a new contract. The conditions for contract modification as a result of which the PZU Group derecognizes the contract are as follows:

- the contract is no longer subject to IFRS 17;
- the different components must be separated from the host insurance contract;
- the modified contract has substantially different contract boundary;
- the modified contract would be included in a different group of contracts at initial recognition;
- the modified contract meets the definition of an insurance contract with direct participation features, while the original contract no longer meets that definition, or vice versa;
- the contract no longer meets eligibility criteria for the application of PAA, while the original contract met those criteria.

In case of contract derecognition within the group of contracts, the PZU Group applies the following requirements:

- cash flows from contract allocated to the group, are adjusted in order to eliminate the present value of future cash flows and risk adjustment for non-financial risk related to rights and obligations that are derecognized within the group;
- the contractual service margin for the group is adjusted by changes in the value of cash flows described above; and

- the number of coverage units with regard to expected remaining services stipulated by the contract is adjusted in order to reflect derecognized coverage units within in the group and the contractual service margin recognized in the profit or loss of a given period is based on the adjusted number of coverage units.

11.1.4. Measurement methods

In accordance with IFRS 17, insurance contracts are measured according to the following rules:

- GMM – general measurement model;

The whole insurance contract liability is computed as a sum of:

- fulfilment cash flows, which comprise: (1) estimates of future cash flows within the contract boundary; (2) an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; (3) a risk adjustment for non-financial risk, which reflects the compensation for bearing the uncertainty, about the amount and timing of the cash flows that arise from non-financial risk; and
- the contractual service margin representing an unearned profit. The contractual service margin is sensitive to changes in cash flow estimates triggered by changes in non-economic assumptions. The contractual service margin cannot be a negative value – losses on contracts are recognized directly in profit or loss;

- PAA – premium allocation approach:

The premium allocation approach is a simplified approach, where the measurement of the liability for remaining coverage is in line with the insurance risk distribution over time (without a separate presentation of risk adjustment for non-financial risk or contractual service margin), while the liability for incurred claims is measured in the same manner as for the general measurement model. PAA is applied for contracts which meet relevant eligibility criteria at initial recognition, allowing the application of the simplifications referred to in paragraphs 53 or 69 IFRS 17:

- the entity reasonably expects that this simplification produces a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the GMM method;
- the coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less.

In line with the PZU Group's policy, under the PAA approach, insurance acquisition cash flows are included in the liability for the remaining coverage (LRC) and are therefore amortized over the entire coverage period.

For the PAA method, the PZU Group does not make an adjustment to reflect the time value of money and the impact of financial risk due to the expectation that the payment made or received for future cash flows will occur within a period of no more than one year from the date of the insurance loss;

- VFA – variable fee approach:

The liability measurement method used for IFRS 17 reporting of insurance contracts with direct participation features, is analogous to GMM, with the difference being that changes in the CSM in subsequent periods also include the impact of changing economic assumptions, and not just operating assumptions. The variable fee approach is only used to measure selected products, following the assessment of the eligibility criteria at the initial recognition of a group of contracts. The PZU Group applies VFA to unit-linked products which meet the eligibility criteria (the PZU Group assesses all its unit-linked products to meet the VFA eligibility criteria).

In PZU Group, the majority of non-life insurance and outward reinsurance contracts meet the criteria for applying the simplified premium allocation approach (PAA). Life insurance contracts are measured using a general model, i.e. the GMM, and to contracts with direct participation features PZU Group applies the VFA model.

Valuation of insurance contracts at the date of transition to IFRS 17

PZU applied IFRS 17 Insurance Contracts for the first time to the consolidated financial statements for the period starting on 1 January 2023.

Due to the need to prepare comparative data, 1 January 2022 is assumed as the date of transition to IFRS 17.

IFRS 17 allows the use of three methods for the purpose of measuring financial items at the transition date:

- full retrospective approach (FRA) – a method whereby an entity measures groups of insurance contracts as if IFRS 17 had been applied from the beginning for those contracts;
- modified retrospective approach (MRA) – a method that allows the entity to apply simplifications to the FRA method if its full application is impracticable;
- fair value approach – a method that is permitted if the FRA method is impracticable and if the entity has decided not to use the MRA method.

PZU Group applied all the three methods depending on the availability of historical data. The full retrospective approach was applied to all the groups of non-life insurance contracts, except for liabilities arising from claims incurred before 1993, to which the fair value approach was applied. Approaches applied to the groups of life insurance contracts are presented in the table below:

Contract recognition date	Approach
2021 or later	<ul style="list-style-type: none"> • Full retrospective approach for all contracts
2019 – 2020	<ul style="list-style-type: none"> • Modified retrospective approach for unit-linked contracts • Full retrospective approach for other contracts
2016 – 2018	<ul style="list-style-type: none"> • Full retrospective approach for individually continued insurance contracts • Modified retrospective approach for other contracts
2015 and earlier	<ul style="list-style-type: none"> • Fair value approach for annuities and endowment insurance contracts (JUŻ) • Modified retrospective approach for other contracts

Full retrospective approach

In accordance with IFRS 17 paragraph C3, the PZU Group has applied the full retrospective approach unless it was impracticable. For those parts of the business for which the application of the full retrospective approach was impracticable (e.g. data were not collected at the required resolution, there were changes in IT systems preventing the preparation of the relevant data and there were profound changes in actuarial models making the retrospective application impracticable), the PZU Group applied simplifications as permitted by the standard.

Simplifications

In cases where the application of the full retrospective approach has been assessed as impracticable, the PZU Group used the modified retrospective approach or the fair value approach, and the choice of approach is made individually for each group of contracts. The selection took into account factors such as the availability of historical data and the materiality of the impact on the consolidated financial statements.

For some groups of contracts for which the PZU Group used the modified retrospective approach or the fair value approach, cumulative amount of finance income or expenses from insurance recognized in other comprehensive income at the transition date was determined as zero.

The following table presents simplifications which are allowed by the standard and which are applied by PZU Group:

Simplification	Approach adopted
Evaluation of the groups of contracts on the basis of information available at the transition date, instead of at the contract inception date	<p>To the extent that the PZU Group did not have reasonable and documented information that would allow the full retrospective approach to be applied, decisions were made regarding the following issues, using reasonable and documented information available at the date of transition to the new standard instead of information available at the time of initial recognition:</p> <ul style="list-style-type: none"> • the method of identifying groups of insurance contracts; • the assessment of whether an insurance contract corresponds to the definition of an insurance contract with direct participation features.
Failure to comply with the provisions of paragraph 22 of IFRS 17 to divide groups into those that	<p>For some groups of contracts for which the PZU Group used the modified retrospective approach or the fair value approach, contracts concluded at intervals of more than one year were included within the groups.</p>

do not include contracts issued more than one year apart.

Use of historical cash flows in order to determine contractual service margins

Simplified calculation of a risk adjustment for non-financial risk at the date of initial recognition of a group of insurance contracts

To the extent that the PZU Group did not have reasonable and documented information to apply the full retrospective approach, future cash flows at the date of initial recognition of the group of insurance contracts were estimated as the amount of future cash flows at the date of transition (or at an earlier date if the future cash flows at the earlier date could be determined retrospectively), adjusted for cash flows known to have occurred between the date of initial recognition of the group of insurance contracts and the date of transition (or an earlier date).

For groups of contracts for which the modified retrospective approach was used, to the extent that the PZU Group did not have reasonable and documented information to apply the full retrospective approach, the non-financial risk adjustment at the date of initial recognition of the group of insurance contracts (or later) was determined by adjusting the non-financial risk adjustment at the transition date by the expected release from risk prior to the transition date. The expected release from risk was determined by reference to the risk released for similar insurance contracts concluded by the PZU Group at the transition date.

Modified retrospective approach

Where the application of the full retrospective approach is impracticable, IFRS 17 allows the application of modifications to such an approach – the so-called modified retrospective approach – to achieve the closest outcome to retrospective application possible. Modifications allowed by the standard cover assessments of insurance contracts or groups of insurance contracts that would have been made at the date of inception or initial recognition, estimates related to the contractual service margin or loss component, and estimates of insurance finance income or expenses.

In the cases provided for in IFRS 17 and where the PZU Group has deemed the modified retrospective approach to be reasonable, the PZU Group has applied the following modifications to the full retrospective approach:

- the use of historical cash flows and reliable estimates of historical cash flows to estimate future cash flows and contractual service margin or loss component as at the initial recognition of a group of contracts or group of insurance contracts without direct participation features;
- estimated risk adjustment for non-financial risk as at the date of initial recognition of a group of insurance contracts and its release before the transition date based on information available as at the transition date. Information used for such estimates include the calibrated risk adjustment for non-financial risk as at the transition date, estimated cash flows at the date of initial recognition of the group of insurance contracts and historical data available as at the transition date;
- aggregation of groups of contracts issued more than one year apart.

In its estimations using the modified retrospective approach, the PZU Group did not apply the modifications allowed by IFRS 17 relating to the measurement of discount rates.

When applying the modified retrospective approach, PZU Group used reasonable and supportable information, making the maximum use of the data available, without any undue cost or effort, which PZU Group would have used if the full retrospective approach had been applied.

Fair value approach

The fair value approach in the transition period was applied by the PZU Group for annuity and traditional products entered into before 1993 for which there are no reasonable and supportable information available without undue cost or effort that would allow computations in line with the modified retrospective approach.

With respect to contracts where the fair value approach has been applied, the PZU Group determined CSM as at the transition date as the difference between the fair value of the liability for remaining coverage and cash flows in respect of liabilities measured as at that date. In determining fair value, the PZU Group applied the requirements of IFRS 13 “Fair Value Measurement,” except for the requirement that the fair value of a financial liability with a demand feature (e.g. a demand deposit) cannot be less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The PZU Group has aggregated contracts issued more than one year apart into one group of insurance contracts in line with the fair value approach as at the transition date, because it did not have reasonable and supportable information allowing for disaggregation into groups of contracts issued within one year.

When applying the fair value approach, PZU Group used reasonable and supportable information available as the transition date for the purposes of:

- identifying groups of insurance contracts;
- identifying discretionary cash flows for insurance contracts without direct participation features.

To measure the fair value of insurance contracts at the transition date as required by IFRS 13, PZU Group applied the income approach using cash flow discounting. In principle, this approach is consistent with the approach to measuring cash flows from the performance of contracts, in accordance with the guidance of IFRS 17. The differences lie in the approach to the measurement of the risk adjustment for non-financial risk - by taking into account a higher cost of capital (applicable in PZU Group and determined by the Capital Asset Pricing Model (CAPM) in the income approach).

Liability for remaining coverage without loss component

Measurement at the initial recognition

Liability for remaining coverage (LRC) is a liability that corresponds to an entity's obligation to:

- investigate and pay valid claims under existing insurance contracts for insurance events that have not yet occurred (i.e. the obligation in respect of the unexpired portion of the insurance coverage); and
- pay amounts under existing insurance contracts that are not included in the aforementioned point and that relate to:
 - the insurance contract services not yet provided (i.e., the obligations that relate to future provision of insurance contract services); or
 - any investment components or other amounts that are not related to the provision of insurance contract services and that have not been transferred to the liability for incurred claims.

At initial recognition, the total insurance contract liability comprises the liability for remaining coverage. Moreover, the carrying amount is equal to zero for non-onerous contracts.

In with the general measurement model, as well as within the variable fee approach, the liability for remaining coverage at initial recognition is measured as:

- the fulfilment cash flows described in section 11.1.5; and increased by
- the contractual service margin representing unearned profit.

The premium allocation approach does not take into account the contractual service margin, the risk adjustment for non-financial risks and the adjustment reflecting the time value of money. The liability for remaining coverage at the initial recognition is measured as:

- premiums received at the date of initial recognition;
- minus any insurance acquisition cash flows; and
- plus or minus any amount arising from the derecognition as at that date of:
 - any assets in respect of the insurance contract acquisition cash flows paid out prior to the initial recognition of the group of insurance contracts; and
 - any other assets or liabilities previously recognized in respect of cash flows relating to the group of contracts.

Subsequent measurement

After initial recognition, as at the end of each reporting period liability for remaining coverage, excluding contractual service margin, is reassessed using fulfilment cash flows concerning contracts related to the subsequent coverage period, i.e., it covers the best estimate present value of the cash flows required to fulfil the liability together with a risk adjustment for non-financial risk.

According to the general measurement model and variable fee approach, as at the end of the reporting period, the liability for remaining coverage excluding CSM is estimated as:

- liability for remaining coverage at the beginning of the reporting period, which is equal to the value of this liability at the end of the previous reporting period;
- plus/minus estimated expected amounts related to the payments of premiums, claims and expenses which are to be incurred in the reporting period, as estimated as at the previous reporting date;
- plus/minus changes in estimates resulting from changes in assumptions relating to future services;
- plus/minus interest accreted on the present carrying amount of future cash flows and risk adjustment for non-financial risk within the reporting period, using a discount rate applied at initial recognition (so-called locked-in rate);
- plus/minus the remaining interest accreted using current discount rates.

Under the premium allocation approach, at the end of the reporting period, the liability for remaining coverage is measured as:

- the carrying amount of this liability at the beginning of the period;
- plus the premiums received in the period;
- minus insurance acquisition cash flows;
- plus any amounts relating to the amortization of insurance acquisition cash flows recognized as an expense in the reporting period;
- minus the amount recognized as insurance revenue for services provided in that period; and
- minus any investment component paid or transferred to the liability for incurred claims.

Accordingly, PZU Group recognizes income and expense relating the following changes in the carrying amount of the liability for remaining coverage:

- insurance revenue – for the reduction in the liability for remaining coverage because of services provided in the period;
- insurance service expenses – for losses on groups of onerous contracts, and reversals of such losses;
- insurance finance income or expenses – for the effect of the time value of money and the effect of financial risk.

Contractual service margin

Measurement at the initial recognition

The contractual service margin is set for non-onerous contracts at initial recognition and reflects unearned profit. An amount of the contractual service margin for a group of insurance contracts is recognized in profit or loss in each period to reflect the insurance contract services provided under the group of insurance contracts in that period.

Contractual service margin may be defined as expected cash inflows minus expected cash outflows within the contract boundary, with risk adjustment for non-financial risk and time value of money.

Contractual service margin is not recognized under premium allocation approach. Under the general measurement model and variable fee approach, at initial recognition, the PZU Group measures contractual service margin of a group of contracts at an amount that results in no income or expenses arising from:

- the initial recognition of an amount for the fulfilment cash flows;
- any cash flows arising from the contracts in the group at that date;
- the derecognition at the date of initial recognition of:
 - any asset for insurance acquisition cash flows;
 - any other assets or liabilities previously recognized in respect of cash flows relating to the group of contracts.

As a rule, contractual service margin may not be used to recognize losses over time. Loss identified on recognition of a group of contracts is recognized in the profit and loss account at an amount corresponding to the excess expected future outflows over the expected future inflows accounting for non-financial risk (through risk adjustment for non-financial risk). This approach is opposite to the manner in which expected profit from insurance business is recognized over time, proportionally to the insurance service provided.

Subsequent measurement

Contractual service margin as at the end of the reporting period reflects the profit in the group of insurance contracts that has not yet been recognized in profit or loss because it relates to future service to be provided under the contracts in the group.

At the end of each reporting period, the carrying value of the contractual service margin for the group of insurance contracts without direct participation features, measured in accordance with the general measurement model, corresponds to the carrying value at the beginning of the reporting period adjusted by:

- the effect of any new contracts added to the group;
- interest accreted on the carrying amount of the contractual service margin during the reporting period, measured at the discount rates at initial recognition (so-called locked-in rates);
- changes in fulfilment cash flows relating to future services, except to the extent that:
 - such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss; or
 - such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage;
- the effect of any currency exchange differences on the contractual service margin; and
- the amount recognized as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

At the end of each reporting period, the carrying amount of the contractual service margin for a group of insurance contracts with direct participation features, measured in line with the variable fee approach, equals the carrying amount as at the start of the reporting period adjusted for:

- the effect of any new contracts added to the group;
- the change in the amount of the entity's share of the fair value of the underlying items;
- the changes in fulfilment cash flows relating to future service;
- the effect of any currency exchange differences on the contractual service margin; and
- the amount recognized as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

Changes in fulfilment cash flows related to future services that adjust the contractual service margin for the group of insurance contracts that do not include direct participation features are as follows:

- experience adjustments (i.e., differences in actual vs. expected amounts) arising from premiums received in the period that relate to future service, and related cash flows such as insurance acquisition cash flows and premium-based taxes, measured at the discount rates specified at initial recognition;
- changes in estimates of the present value of the future cash flows in the liability for remaining coverage, except those not related to future service, measured at the discount rates specified at initial recognition;
- differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, increased by an investment component resulting from claims incurred but not paid, measured at the discount rates specified at initial recognition; and
- changes in the risk adjustment for non-financial risk that relate to future service.

Loss component

Measurement at the initial recognition

The loss component is part of the liability for remaining coverage (LRC) and represents losses from the group of onerous contracts. Initial loss is separated in profit or loss, and adjusted in subsequent periods for further losses, reversal of losses, and their release over time, so that the loss component for a group of contracts is nil until the end of the coverage period of a group of contracts.

The loss component is established regardless of the measurement model applied (i.e., it is set for the general measurement model, variable fee approach, and the premium allocation approach).

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows (with risk adjustment for non-financial risk and the time value of money) allocated to the contract, any previously recognized insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net outflow, recognized in profit or loss.

For the purpose of the premium allocation approach, if at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the entity establishes a loss component which can be expressed as the difference between the carrying amount of the liability for remaining coverage calculated in line with PAA and the fulfilment cash flows that relate to remaining coverage of the group estimated in line with the general model.

Subsequent measurement

Under the general measurement model and variable fee approach, an insurance contract or group of insurance contracts becomes onerous (or more onerous) on subsequent measurement if unfavorable changes relating to future service arising from changes in estimates of future cash flows and the risk adjustment for non-financial risk exceed the carrying amount of the contractual service margin. In this case, the PZU Group recognizes the loss in profit or loss at the amount equal to the said excess.

If on subsequent measurement, there are favorable changes relating to future service, the PZU Group recognizes profit (reversal of losses) in profit or loss to the maximum amount of the loss component. Should favorable changes exceed the value of the loss component, the PZU Group recognizes profit equal to the recognized loss component, whereas the excess is recognized as contractual service margin.

In the case of premium allocation approach, loss component in subsequent measurement is measured using the same calculation method as at initial recognition and may be reversed to zero.

Liability for incurred claims

Measurement at the initial recognition

Liability for incurred claims (LIC) corresponds to the entity's obligation to:

- investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses; and
- pay amounts other than specified in the point above and which relate to:
 - insurance contract services which have already been provided; or
 - any investment components or other amounts that are not related to the provision of insurance contract services and that are not in the liability for remaining coverage.

In all valuation models, at the initial recognition of a group of contracts, the liability for incurred claims is usually zero, as no insured events have yet occurred.

The liability for incurred claims has to be established (separately for each type of insured event) once a single insured event of a contract occurred, comprising the expected claims payout for this single event, for which claims have not been fully paid yet.

Liability for incurred claims comprises cash flows related to the past service as at the reporting date. The measurement of this liability is based on the same requirements concerning (1) estimates of the future cash flows; (2) discount rates; and (3) risk adjustment for non-financial risk, which also apply to the liability for remaining coverage on initial and subsequent measurement.

Subsequent measurement

For each reporting period, liability for incurred claims is measured as fulfillment cash flows related to incurred claims. This means that it covers the present value of expected estimates of future cash flows required to settle the liability for incurred claims and expenses for each insured event, along with risk adjustment for non-financial risk.

For all the measurement methods, as at the end of the reporting period, the liability for incurred claims is estimated as:

- liability for incurred claims as at the beginning of the reporting period, equal to the liability as at the end of the previous reporting period;
- plus/minus expected cash flows related to past service;
- plus the increase related to claims and expenses incurred in the period but not yet paid;
- plus/minus interest accreted on the best estimate of present value of liabilities and risk adjustment for non-financial risk in the reporting period using the discount rate applied at initial recognition (so-called locked-in rate);
- plus/minus the remaining interest accreted using current discount rates.

After initial recognition, an entity recognizes income and expenses for the following changes in the carrying amount of the liability for incurred claims:

- insurance service expenses – for the increase in the liability because of claims and expenses incurred in the period, excluding any investment components;
- insurance service expenses – for any subsequent changes in fulfillment cash flows relating to incurred claims and incurred expenses; and
- insurance finance income or expenses – for the effect of the time value of money and the effect of financial risk.

Insurance finance income or expenses

To reduce the volatility of the financial result and to keep the approach in measuring financial assets and liabilities under insurance and reinsurance contracts as consistent as possible, PZU Group presents finance income and expenses under insurance and reinsurance in the consolidated profit and loss account or in other comprehensive income (for portfolios of contracts without direct participation features). In order to determine the value of insurance and reinsurance finance income or expenses, PZU Group uses:

- for groups of insurance contracts for which changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to policyholders – discount rates determined at the date of initial recognition of a group of contracts;
- for groups of insurance contracts for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to the policyholders, discount rates that allocate the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate.

Assets in relation to cash flows from the acquisition of insurance contracts

Prepayments understood as acquisition expenses paid before their due date and initial recognition of a contract (where payments are not within the contract boundary but are part of fulfillment cash flows following the initial recognition of a contract) are not recognized under the liability for remaining coverage (LRC) until the initial recognition of the contract; however, they are treated as part of the insurance contract assets or liabilities as assets for insurance acquisition cash flows.

If facts and circumstances indicate that an asset may have been impaired in relation to the cash flows from the acquisition of insurance contracts, then at the end of each reporting period PZU Group:

- recognizes an impairment loss so that the carrying amount of each asset does not exceed the expected net cash inflows for that group of insurance contracts (group level impairment testing); and
- if the asset relates to the groups expected to arise from the renewal of insurance contracts in the group (additional impairment test), recognizes an impairment loss to the extent that:
 - insurance acquisition cash flows exceed the net cash inflow for the expected renewals;
 - the excess has not already been recognized as an impairment loss.

A previously recognized impairment loss is reversed in a subsequent reporting period to the extent to which the impairment has improved or no longer exists. In its IFRS 17 reporting, both as at 31 December 2025 and as at 31 December 2024, the PZU Group has recognized no asset relating to groups expected to arise from renewals of insurance contracts in a group.

11.1.5. Significant judgements and estimation processes

Cash flows from the performance of insurance contracts

In estimating future cash flows, PZU Group considers all reasonable and documented information that is available without undue cost and effort. This information includes both historical internal and external data concerning claims and other measurement elements, updated to reflect current expectations of future events.

Estimates of future cash flows include all cash flows expected to arise from the fulfilment of the rights and obligations under the insurance contract. Estimates of future cash flows:

- are within the contract boundary;
- account for all information available about the amount, timing and uncertainty of those future cash flows;
- are explicit – the entity estimates the risk adjustment for non-financial risk separately from the other estimates; the entity also estimates the cash flows separately from the adjustment for the time value of money and financial risk, unless the most appropriate measurement technique combines these estimates;
- reflect the perspective of the entity, provided that the estimates of any relevant market variables are consistent with observable market prices for those variables;
- are up to date.

Cash flows within the boundary of an insurance contract are those directly related to the fulfillment of rights and obligations under the contract, including cash flows in respect of which the PZU Group may, at its discretion, determine the amount or timing. The cash flows within the boundary include:

- premiums;
- payments to (or on behalf of) the insured, including claims that have already been reported but have not yet been paid (i.e. reported claims), incurred claims for events that have occurred but for which claims have not been reported and all future claims for which the PZU Group has a substantive obligation;
- payments to (or on behalf of) a policyholder that vary depending on returns on underlying items;
- payments to (or on behalf of) the insured resulting from derivatives, for example, options and guarantees embedded in the contract, to the extent that those options and guarantees are not separated from the insurance contract;
- an allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs;
- claims handling expenses;
- costs the PZU Group will incur in providing contractual benefits paid in kind;
- policy administration and maintenance costs;
- transaction-based taxes that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis;
- payments by the PZU Group in a fiduciary capacity to meet tax obligations incurred by the insured, and related receipts;

- potential cash inflows from recoveries (such as salvage and subrogation) on future claims covered by existing insurance contracts and, to the extent that they do not qualify for recognition as separate assets, potential cash inflows from recoveries on past claims;
- costs the PZU Group will incur
 - performing investment activity, to the extent the PZU Group performs that activity to enhance benefits from insurance coverage for the insured;
 - providing investment-return service to the insured of insurance contracts without direct participation features; or
 - providing investment-related service to policyholders of insurance contracts with direct participation features;
- allocation of fixed and variable indirect costs directly related to the performance of insurance contracts;
- any other costs specifically chargeable to the policyholder under the terms of the contract.

Reinsurance contracts are modeled on the same basis as insurance contracts. However, taking into account the features of reinsurance contracts, at initial recognition (and similarly as at every subsequent reporting date), expected future cash flows include estimates of future cash flows from underlying insurance contracts expected to be issued in the future by the reinsured entity within the reinsurance contracts' boundaries.

Key assumptions

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

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

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

Cash flows for reported annuities are projected individually based on the current annuity amount, the expected annuity term and the expected growth rate. The expected term is determined on the basis of the age and sex of the annuity recipient, based on mortality determined at 100% of the Polish Life Expectancy Tables 2024 ("PTTŻ 2024") and, in the case of temporary annuities, additionally on the basis of the end of the annuity payment. The annuity growth forecast is made on the basis of historical annuity increases.

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

Mortality assumptions for long-term products were made using the relative mortality method, based on the Polish Life Expectancy Tables 2018 ("PTTŻ 2018") and experience in the implementation of these tables. In other cases, mainly for short-term products,

the assumption was set as the frequency of deaths per 1,000 insured persons, based on the PZU Group's current experience for these products, with the level of assumed mortality for the main group insurance portfolio being 86% of the average mortality determined on the Polish working-age population.

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

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

Mortality rates for individually continued insurance range from 85% PTTŻ 2018 and do not exceed 100% PTTŻ 2018 for most of the insured.

Division of indirect costs into directly and indirectly attributable to the insurance contracts

The PZU Group regularly analyses whether indirect costs are directly attributable to the insurance contracts under the ABC (activity based costing) process. Based on this process, a division is made in quarterly intervals between costs directly attributable to the contracts and costs not attributable to the contracts.

Costs classified as not attributable to the contracts are excluded from the calculation of liabilities for remaining coverage and liabilities for incurred claims, which means that they are recognized in the result as they are incurred, in accordance with the provisions of other standards, usually as “other operating expenses”.

The allocation of costs directly attributable to the insurance contracts to IFRS 17 portfolios is based on the ABC model, which allocates prepayments and accruals to the product level. The data is then aggregated to the IFRS 17 portfolio level.

As a next step, for non-life insurance, PZU Group applies the following allocation keys to be used for allocating costs actually incurred to the cohort level:

- indirect claims handling costs – the value of claims paid during a given quarter;
- salvage recovery costs – the value of claims paid during a given quarter;
- indirect acquisition expenses – premiums written during a given quarter;
- administrative expenses are allocated to cohorts that began during a given quarter.

For the life insurance business, the PZU Group uses an alternative cost allocation key, i.e. divides costs into cohorts in proportion to the number of policies active in each cohort. Acquisition costs are allocated to the cohort beginning in a given quarter.

Cash flow discounting

The PZU Group uses discount rate curves determined under the bottom-up approach (IFRS 17:B80), which assumes that discount curves will be determined as liquid risk-free rate curves adjusted for the illiquidity premium resulting from the difference in the liquidity characteristics of the rates observed in the market and the liquidity characteristics of the insurance contracts.

For the purposes of determining the discount rate curves for the measurement of liabilities for periods from 31 December 2015, the PZU Group uses the EIOPA methodology to determine the basic risk-free curve, and for earlier periods, i.e. years prior to the implementation of Solvency II Directive, PZU Group determined historical discount rate curves based on the bond market data and on the evaluation of availability of illiquid assets in the market. In addition, for periods prior to 2015, the discount rate curves have been adjusted (lowered) by a credit risk adjustment of 10 basis points, consistent with the EIOPA methodology. In applying discount rates, the assessment of liquidity of liabilities of a given product was also taken into account. The illiquidity premium was determined on the basis of market data and liquidity characteristics of individual groups of insurance contracts.

The table below shows the curves used to discount insurance contract cash flows for the main currencies. The ‘No premium’ rows present the base curves for IFRS 17 portfolios in which no illiquidity premium has been added (applicable to group insurance, insurance with participation features, banking products and unit-linked products). The “Annuities” rows present the curves used

to discount selected annuity liabilities in property insurance, while the “IK” row – curves used to discount selected individual life insurance, particularly the individual continuation portfolio and term insurance.

Portfolio duration	31 December 2025					31 December 2024				
	1 year	5 years	10 years	20 years	40 years	1 year	5 years	10 years	20 years	40 years
No premium										
PLN	3.34%	4.46%	5.16%	5.08%	4.39%	4.97%	5.50%	5.78%	5.35%	4.51%
EUR	2.08%	2.48%	2.86%	3.21%	3.30%	2.24%	2.14%	2.27%	2.26%	2.56%
USD	3.43%	3.47%	3.84%	4.28%	4.07%	4.18%	4.02%	4.07%	4.10%	3.66%
GBP	3.54%	3.67%	4.05%	4.54%	4.43%	4.46%	4.04%	4.07%	4.30%	3.99%
NOK	4.04%	3.98%	4.06%	3.95%	3.71%	4.30%	3.99%	3.93%	3.81%	3.62%
Annuities										
PLN	3.58%	4.70%	5.41%	5.33%	4.63%	5.18%	5.70%	5.99%	5.56%	4.72%
EUR	2.16%	2.56%	2.94%	3.29%	3.39%	2.27%	2.18%	2.30%	2.30%	2.60%
IK										
PLN	3.50%	4.62%	5.33%	5.25%	4.55%	5.11%	5.63%	5.92%	5.49%	4.65%

Risk adjustment for non-financial risk

PZU Group includes risk adjustment for non-financial risks (e.g. underwriting risk, surrender risk and expense risk) in the measurement of insurance contracts. The risk adjustment for non-financial risk is compensation for the uncertainty about the amount and timing of cash flows from groups of insurance contracts. Due to different risk characteristics, the risk adjustment concerning cash flows related to the future coverage period (accounted for in the liability for remaining coverage) and past coverage period (accounted for in the liability for incurred claims) is estimated separately.

PZU Group estimates the adjustment using available methods, including the Value at Risk (VaR) method and techniques based on the cost of capital method.

At the entity’s level, the risk adjustment is established as a simple sum of risk adjustments for all groups of contracts in the portfolio, not accounting for any correlations between the groups. Finally, that value serves to establish the confidence level which takes into account the correlations and diversification effects between homogeneous risk groups. The parameters for risk adjustment are selected so that the final value of the risk adjustment for non-financial risk corresponds to a confidence level from the interval 75% - 85% determined by the PZU Group as the confidence level expected for the purpose of determining non-financial risk in IFRS 17 financial reporting.

Confidence level for the risk adjustment was 81.2% as at December 31, 2025 (as at December 31, 2024: 79.4%).

Coverage units

Contractual service margin, recognized in profit or loss for a period, is determined by the PZU Group in line with the requirements of IFRS 17 based on coverage units. For each group of insurance contracts, PZU Group identifies the coverage units provided based on the characteristics of the product, considering for each contract the quantity of the benefits provided and expected coverage period. For groups of contracts providing insurance cover and providing an investment-related service, the PZU Group does not apply relative weights and adds up the unweighted coverage units resulting from both types of services.

For each product segment, PZU Group identifies the coverage units in accordance with the table below:

Type of insurance	Basis of computing coverage units
Group and continued insurance	Total sum insured under the main contract and riders
Traditional insurance	In addition to the annuity insurances, the total sum insured from the main contract and riders. Annual benefit for annuity insurance
Unit-linked insurance	Total sum insured under the host contract and riders (fund covered)
Other insurance	Total sum insured under the main contract and riders

11.1.6. Presentation of insurance contracts in the consolidated profit and loss account or in the consolidated statement of other comprehensive income

The PZU Group's consolidated profit and loss account and consolidated statement of other comprehensive income separately present:

- the insurance service result, including:
 - insurance revenue – the consideration to which the entity expects to be entitled in exchange for services provided in the period and which is comprised of:
 - expected claims and benefits, and expected costs;
 - release of the contractual service margin in the portion attributable to a given period;
 - release of adjustment for non-financial risk;
 - amortization of liabilities for remaining coverage (PAA);
 - insurance service expenses:
 - incurred claims (excluding investment components) and other incurred insurance service expenses;
 - amortization of insurance acquisition cash flows;
 - changes that relate to past service, i.e., changes in fulfillment cash flows relating to the liability for incurred claims; and
 - losses on groups of onerous contracts, and reversals of such losses;
- insurance financial income or expenses:
 - the effect of the time value of money;
 - the effect of financial risks.

Under IFRS 17, PZU Group has the right to decide whether to present the total insurance finance income or expenses in the profit or loss account or decide to disaggregate them and present them separately in the profit or loss account and in the other comprehensive income for each IFRS 17 portfolio. PZU Group has exercised the option of disaggregation for all IFRS 17 portfolios other than those with direct participation features (in the case of PZU Group, these are unit-linked products).

11.1.7. Reinsurance contracts

A reinsurance contract is defined as an insurance contract issued by one entity (the reinsurer) to compensate another entity (the holder) for claims arising from one or more insurance contracts issued by that other entity (underlying contracts).

All reinsurance contracts issued by the PZU Group transfer significant insurance risk onto the reinsurer; therefore, they are considered reinsurance contracts held within the meaning of IFRS 17, and IFRS 17 is applied for their measurement.

The PZU Group identifies, classifies, measures and presents reinsurance contracts held using the same principles as for insurance contracts, with the key exceptions.

Aggregation of reinsurance contracts held

Reinsurance contracts held are divided into two profitability groups:

- contracts with a net gain at initial recognition (i.e. a net inflow);
- other contracts for which there is a net cost of purchasing reinsurance with a significant possibility of a net gain arising subsequent to initial recognition.

Contract boundary

Initial recognition of reinsurance contracts held is defined as follows:

- if the reinsurance contract held provides proportionate coverage, at the beginning of the coverage period of the group of reinsurance contracts held or the date of initial recognition of any of the underlying insurance contracts, whichever is the later; and
- in all other cases – from the beginning of the coverage period of the group of reinsurance contracts held.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the entity:

- is obliged to pay amounts to the reinsurer; or
- has a material right to avail itself of the reinsurer's services.

Measurement methods

All reinsurance contracts at PZU Group meet the eligibility criterion for the application of the simplified premium allocation approach.

Asset for remaining coverage

Reinsurance contracts held are measured separately from their underlying insurance contracts. The entity uses consistent assumptions to measure the estimates of the present value of the future cash flows for the group of reinsurance contracts held and the estimates of the present value of underlying insurance contracts. In addition to using consistent assumptions, the PZU Group applies the following modifications to calculate the estimates of the present value of cash flows for reinsurance contracts held, compared to underlying insurance contracts:

- the estimates of the present value of the future cash flows for the group of reinsurance contracts held include the effect of any risk of non-performance by the reinsurer of the reinsurance contract, including the effects of collateral and losses from disputes;
- Estimated risk adjustment for non-financial risk is determined so that it represents the amount of risk being transferred by the holder to the reinsurer.

For the purpose of the premium allocation approach, the asset for remaining coverage at the initial recognition is equal to the amount of premiums paid less the amount of commissions received.

If a loss recovery component is tied up at the initial recognition for reinsurance contracts held measured using the premium allocation approach, the corresponding amount adjusts the asset for remaining coverage.

The measurement of the asset for remaining coverage as of subsequent reporting dates for the premium allocation approach for reinsurance contracts held is in accordance with the rules for insurance contracts entered into and constitutes the sum of the following:

- asset for remaining coverage at the beginning of the period;
- plus premiums paid;
- less commissions received;
- less changes in the financing component;
- less amortization of the asset for remaining coverage;
- investment component.

Loss recovery component

When the premium allocation approach is applied to a group of reinsurance contracts held, if the PZU Group recognizes a loss at the initial recognition of the onerous group of underlying insurance contracts, it adjusts the carrying amount of the asset for remaining coverage.

The above-mentioned adjustment applies if, and only if, the reinsurance contract is entered into before or at the same time as the onerous underlying insurance contracts are recognized.

The adjustment of the asset for remaining coverage and the resulting revenue referred to above are determined by multiplying the loss recognized on the underlying insurance contracts by the expected percentage of claims related to the underlying insurance contracts recovered from the group's reinsurance contracts held (recovery ratio).

The PZU Group creates a loss recovery component for the group of reinsurance contracts held in an amount equal to the above adjustment.

Measurement for subsequent reporting dates of the loss recovery component involves three stages:

- adding the underlying onerous insurance contracts to the group;
- changes in assumptions (so-called unlocking) for the loss recovery component corresponding to the change in assumptions (unlocking) for the loss component for the underlying groups of insurance contracts;
- release of the loss recovery component corresponding to the release of the loss component for the underlying groups of insurance contracts.

Under no circumstances can the carrying amount of the loss recovery component exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the PZU Group expects to recover from the group of reinsurance contracts held.

The PZU Group calculates changes in assumptions (unlocking) for the loss recovery component by multiplying the changes in assumptions (unlocking) for the loss component for the underlying insurance contracts by the corresponding recovery ratio.

The PZU Group takes into account the following limitations when calculating the release of the loss recovery component:

- the loss recovery component shall not be negative;
- the loss recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that PZU Group expects to recover from the group of reinsurance contracts held.

If the underlying groups of insurance contracts are measured using the premium allocation approach, the calculation of the release of the loss recovery component is similar to that of the loss component.

Presentation

In respect of reinsurance contracts held, the PZU Group's consolidated statement of financial position, consolidated profit and loss account, and consolidated comprehensive income statement separately present:

- Net expenses on reinsurance contracts held:
 - allocation of reinsurance premiums – the consideration to which the reinsurer expects to be entitled in exchange for services provided in the period;
 - amounts recoverable from reinsurers: recoveries of claims incurred in the current period, excluding any investment component; recoveries of expenses incurred in the current period; changes related to past service; loss recovery component and changes in assumptions (so-called unlocking) of the loss recovery component;
- Reinsurance financial income or expenses:
 - the effect of the time value of money;
 - the effect of financial risks.

11.2 Insurance revenue

1 January – 31 December 2025	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual insurance	Investment insurance	Baltic Countries	Ukraine	Total
Contracts not measured under the PAA	-	-	7,921	870	101	50	22	8,964
Amounts relating to changes in liabilities for the remaining coverage	-	-	7,420	679	78	39	12	8,228
Expected incurred claims and other insurance service expenses	-	-	5,985	315	29	23	9	6,361
Release of the risk adjustment for non-financial risk for the period	-	-	123	26	2	2	1	154
Contractual service margin recognized in profit or loss for services provided	-	-	1,434	353	54	14	3	1,858
Other (including experience adjustments for premium)	-	-	(122)	(15)	(7)	-	(1)	(145)
Recovery of insurance acquisition cash flows	-	-	501	191	23	11	10	736
Contracts measured under the PAA	5,187	13,655	-	-	-	2,826	250	21,918
Total insurance revenue	5,187	13,655	7,921	870	101	2,876	272	30,882

1 January – 31 December 2024	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual insurance	Investment insurance	Baltic Countries	Ukraine	Total
Contracts not measured under the PAA	-	-	7,840	744	104	46	27	8,761
Amounts relating to changes in liabilities for the remaining coverage	-	-	7,369	575	73	36	16	8,069
Expected incurred claims and other insurance service expenses	-	-	6,086	254	14	19	5	6,378
Release of the risk adjustment for non-financial risk for the period	-	-	131	21	18	2	6	178
Contractual service margin recognized in profit or loss for services provided	-	-	1,267	295	45	14	9	1,630
Other (including experience adjustments for premium)	-	-	(115)	5	(4)	1	(4)	(117)
Recovery of insurance acquisition cash flows	-	-	471	169	31	10	11	692
Contracts measured under the PAA	4,704	13,106	-	-	-	2,637	215	20,662
Total insurance revenue	4,704	13,106	7,840	744	104	2,683	242	29,423

11.3 Reinsurance premium allocation

Reinsurance premium allocation	1 January – 31 December 2025	1 January – 31 December 2024
Contracts not measured under the PAA	-	-
Contracts measured under the PAA	(2,031)	(1,882)
Allocation of reinsurance premiums, total	(2,031)	(1,882)

11.4 Assets and liabilities under insurance contracts

Assets and liabilities under insurance contracts	31 December 2025	31 December 2024
Short-term	16,671	16,066
Insurance contract assets	(57)	(60)
Insurance contract liabilities	16,728	16,126
Long-term	29,077	27,468
Insurance contract assets	(67)	(48)
Insurance contract liabilities	29,144	27,516
Total assets and liabilities under insurance contracts	45,748	43,534

Assets and liabilities under insurance contracts 31 December 2025	Assets	including prepayments	Liabilities	including prepayments
Non-life insurance – premium allocation approach	(25)	-	24,654	(2)
Corporate insurance	(24)	-	7,543	(2)
Mass insurance	-	-	15,128	-
Baltic Countries	(1)	-	1,789	-
Ukraine	-	-	194	-
Life insurance	(99)	-	21,218	-
General model	(99)	-	15,439	-
Group and individually continued insurance	-	-	11,062	-
Individual insurance	(94)	-	2,680	-
Investment insurance	-	-	1,383	-
Baltic Countries	(5)	-	152	-
Ukraine	-	-	162	-
Variable fee approach	-	-	5,779	-
Investment insurance	-	-	5,555	-
Baltic Countries	-	-	224	-
Total	(124)	-	45,872	(2)

Assets and liabilities under insurance contracts 31 December 2024	Assets	including prepayments	Liabilities	including prepayments
Non-life insurance – premium allocation approach	(11)	-	24,122	(2)
Corporate insurance	(10)	-	7,454	(2)
Mass insurance	-	-	14,878	-
Baltic Countries	(1)	-	1,653	-
Ukraine	-	-	137	-
Life insurance	(97)	-	19,520	-
General model	(97)	-	14,480	-
Group and individually continued insurance	-	-	10,580	-
Individual insurance	(94)	-	2,518	-
Investment insurance	-	-	1,054	-
Baltic Countries	(3)	-	163	-
Ukraine	-	-	165	-
Variable fee approach	-	-	5,040	-
Investment insurance	-	-	4,862	-
Baltic Countries	-	-	178	-
Total	(108)	-	43,642	(2)

11.4.1. Movement in insurance contract assets and liabilities

11.4.1.1. Analysis by remaining coverage period and incurred claims

Movement in insurance contract assets and liabilities 1 January – 31 December 2025	Acquisition cash flow assets	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
		excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	(2)	25,401	635	837	15,398	1,265	43,534
Assets	-	(124)	1	8	7	-	(108)
Liabilities	(2)	25,525	634	829	15,391	1,265	43,642
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	-	(25,602)	(100)	7,763	14,318	359	(3,262)
Insurance service result before reinsurance	-	(27,459)	(119)	7,747	13,614	292	(5,925)
Insurance revenue	-	(30,882)	-	-	-	-	(30,882)
Measured under the modified retrospective approach	-	(2,155)	-	-	-	-	(2,155)
Measured under the fair value	-	(38)	-	-	-	-	(38)
Other contracts	-	(28,689)	-	-	-	-	(28,689)
Insurance service expenses	-	4,981	(119)	6,211	13,592	292	24,957
Incurred claims and other insurance service expenses	-	-	(965)	6,211	13,592	292	19,130
Incurred in the period	-	-	(965)	6,268	13,889	455	19,647
Incurred in the past	-	-	-	(57)	(297)	(163)	(517)
Amortization of insurance acquisition cash flows	-	4,981	-	-	-	-	4,981
Losses and loss reversals on onerous contracts	-	-	846	-	-	-	846
Investment component	-	(1,558)	-	1,536	22	-	-
Net finance expenses from insurance contracts	-	1,854	19	16	820	74	2,783
Effect of movements in exchange rates	-	3	-	-	(116)	(7)	(120)
Cash flows	(5)	27,228	-	(7,713)	(13,968)	-	5,542
Premiums received	-	32,269	-	-	-	-	32,269
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	-	(7,713)	(13,968)	-	(21,681)
Insurance acquisition cash flows	(5)	(5,041)	-	-	-	-	(5,046)
Other changes	5	(45)	(2)	(3)	(19)	(2)	(66)
End of the period	(2)	26,982	533	884	15,729	1,622	45,748
Assets	-	(143)	2	10	7	-	(124)
Liabilities	(2)	27,125	531	874	15,722	1,622	45,872

Movement in insurance contract assets and liabilities 1 January – 31 December 2024	Acquisition cash flow assets	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
		excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	-	24,890	538	795	14,841	1,153	42,217
Assets	-	(129)	5	9	4	-	(111)
Liabilities	-	25,019	533	786	14,837	1,153	42,328
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	-	(25,661)	99	7,696	14,516	113	(3,237)
Insurance service result before reinsurance	-	(26,314)	74	7,687	14,163	83	(4,307)
Insurance revenue	-	(29,423)	-	-	-	-	(29,423)
Measured under the modified retrospective approach	-	(2,200)	-	-	-	-	(2,200)
Measured under the fair value	-	(38)	-	-	-	-	(38)
Other contracts	-	(27,185)	-	-	-	-	(27,185)
Insurance service expenses	-	4,782	74	6,058	14,119	83	25,116
Incurred claims and other insurance service expenses	-	-	(1,132)	6,058	14,119	83	19,128
Incurred in the period	-	-	(1,132)	6,121	13,962	372	19,323
Incurred in the past	-	-	-	(63)	157	(289)	(195)
Amortization of insurance acquisition cash flows	-	4,782	-	-	-	-	4,782
Losses and loss reversals on onerous contracts	-	-	1,206	-	-	-	1,206
Investment component	-	(1,673)	-	1,629	44	-	-
Net finance expenses from insurance contracts	-	653	25	8	321	30	1,037
Effect of movements in exchange rates	-	-	-	1	32	-	33
Cash flows	(5)	26,101	-	(7,654)	(13,940)	-	4,502
Premiums received	-	31,018	-	-	-	-	31,018
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	-	(7,654)	(13,940)	-	(21,594)
Insurance acquisition cash flows	(5)	(4,917)	-	-	-	-	(4,922)
Other changes	3	71 ¹⁾	(2)	-	(19)	(1)	52
End of the period	(2)	25,401	635	837	15,398	1,265	43,534
Assets	-	(124)	1	8	7	-	(108)
Liabilities	(2)	25,525	634	829	15,391	1,265	43,642

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

Corporate insurance

Movement in insurance contract assets and liabilities Corporate insurance 1 January – 31 December 2025	Acquisition cash flow assets	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
		excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	(2)	1,512	52	-	5,335	547	7,444
Assets	-	(17)	-	-	7	-	(10)
Liabilities	(2)	1,529	52	-	5,328	547	7,454
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	-	(4,504)	9	-	2,608	298	(1,589)
Insurance service result before reinsurance	-	(4,507)	9	-	2,446	274	(1,778)
Insurance revenue	-	(5,187)	-	-	-	-	(5,187)
Measured under the modified retrospective approach	-	-	-	-	-	-	-
Measured under the fair value	-	-	-	-	-	-	-
Other contracts	-	(5,187)	-	-	-	-	(5,187)
Insurance service expenses	-	686	9	-	2,440	274	3,409
Incurred claims and other insurance service expenses	-	-	(72)	-	2,440	274	2,642
Incurred in the period	-	-	(72)	-	2,731	252	2,911
Incurred in the past	-	-	-	-	(291)	22	(269)
Amortization of insurance acquisition cash flows	-	686	-	-	-	-	686
Losses and loss reversals on onerous contracts	-	-	81	-	-	-	81
Investment component	-	(6)	-	-	6	-	-
Net finance expenses from insurance contracts	-	-	-	-	263	30	293
Effect of movements in exchange rates	-	3	-	-	(101)	(6)	(104)
Cash flows	(5)	4,424	-	-	(2,755)	-	1,664
Premiums received	-	5,136	-	-	-	-	5,136
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	-	-	(2,755)	-	(2,755)
Insurance acquisition cash flows	(5)	(712)	-	-	-	-	(717)
Other changes	5	(5)	-	-	-	-	-
End of the period	(2)	1,427	61	-	5,188	845	7,519
Assets	-	(30)	-	-	6	-	(24)
Liabilities	(2)	1,457	61	-	5,182	845	7,543

Movement in insurance contract assets and liabilities Corporate insurance 1 January – 31 December 2024	Acquisition cash flow assets	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
		excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	-	1,292	60	-	5,146	443	6,941
Assets	-	(14)	-	-	4	-	(10)
Liabilities	-	1,306	60	-	5,142	443	6,951
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	-	(4,077)	(8)	-	2,789	104	(1,192)
Insurance service result before reinsurance	-	(4,077)	(8)	-	2,633	91	(1,361)
Insurance revenue	-	(4,704)	-	-	-	-	(4,704)
Measured under the modified retrospective approach	-	-	-	-	-	-	-
Measured under the fair value	-	-	-	-	-	-	-
Other contracts	-	(4,704)	-	-	-	-	(4,704)
Insurance service expenses	-	634	(8)	-	2,626	91	3,343
Incurred claims and other insurance service expenses	-	-	(98)	-	2,626	91	2,619
Incurred in the period	-	-	(98)	-	2,474	164	2,540
Incurred in the past	-	-	-	-	152	(73)	79
Amortization of insurance acquisition cash flows	-	634	-	-	-	-	634
Losses and loss reversals on onerous contracts	-	-	90	-	-	-	90
Investment component	-	(7)	-	-	7	-	-
Net finance expenses from insurance contracts	-	-	-	-	116	12	128
Effect of movements in exchange rates	-	-	-	-	40	1	41
Cash flows	(5)	4,197	-	-	(2,600)	-	1,592
Premiums received	-	4,877	-	-	-	-	4,877
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	-	-	(2,600)	-	(2,600)
Insurance acquisition cash flows	(5)	(680)	-	-	-	-	(685)
Other changes	3	100 ¹⁾	-	-	-	-	103
End of the period	(2)	1,512	52	-	5,335	547	7,444
Assets	-	(17)	-	-	7	-	(10)
Liabilities	(2)	1,529	52	-	5,328	547	7,454

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

Mass insurance

Movement in insurance contract assets and liabilities Mass insurance 1 January – 31 December 2025	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	4,892	247	-	9,086	653	14,878
Assets	-	-	-	-	-	-
Liabilities	4,892	247	-	9,086	653	14,878
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(10,670)	(87)	-	9,668	50	(1,039)
Insurance service result before reinsurance	(10,670)	(87)	-	9,125	8	(1,624)
Insurance revenue	(13,655)	-	-	-	-	(13,655)
Measured under the modified retrospective approach	-	-	-	-	-	-
Measured under the fair value	-	-	-	-	-	-
Other contracts	(13,655)	-	-	-	-	(13,655)
Insurance service expenses	2,988	(87)	-	9,122	8	12,031
Incurred claims and other insurance service expenses	-	(435)	-	9,122	8	8,695
Incurred in the period	-	(435)	-	9,042	166	8,773
Incurred in the past	-	-	-	80	(158)	(78)
Amortization of insurance acquisition cash flows	2,988	-	-	-	-	2,988
Losses and loss reversals on onerous contracts	-	348	-	-	-	348
Investment component	(3)	-	-	3	-	-
Net finance expenses from insurance contracts	-	-	-	560	43	603
Effect of movements in exchange rates	-	-	-	(17)	(1)	(18)
Cash flows	10,599	-	-	(9,310)	-	1,289
Premiums received	13,557	-	-	-	-	13,557
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	-	(9,310)	-	(9,310)
Insurance acquisition cash flows	(2,958)	-	-	-	-	(2,958)
Other changes	-	-	-	-	-	-
End of the period	4,821	160	-	9,444	703	15,128
Assets	-	-	-	-	-	-
Liabilities	4,821	160	-	9,444	703	15,128

Movement in insurance contract assets and liabilities Mass insurance 1 January – 31 December 2024	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	4,447	191	-	8,756	647	14,041
Assets	-	-	-	-	-	-
Liabilities	4,447	191	-	8,756	647	14,041
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(10,176)	56	-	9,723	6	(391)
Insurance service result before reinsurance	(10,176)	56	-	9,551	(10)	(579)
Insurance revenue	(13,106)	-	-	-	-	(13,106)
Measured under the modified retrospective approach	-	-	-	-	-	-
Measured under the fair value	-	-	-	-	-	-
Other contracts	(13,106)	-	-	-	-	(13,106)
Insurance service expenses	2,930	56	-	9,551	(10)	12,527
Incurred claims and other insurance service expenses	-	(523)	-	9,551	(10)	9,018
Incurred in the period	-	(523)	-	9,441	175	9,093
Incurred in the past	-	-	-	110	(185)	(75)
Amortization of insurance acquisition cash flows	2,930	-	-	-	-	2,930
Losses and loss reversals on onerous contracts	-	579	-	-	-	579
Investment component	-	-	-	-	-	-
Net finance expenses from insurance contracts	-	-	-	181	17	198
Effect of movements in exchange rates	-	-	-	(9)	(1)	(10)
Cash flows	10,621	-	-	(9,393)	-	1,228
Premiums received	13,573	-	-	-	-	13,573
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	-	(9,393)	-	(9,393)
Insurance acquisition cash flows	(2,952)	-	-	-	-	(2,952)
Other changes	-	-	-	-	-	-
End of the period	4,892	247	-	9,086	653	14,878
Assets	-	-	-	-	-	-
Liabilities	4,892	247	-	9,086	653	14,878

Group and individually continued insurance

Movement in insurance contract assets and liabilities Group and individually continued insurance 1 January – 31 December 2025	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	9,705	156	719	-	-	10,580
Assets	-	-	-	-	-	-
Liabilities	9,705	156	719	-	-	10,580
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(6,714)	2	5,912	-	-	(800)
Insurance service result before reinsurance	(7,420)	(14)	5,899	-	-	(1,535)
Insurance revenue	(7,921)	-	-	-	-	(7,921)
Measured under the modified retrospective approach	(1,938)	-	-	-	-	(1,938)
Measured under the fair value	-	-	-	-	-	-
Other contracts	(5,983)	-	-	-	-	(5,983)
Insurance service expenses	501	(14)	5,899	-	-	6,386
Incurred claims and other insurance service expenses	-	(268)	5,899	-	-	5,631
Incurred in the period	-	(268)	5,942	-	-	5,674
Incurred in the past	-	-	(43)	-	-	(43)
Amortization of insurance acquisition cash flows	501	-	-	-	-	501
Losses and loss reversals on onerous contracts	-	254	-	-	-	254
Investment component	-	-	-	-	-	-
Net finance expenses from insurance contracts	706	16	13	-	-	735
Effect of movements in exchange rates	-	-	-	-	-	-
Cash flows	7,151	-	(5,869)	-	-	1,282
Premiums received	7,668	-	-	-	-	7,668
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	(5,869)	-	-	(5,869)
Insurance acquisition cash flows	(517)	-	-	-	-	(517)
Other changes	-	-	-	-	-	-
End of the period	10,142	158	762	-	-	11,062
Assets	-	-	-	-	-	-
Liabilities	10,142	158	762	-	-	11,062

Movement in insurance contract assets and liabilities Group and individually continued insurance 1 January – 31 December 2024	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	9,901	168	702	-	-	10,771
Assets	-	-	-	-	-	-
Liabilities	9,901	168	702	-	-	10,771
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(7,102)	(12)	5,803	-	-	(1,311)
Insurance service result before reinsurance	(7,369)	(34)	5,795	-	-	(1,608)
Insurance revenue	(7,840)	-	-	-	-	(7,840)
Measured under the modified retrospective approach	(1,961)	-	-	-	-	(1,961)
Measured under the fair value	-	-	-	-	-	-
Other contracts	(5,879)	-	-	-	-	(5,879)
Insurance service expenses	471	(34)	5,795	-	-	6,232
Incurred claims and other insurance service expenses	-	(326)	5,795	-	-	5,469
Incurred in the period	-	(326)	5,851	-	-	5,525
Incurred in the past	-	-	(56)	-	-	(56)
Amortization of insurance acquisition cash flows	471	-	-	-	-	471
Losses and loss reversals on onerous contracts	-	292	-	-	-	292
Investment component	-	-	-	-	-	-
Net finance expenses from insurance contracts	267	22	8	-	-	297
Effect of movements in exchange rates	-	-	-	-	-	-
Cash flows	6,906	-	(5,786)	-	-	1,120
Premiums received	7,411	-	-	-	-	7,411
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	(5,786)	-	-	(5,786)
Insurance acquisition cash flows	(505)	-	-	-	-	(505)
Other changes	-	-	-	-	-	-
End of the period	9,705	156	719	-	-	10,580
Assets	-	-	-	-	-	-
Liabilities	9,705	156	719	-	-	10,580

Individual insurance

Movement in insurance contract assets and liabilities Individual insurance 1 January – 31 December 2025	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	2,332	23	69	-	-	2,424
Assets	(103)	1	8	-	-	(94)
Liabilities	2,435	22	61	-	-	2,518
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(778)	9	531	-	-	(238)
Insurance service result before reinsurance	(958)	7	529	-	-	(422)
Insurance revenue	(870)	-	-	-	-	(870)
Measured under the modified retrospective approach	(118)	-	-	-	-	(118)
Measured under the fair value	(32)	-	-	-	-	(32)
Other contracts	(720)	-	-	-	-	(720)
Insurance service expenses	191	7	250	-	-	448
Incurred claims and other insurance service expenses	-	(18)	250	-	-	232
Incurred in the period	-	(18)	275	-	-	257
Incurred in the past	-	-	(25)	-	-	(25)
Amortization of insurance acquisition cash flows	191	-	-	-	-	191
Losses and loss reversals on onerous contracts	-	25	-	-	-	25
Investment component	(279)	-	279	-	-	-
Net finance expenses from insurance contracts	180	2	2	-	-	184
Effect of movements in exchange rates	-	-	-	-	-	-
Cash flows	920	-	(520)	-	-	400
Premiums received	1,151	-	-	-	-	1,151
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	(520)	-	-	(520)
Insurance acquisition cash flows	(231)	-	-	-	-	(231)
Other changes	-	-	-	-	-	-
End of the period	2,474	32	80	-	-	2,586
Assets	(106)	2	10	-	-	(94)
Liabilities	2,580	30	70	-	-	2,680

Movement in insurance contract assets and liabilities Individual insurance 1 January – 31 December 2024	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	2,323	16	68	-	-	2,407
Assets	(113)	5	9	-	-	(99)
Liabilities	2,436	11	59	-	-	2,506
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(824)	7	488	-	-	(329)
Insurance service result before reinsurance	(860)	5	488	-	-	(367)
Insurance revenue	(744)	-	-	-	-	(744)
Measured under the modified retrospective approach	(126)	-	-	-	-	(126)
Measured under the fair value	(32)	-	-	-	-	(32)
Other contracts	(586)	-	-	-	-	(586)
Insurance service expenses	169	5	203	-	-	377
Incurred claims and other insurance service expenses	-	(13)	203	-	-	190
Incurred in the period	-	(13)	226	-	-	213
Incurred in the past	-	-	(23)	-	-	(23)
Amortization of insurance acquisition cash flows	169	-	-	-	-	169
Losses and loss reversals on onerous contracts	-	18	-	-	-	18
Investment component	(285)	-	285	-	-	-
Net finance expenses from insurance contracts	36	2	-	-	-	38
Effect of movements in exchange rates	-	-	-	-	-	-
Cash flows	833	-	(487)	-	-	346
Premiums received	1,042	-	-	-	-	1,042
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	(487)	-	-	(487)
Insurance acquisition cash flows	(209)	-	-	-	-	(209)
Other changes	-	-	-	-	-	-
End of the period	2,332	23	69	-	-	2,424
Assets	(103)	1	8	-	-	(94)
Liabilities	2,435	22	61	-	-	2,518

Investment insurance

Movement in insurance contract assets and liabilities Investment insurance 1 January – 31 December 2025	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	5,808	74	34	-	-	5,916
Assets	-	-	-	-	-	-
Liabilities	5,808	74	34	-	-	5,916
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(354)	(43)	1,238	-	-	841
Insurance service result before reinsurance	(1,291)	(43)	1,238	-	-	(96)
Insurance revenue	(101)	-	-	-	-	(101)
Measured under the modified retrospective approach	(61)	-	-	-	-	(61)
Measured under the fair value	-	-	-	-	-	-
Other contracts	(40)	-	-	-	-	(40)
Insurance service expenses	23	(43)	25	-	-	5
Incurred claims and other insurance service expenses	-	(24)	25	-	-	1
Incurred in the period	-	(24)	14	-	-	(10)
Incurred in the past	-	-	11	-	-	11
Amortization of insurance acquisition cash flows	23	-	-	-	-	23
Losses and loss reversals on onerous contracts	-	(19)	-	-	-	(19)
Investment component	(1,213)	-	1,213	-	-	-
Net finance expenses from insurance contracts	937	-	-	-	-	937
Effect of movements in exchange rates	-	-	-	-	-	-
Cash flows	1,425	-	(1,244)	-	-	181
Premiums received	1,437	-	-	-	-	1,437
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	(1,244)	-	-	(1,244)
Insurance acquisition cash flows	(12)	-	-	-	-	(12)
Other changes	-	-	-	-	-	-
End of the period	6,879	31	28	-	-	6,938
Assets	-	-	-	-	-	-
Liabilities	6,879	31	28	-	-	6,938

Movement in insurance contract assets and liabilities Investment insurance 1 January – 31 December 2024	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	5,807	31	12	-	-	5,850
Assets	-	-	-	-	-	-
Liabilities	5,807	31	12	-	-	5,850
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(1,059)	43	1,329	-	-	313
Insurance service result before reinsurance	(1,376)	43	1,329	-	-	(4)
Insurance revenue	(104)	-	-	-	-	(104)
Measured under the modified retrospective approach	(67)	-	-	-	-	(67)
Measured under the fair value	-	-	-	-	-	-
Other contracts	(37)	-	-	-	-	(37)
Insurance service expenses	31	43	26	-	-	100
Incurred claims and other insurance service expenses	-	(15)	26	-	-	11
Incurred in the period	-	(15)	11	-	-	(4)
Incurred in the past	-	-	15	-	-	15
Amortization of insurance acquisition cash flows	31	-	-	-	-	31
Losses and loss reversals on onerous contracts	-	58	-	-	-	58
Investment component	(1,303)	-	1,303	-	-	-
Net finance expenses from insurance contracts	317	-	-	-	-	317
Effect of movements in exchange rates	-	-	-	-	-	-
Cash flows	1,060	-	(1,307)	-	-	(247)
Premiums received	1,067	-	-	-	-	1,067
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	(1,307)	-	-	(1,307)
Insurance acquisition cash flows	(7)	-	-	-	-	(7)
Other changes	-	-	-	-	-	-
End of the period	5,808	74	34	-	-	5,916
Assets	-	-	-	-	-	-
Liabilities	5,808	74	34	-	-	5,916

Baltic Countries

Movement in insurance contract assets and liabilities Baltic Countries 1 January – 31 December 2025	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	948	66	6	912	58	1,990
Assets	(4)	-	-	-	-	(4)
Liabilities	952	66	6	912	58	1,994
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(2,385)	15	67	1,860	8	(435)
Insurance service result before reinsurance	(2,407)	15	67	1,864	7	(454)
Insurance revenue	(2,876)	-	-	-	-	(2,876)
Measured under the modified retrospective approach	(27)	-	-	-	-	(27)
Measured under the fair value	(6)	-	-	-	-	(6)
Other contracts	(2,843)	-	-	-	-	(2,843)
Insurance service expenses	520	15	29	1,851	7	2,422
Incurred claims and other insurance service expenses	-	(140)	29	1,851	7	1,747
Incurred in the period	-	(140)	29	1,949	33	1,871
Incurred in the past	-	-	-	(98)	(26)	(124)
Amortization of insurance acquisition cash flows	520	-	-	-	-	520
Losses and loss reversals on onerous contracts	-	155	-	-	-	155
Investment component	(51)	-	38	13	-	-
Net finance expenses from insurance contracts	22	-	-	(4)	1	19
Effect of movements in exchange rates	-	-	-	-	-	-
Cash flows	2,443	-	(66)	(1,751)	-	626
Premiums received	2,978	-	-	-	-	2,978
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	(66)	(1,751)	-	(1,817)
Insurance acquisition cash flows	(535)	-	-	-	-	(535)
Other changes	(10)	-	(2)	(9)	(1)	(22)
End of the period	996	81	5	1,012	65	2,159
Assets	(7)	-	-	1	-	(6)
Liabilities	1,003	81	5	1,011	65	2,165

Movement in insurance contract assets and liabilities Baltic Countries 1 January – 31 December 2024	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	913	67	6	870	55	1,911
Assets	(2)	-	-	-	-	(2)
Liabilities	915	67	6	870	55	1,913
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(2,242)	-	60	1,850	4	(328)
Insurance service result before reinsurance	(2,278)	-	60	1,830	3	(385)
Insurance revenue	(2,683)	-	-	-	-	(2,683)
Measured under the modified retrospective approach	(30)	-	-	-	-	(30)
Measured under the fair value	(6)	-	-	-	-	(6)
Other contracts	(2,647)	-	-	-	-	(2,647)
Insurance service expenses	477	-	25	1,793	3	2,298
Incurred claims and other insurance service expenses	-	(145)	25	1,793	3	1,676
Incurred in the period	-	(145)	25	1,883	30	1,793
Incurred in the past	-	-	-	(90)	(27)	(117)
Amortization of insurance acquisition cash flows	477	-	-	-	-	477
Losses and loss reversals on onerous contracts	-	145	-	-	-	145
Investment component	(72)	-	35	37	-	-
Net finance expenses from insurance contracts	36	-	-	20	1	57
Effect of movements in exchange rates	-	-	-	-	-	-
Cash flows	2,293	-	(60)	(1,793)	-	440
Premiums received	2,788	-	-	-	-	2,788
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	(60)	(1,793)	-	(1,853)
Insurance acquisition cash flows	(495)	-	-	-	-	(495)
Other changes	(16)	(1)	-	(15)	(1)	(33)
End of the period	948	66	6	912	58	1,990
Assets	(4)	-	-	-	-	(4)
Liabilities	952	66	6	912	58	1,994

Ukraine

Movement in insurance contract assets and liabilities Ukraine 1 January – 31 December 2025	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	204	17	9	65	7	302
Assets	-	-	-	-	-	-
Liabilities	204	17	9	65	7	302
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(197)	(5)	15	182	3	(2)
Insurance service result before reinsurance	(206)	(6)	14	179	3	(16)
Insurance revenue	(272)	-	-	-	-	(272)
Measured under the modified retrospective approach	(11)	-	-	-	-	(11)
Measured under the fair value	-	-	-	-	-	-
Other contracts	(261)	-	-	-	-	(261)
Insurance service expenses	72	(6)	8	179	3	256
Incurred claims and other insurance service expenses	-	(8)	8	179	3	182
Incurred in the period	-	(8)	8	167	4	171
Incurred in the past	-	-	-	12	(1)	11
Amortization of insurance acquisition cash flows	72	-	-	-	-	72
Losses and loss reversals on onerous contracts	-	2	-	-	-	2
Investment component	(6)	-	6	-	-	-
Net finance expenses from insurance contracts	9	1	1	1	-	12
Effect of movements in exchange rates	-	-	-	2	-	2
Cash flows	266	-	(14)	(152)	-	100
Premiums received	342	-	-	-	-	342
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	(14)	(152)	-	(166)
Insurance acquisition cash flows	(76)	-	-	-	-	(76)
Other changes	(30)	(2)	(1)	(10)	(1)	(44)
End of the period	243	10	9	85	9	356
Assets	-	-	-	-	-	-
Liabilities	243	10	9	85	9	356

Movement in insurance contract assets and liabilities Ukraine 1 January – 31 December 2024	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	207	5	7	69	8	296
Assets	-	-	-	-	-	-
Liabilities	207	5	7	69	8	296
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(181)	13	16	154	(1)	1
Insurance service result before reinsurance	(178)	12	15	149	(1)	(3)
Insurance revenue	(242)	-	-	-	-	(242)
Measured under the modified retrospective approach	(16)	-	-	-	-	(16)
Measured under the fair value	-	-	-	-	-	-
Other contracts	(226)	-	-	-	-	(226)
Insurance service expenses	70	12	9	149	(1)	239
Incurred claims and other insurance service expenses	-	(12)	9	149	(1)	145
Incurred in the period	-	(12)	8	164	3	163
Incurred in the past	-	-	1	(15)	(4)	(18)
Amortization of insurance acquisition cash flows	70	-	-	-	-	70
Losses and loss reversals on onerous contracts	-	24	-	-	-	24
Investment component	(6)	-	6	-	-	-
Net finance expenses from insurance contracts	(3)	1	-	4	-	2
Effect of movements in exchange rates	-	-	1	1	-	2
Cash flows	191	-	(14)	(154)	-	23
Premiums received	260	-	-	-	-	260
Incurred claims paid and other insurance service expenses paid, including investment components	-	-	(14)	(154)	-	(168)
Insurance acquisition cash flows	(69)	-	-	-	-	(69)
Other changes	(13)	(1)	-	(4)	-	(18)
End of the period	204	17	9	65	7	302
Assets	-	-	-	-	-	-
Liabilities	204	17	9	65	7	302

11.4.1.2. Analysis by measured component – non-PAA contracts

Movement in insurance contract assets and liabilities Non-PAA insurance contracts 1 January – 31 December 2025	Estimated present value of the future cash flows	Risk adjustment for non-financial risk	CSM			CSM, total	Total
			Measurement under modified retrospective transition approach	Measurement under fair value retrospective transition approach	Other contracts		
Beginning of the period	8,762	1,577	4,314	22	4,748	9,084	19,423
Assets	(635)	108	25	-	405	430	(97)
Liabilities	9,397	1,469	4,289	22	4,343	8,654	19,520
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(1,394)	106	348	-	757	1,105	(183)
Insurance service result before reinsurance	(2,713)	(33)	156	-	519	675	(2,071)
Changes that relate to future services	(2,417)	140	781	2	1,750	2,533	256
Contracts initially recognized in the period	(1,319)	170	-	-	1,481	1,481	332
Changes that adjust the CSM	(1,005)	(30)	781	2	266	1,049	14
Changes on onerous contracts	(93)	-	-	-	3	3	(90)
Changes that relate to current services	(259)	(153)	(625)	(2)	(1,231)	(1,858)	(2,270)
CSM recognized for services provided	-	-	(625)	(2)	(1,231)	(1,858)	(1,858)
Changes in risk adjustments for non-financial risks for the period	-	(153)	-	-	-	-	(153)
Experience adjustment for current service	(259)	-	-	-	-	-	(259)
Changes that relate to past services – changes for claims and other insurance service expenses	(37)	(20)	-	-	-	-	(57)
Net finance expenses from insurance contracts	1,319	139	192	-	238	430	1,888
Effect of movements in exchange rates	-	-	-	-	-	-	-
Cash flows	1,904	-	-	-	-	-	1,904
Premiums received	10,402	-	-	-	-	-	10,402
Incurred claims paid and other insurance service expenses paid, including investment components	(7,713)	-	-	-	-	-	(7,713)
Insurance acquisition cash flows	(785)	-	-	-	-	-	(785)
Other changes	(18)	(2)	(4)	-	(1)	(5)	(25)
End of the period	9,254	1,681	4,658	22	5,504	10,184	21,119
Assets	(598)	88	23	-	388	411	(99)
Liabilities	9,852	1,593	4,635	22	5,116	9,773	21,218

Movement in insurance contract assets and liabilities Non-PAA insurance contracts 1 January – 31 December 2024	Estimated present value of the future cash flows	Risk adjustment for non-financial risk	CSM			CSM, total	Total
			Measurement under modified retrospective transition approach	Measurement under fair value retrospective transition approach	Other contracts		
Beginning of the period	9,179	1,542	4,563	22	4,178	8,763	19,484
Assets	(497)	84	28	-	285	313	(100)
Liabilities	9,676	1,458	4,535	22	3,893	8,450	19,584
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(1,664)	38	(246)	-	571	325	(1,301)
Insurance service result before reinsurance	(1,932)	26	(450)	-	368	(82)	(1,988)
Changes that relate to future services	(1,375)	205	141	2	1,405	1,548	378
Contracts initially recognized in the period	(1,039)	150	-	-	1,291	1,291	402
Changes that adjust the CSM	(266)	32	136	2	112	250	16
Changes on onerous contracts	(70)	23	5	-	2	7	(40)
Changes that relate to current services	(518)	(154)	(591)	(2)	(1,037)	(1,630)	(2,302)
CSM recognized for services provided	-	-	(591)	(2)	(1,037)	(1,630)	(1,630)
Changes in risk adjustments for non-financial risks for the period	-	(154)	-	-	-	-	(154)
Experience adjustment for current service	(518)	-	-	-	-	-	(518)
Changes that relate to past services – changes for claims and other insurance service expenses	(39)	(25)	-	-	-	-	(64)
Net finance expenses from insurance contracts	267	12	204	-	203	407	686
Effect of movements in exchange rates	1	-	-	-	-	-	1
Cash flows	1,256	-	-	-	-	-	1,256
Premiums received	9,657	-	-	-	-	-	9,657
Incurred claims paid and other insurance service expenses paid, including investment components	(7,654)	-	-	-	-	-	(7,654)
Insurance acquisition cash flows	(747)	-	-	-	-	-	(747)
Other changes	(9)	(3)	(3)	-	(1)	(4)	(16)
End of the period	8,762	1,577	4,314	22	4,748	9,084	19,423
Assets	(635)	108	25	-	405	430	(97)
Liabilities	9,397	1,469	4,289	22	4,343	8,654	19,520

Group and individually continued insurance

Movement in insurance contract assets and liabilities Non-PAA insurance contracts Group and individually continued insurance 1 January – 31 December 2025	Estimated present value of the future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Measurement under modified retrospective transition approach	Measurement under fair value retrospective transition approach	Other contracts	CSM, total	
Beginning of the period	2,023	1,089	3,752	-	3,716	7,468	10,580
Assets	-	-	-	-	-	-	-
Liabilities	2,023	1,089	3,752	-	3,716	7,468	10,580
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(1,697)	40	365	-	492	857	(800)
Insurance service result before reinsurance	(1,965)	(66)	188	-	308	496	(1,535)
Changes that relate to future services	(1,734)	59	725	-	1,205	1,930	255
Contracts initially recognized in the period	(758)	79	-	-	988	988	309
Changes that adjust the CSM	(918)	(22)	725	-	217	942	2
Changes on onerous contracts	(58)	2	-	-	-	-	(56)
Changes that relate to current services	(203)	(110)	(537)	-	(897)	(1,434)	(1,747)
CSM recognized for services provided	-	-	(537)	-	(897)	(1,434)	(1,434)
Changes in risk adjustments for non-financial risks for the period	-	(110)	-	-	-	-	(110)
Experience adjustment for current service	(203)	-	-	-	-	-	(203)
Changes that relate to past services – changes for claims and other insurance service expenses	(28)	(15)	-	-	-	-	(43)
Net finance expenses from insurance contracts	268	106	177	-	184	361	735
Effect of movements in exchange rates	-	-	-	-	-	-	-
Cash flows	1,282	-	-	-	-	-	1,282
Premiums received	7,668	-	-	-	-	-	7,668
Incurred claims paid and other insurance service expenses paid, including investment components	(5,869)	-	-	-	-	-	(5,869)
Insurance acquisition cash flows	(517)	-	-	-	-	-	(517)
Other changes	-	-	-	-	-	-	-
End of the period	1,608	1,129	4,117	-	4,208	8,325	11,062
Assets	-	-	-	-	-	-	-
Liabilities	1,608	1,129	4,117	-	4,208	8,325	11,062

Movement in insurance contract assets and liabilities Non-PAA insurance contracts Group and individually continued insurance 1 January – 31 December 2024	Estimated present value of the future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Measurement under modified retrospective transition approach	Measurement under fair value retrospective transition approach	Other contracts	CSM, total	
Beginning of the period	2,348	1,123	3,913	-	3,387	7,300	10,771
Assets	-	-	-	-	-	-	-
Liabilities	2,348	1,123	3,913	-	3,387	7,300	10,771
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(1,445)	(34)	(161)	-	329	168	(1,311)
Insurance service result before reinsurance	(1,381)	(47)	(348)	-	168	(180)	(1,608)
Changes that relate to future services	(888)	94	149	-	938	1,087	293
Contracts initially recognized in the period	(556)	88	-	-	852	852	384
Changes that adjust the CSM	(237)	9	144	-	84	228	-
Changes on onerous contracts	(95)	(3)	5	-	2	7	(91)
Changes that relate to current services	(459)	(120)	(497)	-	(770)	(1,267)	(1,846)
CSM recognized for services provided	-	-	(497)	-	(770)	(1,267)	(1,267)
Changes in risk adjustments for non-financial risks for the period	-	(120)	-	-	-	-	(120)
Experience adjustment for current service	(459)	-	-	-	-	-	(459)
Changes that relate to past services – changes for claims and other insurance service expenses	(34)	(21)	-	-	-	-	(55)
Net finance expenses from insurance contracts	(64)	13	187	-	161	348	297
Effect of movements in exchange rates	-	-	-	-	-	-	-
Cash flows	1,120	-	-	-	-	-	1,120
Premiums received	7,411	-	-	-	-	-	7,411
Incurred claims paid and other insurance service expenses paid, including investment components	(5,786)	-	-	-	-	-	(5,786)
Insurance acquisition cash flows	(505)	-	-	-	-	-	(505)
Other changes	-	-	-	-	-	-	-
End of the period	2,023	1,089	3,752	-	3,716	7,468	10,580
Assets	-	-	-	-	-	-	-
Liabilities	2,023	1,089	3,752	-	3,716	7,468	10,580

Individual insurance

Movement in insurance contract assets and liabilities Non-PAA insurance contracts Individual insurance 1 January – 31 December 2025	Estimated present value of the future cash flows	Risk adjustment for non-financial risk	CSM			CSM, total	Total
			Measurement under modified retrospective transition approach	Measurement under fair value retrospective transition approach	Other contracts		
Beginning of the period	957	265	290	4	908	1,202	2,424
Assets	(627)	107	25	-	401	426	(94)
Liabilities	1,584	158	265	4	507	776	2,518
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(512)	55	(15)	1	233	219	(238)
Insurance service result before reinsurance	(600)	25	(29)	1	181	153	(422)
Changes that relate to future services	(534)	52	19	1	486	506	24
Contracts initially recognized in the period	(488)	72	-	-	436	436	20
Changes that adjust the CSM	(50)	(19)	19	1	50	70	1
Changes on onerous contracts	4	(1)	-	-	-	-	3
Changes that relate to current services	(46)	(22)	(48)	-	(305)	(353)	(421)
CSM recognized for services provided	-	-	(48)	-	(305)	(353)	(353)
Changes in risk adjustments for non-financial risks for the period	-	(22)	-	-	-	-	(22)
Experience adjustment for current service	(46)	-	-	-	-	-	(46)
Changes that relate to past services – changes for claims and other insurance service expenses	(20)	(5)	-	-	-	-	(25)
Net finance expenses from insurance contracts	88	30	14	-	52	66	184
Effect of movements in exchange rates	-	-	-	-	-	-	-
Cash flows	400	-	-	-	-	-	400
Premiums received	1,151	-	-	-	-	-	1,151
Incurred claims paid and other insurance service expenses paid, including investment components	(520)	-	-	-	-	-	(520)
Insurance acquisition cash flows	(231)	-	-	-	-	-	(231)
Other changes	-	-	-	-	-	-	-
End of the period	845	320	275	5	1,141	1,421	2,586
Assets	(585)	87	23	-	381	404	(94)
Liabilities	1,430	233	252	5	760	1,017	2,680

Movement in insurance contract assets and liabilities Non-PAA insurance contracts Individual insurance 1 January – 31 December 2024	Estimated present value of the future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Measurement under modified retrospective transition approach	Measurement under fair value retrospective transition approach	Other contracts	CSM, total	
Beginning of the period	1,155	220	332	3	697	1,032	2,407
Assets	(494)	84	28	-	283	311	(99)
Liabilities	1,649	136	304	3	414	721	2,506
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(544)	45	(42)	1	211	170	(329)
Insurance service result before reinsurance	(528)	46	(57)	1	171	115	(367)
Changes that relate to future services	(460)	67	(7)	1	416	410	17
Contracts initially recognized in the period	(418)	43	-	-	387	387	12
Changes that adjust the CSM	(42)	20	(7)	1	29	23	1
Changes on onerous contracts	-	4	-	-	-	-	4
Changes that relate to current services	(49)	(17)	(50)	-	(245)	(295)	(361)
CSM recognized for services provided	-	-	(50)	-	(245)	(295)	(295)
Changes in risk adjustments for non-financial risks for the period	-	(17)	-	-	-	-	(17)
Experience adjustment for current service	(49)	-	-	-	-	-	(49)
Changes that relate to past services – changes for claims and other insurance service expenses	(19)	(4)	-	-	-	-	(23)
Net finance expenses from insurance contracts	(16)	(1)	15	-	40	55	38
Effect of movements in exchange rates	-	-	-	-	-	-	-
Cash flows	346	-	-	-	-	-	346
Premiums received	1,042	-	-	-	-	-	1,042
Incurred claims paid and other insurance service expenses paid, including investment components	(487)	-	-	-	-	-	(487)
Insurance acquisition cash flows	(209)	-	-	-	-	-	(209)
Other changes	-	-	-	-	-	-	-
End of the period	957	265	290	4	908	1,202	2,424
Assets	(627)	107	25	-	401	426	(94)
Liabilities	1,584	158	265	4	507	776	2,518

Investment insurance

Movement in insurance contract assets and liabilities Non-PAA insurance contracts Investment insurance 1 January – 31 December 2025	Estimated present value of the future cash flows	Risk adjustment for non-financial risk	CSM			CSM, total	Total
			Measurement under modified retrospective transition approach	Measurement under fair value retrospective transition approach	Other contracts		
Beginning of the period	5,546	155	152	-	63	215	5,916
Assets	-	-	-	-	-	-	-
Liabilities	5,546	155	152	-	63	215	5,916
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	774	17	20	-	30	50	841
Insurance service result before reinsurance	(162)	17	20	-	29	49	(96)
Changes that relate to future services	(158)	35	51	-	52	103	(20)
Contracts initially recognized in the period	(44)	14	-	-	33	33	3
Changes that adjust the CSM	(77)	20	51	-	17	68	11
Changes on onerous contracts	(37)	1	-	-	2	2	(34)
Changes that relate to current services	(15)	(18)	(31)	-	(23)	(54)	(87)
CSM recognized for services provided	-	-	(31)	-	(23)	(54)	(54)
Changes in risk adjustments for non-financial risks for the period	-	(18)	-	-	-	-	(18)
Experience adjustment for current service	(15)	-	-	-	-	-	(15)
Changes that relate to past services – changes for claims and other insurance service expenses	11	-	-	-	-	-	11
Net finance expenses from insurance contracts	936	-	-	-	1	1	937
Effect of movements in exchange rates	-	-	-	-	-	-	-
Cash flows	181	-	-	-	-	-	181
Premiums received	1,437	-	-	-	-	-	1,437
Incurred claims paid and other insurance service expenses paid, including investment components	(1,244)	-	-	-	-	-	(1,244)
Insurance acquisition cash flows	(12)	-	-	-	-	-	(12)
Other changes	-	-	-	-	-	-	-
End of the period	6,501	172	172	-	93	265	6,938
Assets	-	-	-	-	-	-	-
Liabilities	6,501	172	172	-	93	265	6,938

Movement in insurance contract assets and liabilities Non-PAA insurance contracts Investment insurance 1 January – 31 December 2024	Estimated present value of the future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Measurement under modified retrospective transition approach	Measurement under fair value retrospective transition approach	Other contracts	CSM, total	
Beginning of the period	5,473	134	185	-	58	243	5,850
Assets	-	-	-	-	-	-	-
Liabilities	5,473	134	185	-	58	243	5,850
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	320	21	(33)	-	5	(28)	313
Insurance service result before reinsurance	5	21	(33)	-	3	(30)	(4)
Changes that relate to future services	7	36	(6)	-	21	15	58
Contracts initially recognized in the period	(32)	12	-	-	23	23	3
Changes that adjust the CSM	16	3	(6)	-	(2)	(8)	11
Changes on onerous contracts	23	21	-	-	-	-	44
Changes that relate to current services	(16)	(15)	(27)	-	(18)	(45)	(76)
CSM recognized for services provided	-	-	(27)	-	(18)	(45)	(45)
Changes in risk adjustments for non-financial risks for the period	-	(15)	-	-	-	-	(15)
Experience adjustment for current service	(16)	-	-	-	-	-	(16)
Changes that relate to past services – changes for claims and other insurance service expenses	14	-	-	-	-	-	14
Net finance expenses from insurance contracts	315	-	-	-	2	2	317
Effect of movements in exchange rates	-	-	-	-	-	-	-
Cash flows	(247)	-	-	-	-	-	(247)
Premiums received	1,067	-	-	-	-	-	1,067
Incurred claims paid and other insurance service expenses paid, including investment components	(1,307)	-	-	-	-	-	(1,307)
Insurance acquisition cash flows	(7)	-	-	-	-	-	(7)
Other changes	-	-	-	-	-	-	-
End of the period	5,546	155	152	-	63	215	5,916
Assets	-	-	-	-	-	-	-
Liabilities	5,546	155	152	-	63	215	5,916

Baltic Countries

Movement in insurance contract assets and liabilities Non-PAA insurance contracts Baltic Countries 1 January – 31 December 2025	Estimated present value of the future cash flows	Risk adjustment for non-financial risk	CSM			CSM, total	Total
			Measurement under modified retrospective transition approach	Measurement under fair value retrospective transition approach	Other contracts		
Beginning of the period	113	52	96	18	59	173	338
Assets	(8)	1	-	-	4	4	(3)
Liabilities	121	51	96	18	55	169	341
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	36	(4)	(22)	(1)	1	(22)	10
Insurance service result before reinsurance	15	(4)	(22)	(1)	1	(22)	(11)
Changes that relate to future services	9	(2)	(15)	1	6	(8)	(1)
Contracts initially recognized in the period	(28)	5	-	-	23	23	-
Changes that adjust the CSM	38	(7)	(15)	1	(18)	(32)	(1)
Changes on onerous contracts	(1)	-	-	-	1	1	-
Changes that relate to current services	6	(2)	(7)	(2)	(5)	(14)	(10)
CSM recognized for services provided	-	-	(7)	(2)	(5)	(14)	(14)
Changes in risk adjustments for non-financial risks for the period	-	(2)	-	-	-	-	(2)
Experience adjustment for current service	6	-	-	-	-	-	6
Changes that relate to past services – changes for claims and other insurance service expenses	-	-	-	-	-	-	-
Net finance expenses from insurance contracts	21	-	-	-	-	-	21
Effect of movements in exchange rates	-	-	-	-	-	-	-
Cash flows	25	-	-	-	-	-	25
Premiums received	109	-	-	-	-	-	109
Incurred claims paid and other insurance service expenses paid, including investment components	(66)	-	-	-	-	-	(66)
Insurance acquisition cash flows	(18)	-	-	-	-	-	(18)
Other changes	(1)	-	(1)	-	-	(1)	(2)
End of the period	173	48	73	17	60	150	371
Assets	(13)	1	-	-	7	7	(5)
Liabilities	186	47	73	17	53	143	376

Movement in insurance contract assets and liabilities Non-PAA insurance contracts Baltic Countries 1 January – 31 December 2024	Estimated present value of the future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Measurement under modified retrospective transition approach	Measurement under fair value retrospective transition approach	Other contracts	CSM, total	
Beginning of the period	97	53	96	19	34	149	299
Assets	(3)	-	-	-	2	2	(1)
Liabilities	100	53	96	19	32	147	300
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	(2)	1	1	(1)	26	26	25
Insurance service result before reinsurance	(37)	-	1	(1)	26	26	(11)
Changes that relate to future services	(42)	2	10	1	29	40	-
Contracts initially recognized in the period	(35)	7	-	-	28	28	-
Changes that adjust the CSM	(7)	(5)	10	1	1	12	-
Changes on onerous contracts	-	-	-	-	-	-	-
Changes that relate to current services	5	(2)	(9)	(2)	(3)	(14)	(11)
CSM recognized for services provided	-	-	(9)	(2)	(3)	(14)	(14)
Changes in risk adjustments for non-financial risks for the period	-	(2)	-	-	-	-	(2)
Experience adjustment for current service	5	-	-	-	-	-	5
Changes that relate to past services – changes for claims and other insurance service expenses	-	-	-	-	-	-	-
Net finance expenses from insurance contracts	35	1	-	-	-	-	36
Effect of movements in exchange rates	-	-	-	-	-	-	-
Cash flows	20	-	-	-	-	-	20
Premiums received	99	-	-	-	-	-	99
Incurred claims paid and other insurance service expenses paid, including investment components	(60)	-	-	-	-	-	(60)
Insurance acquisition cash flows	(19)	-	-	-	-	-	(19)
Other changes	(2)	(2)	(1)	-	(1)	(2)	(6)
End of the period	113	52	96	18	59	173	338
Assets	(8)	1	-	-	4	4	(3)
Liabilities	121	51	96	18	55	169	341

Ukraine

Movement in insurance contract assets and liabilities Non-PAA insurance contracts Ukraine 1 January – 31 December 2025	Estimated present value of the future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Measurement under modified retrospective transition approach	Measurement under fair value retrospective transition approach	Other contracts	CSM, total	
Beginning of the period	123	16	24	-	2	26	165
Assets	-	-	-	-	-	-	-
Liabilities	123	16	24	-	2	26	165
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	5	(2)	-	-	1	1	4
Insurance service result before reinsurance	(1)	(5)	(1)	-	-	(1)	(7)
Changes that relate to future services	-	(4)	1	-	1	2	(2)
Contracts initially recognized in the period	(1)	-	-	-	1	1	-
Changes that adjust the CSM	2	(2)	1	-	-	1	1
Changes on onerous contracts	(1)	(2)	-	-	-	-	(3)
Changes that relate to current services	(1)	(1)	(2)	-	(1)	(3)	(5)
CSM recognized for services provided	-	-	(2)	-	(1)	(3)	(3)
Changes in risk adjustments for non-financial risks for the period	-	(1)	-	-	-	-	(1)
Experience adjustment for current service	(1)	-	-	-	-	-	(1)
Changes that relate to past services – changes for claims and other insurance service expenses	-	-	-	-	-	-	-
Net finance expenses from insurance contracts	6	3	1	-	1	2	11
Effect of movements in exchange rates	-	-	-	-	-	-	-
Cash flows	16	-	-	-	-	-	16
Premiums received	37	-	-	-	-	-	37
Incurred claims paid and other insurance service expenses paid, including investment components	(14)	-	-	-	-	-	(14)
Insurance acquisition cash flows	(7)	-	-	-	-	-	(7)
Other changes	(17)	(2)	(3)	-	(1)	(4)	(23)
End of the period	127	12	21	-	2	23	162
Assets	-	-	-	-	-	-	-
Liabilities	127	12	21	-	2	23	162

Movement in insurance contract assets and liabilities Non-PAA insurance contracts Ukraine 1 January – 31 December 2024	Estimated present value of the future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Measurement under modified retrospective transition approach	Measurement under fair value retrospective transition approach	Other contracts	CSM, total	
Beginning of the period	106	12	37	-	2	39	157
Assets	-	-	-	-	-	-	-
Liabilities	106	12	37	-	2	39	157
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	7	5	(11)	-	-	(11)	1
Insurance service result before reinsurance	9	6	(13)	-	-	(13)	2
Changes that relate to future services	8	6	(5)	-	1	(4)	10
Contracts initially recognized in the period	2	-	-	-	1	1	3
Changes that adjust the CSM	4	5	(5)	-	-	(5)	4
Changes on onerous contracts	2	1	-	-	-	-	3
Changes that relate to current services	1	-	(8)	-	(1)	(9)	(8)
CSM recognized for services provided	-	-	(8)	-	(1)	(9)	(9)
Changes in risk adjustments for non-financial risks for the period	-	-	-	-	-	-	-
Experience adjustment for current service	1	-	-	-	-	-	1
Changes that relate to past services – changes for claims and other insurance service expenses	-	-	-	-	-	-	-
Net finance expenses from insurance contracts	(3)	(1)	2	-	-	2	(2)
Effect of movements in exchange rates	1	-	-	-	-	-	1
Cash flows	17	-	-	-	-	-	17
Premiums received	38	-	-	-	-	-	38
Incurred claims paid and other insurance service expenses paid, including investment components	(14)	-	-	-	-	-	(14)
Insurance acquisition cash flows	(7)	-	-	-	-	-	(7)
Other changes	(7)	(1)	(2)	-	-	(2)	(10)
End of the period	123	16	24	-	2	26	165
Assets	-	-	-	-	-	-	-
Liabilities	123	16	24	-	2	26	165

11.5 Reinsurance contract assets and liabilities

Assets and liabilities under reinsurance contracts	31 December 2025	31 December 2024
Short-term	(2,469)	(2,040)
Reinsurance contract assets	(2,410)	(1,970)
Reinsurance contract liabilities	(59)	(70)
Long-term	(1,483)	(1,967)
Reinsurance contract assets	(1,580)	(2,072)
Reinsurance contract liabilities	97	105
Total assets and liabilities under reinsurance contracts	(3,952)	(4,007)

Assets and liabilities under reinsurance contracts 31 December 2025	Assets	including prepayments	Liabilities	including prepayments
Non-life insurance – premium allocation approach	(3,990)	-	38	-
Corporate insurance	(3,405)	-	27	-
Mass insurance	(474)	-	9	-
Baltic Countries	(85)	-	1	-
Ukraine	(26)	-	1	-
Total	(3,990)	-	38	-

Reinsurance contract assets and liabilities 31 December 2024	Assets	including prepayments	Liabilities	including prepayments
Non-life insurance – premium allocation approach	(4,042)	-	35	-
Corporate insurance	(3,405)	-	20	-
Mass insurance	(517)	-	10	-
Baltic Countries	(103)	-	5	-
Ukraine	(17)	-	-	-
Total	(4,042)	-	35	-

11.5.1. Analysis by remaining coverage period and incurred claims

Movement in reinsurance contract assets and liabilities 1 January – 31 December 2025	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss recovery component	loss recovery component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	(199)	-	-	(3,578)	(230)	(4,007)
Assets	(254)	-	-	(3,559)	(229)	(4,042)
Liabilities	55	-	-	(19)	(1)	35
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	2,038	(4)	-	(607)	(339)	1,088
Net income or expenses from reinsurance contracts held	2,038	(4)	-	(576)	(334)	1,124
Reinsurance premium allocation	2,031	-	-	-	-	2,031
Amounts recoverable from reinsurers for:	-	(4)	-	(569)	(334)	(907)
Claims and other expenses incurred in the period	-	1	-	(736)	(153)	(888)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	167	(181)	(14)
Recognition and movement in the loss recovery component	-	(5)	-	-	-	(5)
Investment component	7	-	-	(7)	-	-
Change in the risk of non-performance by the reinsurer	-	-	-	(1)	-	(1)
Net finance income from reinsurance contracts	-	-	-	(142)	(11)	(153)
Effect of movements in exchange rates	-	-	-	112	6	118
Cash flows	(1,968)	-	-	934	-	(1,034)
Premiums paid	(1,968)	-	-	-	-	(1,968)
Claims recovered and expenses paid	-	-	-	934	-	934
Other changes	-	-	-	-	1	1
End of the period	(129)	(4)	-	(3,251)	(568)	(3,952)
Assets	(178)	(4)	-	(3,240)	(568)	(3,990)
Liabilities	49	-	-	(11)	-	38

Movement in reinsurance contract assets and liabilities 1 January – 31 December 2024	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss recovery component	loss recovery component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	42	-	-	(3,288)	(188)	(3,434)
Assets	(9)	-	-	(3,272)	(188)	(3,469)
Liabilities	51	-	-	(16)	-	35
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	1,888	-	-	(1,178)	(42)	668
Net income or expenses from reinsurance contracts held	1,888	-	-	(1,058)	(38)	792
Reinsurance premium allocation	1,882	-	-	-	-	1,882
Amounts recoverable from reinsurers for:	-	-	-	(1,052)	(38)	(1,090)
Claims and other expenses incurred in the period	-	-	-	(939)	(62)	(1,001)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	(113)	24	(89)
Recognition and movement in the loss recovery component	-	-	-	-	-	-
Investment component	6	-	-	(6)	-	-
Change in the risk of non-performance by the reinsurer	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	(71)	(3)	(74)
Effect of movements in exchange rates	-	-	-	(49)	(1)	(50)
Cash flows	(2,068)	-	-	888	-	(1,180)
Premiums paid	(2,068)	-	-	-	-	(2,068)
Claims recovered and expenses paid	-	-	-	888	-	888
Other changes	(61)	-	-	-	-	(61)
End of the period	(199)	-	-	(3,578)	(230)	(4,007)
Assets	(254)	-	-	(3,559)	(229)	(4,042)
Liabilities	55	-	-	(19)	(1)	35

Corporate insurance

Movement in reinsurance contract assets and liabilities Corporate insurance 1 January – 31 December 2025	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss recovery component	loss recovery component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	(180)	-	-	(3,013)	(192)	(3,385)
Assets	(216)	-	-	(2,998)	(191)	(3,405)
Liabilities	36	-	-	(15)	(1)	20
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	1,788	(4)	-	(483)	(330)	971
Net income or expenses from reinsurance contracts held	1,788	(4)	-	(472)	(326)	986
Reinsurance premium allocation	1,784	-	-	-	-	1,784
Amounts recoverable from reinsurers for:	-	(4)	-	(468)	(326)	(798)
Claims and other expenses incurred in the period	-	1	-	(709)	(147)	(855)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	241	(179)	62
Recognition and movement in the loss recovery component	-	(5)	-	-	-	(5)
Investment component	4	-	-	(4)	-	-
Change in the risk of non-performance by the reinsurer	-	-	-	(1)	-	(1)
Net finance income from reinsurance contracts	-	-	-	(121)	(10)	(131)
Effect of movements in exchange rates	-	-	-	111	6	117
Cash flows	(1,719)	-	-	755	-	(964)
Premiums paid	(1,719)	-	-	-	-	(1,719)
Claims recovered and expenses paid	-	-	-	755	-	755
Other changes	-	-	-	-	-	-
End of the period	(111)	(4)	-	(2,741)	(522)	(3,378)
Assets	(142)	(4)	-	(2,737)	(522)	(3,405)
Liabilities	31	-	-	(4)	-	27

Movement in reinsurance contract assets and liabilities Corporate insurance 1 January – 31 December 2024	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss recovery component	loss recovery component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	72	-	-	(2,834)	(149)	(2,911)
Assets	51	-	-	(2,826)	(149)	(2,924)
Liabilities	21	-	-	(8)	-	13
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	1,632	-	-	(813)	(43)	776
Net income or expenses from reinsurance contracts held	1,632	-	-	(691)	(39)	902
Reinsurance premium allocation	1,629	-	-	-	-	1,629
Amounts recoverable from reinsurers for:	-	-	-	(688)	(39)	(727)
Claims and other expenses incurred in the period	-	-	-	(613)	(49)	(662)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	(75)	10	(65)
Recognition and movement in the loss recovery component	-	-	-	-	-	-
Investment component	3	-	-	(3)	-	-
Change in the risk of non-performance by the reinsurer	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	(71)	(3)	(74)
Effect of movements in exchange rates	-	-	-	(51)	(1)	(52)
Cash flows	(1,824)	-	-	634	-	(1,190)
Premiums paid	(1,824)	-	-	-	-	(1,824)
Claims recovered and expenses paid	-	-	-	634	-	634
Other changes	(60)	-	-	-	-	(60)
End of the period	(180)	-	-	(3,013)	(192)	(3,385)
Assets	(216)	-	-	(2,998)	(191)	(3,405)
Liabilities	36	-	-	(15)	(1)	20

Mass insurance

Movement in reinsurance contract assets and liabilities Mass insurance 1 January – 31 December 2025	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss recovery component	loss recovery component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	(31)	-	-	(448)	(28)	(507)
Assets	(42)	-	-	(447)	(28)	(517)
Liabilities	11	-	-	(1)	-	10
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	173	-	-	(111)	(2)	60
Net income or expenses from reinsurance contracts held	173	-	-	(93)	(1)	79
Reinsurance premium allocation	173	-	-	-	-	173
Amounts recoverable from reinsurers for:	-	-	-	(93)	(1)	(94)
Claims and other expenses incurred in the period	-	-	-	(12)	(1)	(13)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	(81)	-	(81)
Recognition and movement in the loss recovery component	-	-	-	-	-	-
Investment component	-	-	-	-	-	-
Change in the risk of non-performance by the reinsurer	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	(19)	(1)	(20)
Effect of movements in exchange rates	-	-	-	1	-	1
Cash flows	(165)	-	-	147	-	(18)
Premiums paid	(165)	-	-	-	-	(165)
Claims recovered and expenses paid	-	-	-	147	-	147
Other changes	-	-	-	-	-	-
End of the period	(23)	-	-	(412)	(30)	(465)
Assets	(34)	-	-	(410)	(30)	(474)
Liabilities	11	-	-	(2)	-	9

Movement in reinsurance contract assets and liabilities Mass insurance 1 January – 31 December 2024	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss recovery component	loss recovery component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	(39)	-	-	(325)	(22)	(386)
Assets	(59)	-	-	(317)	(22)	(398)
Liabilities	20	-	-	(8)	-	12
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	176	-	-	(334)	(6)	(164)
Net income or expenses from reinsurance contracts held	176	-	-	(338)	(6)	(168)
Reinsurance premium allocation	176	-	-	-	-	176
Amounts recoverable from reinsurers for:	-	-	-	(338)	(6)	(344)
Claims and other expenses incurred in the period	-	-	-	(286)	(9)	(295)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	(52)	3	(49)
Recognition and movement in the loss recovery component	-	-	-	-	-	-
Investment component	-	-	-	-	-	-
Change in the risk of non-performance risk by the reinsurer	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	2	-	2
Effect of movements in exchange rates	-	-	-	2	-	2
Cash flows	(168)	-	-	211	-	43
Premiums paid	(168)	-	-	-	-	(168)
Claims recovered and expenses paid	-	-	-	211	-	211
Other changes	-	-	-	-	-	-
End of the period	(31)	-	-	(448)	(28)	(507)
Assets	(42)	-	-	(447)	(28)	(517)
Liabilities	11	-	-	(1)	-	10

Baltic Countries

Movement in reinsurance contract assets and liabilities Baltic Countries 1 January – 31 December 2025	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss recovery component	loss recovery component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	12	-	-	(101)	(9)	(98)
Assets	4	-	-	(98)	(9)	(103)
Liabilities	8	-	-	(3)	-	5
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	75	-	-	(7)	(4)	64
Net income or expenses from reinsurance contracts held	75	-	-	(5)	(4)	66
Reinsurance premium allocation	72	-	-	-	-	72
Amounts recoverable from reinsurers for:	-	-	-	(2)	(4)	(6)
Claims and other expenses incurred in the period	-	-	-	(15)	(5)	(20)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	13	1	14
Recognition and movement in the loss recovery component	-	-	-	-	-	-
Investment component	3	-	-	(3)	-	-
Change in the risk of non-performance by the reinsurer	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	(2)	-	(2)
Effect of movements in exchange rates	-	-	-	-	-	-
Cash flows	(82)	-	-	32	-	(50)
Premiums paid	(82)	-	-	-	-	(82)
Claims recovered and expenses paid	-	-	-	32	-	32
Other changes	-	-	-	-	-	-
End of the period	5	-	-	(76)	(13)	(84)
Assets	(1)	-	-	(71)	(13)	(85)
Liabilities	6	-	-	(5)	-	1

Movement in reinsurance contract assets and liabilities Baltic Countries 1 January – 31 December 2024	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss recovery component	loss recovery component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	9	-	-	(108)	(15)	(114)
Assets	(1)	-	-	(105)	(15)	(121)
Liabilities	10	-	-	(3)	-	7
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	77	-	-	(35)	6	48
Net income or expenses from reinsurance contracts held	77	-	-	(34)	6	49
Reinsurance premium allocation	74	-	-	-	-	74
Amounts recoverable from reinsurers for:	-	-	-	(31)	6	(25)
Claims and other expenses incurred in the period	-	-	-	(40)	(4)	(44)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	9	10	19
Recognition and movement in the loss recovery component	-	-	-	-	-	-
Investment component	3	-	-	(3)	-	-
Change in the risk of non-performance risk by the reinsurer	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	(1)	-	(1)
Effect of movements in exchange rates	-	-	-	-	-	-
Cash flows	(73)	-	-	42	-	(31)
Premiums paid	(73)	-	-	-	-	(73)
Claims recovered and expenses paid	-	-	-	42	-	42
Other changes	(1)	-	-	-	-	(1)
End of the period	12	-	-	(101)	(9)	(98)
Assets	4	-	-	(98)	(9)	(103)
Liabilities	8	-	-	(3)	-	5

Ukraine

Movement in reinsurance contract assets and liabilities Ukraine 1 January – 31 December 2025	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss recovery component	loss recovery component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	-	-	-	(16)	(1)	(17)
Assets	-	-	-	(16)	(1)	(17)
Liabilities	-	-	-	-	-	-
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	2	-	-	(6)	(3)	(7)
Net income or expenses from reinsurance contracts held	2	-	-	(6)	(3)	(7)
Reinsurance premium allocation	2	-	-	-	-	2
Amounts recoverable from reinsurers for:				(6)	(3)	(9)
Claims and other expenses incurred in the period	-	-	-	-	-	-
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	(6)	(3)	(9)
Recognition and movement in the loss recovery component	-	-	-	-	-	-
Investment component						
Change in the risk of non-performance by the reinsurer	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-	-
Cash flows	(2)	-	-	-	-	(2)
Premiums paid	(2)	-	-	-	-	(2)
Claims recovered and expenses paid						
Other changes	-	-	-	-	1	1
End of the period	-	-	-	(22)	(3)	(25)
Assets	(1)	-	-	(22)	(3)	(26)
Liabilities	1	-	-	-	-	1

Movement in reinsurance contract assets and liabilities Ukraine 1 January – 31 December 2024	LRC		Non-PAA contracts	LIC Contracts under PAA		Total
	excluding the loss recovery component	loss recovery component		estimated present value of the future cash flows	risk adjustment for non-financial risk	
Beginning of the period	-	-	-	(21)	(2)	(23)
Assets	-	-	-	(24)	(2)	(26)
Liabilities	-	-	-	3	-	3
Changes in the consolidated profit or loss or in the consolidated other comprehensive income	3	-	-	4	1	8
Net income or expenses from reinsurance contracts held	3	-	-	5	1	9
Reinsurance premium allocation	3	-	-	-	-	3
Amounts recoverable from reinsurers for:	-	-	-	5	1	6
Claims and other expenses incurred in the period	-	-	-	-	-	-
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	5	1	6
Recognition and movement in the loss recovery component	-	-	-	-	-	-
Investment component	-	-	-	-	-	-
Change in the risk of non-performance by the reinsurer	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	(1)	-	(1)
Effect of movements in exchange rates	-	-	-	-	-	-
Cash flows	(3)	-	-	1	-	(2)
Premiums paid	(3)	-	-	-	-	(3)
Claims recovered and expenses paid	-	-	-	1	-	1
Other changes	-	-	-	-	-	-
End of the period	-	-	-	(16)	(1)	(17)
Assets	-	-	-	(16)	(1)	(17)
Liabilities	-	-	-	-	-	-

11.5.2. Analysis by measured component – non-PAA contracts

All reinsurance contracts at PZU Group meet the eligibility criterion for the application of the simplified premium allocation approach.

11.6 Deferred assets and liabilities under insurance contracts – acquisition cash flows

Deferred assets and liabilities under insurance contracts – acquisition cash flows	1 January – 31 December 2025	1 January – 31 December 2024
Beginning of the period	(2)	(1)
Assets	-	-
Liabilities	(2)	(1)
Movement in the period	-	(1)
Values recognized in the period	(5)	(5)
Values removed and recognized in the measurement of insurance contracts	5	4
End of the period	(2)	(2)
Assets	-	-
Liabilities	(2)	(2)

The entire balance of deferred insurance contract assets and liabilities relates to corporate insurance and is short-term in nature.

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

Non-PAA insurance contracts	Contracts issued 1 January – 31 December 2025			Contracts issued 1 January – 31 December 2024		
	profitable	onerous	total	profitable	onerous	total
Insurance contracts						
Present value of cash outflows	5,181	2,895	8,076	4,187	3,293	7,480
Present value of claims and insurance service expenses	4,587	2,665	7,252	3,707	3,036	6,743
Present value of insurance acquisition cash flows	594	230	824	480	257	737
Present value of cash inflows	(6,804)	(2,591)	(9,395)	(5,598)	(2,921)	(8,519)
Risk adjustment for non-financial risk	142	28	170	120	30	150
CSM	1,481	-	1,481	1,291	-	1,291
Losses recognized on initial recognition	-	(332)	(332)	-	(402)	(402)
Reinsurance contracts						
Present value of cash outflows	-	-	-	-	-	-
Present value of cash inflows	-	-	-	-	-	-
Risk adjustment for non-financial risk	-	-	-	-	-	-
CSM	-	-	-	-	-	-

In both 2025 and 2024, the PZU Group did not acquire insurance contracts or reinsurance contracts that would not be valued using the PAA method.

Both in 2025 and in 2024, the PZU Group had no reinsurance contracts that were not measured using the PAA method.

11.7.1. Group and individually continued insurance

Non-PAA insurance contracts Group and individually continued insurance	Contracts issued 1 January – 31 December 2025			Contracts issued 1 January – 31 December 2024		
	profitable	onerous	total	profitable	onerous	total
Insurance contracts						
Present value of cash outflows	3,042	2,627	5,669	2,450	3,089	5,539
Present value of claims and insurance service expenses	2,734	2,424	5,158	2,213	2,858	5,071
Present value of insurance acquisition cash flows	308	203	511	237	231	468
Present value of cash inflows	(4,090)	(2,337)	(6,427)	(3,365)	(2,730)	(6,095)
Risk adjustment for non-financial risk	60	19	79	63	25	88
CSM	988	-	988	852	-	852
Losses recognized on initial recognition	-	(309)	(309)	-	(384)	(384)

11.7.2. Individual insurance

Non-PAA insurance contracts Individual insurance	Contracts issued 1 January – 31 December 2025			Contracts issued 1 January – 31 December 2024		
	profitable	onerous	total	profitable	onerous	total
Insurance contracts						
Present value of cash outflows	1,020	139	1,159	870	79	949
Present value of claims and insurance service expenses	758	118	876	649	62	711
Present value of insurance acquisition cash flows	262	21	283	221	17	238
Present value of cash inflows	(1,523)	(124)	(1,647)	(1,298)	(69)	(1,367)
Risk adjustment for non-financial risk	67	5	72	41	2	43
CSM	436	-	436	387	-	387
Losses recognized on initial recognition	-	(20)	(20)	-	(12)	(12)

11.7.3. Investment insurance

Non-PAA insurance contracts Investment insurance	Contracts issued 1 January – 31 December 2025			Contracts issued 1 January – 31 December 2024		
	profitable	onerous	total	profitable	onerous	total
Insurance contracts						
Present value of cash outflows	976	119	1,095	692	111	803
Present value of claims and insurance service expenses	966	117	1,083	685	108	793
Present value of insurance acquisition cash flows	10	2	12	7	3	10
Present value of cash inflows	(1,019)	(120)	(1,139)	(724)	(111)	(835)
Risk adjustment for non-financial risk	10	4	14	9	3	12
CSM	33	-	33	23	-	23
Losses recognized on initial recognition	-	(3)	(3)	-	(3)	(3)

11.7.4. Baltic Countries

Non-PAA insurance contracts Baltic Countries	Contracts issued 1 January – 31 December 2025			Contracts issued 1 January – 31 December 2024		
	profitable	onerous	total	profitable	onerous	total
Insurance contracts						
Present value of cash outflows	135	4	139	168	5	173
Present value of claims and insurance service expenses	123	4	127	155	4	159
Present value of insurance acquisition cash flows	12	-	12	13	1	14
Present value of cash inflows	(163)	(4)	(167)	(203)	(5)	(208)
Risk adjustment for non-financial risk	5	-	5	7	-	7
CSM	23	-	23	28	-	28
Losses recognized on initial recognition	-	-	-	-	-	-

11.7.5. Ukraine

Non-PAA insurance contracts Ukraine	Contracts issued 1 January – 31 December 2025			Contracts issued 1 January – 31 December 2024		
	profitable	onerous	total	profitable	onerous	total
Insurance contracts						
Present value of cash outflows	8	6	14	7	9	16
Present value of claims and insurance service expenses	6	2	8	5	4	9
Present value of insurance acquisition cash flows	2	4	6	2	5	7
Present value of cash inflows	(9)	(6)	(15)	(8)	(6)	(14)
Risk adjustment for non-financial risk	-	-	-	-	-	-
CSM	1	-	1	1	-	1
Losses recognized on initial recognition	-	-	-	-	(3)	(3)

11.8 Contractual service margin

Expected contractual service margin release by period 31 December 2025	under 1 year	1 – 2 years of age	2 – 3 years of age	3 – 4 years of age	4 – 5 years of age	5 – 10 years of age	over 10 years	Total
Insurance contracts	1,508	1,107	951	825	722	2,448	2,623	10,184
- group and individually continued insurance	1,126	825	735	663	598	2,095	2,283	8,325
- individual insurance	312	226	173	127	94	258	231	1,421
- investment insurance	52	41	29	22	18	53	50	265
- Baltic Countries	15	13	12	11	10	36	53	150
- Ukraine	3	2	2	2	2	6	6	23
Reinsurance contracts	-	-	-	-	-	-	-	-

Expected contractual service margin release by period 31 December 2024	under 1 year	1 – 2 years of age	2 – 3 years of age	3 – 4 years of age	4 – 5 years of age	5 – 10 years of age	over 10 years	Total
Insurance contracts	1,308	966	829	725	635	2,184	2,437	9,084
- group and individually continued insurance	989	729	650	586	530	1,870	2,114	7,468
- individual insurance	259	190	142	108	78	222	203	1,202
- investment insurance	42	31	22	17	14	43	46	215
- Baltic Countries	15	14	13	12	11	42	66	173
- Ukraine	3	2	2	2	2	7	8	26
Reinsurance contracts	-	-	-	-	-	-	-	-

12. Result on investment activity

The following tables present the result from investment activities in the insurance segments. Full information on the investment result of the PZU Group is presented in the following notes: 13 – 17.

1 January – 31 December 2025	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual insurance	Investment insurance	Baltic Countries	Ukraine	Total
Investment income	385	781	882	127	924	102	47	3,248
Insurance finance income or expenses	(189)	(585)	(735)	(184)	(937)	(19)	(14)	(2,663)
Movement in fair value of assets covering contracts with direct participation features	-	-	-	-	(853)	(27)	-	(880)
Interest accreted	(170)	(358)	(519)	(116)	(66)	(13)	(21)	(1,263)
Result on interest rate change and other financial assumptions	(123)	(245)	(216)	(69)	(18)	21	4	(646)
Result on the measurement of estimate changes according to current interest rates and release of contractual service margin and loss component in the period	-	-	-	1	-	-	5	6
Net foreign exchange differences	104	18	-	-	-	-	(2)	120
Recognized in:								
- consolidated profit and loss account	(66)	(340)	(519)	(116)	(919)	(40)	(23)	(2,023)
- other comprehensive income	(123)	(245)	(216)	(68)	(18)	21	9	(640)
Finance income or expenses from reinsurance	15	19	-	-	-	2	-	36
Interest accreted	81	15	-	-	-	2	2	100
Result on interest rate change and other financial assumptions	50	5	-	-	-	-	(2)	53
Net foreign exchange differences	(117)	(1)	-	-	-	-	-	(118)
Change in the risk of non-performance risk by the reinsurer	1	-	-	-	-	-	-	1
Recognized in:								
- consolidated profit and loss account	(38)	14	-	-	-	2	2	(20)
- other comprehensive income	53	5	-	-	-	-	(2)	56
Finance income or expenses, in total	(174)	(566)	(735)	(184)	(937)	(17)	(14)	(2,627)
- recognized in consolidated profit and loss account	(104)	(326)	(519)	(116)	(919)	(38)	(21)	(2,043)
- recognized in other comprehensive income	(70)	(240)	(216)	(68)	(18)	21	7	(584)

1 January – 31 December 2024	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual insurance	Investment insurance	Baltic Countries	Ukraine	Total
Investment income	366	753	888	119	328	86	51	2,591
Insurance finance income or expenses	(169)	(188)	(297)	(38)	(317)	(57)	(4)	(1,070)
Movement in fair value of assets covering contracts with direct participation features	-	-	-	-	(263)	(29)	-	(292)
Interest accreted	(159)	(345)	(522)	(107)	(72)	(12)	(18)	(1,235)
Result on interest rate change and other financial assumptions	32	147	225	67	18	(16)	5	478
Result on the measurement of estimate changes according to current interest rates and release of contractual service margin and loss component in the period	-	-	-	2	-	-	11	13
Net foreign exchange differences	(42)	10	-	-	-	-	(2)	(34)
Recognized in:								
- consolidated profit and loss account	(204)	(335)	(522)	(107)	(335)	(41)	(21)	(1,565)
- other comprehensive income	35	147	225	69	18	(16)	17	495
Reinsurance finance income or expenses	126	(4)	-	-	-	1	1	124
Interest accreted	74	13	-	-	-	1	1	89
Result on interest rate change and other financial assumptions	-	(15)	-	-	-	-	-	(15)
Net foreign exchange differences	52	(2)	-	-	-	-	-	50
Change in the risk of non-performance by the reinsurer	-	-	-	-	-	-	-	-
Recognized in:								
- consolidated profit and loss account	128	11	-	-	-	1	-	140
- other comprehensive income	(2)	(15)	-	-	-	-	1	(16)
Finance income or expenses, in total	(43)	(192)	(297)	(38)	(317)	(56)	(3)	(946)
- recognized in consolidated profit and loss account	(76)	(324)	(522)	(107)	(335)	(40)	(21)	(1,425)
- recognized in other comprehensive income	33	132	225	69	18	(16)	18	479

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

13.1 Accounting policy

Interest income is recognized based on the effective interest rate.

Interest income calculated using the effective interest rate comprises interest on financial instruments measured at amortized cost and at fair value through other comprehensive income.

The effective interest rate is the rate that discounts estimated future cash flows to the gross carrying amount of the financial asset.

Interest income is calculated on the gross carrying amount, except for credit-impaired assets and purchased or originated credit-impaired (POCI) financial assets. For such assets, interest income is calculated on the gross carrying amount less allowances for expected credit losses.

Interest income calculated using the effective interest rate also includes income and expenses from fees and commissions directly related to the creation of financial assets with specific repayment schedules. These include commissions for granting credit, for changing the terms of a loan agreement, changing the form of financing, restructuring a loan, or commissions for brokering loans and borrowings.

Income of a nature similar to interest includes income from financial leasing.

13.2 Quantitative data

Interest income calculated using the effective interest rate, and equalized to them	1 January – 31 December 2025	1 January – 31 December 2024
Loan receivables from clients	15,627	16,185
Debt securities measured at fair value through other comprehensive income	2,975	3,413
Debt securities measured at amortized cost	6,098	4,966
Buy-sell-back transactions	719	681
Term deposits with credit institutions	699	644
Loans	336	389
Receivables purchased	553	639
Hedge derivatives	(328)	(604)
Receivables	13	33
Cash and cash equivalents	677	751
Income of a nature similar to interest	1,193	1,270
Interest income calculated using the effective interest rate, and equalized to them, total	28,562	28,367

14. Other net investment income

14.1 Accounting policy

Dividends are recognized as income when the right to dividend is acquired.

14.2 Quantitative data

Other net investment income	1 January – 31 December 2025	1 January – 31 December 2024
Dividend income, including:	74	68
Investment financial assets measured at fair value through profit or loss	43	38
Investment financial assets measured at fair value through other comprehensive income	31	30
Effect of movements in exchange rates	(41)	159
Income on investment property	115	134
Other	9	12
Total other net investment income	157	373

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

15.1 Accounting policy

The result on derecognition of financial instruments and investments contains gains and losses arising from the sale of financial instruments not measured at fair value through profit or loss and investment property.

15.2 Quantitative data

Result from derecognition of financial instruments and investments not measured at fair value through profit or loss	1 January – 31 December 2025	1 January – 31 December 2024
Investment financial assets	58	(25)
Debt instruments measured at fair value through other comprehensive income	40	(45)
Instruments measured at amortized cost	18	20
Loan receivables from clients measured at amortized cost (including finance lease receivables)	40	34
Receivables	(1)	(1)
Result from derecognition of financial instruments and investments not measured at fair value through profit or loss, total	97	8

16. Result from allowances for expected credit losses

16.1 Accounting policy

Expected credit loss write-downs contain the balance of impairment losses recognized and reversed in accordance with the rules described in section 39.1.

16.2 Quantitative data

Result from allowances for expected credit losses	1 January – 31 December 2025	1 January – 31 December 2024
Investment financial assets	(109)	(103)
Debt instruments measured at fair value through other comprehensive income	(8)	8
Instruments measured at amortized cost	(101)	(111)
- debt instruments	(8)	19
- term deposits with credit institutions	(5)	1
- loans	(88)	(131)
Loan receivables from clients (including finance lease receivables)	(1,262)	(1,417)
Measured at amortized cost	(1,125)	(1,317)
Receivables from financial leasing	(104)	(98)
Measured at fair value through other comprehensive income	(33)	(2)
Guarantees and sureties given	129	51
Receivables	(64)	(20)
Cash and cash equivalents	1	3
Total result from allowances for expected credit losses	(1,305)	(1,486)

17. Net movement in fair value of assets and liabilities measured at fair value

17.1 Accounting policy

Information on the method used to determine fair value of assets and liabilities is presented in section 10.

17.2 Quantitative data

Net movement in fair value of assets and liabilities measured at fair value	1 January – 31 December 2025	1 January – 31 December 2024
Investment financial instruments measured at fair value through profit or loss	1,489	764
Equity instruments	332	150
Debt securities	405	252
Participation units and investment certificates	750	362
Derivatives	792	365
Measurement of liabilities to members of consolidated mutual funds	(176)	(42)
Investment contracts for the client's account and risk (unit-linked)	(84)	(20)
Investment property	(86)	(151)
Loan receivables from clients	(7)	30
Net movement in fair value of assets and liabilities measured at fair value, total	1,928	946

18. Revenue from commissions and fees

18.1 Accounting policy

The fees and commissions not settled according to the effective interest rate are recognized to reflect the transfer of the promised services to the client in the amount reflecting the fee to which the PZU Group is entitled in return for such services.

Commission income is settled by the straight-line method when they are charged in advance for a non-recurring activity or when they pertain to granted loans with undetermined schedules of future cash flows for which the effective interest rate cannot be determined. Such commissions include commissions received on current account overdrafts, revolving loans, guarantees and lines of credit (for example, commissions for granting, increasing or extending a limit).

Other fees and commissions for financial services not related directly with the creation of a financial asset are recognized based on a five-step revenue recognition model (identification of the contract with the client, indication of individual obligations included in the contract, determination of the price, allocation of the price to individual elements of the contract, recognition of revenue upon fulfillment of conditions for individual elements of the contract).

Revenue for cash management services, brokerage services, investment advisory services, financial planning, investment banking services and asset management services and margins earned on FX transactions with clients are recognized once in the profit and loss account when the service is provided.

Revenue from management of open-end pension funds and revenue and fees received from funds and mutual fund companies are recognized at the time of the performance.

18.2 Quantitative data

Revenue from commissions and fees	1 January – 31 December 2025	1 January – 31 December 2024
Banking activity	4,473	4,371
Margin on foreign exchange transactions with clients	1,070	1,018
Brokerage fees	294	227
Fiduciary activity	96	80
Payment card and credit card services	1,103	1,174
Fees on account of insurance intermediacy activities	15	32
Loans and borrowings	543	562
Bank account-related services	381	371
Transfers	340	318
Cash operations	112	113
Receivables purchased	89	78
Guarantees, letters of credit, collections, promises	107	112
Commissions on leasing activity	105	102
Other commission	218	184
Revenue and payments received from funds and mutual fund management companies	750	606
Pension insurance	209	184
Other	4	4
Total revenue from commissions and fees	5,436	5,165

19. Fee and commission expenses

Fee and commission expenses	1 January – 31 December 2025	1 January – 31 December 2024
Costs of card and ATM transactions, including card issue costs	668	788
Commissions on acquisition of banking clients	144	115
Fees for the provision of ATMs	47	47
Costs of awards to banking clients	35	27
Costs of bank transfers and remittances	50	50
Additional services attached to banking products	11	27
Brokerage fees	34	30
Costs of administration of bank accounts	8	7
Fiduciary activity expenses	38	30
Other commission	202	202
Total fee and commission expenses	1,237	1,323

20. PZU Group operating expenses not related to insurance services

20.1 Accounting policy

The PZU Group's operating expenses include, among other things, employee costs, property, plant and equipment, depreciation, taxes and fees incurred by Group entities, excluding costs attributable to insurance contracts under IFRS 17, which are included in "Insurance service expenses" under that standard.

20.2 Quantitative data

PZU Group operating expenses not related to insurance services	1 January – 31 December 2025	1 January – 31 December 2024
Consumption of materials and energy	290	284
Third party services	1,546	1,207
Taxes and charges, including:	1,708	1,674
- levy on financial institutions	1,558	1,566
Employee expenses	5,376	5,393
Depreciation of property, plant and equipment	602	616
Amortization of intangible assets, including	550	525
- amortization of intangible assets purchased in company acquisition transactions	54	60
Other, including:	1,134	815
- advertising	360	284
- compulsory payments to banking market institutions	60	56
- fees to the Bank Guarantee Fund	491	279
- other	223	196
Total PZU Group operating expenses not related to insurance services	11,206	10,514

21. Interest expenses

21.1 Accounting policy

Interest expenses are recognized in the profit and loss account using the effective interest rate.

21.2 Quantitative data

Interest expenses	1 January - 31 December 2025	1 January - 31 December 2024
Term deposits	3,219	3,827
Current deposits	1,867	1,863
Own debt securities issued	1,410	1,381
Hedge derivatives	297	456
Loans	66	48
Repurchase transaction	269	294
Bank loans contracted by PZU Group companies	155	232
Leases	69	74
Other	63	68
Total interest expenses	7,415	8,243

22. Legal risk costs of foreign currency mortgage loans

Legal risk costs of foreign currency mortgage loans	1 January - 31 December 2025	1 January - 31 December 2024
Loans receivable from customers - adjustment to reduce gross carrying amount	83	43
Provisions	736	686
Total legal risk costs of foreign currency mortgage loans	819	729

Information on the status of the provision for legal risk costs of foreign currency mortgages and the accounting policies for its recognition are presented in section 47.

23. Employee expenses

Employee expenses	1 January - 31 December 2025	1 January - 31 December 2024
Payroll	6,575	6,404
Defined contribution plans, including:	1,246	1,182
– charges on salary	1,079	1,037
– 3rd pillar pension insurance, including costs of EPS or ECS contributions incurred in the period	167	145
Other	285	353
Total employee expenses	8,106	7,939

Employee costs are included in insurance service expenses, costs of operations of the PZU Group not related to insurance services of the consolidated profit and loss account.

24. Other operating income

24.1 Accounting policy

Revenues from sales of products, goods and services by non-insurance and non-banking companies are recognized to reflect the transaction of transferring the promised goods or services to the client in an amount reflecting the value of the consideration that the PZU Group receives in exchange for these goods or services. For this purpose, a five-step model is used, which under IFRS 15 includes the following steps:

- identification of client contracts;
- identification of contractual performance obligations;
- determining the transaction price;
- the allocation of the transaction price to contractual performance obligations;
- recognition of revenue when the entity fulfills its obligations.

Revenue includes only amounts received or receivable equal to the transaction prices that accrue to the Company upon fulfillment (or in the process of fulfillment) of the performance obligation to transfer the promised good (i.e., asset) to the client. The Company recognizes revenue when the performance obligation is fulfilled by transferring the promised good to the client.

Revenues on the sales of products, merchandise and services by non-insurance and non-banking companies are allocated to the “Other” segment.

24.2 Quantitative data

Other operating income	1 January – 31 December 2025	1 January – 31 December 2024
Revenues on the sales of products, merchandise and services by non-insurance and non-banking companies, including:	1,372	1,198
Sales of medical services	1,124	974
Sales of products and goods	157	149
Other	91	75
Gain from sale of property, plant and equipment	161	130
- release of impairment losses on non-financial assets	7	118
Reversal of provisions	43	81
Other	258	201
Other operating income, total	1,841	1,728

25. Other operating expenses

Other operating expenses	1 January – 31 December 2025	1 January – 31 December 2024
Expenditures for prevention activity	78	74
Establishment of provisions	338	195
Recognition of impairment losses for non-financial assets	21	27
Loss from sale of property, plant and equipment	23	33
Donations	33	6
Costs of pursuit of claims	75	87
Other	382	263
Other operating expenses, total	950	685

26. Income tax

26.1 Accounting policy

Income tax shown in the profit and loss account includes the current and deferred parts.

The deferred part is the difference between the balance of deferred tax liabilities and assets at the end and at the beginning of the reporting period with a reservation that changes in deferred tax liabilities and assets related to operations charged to equity are also charged to equity.

26.2 Quantitative data

Income tax	1 January – 31 December 2025	1 January – 31 December 2024
Profit before tax (consolidated)	17,842	15,705
CIT rate (or range of CIT rates) for the parent company's seat (%)	19%	19%
Income tax which would be calculated as the product of gross accounting profit of the entities and the CIT rate in the country of the parent company's seat	3,390	2,984
Differences between the income tax calculated above and the income tax shown in the profit and loss account:	465	500
- levy on financial institutions	297	297
- differences due to different tax rates for banking entities	(230)	-
- recognition/reversal of provisions for loan receivables from clients (including finance lease receivables) not recognized as a cost of revenue	53	138
- measurement of financial assets	(16)	(24)
- recognition/reversal of provisions for other receivables, not classified as tax-deductible expenses	27	9
- recognition/reversal of other provisions and impairment losses for assets, not classified as tax-deductible expenses	1	28
- fee payable to BFG	93	53
- legal risk costs of foreign currency mortgage loans	157	78
- tax credit not recognized in the profit and loss account	(53)	(95)
- differences due to different tax rates	(6)	(10)
- dividends	(6)	(9)
- other tax increases, waivers, exemptions, deductions and reductions	148	35
Income tax shown in the profit and loss account	3,855	3,484

Total amount of current and deferred tax	1 January – 31 December 2025	1 January – 31 December 2024
Recognized through profit or loss, including:	3,855	3,484
- current tax	3,870	3,403
tax relating to the period in question	3,846	3,416
adjustments relating to prior periods recognized in the current period	24	(13)
- deferred tax	(15)	81
Recognized in other comprehensive income, including:	508	157
- current tax	-	5
tax relating to the period in question	-	5
- deferred tax	508	152

Income tax on other comprehensive income items	1 January – 31 December 2025	1 January – 31 December 2024
Gross other comprehensive income	2,441	826
Income tax	(508)	(157)
Valuation of debt instruments	(279)	(23)
Reclassification of debt instruments valuation for the profit and loss account	9	(7)
Insurance finance income or expenses	124	(96)
Finance income or expenses from reinsurance	(10)	3
Valuation of loan receivables from clients (including finance lease receivables)	5	(1)
Cash flow hedging, including:	(295)	(39)
Gains and losses on fair value measurement of financial instruments hedging cash flows in the portion constituting an effective hedge	(175)	172
Gains and losses on cash flow hedging financial instruments reclassified to profit or loss	(120)	(211)
Valuation of equity instruments	(63)	16
Reclassification of real property from property, plant and equipment to investment property	(3)	(10)
Actuarial gains and losses related to provisions for employee benefits	4	-
Net other comprehensive income	1,933	669

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

Due to the increase in the corporate income tax rate for banks (to 30% in 2026, 26% in 2027, and 23% in 2028 and subsequent years), the PZU Group remeasured the deferred tax assets, taking into account the tax rates that will apply on the dates of likely realization of the respective temporary differences.

For some of the temporary differences, the exact determination of the realization period is difficult because their realization or reversal depends not only on the actions of the PZU Group but also on external conditions, including market conditions. In such cases, the re-measurement of deferred tax assets was carried out in accordance with the principle of prudent valuation. As of 31 December 2025, the value of the deferred tax asset resulting from this re-measurement increased by PLN 179 million, having a positive impact of PLN 230 million on the consolidated net profit of the PZU Group and a negative impact of PLN 41 million on other comprehensive income.

Compensatory tax

Regulations concerning compensatory taxation (the so-called global minimum tax, Pillar 2), resulting from the OECD's work within the BEPS 2.0 project, aim to limit tax competition between countries and ensure a minimum global corporate income tax rate of 15%. These regulations apply to international and domestic capital groups with consolidated revenues exceeding EUR 750 million in at least two of the four years preceding the relevant tax year. The PZU Group meets the criteria for the application of these regulations and monitors their impact on tax liabilities.

In Poland, the regulations implementing Pillar 2 were introduced by the Act of 6 November 2024 on the taxation of compensatory tax for constituent entities of international and domestic groups, effective from 1 January 2025. The PZU Group

is undertaking actions to adapt reporting processes and analyze the effects of the global minimum tax in jurisdictions where it operates.

Based on available preliminary financial data for 2025, the PZU Group conducted a verification of the possibility of applying so-called temporary safe harbors (Transitional Safe Harbour – TSH) for constituent entities located in all jurisdictions where the PZU Group operates, i.e., Poland, Lithuania, Latvia, Estonia, Sweden, and Ukraine. For the jurisdictions of Poland, Latvia, Sweden, and Ukraine, the conditions for applying the Transitional CbCR Safe Harbour were met, which results in no obligation to perform full calculations of national compensatory tax and global minimum tax for entities located in these jurisdictions, and no obligation to pay national compensatory taxes or global minimum tax for 2025 in these jurisdictions.

However, due to the inability to apply temporary safe harbors for constituent entities of the PZU Group located in Estonia and Lithuania, the PZU Group carried out preliminary, simplified calculations of effective tax rates in these jurisdictions. Due to the absence of local regulations implementing the global minimum tax, the calculations were made based on Polish law in order to determine the potential global minimum tax liability at the level of PZU as the ultimate parent company. Based on the conducted calculations, it was determined that the effective tax rates in these jurisdictions are at least 15%, meaning that, based on the preliminary calculations, no compensatory tax liability will arise for these jurisdictions for the year 2025.

27. Earnings per share

27.1 Accounting policy

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of PZU by the weighted average number of common shares outstanding during the period.

The weighted average number of common shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period, weighted by the ratio reflecting the period (in days) to the total number of shares in the period.

27.2 Quantitative data

Earnings per share	1 January – 31 December 2025	1 January – 31 December 2024
Net profit attributable to the equity holders of the parent company	6,699	5,342
Weighted average basic and diluted number of common shares	863,334 967	863,358 403
Number of issued shares	863,523,000	863,523,000
Weighted average number of treasury shares (held by entities subject to consolidation)	(188,033)	(164,597)
Basic and diluted earnings (loss) per ordinary share (in PLN)	7.76	6.19

In the 2025 and in 2024, there were no transactions or events resulting in the dilution of earnings per share.

28. Goodwill

28.1 Accounting policy

Goodwill, whose initial value has been determined in a manner described in section 6.3 is not amortized, but at the end of each financial year and any time there are any indications of impairment, it is tested for impairment. The goodwill impairment test involves assessing the recoverable amount of the individual cash-generating units to which goodwill has been allocated and comparing it with their carrying amount (including the allocated goodwill). If the recoverable amount is lower than the

impairment loss applies first to the goodwill allocated to the cash-generating unit. The cash-generating unit, for which the test is performed may not be larger than an operating segment.

28.2 Quantitative data

Goodwill	31 December 2025	31 December 2024
Pekao ¹⁾ (Banking Operations segment)	1,715	1,715
LD ²⁾ (Baltic countries segment)	466	472
Medical companies (Other segment)	371	341
Link4 (Mass insurance in non-life insurance segment)	221	221
Balta (Baltic countries segment)	38	38
Other	5	5
Total goodwill	2,816	2,792

¹⁾ Includes goodwill on acquisition of PIM and Idea Bank.

²⁾ Includes goodwill on the acquisition of the LD branch in Estonia.

Movement in goodwill	1 January – 31 December 2025	1 January – 31 December 2024
Gross goodwill at the beginning of the period	4,107	4,116
– acquisition of medical companies	30	-
– foreign exchange differences	(6)	(9)
Gross goodwill at the end of the period	4,131	4,107
Impairment losses at the beginning of the period	(1,315)	(1,315)
– foreign exchange differences	-	-
Impairment losses – at the end of the period	(1,315)	(1,315)
Net goodwill at the end of the period	2,816	2,792

28.3 Testing for impairment

Impairment tests for goodwill were performed as at 31 December 2025 for all the CGUs, to which goodwill was allocated.

The goodwill impairment test involves a comparison of carrying amounts (including the allocated goodwill) and recoverable amounts of the CGU's to which goodwill has been allocated. An impairment loss for a CGU should be recognized in the profit and loss account if CGU's recoverable amount is less than its carrying amount.

Cash-generating units (CGUs)

Goodwill is allocated to the individual companies (constituting CGUs for the purposes of the impairment test) and is monitored at this level. Goodwill allocated to medical companies that have been transformed into branches of PZU Zdrowie is monitored in aggregate. During the final purchase price allocation, the goodwill arising from the acquisition of Link4 was fully allocated to the mass insurance segment in non-life insurance, which – due to the scale of integration of Link4's business with PZU under the 'two brands' strategy that assumed synergies resulting from the management of the mass client portfolio and sale of additional insurance products – is the smallest CGU to which goodwill can be allocated. Goodwill on the acquisition of PIM and Idea Bank was fully allocated to Pekao, since that was the lowest level at which goodwill is monitored at the Group level.

Carrying amount

The carrying amount comprises CGU net assets, including intangible assets such as trademarks and client relations, which were identified in connection with the acquisition of CGU and goodwill. For the entities, in which non-controlling interests exist, the carrying amount for the purposes of the test is increased by the portion of goodwill allocated to non-controlling interests (it is not presented in the consolidated statement of financial position).

For the purposes of the test, the net carrying amount of the mass insurance segment was determined on the basis of allocation of the PZU Group's net assets. The assets were allocated in the proportion corresponding to the ratio of the hypothetical solvency capital requirement, which may be allocated to the mass insurance segment, to the total solvency capital requirement. The Euler method was used to allocate the solvency capital requirement. This method allocates to a segment the risk measures, which are based on Solvency II regulations and take into account diversification effects.

Recoverable amount

The recoverable amount is the higher of the fair value less costs of disposal or the value in use. As at 31 December 2025, the recoverable amount was estimated on the basis of value in use.

The recoverable amount of individual CGUs was determined based on value in use of the entities, using the discounted cash flow method based on the most current financial projections, for a period, which are presented in the table below.

CGU financial projections take into account the product offering and market growth prospects, balance sheet structure and available capital surpluses, to-date results and expected macroeconomic parameters, such as the interest rate levels and economic growth.

The discount rates used for testing of the insurance companies were set at the cost of equity level.

For medical companies, the weighted average cost of capital (WACC) was used. The cost of equity was set in accordance with the CAPM model. Also, size premiums were applied in justified cases. Risk-free rates were determined based on the yield of 10-year government bonds offered by the country where the CGU is domiciled and the betas were based on measures of similar listed entities. Market premiums were 5.25% (in 2024: 5.25%).

For regulated entities (banks and insurance companies, financial institutions), the projected cash flows incorporate the requirement to maintain an adequate level of own funds (economic capital). Cash flows of the mass insurance segment were calculated based on the amount of hypothetical dividends that the segment could have paid if it had operated as a separate insurance company. The amount of dividends depends on the projected technical results of that segment, net of income tax and levy on financial institutions and capital surpluses allocated to that segment as at the balance sheet date and in subsequent periods. The growth ratios after the projection period were determined while taking into account the long-term growth prospects for the market on which the entity conducts its business. Growth rates do not exceed the long-term GDP growth forecasts of the country in nominal terms.

Cash generating unit	31 December 2025			31 December 2024		
	Discount rate	Growth rate after the projection period	Timeframe of financial projections	Discount rate	Growth rate after the projection period	Timeframe of financial projections
Pekao	10.7%	3.0%	5 years	11.1%	3.5%	3 years
LD	7.9%	3.0%	5 years	7.7%	3.0%	3 years
Mass insurance segment	9.3%	2.5%	3 years	10.5%	2.5%	3 years
Balta	7.9%	3.0%	5 years	7.6%	3.0%	3 years
Medical companies	7.5%	2.0%–3.0%	5 years	8.4%	2.0%–3.0%	3 years

Sensitivity analysis

Estimation of the recoverable amount is a complex process that requires the parent company's Management Board to make professional judgments and apply complicated and subjective assumptions. Relatively small changes in significant assumptions may have a significant impact on the results of the recoverable amount measurement. The significant assumptions in the process of estimation of the recoverable amount are: growth rates during the residual period, discount rates, expected profitability level, future capital requirements and minimum level of solvency as a condition for the disbursement of dividends by regulated entities.

The next table presents the maximum discount rates and minimum marginal growth rates after the projection period, at which the carrying amounts and recoverable amounts of the individual CGUs. The surplus amount was stated as PZU's share.

Cash generating unit	31 December 2025		31 December 2024	
	Marginal value of the discount rate	Marginal value of the growth rate after the projection period	Marginal value of the discount rate	Marginal value of the growth rate after the projection period
Pekao	17.2%	(7,9%)	14.0%	(0,2%)
LD	12.5%	(4,3%)	12.2%	(2,7%)
Balta	21.1%	(39,8%)	18.5%	(14,1%)
Mass insurance segment	13.6%	n/a ¹⁾	18.6%	n/a ¹⁾
Medical companies	9.1%	n/a ¹⁾ -0.9%	10.2%-25.6%	(37%)-0.7%

¹⁾ The amount of discounted cash flows in the projection period is higher than the carrying amount and therefore no marginal growth rate was presented after the projection period.

29. Intangible assets

29.1 Accounting policy

Intangible assets are recognized if they are identifiable, controlled and it is likely that future economic benefits will be achieved, which can be ascribed to a specific assets and the purchase price or production cost of the asset can be measured reliably.

Intangible assets are measured at purchase prices or production costs less amortization charges and impairment losses.

The method used to measure the fair value of an intangible asset acquired in a business combination is presented in section 6.3.

Intangible assets include in particular: computer software, economic copyrights, licenses and concessions, as well as assets acquired in business combinations: trademarks, customer relations (including core deposit intangibles), relations with brokers, future profit from the purchased portfolio of insurance contracts, etc.

Intangible assets are amortized over their estimated economic life:

- assets other than intangible assets acquired in a business combination – using a straight-line method for the period of two to five years. In justified cases, after a case-by-case analysis, a different amortization rate may be used corresponding to the expected useful life of the intangible asset. Since a decision was made that the planned useful life of the Platforma Everest product system in PZU would be 10 years, the annual amortization rate of 10% was adopted for the system;
- intangible assets acquired in a business combination (except for the acquired trademarks) – for the period of one to fifteen years, based on the method of deriving economic benefits from the respective asset;
- trademarks acquired in a business combination, as intangible assets with a useful period determined as indefinite are not amortized, but at the end of each financial year and any time there are any indications of impairment, they are tested for impairment.

Impairment

At the end of the reporting period, assets are reviewed to determine whether there are any indications of impairment. If such indications are identified or, in the case of trademarks, at each yearend date, the asset is tested for impairment in order to determine its recoverable amount.

Impairment loss on an intangible asset is deemed to have occurred if the expected economic benefits associated with an intangible asset or a property, plant and equipment item decrease as a result of technological changes, decommissioning, withdrawal from use or occurrence of other indications that the usefulness of the asset is reduced.

Where necessary, an impairment loss is recognized reducing the portfolio value to its recoverable amount. In the situation when an asset does not generate cash flows that would be largely independent from cash flows generated by other assets, the analysis is carried out for the smallest identifiable group of assets generating independent cash flows, to which the asset belongs. The possible impairment losses are recognized as cost in the consolidated profit and loss account under “Other operating expenses”.

If there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased then the recoverable amount of such an asset is estimated. The impairment loss recognized in previous periods is reversed to the recoverable amount that does not exceed its carrying amount that would have been determined (net of amortization) had the impairment loss not previously been recognized. Reversal of an impairment loss is recognized as revenue in the in the consolidated profit and loss account under “Other operating income”.

Impairment tests for trademarks were performed as at 31 December 2025. As a result of the tests, no need has been found to recognize impairment losses. The value in use of trademarks was determined on the basis of the value of discounted cash flows from potential license fees. License fees were set at 0.35%-0.4% and 0.7%–0.8% of the banks' retail and corporate segment revenues, and 1% of insurance revenues. The discount rates were established based on the cost of capital plus specific premiums. In 2024, due to increased profitability and Alior Bank's improved long-term prospects, impairment charges on Alior Bank's trademark and client relationships were reversed in the total amount of PLN 115 million. The effects of the reversal of write-downs were recognized in other operating income.

The following table shows the discount rates used in the trademark impairment tests.

Trademarks – discount rate	31 December 2025	31 December 2024
Pekao	12.7%	13.1%
Alior Bank	15.7%	16.1%
LD	8.6%	8.4%
Balta	8.9%	8.6%
Link4	10.3%	11.5%

The growth rates after the forecast period of the respective CGUs were assumed at the same level as in goodwill impairment tests, as described in section 28.3.

29.2 Quantitative data

Movement in intangible assets (by type groups) in the year ended 31 December 2025	Software, licenses and similar assets	Trademarks	Client relations	Intangible assets under development	Other intangible assets	Total intangible assets
Gross value at the beginning of the period	4,748	612	1,993	932	680	8,965
Changes:	328	(2)	(4)	111	156	589
– purchases and in-house production	16	-	-	842	1	859
– change in composition of the group	-	-	-	-	-	-
– transfers	531	-	-	(689)	158	-
– sale and liquidation	(215)	-	-	(28)	(6)	(249)
– foreign exchange differences and other	(4)	(2)	(4)	(14)	3	(21)
Gross value at the end of the period	5,076	610	1,989	1,043	836	9,554
Accumulated amortization at the beginning of the period	(3,185)	-	(1,716)	-	(193)	(5,094)
Changes:	(323)	-	(51)	-	(130)	(504)
– amortization for the period	(538)	-	(54)	-	(137)	(729)
– sale and liquidation	216	-	-	-	7	223
– foreign exchange differences and other	(1)	-	3	-	-	2
Accumulated amortization at the end of the period	(3,508)	-	(1,767)	-	(323)	(5,598)
Impairment losses at the beginning of the period	(45)	-	(46)	(23)	(12)	(126)
Changes charged to other operating expenses	(5)	-	-	(2)	-	(7)
Changes charged to other operating income	-	-	-	-	-	-
Other changes	(1)	-	-	2	-	1
Impairment losses – at the end of the period	(51)	-	(46)	(23)	(12)	(132)
Net value of intangible assets at the end of the period	1,517	610	176	1,020	501	3,824

Movement in intangible assets (by type groups) in the year ended 31 December 2024	Software, licenses and similar assets	Trademarks	Client relations	Intangible assets under development	Other intangible assets	Total intangible assets
Gross value at the beginning of the period	4,376	614	1,990	949	327	8,256
Changes:	372	(2)	3	(17)	353	709
– purchases and in-house production	20	-	-	875	1	896
– change in composition of the group	-	-	8	-	-	8
– transfers	545	-	-	(898)	353	-
– sale and liquidation	(193)	-	-	(1)	(1)	(195)
– foreign exchange differences and other	-	(2)	(5)	7	-	-
Gross value at the end of the period	4,748	612	1,993	932	680	8,965
Accumulated amortization at the beginning of the period	(2,828)	-	(1,662)	-	(104)	(4,594)
Changes:	(357)	-	(54)	-	(89)	(500)
– amortization for the period	(545)	-	(60)	-	(91)	(696)
– sale and liquidation	168	-	-	-	1	169
– foreign exchange differences and other	20	-	6	-	1	27
Accumulated amortization at the end of the period	(3,185)	-	(1,716)	-	(193)	(5,094)
Impairment losses at the beginning of the period	(62)	(100)	(61)	(23)	(12)	(258)
Changes charged to other operating expenses	(4)	-	-	-	-	(4)
Changes charged to other operating income	-	100	15	-	-	115
Other changes	21	-	-	-	-	21
Impairment losses – at the end of the period	(45)	-	(46)	(23)	(12)	(126)
Net value of intangible assets at the end of the period	1,518	612	231	909	475	3,745

Amortization of intangible assets by place of recognition in consolidated profit and loss account	1 January – 31 December 2025	1 January – 31 December 2024
Insurance service expenses	176	157
PZU Group operating expenses not related to insurance services ¹⁾	550	536
Investment activity expenses	3	3
Total amortization	729	696

¹⁾ Including the amortization of intangible assets purchased in company acquisition transactions in the amount of PLN 54 million (in 2024: PLN 60 million).

Trademarks	31 December 2025	31 December 2024
Pekao	340	340
Alior Bank	100	100
LD	82	83
Balta	36	37
Link4	50	50
Other	2	2
Trademarks, total	610	612

30. Property, plant and equipment

30.1 Accounting policy

Property, plant and equipment components are measured at purchase price or production cost less accumulated depreciation and impairment losses.

All property, plant and equipment, and their important components, with the exception of land and property, plant and equipment under construction, are depreciated using the straight-line method, starting from the moment of their availability for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the intended manner.

Annual depreciation rates for material assets are presented below:

Asset category	Rate
Cooperative ownership rights to apartments, cooperative rights to commercial premises	2.5%
Buildings and structures	1.5% – 10%
Machinery and technical equipment	10% – 40%
Means of transport	14% – 33%
IT hardware	14.3% – 40%
Other non-current assets	7% – 20%

Assets held under a lease contract are depreciated over their useful life, provided that there is rational certainty that they would be purchased or ownership transferred. Otherwise, they are depreciated for a period no longer than the term of the lease.

The principles for recognizing impairment losses are the same as those applicable to intangible assets that are described in section 29.1.

30.2 Quantitative data

Movement in property, plant and equipment (by type groups) in the year ended 31 December 2025	Equipment and machinery	Means of transport	Property, plant and equipment under construction	Real estate	Other property, plant and equipment	Total property, plant and equipment
Gross value at the beginning of the period	1,726	398	391	4,511	748	7,774
Changes:	(44)	119	204	(38)	64	305
– purchases and in-house production	11	57	567	6	45	686
– increase in right-of-use assets	65	152	-	382	-	599
– change in composition of the group	-	-	-	10	1	11
– sale and liquidation	(353)	(32)	-	(63)	(69)	(517)
– decrease in right-of-use assets (termination of agreements, sales)	(49)	(75)	-	(171)	-	(295)
– transfers to categories held for sale under IFRS 5	-	-	-	(206)	-	(206)
– transfers to and from the investment property category	-	-	(1)	(11)	-	(12)
– transfers	233	16	(370)	35	86	-
– foreign exchange differences and other	49	1	8	(20)	1	39
Gross value at the end of the period	1,682	517	595	4,473	812	8,079
Accumulated amortization at the beginning of the period	(1,032)	(164)	-	(1,881)	(292)	(3,369)
Changes:	68	8	-	(1)	(44)	31
– amortization for the period	(216)	(21)	-	(96)	(113)	(446)
– amortization of right-of-use assets	(9)	(22)	-	(311)	-	(342)
– sale and liquidation	331	24	-	41	68	464
– sale, liquidation and other movement in right-of-use assets	(1)	26	-	133	-	158
– transfers to categories held for sale under IFRS 5	-	-	-	144	-	144
– transfers to the investment property	-	-	-	8	-	8
– foreign exchange differences and other	(37)	1	-	80	1	45
Accumulated amortization at the end of the period	(964)	(156)	-	(1,882)	(336)	(3,338)
Impairment losses at the beginning of the period	(18)	-	(12)	(109)	(10)	(149)
Changes charged to other operating expenses	(3)	(1)	-	(1)	(8)	(13)
Changes charged to other operating income	-	-	-	5	-	5
Other changes	-	-	(2)	5	1	4
Impairment losses – at the end of the period	(21)	(1)	(14)	(100)	(17)	(153)
Net value of property, plant and equipment – at the end of the period	697	360	581	2,491	459	4,588
– including net value of right-of-use assets	46	166	-	1,422	-	1,634

The value of right-of-use assets is presented in section 50.

Movement in property, plant and equipment (by type groups) in the year ended 31 December 2024	Plant and machinery	Means of transport	Property, plant and equipment under construction	Real estate	Other property, plant and equipment	Total property, plant and equipment
Gross value at the beginning of the period	1,708	368	381	4,525	716	7,698
Changes:	18	30	10	(14)	32	76
– purchases and in-house production	22	36	422	7	21	508
– increase in right-of-use assets	30	27	-	287	-	344
– change in composition of the group	-	-	-	-	-	-
– sale and liquidation	(206)	(35)	-	(63)	(104)	(408)
– decrease in right-of-use assets (termination of agreements, sales)	-	(11)	-	(77)	-	(88)
– transfers to categories held for sale under IFRS 5	-	-	-	(77)	-	(77)
– transfers to and from the investment property category	-	-	-	(173)	-	(173)
– transfers	173	12	(372)	66	121	-
– foreign exchange differences and other	(1)	1	(40)	16	(6)	(30)
Gross value at the end of the period	1,726	398	391	4,511	748	7,774
Accumulated amortization at the beginning of the period	(1,005)	(147)	-	(1,673)	(298)	(3,123)
Changes:	(27)	(17)	-	(208)	6	(246)
– amortization for the period	(220)	(21)	-	(125)	(101)	(467)
– amortization of right-of-use assets	(6)	(18)	-	(312)	-	(336)
– sale and liquidation	200	19	-	39	102	360
– sale, liquidation and other movement in right-of-use assets	-	6	-	72	-	78
– transfers to categories held for sale under IFRS 5	-	-	-	50	-	50
– transfers to the investment property	-	-	-	68	-	68
– foreign exchange differences and other	(1)	(3)	-	-	5	1
Accumulated amortization at the end of the period	(1,032)	(164)	-	(1,881)	(292)	(3,369)
Impairment losses at the beginning of the period	(19)	-	-	(100)	(11)	(130)
Changes charged to other operating expenses	-	-	(8)	(12)	-	(20)
Other changes	1	-	(4)	3	1	1
Impairment losses – at the end of the period	(18)	-	(12)	(109)	(10)	(149)
Net value of property, plant and equipment – at the end of the period	676	234	379	2,521	446	4,256
– including net value of right-of-use assets	40	85	-	1,379	-	1,504

31. Investment property

31.1 Accounting policy

Investment property is held to earn rental income or obtain benefits from increases in value, or both. Investment property is not used in operating activities.

Investment property is initially recognized at purchase price or production cost, plus transaction costs. After initial recognition it is measured at fair value, in accordance with the rules described in section 10.1.6. Gains and losses resulting from the change

of fair value of investment property are recognized in the consolidated profit and loss account under “Net movement in fair value of assets and liabilities measured at fair value” item in the period in which they occurred.

If owner-occupied property becomes investment property, depreciation is charged up to the date of reclassification and impairment losses, if any, are recognized and then:

- if the carrying amount determined as at that date is higher than the fair value, the difference is recognized in the consolidated profit and loss account under “Other operating expenses”;
- if the existing carrying amount is lower than the fair value then the difference is first recognized in the consolidated profit and loss account under “Other operating income” as a reversal of the impairment loss (up to the amount of the impairment loss previously recognized, whereby the amount recognized in the consolidated profit and loss account may not exceed the amount of the impairment loss that would have been determined after deducting the accumulated depreciation had no impairment loss been recognized), and the remaining part of the difference – in other comprehensive income under “Reclassification of real property from property, plant and equipment to investment property”.

On subsequent disposal of the investment property, revaluation reserve may be transferred to supplementary capital.

31.2 Estimates and assumptions

The impact of the factors having a significant impact on the investment property valuations is presented in section 10.2.1.2.

31.3 Quantitative data

Movement in investment property	1 January – 31 December 2025	1 January – 31 December 2024
Net carrying amount at the beginning of the period	3,159	3,098
Additions	84	127
– purchase	79	22
– transfer from property intended for personal use	5	105
Reductions for sales and liquidations	(9)	-
Reductions for transfers to held for sale categories under IFRS 5	(43)	(7)
Reductions for transfer to property intended for personal use	(1)	-
Gain (loss) on remeasurement to fair value	(85)	(59)
– through profit or loss	(87)	(120)
– through other comprehensive income	2	61
Effect of movements in exchange rates	(2)	-
Net carrying amount at the end of the period, including	3,103	3,159
– buildings and structures	2,665	2,770
– own land	314	253
– perpetual usufruct right to land and cooperative ownership right to premises	124	136

The item “Perpetual usufruct of land” contains the right to use land for up to 99 years. This right may be traded.

As of both 31 December 2025 and 31 December 2024, the fair value of investment properties resulted from valuations conducted by independent appraisers.

32. Entities accounted for using the equity method

32.1 Accounting policy

Associates are entities on which significant influence is exerted, or the power to participate in the financial and operating policy decisions of the investee but is not control or joint control.

A joint venture is a contractual arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Associates and joint ventures are measured by the equity method, in which on initial recognition the investment is recognized at purchase price. The goodwill resulting from a surplus of the purchase price over the fair value of identifiable assets and liabilities of the associate is recognized in the carrying amount of the investment. In the next periods the carrying amount is adjusted to recognize the investor's share in the associate's or joint venture's gains or losses and impairment losses, if any. The share of the PZU Group in the financial result of the associates and joint ventures is recognized in the consolidated profit and loss account under "Share of the net profit of entities measured by the equity method", while share in movement in other comprehensive income under other comprehensive income. Distributions received from an associate or joint venture reduce the carrying amount of the investment.

32.2 Quantitative data

Associates	31 December 2025	31 December 2024
Krajowy Integrator Płatności SA	52	59
re58 SA	9	10
Associates, total	61	69

Information on interests held in the capital and votes of the respective associates is presented in section 2.2. There are no restrictions (e.g. resulting from any findings regarding borrowings, regulatory requirements or agreements) as to the ability of transferring funds by the associates in the form of cash dividends.

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

33.1 Accounting policy

Loan receivables from clients are measured at the end of the reporting period as follows:

- at fair value through profit or loss – assets that do not pass the SPPI test because of the contractual financial leverage element that increases volatility of cash flows (this applies among others to student loans, loans with subsidies from the Agency for Restructuring and Modernization of Agriculture and some corporate exposures);
- at fair value through other comprehensive income – assets that satisfy the SPPI test and classified in a business model whose objective is achieved by both collecting contractual cash flows and selling the asset;
- at amortized cost – for other assets that satisfy the SPPI test and are held to obtain contractual cash flows;
- in an amount equal to the net lease investment (in accordance with IFRS 16) – receivables from financial leasing measured at the present value of lease payments and any non-guaranteed residual value attributable to the PZU Group.

Information on the SPPI test is presented in section 36.1.1.

The principles for creating a risk provision for legal risks related to foreign currency mortgage loans in Swiss francs are presented in section 47.3.

Interest on loan receivables from clients measured at amortized cost or at fair value through other comprehensive income, accrued using the effective interest rate, are recognized in the profit and loss account, in the item: “Interest income calculated using the effective interest rate and equalized to them.”

The change in the fair value of loan receivables from clients is recognized:

- for those measured at fair value through other comprehensive income – in revaluation reserve;
- for those measured at fair value through profit or loss – in the profit and loss account in the “Net movement in fair value of assets and liabilities measured at fair value” item.

Modification of financial assets

If the terms of the financial asset contract are modified, a comparison is made between the value of the modified flows discounted at the original effective interest rate and the present value of the flows before the modification. If the identified difference is material then the original financial asset is removed from the statement of financial position and the modified financial asset is recognized at its fair value.

The result as at the date of determining the effects of a material modification is presented in the consolidated profit and loss account under “Result on derecognition of financial instruments and investments not measured at fair value through profit or loss.”

Otherwise, the modification does not result in removing the financial asset from the statement of financial position, and only the new gross carrying amount is calculated and the result from the modification is recognized in the consolidated profit and loss account in the “Interest income calculated using the effective interest rate” line item.

The assessment whether the modification of financial assets is material or immaterial is conditional upon satisfaction of certain qualitative and quantitative criteria.

The following criteria are used to assess the materiality of modifications:

- qualitative – change of currency (unless it results from existing contractual provisions or requirements of the applicable legal regulations), change (replacement) of debtor (except for addition/resignation of a joint debtor or inheritance of a loan), consolidation of several exposures into a single one under an annex or an arrangement/restructuring agreement;
- quantitative – among others % thresholds of margin change, increase of the financing amount and changes in the residual financing period (for revolving products).

Occurrence of at least one of these criteria results in a material modification.

33.2 Quantitative data

Loan receivables from clients (including finance lease receivables)	31 December 2025	31 December 2024
Measured at amortized cost	229,683	214,226
Measured at fair value through other comprehensive income	143	247
Measured at fair value through profit or loss	465	360
Receivables from financial leasing	18,807	17,333
Total loan receivables from clients (including finance lease receivables)	249,098	232,166

Loan receivables from clients (including finance lease receivables)	31 December 2025	31 December 2024
Retail segment	129,574	122,214
Loans for real estate	93,917	88,932
Other	35,657	33,282
Business segment	119,524	109,952
Finance lease	18,807	17,333
Other	100,717	92,619
Total loan receivables from clients (including finance lease receivables)	249,098	232,166

34. Financial derivatives

34.1 Accounting policy

Derivatives include financial instruments held for trading as well as financial instruments constituting a hedge of fair value or cash flows.

Derivative financial instruments held for trading are recognized at fair value on the transaction date and subsequently measured at fair value in accordance with the rules described in section 10.1.4.

Derivatives are recognized as financial assets if their fair value is positive or as financial liabilities if it is negative.

Changes of fair value of derivatives that are not hedges are recognized under “Net movement in fair value of assets and liabilities at fair value”.

The PZU Group took advantage of the option available in IFRS 9 and continues to apply hedge accounting in accordance with IAS 39 as approved by the regulation of the European Commission.

Hedge accounting recognizes is used to recognize the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item. Hedge accounting is applied if the following conditions are fulfilled:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess the hedging instrument’s effectiveness;
- the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows, consistently with the originally documented risk management strategy for that particular hedging relationship;
- in the case of cash flows it is highly probable that a hedged transaction occurs that is exposed to changes in cash flows affecting the profit and loss account;
- the effectiveness of the hedge can be reliably measured, i.e. the cash flows of the hedged item and the fair value of the hedging instrument can be reliably measured;
- The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

The PZU Group ceases to apply hedge accounting if the hedging instrument expires or is sold, terminated or exercised (for this purpose, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the hedging strategy), if the hedge no longer meets the hedge accounting criteria or the hedging designation is revoked.

All hedging relationships established at the level of individual entities within the PZU Group have been designated for hedge accounting at the PZU Group level as well.

34.2 Types of hedging strategies

34.2.1. Fair value hedges

In hedge accounting of fair value, financial instruments measured at amortized cost or at fair value through other comprehensive income may be designated as the hedged item. Changes in the fair value measurement of these instruments are recognized in the portion attributable to the hedged risk – in the profit or loss account. The remaining part of changes in the carrying amount are recognized in accordance with the general rules applicable to a given class of financial instruments.

From the moment a hedging relationship is established, changes in the fair value measurement of derivative financial instruments designated as hedging instruments in fair value hedge accounting are recorded in the profit or loss account in accordance with the hedged items. In particular, interest accrued on derivative hedging instruments related to interest-bearing hedged items is presented in interest income/expenses. The remaining changes in the fair value measurement of hedging instruments are presented in the same line where the changes in the value of the hedged items are recognized.

Adjustment for hedged risk on the hedged interest item is amortized to profit and loss no later than at the moment when hedge accounting is discontinued.

The main identified potential sources of inefficiencies in fair value hedges include:

- impact of counterparty credit risk and own credit risk on the fair value of hedging transactions which is not reflected in the fair value of the hedged item;
- differences between the maturities of IRS transactions and the maturities of debt securities;
- differences in the level of interest coupons generated by the hedged item and hedging instruments.

Fair value hedge of fixed-coupon debt securities denominated in PLN and EUR

Pekao hedges some of its interest rate risk associated with a change in the fair value of the hedged item caused by volatility of market interest rates through IRS transactions. This is the way to hedge the interest rate risk component arising from changes in the fair value of the hedged item caused only by volatility of forward rates (WIBOR, EURIBOR). The hedged risk component was responsible in the past for a significant part of the changes in the fair value of the hedged item.

The table presents nominal values and interest rate of hedging instruments:

	Cur- rency	31 December 2025 Maturity					31 December 2024 Maturity				
		Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total	Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total
Nominal value		-	-	-	-	-	-	-	-	-	-
Average interest rate of the fixed-rate part	PLN	-	-	-	-	-	-	-	-	-	-
Nominal value		359	-	127	137	623	-	-	491	139	630
Average interest rate of the fixed-rate part	EUR	2.1	-	2.3	2.8	2.3	-	-	3.5	4.4	3.7
Total		359	-	127	137	623	-	-	491	139	630

Impact of the hedge relationship on the statement of financial position and the financial result	31 December 2025			31 December 2024		
	Hedges of securities measured at		Total	Hedges of securities measured at		Total
	amortized cost	fair value		amortized cost	fair value	
Hedging instruments						
Nominal value	-	623	623	-	630	630
Carrying amount – assets	-	22	22	-	29	29
Carrying amount – liabilities	-	-	-	-	-	-
Change in the fair value of the hedging instrument, on the basis of which hedge inefficiency is estimated	-	(2)	(2)	(1)	(14)	(15)
Hedge inefficiency amount recognized in the profit and loss account	-	-	-	-	1	1
Hedged items						
Carrying amount – assets	-	616	616	-	615	615
Accumulated adjustment to fair value of the hedged item included in the carrying amount of the hedged item recognized in the statement of financial position – assets	-	(22)	(22)	-	(24)	(24)
Change in value of the hedged item used as the basis for estimating hedge inefficiency	-	2	2	1	15	16
Accumulated adjustment to fair value of a hedged item remaining in the statement of financial position, for those hedged items for which the balance sheet item is no longer adjusted to fair value	-	-	-	-	-	-

Fair value hedge of current accounts denominated in PLN, EUR and USD

Pekao hedges part of the interest rate risk of current accounts in PLN, EUR and USD, modeled as being insensitive to interest rate changes. In this way, the interest rate risk component related to the change in the fair value of the hedged item is being hedged.

The table presents nominal values and interest rate of hedging instruments:

	Cur- rency	31 December 2025					31 December 2024				
		Maturity					Maturity				
		Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total	Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total
Nominal value		-	-	-	453	453	-	-	-	-	-
Average interest rate of the fixed-rate part	PLN	-	-	-	4.1	4.1	-	-	-	-	-
Nominal value		-	1,268	-	-	1,268	-	-	-	-	-
Average interest rate of the fixed-rate part	EUR	-	2.0	-	-	2.0	-	-	-	-	-
Nominal value		-	-	90	90	180	-	-	-	-	-
Average interest rate of the fixed-rate part	USD	-	-	3.3	3.5	3.4	-	-	-	-	-
Total		-	1,268	90	543	1,901	-	-	-	-	-

Impact of the hedge relationship on the statement of financial position and the financial result	31 December 2025	31 December 2024
Hedging instruments		
Nominal value	1,901	-
Carrying amount – assets	6	-
Carrying amount – liabilities	1	-
Change in the fair value of the hedging instrument, on the basis of which hedge inefficiency is estimated	5	-
Hedge inefficiency amount recognized in the profit and loss account	-	-
Hedged items		
Carrying amount – assets	1,901	-
Accumulated adjustment to fair value of the hedged item included in the carrying amount of the hedged item recognized in the statement of financial position – assets	(5)	-
Change in value of the hedged item used as the basis for estimating hedge inefficiency	(5)	-
Accumulated adjustment to fair value of a hedged item remaining in the statement of financial position, for those hedged items for which the balance sheet item is no longer adjusted to fair value	-	-

Hedging the fair value of issued fixed-rate bonds denominated in PLN and EUR.

Pekao hedges some of its interest rate risk associated with a change in the fair value of the hedged item caused by volatility of market interest rates through IRS transactions. The hedged item is the fixed-rate bonds issued by the Bank, denominated in PLN and EUR. In this way, the interest rate risk component related to the change in the fair value of the hedged item is being hedged.

The table presents nominal values and interest rate of hedging instruments:

	Cur- rency	31 December 2025 Maturity					31 December 2024 Maturity				
		Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total	Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total
Nominal value		-	-	-	-	-	-	-	-	-	-
Average interest rate of the fixed-rate part	PLN	-	-	-	-	-	-	-	-	-	-
Nominal value		-	-	-	2,114	2,114	-	-	-	-	-
Average interest rate of the fixed-rate part	EUR	-	-	-	2.4	2.4	-	-	-	-	-
Total		-	-	-	2,114	2,114	-	-	-	-	-

Impact of the hedge relationship on the statement of financial position and the financial result	31 December 2025	31 December 2024
Hedging instruments		
Nominal value	2,114	-
Carrying amount – assets	-	-
Carrying amount – liabilities	13	-
Change in the fair value of the hedging instrument, on the basis of which hedge inefficiency is estimated	(14)	-
Hedge inefficiency amount recognized in the profit and loss account	(1)	-
Hedged items		
Carrying amount – assets	2,105	-
Accumulated adjustment to fair value of the hedged item included in the carrying amount of the hedged item recognized in the statement of financial position – assets	12	-
Change in value of the hedged item used as the basis for estimating hedge inefficiency	13	-
Accumulated adjustment to fair value of a hedged item remaining in the statement of financial position, for those hedged items for which the balance sheet item is no longer adjusted to fair value	-	-

Fair value hedge of fixed-coupon debt securities denominated in EUR and USD

Alior Bank hedges the risk of changes in the fair value through other comprehensive income of purchased fixed-rate debt securities measured at fair value through other comprehensive income on account of changes in the interest rate swap curve. As part of this strategy Alior Bank establishes hedging relationships in which the fixed-coupon debt securities denominated in the given currency are the hedged instrument and IRS in the same currency are the hedging instrument. Under this strategy Alior Bank hedges the risk following from changes in the interest rate swap curve (risk of volatility of market swap interest rates) excluding other effects changing the valuation (including asset swap spread).

The table presents nominal values and interest rate of hedging instruments:

	Cur- rency	31 December 2025 Maturity					31 December 2024 Maturity				
		Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total	Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total
Nominal value		-	99	253	668	1,020	-	43	100	931	1,074
Average interest rate of the fixed-rate part	EUR	-	0.7	2.9	2.4	2.4	-	0.7	0.7	2.5	2.3
Nominal value		-	-	-	90	90	-	-	-	103	103
Average interest rate of the fixed-rate part	USD	-	-	-	3.8	3.8	-	-	-	3.8	3.8
Total		-	99	253	758	1,110	-	43	100	1,034	1,177

Impact of the hedge relationship on the statement of financial position and the financial result	31 December 2025	31 December 2024
Hedging instruments		
Nominal value	1,110	1,177
Carrying amount – assets	18	18
Carrying amount – liabilities	1	5
Change in the fair value of the hedging instrument, on the basis of which hedge inefficiency is estimated	15	5
Hedge inefficiency amount recognized in the profit and loss account	28	7
Hedged items		
Carrying amount – assets	1,004	1,101
Accumulated adjustment to fair value of the hedged item included in the carrying amount of the hedged item recognized in the statement of financial position – assets	-	-
Change in value of the hedged item used as the basis for estimating hedge inefficiency	13	2
Accumulated adjustment to fair value of a hedged item remaining in the statement of financial position, for those hedged items for which the balance sheet item is no longer adjusted to fair value	-	-

Fair value hedges for deposits

Alior Bank hedges the risk of changes in the fair value of deposits (current accounts, savings accounts without a specified revaluation date) for risks arising from changes in the interest rate curve (market interest rate volatility risk), excluding other effects changing the valuation (for example, asset swap spread). As part of this strategy, Alior Bank creates hedging relationships in which an IRS/OIS float to fixed transaction is a hedging instrument (interest rate swap / overnight rate-indexed swap) float to fixed. The replication profile of the interest rate revaluation date, determined according to the methodology used to realign the measurement of interest rate risk, is applied to determine the hedged deposits. The fair value of modeled deposits is subject to changes due to volatility in the market forward interest rate curve.

The table presents nominal values and interest rate of hedging instruments:

	Cur- rency	31 December 2025 Maturity					31 December 2024 Maturity				
		Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total	Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total
Nominal value		-	25	2,563	4,014	6,602	-	1,210	25	1,196	2,431
Average interest rate of the fixed-rate part	PLN	-	5.5	4.2	4.3	4.3	-	5.5	4.2	4.3	4.9
Nominal value		296	1,019	1,183	1,860	4,358	-	342	1,837	-	2,179
Average interest rate of the fixed-rate part	EUR	-	2.7	2.2	-	1.2	-	2.7	2.2	-	2.3
Nominal value		-	162	756	108	1,026	-	1,025	923	-	1,948
Average interest rate of the fixed-rate part	USD	-	3.9	4.1	-	3.6	-	3.9	4.1	-	4.0
Total		296	1,206	4,502	5,982	11,986	-	2,577	2,785	1,196	6,558

Impact of the hedge relationship on the statement of financial position and the financial result

	31 December 2025	31 December 2024
Hedging instruments		
Nominal value	11,986	6,558
Carrying amount – assets	261	18
Carrying amount – liabilities	11	51
Change in the fair value of the hedging instrument, on the basis of which hedge inefficiency is estimated	232	(42)
Hedge inefficiency amount recognized in the profit and loss account	(23)	11
Hedged items		
Carrying amount – liabilities	11,986	6,558
Accumulated adjustment to fair value of the hedged item included in the carrying amount of the hedged item recognized in the statement of financial position – liabilities	202	(53)
Change in value of the hedged item used as the basis for estimating hedge inefficiency	(255)	53
Accumulated adjustment to fair value of a hedged item remaining in the statement of financial position, for those hedged items for which the balance sheet item is no longer adjusted to fair value	-	-

34.2.2. Cash flow hedges

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable planned transaction and could affect profit or loss.

The result of measurement of the effective part of cash flow hedges is recognized in other comprehensive income. Ineffective part of the hedging is presented through profit or loss – in the profit and loss account in the “Net movement in fair value of assets and liabilities measured at fair value” item.

Where the interest rate risk and currency risk are hedged in credit and deposit portfolios, the approach to managing these portfolios allows new transactions to be added to the hedge relationship or transactions to be removed following repayment or transfer to non-performing items. As a result, the exposure of these portfolios to interest rate risk and currency risk changes constantly. Since the age structure of the portfolios changes frequently, the hedged items are designated dynamically and the hedging items are allowed to adjust to these changes.

In cash flow hedge relationships, the main identified potential sources of inefficiencies include:

- the impact of counterparty credit risk and own credit risk on the fair value of hedging instruments, i.e. IRSs, basis swaps and FX swaps, which is not reflected in the fair value of the hedged item;
- differences between the frequencies of restatement of hedging instruments and hedged loans and deposits.

34.2.2.1. Hedging of the portfolio of loan receivables from clients and variable-interest securities denominated in PLN and EUR

Pekao hedges its interest rate risks associated with the volatility of market reference rates (WIBOR, EURIBOR) generated by the portfolio of loan receivables from clients and variable-interest securities denominated in PLN and EUR, by using IRSs.

	Cur- rency	31 December 2025 Maturity					31 December 2024 Maturity				
		Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total	Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total
Nominal value	PLN	2,144	6,299	14,147	8,329	30,919	872	2,470	13,906	9,149	26,397
Average interest rate of the fixed-rate part		5.2	2.8	4.0	4.6	4.0	2.1	1.9	3.2	4.6	3.5
Nominal value	EUR	-	2,113	1,268	1,014	4,395	-	-	3,418	-	3,418
Average interest rate of the fixed-rate part		-	3.1	2.3	2.4	2.7	-	-	2.8	-	2.8
Total		2,144	8,412	15,415	9,343	35,314	872	2,470	17,324	9,149	29,815

Impact of the hedge relationship on the statement of financial position and the financial result	31 December 2025	31 December 2024
Hedging instruments		
Nominal value	35,314	29,815
Carrying amount – assets	1,202	374
Carrying amount – liabilities	339	1,003
Change in the fair value of the hedging instrument, on the basis of which hedge inefficiency is estimated	1,219	36
Profit or loss arising out of net position hedge, captured in a separate line item of other comprehensive income	1,220	33
Hedge inefficiency amount recognized in the profit and loss account	(1)	3
Hedged items		
Amount equal to the change in the fair value of a hypothetical derivative representing the hedged item, which forms the basis for estimating hedge inefficiency in the period	(1,225)	(30)
Balance of the hedge accounting capital item for relations, for which hedge accounting will be continued after the end of the reporting period	515	(705)
Balance remaining in the hedge accounting capital item for those relations, to which hedge accounting is no longer applied	-	-

34.2.2.2. Hedging of the deposit portfolio denominated in PLN and EUR

Pekao hedges its interest rate risk associated with the volatility of market reference rate generated by the portfolios of deposits denominated in the Polish zloty and euro, which are economically equivalent to a long-term liability with variable interest rate, by using IRSs.

	Cur- rency	31 December 2025 Maturity					31 December 2024 Maturity				
		Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total	Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total
Nominal value	PLN	220	35	8,380	302	8,937	-	28	5,577	100	5,705
Average interest rate of the fixed-rate part		4.7	4.2	4.5	4.7	4.5	-	5.8	5.8	5.9	5.8
Nominal value	EUR	-	-	634	-	634	-	-	-	-	-
Average interest rate of the fixed-rate part		-	-	2.1	-	2.1	-	-	-	-	-
Total		220	35	9,014	302	9,571	-	28	5,577	100	5,705

Impact of the hedge relationship on the statement of financial position and the financial result

	31 December 2025	31 December 2024
Hedging instruments		
Nominal value	9,571	5,705
Carrying amount – assets	3	42
Carrying amount – liabilities	318	70
Change in the fair value of the hedging instrument, on the basis of which hedge inefficiency is estimated	(222)	54
Profit or loss arising out of net position hedge, captured in a separate line item of other comprehensive income	(216)	54
Hedge inefficiency amount recognized in the profit and loss account	-	-
Amount transferred from cash flow hedge accounting capital to the profit and loss account as reclassification adjustment	-	-
Hedged items		
Amount equal to the change in the fair value of a hypothetical derivative representing the hedged item, which forms the basis for estimating hedge inefficiency in the period	222	(54)
Balance of the hedge accounting capital item for relations, for which hedge accounting will be continued after the end of the reporting period	(182)	34
Balance remaining in the hedge accounting capital item for those relations, to which hedge accounting is no longer applied	-	-

34.2.2.3. Hedging for the portfolio of loans and lease receivables with variable interest rates in EUR and the portfolio of deposits in Polish zloty

Pekao hedged its exposure to interest rate risk associated with the volatility of market reference rates (WIBOR, EURIBOR) and its exposure to currency risk generated by loan portfolios and lease receivables with a variable interest rate denominated in EUR and deposits in Polish zloty, which economically constituted a long-term liability with a variable interest rate, using currency interest rate swaps (basis swaps). The discontinuation of hedge accounting under this relationship had no effect on the profit and loss account.

Balance remaining in the hedge accounting capital item for those relations, to which hedge accounting is no longer applied amounts to PLN 0 (as at 31 December 2024: PLN 13 million).

34.2.2.4. Hedging of a portfolio in EUR and current and term deposits in USD

Pekao hedges exposure to foreign exchange risk generated by its portfolios of euro-denominated loans and USD-denominated current and time deposits, which economically correspond to long-term floating-rate liabilities, with currency swaps (FX Swaps).

In 2025, Pekao established a new hedging relationship to hedge the currency risk generated by its own issuances and a portfolio of term deposits denominated in euro. The hedging instruments in this relationship are foreign exchange swaps and cross-currency interest rate swaps (CIRS). Economically, the new relationship is an extension of the existing one, hence the joint presentation of both relationships.

	Cur- rency	31 December 2025 Maturity					31 December 2024 Maturity				
		Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total	Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total
Nominal value	EUR/ PLN	-	2,113	-	-	2,113	-	-	-	-	-
Average rate		-	4.3	-	-	4.3	-	-	-	-	-
Nominal value	EUR/ USD	211	-	-	-	211	214	-	-	-	214
Average rate		1.2	-	-	-	1.2	1.1	-	-	-	1.1
Total		211	2,113	-	-	2,324	214	-	-	-	214

Impact of the hedge relationship on the statement of financial position and the financial result

	31 December 2025	31 December 2024
Hedging instruments		
Nominal value	2,324	214
Carrying amount – assets	-	3
Carrying amount – liabilities	10	-
Change in the fair value of the hedging instrument, on the basis of which hedge inefficiency is estimated	(2)	(82)
Profit or loss arising out of net position hedge, captured in a separate line item of other comprehensive income	(3)	(7)
Hedge inefficiency amount recognized in the profit and loss account	-	-
Amount transferred from cash flow hedge accounting capital to the profit and loss account as reclassification adjustment	-	-
Hedged items		
Amount equal to the change in the fair value of a hypothetical derivative representing the hedged item, which forms the basis for estimating hedge inefficiency in the period	2	82
Balance of the hedge accounting capital item for relations, for which hedge accounting will be continued after the end of the reporting period	(3)	-
Balance remaining in the hedge accounting capital item for those relations, to which hedge accounting is no longer applied	-	-

34.2.2.5. Hedging of a portfolio of variable interest rate loans and subordinated bonds

Alior Bank hedges its interest rate risk associated with the volatility of market reference rates generated by the portfolio of loans and subordinated bonds denominated in the same currency, by using IRSs.

	Cur- rency	31 December 2025 Maturity					31 December 2024 Maturity				
		Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total	Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total
Nominal value		3,535	8,960	4,460	800	17,755	75	4,485	10,395	995	15,950
Average interest rate of the fixed-rate part	PLN	6.2	3.7	3.5	4.9	4.2	6.2	3.7	3.5	4.9	3.7
Nominal value		42	127	486	-	655	-	150	662	-	812
Average interest rate of the fixed-rate part	EUR	2.6	3.6	2.2	-	2.4	-	3.6	2.2	-	2.5
Total		3,577	9,087	4,946	800	18,410	75	4,635	11,057	995	16,762

Impact of the hedge relationship on the statement of financial position and the financial result	31 December 2025	31 December 2024
Hedging instruments		
Nominal value	18,410	16,762
Carrying amount – assets	381	239
Carrying amount – liabilities	57	394
Change in the fair value of the hedging instrument, on the basis of which hedge inefficiency is estimated	173	(219)
Profit or loss arising out of net position hedge, captured in a separate line item of other comprehensive income	199	(301)
Hedge inefficiency amount recognized in the profit and loss account	-	3
Amount transferred from cash flow hedge accounting capital to the profit and loss account as reclassification adjustment	249	430
Hedged items		
Amount equal to the change in the fair value of a hypothetical derivative representing the hedged item, which forms the basis for estimating hedge inefficiency in the period	(168)	234
Balance of the hedge accounting capital item for relations, for which hedge accounting will be continued after the end of the reporting period	163	(285)
Balance remaining in the hedge accounting capital item for those relations, to which hedge accounting is no longer applied	(2)	(7)

34.2.2.6. Hedging of a portfolio of fixed-rate bonds denominated in EUR, USD or GBP

PZU hedges foreign currency cash flows generated by the portfolios of fixed-rate bonds denominated in EUR, USD or GBP using cross-currency interest rate swaps (CIRS). This way it hedges the foreign exchange risk component associated with the volatility of exchange rates.

	Cur- rency	31 December 2025 Maturity					31 December 2024 Maturity				
		Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total	Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years	Total
Nominal value	EUR/ PLN	-	-	-	-	-	117	123	554	-	794
Average rate		-	-	-	-	-	4.3	4.3	4.3	-	4.3
Nominal value	USD / PLN	-	-	-	-	-	41	156	88	-	285
Average rate		-	-	-	-	-	3.7	3.8	3.8	-	3.8
Nominal value	GBP / PLN	56	-	-	-	56	-	41	338	-	379
Average rate		5.0	-	-	-	5.0	-	4.8	5.0	-	5.0
Total		56	-	-	-	56	158	320	980	-	1,458

Impact of the hedge relationship on the statement of financial position and the financial result

	31 December 2025	31 December 2024
Hedging instruments		
Nominal value	56	1,458
Carrying amount – assets	2	7
Carrying amount – liabilities	-	42
Change in the fair value of the hedging instrument, on the basis of which hedge inefficiency is estimated	37	(12)
Profit or loss arising out of net position hedge, captured in a separate line item of other comprehensive income	14	(9)
Hedge inefficiency amount recognized in the profit and loss account	-	-
Amount transferred from cash flow hedge accounting capital to the profit and loss account as reclassification adjustment	23	(3)
Hedged items		
Amount equal to the change in the fair value of a hypothetical derivative representing the hedged item, which forms the basis for estimating hedge inefficiency in the period	(37)	13
Balance of the hedge accounting capital item for relations, for which hedge accounting will be continued after the end of the reporting period	-	(14)
Balance remaining in the hedge accounting capital item for those relations, to which hedge accounting is no longer applied	-	5

34.2.2.7. Movement in the revaluation reserve and non-controlling interests resulting from the measurement of the hedging derivatives in hedge accounting

Revaluation reserve and non-controlling interests resulting from the measurement of the hedging derivatives in hedge accounting	1 January - 31 December 2025	1 January - 31 December 2024
Beginning of the period	(978)	(1,182)
Profits or losses resulting from hedging – recognized in other comprehensive income	861	(905)
Interest rate risk	812	(922)
Interest rate risk and currency risk	49	17
Amounts transferred from other comprehensive income to the profit and loss account during the reporting period	610	1,109
Interest rate risk	640	1,138
Interest rate risk and currency risk	(30)	(29)
End of the period	493	(978)

34.3 Quantitative data

Derivatives as at 31 December 2025	Base amount by maturities				Total	Assets	Liabilities
	Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years			
Related to interest rates	76,950	126,865	209,846	44,902	458,563	6,250	5,302
Fair value hedging instruments – swap transactions	655	2,573	4,972	9,534	17,734	307	26
Cash flow hedging instruments, including:	5,997	17,534	29,375	10,445	63,351	1,588	714
- forward contracts	1,500	1,500	-	-	3,000	-	-
- swap transactions	4,497	16,034	29,375	10,445	60,351	1,588	714
Instruments carried as held for trading, including:	70,298	106,758	175,499	24,923	377,478	4,355	4,562
- forward contracts	57,868	52,336	800	-	111,004	63	59
- swap transactions	12,155	52,001	165,583	24,751	254,490	4,275	4,481
- call options (purchase)	203	2,162	2,522	172	5,059	13	6
- put options (sale)	-	-	222	-	222	-	3
- cap floor options	72	259	6,372	-	6,703	4	13
Related to exchange rates	51,324	12,352	2,604	21	66,301	748	343
Cash flow hedging instruments – swap transactions	211	2,113	-	-	2,324	-	10
Instruments carried as held for trading, including:	51,113	10,239	2,604	21	63,977	748	333
- forward contracts	8,436	5,635	1,434	21	15,526	206	143
- swap transactions	41,266	3,420	676	-	45,362	520	150
- call options (purchase)	879	651	299	-	1,829	5	4
- put options (sale)	532	533	195	-	1,260	17	36
Related to prices of securities	94	-	108	-	202	1	-
- forward contracts	94	-	-	-	94	1	-
- call options (purchase)	-	-	108	-	108	-	-
Related to commodity prices	2,171	5,508	528	-	8,207	541	503
- forward contracts	2	-	-	-	2	-	-
- swap transactions	1,611	4,269	518	-	6,398	499	463
- call options (purchase)	-	395	-	-	395	5	4
- put options (sale)	-	532	-	-	532	5	6
- other	558	312	10	-	880	32	30
Total	130,539	144,725	213,086	44,923	533,273	7,540	6,148

Derivatives as at 31 December 2024	Base amount by maturities				Total	Assets	Liabilities
	Up to 3 months	Over 3 months up to 1 year	Over 1 year to 5 years	Over 5 years			
Related to interest rates	61,726	108,540	201,420	31,840	403,526	4,587	5,477
Fair value hedging instruments – swap transactions	-	2,620	3,376	2,369	8,365	65	56
Cash flow hedging instruments – swap transactions	1,105	7,453	34,938	10,244	53,740	662	1,509
Instruments carried as held for trading, including:	60,621	98,467	163,106	19,227	341,421	3,860	3,912
- forward contracts	51,015	70,463	6,440	-	127,918	88	85
- swap transactions	9,459	27,485	152,294	18,972	208,210	3,744	3,800
- call options (purchase)	24	376	3,764	255	4,419	21	21
- put options (sale)	-	-	424	-	424	6	5
- cap floor options	123	143	184	-	450	1	1
Related to exchange rates	40,529	12,062	3,042	125	55,758	538	427
Cash flow hedging instruments – swap transactions	214	-	-	-	214	3	-
Instruments carried as held for trading, including:	40,315	12,062	3,042	125	55,544	535	427
- forward contracts	7,289	3,771	1,313	-	12,373	80	184
- swap transactions	29,253	5,448	251	125	35,077	413	192
- call options (purchase)	2,085	1,138	794	-	4,017	26	14
- put options (sale)	1,688	1,705	684	-	4,077	16	37
Related to prices of securities	43	-	-	-	43	-	1
- forward contracts	43	-	-	-	43	-	1
Related to commodity prices	2,017	3,735	1,437	-	7,189	259	227
- forward contracts	433	153	-	-	586	7	6
- swap transactions	1,584	2,732	1,437	-	5,753	236	204
- call options (purchase)	-	351	-	-	351	7	8
- put options (sale)	-	499	-	-	499	9	9
Total	104,315	124,337	205,899	31,965	466,516	5,384	6,132

35. Assets pledged as collateral for liabilities

35.1 Accounting policy

Assets serving as collateral are those assets for which the recipient has the right to sell or exchange them for other collateral. Accounting policies for assets pledged as collateral for liabilities are the same as those applicable to investment financial assets and are described in section 36.1.

These assets serve as collateral for repurchase transactions.

35.2 Quantitative data

Assets pledged as collateral for liabilities	31 December 2025				31 December 2024			
	at amortized cost	at fair value through other comprehensive income	at fair value through profit or loss	Total	at amortized cost	at fair value through other comprehensive income	at fair value through profit or loss	Total
Debt securities	1,079	1	447	1,527	-	1,017	387	1,404
Government securities	1,079	1	447	1,527	-	1,017	387	1,404
Domestic	1,079	1	447	1,527	-	1,017	387	1,404
Fixed rate	-	1	101	102	-	999	351	1,350
Floating rate	1,079	-	346	1,425	-	18	36	54
Buy-sell-back transactions	31	-	-	31	-	-	-	-
Total assets securing liabilities	1,110	1	447	1,558	-	1,017	387	1,404

36. Investment financial assets

36.1 Accounting policy

36.1.1. Recognition and classification

Financial assets are recognized in the statement of financial position at the moment when a PZU Group company becomes a party to a binding contract, under which it assumes risk and becomes a beneficiary of the benefits associated with the financial instrument. In the case of transactions concluded on an organized market, the purchase or sale of financial assets are recognized in the books on the date of the transaction.

The instrument is classified at the time of recognition of the instrument for the first time. The classification may only be changed in rare cases when the business model changes. The classification of financial assets depends on:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

According to IFRS 9 financial assets are classified for valuation at:

- amortized cost;
- fair value through profit or loss;
- fair value through other comprehensive income.

Assets securing liabilities in respect of which the recipient has the right to sell these assets or exchange them for another security are presented in a separate line item in the statement of financial position.

Business models

Financial assets are managed in accordance with business models applied to enable the provision of information for management purposes. When analyzing business models, the PZU Group takes the following into account:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

Description of business models	Assets held in order to collect contractual cash flows	Assets held in order to collect contractual cash flows and cash flows from selling assets	Other financial assets
Risks under management	Long-term interest rate risk, credit risk.	Long-term interest rate risk, credit risk, long-term liquidity.	Short-term interest rate risk, currency risk, risk of changing prices of equities, indices, commodities and short-term liquidity management.
Terms and conditions of the sale of assets in the model	<ul style="list-style-type: none"> transactions are rare; the value of assets sold compared to the total value of assets in the model is insignificant; the maturity of assets sold is close, while revenues are approximating the values of contractual cash flows remaining to be received if the assets was kept in the portfolio till initial maturity; deterioration of credit quality. 	The level of sales is higher than in the model of assets held to collect contractual cash flows, but much lower than for assets held for trading.	No restrictions on sales.

Financial assets held for trading and those that are held in a model managed at fair value have been classified as measured at fair value through profit or loss.

SPPI test

An SPPI test is performed to assess whether the contractual cash flows represent only principal and interest payments. The principal amount is defined as the fair value of the financial asset at initial recognition. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

The SPPI test examines whether a financial asset contains contractual terms that could change the timing or amounts of contractual cash flows so that the condition of obtaining solely payments of principal and interest would not be met. In making its evaluation, the PZU Group takes the following into account:

- conditional events that could change the amounts and timing of cash flows;
- factors modifying the interest rate;
- terms of prepayment and extension;
- terms limiting the right to obtain cash flows;
- factors that modify the time value of money, including periodic resets of the interest rate.

The SPPI test is carried out for financial assets classified into a business model whose objective is achieved by collecting contractual cash flows or a business model whose objective is achieved by both collecting contractual cash flows and selling.

The SPPI test is carried out:

- collectively – for homogeneous groups of standard products;
- on the single contract level – for non-standard products;
- on the ISIN code level – for debt securities.

If a financial asset contains terms causing modification of the value of money over time, the so-called verification benchmark test is carried out to determine the difference between undiscounted cash flows following from the contract and the

undiscounted cash flows which would occur if the value of money over time was not modified (cash flow benchmark level). If the difference is material then the instrument does not pass the SPPI test and is measured at fair value through profit or loss.

36.1.2. Principles of measurement

Financial assets measured at amortized cost

A financial asset is classified as financial asset measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by holding financial assets in order to collect contractual cash flows;
- it passes the SPPI test – the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost include, among others:

- payment transferred for debt securities purchased under a contract under which the seller retained substantially all the risks and rewards of ownership of the securities (*buy-sell-back* and *reverse repo* transactions);
- debt securities;
- term deposits with credit institutions;
- loans granted.

Upon first recognition, financial assets measured at amortized cost are recognized at fair value plus transaction costs which can be allocated directly to the purchase of issue of such assets.

The results of the measurement at amortized cost are recognized in the profit and loss account in the “Interest income calculated using the effective interest rate” item.

Financial assets measured at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- it passes the SPPI test – the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest on debt instruments accrued using the effective interest rate are recognized in the profit and loss account in the “Interest income calculated using the effective interest rate” line item.

The rules of measurement to fair value are described in section 10.1. The effects of changes in the fair value are recognized in other comprehensive income until exclusion of the asset from the statement of financial position, when the cumulative effects of the measurement are moved to the profit and loss account, to the “Result on derecognition of financial instruments and investments not measured at fair value through profit or loss item.

The allowances for expected credit losses is recognized in other comprehensive income and on the other side in the profit and loss account in the “Result from allowances for expected credit losses” item. The value of the recognized allowance does not reduce the carrying amount of the asset.

This category of financial assets also includes equity instruments, for which an irrevocable designation has been made to be measured at fair value, with subsequent changes in fair value recognized in other comprehensive income. The decision on such classification is made individually for each instrument. The portfolio of equity instruments carried at fair value through other

comprehensive income includes assets considered material from the perspective of the PZU Group. If such assets are sold, the result on sales is transferred to supplementary capital.

Financial assets at fair value through profit or loss

This category includes other financial instruments that do not meet the conditions for being classified as financial assets measured at amortized cost or fair value through other comprehensive income. This pertains in particular to:

- financial assets designated for measurement at fair value through profit or loss;
- participation units that are not equity instruments and to which the SPPI condition does not apply, which solely payment of principal and interest;
- financial assets that have not passed the SPPI test – for which contractual terms result in cash flows not being solely payments of principal and interest;
- financial assets held within a business model other than the one whose objective is to hold financial assets in order to collect contractual cash flows or both to collect contractual cash flows and to sell financial assets;
- equity instruments that were not irrevocably designated as at fair value through other comprehensive income.

The rules of measurement to fair value are described in section 10.1. The effect of the change in measurement of financial instruments at fair value, including related interest income and changes in liabilities under investment contracts for the client's account and risk are recognized under "Net movement in fair value of assets and liabilities measured at fair value" in the period to which they relate.

36.1.3. Derecognition from statement of financial position

Financial assets are derecognized from the consolidated statement of financial position when the contractual rights to receive cash flows of the asset expire or are transferred to another entity. The transfer also occurs if the contractual rights to receive the cash flows of the financial asset are retained, but a contractual obligation to transfer such cash flows to a non-PZU Group entity is accepted.

When a financial asset is transferred, the extent to which it retains the risks and rewards of ownership of the asset is evaluated:

- if substantially all the risks and rewards of ownership of the financial asset are transferred, the financial asset should be derecognized from the consolidated statement of financial position;
- if substantially all the risks and rewards of ownership of the financial asset are retained, the financial assets should continue to be recognized in the consolidated statement of financial position;
- if substantially all the risks and rewards of ownership of the financial asset are neither transferred nor retained, the entity determines whether it has retained control of the financial asset.

If control is retained then the financial asset is recognized in the consolidated statement of financial position up to the amount arising from permanent exposure; if there is no control then the financial asset is derecognized from the consolidated statement of financial position.

36.2 Quantitative data

Investment financial assets	31 December 2025				31 December 2024			
	at amortized cost	at fair value through other comprehensive income	at fair value through profit or loss	Total	at amortized cost	at fair value through other comprehensive income	at fair value through profit or loss	Total
Equity instruments	n/a	809	1,629	2,438	n/a	609	1,471	2,080
Participation units and investment certificates	n/a	n/a	7,085	7,085	n/a	n/a	5,234	5,234
Debt securities	134,807	68,039	7,974	210,820	143,584	52,522	3,929	200,035
Government securities	104,623	49,174	6,994	160,791	96,142	41,062	3,508	140,712
Domestic	99,959	41,235	6,668	147,862	85,590	32,862	3,277	121,729
Fixed rate	79,244	31,534	2,993	113,771	70,180	22,929	2,071	95,180
Floating rate	20,715	9,701	3,675	34,091	15,410	9,933	1,206	26,549
Foreign	4,664	7,939	326	12,929	10,552	8,200	231	18,983
Fixed rate	4,664	7,939	323	12,926	10,552	8,200	231	18,983
Floating rate	-	-	3	3	-	-	-	-
Other	30,184	18,865	980	50,029	47,442	11,460	421	59,323
Fixed rate	19,210	15,286	462	34,958	37,898	7,996	125	46,019
Floating rate	10,974	3,579	518	15,071	9,544	3,464	296	13,304
Other, including:	14,153	-	19	14,172	14,966	-	-	14,966
Buy-sell-back transactions	8,743	-	-	8,743	9,747	-	-	9,747
Term deposits with credit institutions	1,409	-	-	1,409	1,033	-	-	1,033
Loans	4,001	-	-	4,001	4,186	-	-	4,186
Other investment financial assets	-	-	19	19	-	-	-	-
Investment financial assets, total	148,960	68,848	16,707	234,515	158,550	53,131	10,634	222,315

Equity instruments measured at fair value through other comprehensive income	31 December 2025		31 December 2024	
	Fair value	Dividends recognized in the period	Fair value	Dividends recognized in the period
Biuro Informacji Kredytowej SA	368	27	263	2
PSP SA	197	-	137	-
Grupa Azoty SA	135	-	135	-
Krajowa Izba Rozliczeniowa SA	44	2	27	27
Webuild SpA	23	1	19	-
Other	42	1	28	1
Equity instruments measured at fair value through other comprehensive income, total	809	31	609	30

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

37. Other receivables

Other receivables – carrying amount	31 December 2025	31 December 2024
Receivables from insurance intermediaries	102	104
Receivables from sale of securities and security deposits ¹⁾	1,314	1,912
Receivables on account of payment card settlements	1,490	1,529
Trade receivables	578	668
Receivables from the state budget, other than corporate income tax receivables	137	74
Receivables from commissions on off-balance sheet products	418	310
Prevention settlements	36	44
Receivables from security and bid deposits	79	70
Interbank and interbranch receivables	42	6
Disputed settlements	30	50
Co-insurance receivables on co-insurer's share	18	47
Other	382	444
Other receivables, total	4,626	5,258

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

As at 31 December 2025, and 31 December 2024, the fair value of receivables did not differ significantly from their carrying amount, primarily due to their short-term nature and the policy of recognizing impairment losses.

Other receivables – by contractual maturity	31 December 2025	31 December 2024
up to 1 year ¹⁾	4,593	5,226
1 to 5 years	7	5
over 5 years	26	27
Total other receivables – by contractual maturity	4,626	5,258

¹⁾ Including past due receivables.

38. Other assets

Other assets	31 December 2025	31 December 2024
IT costs settled over time	329	282
Accrued direct claims handling receivables	60	51
Costs settled over time	133	161
Inventories	54	52
Other assets	58	41
Total other assets	634	587

Other assets	31 December 2025	31 December 2024
Short-term	619	570
Long-term	15	17
Total other assets	634	587

39. Expected credit losses

39.1 Accounting policies and significant estimates

An assessment is performed at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence of impairment arising from loss events that occurred after the initial recognition of financial assets and causing a decrease in expected future cash flows then appropriate impairment losses are recognized against costs of the current period.

Objective evidence of impairment includes information about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider (forbearance);
- it becoming probable that the borrower will enter liquidation, bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of the issuer's financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments; or
 - adverse changes in the economic condition in a specific industry, region, etc. contributing to the deterioration of the debtors' capacity for repayment;
- adverse changes in the technology, market, economic, legal or other environment in which the issuer of an equity instrument operates indicating that costs of investment in that equity instrument may not be recovered.

In the case of assets which are not measured at fair value through profit or loss, the PZU Group recognizes the expected credit loss – ECL. This applies to:

- loan receivables from clients (including finance lease receivables);
- loans;
- debt securities;
- buy-sell-back transactions;
- term deposits with credit institutions;
- other receivables;
- lending commitments and issued financial guarantees.

For debt assets measured at amortized cost and at fair value through other comprehensive income, impairment is measured as:

- Lifetime ECL – expected credit losses that result from all possible default events over the expected life of a financial instrument;
- 12-month ECL – the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The PZU Group measures allowances for expected credit losses at an amount equal to lifetime ECL, except for the following instruments, for which 12-month ECL is recognized instead:

- financial instruments for which credit risk has not increased significantly since initial recognition;
- debt securities that have low credit risk at the reporting date. Low credit risk debt securities are those securities that have been assigned an external investment-grade rating; and
- exposures to banks and the NBP.

The charge is calculated in three categories:

- stage 1 – portfolio with low credit risk – 12-month ECL is recognized;
- stage 2 – portfolio in which a significant increase of credit risk occurs – lifetime ECL is recognized;
- stage 3 – impaired portfolio – lifetime ECL is recognized.

The method of calculation of the allowance for expected credit losses also impacts the method of recognizing interest income – for stages 1 and 2 interest income is determined on the basis of gross exposures, and in stage 3 on the net exposure basis.

The PZU Group recognizes the cumulative changes in lifetime ECL since initial recognition as a loss allowance for ECL from purchased or granted credit-impaired financial assets (POCI).

Changes in the value of allowances for expected credit losses is recognized in the consolidated profit and loss account in the “Result from allowances for expected credit losses” item.

The ECL classification and estimation effected by the PZU Group in terms of loan receivables from clients is in compliance with the requirements of:

- IFRS 9 Financial Instruments;
- Recommendation R of the Polish Financial Supervision Authority on the principles of credit exposure classification, estimation and recognition of expected credit losses and credit risk management, issued in April 2021;
- Article 178 of the CRR, guidelines EBA/GL/2016/07 on the application of the definition of default and the Regulation of the Minister of Finance, Investments and Development of 3 October 2019 on the materiality level of overdue credit obligations and EU Regulation No. 2021/451, Annex V – in accordance with which the definition of default is used at the level of:
 - distinct credit instruments – in the case of retail exposures (including the infection in the case of arrears material for the whole relationship);
 - debtor – for commercial exposures.

Rules for estimating expected credit losses

The process of estimating expected credit losses requires the use of significant estimates and judgments, including assumptions about macroeconomic forecasts and possible scenarios for how these forecasts will evolve in the future, and rules for identifying significant increases in credit risk.

Determination of impairment losses in compliance with IFRS 9 requires the formulation of forecasts of the evolution of the key credit risk parameters.

For the calculation of allowances, the PZU Group takes into account various scenarios for the assessment of the portfolio quality, reflecting the current and expected changes in the economic situation and the uncertainty factors.

Grupa PZU calculates expected credit losses taking into account various scenarios for the macroeconomic situation.

Estimated movement in the impairment of loan receivables from clients due to a change in PD or LGD affecting the portfolio by +/- 10%	31 December 2025		31 December 2024	
	-10%	+10%	-10%	+10%
Stage 1	244	(257)	222	(255)
Stage 2	278	(254)	303	(298)

Due to the peculiarities of individual banks and their portfolios, the synchronization of scenarios used is not applied in the calculation of write-downs.

Pekao

For Pekao portfolio exposures, expected credit losses are determined taking into account three scenarios for the macroeconomic situation – baseline (with a probability of realization of 60%), positive (assuming favorable changes in the quality of the portfolio in subsequent years relative to the baseline scenario, with a probability of realization of 5%) and negative (assuming unfavorable changes in the situation in subsequent years relative to the baseline scenario, with a probability of realization of 35%). In 2025, as well as in 2024, the same probability weights were assigned to the scenarios.

The table below shows projections of the 12-month PD used in the calculation of write-downs in the baseline scenario for Pekao's portfolio. For the retail portfolio, these parameters are weighted by gross carrying value capped at PLN 2 million at the loan level for cash loans and mortgages and at the client level for SME (small and medium-sized enterprise) loans. For the non-retail portfolio, parameters are weighted by exposure limited to PLN 20 million at the client level.

Portfolio	31 December 2025		31 December 2024	
	historical median	baseline PD forecast	historical median	baseline PD forecast
Cash loans	3.2%	3.4%	3.3%	3.9%
Mortgage loans	0.4%	0.7%	0.5%	1.0%
SME loans	3.7%	4.6%	3.7%	4.5%
Other business loans	1.7%	2.9%	1.6%	2.9%

The PD parameters adopted above assume GDP growth of around 3.5%, average annual inflation of around 3.6% and year-end WIBOR 3M of 4.0%.

PD parameters for the positive and negative scenarios are shown below:

Portfolio	31 December 2025		31 December 2024	
	positive scenario	negative scenario	positive scenario	negative scenario
Cash loans	1.4%	6.5%	2.3%	6.2%
Mortgage loans	0.3%	1.4%	0.6%	1.6%
SME loans	3.1%	5.2%	3.1%	5.2%
Other business loans	1.3%	4.2%	1.2%	4.2%

The table presents the difference in expected credit losses for non-impaired exposures between calculations for individual macroeconomic scenarios and weighted probabilities for all scenarios combined.

Changing the probability of scenarios	31 December 2025	31 December 2024
Baseline scenario	(228)	(209)
Positive scenario	(944)	(844)
Negative scenario	586	495

Alior Bank

For Alior Bank portfolio exposures, expected credit losses are determined taking into account three scenarios for the macroeconomic situation – baseline (with a probability of realization of 50%), positive (assuming favorable changes in the quality of the portfolio in subsequent years relative to the baseline scenario, with a probability of realization of 25%) and negative (assuming unfavorable changes in the situation in subsequent years relative to the baseline scenario, with a probability of realization of 25%).

The baseline scenario assumes GDP growth of 3.8%, average annual inflation of 2.6% and a year-end NBP base rate of 3.3%.

For the regular portfolio, the PD level used in the calculation of expected credit losses was 2.03% as of 31 December 2025 (as of 31 December 2024: 2.5%).

The sensitivity of expected loss estimates for the credit exposure portfolio, when stress scenarios are assumed with 100% probability, is presented below.

Changing the probability of scenarios	31 December 2025		31 December 2024	
	positive scenario	negative scenario	positive scenario	negative scenario
Difference in share of stage 2 in regular portfolio	(0.20 p.p.)	+0.27 p.p.	(0.20 p.p.)	+0.27 p.p.
Impact on expected losses due to:				
PD	(46)	70	(64)	117
LGD for regular portfolio	(6)	3	(5)	4
LAG for default portfolio	(4)	3	(9)	9

Key statutory client support tools available due to the macroeconomic situation, among others, include the Borrower Support Fund, moratoria available to clients who have lost their source of income and moratoria for clients affected by floods. Exposures covered by the Borrower Support Fund or moratoria for clients who have lost their source of income are classified into forbearance and, consequently, into stage 2 (unless they meet the grounds for impairment that would result in classification into stage 3).

39.1.1. Calculation of PD and LGD parameters

PZU Group uses the PD and LGD parameters to estimate allowances for expected credit losses.

For issuers and exposures that are externally rated, PDs is assigned on the basis of the average market default rates for the rating classes concerned. First, the internal rating of an entity/issue is determined in accordance with the internal rating methodology. The tables published by external rating agencies are used to estimate average PD.

The Moody's RiskCalc model or internal rating models and methodologies are used for issuers of corporate bonds and corporate loans, for which no external rating is available. The expected default frequency (EDF) parameter is used to estimate PD in the case of the RiskCalc model, and in other cases estimates based on internal methodologies and models. When estimating lifetime PD for exposures with maturity above 5 years (in the RiskCalc model, the forward EDF curve refers to a 5-year period), it is assumed that in subsequent years PD is constant and corresponds to the value determined by the model for the 5th year.

For loan receivables from clients PD is estimated based on internal models depending on the segment group, individual credit quality of the customer, and the exposure lifecycle phase.

For issuers of corporate bonds and corporate loans, 12-month LGD is determined based on the Moody's RiskCalc model (LGD module). When estimating lifetime LGD for exposures with a maturity above 5 years, it is assumed that in subsequent years LGD is constant and corresponds to the value determined by the module for the 5th year.

If a credit rating agency has allocated a separate recovery rate to the instrument concerned then this parameter is used. For a given RR (*recovery rate*) parameter, the formula: $LGD = 1 - RR$ is applied.

Where the RiskCalc model cannot be used to estimate LGD levels and where the instrument does not have an LGD awarded by an external rating agency, then the average RR should be used, based on market data (properly differentiating the corporate and sovereign debt classes) supplied by external rating agencies using the following formula: $LGD = 1 - RR$. When lifetime LGD must be estimated, the value of this parameter is assumed to be constant. The degree of subordination of debt is taken into account when selecting data for LGD.

39.1.2. Change in credit risk since initial recognition

At each reporting date, the PZU Group shall assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the PZU Group should use the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the PD for the financial instrument as at the reporting date with the PD as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. If a financial instrument is determined to have low credit risk (i.e. has an external investment-grade rating) both at initial recognition and as at the reporting date, it is assumed that the credit risk associated with this instrument has not increased significantly. This pertains in particular to treasury bonds:

The PZU Group assesses whether the credit risk of financial instruments has increased significantly by comparing the PD parameter for the rest of its lifetime on the reporting date with the PD parameter for the rest of its lifetime estimated at the time of initial recognition.

The PZU Group regularly monitors the effectiveness of the criteria used to identify a significant increase in credit risk, in order to confirm that:

- the criteria allow for identification of a significant increase in credit risk before the impairment of the exposure occurs;
- the average time between identifying a significant increase in credit risk and impairment is reasonable;
- there is no unreasonable volatility of allowances for expected credit losses resulting from transfers between 12-month ECL and lifetime ECL.

In the case of loan receivables from clients, the identification of a significant credit risk growth is based on an analysis of qualitative (such as the occurrence of a 30-day past due period, customer's classification in the watch list, forbearance) and quantitative premises.

39.1.3. Identified impaired financial assets (stage 3)

The PZU Group classifies financial assets to stage 3 when the premises for impairment losses such as, among others, delay in payment of more than 90 days, are satisfied with simultaneous satisfaction of the unpaid amount materiality threshold, exposure being included in the restructuring process or occurrence of another qualitative premise of impairment losses.

39.1.4. Financial assets impaired due to credit risk (POCI)

Acquired or granted financial assets impaired due to credit risk (POCI) is assets with impairment losses determined at the time of the initial recognition. The POCI classification does not change over the life of the instrument until derecognition.

POCI assets arise from:

- acquisition of a contract satisfying the definition of POCI (e.g. on acquisition of an entity or purchase of a portfolio);
- conclusion of a POCI contract on the initial granting (e.g. granting of a loan to a client in a poor financial condition);

- modification of a contract (e.g. in the course of restructuring) resulting in excluding an asset from the statement of financial position and recognizing a new asset satisfying the definition of POCI.

As at the initial recognition, POCI assets are recognized at the fair value, without recognizing allowances for expected credit losses.

39.2 Quantitative data

Loan receivables from clients measured at amortized cost Business segment – finance leasing	1 January – 31 December 2025					1 January – 31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	15,613	738	1,461	-	17,812	14,517	844	1,322	-	16,683
Recognition of instruments at the time of acquisition, creation, granting	7,628	-	-	-	7,628	6,700	-	-	-	6,700
Changes attributable to sale, exclusion or expiration of the instrument	(4,004)	(88)	(376)	-	(4,468)	(3,555)	(115)	(332)	-	(4,002)
Assets written off from the statement of financial position	-	-	(161)	-	(161)	-	-	(102)	-	(102)
Reclassification to stage 1	224	(121)	(103)	-	-	314	(252)	(62)	-	-
Reclassification to stage 2	(742)	769	(27)	-	-	(632)	678	(46)	-	-
Reclassification to stage 3	(244)	(251)	495	-	-	(683)	(195)	878	-	-
Other changes, including foreign exchange differences	(1,402)	(204)	11	-	(1,595)	(1,048)	(222)	(197)	-	(1,467)
End of the period	17,073	843	1,300	-	19,216	15,613	738	1,461	-	17,812
Expected credit losses										
Beginning of the period	(47)	(31)	(401)	-	(479)	(42)	(32)	(428)	-	(502)
Establishment of allowances for newly acquired, created, granted instruments	(152)	-	-	-	(152)	(35)	-	(93)	-	(128)
Changes attributable to sale, exclusion or expiration of the instrument (excluding reclassification)	8	2	77	-	87	7	3	63	-	73
Assets written off from the statement of financial position	-	-	161	-	161	-	-	102	-	102
Reclassification to stage 1	(7)	1	6	-	-	(4)	2	2	-	-
Reclassification to stage 2	15	(17)	2	-	-	12	(13)	1	-	-
Reclassification to stage 3	6	11	(17)	-	-	7	9	(16)	-	-
Other changes, including foreign exchange differences	125	(2)	(149)	-	(26)	8	-	(32)	-	(24)
End of the period	(52)	(36)	(321)	-	(409)	(47)	(31)	(401)	-	(479)
Net carrying amount at the end of the period	17,021	807	979	-	18,807	15,566	707	1,060	-	17,333

Loan receivables from clients measured at amortized cost Business segment – other	1 January – 31 December 2025					1 January – 31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	75,513	13,899	6,302	1,897	97,611	73,100	12,451	5,641	2,657	93,849
Recognition of instruments at the time of acquisition, creation, granting	41,210	-	-	346	41,556	35,072	-	-	398	35,470
Change attributable to modification of cash flows concerning the given instrument	(7)	-	-	-	(7)	(2)	-	-	-	(2)
Changes attributable to sale, exclusion or expiration of the instrument	(26,408)	(3,353)	(1,033)	(443)	(31,237)	(24,937)	(2,893)	(2,045)	(261)	(30,136)
Assets written off from the statement of financial position	-	(4)	(1,012)	(26)	(1,042)	-	-	(1,336)	(48)	(1,384)
Reclassification to stage 1	4,202	(4,170)	(32)	-	-	1,901	(1,865)	(36)	-	-
Reclassification to stage 2	(9,298)	9,388	(90)	-	-	(8,608)	8,728	(120)	-	-
Reclassification to stage 3	(1,220)	(1,184)	2,404	-	-	(936)	(2,227)	3,163	-	-
Other changes, including foreign exchange differences	(388)	(562)	279	135	(536)	(77)	(295)	1,035	(849)	(186)
End of the period	83,604	14,014	6,818	1,909	106,345	75,513	13,899	6,302	1,897	97,611
Expected credit losses										
Beginning of the period	(572)	(578)	(3,073)	(1,062)	(5,285)	(690)	(618)	(2,854)	(1,874)	(6,036)
Establishment of allowances for newly acquired, created, granted instruments	(441)	-	-	(85)	(526)	(361)	(3)	(15)	(44)	(423)
Changes attributable to sale, exclusion or expiration of the instrument (excluding reclassification)	102	94	363	40	599	76	48	304	23	451
Assets written off from the statement of financial position	-	4	1,012	26	1,042	-	-	1,336	48	1,384
Reclassification to stage 1	(133)	130	3	-	-	(77)	74	3	-	-
Reclassification to stage 2	159	(178)	19	-	-	169	(219)	50	-	-
Reclassification to stage 3	110	118	(228)	-	-	116	280	(396)	-	-
Other changes, including foreign exchange differences	187	(116)	(1,791)	116	(1,604)	195	(140)	(1,501)	785	(661)
End of the period	(588)	(526)	(3,695)	(965)	(5,774)	(572)	(578)	(3,073)	(1,062)	(5,285)
Net carrying amount at the end of the period	83,016	13,488	3,123	944	100,571	74,941	13,321	3,229	835	92,326

Loan receivables from clients measured at amortized cost Retail segment – real estate loans	1 January – 31 December 2025					1 January – 31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	82,200	6,623	989	301	90,113	74,910	7,410	1,099	256	83,675
Recognition of instruments at the time of acquisition, creation, granting	16,104	-	-	48	16,152	15,730	-	-	80	15,810
Change attributable to modification of cash flows concerning the given instrument	(1)	-	-	-	(1)	(1)	-	-	-	(1)
Changes attributable to sale, exclusion or expiration of the instrument	(9,496)	(1,042)	(287)	(33)	(10,858)	(7,966)	(1,125)	(290)	(19)	(9,400)
Assets written off from the statement of financial position	-	-	(178)	(6)	(184)	-	(1)	(108)	-	(109)
Reclassification to stage 1	2,545	(2,532)	(13)	-	-	2,132	(2,101)	(31)	-	-
Reclassification to stage 2	(2,549)	2,630	(81)	-	-	(3,747)	3,865	(118)	-	-
Reclassification to stage 3	(166)	(192)	358	-	-	(96)	(209)	305	-	-
Costs of legal risk of mortgage loans in foreign currencies	(47)	267	88	2	310	(3)	331	(25)	(3)	300
Other changes, including foreign exchange differences	(930)	172	82	11	(665)	1,241	(1,547)	157	(13)	(162)
End of the period	87,660	5,926	958	323	94,867	82,200	6,623	989	301	90,113
Expected credit losses										
Beginning of the period	(46)	(476)	(487)	(86)	(1,095)	(55)	(480)	(523)	(107)	(1,165)
Establishment of allowances for newly acquired, created, granted instruments	(38)	-	-	(5)	(43)	(38)	-	-	2	(36)
Changes attributable to sale, exclusion or expiration of the instrument (excluding reclassification)	5	21	86	6	118	7	9	93	5	114
Assets written off from the statement of financial position	-	-	178	6	184	-	1	108	-	109
Reclassification to stage 1	(136)	132	4	-	-	(137)	132	5	-	-
Reclassification to stage 2	8	(40)	32	-	-	5	(50)	45	-	-
Reclassification to stage 3	9	22	(31)	-	-	2	28	(30)	-	-
Other changes, including foreign exchange differences	159	(9)	(289)	24	(115)	170	(116)	(185)	14	(117)
End of the period	(39)	(350)	(507)	(55)	(951)	(46)	(476)	(487)	(86)	(1,095)
Net carrying amount at the end of the period	87,621	5,576	451	268	93,916	82,154	6,147	502	215	89,018

Loan receivables from clients measured at at amortized cost Retail segment – other loans	1 January – 31 December 2025					1 January – 31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	29,828	3,277	1,832	286	35,223	28,495	3,657	2,364	346	34,862
Recognition of instruments at the time of acquisition, creation, granting	17,782	-	-	14	17,796	15,260	-	-	20	15,280
Changes attributable to sale, exclusion or expiration of the instrument	(10,821)	(841)	(760)	(43)	(12,465)	(9,360)	(860)	(592)	(34)	(10,846)
Assets written off from the statement of financial position	-	(1)	(334)	(2)	(337)	-	(1)	(666)	(4)	(671)
Reclassification to stage 1	507	(490)	(17)	-	-	736	(710)	(26)	-	-
Reclassification to stage 2	(2,261)	2,347	(86)	-	-	(1,646)	1,765	(119)	-	-
Reclassification to stage 3	(448)	(323)	771	-	-	(396)	(360)	756	-	-
Other changes, including foreign exchange differences	(2,937)	(152)	162	(50)	(2,977)	(3,261)	(214)	115	(42)	(3,402)
End of the period	31,650	3,817	1,568	205	37,240	29,828	3,277	1,832	286	35,223
Expected credit losses										
Beginning of the period	(419)	(460)	(1,253)	(209)	(2,341)	(437)	(599)	(1,543)	(245)	(2,824)
Establishment of allowances for newly acquired, created, granted instruments	(318)	-	-	(8)	(326)	(301)	-	-	(12)	(313)
Changes attributable to sale, exclusion or expiration of the instrument (excluding reclassification)	111	62	209	8	390	103	84	268	9	464
Assets written off from the statement of financial position	-	1	334	2	337	-	1	666	4	671
Reclassification to stage 1	(83)	76	7	-	-	(166)	155	11	-	-
Reclassification to stage 2	124	(166)	42	-	-	69	(124)	55	-	-
Reclassification to stage 3	61	85	(146)	-	-	54	109	(163)	-	-
Other changes, including foreign exchange differences	181	(82)	(291)	88	(104)	259	(86)	(547)	35	(339)
End of the period	(343)	(484)	(1,098)	(119)	(2,044)	(419)	(460)	(1,253)	(209)	(2,341)
Net carrying amount at the end of the period	31,307	3,333	470	86	35,196	29,409	2,817	579	77	32,882

Loan receivables from clients measured at fair value through other comprehensive income	1 January – 31 December 2025					1 January – 31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Carrying amount										
Beginning of the period	247	-	-	-	247	82	-	-	-	82
Recognition of instruments at the time of acquisition, creation, granting	97	-	-	-	97	162	-	-	-	162
Changes attributable to sale, exclusion or expiration of the instrument	(160)	-	-	-	(160)	-	-	-	-	-
Reclassification to stage 3	(183)	-	183	-	-	-	-	-	-	-
Other changes, including foreign exchange differences	(1)	-	(40)	-	(41)	3	-	-	-	3
End of the period	-	-	143	-	143	247	-	-	-	247
Expected credit losses										
Beginning of the period	(3)	-	-	-	(3)	(1)	-	-	-	(1)
Establishment of allowances for newly acquired, created, granted instruments	(20)	-	-	-	(20)	(2)	-	-	-	(2)
Changes attributable to sale, exclusion or expiration of the instrument	-	-	-	-	-	-	-	-	-	-
Reclassification to stage 3	21	-	(21)	-	-	-	-	-	-	-
Other changes, including foreign exchange differences	1	-	(15)	-	(14)	-	-	-	-	-
End of the period	(1)	-	(36)	-	(37)	(3)	-	-	-	(3)

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

Debt investment financial assets measured at amortized cost	1 January – 31 December 2025					1 January – 31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	143,288	367	-	64	143,719	121,184	479	-	53	121,716
Recognition of instruments at the time of acquisition, creation, granting	125,857	-	-	-	125,857	352,753	-	-	-	352,753
Change attributable to modification of cash flows concerning the given instrument	-	-	-	-	-	4	-	-	-	4
Changes attributable to sale, exclusion or expiration of the instrument	(133,983)	(61)	-	(12)	(134,056)	(333,177)	(131)	-	-	(333,308)
Reclassification to stage 1	99	(99)	-	-	-	125	(125)	-	-	-
Reclassification to stage 2	(25)	25	-	-	-	(154)	154	-	-	-
Other changes, including foreign exchange differences	505	(6)	-	4	503	2,553	(10)	-	11	2,554
End of the period	135,741	226	-	56	136,023	143,288	367	-	64	143,719
Expected credit losses										
Beginning of the period	(82)	(11)	-	(42)	(135)	(89)	(25)	-	(28)	(142)
Establishment of allowances for newly acquired, created, granted instruments	(39)	-	-	-	(39)	(35)	-	-	-	(35)
Changes attributable to sale, exclusion or expiration of the instrument	22	1	-	-	23	9	5	-	-	14
Reclassification to stage 1	-	-	-	-	-	(6)	6	-	-	-
Reclassification to stage 2	1	(1)	-	-	-	13	(13)	-	-	-
Other changes, including foreign exchange differences	4	7	-	3	14	26	16	-	(14)	28
End of the period	(94)	(4)	-	(39)	(137)	(82)	(11)	-	(42)	(135)
Net carrying amount at the end of the period	135,647	222	-	17	135,886	143,206	356	-	22	143,584

Debt investment financial assets measured at fair value through other comprehensive income	1 January – 31 December 2025					1 January – 31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Carrying amount										
Beginning of the period	53,383	156	-	-	53,539	45,104	119	-	-	45,223
Recognition of instruments at the time of acquisition, creation, granting	690,825	-	-	-	690,825	1,267,166	-	-	-	1,267,166
Changes attributable to sale, exclusion or expiration of the instrument	(677,633)	(12)	-	-	(677,645)	(1,260,125)	(25)	-	-	(1,260,150)
Reclassification to stage 1	-	-	-	-	-	32	(32)	-	-	-
Reclassification to stage 2	(29)	29	-	-	-	(94)	94	-	-	-
Other changes, including foreign exchange differences	1,325	(4)	-	-	1,321	1,300	-	-	-	1,300
End of the period	67,871	169	-	-	68,040	53,383	156	-	-	53,539
Expected credit losses										
Beginning of the period	(28)	-	-	-	(28)	(34)	(2)	-	-	(36)
Establishment of allowances for newly acquired, created, granted instruments	(17)	-	-	-	(17)	(10)	-	-	-	(10)
Changes attributable to sale, exclusion or expiration of the instrument	11	-	-	-	11	7	3	-	-	10
Reclassification to stage 2	3	(3)	-	-	-	1	(1)	-	-	-
Other changes, including foreign exchange differences	(2)	(3)	-	-	(5)	8	-	-	-	8
End of the period	(33)	(6)	-	-	(39)	(28)	-	-	-	(28)

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

As at 31 December 2025 and 31 December 2024 allowances for expected credit losses in relation to buy-sell-back transactions amounted zero.

Term deposits with credit institutions	1 January – 31 December 2025					1 January – 31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	987	6	56	-	1,049	836	151	67	-	1,054
Recognition of instruments at the time of acquisition, creation, granting	98,165	-	-	-	98,165	78,671	-	-	-	78,671
Changes attributable to sale, exclusion or expiration of the instrument	(97,651)	(5)	(10)	-	(97,666)	(78,796)	(282)	(9)	-	(79,087)
Reclassification to stage 2	-	-	-	-	-	(144)	144	-	-	-
Change in the composition of the Group	-	-	-	-	-	25	-	-	-	25
Other changes, including foreign exchange differences	(119)	(1)	(1)	-	(121)	395	(7)	(2)	-	386
End of the period	1,382	-	45	-	1,427	987	6	56	-	1,049
Expected credit losses										
Beginning of the period	(8)	(1)	(7)	-	(16)	-	(11)	(7)	-	(18)
Establishment of allowances for newly acquired, created, granted instruments	31	-	-	-	31	(25)	-	-	-	(25)
Changes attributable to sale, exclusion or expiration of the instrument	(44)	-	-	-	(44)	-	19	-	-	19
Reclassification to stage 2	-	-	-	-	-	16	(16)	-	-	-
Other changes, including foreign exchange differences	9	1	1	-	11	1	7	-	-	8
End of the period	(12)	-	(6)	-	(18)	(8)	(1)	(7)	-	(16)
Net carrying amount at the end of the period	1,370	-	39	-	1,409	979	5	49	-	1,033

Loans	1 January – 31 December 2025					1 January – 31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount										
Beginning of the period	3,520	512	328	-	4,360	3,478	827	-	-	4,305
Recognition of instruments at the time of acquisition, creation, granting	1,408	20	-	-	1,428	1,222	15	-	-	1,237
Changes attributable to sale, exclusion or expiration of the instrument	(1,554)	(2)	(34)	-	(1,590)	(1,233)	(13)	(2)	-	(1,248)
Reclassification to stage 2	(58)	58	-	-	-	-	-	-	-	-
Reclassification to stage 3	-	(75)	75	-	-	-	(326)	326	-	-
Other changes, including foreign exchange differences	78	(3)	(10)	-	65	53	9	4	-	66
End of the period	3,394	510	359	-	4,263	3,520	512	328	-	4,360
Expected credit losses										
Beginning of the period	(10)	(3)	(161)	-	(174)	(13)	(30)	-	-	(43)
Establishment of allowances for newly acquired, created, granted instruments	(7)	-	-	-	(7)	(7)	-	-	-	(7)
Changes attributable to sale, exclusion or expiration of the instrument	2	-	16	-	18	7	-	-	-	7
Reclassification to stage 2	2	(2)	-	-	-	-	-	-	-	-
Reclassification to stage 3	-	2	(2)	-	-	-	92	(92)	-	-
Other changes, including foreign exchange differences	(1)	(3)	(95)	-	(99)	3	(65)	(69)	-	(131)
End of the period	(14)	(6)	(242)	-	(262)	(10)	(3)	(161)	-	(174)
Net carrying amount at the end of the period	3,380	504	117	-	4,001	3,510	509	167	-	4,186

Other receivables	1 January – 31 December 2025	1 January – 31 December 2024
Gross carrying amount		
Beginning of the period	5,661	5,635
Changes in the period	(591)	26
End of the period	5,070	5,661
Expected credit losses		
Beginning of the period	(403)	(408)
Changes in the period	(41)	5
End of the period	(444)	(403)
Net carrying amount at the end of the period	4,626	5,258

Cash	1 January - 31 December 2025	1 January - 31 December 2024
Gross carrying amount		
Beginning of the period	15,132	17,710
Changes in the period	1,105	(2,578)
End of the period	16,237	15,132
Expected credit losses		
Beginning of the period	(5)	(8)
Changes in the period	1	3
End of the period	(4)	(5)
Net carrying amount at the end of the period	16,233	15,127

40. Cash and cash equivalents

40.1 Accounting policy

Cash and cash equivalents include cash at hand and cash in current accounts in banks, including on the NBP account. Cash is recognized at nominal value.

40.2 Restricted cash

The consolidated cash flow statement carries the cash of insurance companies' Preventive Funds and VAT split-payments as restricted cash. Pursuant to the Polish regulations and the internal regulations of the PZU Group companies that are based on them, this cash may be spent only for specific purposes as part of preventive activities or VAT split-payments.

40.3 Quantitative data

Cash and cash equivalents in the statement of financial position and cash flow statement	31 December 2025	31 December 2024
Balances with the central bank ¹⁾	9,380	8,970
Cash at bank	1,835	1,256
Cash at hand	5,017	4,900
Other	1	1
Total cash and cash equivalents in the statement of financial position and cash flow statement	16,233	15,127

¹⁾ This amount pertains to the required reserve that Pekao and Alior Bank maintain on their current accounts with the National Bank of Poland, at levels consistent with decisions of the Monetary Policy Council.

41. Equity attributable to equity holders of the parent company

41.1 Share capital

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

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

As at 31 December 2025 and 31 December 2024

Series/issue	Type of shares	Type of preference	Type of limitation in the rights to shares	Number of shares	Value of series/issue at nominal value (PLN)	Capital coverage	Date of registration	Right to dividend (from the date)
A	bearer	none	none	604,463,200	60,446,320	cash	23.01.1997	27.12.1991
B	bearer	none	none	259,059,800	25,905,980	in-kind	31.03.1999	1.01.1999
Total number of shares				863,523,000				
Total share capital					86,352,300			

The structure of PZU's shareholders and information on transactions with material blocks of PZU shares are presented in section 3.

41.2 Distribution of the parent company's profit

Only the profit captured in the 2025 standalone financial statements of PZU is subject to distribution.

41.2.1.1. Distribution of the 2024 profit

On 25 June 2025 the PZU Ordinary Shareholder Meeting distributed PZU's net profit for the year ended 31 December 2024 in the amount of PLN 3,877 million, increased by PLN 1,080 million moved from supplementary capital created from the net profit for the year ended 31 December 2023, i.e. in total PLN 4,957 million, by allocating:

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

The dividend record date was 25 September 2025 and the dividend was paid out on 16 October 2025.

The profit distribution was consistent with the PZU Group's Capital and Dividend Policy for 2025–2027, approved by the PZU Supervisory Board on 2 December 2024, and took into account the recommendations contained in the Polish Financial Supervision Authority's (KNF) position on the dividend policy in 2025 issued on 10 December 2024.

41.2.1.2. Distribution of the 2025 profit

As at the date of signing these consolidated financial statements, the PZU Management Board has not adopted a resolution in the matter of the proposed distribution of the 2025 profit.

41.3 Other capital

41.3.1. Accounting policy

Treasury shares purchased and retained by consolidated PZU Group entities are shown at purchase price.

The “Supplementary capital” item includes:

- the effect of distribution of profit, in accordance with the legal regulations in effect in the country of the company’s domicile (in Poland under the Commercial Company Code) and the articles of association of PZU Group companies;
- the capital created upon the sale of investment property previously transferred from own property, according to the rules described in section 31;
- the difference between the change in value of non-controlling interest and fair value of payment in transactions with non-controlling interests.

Results of the following are posted in the “Revaluation reserve” item:

- revaluation of financial assets classified as assets measured at fair value through other comprehensive income;
- revaluation of property to its fair value on the date when it is classified from own property to investment property;
- measurement of hedging instruments, in respect to the part constituting effective cash flow hedge;

after taking into account the corresponding change in deferred tax assets or liabilities.

The items “Finance income and expenses under insurance contracts” and “Finance income and expenses under reinsurance contracts” include finance income and expenses under insurance contracts and reinsurance contracts, which were excluded from the financial result, and which result from differences between current discount rates and discount rates determined at the date of initial recognition of the group of contracts.

The item “Actuarial gains and losses related to provisions for employee benefits” includes amounts resulting from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments – demographic (e.g. mortality, employee turnover) and financial (e.g. discount rate or projected salary growth rate).

“Foreign exchange translation differences” include differences resulting from translation of financial data of foreign entities using exchange rates, in accordance with the rules described in section 6.4.

41.3.2. Quantitative data

Other capital	31 December 2025	31 December 2024
Treasury shares	(6)	(7)
Supplementary capital	18,668	17,491
Share premium account	538	538
Distribution of results of PZU Group companies	17,903	16,731
Other	227	222
Other reserve capital	5,574	3,923
Accumulated other comprehensive income	1,183	669
Revaluation reserve	176	(834)
Valuation of debt instruments measured at fair value through other comprehensive income	240	(459)
Valuation of equity instruments measured at fair value through other comprehensive income	(275)	(308)
Reclassification of real property from property, plant and equipment to investment property	128	133
Cash flow hedging	83	(200)
Finance income and expenses under insurance contracts	1,141	1,657
Finance income and expenses under reinsurance contracts	(15)	(61)
Actuarial gains and losses related to provisions for employee benefits	(7)	(9)
Foreign exchange translation differences	(112)	(84)
LD	(19)	(4)
Balta	(7)	(2)
PZU Ukraine	(49)	(53)
PZU Ukraine Life	(31)	(22)
Other	(6)	(3)
Total other capital	25,419	22,076

42. Subordinated liabilities

42.1 Accounting policy

Subordinated liabilities are recognized in the statement of financial position when the PZU Group company becomes a party to a binding contract in which it assumes the risk associated with the financial instrument.

In the next periods subordinated liabilities are measured at amortized cost.

Subordinated liabilities (or parts thereof) are excluded from the consolidated statement of financial position when the obligation specified in the contract is discharged or canceled or expires.

PKO subordinated liabilities were designated, after obtaining approval from the Polish Financial Supervision Authority (KNF), for an increase in Pekao's supplementary funds pursuant to Article 127(2)(2) of the Banking Law and Article 63 of the CRR.

PZU subordinated liabilities are classified as own funds (category 2) for the purpose of covering the solvency capital requirement. This debt can be repaid only after all other obligations, including obligations under insurance and reinsurance contracts, have been paid.

42.2 Quantitative data

	Nominal value	Currency	Interest rate	Issue date/Maturity date	Carrying amount 31 December 2025	Carrying amount 31 December 2024
Liabilities classified as PZU's own funds						
Subordinated bonds – PZU	2,250	PLN	WIBOR 6M + margin	30 June 2017 / 29 July 2027	2,309	2,317
Liabilities classified as Pekao's own funds						
A series bonds	1,250	PLN	WIBOR 6M + margin	30 October 2017 / 29 October 2027	1,262	1,266
B series bonds	550	PLN	WIBOR 6M + margin	15 October 2018 / 16 October 2028	557	559
C series bonds	200	PLN	WIBOR 6M + margin	15 October 2018 / 14 October 2033	203	203
D series bonds	350	PLN	WIBOR 6M + margin	4 June 2019 / 4 June 2031	352	352
D1 series bonds	400	PLN	WIBOR 6M + margin	4 December 2019 / 4 June 2031	402	402
E series bonds	750	PLN	WIBOR 6M + margin	4 April 2025 / 4 April 2035	761	-
5 series bonds	500	EUR	fixed for 5 years and 3 months from the issuance date, then EURIBOR 3M + margin	27 November 2025 / 27 February 2036	2,105	-
Subordinated liabilities					7,951	5,099

“Nominal value” is the nominal value of the whole issue. In turn, the carrying amount of subordinated liabilities corresponds to the value recognized in the consolidated statement of financial position.

Subordinated liabilities by maturity	31 December 2025	31 December 2024
up to 1 year	-	-
1 to 5 years	4,128	4,141
over 5 years	3,823	958
Total subordinated liabilities by maturity	7,951	5,099

On 4 April 2025, Pekao Management Board adopted a resolution to issue series E subordinated capital bonds, referred to in Article 27a(1)(b) of the Bond Law of 15 January 2015, with a nominal value of PLN 0.5 million each and a total nominal value of PLN 750 million. The issuance was carried out pursuant to a resolution of Pekao Management Board of 19 March 2025.

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

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

On 27 November 2025, Pekao issued 5,000 subordinated bonds with a nominal value of EUR 0.1 million each and a total nominal value of EUR 500 million. The maturity date of the bonds is 10 years and 3 months. The proceeds from the issuance will be allocated – upon obtaining the approval of the KNF – to increase Pekao’s supplementary funds, in accordance with Article 127(2)(2) of the Banking Law and Article 63 of Regulation (EU) No 575/2013 of the European Parliament and Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The interest rate on the bonds is fixed for 5 years and 3 months from the issuance date at 4.0101% per annum, payable annually, and then variable, based on the EURIBOR 3M rate plus a margin of 1.55%, payable quarterly. On 27 November 2025, the bonds were admitted to trading on the regulated market of the Luxembourg Stock Exchange.

43. Liabilities on the issue of own securities

43.1 Accounting policy

Subordinated liabilities are recognized in the statement of financial position when the PZU Group company becomes a party to a binding contract in which it assumes the risk associated with the financial instrument.

In the next periods they are measured at amortized cost.

Liabilities on the issue of own debt securities (or parts thereof) are excluded from the consolidated statement of financial position when the obligation specified in the contract is discharged or canceled or expires.

43.2 Quantitative data

Liabilities on the issue of own debt securities	31 December 2025	31 December 2024
Bonds	20,921	16,362
Certificates of deposit	53	278
Covered bonds	1,475	1,446
Liabilities on the issue of own debt securities, total	22,449	18,086

Liabilities on the issue of own debt securities by maturity	31 December 2025	31 December 2024
up to 1 year	8,857	8,688
1 to 5 years	9,340	6,931
over 5 years	4,252	2,467
Liabilities on the issue of own debt securities by maturity, total	22,449	18,086

In accordance with the requirements of Article 35 (1b) of the Bond Act of 15 January 2015, the following table presents information on the forecast development of the PZU Group's financial liabilities as of 31 December 2025, and the Group's financial liabilities arising from the consolidated financial statements as of that date.

The following disclosure was not subject to audit work by the audit firm.

	31 December 2025 forecast	31 December 2025 requirement status
Financial liabilities	389,591	386,887
Total equity and liabilities	532,870	535,483
Percentage of liabilities from loans and borrowings, issuance of debt securities and leases in total capital and liabilities	5.7%	6.0%
Liabilities from loans and borrowings, issuance of debt securities and leases	30,164	32,221

43.3 Pekao

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

On 4 June 2025, Pekao issued 6-year senior non-preferred eurobonds with the total nominal value of PLN 500 million. The eurobonds have an option giving Pekao the right to redeem them early within 5 years from the date of issue, subject to approval by the BGF. The eurobonds, in accordance with Art. 97A.1.2 of the BGF Act, are Pekao's eligible liabilities. The SNP eurobonds were issued under the EMTN Program and were admitted to trading on the regulated market of the Luxembourg Stock Exchange and on the regulated market of the WSE.

On 23 September 2025, Pekao issued 7-year senior preferred green bonds with the total nominal value of PLN 500 million. The SP eurobonds have an option giving Pekao the right to redeem them early within 6 years from the date of issue, subject to approval by the BGF. SP eurobonds, in accordance with Art. 97A.1.2 of the BGF Act, are Pekao's eligible liabilities. The SP eurobonds were issued under the EMTN Program and were admitted to trading on the regulated market of the Luxembourg Stock Exchange and on the regulated market of the WSE.

43.4 Alior Bank

On 17 June 2025, Alior Bank issued 800 series R bearer bonds (Senior Non-Preferred bonds, i.e., obligations of the sixth category referred to in Article 440(2)(6) of the Bankruptcy Law) with a nominal value of PLN 500 thousand each and a total nominal value of PLN 400 million. The issuance was carried out pursuant to a resolution of Alior Bank Management Board of 28 May 2025.

R series bonds bear interest at a variable rate that is the sum of WIBOR 6M and a margin of 1.95% per year. The redemption date for these bonds is 17 April 2029, with Alior Bank having the right to redeem them early starting 17 April 2028. The bonds were introduced into the Catalyst alternative trading system operated by the GPW.

Series R bonds, pursuant to Article 97a(1)(2) of the BFG Act, constitute eligible liabilities of Alior Bank (so-called MREL bonds).

On 26 June 2025, Alior Bank carried out early redemption of 1,000 series M bonds with a total nominal value of PLN 400 million, issued on 26 June 2023.

On 30 October 2025, Alior Bank issued 900 series S bearer bonds. (eligible liabilities within the meaning of Article 97a(1)(2) of the Bankruptcy Law and liabilities from which the face value of the bonds will constitute liabilities belonging to category three, subcategory four, referred to in Article 440(2)(3)(d) of the Bankruptcy Law, and of which the interest on the bonds will constitute liabilities belonging to category four, subcategory one, as referred to in Article 440(2)(4)(a) of the Bankruptcy Law, with a nominal value of PLN 500 thousand each and a total nominal value of PLN 450 million. The issuance was carried out pursuant to a resolution of Alior Bank Management Board of 15 October 2025.

S series bonds bear interest at a variable rate that is the sum of WIBOR 6M and a margin of 1.50% per year. The redemption date for these bonds is 19 October 2029, with Alior Bank having the right to redeem them early starting 19 October 2028 and after

complying with the regulatory requirements. Alior Bank will apply for introducing bonds to the alternative trading system operated by the WSE.

44. Liabilities to banks

44.1 Accounting policy

Liabilities to banks are recognized in the statement of financial position when the PZU Group company becomes a party to a binding contract in which it assumes the risk associated with the financial instrument.

In the next periods they are measured at amortized cost.

Liabilities to banks (or parts thereof) are excluded from the consolidated statement of financial position when the obligation specified in the contract is discharged or canceled or expires.

44.2 Quantitative data

Liabilities to banks	31 December 2025	31 December 2024
Current deposits	892	609
One-day deposits	251	511
Term deposits	163	149
Loans received	3,992	5,500
Other liabilities	726	126
Liabilities to banks, total	6,024	6,895

Liabilities to banks by maturity	31 December 2025	31 December 2024
up to 1 year	2,990	3,216
1 to 5 years	2,977	3,455
over 5 years	57	224
Liabilities to banks by maturity, total	6,024	6,895

45. Liabilities to clients under deposits

45.1 Accounting policy

Liabilities to clients under deposits are recognized in the statement of financial position when the PZU Group company becomes a party to a binding contract in which it assumes the risk associated with the financial instrument.

In the next periods they are measured at amortized cost.

Liabilities to clients under deposits (or parts thereof) are excluded from the consolidated statement of financial position when the obligation specified in the contract is discharged or canceled or expires.

45.2 Quantitative data

Liabilities to clients under deposits	31 December 2025	31 December 2024
Current deposits	261,556	240,247
Term deposits	86,018	92,734
Other liabilities	1,068	1,212
Liabilities to clients under deposits, total	348,642	334,193

Liabilities to clients under deposits by maturity	31 December 2025	31 December 2024
up to 1 year	348,321	333,100
1 to 5 years	278	1,037
over 5 years	43	56
Liabilities to clients under deposits by maturity, total	348,642	334,193

46. Other liabilities

46.1 Accounting policy

Financial liabilities are recognized in the statement of financial position of financial position at the moment when a PZU Group company becomes a party to a binding contract, under which it assumes the risks associated with the financial instrument. In the case of transactions concluded on an organized market, the purchase or sale of financial liabilities are recognized in the books on the date of the transaction.

A financial liability (or part thereof) is excluded from the consolidated statement of financial position when the obligation specified in the contract is discharged or canceled or expires.

Financial liabilities measured at fair value through profit or loss included in particular:

- liabilities on borrowed securities (short sale);
- investment contracts for the client's account and risk (unit-linked);
- liabilities to members of consolidated mutual funds.

Financial liabilities measured at amortized cost included in particular liabilities on account of repurchase transactions.

Trade liabilities are recognized at the required payment amount due to their short-term nature.

Accrued expenses resulting from benefits provided for PZU Group companies by external business partners or from an obligation to provide benefits whose value can be estimated, despite the fact that the date when the liability is created is not yet known, is measured at the amount of estimated future cash flows.

The costs of holiday leaves is recognized on the accrual basis using the liability method. The liability on account of employee vacation time is determined based on the difference between the actual amount of vacation time used by employees and the amount that would have been used if the vacation time had been taken pro rata to the elapse of time in the period when the employees are entitled to their vacation time.

46.2 Quantitative data

Other liabilities	31 December 2025	31 December 2024
Liabilities measured at fair value	2,568	2,798
Liabilities on borrowed securities (short sale)	950	1,399
Investment contracts for the client's account and risk (unit-linked)	392	554
Liabilities to contributors of consolidated investment funds	1,226	845
Accrued expenses	1,808	1,727
Accrued payroll expenses	970	971
Other	838	756
Deferred revenue	452	386
Other liabilities	13,044	11,035
Liabilities on account of repurchase transactions	1,567	1,387
Lease liabilities	1,821	1,658
Liabilities due under transactions on financial instruments	1,947	1,316
Liabilities to banks for payment documents cleared in interbank clearing systems	1,609	1,356
Liabilities to insurance intermediaries	281	279
Liabilities for overpayments not allocated to policies	116	131
Liabilities on account of payment card settlements	1,043	1,146
Regulatory settlements	673	555
Liabilities for contributions to the Bank Guarantee Fund	969	822
Liabilities to employees	194	175
Estimated refunds of compensation in connection with banks' clients lapsing or withdrawing from insurance purchased during the sale of credit products	29	22
Trade liabilities	749	714
Liabilities on account of employee leaves	176	174
Liabilities to the state budget other than for income tax	176	162
Liabilities on account of donations	3	7
The PZU Group banks' liabilities for insurance of bank products offered to the bank's clients	12	14
Insurance Guarantee Fund	17	16
Liability for the refund of loan costs	74	15
Liabilities for direct claims handling	41	39
Co-insurance obligations on the part of the co-insurer	18	52
Investment contracts with guaranteed and fixed terms – measured at amortized cost	894	608
Change in the fair value measurement of hedged items in the interest rate risk hedging portfolio.	202	(53)
Other	433	440
Other liabilities, total	17,872	15,946

As at 31 December 2025 and 31 December 2024, the fair value of other liabilities did not differ significantly from their carrying amount, mainly due to the fact that over 92% and 87%, respectively, are short-term liabilities.

Other liabilities by maturity	31 December 2025	31 December 2024
up to 1 year	16,489	13,955
1 to 5 years	808	1,177
over 5 years	575	814
Total other liabilities by maturity	17,872	15,946

47. Provisions

47.1 Accounting policy

A provision is a liability of uncertain timing or amount. A provision is recognized on the basis of a current obligation arising from past events, the settlement of which will result in an outflow of resources embodying economic benefits. A provision amount is determined based on a reliable estimation of this outflow at the balance sheet date.

Provisions for guarantees and sureties are determined as a difference between the expected value of a balance sheet exposure arising from an off-balance sheet liability and the present value of expected future cash flows obtained from the balance sheet exposure resulting from the liability granted.

The provision for restructuring costs is recognized only if, in addition to the general criteria for recognizing provisions, also the specific criteria pertaining to provisions for restructuring costs are satisfied. These include holding a detailed, formal restructuring plan and evoking a justified expectation of the parties to which the plan pertains that restructuring actions will be taken (through commencement of implementation of the plan or announcement of its key elements).

In connection with the accepted accounting and the fact that PZU Group companies have not separated assets of defined benefit plans, the carrying amount of provisions for defined benefit plans is equal to the carrying amount of their corresponding liabilities.

Defined benefit plans include the costs of retirement severance pays and post-mortem benefits. The costs of defined benefit plans estimated using actuarial methods are recognized on an accrual basis by applying the forecast specific entitlements method.

Defined contribution plans include the costs of contributions constituting statutory charges on employee salaries incurred by the employer. They include part of the contributions for retirement and disability pension insurance, Labor Fund, Guaranteed Employee Benefit Fund and the charge for the Company Social Benefit Fund. The costs of defined contribution plans are charged to the profit and loss account in the period to which they pertain.

Actuarial gains and losses are recognized in full in the period in which they occurred, in the line item "Actuarial gains and losses related to provisions for employee benefits" in other comprehensive income. More information is presented in section 41.3.1.

47.2 Estimates and assumptions

Provisions for disputes are determined on a case-by-case basis, taking into account the probability of an outflow of resources embodying economic benefits to meet the obligation. An outflow of resources is regarded as probable if the event is more likely than not to occur, i.e. the probability that the event will occur is greater than the probability that it will not.

Detailed descriptions and provision amounts are presented in section 55.

The provisions for retirement severance pays and post-mortem benefits are estimated with actuarial methods using appropriate actuarial techniques and assumptions – discount rates, consistent with the zero-coupon Treasury bond yield curve, mortality rate adopted at the level specified in the PLET, expected salary increase rate in individual PZU Group companies, employee turnover rate (diversified in terms of, among others, the employee's age, years in service and gender) and the disability rate (disability pensions) adopted as an appropriate percentage of the mortality rate.

47.3 Quantitative data

Provisions	31 December 2025	31 December 2024
Short-term	563	501
Long-term	2,608	2,255
Total provisions	3,171	2,756

Movement in provisions in the period ended 31 December 2025	Beginning of the period	Increase	Utilization	Reversal	Other changes	End of the period
Provisions for guarantees and sureties given	522	452	-	(581)	(5)	388
Provision for retirement severance pays	350	72	(45)	(12)	-	365
Provision for disputed claims and potential liabilities	153	38	(18)	(15)	-	158
Provision for court proceedings on the free credit sanction	51	56	(3)	-	-	104
Provision for potential refunds of borrowing costs	59	2	(20)	-	-	41
Provision for legal risk pertaining to foreign currency mortgage loans	1,366	740	(428)	(4)	-	1,674
Provisions for refunds to clients of increased mortgage loan margins before the mortgage is established	57	-	(3)	(22)	-	32
Provision for penalties imposed by the Office of Competition and Consumer Protection	113	207	-	-	-	320
Provision for restructuring costs	6	16	(11)	-	-	11
Provision for post-mortem benefits	29	4	-	(2)	-	31
Other	50	18	(6)	(15)	-	47
Total provisions	2,756	1,605	(534)	(651)	(5)	3,171

Movement in provisions in the period ended 31 December 2024	Beginning of the period	Increase	Utilization	Reversal	Other changes	End of the period
Provisions for guarantees and sureties given	578	468	-	(519)	(5)	522
Provision for retirement severance pays	323	58	(22)	(9)	-	350
Provision for disputed claims and potential liabilities	127	67	(15)	(26)	-	153
Provision for court proceedings on the free credit sanction	13	42	(4)	-	-	51
Provision for potential refunds of borrowing costs	81	8	(25)	(5)	-	59
Provision for legal risk pertaining to foreign currency mortgage loans	926	688	(248)	(3)	3	1,366
Provisions for refunds to clients of increased mortgage loan margins before the mortgage is established	92	-	(5)	(40)	10	57
Provision for penalties imposed by the Office of Competition and Consumer Protection	51	62	-	-	-	113
Provision for restructuring costs	17	5	(7)	(9)	-	6
Provision for post-mortem benefits	28	2	(1)	-	-	29
Other	50	13	(15)	-	2	50
Total provisions	2,286	1,413	(342)	(611)	10	2,756

47.3.1. Provision for potential reimbursements of loan costs

On 11 September 2019, the CJEU judgment in case C-383/18 was published. In its ruling, the CJEU stated that Article 16(1) of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC should be interpreted as meaning that the consumer's right to reduce the total cost of credit in the event of an early repayment includes all costs that have been imposed on the consumer.

Based on the legal interpretations in its possession, for the settlement of credit costs with borrowers the PZU Group applied the linear formula whereby a pro rata approach is adopted based on the period between the actual loan repayment date and the repayment date specified in the loan agreement and requires that any non-recurring cost be broken down on a pro rata basis across all payment periods.

In the case of early repayments of consumer and mortgage loans made before the date of the CJEU judgment, the PZU Group estimates the amount of expected disbursements pursuant to IAS 37 and recognizes a provision for this purpose which is charged to other operating expenses.

In 2025, PLN 20 million of the provision was utilized and its amount as at 31 December 2025 was PLN 41 million (as at 31 December 2024: PLN 59 million). Its amount represents the best possible estimate based on the historically observed trend of credit cost reimbursements based on instructions submitted by customers. The estimates required the adoption of expert assumptions and are affected by uncertainty. For this reason, the provision amount will be subject to updates in the next periods, depending on the number of complaints and amounts to be refunded.

Significant assumptions applied for the estimation of the provision include the change in the rate of decline in the refunded amounts.

Impact of the change in the rate of decline in the amounts of refunds on the value of the provision	31 December 2025	31 December 2024
+10%	(1)	(4)
-10%	1	4

47.3.2. Provision for legal risk pertaining to foreign currency mortgage loans

With regard to active mortgage loans in CHF (unpaid as of the balance sheet date), the PZU Group presents the estimated impact of legal risk arising from ongoing legal proceedings and settlement agreements related to these loans in accordance with the provisions of IFRS 9 “Financial Instruments” as an adjustment to the gross carrying amount of the loan portfolio. In cases where the estimated loss due to legal risk exceeds the gross carrying amount of the loan, the excess amount is presented similarly to the provision for repaid loans, i.e., in accordance with IAS 37 “Provisions, contingent liabilities and contingent assets.”

At the same time, the part of the provision related to additional costs arising from the potential loss of a court case (e.g., late interest and legal representation costs), as these do not result from the loan agreement, is recognized and accounted for in accordance with IAS 37 as part of the “Provision” (regardless of whether this estimate relates to an active loan agreement or a repaid loan).

From 2019 to 2025, an unfavorable judicial trend for banks has emerged, involving the annulment of agreements and the ordering of reimbursement of the installments paid by borrowers. This includes rulings by Polish common courts, the Supreme Court (“SN”) and the CJEU.

In 2019, the CJEU issued a ruling (C-260/18) on a loan indexed to the Swiss franc by one of the banks. The CJEU interpreted the provisions of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in contracts. The CJEU pointed out the consequences of a national court's recognition of the abusiveness of conversion clauses, without prejudice to the fact that if a national court establishes the abusiveness of such clauses, the court's recognition of the invalidity of the entire contract should automatically follow. Subsequent CJEU rulings, however, excluded the possibility of filling the gap after removing the unlawful provision with national law, meaning that recognizing conversion clauses as abusive results in the invalidity of the entire agreement.

In its rulings, the Supreme Court ruled that the determination of exchange rates based on rates from the bank's table is clearly contrary to the good morals and grossly violates the interests of the consumer (Supreme Court judgment of 11 December 2019, V CSK 382/18). The judiciary has also ruled out the application of the balance theory to the settlement of the parties' mutual claims after the invalidity of a loan indexed or denominated to the Swiss franc.

In 2023–2024, the CJEU issued a series of rulings stating that if a mortgage loan agreement is deemed invalid due to abusive clauses, the bank is not entitled to demand from the consumer amounts other than the capital paid for the execution of the agreement and statutory interest for delay from the moment the customer receives the payment request.

The CJEU rulings closed the path for banks to claim so-called remuneration for the use of capital and indexation.

On April 25 2024, the Supreme Court adopted a resolution (ref. III CZP 25/22), in which it reaffirmed its previous position on the issue of the validity of the two-condition theory and the impossibility of filling in the gap by law in the contract created after the removal of abusive clauses. In addition, the Supreme Court stated that the statute of limitations for a claim for repayment of amounts paid on account of a loan begins from the day following the day on which the borrower challenged the validity of the loan agreement, and if the agreement is declared invalid, there is no legal basis for either party to claim interest or other consideration for the use of its funds during the period from the time the undue consideration was provided until the time it fell into default as to the repayment of that consideration.

On 19 June 2024, the Supreme Court adopted a resolution (ref. III CZP 31/23, in which it ruled that the right of retention does not apply to a party that can set off its claim against the other party's claim. The Supreme Court's resolution eliminated the applicability of the retention law.

On 19 June 2025, the CJEU in case C-396/24 challenged the validity of the theory of two conditions when the bank's performance towards the customer has not yet been fulfilled, which may impact future rulings in restitution cases brought by the bank.

In its judgment of 22 January 2026 (C-902/24), the CJEU confirmed the admissibility of banks raising a set-off plea in the event of a mortgage loan agreement being declared invalid. The CJEU confirmed that the bank may raise the set-off plea even during the court proceedings in which it argues that the agreement is valid. At the same time, the CJEU stated that if the bank

challenges the consumer's claim regarding the invalidity of the agreement, the bank's claim for capital repayment does not become due until the court formally declares the agreement invalid. In practice, this means that until the judgment, the bank cannot charge interest for delay. Additionally, the CJEU emphasized that the system for allocating litigation costs in consumer cases should not have a discouraging effect – the costs borne by the consumer should not deter them from asserting their rights. The judgment may cause a conflict with Polish law and pose difficulties in practical application, especially in the areas of: determining the enforceability of claims and the allocation of litigation costs.

Until 31 December 2025, there were 8,600 individual lawsuits pending against the PZU Group relating to foreign currency mortgage loans that were granted in previous years with the total litigation value of PLN 3,130 million (as at 31 December 2024: 9,000 cases with the litigation value of PLN 3,260 million). The main cause of the litigation specified by plaintiffs pertains to challenging the provisions of the loan agreement as regards the application by the PZU Group of the exchange rates and results in claims to declare the loan agreements partially or fully invalid.

In 2025, in cases instituted by borrowers, 2,386 court judgments against the PZU Group were issued, including 627 valid judgments, as well as 50 court judgments favorable for the PZU Group, including 4 final judgments (in 2024: 2,486 court judgments against the PZU Group were issued, including 533 final and non-appealable judgments, and 42 court judgments favorable for the PZU Group, including 5 final and non-appealable judgments).

In April 2025, Pekao expanded its out-of-court settlement program “secure 2% settlement” with new settlement options. The program applies to borrowers who had an active Swiss-franc denominated mortgage loan agreement as at 31 March 2023 or were in litigation with Pekao.

As part of the settlement, a new debt balance is determined, expressed in PLN and calculated as the loan amount disbursed by Pekao, minus all repayments made by the borrower up to the time of the settlement. Under the existing program, the resulting amount was increased by contractual interest calculated at a fixed rate of 2% per year. The new options are more favorable to the borrower, and in particular include charging contractual interest at a lower rate. If the new debt balance turns out to be negative (i.e., there is an overpayment), Pekao reimburses the overpaid amount to the borrower. A potential amount of debt remaining after the settlement bears interest at a fixed rate of 2% per year for the first 60 months, and thereafter as per Pekao's current offering.

By 31 December 2025, Pekao sent nearly 12,000 offers as part of the new edition of the program. Pekao analyzes the response from customers and reflects their effect accordingly when calculating the level of the legal risk provision.

The calculation of the provision as at 31 December 2025 was based on an estimate of the expected loss resulting from the possible materialization of legal risks of Swiss franc mortgage loans. The estimate performed includes the following key elements, for which possible changes in the assumptions and methodology for calculating the provision were indicated compared to what was presented in the 2024 consolidated financial statements of the PZU Group:

- litigation forecast – the entire forecast of future lawsuits relates to denominated loans, active or fully repaid in the last 10 years.

PZU Group estimates that in total, i.e. counting the lawsuits that have been and will be filed by borrowers against the PZU Group, about 65% (increase of approximately 55% at the end of 2024) of the total amount of such loans granted, amounting to about CHF 1.3 billion, may be subject to litigation (including about 90% for active contracts – compared to about 85% at the end of 2024, and about 50% for repaid contracts – compared to approximately 30% at the end of 2024);

- expected financial impact of litigation – PZU Group assumes that if the court finds the contractual provisions abusive, the settlement of the litigation will be the cancellation of the loan agreement;

In addition, the additional costs associated with the settlement of litigation, incurred for the entire portfolio covered by the reserve calculation: statutory default interest and attorney fees are recognized;

- inclusion of a settlement program at Pekao – the PZU Group estimates the willingness of borrowers to reach a settlement. In the case of its acceptance, the PZU Group no longer expects a lawsuit on that particular agreement, which is reflected in the forecast of future lawsuits. Otherwise, the probability and distribution of litigation decisions are the same as described above.

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

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

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

Cumulative legal risk costs of foreign currency mortgage loans	31 December 2025	31 December 2024
Loans receivable from clients (adjustment to reduce carrying value of mortgage loans)	1,002	1,326
Other provisions	1,673	1,366
Total	2,675	2,692

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

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

Parameter	31 December 2025	31 December 2024
Forecast of lawsuit volume on active portfolio		
+1 p.p.	16	24
-1 p.p.	(16)	(24)
Forecast of the volume of lawsuits on the repaid portfolio		
+1 p.p.	16	17
-1 p.p.	(16)	(17)
Settlement probability		
+1 p.p.	(2)	-
-1 p.p.	2	-
Average length of litigation		
+1 month	6	7
-1 month	(7)	(5)

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

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

47.3.4. Provision for guarantees and sureties given

This item includes provisions recognized by banks for the potential loss of economic benefits resulting from off-balance sheet exposures (e.g. granted guarantees or credit exposures). The provision is made in accordance with the provisions of IFRS 9, analogous to expected credit losses on financial instruments.

47.3.5. Provision for court proceedings on the free credit sanction

On 13 February 2025, the CJEU issued a judgment based on preliminary questions from a Polish court regarding the sanctions for free credit. The key points of the judgment are as follows:

- The CJEU did not rule that charging interest on financed costs is inadmissible. According to the CJEU, the circumstance where the RRSO would appear to be inflated does not, in itself, constitute a breach of the information obligation;
- The CJEU stated that it is for the national court to assess to what extent an average consumer – properly informed, sufficiently attentive, and reasonable – would have been able to assess how the amount of their liability might change based on the terms of the agreement concerning fee changes;
- The CJEU emphasized that the severity of the sanction provided by national law should be proportionate to the seriousness of the violations, in line with the general principle of proportionality arising from EU law.

The CJEU further confirmed that:

- the sanction of free credit may be deemed disproportionate if the breach of information duties does not affect the consumer's decision to enter into the agreement;
- the sanction of free credit cannot be applied automatically, and it is for the national court to assess the significance of the breached obligations by the lender and their impact on the consumer's decision to enter into the agreement.

As at 31 December 2025, 5,714 (as at 31 December 2024: 3,394) court proceedings were pending against the PZU Group with a total litigation value of PLN 237 million (as at 31 December 2024: PLN 134 million).

The value of the provision on this account as at 31 December 2025 is PLN 104 million (as at 31 December 2024: PLN 51 million).

Relevant analyses and estimates

The key assumptions adopted by the PZU Group for estimating the provision for consumer credit cost reimbursements due to defects in the consumer credit agreement include:

- the observed and forecast future rate of incoming disputed cases;
- the value of the subject matter of the dispute;
- statistics of resolved cases.

The impact of changes in the rate of incoming cases on the amount of the provision.	31 December 2025		31 December 2024	
	-10%	+10%	-10%	+10%
Change in the amount of the provision	+5	(5)	+1	(1)

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

Additional information on the provisions established by Pekao in connection with the proceedings of the President of the UOKiK is presented in section 58.7.2):

- on irregularities regarding complaints (PLN 98 million);
- on unauthorized payment transactions (PLN 49 million);
- on irregularities regarding so-called loan repayment holidays (PLN 119 million).

In addition, the amount of provisions includes:

- PLN 28 million pertains to a penalty returned by UOKiK to Pekao. Due to the potential risk of the outflow of resources in connection with this case, the PZU Group maintains a provision to cover this risk.
- PLN 11 million pertains to the penalty imposed by the President of the UOKiK as a result of the decision in which the President deemed that s clause used by Pekao in amendments to agreements on the rules for setting foreign exchange rates is an impermissible contractual clause. Pekao appealed the decision of the UOKiK President to the Court of Competition and Consumer Protection and received a response from the UOKiK President, in which he requested that the appeal be dismissed in its entirety.
- PLN 15 million relates to a provision set up by Alior Bank in connection with proceedings to declare the provisions of a model contract to be illegal. Additional information on this issue is presented in item 58.7.1.

48. Deferred tax

48.1 Accounting policy

The level of deferred tax liabilities and assets is determined using the balance sheet method using the corporate income tax rates which are expected to be in effect when the asset or liability is realized, in accordance with the provisions of tax law in the countries of domicile of the individual PZU Group companies issued by the end of the reporting period.

For all of the consolidated companies participating in the Tax Group, deferred tax assets and liabilities are offset on the assumption that the Tax Group contract will be prolonged for subsequent periods, and therefore the period in which the reversal of temporary differences is expected is not analyzed for the purposes of this offsetting.

48.2 Estimates and assumptions

PZU Group companies have estimated their future taxable income in terms of the possibility to realize deductible temporary differences arising from tax losses incurred by these companies. As a result of these estimates, no deferred tax assets relating to unused tax loss were recognized.

48.3 Quantitative data

48.3.1. Deferred tax assets

Value of the unrecognized deferred tax assets resulting from the negative temporary differences and the tax loss according to legally permissible realization term	31 December 2025		31 December 2024	
	Negative temporary differences / tax loss	Deferred tax assets	Negative temporary differences / tax loss	Deferred tax assets
Negative temporary differences	217	41	186	31
1 to 5 years	44	8	12	2
Term unlimited by law	173	33	174	29
Unused tax losses	40	7	161	25
up to 1 year	8	1	12	1
1 to 5 years	27	5	149	24
Term unlimited by law	5	1	-	-
Total	257	48	347	56

Movement in deferred tax assets in the year ended 31 December 2025	Beginning of the period	Changes recognized in profit or loss		Changes recognized in other comprehensive income		End of the period
			in relation to changes in tax rates		in relation to changes in tax rates	
Loan receivables from clients (including finance lease receivables)	1,553	182	151	5	1	1,740
Assets and liabilities under insurance contracts	32	1	-	5	-	38
Reinsurance contract assets and liabilities	35	100	-	(2)	-	133
Bank commissions collected in advance	421	(74)	95	-	-	347
Liabilities to clients under deposits	160	39	73	-	-	199
Intangible assets – trademarks and client relations	(239)	(91)	(77)	-	-	(330)
Financial instruments	(134)	72	(162)	(498)	(46)	(560)
Real property	(13)	10	(4)	-	-	(3)
Provisions for employee benefits	62	13	14	4	4	79
Provisions for bonuses	146	45	59	-	-	191
Other provisions and liabilities	123	58	55	-	-	181
Tax losses to be used in subsequent years	2	8	3	-	-	10
Tax allowance for activities conducted in a special economic zone	4	(3)	-	-	-	1
Other differences	92	16	23	-	-	108
Total deferred tax assets	2,244	376	230	(486)	(41)	2,134

Movement in deferred tax assets in the year ended 31 December 2024	Beginning of the period	Changes recognized in profit or loss	Changes recognized in other comprehensive income	Other changes	End of the period
Loan receivables from clients (including finance lease receivables)	1,560	(6)	(1)	-	1,553
Assets and liabilities under insurance contracts	17	19	(1)	(3)	32
Assets and liabilities under reinsurance contracts	40	(5)	-	-	35
Bank commissions collected in advance	366	55	-	-	421
Liabilities to clients under deposits	181	(21)	-	-	160
Intangible assets – trademarks and client relations	(208)	(44)	-	13	(239)
Financial instruments	(197)	124	(60)	(1)	(134)
Real property	(17)	5	-	(1)	(13)
Provisions for employee benefits	58	6	-	(2)	62
Provisions for bonuses	108	41	-	(3)	146
Other provisions and liabilities	140	(15)	-	(2)	123
Tax losses to be used in subsequent years	6	(3)	-	(1)	2
Tax allowance for activities conducted in a special economic zone	5	(1)	-	-	4
Other differences	134	(41)	-	(1)	92
Total deferred tax assets	2,193	114	(62)	(1)	2,244

48.3.2. Deferred income tax liabilities

Movement in deferred tax liabilities in the year ended 31 December 2025	Beginning of the period	Changes recognized in profit or loss	Changes recognized in other comprehensive income	Other changes	End of the period
Financial instruments	1,070	309	130	(3)	1,506
Assets and liabilities under insurance contracts	2,464	88	(119)	-	2,433
Reinsurance contract assets and liabilities	(323)	52	8	-	(263)
Loan receivables from clients (including finance lease receivables)	99	(99)	-	-	-
Real property	138	6	3	13	160
Intangible assets – trademarks and client relations	49	1	-	-	50
Provisions for employee benefits	(20)	(1)	-	-	(21)
Provision for bonuses	(59)	(2)	-	-	(61)
Liabilities due but not paid to natural persons (under mandate, agency contracts, etc.)	(101)	(4)	-	-	(105)
Other provisions and liabilities	(117)	(12)	-	-	(129)
Prevention fund	15	(4)	-	-	11
Tax losses to be used in subsequent years	(10)	2	-	-	(8)
Other differences	169	25	-	-	194
Total deferred tax liabilities	3,374	361	22	10	3,767

Movement in deferred tax liabilities in the year ended 31 December 2024	Beginning of the period	Changes recognized in profit or loss	Changes recognized in other comprehensive income	Other changes	End of the period
Financial instruments	948	133	(12)	1	1,070
Assets and liabilities under insurance contracts	2,342	30	95	(3)	2,464
Assets and liabilities under reinsurance contracts	(343)	23	(3)	-	(323)
Loan receivables from clients (including finance lease receivables)	99	-	-	-	99
Real property	148	(23)	10	3	138
Intangible assets – trademarks and customer relations	39	(4)	-	14	49
Provisions for employee benefits	(18)	-	-	(2)	(20)
Provision for bonuses	(54)	(2)	-	(3)	(59)
Liabilities due but not paid to natural persons (under mandate, agency contracts, etc.)	(96)	(5)	-	-	(101)
Other provisions and liabilities	(114)	3	-	(6)	(117)
Prevention fund	14	1	-	-	15
Tax losses to be used in subsequent years	(12)	3	-	(1)	(10)
Other differences	135	36	-	(2)	169
Total deferred tax liabilities	3,088	195	90	1	3,374

49. Assets and liabilities held for sale

49.1 Accounting policy

Assets and liabilities or disposal groups are classified as held for sale if there is a plan to sell them and an active program of finding a buyer is in place.

Assets and liabilities held for sale or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

49.2 Quantitative data

Assets held for sale by classification before transfer	31 December 2025	31 December 2024
Groups held for sale	-	275
Assets	-	299
Investment property	-	272
Receivables	-	5
Cash and cash equivalents	-	22
Liabilities directly associated with assets classified as held for sale	1	24
Other liabilities	1	14
Deferred income tax liabilities	-	10
Other assets held for sale	585	296
Property, plant and equipment	21	27
Investment property	564	269
Assets and groups of assets held for sale	585	595
Liabilities directly associated with assets classified as held for sale	1	24

The “Investment property” line item and the “Groups held for sale” section presented mainly the properties held by real estate sector mutual funds as held for sale, since the expected investment horizon has been reached.

Data took into account in the measurement of investment properties presented as held for sale are presented in section 10.2.1.2.

50. Leases

50.1 Accounting policy

PZU Group companies are parties to lease contracts both as lessors and as lessees.

An agreement is a lease or comprises a lease if it transfers the right to control the use of an identified asset for the given period in return for a fee.

50.1.1. PZU Group as the lessee

On the date when the leased asset is available for use, the PZU Group recognizes the right-of-use asset and the lease liability.

Pursuant to item 4 of IFRS 16, the PZU Group does not apply this standard to intangible assets.

The lease period is an irrevocable period of use of an asset, determined taking into consideration:

- the options of extending or shortening, if they are in principle certain;
- material investments in the leased item undertaken during the term of the agreement which are expected to bring significant economic benefits for the PZU Group company, on the basis of which decisions will be taken on extending or terminating the agreement;
- the costs associated with termination of the lease, such as costs of negotiation, costs of relocation, costs of search for different premises/property adequate to the company's business needs, termination penalty and costs associated with adaptation of the subject matter of the agreement being returned to a specific condition;
- the significance of the asset for the activity of the PZU Group company, considering the specialization of the asset, its location and availability of relevant alternative solutions;
- conditions associated with exercising the option (i.e. if the option can be exercised when one or more conditions have been satisfied) and the probability of fulfillment of such conditions.

Assessing the probability of exercise of the aforementioned options, the company takes into account all material facts and circumstances which constitute an economic incentive to exercise the option to extend the lease and or not to exercise the option to terminate the lease.

The PZU Group determines the lease period for agreements for an indefinite term taking into account the economic factors, the existing practice and the available information which may be helpful in determining the period of use of the asset. To determine the lease period, the PZU Group uses professional judgment. In particular, for the perpetual usufruct right to land, the lease period is determined as the time remaining from the date of implementation of IFRS 16 or from the date of purchase of the perpetual usufruct right to land (of acquired after 1 January 2019) until the date of expiry of such right.

On initial recognition:

- the lease liability is measured at the present value of the outstanding lease payments, including fixed lease payments less any applicable lease incentives, variable lease payments that depend on an index or rate, the amounts that the lessee expects to pay within the guaranteed residual value, the exercise price of the call option, if likely to be exercised, and penalties for terminating the lease if the option is available;
- right-of-use assets are measured at cost, which includes the initial lease liability amount, any lease payments paid on or before the commencement date, less any lease incentives received, all initial costs incurred by the lessee, and an estimate of the costs to be incurred in disassembling and removing the asset, renovating the site where it was located, if the lease contract so requires.

The PZU Group recognizes assets and liabilities in respect of lease at a net amount. The VAT amount is recognized in expenses of the current period.

Lease payments are discounted using the interest rate implicit in the lease, if it can be easily determined, or the lessee's marginal interest rate.

The lessee's marginal interest rate is determined on the basis of current valuations of financial instruments issued by PZU Group and other PZU Group entities, coming from an active market. If there are no such instruments, or there is no active market, the marginal interest rate is determined on the basis of valuations of the financial instruments issued by other entities with similar business profiles and credit risk level. For all contracts ending on the same date and with a fixed amount of monthly payments (this group includes most lease contracts in the PZU Group) a fixed contract discount rate has been calculated.

In subsequent periods:

- the right-of-use asset is measured using the cost less depreciation and impairment model or at fair value (in the case of assets being investment properties);
- the liability is measured at amortized cost.

Right-of-use assets are depreciated using the straight-line method from the lease commencement date to the earlier of the end of the useful life or the end of the lease period.

Right-of-use assets are recognized jointly with property, plant and equipment or investment property, respectively, while lease liabilities as financial liabilities.

Changes in lease payments (resulting from, among others, changes in the index, rate, lease period) are taken into account, updating the valuation of lease liabilities and an appropriate adjustment of the right-of-use assets. The lease period is updated in the case of:

- occurrence of a significant event or significant change in the circumstances which the PZU Group controls and as a result of which it is possible to assume with sufficient certainty that the PZU Group will exercise an option which has not been previously taken into consideration in the determination regarding the lease period, or that it will not exercise an option which has been previously taken into consideration in such determinations;
- change of the irrevocable period of lease or new determination of the lease period in the case of amendment of the agreement, if such change has not been recognized as a separate lease.

Short-term lease and low-value asset lease

The PZU Group does not recognize right-of-use assets for short-term leases and for leases for which the underlying asset has a low value. Low value assets were deemed to be assets with a value equal to or lower than PLN 20 thousand. In such a case the PZU Group recognizes lease payments as a cost in the consolidated profit and loss account during the lease period.

50.1.2. PZU Group as the lessor

On the date of commencement of the lease, the PZU Group classifies the given lease agreement as:

- finance lease – if substantially all of the risks and benefits following from the holding of the underlying asset are transferred or as
- operating lease – if the above conditions are not satisfied.

Classifying the given lease agreement, the PZU Group takes into account, among others, the fact whether the lease period constitutes a larger part of the economic useful life of the asset.

Finance lease

On the lease commencement date, the PZU Group recognizes the receivable in the amount of the net lease investment, i.e. the current value of minimum lease payments and unguaranteed residual value, if any, ascribed to the PZU Group. During the lease period the PZU Group recognizes income similar to interest on the lease receivables.

Operating leases

Operating lease contracts apply mainly to properties.

Operating lease payments are recognized in the profit and loss account as revenue on a straight-line basis over the term of the lease.

50.2 Quantitative data

50.2.1. PZU Group as the lessor

50.2.1.1. Finance lease

Leasing investments	31 December 2025	31 December 2024
Undiscounted lease payments	21,225	19,970
up to 1 year	7,470	7,364
From 1 year to 2 years	5,654	5,288
From 2 to 3 years	3,850	3,731
From 3 to 4 years	2,322	2,083
From 4 to 5 years	1,200	1,090
over 5 years	729	414
Unrealized financial income	(2,187)	(2,415)
Discounted unguaranteed residual values	-	-
Net lease investments	19,038	17,555

50.2.1.2. Operating leases

Operating leases generally include investment property lease contracts. The following table presents future minimum lease payments under non-cancellable operating leases (undiscounted amounts).

Future minimum receivables under lease payments	31 December 2025	31 December 2024
up to 1 year	218	211
From 1 year to 2 years	183	176
From 2 to 3 years	134	135
From 3 to 4 years	99	78
From 4 to 5 years	68	51
over 5 years	48	59
Total future minimum receivables under lease payments	750	710

50.2.2. PZU Group as the lessee

Right-of-use assets carried as property, plant and equipment	31 December 2025	31 December 2024
Means of transport	166	85
Other property, plant and equipment and machinery	46	40
Real property	1,422	1,379
Total right-of-use assets	1,634	1,504

Movement in right-of-use assets used for own needs is presented together with the movement in property, plant and equipment in section 30.2.

Lease-related costs	1 January – 31 December 2025	1 January – 31 December 2024
Depreciation of right-of-use assets	342	336
Means of transport	22	18
Other property, plant and equipment	9	6
Real property	311	312
Interest on lease liabilities	69	74
Short-term lease-related costs	-	1
Low-value asset lease-related costs	3	2
Costs of variable lease payments not carried in valuation of lease liabilities	-	-

51. Assets securing receivables, liabilities and contingent liabilities

The PZU Group has collateral for liabilities that do not meet the separate presentation criteria in accordance with IFRS 9. The collateral in this case consists of government bonds, deposits, receivables from customers related to loans, and cash deposits.

Financial assets pledged as collateral for liabilities and contingent liabilities	31 December 2025	31 December 2024
Carrying amount of financial assets pledged as collateral for liabilities	11,643	12,584
Repurchase transaction	1,558	1,387
Coverage of the Guaranteed Funds Protection Fund for the Bank Guarantee Fund	-	881
Coverage of liabilities to be paid to the guarantee fund at the Bank Guarantee Fund	419	408
Coverage of liabilities to be paid to the resolution fund (BFG)	797	769
Lombard and technical credit	6,157	6,516
Other loans	37	67
Issue of covered bonds	1,850	1,758
Coverage of the Settlement Guarantee Fund for the National Depository for Securities	44	44
Derivative transactions	754	726
Blockage of assets in connection with the agreement on the technical credit limit in the Clearing House – Derivative transactions	27	28
Carrying amount of financial assets pledged as collateral for contingent liabilities	-	-
Financial assets pledged as collateral for liabilities and contingent liabilities, total	11,643	12,584

52. Contingent assets and liabilities

Contingent assets and liabilities	31 December 2025	31 December 2024
Contingent assets, including:	4	4
- guarantees and sureties received	4	4
Contingent liabilities	94,701	86,694
- for renewable limits in settlement accounts and credit cards	5,875	5,614
- for loans in tranches	60,421	57,043
- guarantees and sureties given	12,135	10,359
- disputed insurance claims	1,128	1,011
- other disputed claims	239	237
- other, including:	14,903	12,430
- guaranteeing securities issues	2,279	1,401
- factoring	11,265	9,352
- intra-day limit	433	440
- letters of credit and commitment letters	892	1,086
- other	34	151

All contingent liabilities, except for disputed insurance claims and other disputed claims, are subject to the estimation of expected credit losses.

Off-balance sheet liabilities granted – guarantees	1 January – 31 December 2025					1 January – 31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Nominal value										
Beginning of the period	10,368	1,167	243	4	11,782	10,170	1,039	307	4	11,520
Newly created/acquired off-balance sheet liabilities	5,523	-	-	-	5,523	4,942	-	-	-	4,942
Changes due to expiration of off-balance sheet liability	(3,364)	(196)	(122)	(4)	(3,686)	(3,905)	(472)	(127)	-	(4,504)
Reclassification to stage 1	523	(523)	-	-	-	328	(295)	(33)	-	-
Reclassification to stage 2	(1,006)	1,057	(51)	-	-	(797)	799	(2)	-	-
Reclassification to stage 3	(7)	(24)	31	-	-	(58)	(32)	90	-	-
Change in commitment	888	(1)	(1)	-	886	(77)	128	9	-	60
Other changes, including foreign exchange differences	(9)	(2)	-	-	(11)	(235)	-	(1)	-	(236)
End of the period	12,914	1,479	101	-	14,494	10,368	1,167	243	4	11,782
Allowance for off-balance sheet liabilities										
Beginning of the period	17	28	93	1	139	40	18	136	1	195
Newly created/acquired off-balance sheet liabilities	22	-	-	-	22	31	-	-	-	31
Changes due to expiration of off-balance sheet liability	(4)	(3)	(45)	(1)	(53)	(15)	(7)	(71)	-	(93)
Reclassification to stage 1	13	(13)	-	-	-	7	(7)	-	-	-
Reclassification to stage 2	(12)	32	(20)	-	-	(7)	8	(1)	-	-
Reclassification to stage 3	(2)	(1)	3	-	-	(19)	(1)	20	-	-
Change in commitment	(15)	(7)	5	-	(17)	(21)	18	9	-	6
Other changes, including foreign exchange differences	-	(3)	(7)	-	(10)	1	(1)	-	-	-
End of the period	18	34	30	-	82	17	28	93	1	139

Off-balance sheet liabilities granted – commitments to provide financing	1 January – 31 December 2025					1 January – 31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Nominal value										
Beginning of the period	67,925	5,150	584	5	73,664	62,180	4,614	449	14	67,257
Newly created/acquired off-balance sheet liabilities	22,408	-	-	-	22,408	24,897	-	-	1	24,898
Changes due to expiration of off-balance sheet liability	(11,000)	(1,453)	(185)	(2)	(12,640)	(13,860)	(1,072)	(193)	(9)	(15,134)
Reclassification to stage 1	2,075	(2,065)	(10)	-	-	1,169	(1,160)	(9)	-	-
Reclassification to stage 2	(6,119)	6,271	(152)	-	-	(3,485)	3,516	(31)	-	-
Reclassification to stage 3	(172)	(134)	306	-	-	(93)	(285)	378	-	-
Change in commitment	(4,394)	26	(42)	(1)	(4,411)	(2,888)	(460)	(13)	(1)	(3,362)
Other changes, including foreign exchange differences	(171)	(10)	-	-	(181)	5	(3)	3	-	5
End of the period	70,552	7,786	500	2	78,840	67,925	5,150	584	5	73,664
Allowance for off-balance sheet liabilities										
Beginning of the period	125	102	153	3	383	150	96	133	3	382
Newly created/acquired off-balance sheet liabilities	119	-	-	-	119	126	-	-	-	126
Changes due to expiration of off-balance sheet liability	(24)	(32)	(40)	(1)	(97)	(33)	(47)	(27)	-	(107)
Reclassification to stage 1	53	(52)	(1)	-	-	11	(9)	(2)	-	-
Reclassification to stage 2	(47)	111	(64)	-	-	(43)	44	(1)	-	-
Reclassification to stage 3	(3)	(6)	9	-	-	(37)	(58)	95	-	-
Change in commitment	(79)	(14)	(10)	-	(103)	(61)	84	(37)	-	(14)
Other changes, including foreign exchange differences	(1)	2	3	-	4	12	(8)	(8)	-	(4)
End of the period	143	111	50	2	306	125	102	153	3	383

53. Offsetting financial assets and financial liabilities

53.1 Accounting policy

The offsetting agreements entered into by the Group include:

- International Swaps and Derivatives Association (ISDA) Master Agreements and other master agreements pertaining to derivatives;
- Global Master Repurchase Agreement (GMRA) pertaining to securities purchase/sale and repurchase/resale transactions.

The offsetting agreements entered into by the PZU Group do not satisfy the offsetting criteria in the statement of financial position. For the provisions of such agreements provide for the right to offset the recognized amounts which is exercisable only in the case of occurrence of a specific event (breach of the agreement).

The PZU Group received and submitted collateral in the form of margins and liquid securities for transactions on derivatives.

These collaterals are established on standard industry terms. Collaterals in the form of margin follow from, e.g. the Credit Support Annex (CSA) – constituting an annex to ISDA master agreements.

53.2 Quantitative data

The disclosures in the tables below apply to financial assets and liabilities that are subject to enforceable netting master agreements or similar agreements, irrespective of whether they are set off in the statement of financial position.

Financial assets and liabilities subject to offset, if any	31 December 2025	31 December 2024
Financial assets		
Financial derivatives		
Carrying amount of the items from the statement of financial position	7,540	5,384
Carrying amount of the items not subject to offset, if any	115	119
Net carrying amount – subject to offset, if any	7,425	5,265
Potential offset amounts	7,114	5,173
– financial instruments (includes received collateral on securities)	5,341	4,592
– received cash collateral	1,773	581
Net value	311	92
Buy-sell-back transactions		
Carrying amount of the items from the statement of financial position	8,774	9,747
Carrying amount of the items not subject to offset, if any	479	4,602
Net carrying amount – subject to offset, if any	8,295	5,145
Potential offset amounts	8,290	5,137
– financial instruments (includes received collateral on securities)	8,290	5,134
– received cash collateral	-	3
Net value	5	8
Financial liabilities		
Financial derivatives		
Carrying amount of the items from the statement of financial position	6,148	6,132
Carrying amount of the items not subject to offset, if any	75	190
Net carrying amount – subject to offset, if any	6,073	5,942
Potential offset amounts	5,524	5,330
– financial instruments (includes received collateral on securities)	5,341	4,588
– submitted cash collateral	183	742
Net value	549	612
Repurchase transaction		
Carrying amount of the items from the statement of financial position	1,567	1,387
Carrying amount of the items not subject to offset, if any	1,088	1,000
Net carrying amount – subject to offset, if any	479	387
Potential offset amounts	479	387
– financial instruments (includes received collateral on securities)	479	387
– received cash collateral	-	-
Net value	-	-

In relation to 2024, the PZU Group has made a change in the above note consisting in unifying the presentation in terms of recognizing the market value of financial instruments securing buy-sell-back transactions.

54. Notes to the consolidated cash flow statement

Movement in liabilities attributable to financial activities in the period ended 31 December 2025	Beginning of the period	Changes resulting from cash flows	Inflows	Outflows	Interest accruals and settlements of discount and premium	Effect of movements in exchange rates	Change in the composition of the Group	Other changes	End of the period
Loans received	5,500	(1,450)	677	(2,127)	3	(39)	-	(22)	3,992
Liabilities on the issue of debt securities	18,086	4,017	43,229	(39,212)	444	(78)	(23)	3	22,449
Bonds	16,362	4,213	42,820	(38,607)	440	(74)	(23)	3	20,921
Certificates of deposit	278	(224)	52	(276)	3	(4)	-	-	53
Covered bonds	1,446	28	357	(329)	1	-	-	-	1,475
Subordinated liabilities	5,099	2,684	2,856	(172)	158	(5)	-	15	7,951
Liabilities arising from repurchase transactions	1,387	154	287,935	(287,781)	28	-	(2)	-	1,567
Lease liabilities	1,658	(391)	-	(391)	40	-	17	497	1,821
Total	31,730	5,014	334,697	(329,683)	673	(122)	(8)	493	37,780

Movement in liabilities attributable to financial activities in the period ended 31 December 2024	Beginning of the period	Changes resulting from cash flows	Inflows	Outflows	Interest accruals and settlements of discount and premium	Effect of movements in exchange rates	Change in the composition of the Group	Other changes	End of the period
Loans received	5,424	125	1,226	(1,101)	10	(59)	-	-	5,500
Liabilities on the issue of debt securities	12,003	5,762	37,117	(31,355)	385	(23)	(3)	(38)	18,086
Bonds	9,691	6,339	36,009	(29,670)	357	(22)	(3)	-	16,362
Certificates of deposit	1,257	(980)	71	(1,051)	28	1	-	(28)	278
Covered bonds	1,055	403	1,037	(634)	-	(2)	-	(10)	1,446
Subordinated liabilities	6,166	(1,292)	1	(1,293)	230	-	(5)	-	5,099
Liabilities arising from repurchase transactions	1,623	(236)	248,928	(249,164)	-	-	-	-	1,387
Lease liabilities	1,594	(285)	-	(285)	4	1	1	343	1,658
Total	26,810	4,074	287,272	(283,198)	629	(81)	(7)	305	31,730

Interest received and paid	31 December 2025	31 December 2024
Interest received	29,840	30,542
operating activities	20,123	26,652
investment activity	9,717	3,890
Interest paid	(8,011)	(8,720)
operating activities	(7,586)	(8,269)
financing activities	(425)	(451)

55. Disputes

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

The majority of disputes involving the PZU Group companies are carried out with participation of the following four companies: PZU, PZU Życie, Pekao and Alior Bank.

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

As at 31 December 2025, the total value of disputes in all 217,879 cases (as at 31 December 2024: 246,667) pending before courts, arbitration bodies and public administration authorities in which PZU Group entities take part, was PLN 17,951 million (as at 31 December 2024: PLN 17,088 million). Of that amount, PLN 13,066 million (as at 31 December 2024: PLN 12,346 million) relates to liabilities, and PLN 4,885 million (as at 31 December 2024: PLN 4,742 million) relating to receivables of PZU Group companies.

In 2025 and by the date of signing the consolidated financial statements, the PZU Group companies were not involved in any proceedings conducted before a court, an arbitration body or a public administration authority which concerned any liabilities or receivables of PZU or any of its direct or indirect subsidiaries the unit value of which would be material, save for the issues described in the sections below.

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

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

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

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

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

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

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

On 20 August 2012, a copy of a statement of claim filed by MSC with the Regional Court in Warsaw was delivered to PZU. In the statement of claim, the Manchester Securities Corporation demanded that the resolution on the distribution of profit for the

financial year 2006 adopted on 30 May 2012 by the PZU Annual Meeting be repealed. According to the plaintiff, the value of the litigation is PLN 5 million. PZU then submitted a statement of defense requesting to dismiss the statement of claim in its entirety.

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

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

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

On 6 April 2022, the Regional Court in Warsaw issued a ruling admitting evidence to determine the amount of the damage sustained by MSC and J.P Morgan, in the form of loss of profit, as a result of the adoption of Resolution No. 8/2007 by the PZU Shareholder Meeting on 30 June 2007, excluding from distribution the profit for the 2006 financial year and the non-payment of this profit in 2007. On 4 September 2025, PZU received an expert opinion. In this opinion, the expert stated that MSC and JP Morgan did not suffer any economic loss in connection with the retention of PZU's profit by the Shareholder Meeting under resolution 8/2007. MSC submitted a letter disagreeing with the expert's opinion and requested, among other things, that the Court appoint a different expert or a team of experts to provide an opinion on the same circumstances. PZU submitted a letter supporting the expert's opinion and requested that most of the requests made in MSC's letter be dismissed.

The Management Board of PZU believes that MSC's claims are groundless. As a result, as at 31 December 2025, no changes were made to the presentation of PZU's equity that could potentially stem from the repeal of the resolution 8/2007 adopted by PZU's Ordinary Shareholder Meeting on distribution of profit for the financial year 2006, including the line items "Supplementary capital" and "Retained earnings (losses)", and the funds in the Company Social Benefit Fund were not adjusted.

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

On 13 November 2018 the Regional Court in Warsaw served a copy of the statement of claim lodged by Wspólna Reprezentacja SA in restructuring, which pertained to a claim against PZU for payment of PLN 34 million with statutory interest from 1 October 2015 to the payment date with court expenses. The claim comprises a claim for payment of damages for depriving the shareholders of their share of profits for the 2006 financial year. The plaintiff claims that the claims for damages were transferred by the shareholders to the plaintiff based on mandate agreements together with a fiduciary transfer of receivables and the claim pursued by the statement of claim is the total damage caused to the shareholders. PZU does not accept the

claims as unjustified, and submitted its statement of defense, requesting the action to be dismissed in its entirety. PZU did not consent to mediation. In subsequent court sessions, evidentiary hearings have taken place.

55.2 Lawsuits against Alior Bank

55.2.1. Class action

Alior Bank is a defendant in one class action case (suit was filed on 5 March 2018) brought by an individual representing a group of 328 natural and legal persons and 2 individual cases to rule Alior Bank's liability for a loss caused by the improper performance of Alior Bank's disclosure obligations to clients and improper performance of agreements to provide services of accepting and forwarding purchase or sale orders of investment certificates of mutual funds managed previously by Fincrea TFI SA and currently by Raiffeisen Bank International AG (Spółka Akcyjna) Branch in Poland (Funds). On 8 March 2023 the Regional Court in Warsaw decided to define the composition of the group. As a result of the objections from both parties, on 4 March 2024, the Court of Appeal in Warsaw issued a ruling, in which, among other things, it made changes to the composition of the group, setting it at 328 members. In 2025, the District Court in Warsaw conducted evidentiary proceedings. The value of the subject matter of the extended lawsuit is around PLN 104 million.

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

55.2.2. Other lawsuits

Alior Bank is also a defendant in 172 cases brought by purchasers of the Funds' investment certificates for payment (damages). The total value of disputes in those cases is PLN 56 million.

In the PZU Group's opinion, each payment case requires an individual approach. After analysis and selection of cases, those were singled out in which certain risk factors justify the establishment of a provision. The total value of the provision as at 31 December 2025 was PLN 61 million (as at 31 December 2024: PLN 72 million).

56. Related party transactions

56.1 Key management

The following tables show the salaries of PZU's key management personnel.

Compensation and other short-term employee benefits paid by PZU	1 January – 31 December 2025 (PLN 000s)			1 January – 31 December 2024 (PLN 000s)			
		including variable non-deferred compensation for 2024	including remuneration for non-competition		including part of variable compensation for 2019–2022	including remuneration for non-competition	including severance pay
Management Board	16,045	4,303	1,510	18,306	3,118	4,428	2,378
Bogdan Benczak	442 ¹⁾	-	-	n/a	n/a	n/a	n/a
Maciej Fedyna	1,511	35	-	58	-	-	-
Bartosz Grześkowiak	2,060	583	-	972	-	-	-
Elżbieta Häuser-Schöneich	2,060	583	-	1,058	86	-	-
Tomasz Kulik	2,280	804	-	1,738	398	-	-
Tomasz Tarkowski	1,605	128	-	214	-	-	-
Jan Zimowicz	2,060	583	-	972	-	-	-
Andrzej Klesyk	1,313 ²⁾	-	484	n/a	n/a	n/a	n/a
Artur Olech	1,404	604	699	1,006	-	-	-
Małgorzata Kot	114	114	-	1,516	312	676	338
Krzysztof Kozłowski	114	114	-	1,401	197	676	338
Piotr Nowak	114	114	-	1,301	97	676	338
Maciej Rapkiewicz	854	527	327	1,963	398	349	338
Małgorzata Sadurska	114	114	-	1,602	398	676	338
Aleksandra Agatowska	n/a	n/a	n/a	16	16	-	-
Ernest Bejda	n/a	n/a	n/a	1,560	356	676	338
Michał Bernaczyk	n/a	n/a	n/a	303	-	-	-
Adam Brzozowski	n/a	n/a	n/a	86	86	-	-
Marcin Eckert	n/a	n/a	n/a	181	181	-	-
Anita Elżanowska	n/a	n/a	n/a	189	-	-	-
Beata Kozłowska-Chyła	n/a	n/a	n/a	1,632	387	699	350
Wojciech Olejniczak	n/a	n/a	n/a	332	-	-	-
Paweł Surówka	n/a	n/a	n/a	25	25	-	-
Krzysztof Szypuła	n/a	n/a	n/a	181	181	-	-

Compensation and other short-term employee benefits paid by PZU	1 January – 31 December 2025 (PLN 000s)			1 January – 31 December 2024 (PLN 000s)			
		including variable non-deferred compensation for 2024	including remuneration for non-competition		including part of variable compensation for 2019–2022	including remuneration for non-competition	including severance pay
High-level managers (PZU Group Directors)	7,172	1,468	1,337	6,188	-	1,195	680
Katarzyna Majewska	359 ³⁾	-	-	n/a	n/a	n/a	n/a
Artur Fromberg	520 ⁴⁾	-	-	n/a	n/a	n/a	n/a
Michał Kopyt	496	-	-	n/a	n/a	n/a	n/a
Michał Świtalski	94	-	-	n/a	n/a	n/a	n/a
Iwona Wróbel	815	224	-	508 ⁵⁾	-	-	-
Aleksandra Agatowska	186	101	85	648	-	194	140
Sławomir Bilik	654	213	297	354	-	-	-
Andrzej Jaworski	178	97	81	626	-	189	135
Bartłomiej Litwińczuk	187	97	90	626	-	180	135
Dorota Macieja	187	97	90	626	-	180	135
Jarosław Mastalerz	638	232	308	387	-	-	-
Sylwia Matusiak	186	97	89	626	-	182	135
Paweł Wajda	605	213	297	354	-	-	-
Dominik Witek	97	97	-	524 ⁶⁾	-	270	-
Directors of the PZU Group who are not Members of the Management Board of PZU Życie	1,970	-	-	909	-	-	-

¹⁾ This includes the base salary for the period from 1 to 25 September 2025 in the position of Managing Director for Corporate Affairs in the PZU Group, paid during the appointment as the President of the Management Board of PZU SA.

²⁾ This includes the fixed salary for the period from 27 January 2025 to 2 March 2025 during the secondment from the Supervisory Board of PZU to temporarily perform the duties of the President of the Management Board of PZU SA.

³⁾ This includes the base salary for the period from 1 to 15 June 2025 in the position of Director of Operations and Logistics for the PZU Group, paid during the appointment as the Director of the PZU Group in PZU SA, a Member of the Management Board of PZU Życie SA.

⁴⁾ This includes the annual bonus for 2024 for achieving goals in the position of Managing Director for Sales, paid during the appointment as the Director of the PZU Group in PZU SA, a Member of the Management Board of PZU Życie SA.

⁵⁾ Including base compensation, sick pay, awards, bonuses and vacation pay for serving as Strategic Project Director until 21 April 2024.

⁶⁾ Including annual bonus for the position of Director of the Office of Medical Services held until 6 June 2023.

In 2024, PZU Management Board Members were paid part of the benefits for 2020-2022 under the variable compensation system. The payout of the remaining part of the bonus for 2020-2025 may be made in subsequent periods. For these benefits, the PZU Group has a liability with the total amount of PLN 40,361 thousand as at 31 December 2025 (including the employer's burdens, as at 31 December 2024: PLN 32,784 thousand).

Compensation and other short-term employee benefits paid by other PZU Group entities	1 January – 31 December 2025 (PLN 000s)			1 January – 31 December 2024 (PLN 000s)			
		including variable non-deferred compensation for 2024	including remuneration for non-competition		including part of variable compensation for 2019-2022	including remuneration for non-competition	including severance pay
Management Board, of which:	17	-	-	-	-	-	-
Bogdan Benczak	17 ¹⁾	-	-	-	-	-	-
High-level managers (PZU Group Directors), including:	7,888	1,760	1,570	7,986	-	2,444	1,022
Katarzyna Majewska	514 ²⁾	-	-	n/a	n/a	n/a	n/a
Artur Fromberg	945 ³⁾	-	-	n/a	n/a	n/a	n/a
Michał Kopyt	744	-	-	n/a	n/a	n/a	n/a
Michał Świtalski	141	-	-	n/a	n/a	n/a	n/a
Iwona Wróbel	1,222	337	-	684 ⁴⁾	-	-	-
Sławomir Bilik	906	318	446	530	-	-	-
Aleksandra Agatowska	n/a	n/a	n/a	881	-	419	210
Andrzej Jaworski	n/a	n/a	n/a	851	-	405	203
Bartłomiej Litwińczuk	146	146	-	851	-	405	203
Dorota Macieja	146	146	-	851	-	405	203
Jarosław Mastalerz	838	348	419	580	-	-	-
Sylwia Matusiak	146	146	-	851	-	405	203
Paweł Wajda	473	-	405	530	-	-	-
Dominik Witek	146	146	-	682 ⁵⁾	-	405	-
Directors of the PZU Group who are not Members of the Management Board of PZU Życie	1,521	173	300	695	-	-	-

¹⁾ This includes the salary for the period from 1 to 25 September 2025 in the position of Managing Director for Corporate Affairs in the PZU Group, paid during the appointment as the President of the Management Board of PZU SA.

²⁾ This includes the salary for the period from 1 to 15 June 2025 in the position of Director of Operations and Logistics for the PZU Group, paid during the appointment as the President of the Management Board of PZU Życie SA.

³⁾ This includes the base salary for the period from 1 to 16 April 2025, social fund benefits, remote work allowance, and the annual bonus for 2024 for achieving goals in the position of Managing Director for Sales at PZU Życie SA; the base salary for the period from 1 to 16 April 2025, holiday allowance, in the position of Managing Director for Corporate Sales of Non-Wage Benefits at PZU POMOC SA; the base salary for the period from 1 to 16 April 2025, remote work allowance, and the annual bonus for 2024 for achieving goals in the position of Director of the Health Products Sales Office at PZU Zdrowie SA. The above-mentioned compensations were paid during the appointment as a Member of the Management Board of PZU Życie SA.

⁴⁾ Including base compensation, sick pay, awards, bonuses and vacation pay for serving as Strategic Project Director until 21 April 2024.

⁵⁾ Including annual bonus for the position of Director of the Office of Medical Services held until 6 June 2023.

Total estimated value of non-cash benefits granted by PZU and PZU's subsidiaries	1 January – 31 December 2025 (PLN 000s)	1 January – 31 December 2024 (PLN 000s)
Management Board	1,484	1,383
Bogdan Benczak	43	n/a
Maciej Fedyna	155	-
Bartosz Grześkowiak	205	86
Elżbieta Häuser-Schöneich	374	95
Tomasz Kulik	229	173
Tomasz Tarkowski	161	10
Jan Zimowicz	230	86
Andrzej Klesyk	65	n/a
Artur Olech	22	89
Ernest Bejda	n/a	44
Michał Bernaczyk	n/a	13
Małgorzata Kot	n/a	37
Beata Kozłowska-Chyła	n/a	135
Krzysztof Kozłowski	n/a	47
Piotr Nowak	n/a	403
Maciej Rapkiewicz	n/a	125
Małgorzata Sadurska	n/a	40
High-level managers (PZU Group Directors)	877	1,120
Artur Fromberg	154	n/a
Michał Kopyt	114	n/a
Katarzyna Majewska	85	n/a
Michał Świtalski	14	n/a
Iwona Wróbel	205	100
Sławomir Bilik	40	79
Jarosław Mastalerz	28	85
Paweł Wajda	27	77
Aleksandra Agatowska	n/a	151
Andrzej Jaworski	n/a	124
Bartłomiej Litwińczuk	n/a	70
Dorota Macieja	n/a	65
Sylwia Matusiak	n/a	78
Dominik Witek	n/a	120
Directors of the PZU Group who are not Members of the Management Board of PZU Życie	210	171

Pekao Management Board compensation costs	1 January – 31 December 2025 (PLN 000s)	1 January – 31 December 2024 (PLN 000s)
Short-term employee benefits	13,357	12,706
Post-employment benefits	-	4,416
Long-term benefits	1,994	4,786
Termination benefits	-	2,377
Pekao share-based payments	5,750	11,265
Total	21,101	35,550

Alior Bank Management Board compensation costs – constituting the cost of the period (due or paid)	1 January – 31 December 2025 (PLN 000s)	1 January – 31 December 2024 (PLN 000s)
Short-term employee benefits	10,761	9,761
Long-term employee benefits	6,774	5,148
Post-employment benefits	1,126	4,529
Benefits for cessation of office	-	2,715
Total	18,661	22,153

56.2 PZU Supervisory Board

The tables show the remuneration of PZU Supervisory Board members.

Remunerations and other short-term employee benefits paid to the Supervisory Board by PZU and PZU subsidiaries	1 January – 31 December 2025 (PLN 000s)	1 January – 31 December 2024 (PLN 000s)
Marcin Kubicza	233	282
Jarosław Antonik	4	n/a
Anita Elżanowska	211	190
Michał Jonczynski	241 ¹⁾	225
Małgorzata Kurzynoga	230	244
Anna Machnikowska	228	242
Andrzej Kaleta	230	244
Kazimierz Karolczak	28	n/a
Beata Stelmach	75	n/a
Maciej Szwarc	75	n/a
Adam Uszpolewicz	230	244
Michał Bernaczyk	137	167
Filip Gorczyca	188	225
Andrzej Klesyk	6 ²⁾	n/a
Wojciech Olejniczak	7	162
Robert Jastrzębski	n/a	36
Paweł Górecki	n/a	34
Agata Górnicka	n/a	35
Marcin Chludziński	n/a	33
Krzysztof Opolski	n/a	35
Radostaw Sierpiński	n/a	33
Józef Wierzbowski	n/a	33
Maciej Zaborowski	n/a	33
Total	2,123	2,497

¹⁾ This includes PLN 29,000 for serving as a member of the Supervisory Board at Centrum Medyczne Medica sp. z o.o.

²⁾ The compensation paid for the period before the secondment and subsequent appointment to the Management Board of PZU SA, including PLN 1,000 for serving as a member of the Supervisory Board of PZU Życie SA and a member of the Supervisory Board of PZU Zdrowie SA.

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

In 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.

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

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

By decision of the KNF, the PZU Group was identified as a financial conglomerate within the meaning of the Act of 15 April 2005 on supplementary oversight over credit institutions and insurance undertakings, reinsurance undertakings and investment firms comprising a financial conglomerate.

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

The value of State Treasury or Treasury-guaranteed bonds held by PZU Group units was PLN 149,389 million as at 31 December 2025 (as at 31 December 2024: PLN 123,133 million).

The value of liabilities (less receivables) to the State Treasury under corporate income tax amounted to PLN 822 million as at 31 December 2025 (as at 31 December 2024: PLN 1,806 million).

The balance of cash in accounts with the National Bank of Poland amounted to PLN 9,380 million as at 31 December 2025 (as at 31 December 2024: PLN 8,970 million).

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

Information on balances resulting from the most significant transactions with Treasury-related parties	Receivables from loans, borrowings and debt financial instruments 31 December 2025
Client 1	1,187
Client 2	1,039
Client 3	901
Client 4	710
Client 5	315
Client 6	218
Client 7	185
Client 8	183
Client 9	69
Client 10	26

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

Information on balances resulting from the most significant transactions with Treasury-related parties	Off-balance sheet liabilities granted 31 December 2025
Client 1	3,195
Client 2	2,668
Client 3	2,121
Client 4	1,860
Client 5	1,597
Client 6	858
Client 7	557
Client 8	178
Client 9	19
Client 10	-

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

Premiums from the most significant insurance contracts concluded with Treasury-related parties	Premium 1 January – 31 December 2025
Client 1	572
Client 2	155
Client 3	141
Client 4	114
Client 5	79
Client 6	72
Client 7	68
Client 8	65
Client 9	64
Client 10	59

Premiums from the most significant insurance contracts concluded with Treasury-related parties	Premium 1 January – 31 December 2024
Client 1	659
Client 2	203
Client 3	123
Client 4	103
Client 5	96
Client 6	80
Client 7	55
Client 8	51
Client 9	50
Client 10	48

56.5 Other related party transactions

Balances and turnovers resulting from commercial transactions between the PZU Group and related parties	1 January – 31 December 2025		1 January – 31 December 2024	
	Key management	Other related parties ¹⁾	Key management	Other related parties ¹⁾
Insurance revenue	-	-	-	-
Other income	-	2	-	2
Costs	-	29	-	43

Balances and turnovers resulting from commercial transactions between the PZU Group and related parties	31 December 2025		31 December 2024	
	Key management	Other related parties ¹⁾	Key management	Other related parties ¹⁾
Loan receivables from clients (including finance lease receivables)	-	-	-	-
Other receivables	-	3	-	1
Liabilities under deposits	-	146	2	39
Other liabilities	-	10	-	7
Contingent assets	-	-	-	-
Contingent liabilities	-	3	-	2

¹⁾ Associates accounted for using the equity method.

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

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

57. Headcount

The following table presents average headcount (in FTEs) in PZU Group companies.

Item	1 January - 31 December 2025	1 January - 31 December 2024
Management Boards (number of persons at the end of the reporting period)	127	130
Management	3,635	3,693
Other employees	34,893	35,381
Total	38,655	39,204

58. Other information

58.1 Audit fee payable to the audit firm auditing the financial statements

On 24 August 2022, the Supervisory Board of PZU passed a resolution on the selection of PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. (“PwC”), with its registered office in Warsaw, ul. Polna 11, 00-633 registered by the National Chamber of Statutory Auditors on the list of audit firms under number 144, as the audit firm to conduct audits and reviews of financial statements and audits of reports on the solvency and financial condition of PZU and the PZU Group for the five fiscal years, ending on 31 December 2024, 31 December 2025, 31 December 2026, 31 December 2027 and 31 December 2028, respectively, with an option to extend the contract for two more years, ending on 31 December 2029 and 31 December 2030.

On 15 December 2023, PZU signed a contract with PwC to carry out the above work.

The following table presents the amounts due to the PZU Group's auditing firm – PwC, and firms within its network, for auditing the financial statements subject to consolidation of the PZU Group entities, paid or payable for the given period, including VAT.

Item	1 January – 31 December 2025 (PLN 000s)	1 January – 31 December 2024 (PLN 000s)
Audit of financial statements	17,443	16,063
Review of financial statements	2,153	2,079
Other assurance services, including ESG reporting attestation	5,201 ¹⁾	7,058 ²⁾
Other services	2,998	1,506
Total	27,785	26,706

¹⁾ This includes PLN 646,000 for the ESG reporting attestation service for the Pekao Group for the year 2025, and PLN 210,000 for the ESG reporting attestation service for the Alior Bank Group for the year 2024.

²⁾ This includes PLN 2,766,000 for the ESG reporting attestation service for the year 2024 for the PZU Group, Pekao Group, and Alior Bank Group.

PZU commissioned PKF Consult Sp. z o.o. sp.k. to provide the sustainable development reporting attestation service for the PZU Group for the year 2025. The amount due for this service in 2025 was PLN 278,000.

58.2 PZU and Pekao Group reorganization

On 2 June 2025, PZU and Pekao (PZU together with Pekao hereinafter referred to as the Parties) signed a memorandum of cooperation (the "Memorandum of Cooperation") providing for the establishment of a joint project to prepare, subject to appropriate legislative changes, a transaction consisting in:

- conducting a demerger of PZU, leading to the separation of operations into a fully owned subsidiary of PZU, resulting in PZU becoming a holding company, and then
- the merger of PZU, as the acquired company, with Pekao, as the acquiring company (the "Potential Transaction").

In accordance with the Memorandum of Cooperation, the intention of the Parties is to carry out the Potential Transaction, i.e. the merger of Pekao and PZU, after the separation of its operational activities. The signing of the Memorandum of Cooperation was part of the initial stage of work on preparing the Potential Transaction, which the Parties expect to result in:

- ultimately, simplification of the group's ownership structure, and simplification of its corporate governance;
- increasing the efficiency of the bancassurance model;
- ultimately, reorganization of the group with one listed entity remaining (i.e., Pekao, with the inclusion of PZU after it becomes a holding company);
- achieving revenue synergies;
- creating a financial group with a highly diversified revenue structure and strong and stable dividend potential; and
- the possibility of applying regulations under Article 49 of the CRR Regulation, which was confirmed by the entry into force of on 1 January 2025 of the provisions of Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 (the "CRR 3 Regulation"), at the group level (generating a significant capital surplus), as well as optimization of solvency requirements modified by the provisions of Directive (EU) 2025/2 of the European Parliament and of the Council of 27 November 2024 amending Directive 2009/138/EC (i.e., amending the Solvency II Directive).

The parties anticipate that the potential implementation of the Potential Transaction could result in the release of the group's excess capital, compared to the capital adequacy and solvency requirements that would have to be applied starting in 2027 (in connection with the amendment of the Solvency II Directive) under the group's current structure. The parties also agreed that in the course of work on the Potential Transaction they will work out the optimal strategy in relation to the future of Alior Bank.

On 26 June 2025, the Parties signed a document tentatively setting forth the terms of cooperation between the Parties (the "Term Sheet") establishing a joint project (the "Project") to prepare and carry out, subject to appropriate legislative changes, the Potential Transaction.

The signing of the Term Sheet initiated the Parties' cooperation in the preparation of the Potential Transaction. Its implementation depends on a number of factors beyond the Parties' control, including the entry into force of relevant legislative changes enabling the Potential Transaction to be carried out in the manner envisaged in the Term Sheet, the Parties' agreement and conclusion of the relevant transaction documentation, obtaining approvals from the Council of Ministers and a number of regulatory approvals (in particular, approvals from the FSC), and the granting of relevant corporate approvals, including at the level of the shareholder meetings of PZU and Pekao.

As agreed in the Term Sheet, the Parties established a joint Steering Committee (composed of the Presidents of PZU and Pekao) and joint working groups to jointly carry out work aimed at implementing the Potential Transaction.

The Parties, as part of the arrangements for transaction documentation, will determine, in particular, the rules for determining the parity of exchange of PZU shares for Pekao shares that would be issued to PZU shareholders in the process of the merger of these companies. The parity will be recommended to the shareholders of the Parties, in accordance with the law and good practices regarding transactions between related parties, guided by the interests of all shareholders, including minority shareholders of each Party (valuations of PZU and the Bank in connection with the Potential Transaction will be made by reputable entities selected by PZU and Pekao, respectively).

On 19 December 2025, PZU and Pekao agreed on amendments to the Term Sheet (Annex). According to the Annex, the intention of the Parties is to complete the Potential Transaction by 31 December 2027. Additionally, the Annex stipulates that the Term Sheet will cease to be valid, in particular, if the publication in the Journal of Laws of the legislative changes determined by PZU and Pekao, enabling the completion of the Potential Transaction, does not occur by the end of December 2026, and their entry into force does not take place by the end of April 2027.

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

In 2025 and in 2024, neither PZU nor its subsidiaries granted any sureties for a loan or borrowing or guarantees to any single entity or any subsidiary of such an entity where the total amount of outstanding sureties or guarantees would be significant, with the exception of the question described below.

On 19 August 2024, PZU guaranteed the repayment of a loan taken out by Pekao Leasing Sp. z o.o. with the European Investment Bank. On the same day, Pekao issued a guarantee to PZU, providing protection for PZU in the event that Pekao Leasing sp. z o.o. fails to pay all or part of its obligations under the loan agreement with the European Investment Bank. The maximum amount of both guarantees is PLN 737 million. The warranty is valid until 31 July 2030.

58.4 Inspections by the Office of the Polish Financial Supervision Authority (UKNF)

58.4.1. PZU

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

In the period 1 July – 29 August 2024, KNF inspected PZU operations and assets in terms of valuing technical provisions for solvency purposes. On 19 November 2024, PZU received an inspection report and submitted its related comments. On 31 March 2025, KNF issued 12 post-audit recommendations with a deadline for implementation being the date of reporting quarterly figures and information for supervision purposes made on 30 June 2025. PZU informed about implementing the recommendations within the required timeframe.

During the period from 13 January to 13 March 2025, KNF conducted an audit of reporting for accounting purposes, for statistical purposes and for solvency purposes. On 29 April 2025, PZU received an inspection report, to which it raised objections. On 4 July 2025, the KNF issued 2 recommendations with a deadline for implementation until the reporting date of the quarterly statistical report on the insurance business of insurance companies prepared as at 30 September 2025. PZU implemented the recommendations within the deadline, as notified to the supervisory authority on 17 November 2025.

On 19 January 2026, the Polish Financial Supervision Authority (KNF) initiated an inspection of PZU's operations and financial condition in terms of organization, management, and provision of services. The planned duration of the inspection is 60 days.

58.4.2. PZU Życie

In the period from 2 September to 31 October 2025, the KNF carried out an inspection at PZU Życie regarding the organization, management, and provision of benefits. 30 January 2026 KNF issued 7 recommendations following the inspection, with a deadline for implementation by 6 March 2026.

58.5 Tax liabilities in Sweden

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

In 2018, due to doubts concerning the taxation of foreign exchange gains and losses under the Swedish Conversion Act (2000:46) if a reporting currency is EUR, PZU Finance AB applied for an individual interpretation to the Swedish Council for Tax Interpretation (Skatterättsnämnden). On 13 March 2019 PZU Finance AB received the interpretation, based on which foreign exchange gains and losses resulting from the repayment of the borrowing are subject, while foreign exchange gains and losses resulting from the repayment of bonds, are not subject to taxation. In the opinion of the PZU Group, the Council's interpretation means that a different approach would be applied in the territory of Sweden in relation to companies reporting in EUR than to companies reporting in Swedish crowns, which would be contrary to the assumptions of the above act and Art. 63 of the Treaty on the Functioning of the European Union (TFEU) concerning a need to ensure free capital flow in the EU or Art. 49 and 54 of the TFEU concerning the freedom of establishment).

On 3 April 2019 PZU Finance AB started the judicial procedures challenging the individual tax interpretation of the Swedish Council for Tax Interpretation before the Supreme Administrative Court (Högsta förvaltningsdomstolen).

On 23 June 2021 PZU Finance AB received a preliminary, and on 21 December 2021 a binding negative, decision concerning the correction of its tax obligations for 2019 from the tax office. As a result, on 21 January 2022 PZU paid SEK 159 million (SEK 155 million of the principal amount + SEK 4 million of interest) directly to the tax office in Sweden. On 10 November 2022, PZU Finance AB began its tax appeal. Throughout the appellate proceedings, on 18 December 2024, PZU Finance AB received an opinion from the Swedish Tax Authority upholding the Authority's previous findings and decisions.

58.6 Proceedings instituted by the KNF against Alior Bank

On 8 August 2025, the KNF initiated an administrative proceeding against Alior Bank regarding the application of a sanction specified in the Banking Law, due to suspicion of violating the provisions of the Act on Trading in Financial Instruments and its implementing regulations, in connection with activities conducted under Article 70(2) of the Act on Trading in Financial Instruments, related to cooperation with third parties, providing information to clients, the adequacy of solutions related to the acquisition of financial instruments, and the designation of a negative target group.

Due to the early stage of the proceedings, a reliable estimate of the potential sanction against the PZU Group is not possible.

On 5 September 2025, the KNF initiated administrative proceedings to impose an administrative penalty on Alior Bank pursuant to Article 147(4)(a) and (b) and (13) of the Anti-Money Laundering and Countering the Financing of Terrorism Act regarding the conduct resulting from the inspection.

As of 31 December 2025, the PZU Group has created a provision of PLN 2 million in this regard. Due to the early stage of the proceedings, the amount of the provision may change.

58.7 UOKiK proceedings

58.7.1. Alior Bank

On 27 September 2019 the UOKiK President decided to initiate proceedings against Alior Bank in order to recognize regulations of a contract form as impermissible. That included 11 (modification) clauses incorporated by Alior Bank into contract forms based on which Alior Bank unilaterally amended its contracts with consumers. The UOKiK President questioned those regulations and claimed that they were, among others, imprecise and made it impossible for consumers to verify the premises for an amendment. Alior Bank has been in correspondence with the UOKiK President on the matter. In a letter of 30 December 2025, the President of UOKiK decided to extend the deadline for completion of the proceedings until 31 May 2026.

As at 31 December 2025, the PZU Group has not created a provision on this account. Further, the PZU Group is unable to reliably estimate the value of the contingent liability due to the impossibility of estimating potential effects of the violation and the amount of the potential fine that may be imposed by the UOKiK. The maximum amount of a fine is 10% of Alior Bank's turnover achieved in the fiscal year preceding the year in which the fine was imposed.

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

- failure to – after the client has reported the transaction as unauthorized – reimburse the amount of the unauthorized payment transaction or restore the debited payment account to the state it would have been in had the unauthorized payment transaction not taken place, in the manner and within the time limit as specified in Article 46(1) of the Payment Services Act, despite the absence of reasons authorizing Alior Bank not perform the above actions;
- providing a consumer who is an Alior Bank's client with conditional reimbursement of the amount of the payment transaction reported by the consumer as unauthorized, only for the time of Alior Bank's consideration of the complaint, and then, if Alior Bank finds in the complaint procedure that the transaction was authorized by the consumer or that the consumer is responsible for the unauthorized payment transaction, withdrawing the conditional reimbursement and taking that amount from the consumer's savings and checking account or credit card account, except in situations where there was a simultaneous reimbursement of that amount to the consumer under chargeback or withdrawal of the compliant by the consumer;
- providing consumers – in responses to their reports of unauthorized payment transactions – with information that the transaction was authorized correctly when this was determined only after the payment service provider had verified the correct use of the payment instrument with individual credentials, with the manner of providing such information suggesting that Alior Bank's demonstration of correct authentication excludes Alior Bank's obligation to reimburse the amount of the unauthorized transaction, which may mislead consumers regarding Alior Bank's obligations under Article 46(1) of the Payment Services Act and regarding apportionment of the burden of proving that the payment transaction was authorized;
- providing consumers – in responses to their reports of unauthorized payment transactions – with information that the transaction was authenticated correctly by the user and that Alior Bank bears no responsibility for that transaction as it was made as a result of the consumer's violation of the terms of the agreement with Alior Bank, which may mislead consumers regarding Alior Bank's obligations under Article 46(1) of the Payment Services Act and regarding

apportionment of the burden of proof to the extent that Alior Bank should prove that the consumer led to the transaction in question by the intentional or grossly negligent violation of one or more obligations referred to in Article 42 of the Payment Service Act;

- providing consumers – in responses to their reports of unauthorized payment transactions – with information that card transactions reported after 120 days from the transaction date may not be considered unauthorized payment transactions and that no more than 15 transactions may be complaint about;

which, in the opinion of the President of UOKiK, may go against the collective interests of consumers, and consequently, constitute practices that violate the collective interests of consumers, as referred to in the Competition and Consumer Protection Act. The maximum amount of a fine for it is 10% of Alior Bank's turnover achieved in the year preceding the year in which the fine was imposed. As at 31 December 2025, the PZU Group has not created a provision on this account.

Alior Bank submitted a proposal for a commitment to take certain actions to end the alleged Alior Bank violation and remedy its consequences.

The total value of the provision on this account as at 31 December 2025 is PLN 15 million (as at 31 December 2024: PLN 10 million). Due to Alior Bank's unfinished discussions with the UOKiK, the amount of the provision might change.

On 3 February 2025, the President of UOKiK issued a decision to initiate proceedings against Alior Bank regarding the recognition of provisions in the standard contract terms as unfair, with the subject matter being the clause on the change of interest rates on bank accounts. The President of UOKiK questioned the wording of paragraphs 11(9) and 11(10) of the "Regulations for current accounts, savings accounts, and term deposit accounts" model agreement, among other things, as granting Alior Bank excessive freedom in terms of the authority to change interest rates and not allowing consumers to independently verify whether the interest rate change is in accordance with the agreement. Alior Bank has been in correspondence with the President of UOKiK on the matter. As at 31 December 2025, the PZU Group has not created a provision on this account. The PZU Group is unable to reliably estimate the value of the contingent liability due to the impossibility of estimating potential effects of the violation and the amount of the potential fine that may be imposed by UOKiK. The maximum amount of a fine is 10% of Alior Bank's turnover achieved in the fiscal year preceding the year in which the fine was imposed.

58.7.2. Pekao

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

Through its letter dated 10 November 2023, the President of UOKiK initiated proceedings against Pekao for using practices that violate the collective interests of consumers regarding the complaint-handling process.

On 21 November 2025, the President of UOKiK issued a binding decision under Article 28 of the Act of 16 February 2007 on the protection of competition and consumers, which was requested by Pekao. As of 22 December 2025, the decision became final, and Pekao is in the process of implementing it. As of 31 December 2025, the PZU Group maintains a provision in the amount of PLN 98 million (as of 31 December 2024: PLN 64 million).

Investigation of the President of UOKiK into unauthorized payment transactions

On 8 February 2024, the President of UOKiK initiated proceedings against Pekao for practices that violate collective consumer interests with regard to unauthorized payment transactions and the failure to reimburse them within d+1.

As of 31 December 2025, the PZU Group maintains a provision in the amount of PLN 49 million (as of 31 December 2024, no provision had been created) regarding the proposal for the fulfillment of the obligation presented by Pekao to the President of UOKiK. Due to the fact that the proceedings are ongoing and discussions with UOKiK are underway, the amount of the provision may change in the future.

UOKiK proceedings investigating irregularities in the use of so-called loan repayment holidays

In a letter of 21 January 2025, the UOKiK initiated proceedings against Pekao over Pekao's use of practices that violate the collective interests of consumers with regard to the suspension of loan repayment (so-called loan repayment holidays).

On 15 December 2025, the President of UOKiK issued a decision deeming the practices of Pekao and Pekao Bank Hipoteczny SA as unfair, imposed a fine of PLN 119 million, and required them to inform all affected parties about the violations caused by the contested practices. Pekao appealed the decision to the District Court in Warsaw – Court of Competition and Consumer Protection.

As of 31 December 2025, the PZU Group maintains a provision in the amount of PLN 119 million.

58.8 Issues concerning Alior Leasing sp. z o.o.

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

The final judgment, ordering Alior Bank and Alior Leasing sp. z o.o. to reimburse the plaintiffs, came on 29 April 2024. On 10 June 2024, Alior Bank and Alior Leasing sp. z o.o. received information from the Court of Appeals in Warsaw that a complaint for revocation of an arbitration court verdict, filed by former members of the Alior Leasing sp. z o.o.'s Management Board, had been registered. On 14 July 2025, the Court of Appeals in Warsaw dismissed in full the plaintiffs' complaint to set aside the preliminary judgment and final judgment of the arbitration court. The verdict is non-appealable. The plaintiffs are entitled to an extraordinary remedy against it in the form of a cassation complaint.

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

58.9 Conflict in Ukraine

Due to the Russian Federation's invasion of Ukraine and the armed conflict lasting since 24 February 2022, PZU's Management Board assessed the impact of this situation on the PZU Group's operations, business continuity, financial position and going concern.

As at 31 December 2025, total net assets (assets deducted by liabilities and adjusted by mutual shares between PZU Ukraina and PZU Ukraina Życie) of three companies operating in Ukraine (PZU Ukraina, PZU Ukraina Życie and LLC SOS Services Ukraine) amounted to PLN 38 million (as of 31 December 2024: PLN 57 million).

The assets (net of the shares held mutually between PZU Ukraina and PZU Ukraina Życie) of these companies subject to consolidation totaled PLN 429 million (as at 31 December 2024: PLN 435 million), and liabilities – PLN 391 million (as at 31 December 2024: PLN 378 million).

Due to the martial law in force on the territory of the whole of Ukraine as of 24 February 2022 (now extended until 4 May 2026), Ukrainian companies in the PZU Group are working with war restrictions and legal considerations arising from the so-called "war regulations".

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

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

58.10 Subsequent events

No material events were identified after the end of the reporting period that require disclosure in the consolidated financial statements.

Signatures of the PZU Management Board Members:

First name and last name	Position / Title	
Bogdan Benczak	President of PZU Management Board	signed with a qualified electronic signature
Maciej Fedyna	Member of the PZU Management Board	signed with a qualified electronic signature
Bartosz Grześkowiak	Member of the PZU Management Board	signed with a qualified electronic signature
Elżbieta Häuser-Schöneich	Member of the PZU Management Board	signed with a qualified electronic signature
Tomasz Kulik	Member of the PZU Management Board	signed with a qualified electronic signature
Tomasz Tarkowski	Member of the PZU Management Board	signed with a qualified electronic signature
Jan Zimowicz	Member of the PZU Management Board	signed with a qualified electronic signature

Person responsible for drawing up the consolidated financial statements:

Katarzyna Łubkowska	Head of the Accounting Department	signed with a qualified electronic signature
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Warsaw, 25 February 2026