

Powszechny Zakład Ubezpieczeń  
Spółka Akcyjna  
Group

Condensed Interim  
Consolidated Financial Statements  
for the 6 months ended  
June 30, 2024



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# Condensed interim consolidated profit and loss account

Consolidated profit and loss account	Note	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated) <sup>1)</sup>	January 1 – June 30, 2023 (restated) <sup>1)</sup>
Insurance service result before reinsurance		1,172	2,350	1,432	1,309
Insurance revenue	9.1.2 9.1.4	7,283	14,295	6,614	13,013
Insurance service expenses	9.1.4	(6,111)	(11,945)	(5,182)	(11,704)
Net income or expenses from reinsurance contracts held		(359)	(750)	(298)	681
Reinsurance premium allocation	9.1.3	(473)	(898)	(359)	(724)
Amounts recoverable from reinsurers	9.1.5	114	148	61	1,405
Insurance service result		813	1,600	1,134	1,990
Insurance finance income or expenses		(444)	(928)	(406)	(883)
Finance income or expenses from reinsurance		45	90	(3)	10
Interest income calculated using the effective interest rate, and equivalent	9.2	6,768	13,718	6,952	13,512
Other net investment income	9.3	136	189	116	289
Result on derecognition of financial instruments and investments not measured at fair value through profit or loss	9.4	44	32	12	3
Movement in allowances for expected credit losses and impairment losses on financial instruments	9.5	(347)	(625)	(400)	(756)
Net movement in fair value of assets and liabilities measured at fair value	9.6	158	560	349	689
Revenue from commissions and fees	9.7	1,233	2,578	1,363	2,648
Fee and commission expenses	9.8	(294)	(727)	(444)	(843)
Operating costs of banks	9.9	(1,800)	(3,451)	(1,581)	(3,056)
Interest expenses	9.10	(2,036)	(4,085)	(2,290)	(4,486)
Legal risk costs of foreign currency mortgage loans		(231)	(270)	(37)	(48)
Other operating income	9.11	448	858	355	712
Other operating expenses	9.12	(947)	(2,220)	(913)	(2,112)
<b>Operating profit</b>		<b>3,546</b>	<b>7,319</b>	<b>4,207</b>	<b>7,669</b>
Share of the net financial results of entities accounted for using the equity method		2	5	2	4
<b>Profit before tax</b>		<b>3,548</b>	<b>7,324</b>	<b>4,209</b>	<b>7,673</b>
Income tax	9.13	(799)	(1,688)	(916)	(1,757)
<b>Net profit, including:</b>		<b>2,749</b>	<b>5,636</b>	<b>3,293</b>	<b>5,916</b>
- profit attributable to the equity holders of the Parent Company		1,192	2,446	1,528	2,688
- profit attributable to holders of non-controlling interests		1,557	3,190	1,765	3,228
Weighted average basic and diluted number of common shares	9.14	863,376,599	863,359,986	863,387,662	863,389,067
Basic and diluted profit (loss) per common share (in PLN)	9.14	1.38	2.83	1.77	3.11

<sup>1)</sup> Information on restatement of data for the period from April 1 to June 30, 2023 and from January 1 to June 30, 2023 is presented in section 6.2.

# Condensed interim consolidated statement of comprehensive income

Consolidated statement of comprehensive income	Note	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated) <sup>1)</sup>	January 1 – June 30, 2023 (restated) <sup>1)</sup>
Net profit		2,749	5,636	3,293	5,916
Net other comprehensive income		285	179	616	1,545
Subject to subsequent reclassification to profit or loss		263	214	620	1,604
Valuation of debt instruments		(31)	84	306	1,138
Reclassification of debt instruments valuation for the profit and loss account		(7)	(2)	(7)	(1)
Measurement of loan receivables from clients		(2)	(3)	5	4
Insurance finance income or expenses		234	394	(330)	(1,039)
Finance income or expenses from reinsurance		5	(11)	(4)	(17)
Foreign exchange translation differences		3	(21)	(87)	(93)
Cash flow hedging		124	(173)	906	2,010
Income tax	9.13	(63)	(54)	(169)	(398)
Not to be reclassified to profit or loss in the future		22	(35)	(4)	(59)
Valuation of equity instruments		(22)	(93)	22	(53)
Reclassification of real property from property, plant and equipment to investment property		49	49	(1)	6
Actuarial gains and losses related to provisions for employee benefits		-	-	(26)	(26)
Income tax	9.13	(5)	9	1	14
<b>Total net comprehensive income</b>		<b>3,034</b>	<b>5,815</b>	<b>3,909</b>	<b>7,461</b>
- comprehensive income attributable to equity holders of the Parent Company		1,392	2,683	1,528	2,620
- comprehensive income attributable to holders of non-controlling interest		1,642	3,132	2,381	4,841

<sup>1)</sup> Information on restatement of data for the period from April 1 to June 30, 2023 and from January 1 to June 30, 2023 is presented in section 6.2.

# Condensed interim consolidated statement of financial position

Assets	Note	June 30, 2024	December 31, 2023 (restated) <sup>1)</sup>	January 1, 2023 (restated) <sup>1)</sup>
Goodwill	9.15	2,797	2,801	2,808
Intangible assets	9.16	3,422	3,404	3,282
Deferred tax assets		2,238	2,193	3,090
Other assets	9.17	640	483	462
Property, plant and equipment	9.18	4,313	4,445	4,304
Investment property		3,184	3,098	3,021
Entities accounted for using the equity method	9.19	66	62	52
Insurance contract assets	9.1.4	109	111	68
Reinsurance contract assets	9.1.5	3,505	3,469	2,336
Assets pledged as collateral for liabilities	9.23	1,293	1,708	972
Assets held for sale	9.20	585	621	654
Loan receivables from clients	9.21	225,637	218,874	212,725
Financial derivatives	9.22	8,595	11,396	16,197
Investment financial assets	9.24	202,264	192,332	153,861
Measured at amortized cost		141,979	135,875	106,013
Measured at fair value through other comprehensive income		49,309	44,366	39,725
Measured at fair value through profit or loss		10,976	12,091	8,123
Current income tax receivables		44	19	305
Other receivables	9.25	5,137	5,227	9,108
Cash and cash equivalents		18,443	17,702	15,960
<b>Total assets</b>		<b>482,272</b>	<b>467,945</b>	<b>429,205</b>

<sup>1)</sup> Information on restatement of data as at January 1 and December 31, 2023 is presented in section 6.2.

## Condensed interim consolidated statement of financial position (continued)

Equity and liabilities	Note	June 30, 2024	December 31, 2023 (restated) <sup>1)</sup>	January 1, 2023 (restated) <sup>1)</sup>
<b>Equity</b>				
Equity attributable to the equity holders of the parent company		28,967	30,037	26,163
Share capital	9.29	86	86	86
Other capital		21,831	18,225	17,205
Retained earnings		7,050	11,726	8,872
Retained profit or loss		4,604	5,946	8,872
Net profit		2,446	5,780	n/a
Non-controlling interests		29,221	30,515	22,268
<b>Total equity</b>		<b>58,188</b>	<b>60,552</b>	<b>48,431</b>
<b>Liabilities</b>				
Subordinated liabilities	9.31	5,863	6,166	6,184
Insurance contract liabilities	9.1.4	43,364	42,328	37,518
Reinsurance contract liabilities	9.1.5	44	35	31
Liabilities on the issue of own debt securities	9.32	15,299	12,003	11,090
Liabilities to banks	9.33	6,410	7,047	7,720
Liabilities to clients under deposits	9.34	317,318	303,781	278,058
Financial derivatives	9.22	9,603	11,656	20,956
Current income tax liabilities		941	1,991	328
Other liabilities	9.35	19,305	16,980	14,301
Provisions	9.36	2,465	2,286	1,724
Deferred tax liabilities		3,447	3,088	2,831
Liabilities directly associated with assets classified as held for sale	9.20	25	32	33
<b>Total liabilities</b>		<b>424,084</b>	<b>407,393</b>	<b>380,774</b>
<b>Total equity and liabilities</b>		<b>482,272</b>	<b>467,945</b>	<b>429,205</b>

<sup>1)</sup> Information on restatement of data as at January 1 and December 31, 2023 is presented in section 6.2.

## Condensed interim consolidated statement of changes in equity

Consolidated statement of changes in equity	Equity attributable to equity holders of the parent company										Non-controlling interest	Total equity	
	Share capital	Other capital							Retained earnings	Total			
		Treasury shares	Supplementary capital	Other reserve capital	Accumulated other comprehensive income								
					Revaluation reserve	Insurance finance income or expenses	Finance income or expenses from reinsurance	Actuarial gains and losses related to provisions for employee benefits					Foreign exchange translation differences
<b>Note</b>	9.29											2.4	
<b>As at January 1, 2024</b>	<b>86</b>	<b>(4)</b>	<b>15,804</b>	<b>2,218</b>	<b>(948)</b>	<b>1,258</b>	<b>(48)</b>	<b>(8)</b>	<b>(47)</b>	<b>11,726</b>	<b>30,037</b>	<b>30,515</b>	<b>60,552</b>
<b>Total comprehensive income</b>	-	-	-	-	<b>(55)</b>	<b>320</b>	<b>(9)</b>	-	<b>(19)</b>	<b>2,446</b>	<b>2,683</b>	<b>3,132</b>	<b>5,815</b>
Net profit (loss)	-	-	-	-	-	-	-	-	-	2,446	2,446	3,190	5,636
Net other comprehensive income	-	-	-	-	(55)	320	(9)	-	(19)	-	237	(58)	179
<b>Transaction with the shareholders of the parent company</b>	-	-	<b>1,665</b>	<b>1,705</b>	-	-	-	-	-	<b>(7,118)</b>	<b>(3,748)</b>	<b>(4,424)</b>	<b>(8,172)</b>
Distribution of financial result	-	-	2,519	1,705	-	-	-	-	-	(4,224)	-	(4,424)	(4,424)
PZU dividend	-	-	(854)	-	-	-	-	-	-	(2,894)	(3,748)	-	(3,748)
<b>Other changes</b>	-	-	<b>23</b>	-	<b>(24)</b>	-	-	-	-	<b>(4)</b>	<b>(5)</b>	<b>(2)</b>	<b>(7)</b>
Sales of equity instruments designated at fair value through other comprehensive income	-	-	24	-	(24)	-	-	-	-	-	-	-	-
Transactions with holders of non-controlling interests	-	-	(1)	-	-	-	-	-	-	-	(1)	(2)	(3)
Other	-	-	-	-	-	-	-	-	-	(4)	(4)	-	(4)
<b>As at June 30, 2024</b>	<b>86</b>	<b>(4)</b>	<b>17,492</b>	<b>3,923</b>	<b>(1,027)</b>	<b>1,578</b>	<b>(57)</b>	<b>(8)</b>	<b>(66)</b>	<b>7,050</b>	<b>28,967</b>	<b>29,221</b>	<b>58,188</b>

## Condensed interim consolidated statement of changes in equity (continued)

Consolidated statement of changes in equity (restated)	Equity attributable to equity holders of the parent company										Non-controlling interest	Total equity	
	Share capital	Other capital							Retained earnings	Total			
		Treasury shares	Supplementary capital	Other reserve capital	Accumulated other comprehensive income								
					Revaluation reserve	Insurance finance income or expenses	Finance income or expenses from reinsurance	Actuarial gains and losses related to provisions for employee benefits					Foreign exchange translation differences
<b>Note</b>	9.29											2.4	
<b>As at January 1, 2023</b> (prior to restatement)	86	(4)	15,315	1,721	(2,455)	2,622	(79)	(6)	91	8,871	26,162	22,263	48,425
Change in accounting policies (section 6.2.2.1)	-	-	-	-	-	-	-	-	-	1	1	5	6
<b>As at January 1, 2023 (restated)</b>	86	(4)	15,315	1,721	(2,455)	2,622	(79)	(6)	91	8,872	26,163	22,268	48,431
<b>Total comprehensive income</b>	-	-	-	-	887	(843)	(14)	(4)	(94)	2,688	2,620	4,841	7,461
Net profit (loss)	-	-	-	-	-	-	-	-	-	2,688	2,688	3,228	5,916
Net other comprehensive income	-	-	-	-	887	(843)	(14)	(4)	(94)	-	(68)	1,613	1,545
<b>Transaction with the shareholders of the parent company</b>	-	-	355	475	-	-	-	-	-	(2,902)	(2,072)	(1,138)	(3,210)
Distribution of financial result	-	-	1,651	475	-	-	-	-	-	(2,126)	-	(1,138)	(1,138)
PZU dividend	-	-	(1,296)	-	-	-	-	-	-	(776)	(2,072)	-	(2,072)
<b>Other changes</b>	-	-	46	-	(46)	-	-	-	-	-	-	-	-
Sales of equity instruments designated at fair value through other comprehensive income	-	-	44	-	(44)	-	-	-	-	-	-	-	-
Sale of revalued properties and other	-	-	2	-	(2)	-	-	-	-	-	-	-	-
<b>As at June 30, 2023</b>	86	(4)	15,716	2,196	(1,614)	1,779	(93)	(10)	(3)	8,658	26,711	25,971	52,682



# Condensed interim consolidated cash flow statement

Consolidated cash flow statement	Note	January 1 – June 30, 2024	January 1 – June 30, 2023 (restated)
Profit before tax		7,324	7,673
Adjustments		(3,310)	(2,343)
Amortization of intangible assets and depreciation of property, plant and equipment		721	678
Net movement in fair value of assets and liabilities measured at fair value		(560)	(689)
Realized gains/losses from investing activities and impairment losses		558	744
Net foreign exchange differences		(71)	(179)
Interest income and expenses		(3,958)	(2,897)
Movement		10,063	13,850
Movement in loan receivables from clients		(7,278)	(649)
Movement in liabilities under deposits		13,667	9,871
Movement in insurance contract assets and liabilities		1,329	2,262
Movement in reinsurance contract assets and liabilities		24	(1,278)
Movement in receivables		178	160
Movement in liabilities		(578)	(1,010)
Movement in participation units and investment certificates of investment funds		65	20
Movement in liabilities under investment contracts		199	10
Other		2,457	4,464
Income tax paid		(2,498)	(772)
<b>Net cash flows from operating activities</b>		<b>11,579</b>	<b>18,408</b>
Cash flow from investing activities			
Proceeds		1,110,746	1,015,608
- sale of investment property		-	2
- proceeds from investment property		205	209
- sale of intangible assets and property, plant and equipment		70	36
- sale of ownership interests and shares		419	628
- realization of debt securities		805,810	700,708
- closing of buy-sell-back transactions		209,613	193,506
- closing of term deposits with credit institutions		70,823	97,025
- realization of other investments		22,109	22,060
- interest received		1,642	1,358
- dividends received		41	35
- increase in cash due to purchase of entities and change in the scope of consolidation		4	2
- other investment proceeds		10	39

## Condensed interim consolidated cash flow statement (continued)

Consolidated cash flow statement	Note	January 1 – June 30, 2024	January 1 – June 30, 2023 (restated)
Expenditures		(1,118,817)	(1,034,058)
- purchase of investment properties		(4)	(9)
- expenditures for the maintenance of investment property		(96)	(121)
- purchase of intangible assets and property, plant and equipment		(499)	(515)
- purchase of ownership interests and shares		(399)	(332)
- purchase of ownership interests and shares in subsidiaries		(60)	(34)
- purchase of debt securities		(813,697)	(717,861)
- opening of buy-sell-back transactions		(210,996)	(194,235)
- purchase of term deposits with credit institutions		(70,846)	(100,007)
- purchase of other investments		(22,202)	(20,932)
- other expenditures for investments		(18)	(12)
<b>Net cash flows from investing activities</b>		<b>(8,071)</b>	<b>(18,450)</b>
Cash flows from financing activities			
Proceeds		154,888	69,770
- proceeds from loans and borrowings	9.37	7	226
- proceeds on the issue of own debt securities	9.37	17,528	1,480
- opening of repurchase transactions	9.37	137,353	68,064
Expenditures		(157,638)	(71,369)
- dividends to owners of non-controlling interests		(4,424)	-
- repayment of loans and borrowings	9.37	(480)	(601)
- redemption of own debt securities	9.37	(14,665)	(2,785)
- closing of repurchase transactions	9.37	(137,678)	(67,664)
- interest on loans and borrowings	9.37	(5)	-
- interest on outstanding debt securities	9.37	(249)	(172)
- expenditures on leases	9.37	(137)	(147)
<b>Net cash flows from financing activities</b>		<b>(2,750)</b>	<b>(1,599)</b>
<b>Total net cash flows</b>		<b>758</b>	<b>(1,641)</b>
Cash and cash equivalents at the beginning of the period		17,702	15,960
Movement in cash due to foreign exchange differences		(17)	(167)
Cash and cash equivalents at the end of the period, including:		18,443	14,152
- restricted cash		9	75

# Notes to the condensed interim consolidated financial statements

## 1. Introduction

### Compliance statement

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

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

### Period covered by the condensed interim consolidated financial statements

These condensed interim consolidated financial statements cover the period of 6 months from January 1 to June 30, 2024.

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

### Functional and presentation currency

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

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

### FX rates

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

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

Due to the currency exchange restrictions in Ukraine and irregular quotations of the Ukrainian hryvnia by the NBP until March 31, 2023, PZU Group established an exchange rate for conversion of data of Ukrainian companies in accordance with the NBU Regulation (<https://zakon.rada.gov.ua/laws/show/v0018500-22#n67>), in keeping with which authorized institutions (banks) purchased and sold foreign currency, as commissioned by clients, in non-cash transactions:

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

In establishing the average exchange rate for the Ukrainian hryvnia for the period from January 1 to June 30, 2023, the aforementioned methodology was applied to the exchange rates as at the end of the respective months from January to March 2023.

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

Currency	January 1 – June 30, 2024	January 1 – June 30, 2023	June 30, 2024	December 31, 2023
Euro	4.3109	4.6130	4.3130	4.3480
GBP	5.0527	5.2795	5.0942	4.9997
UAH	0.1021	0.1164	0.0996	0.1037

### Going concern assumption

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

Making this assumption, in its assessment, the PZU Management Board took into account the impact of factors subject to uncertainty, in particular the macroeconomic situation and the armed conflict in Ukraine which began on February 24, 2022 (additional information on this matter is presented in section 20.6).

### Discontinued operations

In the 6-month period ended June 30, 2024, the PZU Group did not discontinue any significant type of the activities carried out.

### Seasonal or cyclical business

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

### Glossary

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

#### *Names of companies*

**Balta** – Apdrošināšanas akciju sabiedrība “BALTA.”

**Alior Bank** – Alior Bank SA.

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

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

**Idea Bank** – Idea Bank SA.

**LD** – Akcinė bendrovė “Lietuvos draudimas.”

**Link4** – Link4 Towarzystwo Ubezpieczeń SA.

**Pekao** – Bank Pekao SA.  
**PG TUW** – Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych.  
**PG TUWnŻ** – Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie.  
**PZU, parent company** – Powszechny Zakład Ubezpieczeń Spółka Akcyjna.  
**PZU Finance AB** – PZU Finance AB (publ.) in liquidation.  
**PZU LT GD** – Uždaroji akcinė bendrovė “PZU Lietuva gyvybės draudimas.”  
**PZU Ukraina** – PRJSC IC „PZU Ukraine”.  
**PZU Ukraina Życie** – PRJSC IC „PZU Ukraine Life Insurance”.  
**PZU Życie** – Powszechny Zakład Ubezpieczeń na Życie Spółka Akcyjna.  
**TFI PZU** – Towarzystwo Funduszy Inwestycyjnych PZU Spółka Akcyjna.  
**TUW PZUW** – Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych.

### *Other terms*

**BFG** – Bank Guarantee Fund (Polish: Bankowy Fundusz Gwarancyjny).  
**CIRS** – Cross-currency interest rate swap.  
**COR** – Combined operating ratio, calculated for the non-life insurance sector. This is the ratio of insurance service expenses, including amounts recoverable from reinsurers to the net income on insurance activities; a decrease in the value of this indicator signifies an improvement in efficiency (Combined Operating Ratio).  
**CSM** – contractual service margin.  
**GMM** – general measurement model in accordance with IFRS 17.  
**CODM** – Chief operating decision maker within the meaning of IFRS 8 – Operating segments.  
**IRS** – Interest rate swap.  
**PZU’s standalone financial statements** – annual standalone financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for 2023, prepared in accordance with the PAS.  
**KNF** – Polish Financial Supervision Authority.  
**LIC** – liability for incurred claims.  
**LRC** – liability for remaining coverage.  
**IFRS** – International Financial Reporting Standards, as endorsed by the European Commission, published and in force as at June 30, 2024.  
**MRA** – Modified retrospective approach.  
**NBP** – National Bank of Poland.  
**NBU** – National Bank of Ukraine.  
**PAA** – premium allocation approach.  
**POCI** – Purchased or originated credit-impaired financial assets.  
**PAS** – Accounting Act of September 29, 1994 and regulations issued thereunder.  
**Regulation on Current and Periodic Information** – Regulation of the Minister of Finance on Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent of March 29, 2018.  
**IASB** – International Accounting Standards Board.  
**Consolidated financial statements** – consolidated financial statements of the PZU Group prepared in accordance with IFRS for the year ended December 31, 2023.  
**CJEU** – Court of Justice of the European Union.

UKNF – Office of the Polish Financial Supervision Authority.

UOKiK – Office of Competition and Consumer Protection.

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

VFA – variable fee approach.

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

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

## 2. Information on PZU and PZU Group

### 2.1 Key information on PZU Group

Key information on the Group	
Name of the reporting entity	Powszechny Zakład Ubezpieczeń Spółka Akcyjna
Legal form	Joint stock company [Spółka Akcyjna]
Registered office	Poland
Country of registration	Poland
Registration address of the entity's offices	Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw
Principal place of business	Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland
Core business	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
				June 30, 2024	December 31, 2023	
<b>Consolidated insurance undertakings</b>						
1	Powszechny Zakład Ubezpieczeń SA	Warsaw	n/a	n/a	n/a	Non-life insurance. <a href="https://www.pzu.pl/grupa-pzu/spolki/pzu-sa">https://www.pzu.pl/grupa-pzu/spolki/pzu-sa</a>
2	Powszechny Zakład Ubezpieczeń na Życie SA	Warsaw	1991-12-18	100.00%	100.00%	Life insurance. <a href="https://www.pzu.pl/pl/grupa-pzu/spolki/pzu-zycie">https://www.pzu.pl/pl/grupa-pzu/spolki/pzu-zycie</a>
3	Link4 Towarzystwo Ubezpieczeń SA	Warsaw	2014-09-15	100.00%	100.00%	Non-life insurance. <a href="https://www.link4.pl/">https://www.link4.pl/</a>
4	Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych	Warsaw	2015-11-20	100.00%	100.00%	Non-life insurance. <a href="https://www.tuwpzuw.pl/">https://www.tuwpzuw.pl/</a>
5	AB "Lietuvos draudimas"	Vilnius (Lithuania)	2014-10-31	100.00%	100.00%	Non-life insurance. <a href="http://www.ld.lt/">http://www.ld.lt/</a>
6	AAS "BALTA"	Riga (Latvia)	2014-06-30	100.00%	100.00%	Non-life insurance. <a href="http://www.balta.lv/">http://www.balta.lv/</a>
7	PRJSC IC "PZU Ukraine"	Kyiv (Ukraine)	2005-07-01	100.00%	100.00%	Non-life insurance. <a href="http://www.pzu.com.ua/">http://www.pzu.com.ua/</a>
8	PRJSC IC "PZU Ukraine Life Insurance"	Kyiv (Ukraine)	2005-07-01	100.00%	100.00%	Life insurance. <a href="http://www.pzu.com.ua/">http://www.pzu.com.ua/</a>
9	UAB "PZU Lietuva gyvybes draudimas"	Vilnius (Lithuania)	2004-04-08	99.34%	99.34%	Life insurance. <a href="https://pzugd.lt/">https://pzugd.lt/</a>
10	Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych	Warsaw	2024-01-25	100.00%	n/a	Non-life insurance. <a href="https://polskigaztuw.pl/">https://polskigaztuw.pl/</a>
11	Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie	Warsaw	2024-01-25	100.00%	n/a	Life insurance. <a href="https://polskigaztuw.pl/pgtuwnz_oferta/">https://polskigaztuw.pl/pgtuwnz_oferta/</a>
<b>Consolidated companies – Pekao Group</b>						
12	Bank Pekao SA	Warsaw	2017-06-07	20.02%	20.02%	Banking services. <a href="https://www.pekao.com.pl/">https://www.pekao.com.pl/</a>
13	Pekao Bank Hipoteczny SA	Warsaw	2017-06-07	20.02%	20.02%	Banking services. <a href="http://www.pekaobh.pl/">http://www.pekaobh.pl/</a>
14	Pekao Leasing sp. z o.o.	Warsaw	2017-06-07	20.02%	20.02%	Lease services. <a href="http://www.pekaoleasing.com.pl/">http://www.pekaoleasing.com.pl/</a>
15	Pekao Investment Banking SA	Warsaw	2017-06-07	20.02%	20.02%	Brokerage services. <a href="http://pekaoib.pl/">http://pekaoib.pl/</a>
16	Pekao Faktoring sp. z o.o.	Lublin	2017-06-07	20.02%	20.02%	Factoring services. <a href="https://www.pekaofaktoring.pl/">https://www.pekaofaktoring.pl/</a>
17	Pekao Towarzystwo Funduszy Inwestycyjnych SA	Warsaw	2017-12-11	20.02%	20.02%	Creation, representation and management of mutual funds. <a href="https://pekaotfi.pl/">https://pekaotfi.pl/</a>
18	Centrum Kart SA	Warsaw	2017-06-07	20.02%	20.02%	Auxiliary financial services. <a href="https://centrumkart.eu/">https://centrumkart.eu/</a>
19	Pekao Financial Services sp. z o.o.	Warsaw	2017-06-07	46.81% <sup>1)</sup>	46.81% <sup>1)</sup>	Transfer agent. <a href="http://www.pekao-fs.com.pl/pl/">http://www.pekao-fs.com.pl/pl/</a>
20	Pekao Direct sp. z o.o.	Kraków	2017-06-07	20.02%	20.02%	Call center services. <a href="https://www.pekaodirect.pl/">https://www.pekaodirect.pl/</a>

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
				June 30, 2024	December 31, 2023	
<b>Consolidated companies – Pekao Group – continued</b>						
21	Pekao Property SA in liquidation	Warsaw	2017-06-07	20.02%	20.02%	Development activities.
22	FPB – Media sp. z o.o. in bankruptcy	Warsaw	2017-06-07	20.02%	20.02%	No business conducted.
23	Pekao Fundusz Kapitałowy sp. z o.o. in liquidation	Warsaw	2017-06-07	20.02%	20.02%	Business consulting.
24	Pekao Investment Management SA	Warsaw	2017-12-11	20.02%	20.02%	Asset management. <a href="https://pekaotfi.pl/o-nas/pekao-investment-mangament">https://pekaotfi.pl/o-nas/pekao-investment-mangament</a>
25	PeUF sp. z o.o.	Warsaw	2021-07-20	20.02%	20.02%	Auxiliary financial activities.
<b>Consolidated companies – Alior Bank Group</b>						
26	Alior Bank SA	Warsaw	2015-12-18	31.93%	31.93%	Banking services. <a href="https://www.aliorbank.pl/">https://www.aliorbank.pl/</a>
27	Alior Services sp. z o.o.	Warsaw	2015-12-18	31.93%	31.93%	Other activity supporting financial services, excluding insurance and pension funds.
28	Alior Leasing sp. z o.o.	Warsaw	2015-12-18	31.93%	31.93%	Lease services. <a href="https://www.aliorbank.pl/wlasna-dzialalnosc/alior-leasing.html">https://www.aliorbank.pl/wlasna-dzialalnosc/alior-leasing.html</a>
29	Meritum Services ICB SA	Gdańsk	2015-12-18	31.93%	31.93%	IT services.
30	Alior Towarzystwo Funduszy Inwestycyjnych SA	Warsaw	2015-12-18	31.93%	31.93%	Asset management services and management of Alior SFIO subfunds. <a href="https://www.aliortfi.com/">https://www.aliortfi.com/</a>
31	AL Finance sp. z o.o.	Katowice	2017-01-30	31.93%	31.93%	Agency activity.
32	Corsham sp. z o.o.	Warsaw	2019-02-04	31.93%	31.93%	Business consulting.
33	RBL_VC sp. z o.o.	Warsaw	2019-11-07	31.93%	31.93%	Venture capital fund management activities.
34	RBL_VC sp. z o.o. ASI SKA	Warsaw	2020-04-17	31.93%	31.93%	Activity of trusts, funds and similar financial institutions.
35	Alior Leasing Individual sp. z o.o.	Warsaw	2023-10-23	31.93%	31.93%	Finance lease
<b>Consolidated companies – PZU Zdrowie Group</b>						
36	PZU Zdrowie SA <sup>2)</sup>	Warsaw	2011-09-02	100.00%	100.00%	Medical services. <a href="https://www.pzu.pl/pl/grupa-pzu/spolki/pzu-zdrowie">https://www.pzu.pl/pl/grupa-pzu/spolki/pzu-zdrowie</a>
37	Centrum Medyczne Medica sp. z o.o.	Płock	2014-05-09	100.00%	100.00%	Medical services. <a href="https://www.plock.pzuzdrowie.pl/">https://www.plock.pzuzdrowie.pl/</a>
38	Sanatorium Uzdrowskowie “Krystynka” sp. z o.o.	Ciechocinek	2014-05-09	99.09%	99.09%	Hospital, physical therapy and spa services. <a href="http://www.sanatoriumkrystynka.pl/">http://www.sanatoriumkrystynka.pl/</a>
39	Przedsiębiorstwo Świadczeń Zdrowotnych i Promocji Zdrowia ELVITA – Jaworzno III sp. z o.o.	Jaworzno	2014-12-01	100.00%	100.00%	Medical services. <a href="https://www.jaworzno.pzuzdrowie.pl/">https://www.jaworzno.pzuzdrowie.pl/</a>
40	Przedsiębiorstwo Usług Medycznych PROELMED sp. z o.o.	Łaziska Górne	2014-12-01	57.00%	57.00%	Medical services. <a href="http://www.proelmed.pl/">http://www.proelmed.pl/</a>
41	Centrum Medyczne Gamma sp. z o.o.	Warsaw	2015-09-08	100.00%	100.00%	Medical services. <a href="http://www.cmgamma.pl/">http://www.cmgamma.pl/</a>



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				June 30, 2024	December 31, 2023	
<b>Consolidated companies – PZU Zdrowie Group – continued</b>						
42	Starówka sp. z o.o. <sup>3)</sup>	Warsaw	2019-06-03	100.00%	100.00%	Medical services. <a href="https://zdrowie.pzu.pl/">https://zdrowie.pzu.pl/</a>
43	Tomma Diagnostyka Obrazowa SA	Poznań	2019-12-09	100.00%	100.00%	Medical services. <a href="https://tomma.com.pl/">https://tomma.com.pl/</a>
44	Bonus-Diagnosta sp. z o.o.	Poznań	2019-12-09	100.00%	100.00%	Medical services.
45	Boramed Centrum Medyczne sp. z o.o.	Warsaw	2023-05-31	100.00%	100.00%	Medical services. <a href="https://www.boramed.pl/">https://www.boramed.pl/</a>
<b>Consolidated companies – other companies</b>						
46	Powszechne Towarzystwo Emerytalne PZU SA	Warsaw	1998-12-08	100.00%	100.00%	Management of pension funds. <a href="https://www.pzu.pl/pl/grupa-pzu/spolki/pte-pzu">https://www.pzu.pl/pl/grupa-pzu/spolki/pte-pzu</a>
47	PZU Centrum Operacji SA	Warsaw	2001-11-30	100.00%	100.00%	Auxiliary activity associated with insurance and pension funds. <a href="https://www.pzu.pl/grupa-pzu/spolki/pzu-centrumoperacji">https://www.pzu.pl/grupa-pzu/spolki/pzu-centrumoperacji</a>
48	Towarzystwo Funduszy Inwestycyjnych PZU SA	Warsaw	1999-04-30	100.00%	100.00%	Creation, representation and management of mutual funds. <a href="https://www.pzu.pl/pl/grupa-pzu/spolki/tfi-pzu">https://www.pzu.pl/pl/grupa-pzu/spolki/tfi-pzu</a>
49	PZU Pomoc SA	Warsaw	2009-03-18	100.00%	100.00%	Provision of assistance services. <a href="https://www.pzu.pl/grupa-pzu/spolki/pzu-pomoc">https://www.pzu.pl/grupa-pzu/spolki/pzu-pomoc</a>
50	PZU Finance AB (publ.) in liquidation	Stockholm (Sweden)	2014-06-02	100.00%	100.00%	Financial services.
51	PZU Finanse sp. z o.o.	Warsaw	2013-11-08	100.00%	100.00%	Financial and accounting services.
52	Tower Inwestycje sp. z o.o.	Warsaw	1998-08-27	100.00%	100.00%	Development activity, operation and lease of properties. <a href="https://www.pzu.pl/pl/grupa-pzu/spolki/tower-inwestycje">https://www.pzu.pl/pl/grupa-pzu/spolki/tower-inwestycje</a>
53	Ogrodowa-Inwestycje sp. z o.o.	Warsaw	2004-09-15	100.00%	100.00%	Buying, operating, renting and selling real estate. <a href="http://www.ogrodowainwestycje.pl/">http://www.ogrodowainwestycje.pl/</a>
54	Arm Property sp. z o.o.	Kraków	2014-11-26	100.00%	100.00%	Purchase and sale of real estate.
55	Ipsilon sp. z o.o.	Warsaw	2009-04-02	100.00%	100.00%	Provision of assistance services and medical services.
56	PZU Corporate Member Limited	London (United Kingdom)	2017-09-28	100.00%	100.00%	Investment activities.
57	PZU LAB SA	Warsaw	2011-09-13	100.00%	100.00%	Consulting and training services, development of technology innovation to support technical and procedural security processes and risk management. <a href="https://www.pzu.pl/pl/grupa-pzu/spolki/pzu-lab">https://www.pzu.pl/pl/grupa-pzu/spolki/pzu-lab</a>

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
				June 30, 2024	December 31, 2023	
<b>Consolidated companies – other companies – continued</b>						
58	Omicron BIS SA	Warsaw	2014-08-28	100.00%	100.00%	No business conducted.
59	LLC SOS Services Ukraine	Kyiv (Ukraine)	2005-07-01	100.00%	100.00%	Assistance services.
60	PZU CASH SA	Warsaw	2017-09-15	100.00%	100.00%	Other monetary intermediation. <a href="https://www.pzu.pl/grupa-pzu/spolki/pzu-cash-sa">https://www.pzu.pl/grupa-pzu/spolki/pzu-cash-sa</a>
61	Tulare Investments sp. z o.o.	Warsaw	2017-09-15	100.00%	100.00%	No business conducted.
62	PZU Projekt 01 SA	Warsaw	2020-09-01	100.00%	100.00%	No business conducted.
63	UAB "B10 biurai"	Vilnius (Lithuania)	2023-03-14	100.00%	100.00%	Property management.
64	UAB "B10 apartamentai"	Vilnius (Lithuania)	2023-03-14	100.00%	100.00%	Property management.
<b>Consolidated companies – Armatura Group</b>						
65	Armatura Kraków SA	Kraków	1999-10-07	100.00%	100.00%	Production and sale of radiators and sanitary fittings and administration and management of the group. <a href="https://www.kfa.pl/">https://www.kfa.pl/</a>
66	Aquaform Ukraine TOW in liquidation	Zhytomyr (Ukraine)	2015-01-15	100.00%	100.00%	No business conducted.
<b>Consolidated companies – mutual funds</b>						
67	PZU SFIO Universum	Warsaw	2009-12-15	n/a	n/a	Investment of funds collected from fund members.
68	PZU FIZ Sektor Nieruchomości 2	Warsaw	2011-11-21	n/a	n/a	as above
69	PZU FIZ Aktywów Niepublicznych BIS 1	Warsaw	2012-12-12	n/a	n/a	as above
70	PZU FIZ Aktywów Niepublicznych BIS 2	Warsaw	2012-11-19	n/a	n/a	as above
71	inPZU Inwestycji Ostrożnych	Warsaw	2018-04-10	n/a	n/a	as above
72	inPZU Obligacje Polskie	Warsaw	2018-04-10	n/a	n/a	as above
73	inPZU Akcje Polskie	Warsaw	2018-05-10	n/a	n/a	as above
74	inPZU Akcje Rynków Rozwiniętych	Warsaw	2018-05-10	n/a	n/a	as above
75	inPZU Obligacje Rynków Wschodzących	Warsaw	2018-05-10	n/a	n/a	as above
76	inPZU Akcje Rynków Wschodzących	Warsaw	2019-10-28	n/a	n/a	as above
77	inPZU Akcje Amerykańskie	Warsaw	2019-10-28	n/a	n/a	as above
78	inPZU Akcje CEEplus	Warsaw	2019-10-28	n/a	n/a	as above
79	PZU FIZ Legato	Warsaw	2021-08-11	n/a	n/a	as above
80	inPZU Akcje Rynku Surowców	Warsaw	2021-12-15	n/a	n/a	as above
81	inPZU Akcje Rynku Złota	Warsaw	2021-12-15	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
				June 30, 2024	December 31, 2023	
<b>Consolidated companies – mutual funds – continued</b>						
82	inPZU Akcje Sektora Zielonej Energii	Warsaw	2021-12-15	n/a	n/a	as above
83	inPZU Akcje Sektora Informatycznego	Warsaw	2021-12-15	n/a	n/a	as above
84	inPZU Akcje Sektora Nieruchomości	Warsaw	2021-12-15	n/a	n/a	as above
85	inPZU Akcje Europejskie	Warsaw	2021-12-15	n/a	n/a	as above
86	inPZU Obligacje Inflacyjne	Warsaw	2021-12-15	n/a	n/a	as above
87	PZU Akcji Globalnych Trendów	Warsaw	2023-04-12	n/a	n/a	as above
88	inPZU Akcje Sektora Biotechnologii	Warsaw	2023-09-07	n/a	n/a	as above
89	inPZU Akcje Sektora Cyberbezpieczeństwa	Warsaw	2023-09-07	n/a	n/a	as above
90	inPZU Sektora Technologii Kosmicznych	Warsaw	2023-09-07	n/a	n/a	as above
91	inPZU Akcje Sektora Zrównoważonej Gospodarki Wodnej	Warsaw	2023-09-07	n/a	n/a	as above
92	inPZU Zielone Obligacje	Warsaw	2023-09-07	n/a	n/a	as above
93	inPZU Obligacje Korporacyjne High Yield	Warsaw	2023-09-07	n/a	n/a	as above
94	inPZU Puls Życia 2070	Warsaw	2024-01-04	n/a	n/a	as above
<b>Consolidated companies – special purpose vehicles of PZU FIZ Sektor Nieruchomości 2</b>						
95	PH 3 sp. z o.o.	Warsaw	2011-01-28	100.00%	100.00%	Real property management.
96	PH 3 sp. z o.o. SKA	Warsaw	2011-01-28	100.00%	100.00%	Real property management.
97	Portfel Alliance Silesia I BIS sp. z o.o.	Warsaw	2013-03-29	100.00%	100.00%	Real property management.
98	Portfel Alliance Silesia III sp. z o.o.	Warsaw	2012-10-02	100.00%	100.00%	Real property management.
99	Portfel Alliance Silesia IV sp. z o.o.	Warsaw	2012-10-04	100.00%	100.00%	Real property management.
100	Portfel Alliance Silesia V sp. z o.o.	Warsaw	2012-10-08	100.00%	100.00%	Real property management.
101	Portfel Alliance Silesia VII sp. z o.o.	Warsaw	2012-10-04	100.00%	100.00%	Real property management.
102	Portfel PB 1 sp. z o.o.	Warsaw	2012-10-03	100.00%	100.00%	Real property management.
103	Portfel PB 2 sp. z o.o.	Warsaw	2012-10-08	100.00%	100.00%	Real property management.
104	Portfel PH 1 sp. z o.o.	Warsaw	2012-10-02	100.00%	100.00%	Real property management.
105	Portfel PH 2 sp. z o.o.	Warsaw	2012-10-08	100.00%	100.00%	Real property management.
106	EBP 1 sp. z o.o.	Warsaw	2018-09-28	100.00%	100.00%	Real property management.
107	EBP 2 sp. z o.o.	Warsaw	2012-07-11	100.00%	100.00%	Real property management.

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				June 30, 2024	December 31, 2023	
<b>Consolidated companies – special purpose vehicles of PZU FIZ Sektor Nieruchomości 2 – continued</b>						
108	EBP 3 Sp. z o.o.	Warsaw	2012-07-13	100.00%	100.00%	Real property management.
109	Ogrody Lubicz sp. z o.o.	Kraków	2012-07-25	100.00%	100.00%	Real property management.
110	Portfel PM 1 sp. z o.o.	Warsaw	2012-10-09	100.00%	100.00%	Real property management.
111	3 PB 1 sp. z o.o.	Warsaw	2012-03-22	100.00%	100.00%	Real property management.
112	3 PB 1 sp. z o.o. SKA	Warsaw	2012-03-22	100.00%	100.00%	Real property management.
113	Portfel2 PH5 sp. z o.o.	Warsaw	2014-11-28	100.00%	100.00%	Real property management.
114	2 PB 1 sp. z o.o.	Warsaw	2011-12-13	100.00%	100.00%	Real property management.
115	2 PB1 sp. z o.o. SKA	Warsaw	2011-12-13	100.00%	100.00%	Real property management.
116	2 PB 2 sp. z o.o.	Warsaw	2012-02-08	100.00%	100.00%	Real property management.
117	2PB3 sp. z o.o.	Warsaw	2012-07-12	100.00%	100.00%	Real property management.
118	2PB4 sp. z o.o.	Warsaw	2012-07-11	100.00%	100.00%	Real property management.
119	2PB5 sp. z o.o.	Warsaw	2012-07-25	100.00%	100.00%	Real property management.
120	2 PM 1 sp. z o.o.	Warsaw	2014-03-28	100.00%	100.00%	Real property management.
121	2PM2 sp. z o.o.	Warsaw	2012-12-04	100.00%	100.00%	Real property management.
122	2 PM 3 sp. z o.o.	Warsaw	2014-08-13	100.00%	100.00%	Real property management.
123	2PM4 sp. z o.o.	Warsaw	2014-11-07	100.00%	100.00%	Real property management.
124	2 PM 5 sp. z o.o.	Warsaw	2014-11-07	100.00%	100.00%	Real property management.
<b>Associates</b>						
125	Sigma BIS SA	Warsaw	2019-10-03	34.00%	34.00%	Advertising activity. <a href="https://sigma-media.pl/">https://sigma-media.pl/</a>
126	RUCH SA	Warsaw	2020-12-23	30.92%	30.92%	Retail sale of newspapers and stationery in specialized stores. <a href="https://ruch.com.pl/">https://ruch.com.pl/</a>
127	Krajowy Integrator Płatności SA <sup>4)</sup>	Poznań	2021-03-31	7.67%	7.67%	Other monetary intermediation. <a href="https://tpay.com/">https://tpay.com/</a>

<sup>1)</sup> PZU holds directly a 33.5% equity stake in Pekao Financial Services sp. z o.o., while Pekao holds 66.5%.

<sup>2)</sup> On April 30, 2024, Centrum Medyczne Nowa 5 sp. z o.o. merged with PZU Zdrowie SA. The transaction did not affect the condensed interim consolidated financial statements of the PZU Group.

<sup>3)</sup> On April 30, 2024, Starówka sp. z o.o. merged with PZU Zdrowie SA. The transaction will not affect the condensed interim consolidated financial statements of the PZU Group.

<sup>4)</sup> 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

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

The changes in the scope of consolidation and in the PZU Group's structure that occurred in the 6-month period ended June 30, 2024 are presented in the following sections.

### 2.3.1. Purchase of PG TUW and PG TUWnŻ

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

PG TUW holds 1,525,000 shares in the share capital of PG TUWnŻ representing 100% of the shares in PG TUWnŻ and entitling PG TUWnŻ to 99.9992% of the votes at the Shareholder Meeting of PG TUWnŻ, with PG TUW being the sole equity member of PG TUWnŻ.

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

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

#### *Purchase price allocation*

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

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

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

<b>Calculation of goodwill</b>	<b>January 31, 2024</b>
Consideration transferred	47
Estimated purchase price adjustment	11
Fair value of net assets acquired	(58)
<b>Goodwill</b>	<b>-</b>

### 2.3.2. Changes to consolidation of mutual funds

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

### 2.3.3. Liquidation of a company of the PZU Group

On May 27, 2024, the District Court for Kraków-Śródmieście issued a decision striking out AQ Spółka Akcyjna in liquidation from the register of businesses of the National Court Register. The strike-out did not affect the consolidated interim financial statements of the PZU Group.

## 2.4 Non-controlling interests

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

<b>Name of the entity</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Pekao <sup>1)</sup>	79.98%	79.98%
Alior Bank <sup>2)</sup>	68.07%	68.07%
Przedsiębiorstwo Usług Medycznych PROELMED sp. z o.o.	43.00%	43.00%
Sanatorium Uzdrowiskowe "Krystynka" sp. z o.o.	0.91%	0.91%
PZU LT GD	0.66%	0.66%

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

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

<b>Carrying amount of non-controlling interests</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b> (restated)
Pekao Group	22,598	24,320
Alior Bank Group	6,622	6,194
Other	1	1
<b>Total</b>	<b>29,221</b>	<b>30,515</b>

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

Assets	Pekao Group		Alior Bank Group	
	June 30, 2024	December 31, 2023 (restated)	June 30, 2024	December 31, 2023
Goodwill	693	693	-	-
Intangible assets	2,102	2,101	427	411
Deferred tax assets	1,173	1,091	933	1,018
Other assets	232	156	95	64
Property, plant and equipment	2,085	2,066	740	743
Entities accounted for using the equity method	57	54	-	-
Assets held for sale	16	33	-	-
Assets pledged as collateral for liabilities	1,187	1,648	77	47
Loan receivables from clients	164,101	158,568	61,082	59,850
Financial derivatives	8,062	10,122	405	663
Investment financial assets	117,691	111,427	22,805	23,358
Measured at amortized cost	102,524	94,926	5,100	7,790
Measured at fair value through other comprehensive income	13,635	14,830	17,624	15,472
Measured at fair value through profit or loss	1,532	1,671	81	96
Current income tax receivables	-	1	-	1
Other receivables	3,168	3,103	1,342	1,542
Cash and cash equivalents	15,523	14,715	2,074	2,259
<b>Total assets</b>	<b>316,090</b>	<b>305,778</b>	<b>89,980</b>	<b>89,956</b>

Equity and liabilities	Pekao Group		Alior Bank Group	
	June 30, 2024	December 31, 2023 (restated)	June 30, 2024	December 31, 2023
<b>Equity</b>				
Equity attributable to the equity holders of the parent company	28,254	30,408	9,728	9,099
Share capital	263	263	1,306	1,306
Other capital	23,335	21,725	7,341	5,900
Retained earnings	4,656	8,420	1,081	1,893
Non-controlling interests	12	12	-	-
<b>Total equity</b>	<b>28,266</b>	<b>30,420</b>	<b>9,728</b>	<b>9,099</b>
<b>Liabilities</b>				
Subordinated liabilities	2,782	2,781	767	1,160
Liabilities on the issue of own debt securities	13,299	9,958	2,169	2,109
Liabilities to banks	6,133	6,759	279	288
Liabilities to clients under deposits	244,806	231,497	73,663	73,078
Derivatives	8,824	10,724	704	903
Current income tax liabilities	588	1,492	170	324
Other liabilities	9,387	10,267	2,157	2,674
Provisions	1,985	1,859	341	319
Deferred tax liabilities	20	21	2	2
<b>Total liabilities</b>	<b>287,824</b>	<b>275,358</b>	<b>80,252</b>	<b>80,857</b>
<b>Total equity and liabilities</b>	<b>316,090</b>	<b>305,778</b>	<b>89,980</b>	<b>89,956</b>

<b>Consolidated profit and loss account for the period from January 1 to June 30, 2024</b>	<b>PZU Group</b>	<b>Elimination of Pekao's data</b>	<b>Elimination of Alior Bank's data</b>	<b>Elimination of consolidation adjustments</b>	<b>PZU Group without Pekao and Alior Bank</b>
Insurance service result before reinsurance	2,350	-	-	-	2,350
Insurance revenue	14,295	-	-	-	14,295
Insurance service expenses	(11,945)	-	-	-	(11,945)
Net income or expenses from reinsurance contracts held	(750)	-	-	-	(750)
Reinsurance premium allocation	(898)	-	-	-	(898)
Amounts recoverable from reinsurers	148	-	-	-	148
Insurance service result	1,600	-	-	-	1,600
Insurance finance income or expenses	(928)	-	-	-	(928)
Finance income or expenses from reinsurance	90	-	-	-	90
Interest income calculated using the effective interest rate, and equivalent	13,718	(9,042)	(3,545)	120	1,251
Other net investment income	189	(114)	56	(3)	128
Result on derecognition of financial instruments and investments not measured at fair value through profit or loss	32	(9)	(30)	-	(7)
Movement in allowances for expected credit losses and impairment losses on financial instruments	(625)	403	177	-	(45)
Net movement in fair value of assets and liabilities measured at fair value	560	(139)	(83)	-	338
Revenue from commissions and fees	2,578	(1,782)	(733)	92	155
Fee and commission expenses	(727)	425	314	(13)	(1)
Operating costs of banks	(3,451)	2,532	1,013	(93)	1
Legal risk costs of foreign currency mortgage loans	(270)	243	28	-	1
Interest expenses	(4,085)	2,969	1,029	(24)	(111)
Other operating income	858	(205)	(72)	30	611
Other operating expenses	(2,220)	901	270	(109)	(1,158)
<b>Operating profit (loss)</b>	<b>7,319</b>	<b>(3,818)</b>	<b>(1,576)</b>	<b>-</b>	<b>1,925</b>
Share of the net financial results of entities accounted for using the equity method	5	(4)	-	-	1
<b>Profit (loss) before tax</b>	<b>7,324</b>	<b>(3,822)</b>	<b>(1,576)</b>	<b>-</b>	<b>1,926</b>
Income tax	(1,688)	834	399	-	(455)
<b>Net profit (loss)</b>	<b>5,636</b>	<b>(2,988)</b>	<b>(1,177)</b>	<b>-</b>	<b>1,471</b>



<b>Consolidated profit and loss account for the period from January 1 to June 30, 2023 (restated)</b>	<b>PZU Group</b>	<b>Elimination of Pekao's data</b>	<b>Elimination of Alior Bank's data</b>	<b>Elimination of consolidation adjustments</b>	<b>PZU Group without Pekao and Alior Bank</b>
Insurance service result before reinsurance	1,309	-	-	-	1,309
Insurance revenue	13,013	-	-	-	13,013
Insurance service expenses	(11,704)	-	-	-	(11,704)
Net income or expenses from reinsurance contracts held	681	-	-	-	681
Reinsurance premium allocation	(724)	-	-	-	(724)
Amounts recoverable from reinsurers	1,405	-	-	-	1,405
Insurance service result	1,990	-	-	-	1,990
Insurance finance income or expenses	(883)	-	-	-	(883)
Finance income or expenses from reinsurance	10	-	-	-	10
Interest income calculated using the effective interest rate, and equivalent	13,512	(8,860)	(3,604)	101	1,149
Other net investment income	289	(205)	(48)	(3)	33
Result on derecognition of financial instruments and investments not measured at fair value through profit or loss	3	14	(14)	-	3
Movement in allowances for expected credit losses and impairment losses on financial instruments	(756)	366	409	-	19
Net movement in fair value of assets and liabilities measured at fair value	689	(185)	22	-	526
Revenue from commissions and fees	2,648	(1,741)	(864)	78	121
Fee and commission expenses	(843)	398	451	(6)	-
Operating costs of banks	(3,056)	2,232	905	(81)	-
Legal risk costs of foreign currency mortgage loans	(48)	45	3	-	-
Interest expenses	(4,486)	3,063	1,334	(32)	(121)
Other operating income	712	(145)	(73)	5	499
Other operating expenses	(2,112)	816	273	(62)	(1,085)
<b>Operating profit (loss)</b>	<b>7,669</b>	<b>(4,202)</b>	<b>(1,206)</b>	<b>-</b>	<b>2,261</b>
Share of the net financial results of entities accounted for using the equity method	4	(3)	-	-	1
<b>Profit (loss) before tax</b>	<b>7,673</b>	<b>(4,205)</b>	<b>(1,206)</b>	<b>-</b>	<b>2,262</b>
Income tax	(1,757)	923	319	-	(515)
<b>Net profit (loss)</b>	<b>5,916</b>	<b>(3,282)</b>	<b>(887)</b>	<b>-</b>	<b>1,747</b>

Statement of comprehensive income	Pekao Group		Alior Bank Group	
	January 1 – June 30, 2024	January 1 – June 30, 2023	January 1 – June 30, 2024	January 1 – June 30, 2023
Net profit	2,988	3,282	1,177	887
Net other comprehensive income	(98)	1,467	30	644
Subject to subsequent reclassification to profit or loss	(44)	1,451	27	636
Valuation of debt instruments	118	588	47	129
Reclassification of debt instruments valuation for the profit and loss account	(6)	(1)	(4)	(3)
Measurement of loan receivables from clients	(2)	4	-	-
Foreign exchange translation differences	-	-	(2)	1
Cash flow hedging	(164)	1,200	(7)	658
Income tax	10	(340)	(7)	(149)
Not to be reclassified to profit or loss in the future	(54)	16	3	8
Valuation of equity instruments	(67)	47	4	10
Actuarial gains and losses related to provisions for employee benefits	-	(27)	-	-
Income tax	13	(4)	(1)	(2)
<b>Total net comprehensive income</b>	<b>2,890</b>	<b>4,749</b>	<b>1,207</b>	<b>1,531</b>

Statement of Cash Flows	Pekao Group		Alior Bank Group	
	January 1 – June 30, 2024	January 1 – June 30, 2023	January 1 – June 30, 2024	January 1 – June 30, 2023
Net cash flows from operating activities	12,205	15,028	246	623
Net cash flows from investing activities	(8,548)	(15,146)	574	(865)
Net cash flows from financing activities	(2,843)	(2,207)	(1,001)	689
<b>Total net cash flows</b>	<b>814</b>	<b>(2,325)</b>	<b>(181)</b>	<b>447</b>

Dividend-related information	Pekao Group		Alior Bank Group	
	January 1 – June 30, 2024	January 1 – June 30, 2023	January 1 – June 30, 2024	January 1 – June 30, 2023
Date of ratifying the dividend	2024-04-17	2023-06-06	2024-04-26	-
Record date	2024-04-24	2023-07-04	2024-05-10	-
Dividend payment date	2024-05-10	2023-07-18	2024-05-24	-
Dividend per share (PLN)	19.20	5.42	4.42	-
Dividend attributable to PZU Group	1,009	285	184	-
Dividend attributable to non-controlling interest	4,031	1,138	393	-

### 3. Shareholder structure

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

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

The Treasury, holding 34.1875% of PZU shares, entitling it to 34.1875% of voting rights on the General Meeting of Shareholders of PZU, controls PZU within the meaning of IFRS 10.

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

From April 23 to May 31, 2024, BlackRock Inc. carried out transactions in PZU shares, causing the 5% threshold pertaining to its stake and voting rights at the General Meeting of PZU to be exceeded.

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

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

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

### 4.1 Management Board of the parent company

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

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

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

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

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

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

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

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

The resolutions came into force upon their adoption.

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

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

From May 16, 2024 to the date of signing the condensed interim financial statements, the PZU Management Board consisted of the following persons:

- Artur Olech – President of the PZU Management Board (until July 18, 2024 – Member of the PZU Management Board in charge of the Management Board pending the approval of the Polish Financial Supervision Authority);
- Bartosz Grześkowiak – Member of the PZU Management Board;
- Elżbieta Häuser-Schöneich - Member of the PZU Management Board;
- Tomasz Kulik – Member of the PZU Management Board;
- Maciej Rapkiewicz – Member of the PZU Management Board;
- Jan Zimowicz – Member of the PZU Management Board.

## 4.2 PZU Group Directors

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

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

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

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

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

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

As of May 16, 2024, Paweł Wróbel was appointed as PZU Group Director at PZU and PZU Życie.

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

- Sławomir Bilik (PZU);
- Bartosz Grześkowiak (PZU Życie);
- Elżbieta Häuser-Schöneich (PZU Życie);
- Jarosław Mastalerz (PZU);
- Małgorzata Skibińska (PZU and PZU Życie);

- Paweł Wajda (PZU);
- Iwona Wróbel (PZU);
- Małgorzata Skibińska (PZU and PZU Życie);
- Jan Zimowicz (PZU Życie).

## 5. Parent Company's Supervisory Board

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

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

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

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

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

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

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

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

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

## 6. Significant accounting policies and key estimates and judgments

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

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

In accordance with IAS 34, in its condensed interim consolidated financial statements, the PZU Group reports burdens on profit or loss in respect of income tax based on its best estimate of the weighted average income tax rate which the PZU Group expects to be applicable within the full financial year.

### 6.1 Amendments to the applied IFRS

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

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

Name of standard/interpretation	Approving regulation	Comment
Amendments to IFRS 16 – Leases	2023/2579	The amendment requires that when measuring lease liabilities arising from a leaseback, the seller (lessee) should not recognize any gain or loss related to the retained right of use. The change did not have any significant effect on the PZU Group's consolidated financial statements.
Amendment to IAS 1 – Classification of liabilities as current and non-current	2023/2822	The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists and also that the intentions or expectations of an entity regarding the willingness to use the possibility of deferring a liability are not relevant for the classification. The amendments did not exert a material influence on the PZU Group's consolidated financial statements.
Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments – Disclosures	2024/1317	<p>The amendments relate to disclosure requirements (qualitative and quantitative) on supplier financing arrangements. Entities will be required to disclose information to assess how supplier arrangements affect the entity's liabilities and cash flows and to understand the impact of supplier arrangements on the entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to the entity.</p> <p>The amendment introduces disclosure requirements on:</p> <ul style="list-style-type: none"> <li>• the terms and conditions of the supplier finance arrangements;</li> <li>• for the arrangements, as at the beginning and end of the reporting period:                             <ul style="list-style-type: none"> <li>– the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;</li> <li>– the carrying amount of financial liabilities disclosed referred to above for which suppliers have already received payment from the finance providers;</li> <li>– the range of payment due dates of financial liabilities referred to above and comparable trade payables that are not part of a supplier finance arrangement; and</li> </ul> </li> <li>• the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement.</li> </ul> <p>Supplier financing arrangements are also added as an example under the liquidity risk disclosure requirements.</p> <p>The amendment will not have a significant impact on the consolidated financial statements of PZU Group.</p>

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

The following changes have not yet been approved by the European Commission:

Name of standard/ interpretation	Date of issue by the IASB	Effective date (according to IASB)	Comment
Amendments to IAS 21 – The effects of changes in foreign exchange rates	2023-08-15	2025-01-01	<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"> <li>• specify when a currency is exchangeable and when it is not;</li> <li>• specify how an entity determines the exchange rate to apply when a currency is not exchangeable;</li> <li>• 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.</li> </ul> <p>The amendment will not affect the PZU Group's consolidated statements to any significant extent.</p>
IFRS 18 – Presentation and disclosures in financial statements	2024-04-09	2027-01-01	<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"> <li>• 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;</li> <li>• 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;</li> <li>• guidelines on aggregation and disaggregation of financial information.</li> </ul> <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 disclosures presented in the PZU Group's consolidated financial statements. PZU Group is in the process of analyzing this impact.</p>
IFRS 19 – Subsidiaries without public accountability – Disclosures	2024-05-09	2027-01-01	<p>The new IFRS 19 permits subsidiaries to apply reduced disclosure requirements in the application of the IFRS in their financial statements. The eligible subsidiaries are:</p> <ul style="list-style-type: none"> <li>• those that are not publicly accountable, i.e., those that do not hold shares or debt instruments listed on the stock exchange and hold no assets as trust on behalf of a wide range of third parties; and</li> <li>• those whose parent company applies IFRS in its consolidated financial statements.</li> </ul> <p>The application of IFRS 19 is optional.</p> <p>The disclosure requirements of IFRS 19 are reduced compared to those in other IFRSs. The eligible subsidiary that applies IFRS 19 must apply recognition, measurement and presentation requirements under other IFRSs.</p> <p>The new standard will not affect the PZU Group's consolidated statements.</p>

Name of standard/ interpretation	Date of issue by the IASB	Effective date (according to IASB)	Comment
Amendments to IFRS 9 and IFRS 7 – Changes in the classification and measurement of financial instruments	2024-05-30	2026-01-01	<p>The amendments address doubts present in the application of the standards, and cover, among other things:</p> <ul style="list-style-type: none"> <li>• a more specific description of the moment of recognition and derecognition of financial assets and liabilities, with a new exception for financial liabilities settled by electronic transfer taken into account – if certain criteria are met, the entity may deem (a part of) a financial liability that is settled using an electronic payment system to be discharged before the settlement date. If an entity applies this option, it will be obliged to apply it to all settlements made using the same electronic payment system;</li> <li>• clarification and additional guidelines on whether financial assets pass the solely payments of principal and interest (SPPI) test – the amendments cover three areas within the framework of that test:                         <ul style="list-style-type: none"> <li>○ contractual terms that could change contractual cash flows based on a contingent event (e.g., a change in interest rate contingent on specific ESG-linked criteria);</li> <li>○ terms concerning instruments with non-recourse features (instruments where the holder’s rights to cash flows is contractually limited to a given asset) – these terms do not automatically fail an SPPI test, but have to be looked through;</li> <li>○ contractually linked instruments – the issuer may prioritize payments using multiple contractually linked instruments (known as “tranches”), which creates concentrations of credit risk. The amendment shows that the key feature distinguishing contractually linked [<i>instruments</i>] from other instruments with non-recourse features is a waterfall payment structure which results in a disproportionate allocation of cash shortfalls from the underlying pool between the tranches. It also shows and provides examples that not all transactions with multiple debt instruments satisfy the criteria of transactions using multiple contractually linked instruments. Furthermore, it clarifies that the reference to the underlying pool of instruments may cover financial instruments outside the scope of IFRS 9;</li> </ul> </li> <li>• new disclosures for instruments, the contractual terms of which change the timing or amount of contractual cash flows based on the occurrence (or non-occurrence) of a contingent event that does not related directly to changes in basic lending risks and costs (e.g. instruments with environmental, social and governance (ESG)-linked features);</li> <li>• new disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income (such as the need for a separate presentation of the profit or loss related to instruments held at the end of the period, and to derecognized instruments).</li> </ul> <p>PZU Group’s assessment concerning the impact of the standard amendments on its consolidated financial statements is ongoing.</p>



Name of standard/ interpretation	Date of issue by the IASB	Effective date (according to IASB)	Comment
Annual Improvements - Volume 11	2024-18-07	2026-01-01	<p>Improvements amend five Standards:</p> <ul style="list-style-type: none"> <li>• IFRS 1 – hedge accounting by a first-time adopter – the amendment addresses potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9.</li> <li>• IFRS 7:                             <ul style="list-style-type: none"> <li>○ gain or loss on derecognition – the amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 was issued;</li> <li>○ disclosure of deferred difference between fair value and transaction price – the amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when the issuance of IFRS 13 made an amendment to paragraph 28 but no corresponding amendments to implementation guidance;</li> <li>○ credit risk introduction and disclosures – the amendment addresses a potential confusion by adding a statement to paragraph IG1 that the implementation guidance does not illustrate all the requirements of IFRS 7, and by streamlining the wording of some statements.</li> </ul> </li> <li>• IFRS 9:                             <ul style="list-style-type: none"> <li>○ lessee derecognition of lease liabilities – the amendment addresses a potential lack of clarity about a lessee’s accounting for derecognition of a lease liability that arises because paragraph 2.1(b)(ii) of IFRS 9 includes a cross-reference to paragraph 3.3.1, but not paragraph 3.3.3 of IFRS 9;</li> <li>○ transaction price – the amendment addresses a potential confusion arising from a reference in Appendix A of IFRS 9 to the definition of ‘transaction price’ in IFRS 15, whereas the term ‘transaction price’ is used in particular paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of that term in IFRS 15.</li> </ul> </li> <li>• IFRS 10 – determination of a ‘de facto agent’ – the amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.</li> <li>• IAS 7 – cost method – the amendment addresses a potential lack of clarity in paragraph 37 of IAS 7 which arises from the continued use of a term that is no longer defined in IFRS Accounting Standards (‘cost method’).</li> </ul> <p>PZU Group’s assessment concerning the impact of the standard amendments on its consolidated financial statements is ongoing.</p>

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

## 6.2 Restatement of comparative data

### 6.2.1. Amendments resulting from the 2023 consolidated financial statements of the PZU Group

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

- [A] has decided to change the treatment of accounting estimates made in the condensed interim financial statements prepared throughout 2023 related to the implementation of IFRS 17;
- [B] has made presentation amendments to the data presented in the condensed interim consolidated financial statements for H1 2023:
  - in the consolidated profit and loss account – the presentation of fee and commission income and expenses, other operating income and expenses presented separately and a change in the presentation of interest income on derivative hedging instruments;
  - in the consolidated statement of comprehensive income – the presentation on a separate line of the reclassification of the valuation of debt financial instruments to the consolidated profit and loss account and the breakdown of income tax into the part subject to and not subject to transfer to the consolidated profit and loss account.

### 6.2.2. Amendments introduced in the condensed interim consolidated financial statements for the 6 months ended June 30, 2024

#### 6.2.2.1. Changes in designating and recognizing legal risk provisions concerning mortgage loans denominated in the Swiss franc (CHF)

Effective as of January 1, 2024, the PZU Group has changed its accounting policy in recognizing the impact of the legal risk in judicial proceedings related to mortgage loans denominated in CHF, assuming that this risk is separate from credit risk. In reference to outstanding loans (as at the balance sheet date), the impact of this legal risk was presented in accordance with paragraph B5.4.6 of IFRS 9 “Financial instruments” as an adjustment to the gross carrying amount of the CHF mortgage loan portfolio (in lieu of this legal risk being theretofore recognized as part of expected credit losses, and this provision being presented under “movement in allowances for expected credit losses and impairment losses on financial instruments” as well as “Other operating expenses”). The PZU Group does not treat legal risk as a cause for credit exposure impairment, as has been the case so far.

This update to the accounting policy governing CHF mortgage loan contracts results most of all from the need to better reflect the dynamic shifts in the legal environment over the few recent months, given the materialized risk that the full and on-schedule recovery of cash flows for this portfolio is not possible (not due to the borrower’s credit risk, but due to the annulment of the contract as a whole). Given the unfavorable approach towards banks in case law, the PZU Group is seeing more and more judicial proceedings and a significant share of cases lost (especially where the loan agreement is annulled), which translates to the PZU Group not being able to fully recover the cash flows under CHF mortgage loan contracts.

The PZU Group believes that the change in the way how the legal risk is recognized better reflects the nature of the risk in this portfolio and means that figures presented in the financial statements, concerning mortgage loans denominated in Swiss francs, reflect in a better and more adequate manner the economic nature of risk in this portfolio. Furthermore, thanks to this, the data presented by the PZU Group concerning the legal risk of mortgage loans denominated in Swiss francs are more comparable with the market practice applied in this regard.

The restatement of comparative data as at December 31, 2023 resulted in a decrease in the gross carrying amount of mortgage loans denominated in CHF by PLN 1,591 million and a simultaneous decrease in expected credit losses on these exposures by PLN 1,664 million.

#### 6.2.2.2. Change in the presentation of credit receivables acquired from Idea Bank SA (“IB”)

Based on a 2024 analysis, in order to adjust the presentation of credit receivables acquired from IB to the specific nature of the transaction involving the acquisition of this credit portfolio along with the security in the form of an integral credit risk guarantee, as of January 1 2024, the PZU Group has changed the manner in which the guarantee obtained is presented. In previous periods, the PZU Group separately presented expected credit losses on the portfolio acquired from IB (without recognizing them in the calculation of the guarantee obtained), and recognized the receivable arising from the said guarantee under loans and borrowings. Since January 1 2024, the PZU Group has been presenting expected credit losses on net credit exposures acquired from IB together with settlements arising from the guarantee. The PZU Group believes that this presentation better reflects the economic nature of the credit portfolio acquired together with the integral guarantee obtained during the acquisition of IB.

The PZU Group has adequately restated comparative data, lowering the gross carrying amount for loans and allowances for the possible credit losses as at December 31, 2023 by PLN 0.9 billion, without impacting the statement of financial position and profit or loss.

#### 6.2.2.3. Change in the presentation of cash turnover costs in the profit and loss account

The PZU Group has changed the way it presents cash turnover costs (mainly the outsourcing of cash processing). These costs are currently presented under Cost of commissions and fees. Prior to this, they were under Operating costs of banks.

The change results from an adjustment to market practice observed in this regard, and, in the opinion of the PZU Group, better reflects the nature of those transactions by recognizing both cash turnover revenue and expenses as commission income.

#### 6.2.2.4. Change in presenting the result from assets measured at fair value through profit or loss

The PZU Group has decided to change the way in which it presents the result from assets measured at fair value through profit or loss; now, it will be presented under one item in the consolidated profit and loss account, Net movement in fair value of assets and liabilities measured at fair value, without the realized part of it being moved to Result on derecognition of financial instruments and investments. The PZU Group believes this presentation will be more useful and reliable.

### 6.2.3. The impact of change on the basic tables in the condensed interim consolidated financial statements of the PZU Group

Consolidated profit and loss account	April 1 – June 30, 2023 (before restatement)	6.2.1 [A]	6.2.1 [B]	6.2.2.1	6.2.2.3	6.2.2.4	April 1 – June 30, 2023 (restated)
Insurance service result before reinsurance	1,425	7	-	-	-	-	1,432
Insurance revenue	6,601	13	-	-	-	-	6,614
Insurance service expenses	(5,176)	(6)	-	-	-	-	(5,182)
Net income or expenses from reinsurance contracts held	(303)	5	-	-	-	-	(298)
Reinsurance premium allocation	(360)	1	-	-	-	-	(359)
Amounts recoverable from reinsurers	57	4	-	-	-	-	61
Insurance service result	1,122	12	-	-	-	-	1,134
Insurance finance income or expenses	(400)	(6)	-	-	-	-	(406)
Finance income or expenses from reinsurance	(2)	(1)	-	-	-	-	(3)
Interest income calculated using the effective interest rate, and equivalent	6,958	-	-	(6)	-	-	6,952
Other net investment income	116	-	-	-	-	-	116
Result on derecognition of financial instruments and investments not measured at fair value through profit or loss	196	-	-	-	-	(184)	12
Movement in allowances for expected credit losses and impairment losses on financial instruments	(448)	3	-	45	-	-	(400)
Net movement in fair value of assets and liabilities measured at fair value	159	-	-	6	-	184	349
Revenue from commissions and fees	n/a	-	1,363	-	-	-	1,363
Fee and commission expenses	n/a	-	(418)	-	(26)	-	(444)
Fees and commissions result	945	-	(945)	-	-	-	n/a
Operating costs of banks	(1,606)	(1)	-	-	26	-	(1,581)
Interest expenses	(2,290)	-	-	-	-	-	(2,290)
Legal risk costs of foreign currency mortgage loans	n/a	-	-	(37)	-	-	(37)
Other operating income	n/a	-	355	-	-	-	355
Other operating expenses	n/a	(32)	(941)	60	-	-	(913)
Other operating income and expenses	(586)	-	586	-	-	-	n/a
<b>Operating profit</b>	<b>4,164</b>	<b>(25)</b>	<b>-</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>4,207</b>
Share of the net financial results of entities accounted for using the equity method	2	-	-	-	-	-	2
<b>Profit before tax</b>	<b>4,166</b>	<b>(25)</b>	<b>-</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>4,209</b>
Income tax	(907)	(5)	-	(4)	-	-	(916)
<b>Net profit, including:</b>	<b>3,259</b>	<b>(30)</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>3,293</b>
- profit attributable to the equity holders of the Parent Company	1,545	(30)	-	13	-	-	1,528
- profit attributable to holders of non-controlling interests	1,714	-	-	51	-	-	1,765

<b>Consolidated profit and loss account</b>	<b>January 1 – June 30, 2023</b> (before restatement)	<b>6.2.1 [A]</b>	<b>6.2.1 [B]</b>	<b>6.2.2.1</b>	<b>6.2.2.3</b>	<b>6.2.2.4</b>	<b>January 1 – June 30, 2023</b> (restated)
Insurance service result before reinsurance	1,300	9	-	-	-	-	1,309
Insurance revenue	13,002	11	-	-	-	-	13,013
Insurance service expenses	(11,702)	(2)	-	-	-	-	(11,704)
Net income or expenses from reinsurance contracts held	676	5	-	-	-	-	681
Reinsurance premium allocation	(726)	2	-	-	-	-	(724)
Amounts recoverable from reinsurers	1,402	3	-	-	-	-	1,405
Insurance service result	1,976	14	-	-	-	-	1,990
Insurance finance income or expenses	(875)	(8)	-	-	-	-	(883)
Finance income or expenses from reinsurance	12	(2)	-	-	-	-	10
Interest income calculated using the effective interest rate, and equivalent	13,526	-	-	(14)	-	-	13,512
Other net investment income	289	-	-	-	-	-	289
Result on derecognition of financial instruments and investments not measured at fair value through profit or loss	367	-	-	-	-	(364)	3
Movement in allowances for expected credit losses and impairment losses on financial instruments	(797)	1	-	40	-	-	(756)
Net movement in fair value of assets and liabilities measured at fair value	319	-	-	6	-	364	689
Revenue from commissions and fees	n/a	-	2,648	-	-	-	2,648
Fee and commission expenses	n/a	-	(794)	-	(49)	-	(843)
Fees and commissions result	1,854	-	(1,854)	-	-	-	n/a
Operating costs of banks	(3,095)	(10)	-	-	49	-	(3,056)
Interest expenses	(4,486)	-	-	-	-	-	(4,486)
Legal risk costs of foreign currency mortgage loans	n/a	-	-	(48)	-	-	(48)
Other operating income	n/a	-	712	-	-	-	712
Other operating expenses	n/a	(16)	(2,228)	132	-	-	(2,112)
Other operating income and expenses	(1,516)	-	1,516	-	-	-	n/a
<b>Operating profit</b>	<b>7,574</b>	<b>(21)</b>	<b>-</b>	<b>116</b>	<b>-</b>	<b>-</b>	<b>7,669</b>
Share of the net financial results of entities accounted for using the equity method	4	-	-	-	-	-	4
<b>Profit before tax</b>	<b>7,578</b>	<b>(21)</b>	<b>-</b>	<b>116</b>	<b>-</b>	<b>-</b>	<b>7,673</b>
Income tax	(1,742)	(14)	-	(1)	-	-	(1,757)
<b>Net profit, including:</b>	<b>5,836</b>	<b>(35)</b>	<b>-</b>	<b>115</b>	<b>-</b>	<b>-</b>	<b>5,916</b>
- profit attributable to the equity holders of the Parent Company	2,700	(35)	-	23	-	-	2,688
- profit attributable to holders of non-controlling interests	3,136	-	-	92	-	-	3,228

Consolidated statement of comprehensive income	April 1 – June 30, 2023 (before restatement)	6.2.1 [A]	6.2.1 [B]	Presentation changes	April 1 – June 30, 2023 (restated)
Net profit	3,259	(30)	64	-	3,293
Net other comprehensive income	n/a	3	-	613	616
Other comprehensive income, gross	778	-	-	(778)	n/a
Subject to subsequent reclassification to profit or loss	783	3	-	(166)	620
Valuation of debt instruments	299	-	-	7	306
Reclassification of debt instruments valuation for the profit and loss account	n/a	-	-	(7)	(7)
Measurement of loan receivables from clients	5	-	-	-	5
Insurance finance income or expenses	(335)	5	-	-	(330)
Finance income or expenses from reinsurance	(7)	3	-	-	(4)
Foreign exchange translation differences	(85)	(2)	-	-	(87)
Cash flow hedging	906	-	-	-	906
Income tax	n/a	(3)	-	(166)	(169)
Not to be reclassified to profit or loss in the future	(5)	-	-	1	(4)
Valuation of equity instruments	22	-	-	-	22
Reclassification of real property from property, plant and equipment to investment property	(1)	-	-	-	(1)
Actuarial gains and losses related to provisions for employee benefits	(26)	-	-	-	(26)
Income tax	n/a	-	-	1	1
Tax recognized in other comprehensive income	(165)	-	-	165	n/a
<b>Total net comprehensive income</b>	<b>3,872</b>	<b>(27)</b>	<b>64</b>	<b>-</b>	<b>3,909</b>
- comprehensive income attributable to equity holders of the Parent Company	1,542	(27)	13	-	1,528
- comprehensive income attributable to holders of non-controlling interest	2,330	-	51	-	2,381

Consolidated statement of comprehensive income	January 1 – June 30, 2023 (before restatement)	6.2.1 [A]	6.2.1 [B]	Presentation changes	January 1 – June 30, 2023 (restated)
Net profit	5,836	(35)	115	-	5,916
Net other comprehensive income	n/a	22	-	1,523	1,545
Other comprehensive income, gross	1,899	-	-	(1,899)	n/a
Subject to subsequent reclassification to profit or loss	1,972	22	-	(390)	1,604
Valuation of debt instruments	1,137	-	-	1	1,138
Reclassification of debt instruments valuation for the profit and loss account	n/a	-	-	(1)	(1)
Measurement of loan receivables from clients	4	-	-	-	4
Insurance finance income or expenses	(1,069)	30	-	-	(1,039)
Finance income or expenses from reinsurance	(19)	2	-	-	(17)
Foreign exchange translation differences	(91)	(2)	-	-	(93)
Cash flow hedging	2,010	-	-	-	2,010
Income tax	n/a	(8)	-	(390)	(398)
Not to be reclassified to profit or loss in the future	(73)	-	-	14	(59)
Valuation of equity instruments	(53)	-	-	-	(53)
Reclassification of real property from property, plant and equipment to investment property	6	-	-	-	6
Actuarial gains and losses related to provisions for employee benefits	(26)	-	-	-	(26)
Income tax	n/a	-	-	14	14
Tax recognized in other comprehensive income	(376)	-	-	376	n/a
<b>Total net comprehensive income</b>	<b>7,359</b>	<b>(13)</b>	<b>115</b>	<b>-</b>	<b>7,461</b>
- comprehensive income attributable to equity holders of the Parent Company	2,610	(13)	23	-	2,620
- comprehensive income attributable to holders of non-controlling interest	4,749	-	92	-	4,841

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

<b>Equity and liabilities</b>	<b>December 31, 2023</b> (before restatement)	<b>6.2.2.1</b>	<b>December 31, 2023</b> (restated)	<b>January 1, 2023</b> (before restatement)	<b>6.2.2.1</b>	<b>January 1, 2023</b> (restated)
<b>Equity</b>						
Equity attributable to the equity holders of the parent company	30,022	15	30,037	26,162	1	26,163
Retained earnings	11,711	15	11,726	8,871	1	8,872
Retained profit or loss	5,945	1	5,946	5,090	1	5,091
Net profit	5,766	14	5,780	3,781	-	3,781
Non-controlling interests	30,457	58	30,515	22,263	5	22,268
<b>Total equity</b>	<b>60,479</b>	<b>73</b>	<b>60,552</b>	<b>48,425</b>	<b>6</b>	<b>48,431</b>
<b>Liabilities</b>						
Provisions	2,307	(21)	2,286	1,711	13	1,724
<b>Total liabilities</b>	<b>407,414</b>	<b>(21)</b>	<b>407,393</b>	<b>380,761</b>	<b>13</b>	<b>380,774</b>
<b>Total equity and liabilities</b>	<b>467,893</b>	<b>52</b>	<b>467,945</b>	<b>429,186</b>	<b>19</b>	<b>429,205</b>

### 6.3 Use of estimates and assumptions

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

#### 6.3.1. Judgments in exercising control

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

- how many votes it holds at the shareholder meeting and whether it holds more votes than other investors (including potential voting rights and rights resulting from other contractual arrangements);
- how many entities would have to act together in order to outvote the PZU Group;
- distribution of votes at previous shareholder meetings, to analyze the activity or passivity of other shareholders;
- if the key personnel of the entity or members of the investee's governing body are related parties of the PZU Group or have been put forward by PZU;
- 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 January 23, 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>On June 1, 2022, an annex was signed extending the Shareholder Agreement until June 7, 2025, with the possibility of further extensions; on March 30, 2023, an annex adding a new area for cooperation, ESG, was concluded.</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 concluded 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>
Other shareholders	<p>Only two shareholders hold a stake of more than 5%, accounting in total for 12% shares. The remaining shareholders are dispersed and a significant number of entities would have to take concerted action to outvote PZU at the shareholder meeting.</p> <p>Paragraphs B73 – B75 of IFRS 10 and ESMA guidelines show that when analyzing the voting rights held, one should also account for the votes that may be cast by entities controlled by the same entity as PZU, even if there are no formal arrangements on joint voting.</p> <p>Even though there are no formal arrangements with other entities associated with the State Treasury, PZU assumes that such entities may be 'de facto' agents within the meaning of paragraph B73 of IFRS 10.</p> <p>Resolutions of the general meeting of shareholders necessary for the day-to-day management of relevant activities are adopted by a simple majority vote. A qualified majority vote is required solely for specific matters (such as amending the articles of association) beyond the scope of day-to-day management.</p> <p>The analysis of attendance at past general meetings of shareholders shows that the figure was at most 73% of those authorized to vote, which shows that the rest of the shareholders are passive; thanks to this, since the acquisition of Pekao, PZU has been able to get its draft resolutions passed at the meetings.</p>	<p>Only 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>Paragraphs B73 – B75 of IFRS 10 and ESMA guidelines show that when analyzing the voting rights held, one should also account for the votes that may be cast by entities controlled by the same entity as PZU, even if there are no formal arrangements on joint voting.</p> <p>Even though there are no formal arrangements with other entities associated with the State Treasury, PZU assumes that such entities may be 'de facto' agents within the meaning of paragraph B73 of IFRS 10.</p> <p>Resolutions of the general meeting of shareholders necessary for the day-to-day management of relevant activities are adopted by a simple majority vote. A qualified majority vote is required solely for specific matters (such as amending the articles of association) beyond the scope of day-to-day management.</p> <p>The analysis of attendance at past general meetings of shareholders shows that the figure was at most 74% of those authorized to vote, which shows that the rest of the shareholders are passive; thanks to this since the acquisition of Alior Bank, PZU has been able to get its draft resolutions passed at the meetings.</p>
PZU representatives in governing bodies	<p>Supervisory Board members include persons fulfilling key management functions at PZU.</p> <p>All Supervisory Board members have been put forward by PZU or PFR.</p>	<p>Supervisory Board members include persons fulfilling key management functions at PZU.</p> <p>The majority of the Supervisory Board members have been put forward by PZU.</p>

In the light of the evidence above, it has been determined that the PZU Group exercises control both over Pekao (since June 7, 2017) and over Alior Bank (since December 18, 2015) and over their subsidiaries and therefore they were consolidated. This

conclusion is based on a cyclical control analysis which accounts for changing facts and circumstances and which contains significant judgment.

### **6.3.2. Assets and liabilities under insurance and reinsurance contracts**

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

### **6.3.3. Impairment and expected credit losses**

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

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

### **6.3.4. Goodwill**

Within the 6-month period ended June 30, 2024, the PZU Group has not identified any signs of goodwill impairment and thus did not recognize any impairment losses in this regard.

### **6.3.5. Provision for potential reimbursements of loan costs**

On an ongoing basis, the PZU Group monitors the value of estimated prepayments of consumer loans and takes into account the most recent data on incoming complaints and reimbursement amounts when calculating the value of the provision for potential reimbursements of loan costs. Detailed information on this subject is presented in section 9.36.

### **6.3.6. Legal risk provision for foreign currency mortgage loans in Swiss francs**

As at every balance sheet date, the PZU Group estimates potential loss resulting from the legal risk involved in foreign currency mortgage loans in Swiss francs; with respect to outstanding loans as at the balance sheet date, this loss estimate forms part of the gross carrying amount for loans designated by the PZU Group, and any potential excess of the estimate over the gross carrying amount is recognized as a provision in line with IAS 37. The most important elements in the estimate include the forecast for litigation cases, propensity of clients to conclude a settlement, the probability of losing the case, the probability for various adjudication scenarios reflecting the current state of the case-law, the forecasted duration of the court cases, and statutory interest costs which the PZU Group will have to cover in this respect.

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

For more information thereon please see section 9.36.

### **6.3.7. Modification of expected cash flows on PLN mortgage contracts**

On April 12, 2024, the Sejm passed the amended Act on Support to Home Loan Borrowers and have taken a home loan and are in financial distress as well as the Act on social funding for economic ventures and borrower assistance (the "Act"). On April 18, 2024, the Act was approved by the Senate and signed by the President on May 6, 2024.

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

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

As at the date the Act entered into force, the PZU Group estimated and recognized under financial results the cost related to modifying PLN mortgage contracts granted to consumers at PLN 630 million. These estimates were based on an expert estimate of the participation rate and the assumption that the number of clients who would exercise their right to suspend repayment would be maximum.

As at June 30, 2024, the PZU Group updated its estimates in respect of the credit portfolio to which the rights under the Act pertained, valid as at the balance sheet date, and also updated the expected participation rate. As a result of the update, the final cost recognized in the consolidated profit and loss account for the 6-month period ended June 30, 2024 was PLN 320 million.

This estimate will be periodically verified, especially in terms of the expected participation rate, and its updates will be recognized in PZU Group's current financial results.

The PZU Group does not identify an increased credit risk where the client suspends the repayment of their loan.

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

In the 6-month period ended June 30, 2024, there were no events that resulted in any significant change to the structure of financial statement line items.

## 8. Significant events after the end of the reporting period

### 8.1 Bond issuance at Pekao

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

## 9. Notes to the condensed interim consolidated financial statements

### 9.1 Insurance and reinsurance contracts

#### 9.1.1. Key assumptions

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

- loss ratios – assumptions are based on historical observations as well as the PZU Group's own assessment of expected claims patterns for new insurance contracts;

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

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

Cash flows for reported annuities are projected individually based on the current annuity amount, the expected annuity term and the expected growth rate. The annuity term is determined on the basis of the age and sex of the annuity recipient, based on mortality determined at 100% of the Polish Life Expectancy Tables 2019 (“PTTŻ 2019”) and, in the case of temporary annuities, additionally on the basis of the end of the annuity payment. The annuity growth forecast is made on the basis of historical annuity increases.

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

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

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

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

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

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

### *Cash flow discounting*

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

Portfolio duration	June 30, 2024					December 31, 2023				
	1 year	5 years	10 years	20 years	40 years	1 year	5 years	10 years	20 years	40 years
<b>No premium</b>										
PLN	4.79%	5.41%	5.63%	5.26%	4.46%	4.95%	4.84%	5.10%	4.95%	4.36%
EUR	3.43%	2.77%	2.72%	2.66%	2.80%	3.36%	2.32%	2.39%	2.41%	2.71%
USD	5.05%	4.06%	3.94%	3.91%	3.49%	4.76%	3.50%	3.45%	3.46%	3.19%
GBP	4.89%	3.96%	3.86%	3.99%	3.71%	4.74%	3.36%	3.28%	3.43%	3.08%
NOK	4.46%	3.84%	3.67%	3.58%	3.48%	4.00%	3.31%	3.22%	3.27%	3.33%
<b>Annuities</b>										
PLN	4.99%	5.61%	5.83%	5.46%	4.66%	5.29%	5.18%	5.44%	5.28%	4.70%
EUR	3.46%	2.80%	2.76%	2.69%	2.83%	3.41%	2.38%	2.45%	2.46%	2.77%
<b>IK</b>										
PLN	4.92%	5.54%	5.76%	5.39%	4.60%	5.18%	5.07%	5.33%	5.17%	4.58%

### Risk adjustment for non-financial risk

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

### 9.1.2. Insurance revenue

Insurance revenue	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated)	January 1 – June 30, 2023 (restated)
Contracts not measured under the PAA	2,159	4,301	2,026	4,036
Amounts relating to changes in liabilities for the remaining coverage	1,986	3,955	1,860	3,711
Expected incurred claims and other insurance service expenses	1,573	3,125	1,450	2,902
Release of the risk adjustment for non-financial risk for the period	43	86	39	80
Contractual service margin recognized in profit or loss for services provided	398	791	395	772
Other (including experience adjustments for premium receipts)	(28)	(47)	(24)	(43)
Recovery of insurance acquisition cash flows	173	346	166	325
Contracts measured under the PAA	5,124	9,994	4,588	8,977
<b>Total insurance revenue</b>	<b>7,283</b>	<b>14,295</b>	<b>6,614</b>	<b>13,013</b>

### 9.1.3. Reinsurance premium allocation

Reinsurance premium allocation	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated)	January 1 – June 30, 2023 (restated)
Contracts not measured under the PAA	-	-	-	-
Contracts measured under the PAA	(473)	(898)	(359)	(724)
<b>Allocation of reinsurance premiums, total</b>	<b>(473)</b>	<b>(898)</b>	<b>(359)</b>	<b>(724)</b>

#### 9.1.4. Movement in insurance contract assets and liabilities

Movement in insurance contract assets and liabilities January 1 – June 30, 2024	LRC		Contracts not under PAA	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimates of the present value of the future cash flows	risk adjustment for non-financial risk	
<b>Beginning of the period</b>	<b>24,890</b>	<b>538</b>	<b>795</b>	<b>14,841</b>	<b>1,153</b>	<b>42,217</b>
Assets	(129)	5	9	4	-	(111)
Liabilities	25,019	533	786	14,837	1,153	42,328
<b>Changes in the consolidated profit or loss or in the consolidated other comprehensive income</b>	<b>(12,235)</b>	<b>156</b>	<b>3,684</b>	<b>6,581</b>	<b>(2)</b>	<b>(1,816)</b>
Insurance service result before reinsurance	(12,595)	146	3,676	6,436	(13)	(2,350)
Insurance revenue	(14,295)	-	-	-	-	(14,295)
Measured under the modified retrospective approach	(1,087)	-	-	-	-	(1,087)
Measured under the fair value	(19)	-	-	-	-	(19)
Other contracts	(13,189)	-	-	-	-	(13,189)
Insurance service expenses	2,331	146	3,067	6,414	(13)	11,945
Incurred claims and other insurance service expenses	-	(532)	3,067	6,414	(13)	8,936
Incurred in the period	-	(532)	3,123	6,467	199	9,257
Incurred in the past	-	-	(56)	(53)	(212)	(321)
Amortization of insurance acquisition cash flows	2,331	-	-	-	-	2,331
Losses and loss reversals on onerous contracts	-	678	-	-	-	678
Investment component	(631)	-	609	22	-	-
Net finance expenses from insurance contracts	360	10	8	118	10	506
Foreign exchange differences	-	-	-	27	1	28
<b>Cash flows</b>	<b>13,166</b>	<b>-</b>	<b>(3,667)</b>	<b>(6,720)</b>	<b>-</b>	<b>2,779</b>
Premiums received	15,596	-	-	-	-	15,596
Insurance service expenses paid, including investment components	-	-	(3,667)	(6,720)	-	(10,387)
Insurance acquisition cash flows	(2,430)	-	-	-	-	(2,430)
Other changes	87 <sup>1)</sup>	(1)	-	(10)	(1)	75
<b>End of the period</b>	<b>25,908</b>	<b>693</b>	<b>812</b>	<b>14,692</b>	<b>1,150</b>	<b>43,255</b>
Assets	(131)	6	10	6	-	(109)
Liabilities	26,039	687	802	14,686	1,150	43,364

<sup>1)</sup> This includes PLN 103 million due to the consolidation of the PG TUW.

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

Movement in insurance contract assets and liabilities January 1 – June 30, 2023 (restated)	LRC		Contracts not under PAA	LIC Contracts under PAA		Total
	excluding the loss component	loss component		estimates of the present value of the future cash flows	risk adjustment for non-financial risk	
<b>Beginning of the period</b>	<b>22,658</b>	<b>565</b>	<b>730</b>	<b>12,361</b>	<b>1,136</b>	<b>37,450</b>
Assets	(79)	4	3	4	-	(68)
Liabilities	22,737	561	727	12,357	1,136	37,518
<b>Changes in the consolidated profit or loss or in the consolidated other comprehensive income</b>	<b>(10,371)</b>	<b>(35)</b>	<b>3,586</b>	<b>7,389</b>	<b>44</b>	<b>613</b>
Insurance service result before reinsurance	(11,489)	(45)	3,574	6,662	(11)	(1,309)
Insurance revenue	(13,013)	-	-	-	-	(13,013)
Measured under the modified retrospective approach	(1,114)	-	-	-	-	(1,114)
Measured under the fair value	(23)	-	-	-	-	(23)
Other contracts	(11,876)	-	-	-	-	(11,876)
Insurance service expenses	2,131	(45)	2,996	6,633	(11)	11,704
Incurred claims and other insurance service expenses	-	(517)	2,996	6,633	(11)	9,101
Incurred in the period	-	(517)	3,030	5,513	199	8,225
Incurred in the past	-	-	(34)	1,120	(210)	876
Amortization of insurance acquisition cash flows	2,131	-	-	-	-	2,131
Losses and loss reversals on onerous contracts	-	472	-	-	-	472
Investment component	(607)	-	578	29	-	-
Net finance expenses from insurance contracts	1,121	10	12	774	58	1,975
Foreign exchange differences	(3)	-	-	(47)	(3)	(53)
<b>Cash flows</b>	<b>11,860</b>	<b>-</b>	<b>(3,572)</b>	<b>(5,483)</b>	<b>-</b>	<b>2,805</b>
Premiums received	14,112	-	-	-	-	14,112
Insurance service expenses paid, including investment components	-	-	(3,572)	(5,483)	-	(9,055)
Insurance acquisition cash flows	(2,252)	-	-	-	-	(2,252)
Other changes	(61)	(4)	(1)	(47)	(4)	(117)
<b>End of the period</b>	<b>24,086</b>	<b>526</b>	<b>743</b>	<b>14,220</b>	<b>1,176</b>	<b>40,751</b>
Assets	(110)	4	4	4	-	(98)
Liabilities	24,196	522	739	14,216	1,176	40,849

Movement in insurance contract assets and liabilities – Non-PAA insurance contracts January 1 – June 30, 2024	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Measurement under MRA	Measurement under fair value retrospective transition approach	Other contracts	CSM, total	
<b>Beginning of the period</b>	<b>9,179</b>	<b>1,542</b>	<b>4,563</b>	<b>22</b>	<b>4,178</b>	<b>8,763</b>	<b>19,484</b>
Assets	(497)	84	28	-	285	313	(100)
Liabilities	9,676	1,458	4,535	22	3,893	8,450	19,584
<b>Changes in the consolidated profit or loss or in the consolidated other comprehensive income</b>	<b>(655)</b>	<b>2</b>	<b>(74)</b>	<b>(1)</b>	<b>245</b>	<b>170</b>	<b>(483)</b>
Insurance service result before reinsurance	(844)	5	(175)	(1)	154	(22)	(861)
Changes that relate to future services	(657)	89	120	-	649	769	201
Contracts initially recognized in the period	(480)	73	-	-	646	646	239
Changes that adjust the CSM	(137)	15	120	-	3	123	1
Changes on onerous contracts	(40)	1	-	-	-	-	(39)
Changes that relate to current services	(152)	(63)	(295)	(1)	(495)	(791)	(1,006)
CSM recognized for services provided	-	-	(295)	(1)	(495)	(791)	(791)
Changes in risk adjustments for non-financial risks for the period	-	(63)	-	-	-	-	(63)
Experience adjustment for current service	(152)	-	-	-	-	-	(152)
Changes that relate to past services – changes for claims and other insurance service expenses	(35)	(21)	-	-	-	-	(56)
Net finance expenses from insurance contracts	189	(3)	101	-	91	192	378
Foreign exchange differences	-	-	-	-	-	-	-
<b>Cash flows</b>	<b>729</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>729</b>
Premiums received	4,758	-	-	-	-	-	4,758
Insurance service expenses paid, including investment component	(3,667)	-	-	-	-	-	(3,667)
Insurance acquisition cash flows	(362)	-	-	-	-	-	(362)
Other changes	(5)	(1)	(2)	-	(1)	(3)	(9)
<b>End of the period</b>	<b>9,248</b>	<b>1,543</b>	<b>4,487</b>	<b>21</b>	<b>4,422</b>	<b>8,930</b>	<b>19,721</b>
Assets	(559)	97	28	-	336	364	(98)
Liabilities	9,807	1,446	4,459	21	4,086	8,566	19,819



Movement in insurance contract assets and liabilities – Non-PAA insurance contracts January 1 – June 30, 2023 (restated)	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Measurement under MRA	Measurement under fair value retrospective transition approach	Other contracts	CSM, total	
<b>Beginning of the period</b>	<b>7,961</b>	<b>1,388</b>	<b>4,639</b>	<b>29</b>	<b>3,680</b>	<b>8,348</b>	<b>17,697</b>
Assets	(302)	47	26	-	172	198	(57)
Liabilities	8,263	1,341	4,613	29	3,508	8,150	17,754
<b>Changes in the consolidated profit or loss or in the consolidated other comprehensive income</b>	<b>(70)</b>	<b>113</b>	<b>78</b>	<b>-</b>	<b>307</b>	<b>385</b>	<b>428</b>
Insurance service result before reinsurance	(896)	(28)	(25)	-	234	209	(715)
Changes that relate to future services	(882)	53	277	2	702	981	152
Contracts initially recognized in the period	(523)	66	-	-	644	644	187
Changes that adjust the CSM	(317)	(15)	274	2	58	334	2
Changes on onerous contracts	(42)	2	3	-	-	3	(37)
Changes that relate to current services	(3)	(58)	(302)	(2)	(468)	(772)	(833)
CSM recognized for services provided	-	-	(302)	(2)	(468)	(772)	(772)
Changes in risk adjustments for non-financial risks for the period	-	(58)	-	-	-	-	(58)
Experience adjustment for current service	(3)	-	-	-	-	-	(3)
Changes that relate to past services – changes for claims and other insurance service expenses	(11)	(23)	-	-	-	-	(34)
Net finance expenses from insurance contracts	827	141	103	-	73	176	1,144
Foreign exchange differences	(1)	-	-	-	-	-	(1)
<b>Cash flows</b>	<b>678</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>678</b>
Premiums received	4,577	-	-	-	-	-	4,577
Insurance service expenses paid, including investment component	(3,572)	-	-	-	-	-	(3,572)
Insurance acquisition cash flows	(327)	-	-	-	-	-	(327)
Other changes	(15)	(3)	(8)	-	(2)	(10)	(28)
<b>End of the period</b>	<b>8,554</b>	<b>1,498</b>	<b>4,709</b>	<b>29</b>	<b>3,985</b>	<b>8,723</b>	<b>18,775</b>
Assets	(412)	64	28	-	232	260	(88)
Liabilities	8,966	1,434	4,681	29	3,753	8,463	18,863

### 9.1.5. Movement in reinsurance contract assets and liabilities

Movement in reinsurance contract assets and liabilities January 1 – June 30, 2024	LRC		Contracts not under PAA	LIC Contracts under PAA		Total
	excluding the loss recovery component	loss recovery component		estimates of the present value of the future cash flows	risk adjustment for non-financial risk	
<b>Beginning of the period</b>	<b>42</b>	-	-	<b>(3,288)</b>	<b>(188)</b>	<b>(3,434)</b>
Assets	(9)	-	-	(3,272)	(188)	(3,469)
Liabilities	51	-	-	(16)	-	35
<b>Changes in the consolidated profit or loss or in the consolidated other comprehensive income</b>	<b>900</b>	-	-	<b>(238)</b>	<b>9</b>	<b>671</b>
Net income or expenses from reinsurance contracts held	901	-	-	(163)	12	750
Reinsurance premium allocation	898	-	-	-	-	898
Amounts recoverable from reinsurers	-	-	-	(160)	12	(148)
Recoveries of incurred claims and other expenses incurred in the period	-	-	-	(220)	(24)	(244)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	60	36	96
Investment component	3	-	-	(3)	-	-
Change in the risk of non-performance by the reinsurer	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	(39)	(2)	(41)
Foreign exchange differences	(1)	-	-	(36)	(1)	(38)
<b>Cash flows</b>	<b>(1,120)</b>	-	-	<b>482</b>	-	<b>(638)</b>
Premiums paid	(1,120)	-	-	-	-	(1,120)
Claims recovered and expenses paid	-	-	-	482	-	482
Other changes	(60) <sup>1)</sup>	-	-	-	-	(60) <sup>1)</sup>
<b>End of the period</b>	<b>(238)</b>	-	-	<b>(3,044)</b>	<b>(179)</b>	<b>(3,461)</b>
Assets	(299)	-	-	(3,028)	(178)	(3,505)
Liabilities	61	-	-	(16)	(1)	44

<sup>1)</sup> Change in the composition of the Group – consolidation of the PG TUW.

Movement in reinsurance contract assets and liabilities January 1 – June 30, 2023 (restated)	LRC		contracts not under PAA	LIC contracts under PAA		Total
	excluding the loss recovery component	loss recovery component		estimates of the present value of the future cash flows	risk adjustment for non-financial risk	
<b>Beginning of the period</b>	<b>(64)</b>	-	-	<b>(2,038)</b>	<b>(203)</b>	<b>(2,305)</b>
Assets	(122)	-	-	(2,013)	(201)	(2,336)
Liabilities	58	-	-	(25)	(2)	31
<b>Changes in the consolidated profit or loss or in the consolidated other comprehensive income</b>	<b>731</b>	-	-	<b>(1,326)</b>	<b>(79)</b>	<b>(674)</b>
Net income or expenses from reinsurance contracts held	727	-	-	(1,328)	(80)	(681)
Reinsurance premium allocation	724	-	-	-	-	724
Amounts recoverable from reinsurers	-	-	-	(1,325)	(80)	(1,405)
Recoveries of incurred claims and other expenses incurred in the period	-	-	-	(136)	(22)	(158)
Changes for recoveries of incurred claims and other expenses incurred in the past	-	-	-	(1,189)	(58)	(1,247)
Investment component	3	-	-	(3)	-	-
Change in the risk of non-performance by the reinsurer	-	-	-	1	-	1
Net finance income from reinsurance contracts	-	-	-	(15)	(2)	(17)
Foreign exchange differences	4	-	-	16	3	23
<b>Cash flows</b>	<b>(725)</b>	-	-	<b>136</b>	-	<b>(589)</b>
Premiums paid	(725)	-	-	-	-	(725)
Claims recovered and expenses paid	-	-	-	136	-	136
Other changes	(1)	-	-	3	-	2
<b>End of the period</b>	<b>(59)</b>	-	-	<b>(3,225)</b>	<b>(282)</b>	<b>(3,566)</b>
Assets	(116)	-	-	(3,203)	(281)	(3,600)
Liabilities	57	-	-	(22)	(1)	34

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

Non-PAA insurance contracts	Contracts issued January 1 – June 30, 2024			Contracts issued January 1 – June 30, 2023 (restated)		
	profitable	onerous	total	profitable	onerous	total
<b>Insurance contracts</b>						
Estimate cash outflows	2,006	1,956	3,962	2,134	1,604	3,738
Estimate claims and insurance service expenses	1,764	1,805	3,569	1,879	1,478	3,357
Estimate insurance acquisition cash flows	242	151	393	255	126	381
Estimate cash inflows	(2,708)	(1,734)	(4,442)	(2,829)	(1,432)	(4,261)
Risk adjustment for non-financial risk	56	17	73	51	15	66
CSM	646	-	646	644	-	644
Losses recognized on initial recognition	-	(239)	(239)	-	(187)	(187)
<b>Reinsurance contracts</b>						
Estimate cash outflows	-	-	-	-	-	-
Estimate cash inflows	-	-	-	-	-	-
Risk adjustment for non-financial risk	-	-	-	-	-	-
CSM	-	-	-	-	-	-

Non-PAA insurance contracts	Contracts issued April 1 – June 30, 2024			Contracts issued April 1 – June 30, 2023 (restated)		
	profitable	onerous	total	profitable	onerous	total
<b>Insurance contracts</b>						
Estimate cash outflows	1,050	801	1,851	1,032	722	1,754
Estimate claims and insurance service expenses	919	735	1,654	902	663	1,565
Estimate insurance acquisition cash flows	131	66	197	130	59	189
Estimate cash inflows	(1,413)	(713)	(2,126)	(1,389)	(643)	(2,032)
Risk adjustment for non-financial risk	28	7	35	25	8	33
CSM	335	-	335	332	-	332
Losses recognized on initial recognition	-	(95)	(95)	-	(87)	(87)
<b>Reinsurance contracts</b>						
Estimate cash outflows	-	-	-	-	-	-
Estimate cash inflows	-	-	-	-	-	-
Risk adjustment for non-financial risk	-	-	-	-	-	-
CSM	-	-	-	-	-	-

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

## 9.2 Interest income calculated using the effective interest rate, and equivalent

Interest income calculated using the effective interest rate, and equivalent	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated)	January 1 – June 30, 2023 (restated)
Loan receivables from clients	4,128	8,505	4,662	9,171
Debt securities measured at fair value through other comprehensive income	843	1,668	774	1,509
Debt securities measured at amortized cost	1,198	2,371	972	1,801
Buy-sell-back transactions	162	291	161	312
Term deposits with credit institutions	148	289	89	167
Loans	96	195	122	233
Receivables purchased	164	325	186	366
Hedge derivatives	(166)	(321)	(259)	(534)
Receivables	9	19	20	42
Cash and cash equivalents	186	376	225	445
<b>Total interest income calculated using the effective interest rate, and equivalent</b>	<b>6,768</b>	<b>13,718</b>	<b>6,952</b>	<b>13,512</b>

## 9.3 Other net investment income

Other net investment income	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023	January 1 – June 30, 2023
Dividend income, including:	41	45	40	42
Investment financial assets measured at fair value through profit or loss	11	15	11	13
Investment financial assets measured at fair value through other comprehensive income	30	30	29	29
Foreign exchange differences	48	71	40	179
Income on investment property	89	172	90	176
Investment property maintenance expenses	(43)	(84)	(43)	(87)
Other	1	(15)	(11)	(21)
<b>Total other net investment income</b>	<b>136</b>	<b>189</b>	<b>116</b>	<b>289</b>

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

Result on derecognition of financial instruments and investments not measured at fair value through profit or loss	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated)	January 1 – June 30, 2023 (restated)
Investment financial assets	10	10	8	3
Debt instruments measured at fair value through other comprehensive income	7	2	7	1
Instruments measured at amortized cost	3	8	1	2
Loan receivables from clients measured at amortized cost	24	10	15	8
Short sale	10	13	(12)	(7)
Receivables	-	(1)	1	(1)
<b>Total result on derecognition of financial instruments and investments not measured at fair value through profit or loss</b>	<b>44</b>	<b>32</b>	<b>12</b>	<b>3</b>

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

Movement in allowances for expected credit losses and impairment losses on financial instruments	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated)	January 1 – June 30, 2023 (restated)
Investment financial assets	(39)	(34)	20	21
Debt instruments measured at fair value through other comprehensive income	(1)	2	13	14
Instruments measured at amortized cost	(38)	(36)	7	7
- debt instruments	(10)	(11)	3	(2)
- term deposits with credit institutions	(1)	-	1	2
- loans	(27)	(25)	3	7
Loan receivables from clients	(218)	(539)	(316)	(760)
- measured at amortized cost	(213)	(534)	(319)	(763)
- measured at fair value through other comprehensive income	(5)	(5)	3	3
Guarantees and sureties given	(86)	(45)	(110)	(18)
Receivables	(6)	(8)	1	(1)
Cash and cash equivalents	2	1	5	2
<b>Movement in allowances for expected credit losses and impairment losses on financial instruments, total</b>	<b>(347)</b>	<b>(625)</b>	<b>(400)</b>	<b>(756)</b>

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

Net movement in fair value of assets and liabilities measured at fair value	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated)	January 1 – June 30, 2023 (restated)
Investment financial instruments measured at fair value through profit or loss	202	510	12	194
Equity instruments	21	104	77	113
Debt securities	48	113	(133)	(105)
Participation units and investment certificates	133	293	68	186
Derivatives	59	176	525	706
Measurement of liabilities to members of consolidated mutual funds	(16)	(35)	(17)	(30)
Investment contracts for the client's account and risk (unit-linked)	(9)	(21)	(15)	(26)
Investment property	(85)	(97)	(164)	(168)
Loan receivables from clients	7	27	8	13
<b>Net movement in fair value of assets and liabilities measured at fair value, total</b>	<b>158</b>	<b>560</b>	<b>349</b>	<b>689</b>

## 9.7 Revenue from commissions and fees

Revenue from commissions and fees	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023	January 1 – June 30, 2023
Banking activity	1,055	2,235	1,225	2,379
Margin on foreign exchange transactions with clients	254	505	287	545
Brokerage fees	58	121	50	100
Fiduciary activity	21	40	18	36
Payment card and credit card services	263	655	400	766
Fees on account of insurance intermediacy activities	8	17	11	18
Loans and borrowings	136	264	148	277
Bank account-related services	92	192	89	192
Transfers	78	156	77	153
Cash operations	23	48	27	55
Receivables purchased	19	37	25	47
Guarantees, letters of credit, collections, promises	28	55	23	47
Commissions on leasing activity	25	52	26	52
Other commission	50	93	44	91
Revenue and payments received from funds and mutual fund management companies	133	256	102	198
Pension insurance	44	85	35	69
Other	1	2	1	2
<b>Total revenue from commissions and fees</b>	<b>1,233</b>	<b>2,578</b>	<b>1,363</b>	<b>2,648</b>

## 9.8 Fee and commission expenses

Fee and commission expenses	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated)	January 1 – June 30, 2023 (restated)
Costs of card and ATM transactions, including card issue costs	161	469	318	593
Commissions on acquisition of banking clients	32	58	23	47
Fees for the provision of ATMs	13	24	12	23
Costs of awards to banking clients	7	13	6	13
Costs of bank transfers and remittances	12	24	12	25
Additional services attached to banking products	8	15	5	11
Brokerage fees	8	16	8	15
Costs of administration of bank accounts	2	3	2	3
Costs of banknote operations	3	8	5	13
Fiduciary activity expenses	7	14	7	13
Other commission	41	83	46	87
<b>Total fee and commission expenses</b>	<b>294</b>	<b>727</b>	<b>444</b>	<b>843</b>

## 9.9 Operating costs of banks

Operating costs of banks	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated)	January 1 – June 30, 2023 (restated)
Consumption of materials and energy	34	81	44	119
Third party services	263	542	253	492
Taxes and charges	18	35	16	32
Employee expenses	1,145	2,152	955	1,796
Depreciation of property, plant and equipment	135	259	132	262
Amortization of intangible assets	103	202	93	184
Other, including:	102	180	88	171
– advertising	59	103	50	95
– other	43	77	38	76
<b>Total administrative expenses</b>	<b>1,800</b>	<b>3,451</b>	<b>1,581</b>	<b>3,056</b>

## 9.10 Interest expenses

Interest expenses	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023	January 1 – June 30, 2023
Term deposits	934	1,906	1,052	2,055
Current deposits	483	924	501	987
Own debt securities issued	339	655	287	587
Hedge derivatives	112	234	222	467
Loans	10	22	13	29
Repurchase transactions	70	160	126	190
Bank loans contracted by PZU Group companies	57	115	52	105
Leases	19	36	15	26
Other	12	33	22	40
<b>Total interest expenses</b>	<b>2,036</b>	<b>4,085</b>	<b>2,290</b>	<b>4,486</b>

## 9.11 Other operating income

Other operating income	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023	January 1 – June 30, 2023
Revenues on the sales of products, merchandise and services by non-insurance and non-banking companies	322	648	274	552
Reversal of provisions	42	53	28	40
Other	84	157	53	120
<b>Other operating income, total</b>	<b>448</b>	<b>858</b>	<b>355</b>	<b>712</b>



## 9.12 Other operating expenses

Other operating expenses	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated)	January 1 – June 30, 2023 (restated)
Levy on financial institutions	390	779	370	741
Expenses of the core business of non-insurance and non-banking companies	400	744	305	633
Compulsory payments to banking market institutions	1	51	-	44
Bank Guarantee Fund	-	279	-	249
Expenditures for prevention activity	17	42	14	32
Establishment of provisions	46	69	67	80
Amortization of intangible assets purchased in company acquisition transactions	16	30	20	39
Recognition of impairment losses for non-financial assets	2	10	9	16
Donations	2	3	-	38
Costs of pursuit of claims	15	32	13	24
Unallocated costs in insurance activities	22	90	53	107
Other	36	91	62	109
<b>Other operating expenses, total</b>	<b>947</b>	<b>2,220</b>	<b>913</b>	<b>2,112</b>

## 9.13 Income tax

Total amount of current and deferred tax	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated)	January 1 – June 30, 2023 (restated)
Recognized in the profit and loss account, including:	799	1,688	916	1,757
- current tax	889	1,418	849	1,342
- deferred tax	(90)	270	67	415
Recognized in other comprehensive income (deferred tax)	68	45	168	384
- current tax	-	5	10	10
- deferred tax	68	40	158	374
<b>Total</b>	<b>867</b>	<b>1,733</b>	<b>1,084</b>	<b>2,141</b>

Income tax on other comprehensive income items	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated)	January 1 – June 30, 2023 (restated)
Other comprehensive income, gross	353	224	784	1,929
Income tax	(68)	(45)	(168)	(384)
Valuation of debt instruments	5	(16)	(55)	(214)
Reclassification of debt instruments valuation for the profit and loss account	1	-	1	-
Insurance finance income or expenses	(45)	(74)	59	196
Finance income or expenses from reinsurance	(1)	2	(1)	3
Cash flow hedging	(24)	33	(172)	(382)
Equity instruments measured at fair value through other comprehensive income	4	18	(4)	10
Reclassification of real property from property, plant and equipment to investment property	(9)	(9)	-	(1)
Loan receivables from clients	1	1	(1)	(1)
Actuarial gains and losses related to provisions for employee benefits	-	-	5	5
<b>Net other comprehensive income</b>	<b>285</b>	<b>179</b>	<b>616</b>	<b>1,545</b>

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

#### 9.14 Earnings per share

Earnings per share	April 1 – June 30, 2024	January 1 – June 30, 2024	April 1 – June 30, 2023 (restated)	January 1 – June 30, 2023 (restated)
Net profit attributable to the equity holders of the parent company	1,192	2,446	1,528	2,688
Weighted average basic and diluted number of common shares	863,376,599	863,359,986	863,387,662	863,389,067
Number of issued shares	863,523,000	863,523,000	863,523,000	863,523,000
Average weighted number of treasury shares (held by consolidated entities)	(146,401)	(163,014)	(135,338)	(133,933)
Basic and diluted profit (loss) per ordinary share (in PLN)	1.38	2.83	1.77	3.11

In 6 months ended respectively June 30, 2024 and June 30, 2023 there were no transactions or events resulting in the dilution of profit per share.

#### 9.15 Goodwill

Goodwill	June 30, 2024	December 31, 2023
Pekao <sup>1)</sup>	1,715	1,715
LD <sup>2)</sup>	476	480
Medical companies	341	341
Mass insurance segment in non-life insurance (Link4)	221	221
Balta	39	39
Other	5	5
<b>Goodwill, total</b>	<b>2,797</b>	<b>2,801</b>

<sup>1)</sup> Includes goodwill resulting from the purchase of Pekao Investment Management SA and the acquisition of Idea Bank.

<sup>2)</sup> Includes goodwill resulting from the purchase of a branch of LD in Estonia.

#### 9.16 Intangible assets

Intangible assets by group	June 30, 2024	December 31, 2023
Software, licenses and similar assets	1,469	1,486
Trademarks	512	514
- Pekao	340	340
- other	172	174
Customer relations	245	267
- Pekao	194	219
- other	51	48
Intangible assets under development	820	926
Other intangible assets	376	211
<b>Intangible assets, total</b>	<b>3,422</b>	<b>3,404</b>

## 9.17 Other assets

Other assets	June 30, 2024	December 31, 2023
IT costs settled over time	248	202
Accrued direct claims handling receivables	49	46
Other costs settled over time	163	149
Inventories	41	37
Tax settlements on real properties, means of transport and land	36	-
Settlements of payments made to the Company Social Benefit Fund	55	-
Other assets	48	49
<b>Total other assets</b>	<b>640</b>	<b>483</b>

## 9.18 Property, plant and equipment

Property, plant and equipment by group	June 30, 2024	December 31, 2023
Equipment and machinery	683	684
Means of transport	240	221
Property, plant and equipment under construction	283	381
Real property	2,691	2,752
Other property, plant and equipment	416	407
<b>Total property, plant and equipment</b>	<b>4,313</b>	<b>4,445</b>

## 9.19 Entities accounted for using the equity method

Associates	June 30, 2024	December 31, 2023
Krajowy Integrator Płatności SA	57	54
Sigma BIS SA	9	8
RUCH SA	-	-
<b>Associates, total</b>	<b>66</b>	<b>62</b>

## 9.20 Assets and liabilities held for sale

Assets held for sale by classification before transfer	June 30, 2024	December 31, 2023
<b>Groups held for sale</b>	<b>272</b>	<b>277</b>
Assets	297	309
Investment property	273	287
Receivables	4	7
Other assets	2	-
Cash and cash equivalents	18	15
Liabilities directly associated with assets classified as held for sale	25	32
Other liabilities	14	18
Deferred tax liabilities	11	14
<b>Other assets held for sale</b>	<b>288</b>	<b>312</b>
Property, plant and equipment	17	35
Investment property	271	277
<b>Assets and groups of assets held for sale</b>	<b>585</b>	<b>621</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>25</b>	<b>32</b>

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

## 9.21 Loan receivables from clients

Loan receivables from clients	June 30, 2024	December 31, 2023 (restated)
Measured at amortized cost	225,096	218,542
Measured at fair value through other comprehensive income	240	82
Measured at fair value through profit or loss	301	250
<b>Total loan receivables from clients</b>	<b>225,637</b>	<b>218,874</b>

Loan receivables from clients	June 30, 2024	December 31, 2023 (restated)
<b>Retail segment</b>	<b>119,572</b>	<b>114,758</b>
Operating loans	175	197
Consumer finance	25,769	25,116
Consumer finance loans	4,885	5,007
Overdrafts in credit card accounts	1,266	1,192
Loans for residential real estate	86,511	82,303
Other mortgage loans	610	618
Other receivables	356	325
<b>Business segment</b>	<b>106,065</b>	<b>104,116</b>
Operating loans	33,731	32,626
Investment loans	29,562	29,378
Receivables purchased (factoring)	9,120	9,874
Overdrafts in credit card accounts	101	98
Loans for residential real estate	52	42
Other mortgage loans	10,789	10,355
Finance lease	16,932	16,181
Other receivables	5,778	5,562
<b>Total loan receivables from clients</b>	<b>225,637</b>	<b>218,874</b>

## 9.22 Financial derivatives

Derivatives	June 30, 2024		December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
<b>Related to interest rates</b>	<b>7,847</b>	<b>8,971</b>	<b>9,690</b>	<b>10,740</b>
Fair value hedging instruments – swap transactions	90	1	68	12
Cash flow hedging instruments – swap transactions	555	1,778	892	2,101
Instruments carried as held for trading, including:	7,202	7,192	8,730	8,627
- forward contracts	108	93	64	60
- SWAP transactions	7,040	7,039	8,616	8,515
- call options (purchase)	43	50	35	40
- put options (sale)	9	8	13	10
- cap floor options	2	2	2	2
<b>Related to exchange rates</b>	<b>460</b>	<b>359</b>	<b>1,416</b>	<b>647</b>
Cash flow hedging instruments – swap transactions	4	-	190	31
Instruments carried as held for trading, including:	456	359	1,226	616
- forward contracts	144	204	266	336
- SWAP transactions	294	120	947	244
- call options (purchase)	14	7	9	3
- put options (sale)	4	28	4	33
<b>Related to prices of securities</b>	<b>8</b>	<b>3</b>	<b>20</b>	<b>6</b>
- call options (purchase)	8	3	19	6
- forward contracts	-	-	1	-
<b>Related to commodity prices</b>	<b>280</b>	<b>270</b>	<b>270</b>	<b>263</b>
- forward contracts	6	6	4	4
- SWAP transactions	271	261	260	253
- call options (purchase)	2	2	6	6
- put options (sale)	1	1	-	-
<b>Total</b>	<b>8,595</b>	<b>9,603</b>	<b>11,396</b>	<b>11,656</b>

## 9.23 Assets pledged as collateral for liabilities

Assets pledged as collateral for liabilities	June 30, 2024				December 31, 2023			
	at amortized cost	at fair value through other comprehensive income	at fair value through profit or loss	Total	at amortized cost	at fair value through other comprehensive income	at fair value through profit or loss	Total
Debt securities	-	1,264	29	1,293	-	1,694	14	1,708
Government securities	-	1,264	29	1,293	-	1,694	14	1,708
Domestic	-	1,264	29	1,293	-	1,694	14	1,708
Fixed rate	-	1,197	4	1,201	-	1,647	-	1,647
Floating rate	-	67	25	92	-	47	14	61
<b>Assets pledged as collateral for liabilities, total</b>	<b>-</b>	<b>1,264</b>	<b>29</b>	<b>1,293</b>	<b>-</b>	<b>1,694</b>	<b>14</b>	<b>1,708</b>

## 9.24 Investment financial assets

Investment financial assets	June 30, 2024				December 31, 2023			
	at amortized cost	at fair value through other comprehensive income	at fair value through profit or loss	Total	at amortized cost	at fair value through other comprehensive income	at fair value through profit or loss	Total
Equity instruments	n/a	600	1,321	1,921	n/a	837	1,119	1,956
Participation units and investment certificates	n/a	n/a	5,212	5,212	n/a	n/a	4,996	4,996
Debt securities	126,124	48,709	4,443	179,276	121,574	43,529	5,976	171,079
Government securities	83,813	40,133	4,237	128,183	83,177	34,389	5,547	123,113
Domestic	76,555	32,503	3,496	112,554	73,044	27,049	3,864	103,957
Fixed rate	64,239	20,641	2,285	87,165	66,196	16,926	2,170	85,292
Floating rate	12,316	11,862	1,211	25,389	6,848	10,123	1,694	18,665
Foreign	7,258	7,630	741	15,629	10,133	7,340	1,683	19,156
Fixed rate	7,258	7,630	741	15,629	10,133	7,340	1,683	19,156
Other	42,311	8,576	206	51,093	38,397	9,140	429	47,966
Fixed rate	33,351	4,980	94	38,425	29,586	5,654	289	35,529
Floating rate	8,960	3,596	112	12,668	8,811	3,486	140	12,437
Other, including:	15,855	-	-	15,855	14,301	-	-	14,301
Buy-sell-back transactions	10,646	-	-	10,646	9,003	-	-	9,003
Term deposits with credit institutions	817	-	-	817	1,036	-	-	1,036
Loans	4,392	-	-	4,392	4,262	-	-	4,262
<b>Investment financial assets, total</b>	<b>141,979</b>	<b>49,309</b>	<b>10,976</b>	<b>202,264</b>	<b>135,875</b>	<b>44,366</b>	<b>12,091</b>	<b>192,332</b>

Equity instruments measured at fair value through other comprehensive income	June 30, 2024	December 31, 2023
Biuro Informacji Kredytowej SA	259	321
Grupa Azoty SA	145	178
PSP sp. z o.o.	120	116
Krajowa Izba Rozliczeniowa SA	25	29
Webuild SpA	14	12
Orlen SA <sup>1)</sup>	-	142
Other	37	39
<b>Equity instruments measured at fair value through other comprehensive income, total</b>	<b>600</b>	<b>837</b>

<sup>1)</sup> In H1 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.

## Exposure to debt securities issued or guaranteed by governments other than that of the Republic of Poland

Carrying amount of debt securities issued or guaranteed by governments other than the Polish government	June 30, 2024	December 31, 2023
United States	5,540	4,240
France	4,179	4,763
Lithuania	861	832
Austria	740	1,177
Romania	550	483
Belgium	500	216
Germany	323	4,032
United Kingdom	286	3
Latvia	246	235
Hungary	217	117
Finland	213	216
Saudi Arabia	193	120
Mexico	168	92
Indonesia	155	156
Colombia	115	119
Italy	99	113
Ukraine	95	99
Croatia	95	240
Spain	92	529
Panama	90	89
Bulgaria	87	87
Serbia	66	63
Chile	62	38
Peru	55	55
Oman	54	29
Brazil	50	49
Other	498 <sup>1)</sup>	964 <sup>2)</sup>
<b>Total</b>	<b>15,629</b>	<b>19,156</b>

<sup>1)</sup> The item "Other" comprises bonds issued by 42 countries towards which the balance sheet liability per country does not exceed PLN 50 million.

<sup>2)</sup> The item "Other" comprises bonds issued by 46 countries.

## Exposure to debt securities issued by corporations, local authorities and the National Bank of Poland

Carrying amount of debt securities issued by corporations, local authorities and the National Bank of Poland	June 30, 2024	December 31, 2023
K. Financial and insurance activities, including:	36,627	33,570
National Bank of Poland	25,684	20,451
Foreign banks	7,961	9,720
Companies from the WIG-Banks Index	903	886
O. Public administration and defense, compulsory social security, of which:	6,368	6,468
Domestic local governments	6,368	6,468
D. Electricity, gas, steam, hot water and air conditioning production and supply, including:	1,630	1,650
Companies from the WIG-Energy Index	1,096	1,107
C. Manufacturing, including:	1,299	1,331
Production and processing of crude oil refining products (including WIG-Fuels)	493	509
E. Water supply; sewerage, waste management and remediation activities	1,118	1,136
N. Administrative and support service activities	1,007	668
U. Extra-territorial organizations and teams	979	865
H. Transportation and storage	524	626
J. Information and communication	469	468
B. Mining and quarrying	279	127
F. Construction	271	353
L. Real property activities	181	180
I. R. Accommodation and food service activities (including: WIG - hotels and restaurants), and arts, entertainment and recreation activities	172	264
M. Professional, scientific and technical activity	156	248
G. Wholesale and retail trade services; repair services of motor vehicles and motorcycles	13	12
<b>Total</b>	<b>51,093</b>	<b>47,966</b>

### 9.25 Other receivables

Other receivables	June 30, 2024	December 31, 2023
Receivables on direct insurance	131	135
Receivables from sale of securities and security deposits <sup>1)</sup>	1,968	1,839
Receivables on account of payment card settlements	1,523	1,752
Trade receivables	545	602
Receivables from the state budget, other than corporate income tax receivables	89	107
Receivables from commissions on off-balance sheet products	248	234
Prevention settlements	27	52
Receivables from security and bid deposits	64	62
Interbank and interbranch receivables	68	18
Disputed settlements	24	26
Co-insurance receivables on co-insurer's share	53	37
Other	397	363
<b>Other receivables, total</b>	<b>5,137</b>	<b>5,227</b>

<sup>1)</sup> This line item presents receivables associated with executed but outstanding transactions on financial instruments.

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



## 9.26 Expected credit losses and impairment of financial assets

Loan receivables from clients measured at amortized cost	January 1 – June 30, 2024					January 1 – June 30, 2023 (restated)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>										
Beginning of the period	191,026	24,360	10,425	3,960	229,771	185,179	23,941	10,184	4,876	224,180
Recognition of instruments at the time of acquisition, creation, granting	45,837	-	-	426	46,263	37,429	-	-	97	37,526
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	(28,831)	(2,442)	(2,013)	(156)	(33,442)	(27,915)	(3,128)	(1,637)	(96)	(32,776)
Assets from the statement of financial position	-	(12)	(1,181)	(28)	(1,221)	-	(1)	(953)	(32)	(986)
Reclassification to Stage 1	4,120	(4,002)	(118)	-	-	5,799	(5,492)	(307)	-	-
Reclassification to Stage 2	(7,932)	8,282	(350)	-	-	(7,984)	8,212	(228)	-	-
Reclassification to Stage 3	(1,065)	(1,088)	2,153	-	-	(1,212)	(1,785)	2,997	-	-
Other changes, including foreign exchange differences	(4,242)	(1,707)	544	(507)	(5,912)	(3,955)	(342)	634	(461)	(4,124)
<b>End of the period</b>	<b>198,912</b>	<b>23,391</b>	<b>9,460</b>	<b>3,695</b>	<b>235,458</b>	<b>187,340</b>	<b>21,405</b>	<b>10,690</b>	<b>4,384</b>	<b>223,819</b>
<b>Expected credit losses</b>										
Beginning of the period	(1,222)	(1,729)	(5,352)	(2,926)	(11,229)	(1,519)	(1,679)	(5,364)	(3,331)	(11,893)
Establishment of allowances for newly acquired, created, granted instruments	(284)	(5)	(90)	(45)	(424)	(326)	(8)	(8)	(53)	(395)
Changes attributable to sale, exclusion or expiration of the instrument	87	63	449	14	613	125	75	238	11	449
Assets from the statement of financial position	-	12	1,181	28	1,221	-	1	953	32	986
Reclassification to Stage 1	(262)	245	17	-	-	(267)	267	-	-	-
Reclassification to Stage 2	130	(250)	120	-	-	133	(192)	59	-	-
Reclassification to Stage 3	31	159	(190)	-	-	61	275	(336)	-	-
Other changes, including foreign exchange differences	246	(316)	(993)	520	(543)	497	(260)	(983)	53	(693)
<b>End of the period</b>	<b>(1,274)</b>	<b>(1,821)</b>	<b>(4,858)</b>	<b>(2,409)</b>	<b>(10,362)</b>	<b>(1,296)</b>	<b>(1,521)</b>	<b>(5,441)</b>	<b>(3,288)</b>	<b>(11,546)</b>
<b>Net carrying amount at the end of the period</b>	<b>197,638</b>	<b>21,570</b>	<b>4,602</b>	<b>1,286</b>	<b>225,096</b>	<b>186,044</b>	<b>19,884</b>	<b>5,249</b>	<b>1,096</b>	<b>212,273</b>

Loan receivables from clients measured at fair value through other comprehensive income	January 1 – June 30, 2024					January 1 – June 30, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Carrying amount</b>										
Beginning of the period	82	-	-	-	82	254	-	-	-	254
Changes in the period	158	-	-	-	158	(144)	-	-	-	(144)
Reclassification to Stage 2	(96)	96	-	-	-	-	-	-	-	-
<b>End of the period</b>	<b>144</b>	<b>96</b>	-	-	<b>240</b>	<b>110</b>	-	-	-	<b>110</b>
<b>Expected credit losses</b>										
Beginning of the period	(1)	-	-	-	(1)	(4)	-	-	-	(4)
Changes in the period	(5)	-	-	-	(5)	3	-	-	-	3
Reclassification to Stage 2	2	(2)	-	-	-	-	-	-	-	-
<b>End of the period</b>	<b>(4)</b>	<b>(2)</b>	-	-	<b>(6)</b>	<b>(1)</b>	-	-	-	<b>(1)</b>

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	January 1 – June 30, 2024					January 1 – June 30, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>										
Beginning of the period	121,184	479	-	96	121,759	91,515	236	24	63	91,838
Recognition of instruments at the time of acquisition, creation, granting	179,312	-	-	-	179,312	146,353	-	-	-	146,353
Changes attributable to sale, exclusion or expiration of the instrument	(176,228)	(47)	-	-	(176,275)	(133,375)	(20)	-	-	(133,395)
Reclassification to Stage 1	13	(13)	-	-	-	-	-	-	-	-
Reclassification to Stage 2	(50)	50	-	-	-	(93)	93	-	-	-
Other changes, including foreign exchange differences	1,526	(3)	-	14	1,537	430	(8)	-	17	439
<b>End of the period</b>	<b>125,757</b>	<b>466</b>	-	<b>110</b>	<b>126,333</b>	<b>104,830</b>	<b>301</b>	<b>24</b>	<b>80</b>	<b>105,235</b>
<b>Expected credit losses</b>										
Beginning of the period	(89)	(25)	-	(71)	(185)	(87)	(28)	(24)	(53)	(192)
Establishment of allowances for newly acquired, created, granted instruments	(26)	-	-	-	(26)	(14)	-	-	-	(14)
Changes attributable to sale, exclusion or expiration of the instrument	5	2	-	-	7	4	1	-	-	5
Reclassification to Stage 2	11	(11)	-	-	-	5	(5)	-	-	-
Other changes, including foreign exchange differences	3	7	-	(15)	(5)	1	7	-	(16)	(8)
<b>End of the period</b>	<b>(96)</b>	<b>(27)</b>	-	<b>(86)</b>	<b>(209)</b>	<b>(91)</b>	<b>(25)</b>	<b>(24)</b>	<b>(69)</b>	<b>(209)</b>
<b>Net carrying amount at the end of the period</b>	<b>125,661</b>	<b>439</b>	-	<b>24</b>	<b>126,124</b>	<b>104,739</b>	<b>276</b>	-	<b>11</b>	<b>105,026</b>

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

Debt investment financial assets measured at fair value through other comprehensive income	January 1 – June 30, 2024					January 1 – June 30, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Carrying amount</b>										
Beginning of the period	45,104	119	-	-	45,223	38,719	237	-	-	38,956
Recognition of instruments at the time of acquisition, creation, granting	635,822	-	-	-	635,822	569,824	-	-	-	569,824
Changes attributable to sale, exclusion or expiration of the instrument	(631,827)	(16)	-	-	(631,843)	(569,342)	(43)	-	-	(569,385)
Reclassification to Stage 1	31	(31)	-	-	-	8	(8)	-	-	-
Reclassification to Stage 2	(104)	104	-	-	-	(29)	29	-	-	-
Other changes, including foreign exchange differences	773	(2)	-	-	771	1,115	(19)	-	-	1,096
<b>End of the period</b>	<b>49,799</b>	<b>174</b>	<b>-</b>	<b>-</b>	<b>49,973</b>	<b>40,295</b>	<b>196</b>	<b>-</b>	<b>-</b>	<b>40,491</b>
<b>Expected credit losses</b>										
Beginning of the period	(34)	(2)	-	-	(36)	(45)	(21)	-	-	(66)
Establishment of allowances for newly acquired, created, granted instruments	(7)	-	-	-	(7)	(3)	-	-	-	(3)
Changes attributable to sale, exclusion or expiration of the instrument	3	3	-	-	6	4	-	-	-	4
Reclassification to Stage 2	2	(2)	-	-	-	1	(1)	-	-	-
Other changes	2	1	-	-	3	7	6	-	-	13
<b>End of the period</b>	<b>(34)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34)</b>	<b>(36)</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>(52)</b>

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

Term deposits with credit institutions	January 1 – June 30, 2024					January 1 – June 30, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>										
Beginning of the period	836	151	67	-	1,054	2,814	140	136	-	3,090
Recognition of instruments at the time of acquisition, creation, granting	39,887	-	-	-	39,887	75,279	-	-	-	75,279
Changes attributable to sale, exclusion or expiration of the instrument	(39,998)	(148)	(4)	-	(40,150)	(72,120)	(128)	(43)	-	(72,291)
Reclassification to Stage 2	(143)	143	-	-	-	(132)	132	-	-	-
Change in the composition of the Group	25	-	-	-	25	-	-	-	-	-
Other changes, including foreign exchange differences	25	(6)	-	-	19	(27)	(10)	(5)	-	(42)
<b>End of the period</b>	<b>632</b>	<b>140</b>	<b>63</b>	<b>-</b>	<b>835</b>	<b>5,814</b>	<b>134</b>	<b>88</b>	<b>-</b>	<b>6,036</b>
<b>Expected credit losses</b>										
Beginning of the period	-	(11)	(7)	-	(18)	(1)	(11)	(10)	-	(22)
Establishment of allowances for newly acquired, created, granted instruments	(10)	-	-	-	(10)	(8)	-	-	-	(8)
Changes attributable to sale, exclusion or expiration of the instrument	-	10	-	-	10	-	9	-	-	9
Reclassification to Stage 2	9	(9)	-	-	-	8	(8)	-	-	-
Other changes, including foreign exchange differences	-	-	-	-	-	-	2	1	-	3
<b>End of the period</b>	<b>(1)</b>	<b>(10)</b>	<b>(7)</b>	<b>-</b>	<b>(18)</b>	<b>(1)</b>	<b>(8)</b>	<b>(9)</b>	<b>-</b>	<b>(18)</b>
<b>Net carrying amount at the end of the period</b>	<b>631</b>	<b>130</b>	<b>56</b>	<b>-</b>	<b>817</b>	<b>5,813</b>	<b>126</b>	<b>79</b>	<b>-</b>	<b>6,018</b>

Loans	January 1 – June 30, 2024					January 1 – June 30, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount</b>										
Beginning of the period	3,478	827	-	-	4,305	4,300	-	-	-	4,300
Recognition of instruments at the time of acquisition, creation, granting	417	15	-	-	432	1,292	-	-	-	1,292
Changes attributable to sale, exclusion or expiration of the instrument	(295)	(10)	-	-	(305)	(1,437)	-	-	-	(1,437)
Reclassification to Stage 2	-	-	-	-	-	(101)	101	-	-	-
Other changes	20	8	-	-	28	5	-	-	-	5
<b>End of the period</b>	<b>3,620</b>	<b>840</b>	<b>-</b>	<b>-</b>	<b>4,460</b>	<b>4,059</b>	<b>101</b>	<b>-</b>	<b>-</b>	<b>4,160</b>
<b>Expected credit losses</b>										
Beginning of the period	(13)	(30)	-	-	(43)	(31)	-	-	-	(31)
Establishment of allowances for newly acquired, created, granted instruments	(5)	-	-	-	(5)	(8)	-	-	-	(8)
Changes attributable to sale, exclusion or expiration of the instrument	3	-	-	-	3	9	-	-	-	9
Other changes	2	(25)	-	-	(23)	7	(1)	-	-	6
<b>End of the period</b>	<b>(13)</b>	<b>(55)</b>	<b>-</b>	<b>-</b>	<b>(68)</b>	<b>(23)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(24)</b>
<b>Net carrying amount at the end of the period</b>	<b>3,607</b>	<b>785</b>	<b>-</b>	<b>-</b>	<b>4,392</b>	<b>4,036</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>4,136</b>

<b>Other receivables</b>	<b>January 1 – June 30, 2024</b>	<b>January 1 – June 30, 2023</b>
<b>Gross carrying amount</b>		
Beginning of the period	5,635	9,515
Changes in the period	(84)	(3,127)
<b>End of the period</b>	<b>5,551</b>	<b>6,388</b>
<b>Expected credit losses</b>		
Beginning of the period	(408)	(407)
Changes in the period	(6)	8
<b>End of the period</b>	<b>(414)</b>	<b>(399)</b>
<b>Net carrying amount at the end of the period</b>	<b>5,137</b>	<b>5,989</b>

## 9.27 Fair value

### 9.27.1. Valuation techniques

#### 9.27.1.1. Debt securities and borrowings

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

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

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

#### 9.27.1.2. Equity-based financial assets

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

#### 9.27.1.3. Participation units and investment certificates of mutual funds

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

#### 9.27.1.4. Derivatives

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

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

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

#### 9.27.1.5. Loan receivables from clients

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

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

#### 9.27.1.6. Properties measured at fair value

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

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

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

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

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

Investment property is measured in accordance with the following rules:

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

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

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

#### 9.27.1.8. Liabilities under deposits

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

#### 9.27.1.9. Other liabilities

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

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

##### *Liabilities to contributors of consolidated investment funds*

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

##### *Liabilities from borrowed securities*

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

#### 9.27.2. Fair value hierarchy

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

- level I – assets and liabilities measured based on quoted prices (unadjusted) from active markets for identical assets and liabilities. This level includes:
  - liquid listed quoted securities;
  - shares and investment certificates quoted on exchanges;
  - derivatives quoted on exchanges;
  - liabilities on borrowed securities quoted on exchanges (short sale);
- level II – assets and liabilities whose measurement is based on input data other than quoted prices included within level I, which can be observed on the market, either directly (as prices) or indirectly (derived from prices). This level includes:
  - quoted debt securities carried on the basis of the valuations published by an authorized information service, the market for which is not considered active;
  - derivatives – among others FX Swap, FX Forward, IRS, CIRS, forward rate agreements;

- participation units of mutual funds;
- liabilities to contributors of consolidated investment funds;
- investment contracts for the client's account and risk;
- level III – assets measured based on input data unobserved on the existing markets (unobservable input data). This level includes:
  - unquoted debt securities and non-liquid quoted debt securities (including non-treasury debt securities issued by other financial entities, local government and non-financial entities), measured using models based on discounted cash flows;
  - investment properties or properties held for sale measured using the income method or the residual method or the comparative method;
  - loan receivables from clients and liabilities to clients under deposits;
  - options embedded in certificates of deposit issued by PZU Group companies and options concluded in the interbank market to hedge embedded option positions.

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

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

Measured assets and liabilities	Unobservable data	Description	Impact on measurement
Loan receivables from clients	Liquidity margin and current margin from the sale of the product group	Fair values are estimated using valuation techniques, with an assumption that when the loan is granted, the fair value is equal to the carrying amount. The fair value of loans without recognized impairment is equal to the sum of future expected cash flows discounted at the balance sheet date less expected credit loss. The cash flow discounting rate is the appropriate risk-free market rate plus the liquidity margin and current sales margin for the loan's product group. The margin is determined by product group and by maturity. For the purpose of estimating the fair value of foreign currency loans, the liquidity margin for PLN loans is used, adjusted by quotations of FX swap and basis-swap transactions. The fair value of loans with recognized impairment is equal to the sum of future expected salvage discounted using the effective interest rate, since the average expected recoveries fully reflect the credit risk component. For loans that do not have a repayment schedule (current account loans, overdrafts and credit cards), the fair value is assumed to be equal to the carrying amount.	Negative correlation
Liabilities to clients under deposits	Sales margin	Fair values are estimated using valuation techniques, with an assumption that when the deposit is accepted, the fair value is equal to the carrying amount. The fair value of term deposits is equal to the sum of future expected cash flows discounted at the balance sheet date. The cash flow discounting rate is the appropriate risk-free market rate plus the current sales margin. The margin is determined on the basis of deposits accepted in the last quarter, by product group and by maturity. For short-term deposits (current deposits, overnight deposits and savings accounts), the carrying amount is taken as fair value.	Negative correlation
Options embedded in certificates of deposit issued by PZU Group companies and options concluded in the interbank market to hedge embedded option positions.	Model parameters	Embedded instruments are plain vanilla options and exotic options for individual shares, indices, commodities and other market indicators, including interest rate indices and exchange rates and their baskets. All separated options are offset on an ongoing basis on the interbank market. Currency options are measured based on the Garman-Kohlhagen option pricing model (and in the case of barrier and Asian options based on the so-called extended Garman-Kohlhagen model). Exotic options embedded in deposit agreements and their offsets are measured using the Monte-Carlo technique, assuming a geometric Brownian motion model for risk factors.	



Measured assets and liabilities	Unobservable data	Description	Impact on measurement
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 <sup>2</sup> 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 forecasted profit or loss of the company or measurement models based on available market data.	

### 9.27.3. Assets and liabilities measured at fair value

Assets and liabilities measured at fair value	June 30, 2024				December 31, 2023			
	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
<b>Assets</b>								
Investment financial assets and assets pledged as collateral for liabilities measured at fair value through other comprehensive income	32,041	13,609	4,923	50,573	28,974	11,686	5,400	46,060
Equity instruments	162	-	438	600	338	-	499	837
Debt securities	31,879	13,609	4,485	49,973	28,636	11,686	4,901	45,223
Investment financial assets and assets pledged as collateral for liabilities measured at fair value through profit or loss	5,054	5,557	394	11,005	4,846	6,891	368	12,105
Equity instruments	1,060	-	261	1,321	865	-	254	1,119
Participation units and investment certificates	301	4,899	12	5,212	246	4,750	-	4,996
Debt securities	3,693	658	121	4,472	3,735	2,141	114	5,990
Loan receivables from clients	-	-	541	541	-	-	332	332
Measured at fair value through other comprehensive income	-	-	240	240	-	-	82	82
Measured at fair value through profit or loss	-	-	301	301	-	-	250	250
Financial derivatives	-	8,588	7	8,595	-	11,377	19	11,396
Investment property	-	-	3,184	3,184	-	193	2,905	3,098
<b>Liabilities</b>								
Derivatives	-	9,601	2	9,603	-	11,653	3	11,656
Liabilities to contributors of consolidated investment funds	-	587	-	587	-	485	-	485
Investment contracts for the client's account and risk (unit-linked)	-	592	-	592	-	294	-	294
Liabilities on borrowed securities (short sale)	967	-	-	967	813	-	-	813

Movement in assets and liabilities classified as level III of the fair value hierarchy in the period ended June 30, 2024	Investment financial assets and assets pledged as collateral for liabilities measured at fair value through other comprehensive income		Investment financial assets and assets pledged as collateral for liabilities measured at fair value through profit or loss			Derivatives - assets	Derivatives - liabilities	Loan receivables from clients measured at fair value		Investment property
	Equity	Debt	Equity	Investment certificates	Debt			through other comprehensive income	through profit or loss	
Beginning of the period	499	4,901	254	-	114	19	3	82	250	2,905
Purchase/opening of the position/granting	-	990	-	-	486	-	-	167	56	18
Reclassification from Level II <sup>1)</sup>	-	1,338	-	12	37	-	-	-	-	193
Reclassification from own properties	-	-	-	-	-	-	-	-	-	146
Profit or loss recognized in the profit and loss account:	-	99	1	-	4	-	-	(1)	16	(78)
- interest income calculated using the effective interest rate, and equivalent	-	36	-	-	4	-	-	(1)	16	-
- result on derecognition of financial instruments and investments not measured at fair value through profit or loss	-	63	-	-	(1)	-	-	-	-	-
- net movement in fair value of assets and liabilities measured at fair value	-	-	1	-	1	-	-	-	-	(78)
Profits or losses recognized in other comprehensive income	(61)	100	-	-	-	-	-	6	-	-
Sales/settlements/repayments/conversions	-	(1,585)	-	-	(507)	(12)	(1)	(14)	(21)	-
Reclassification to Level II	-	(1,358)	-	-	(33)	-	-	-	-	-
Foreign exchange differences	-	-	6	-	-	-	-	-	-	-
Change in the composition of the Group	-	-	-	-	20	-	-	-	-	-
<b>End of the period</b>	<b>438</b>	<b>4,485</b>	<b>261</b>	<b>12</b>	<b>121</b>	<b>7</b>	<b>2</b>	<b>240</b>	<b>301</b>	<b>3,184</b>

<sup>1)</sup> Information on the restatements is presented in section 9.27.6.

Movement in assets and liabilities classified as level III of the fair value hierarchy in the period ended June 30, 2023	Investment financial assets and assets pledged as collateral for liabilities measured at fair value through other comprehensive income		Investment financial assets and assets pledged as collateral for liabilities measured at fair value through profit or loss			Derivatives - assets	Derivatives - liabilities	Loan receivables from clients measured at fair value		Investment property
	Equity	Debt	Equity	Investment certificates	Debt			through other comprehensive income	through profit or loss	
Beginning of the period	394	5,581	252	16	143	25	-	254	184	2,861
Purchase/opening of the position/granting	-	371	-	-	521	-	1	-	36	18
Reclassification from Level II <sup>1)</sup>	-	1,374	-	-	17	-	-	-	-	-
Reclassification from own properties	-	-	-	-	-	-	-	-	-	146
Profit or loss recognized in the profit and loss account:	-	144	10	-	7	4	2	11	(1)	(145)
- interest income calculated using the effective interest rate, and equivalent	-	131	-	-	-	-	-	7	(1)	-
- result on derecognition of financial instruments and investments not measured at fair value through profit or loss	-	13	-	-	2	-	-	4	-	-
- net movement in fair value of assets and liabilities measured at fair value	-	-	10	-	5	4	2	-	-	(145)
Profits or losses recognized in other comprehensive income	56	206	-	-	-	-	-	6	-	-
Sales/settlements/repayments/conversions	-	(728)	(21)	-	(625)	(4)	-	(161)	(20)	-
Reclassification to Level II	-	(1,353)	-	-	(40)	-	-	-	-	-
<b>End of the period</b>	<b>450</b>	<b>5,595</b>	<b>241</b>	<b>16</b>	<b>23</b>	<b>25</b>	<b>3</b>	<b>110</b>	<b>199</b>	<b>2,880</b>

<sup>1)</sup> Information on the restatements is presented in section 9.27.6.

#### 9.27.4. Assets and liabilities not measured at fair value

Fair value of assets and liabilities for which it is only disclosed	June 30, 2024					December 31, 2023 (restated)				
	Level I	Level II	Level III	Total fair value	Carrying amount	Level I	Level II	Level III	Total fair value	Carrying amount
<b>Assets</b>										
Loan receivables from clients measured at amortized cost	-	-	223,621	223,621	225,096	-	-	217,488	217,488	218,542
Investment financial assets and assets pledged as collateral for liabilities measured at amortized cost	55,537	57,143	26,120	138,800	141,979	52,172	58,016	22,950	133,138	135,875
Debt securities	55,537	53,072	14,201	122,810	126,124	52,172	52,270	14,256	118,698	121,574
Buy-sell-back transactions	-	3,957	6,689	10,646	10,646	-	5,384	3,619	9,003	9,003
Term deposits with credit institutions	-	114	716	830	817	-	362	685	1,047	1,036
Loans	-	-	4,514	4,514	4,392	-	-	4,390	4,390	4,262
<b>Liabilities</b>										
Liabilities to banks	-	892	5,487	6,379	6,410	-	874	6,171	7,045	7,047
Liabilities to clients under deposits	-	-	317,150	317,150	317,318	-	-	303,709	303,709	303,781
Liabilities on the issue of own debt securities <sup>1)</sup>	-	13,325	2,167	15,492	15,299	-	10,004	2,108	12,112	12,003
Subordinated liabilities <sup>1)</sup>	-	2,780	3,119	5,899	5,863	-	2,778	3,431	6,209	6,166
Liabilities on account of repurchase transactions	-	1,269	29	1,298	1,298	-	1,609	14	1,623	1,623

<sup>1)</sup> The liabilities classified to level II are those whose measurement was not affected by unobservable parameters. They are primarily liabilities on account of bonds issued by Pekao.

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

During 6 months ended June 30, 2024 and in 2023 there were no changes in the method of measurement of fair value of financial instruments measured at fair value whose value would be important from the point of view of consolidated financial statements.

#### 9.27.6. Reclassification between fair value hierarchy levels

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

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

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

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

During 6 months ended June 30, 2024 the following reclassifications of assets between fair value levels were made:

- Corporate and municipal bonds measured using market price information for comparable financial instruments, corporate and sovereign bonds for which estimated credit parameters did not significantly impact the valuation were reclassified from level III to level II;
- corporate and municipal bonds for which the impact exerted by the estimated credit parameters on the measurement was significant, as well as participation units, were reclassified from level II to level III;
- government and corporate bonds with the value of PLN 210 million which were measured using market quotations were reclassified from level II to level I due to an increase in market activity;
- government and corporate bonds with the value of PLN 39 million were measured using market price information for comparable financial instruments were reclassified from level I to level II.

During 6 months ended June 30, 2023 the following reclassifications of assets between fair value levels were made:

- Corporate bonds measured using market price information for comparable financial instruments and corporate and municipal bonds for which the impact of estimated credit parameters did not significantly affect the valuation were reclassified from level III to level II;
- corporate bonds for which the impact exerted by the estimated credit parameters on the measurement was significant were reclassified from level II to level III;
- government and corporate bonds with the value of PLN 167 million which were measured using market quotations were reclassified from level II to level I due to an increase in market activity;
- government and corporate bonds with the value of PLN 100 million were measured using market price information for comparable financial instruments were reclassified from level I to level II.

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

During 6 months ended June 30, 2024 the classification of financial assets was not changed as a result of changes in the purpose or use of those assets.

## 9.29 Share capital

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

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

*As at June 30, 2024 and December 31, 2023*

Series/ issue	Type of shares	Type of preference	Type of limitation on rights to shares	Number of shares	Value of series/issue at par value (PLN)	Capital coverage	Date of registration	Right to dividend (from the date)
A	bearer	none	none	604,463,200	60,446,320	cash	1997-01-23	1991-12-27
B	bearer	none	none	259,059,800	25,905,980	in-kind	1999-03-31	1999-01-01
<b>Total number of shares</b>				<b>863,523,000</b>				
<b>Total share capital</b>					<b>86,352,300</b>			

## 9.30 Distribution of the parent company's profit

Information about the distribution of the parent company's profit is presented in Section 17.

### 9.31 Subordinated liabilities

	Nominal value	Currency	Interest rate	Issue date/Maturity date	Carrying amount June 30, 2024	Carrying amount December 31, 2023
<b>Liabilities classified as PZU's own funds</b>						
Subordinated bonds – PZU	2,250	PLN	WIBOR 6M + margin	2017-06-30 / 2027-07-29	2,315	2,328
<b>Liabilities classified as Pekao's own funds</b>						
A series bonds	1,250	PLN	WIBOR 6M + margin	2017-10-30 / 2027-10-29	1,266	1,266
B series bonds	550	PLN	WIBOR 6M + margin	2018-10-15 / 2028-10-16	559	558
C series bonds	200	PLN	WIBOR 6M + margin	2018-10-15 / 2033-10-14	203	203
D series bonds	350	PLN	WIBOR 6M + margin	2019-06-04 / 2031-06-04	352	352
D1 series bonds	400	PLN	WIBOR 6M + margin	2019-12-04 / 2031-06-04	402	402
<b>Liabilities classified as Alior Bank's own funds</b>						
K and K1 series bonds	600	PLN	WIBOR 6M + margin	2017-10-20 / 2025-10-20	610	610
P2A series bonds	150	PLN	WIBOR 6M + margin	2017-12-14 / 2025-12-29	156	150
F series bonds <sup>1)</sup>	322	PLN	WIBOR 6M + margin	2014-09-26 / 2024-09-26	-	226
P1B series bonds <sup>1)</sup>	70	PLN	WIBOR 6M + margin	2016-04-29 / 2024-05-16	-	71
<b>Subordinated liabilities</b>					<b>5,863</b>	<b>6,166</b>

<sup>1)</sup> Information on the early redemption of bonds is presented in section 15.

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

### 9.32 Liabilities on the issue of own debt securities

Liabilities on the issue of own debt securities	June 30, 2024	December 31, 2023
Bonds	13,500	9,691
Certificates of deposit	766	1,257
Covered bonds	1,033	1,055
<b>Liabilities on the issue of own debt securities, total</b>	<b>15,299</b>	<b>12,003</b>

### 9.33 Liabilities to banks

<b>Liabilities to banks</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Current deposits	742	696
One-day deposits	362	314
Term deposits	295	292
Loans received	4,850	5,424
Other liabilities	161	321
<b>Liabilities to banks, total</b>	<b>6,410</b>	<b>7,047</b>

### 9.34 Liabilities to clients under deposits

<b>Liabilities to clients under deposits</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Current deposits	228,656	221,140
Term deposits	87,565	81,511
Other liabilities	1,097	1,130
<b>Liabilities to clients under deposits, total</b>	<b>317,318</b>	<b>303,781</b>

### 9.35 Other liabilities

Other liabilities	June 30, 2024	December 31, 2023
<b>Liabilities measured at fair value</b>	<b>2,146</b>	<b>1,592</b>
Liabilities on borrowed securities (short sale)	967	813
Investment contracts for the client's account and risk (unit-linked)	592	294
Liabilities to contributors of consolidated investment funds	587	485
<b>Accrued expenses</b>	<b>1,331</b>	<b>1,485</b>
Accrued payroll expenses	706	822
Other	625	663
<b>Deferred revenue</b>	<b>361</b>	<b>344</b>
<b>Other liabilities</b>	<b>15,467</b>	<b>13,559</b>
Liabilities on account of repurchase transactions	1,298	1,623
Lease liabilities	1,703	1,594
Liabilities due under transactions on financial instruments	1,246	2,074
Liabilities to banks for payment documents cleared in interbank clearing systems	2,245	3,192
Liabilities to insurance intermediaries	252	244
Liabilities on overpayments unallocated to insurance policies	118	119
Liabilities on account of payment card settlements	1,440	1,275
Regulatory settlements	415	629
Liabilities for contributions to the Bank Guarantee Fund	1,017	738
Estimated non-insurance liabilities	113	154
Liabilities to employees	118	149
Estimated refunds of compensation in connection with banks' clients lapsing or withdrawing from insurance purchased during the sale of credit products	74	34
Trade liabilities	362	549
Liabilities on account of employee leaves	255	172
Liabilities to the state budget other than for income tax	162	150
Liabilities on account of donations	7	10
The PZU Group banks' liabilities for insurance of bank products offered to the bank's clients	22	27
Insurance Guarantee Fund	14	15
Liability for the refund of loan costs	14	16
Liabilities for direct claims handling	38	37
Co-insurance obligations on the part of the co-insurer	51	33
Investment contracts with guaranteed and fixed terms – measured at amortized cost	295	142
Liabilities for PZU SA dividend	3,750	-
Other	458	583
<b>Other liabilities, total</b>	<b>19,305</b>	<b>16,980</b>



### 9.36 Provisions

Movement in provisions in the period ended June 30, 2024	Beginning of the period	Increase	Utilization	Reversal	Other changes	End of the period
Provisions for guarantees and sureties given	578	308	-	(263)	-	623
Provision for retirement severance pays	323	19	(14)	-	5	333
Provision for disputed claims and potential liabilities	140	45	(11)	(8)	-	166
Provision for potential refunds of borrowing costs	81	2	(13)	(5)	-	65
Legal risk provision for foreign currency mortgage loans	926	385	(184)	(56)	1	1,072
Provisions for refunds to clients of increased mortgage loan margins before the mortgage is established	92	-	(1)	(38)	(5)	48
Provision for penalties imposed by the Office of Competition and Consumer Protection	51	-	-	-	-	51
Provision for restructuring costs	17	-	(1)	-	-	16
Provision for post-mortem benefits	28	1	-	-	-	29
Other	50	11	(2)	-	3	62
<b>Total provisions</b>	<b>2,286</b>	<b>771</b>	<b>(226)</b>	<b>(370)</b>	<b>4</b>	<b>2,465</b>

Movement in provisions in the period ended June 30, 2023 (restated)	Beginning of the period	Increase	Utilization	Reversal	Other changes	End of the period
Provisions for guarantees and sureties given	514	295	-	(277)	(5)	527
Provision for retirement severance pays	265	49	(11)	(1)	-	302
Provision for disputed claims and potential liabilities	88	34	(15)	(15)	-	92
Provision for potential refunds of borrowing costs	127	-	(24)	-	-	103
Legal risk provision for foreign currency mortgage loans	492	80	(9)	(13)	(2)	548
Provisions for refunds to clients of increased mortgage loan margins before the mortgage is established	123	-	(12)	(6)	-	105
Provision for penalties imposed by the Office of Competition and Consumer Protection	39	-	-	-	-	39
Provision for restructuring costs	21	-	(3)	-	-	18
Provision for post-mortem benefits	25	1	-	-	-	26
Other	30	23	-	(6)	-	47
<b>Total provisions</b>	<b>1,724</b>	<b>482</b>	<b>(74)</b>	<b>(318)</b>	<b>(7)</b>	<b>1,807</b>

#### Provision for potential reimbursements of loan costs

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

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

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

### Legal risk provision for foreign currency mortgage loans in Swiss francs

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

An important ruling on Swiss franc mortgages is the CJEU's September 8, 2022 judgment in the combined cases C-80/21 to C-82/21, in which the CJEU answered the requests for a preliminary ruling questions made by the Warsaw-Śródmieście District Court in Warsaw. The CJEU stated:

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

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

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

Given the judgment, banks cannot claim any compensation for the use of principal. In turn, as regards consumer claims against banks, the CJEU referred to the national law and pointed out that the referring court had to assess, in the light of all circumstances of the dispute, whether taking consumer claims into account is consistent with the proportionality rule. At the same time, the

judgment does not literally address the admissibility of the bank's claim for judicial appreciation of the amount corresponding to the loan capital.

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

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

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

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

On April 25, 2024, the Supreme Court adopted a resolution (ref. III CZP 25/22) in which it confirmed its position regarding the applicability of the theory of two conditions and the ruled out possibility of supplementing contractual gaps following the elimination of abusive clauses with provisions of law. Furthermore, the Supreme Court found that the statute of limitations for the claim for the reimbursement of amounts disbursed under a loan runs from the day following that on which the borrower challenges the validity of the loan agreement and, if it is found invalid, there is no legal basis for any party to demand interest or other compensation for the use of its funds within the period from the rendering of an undue performance until the delay in its reimbursement. On June 19, 2024, the Supreme Court adopted a resolution (ref. III CZP 31/21), in which it ruled that the party which is able to deduct its receivable from the receivable of the other party is not entitled to retention. The resolution of the Supreme Court does not preclude the right of retention.

As of June 30, 2024, there were 7,800 individual lawsuits pending against the PZU Group relating to foreign currency mortgage loans that were granted in previous years with the total litigation value of PLN 2,738 million (as of December 31, 2023: 5,900 cases with the litigation value of PLN 2,030 million). The main cause of the litigation specified by plaintiffs pertains to challenging the provisions of the loan agreement as regards the application by the PZU Group of the exchange rates and results in claims to declare the loan agreements partially or fully invalid.

During 6 months ended June 30, 2024, in cases instituted by borrowers, 1,080 court judgments against the PZU Group were issued, including 176 valid judgments, as well as 14 court judgments favorable for the PZU Group, including 0 final judgments (2023: 1,330 unfavorable court judgments, including 208 final judgments, and 41 favorable judgments, including 3 final judgments).

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

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

Pekao has been sending settlement offers to the successive groups of borrowers covered by the program, starting with the oldest loans. As at June 30, 2024, over 13,000 borrowers responded to the settlement offer, with about 50% accepting Pekao's proposal. The program is scheduled to be completed by the end of 2024.

Effective as of January 1, 2024, the PZU Group changed its accounting policy with respect to identifying the impact of the legal risk arising from judicial proceedings related to mortgage loans denominated in Swiss francs and, as regards loans outstanding as at the balance sheet date, it presents the impact of the said legal risk in line with paragraph B5.4.6 IFRS 9 as an adjustment to the gross carrying amount of the CHF mortgage loan portfolio.

The impact of the legal risk arising from judicial proceedings related to mortgage loans denominated in Swiss francs is allocated between outstanding and repaid loans on the basis of observations of judicial lawsuits received. As regards outstanding loans, as at the balance sheet date, this approach causes the estimate legal risk to be recognized as an adjustment to the gross carrying amount of those loans. When the estimate loss resulting from the legal risk is higher than the gross carrying amount of the loan, the excess is analogously presented as a provision designated for repaid loans, i.e., in line with IAS 37.

Part of the provision concerning additional costs involved with potentially losing the case (i.e., default interest and costs of legal representation), which does not directly result from the loan agreement, is identified and recognized in line with IAS 37 irrespective of whether the estimate pertains to an outstanding or repaid loan.

The calculation of the provision carried out as of June 30, 2024 was based on an estimate of the expected loss resulting from the possible materialization of legal risks involved in CHF mortgage loans. The estimate covers the following key elements, for which potential changes in assumptions and methodology of the calculation of provisions in comparison with those presented in the consolidated financial statements of the PZU Group for 2023:

- the forecast for litigation cases – the PZU Group has not made material changes in this regard in H1 2024. In particular, the entire forecast of future lawsuits relates to denominated loans active or fully repaid in the last 10 years.

The PZU Group estimates that in total, i.e., considering the lawsuits which have been and will be brought against it, around 41% (no change compared to the end of 2023) of the total money furnished under such loans, at around CHF 1.9 billion, may be in dispute (including around 70% for outstanding loans and 15% for repaid loans), and the influx of lawsuits may remain relevant until the end of 2028;

- probability of losing a court case – the probability of recognizing contractual provisions as abusive is estimated at 99% (vs. 95% at the end of 2023);
- financial implications of litigations – PZU Group accepts that if the court finds the contractual provisions to be abusive, it will adjudicate so that the loan agreement is invalidated.

Compared to the approach of the PZU Group as at the end of 2023, this means ruling out any other outcome (currency conversion, replacement of the bank's exchange rate with the average NBP exchange rate, or dismissal of the lawsuit). Furthermore, the calculation also takes into account the additional costs associated with the potential loss of litigation, incurred for the entire portfolio covered by the reserve calculation: default interest and attorney fees;

- recognition of the Pekao settlement program – for the population of agreements covered by the settlement program, Pekao assumes that the borrower will accept the settlement offer with a probability of about 42%, based on empirical observations (vs. 35% in 2023). If a settlement is reached, Pekao no longer expects a lawsuit on the agreement in question. Otherwise, the probability and distribution of litigation decisions are the same as described above.

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

The provisions are always estimated on the basis of expert assumptions and professional 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 the provisions for individual court cases in which the PZU Group is a party and a portfolio provision for the remaining FX mortgage loans which are exposed to legal risk associated with the nature of these agreements.

<b>Accumulated legal risk costs</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Loan receivables from clients (adjustment down of the mortgage loan carrying amount)	1,319	1,848
Other provisions	1,071	927
<b>Total</b>	<b>2,390</b>	<b>2,775</b>

The table below shows the forecasted impact of the movement in the number of lawsuits on the provision.

<b>Forecasted impact of the movement in the number of lawsuits on the provision</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
+1 p.p. (portfolio of outstanding loans)	11	10
+1 p.p. (portfolio of repaid loans)	16	17

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

The provision was established in connection with the entry into force of the Act of August 5, 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.

#### Provisions for guarantees and sureties given

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

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

PLN 12 million is the provision related to the proceedings of the President of UOKiK on irregularities in the complaint area at Pekao (for more information, see section 20.4.2).

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

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

### 9.37 Notes to the consolidated cash flow statement

<b>Movement in liabilities attributable to financial activities in the period ended June 30, 2024</b>	<b>Beginning of the period</b>	<b>Changes resulting from cash flows</b>	<b>Interest accruals and settlements of discount and premium</b>	<b>Foreign exchange differences</b>	<b>Other changes</b>	<b>End of the period</b>
Loans received	5,424	(478)	5	(28)	(73)	4,850
Liabilities on the issue of debt securities	12,003	3,033	291	(1)	(27)	15,299
Bonds	9,691	3,545	272	(2)	(6)	13,500
Certificates of deposit	1,257	(499)	19	2	(13)	766
Covered bonds	1,055	(13)	-	(1)	(8)	1,033
Subordinated liabilities	6,166	(419)	121	-	(5)	5,863
Liabilities on account of repurchase transactions	1,623	(325)	-	-	-	1,298
Lease liabilities	1,594	(137)	1	-	245	1,703
<b>Total</b>	<b>26,810</b>	<b>1,674</b>	<b>418</b>	<b>(29)</b>	<b>140</b>	<b>29,013</b>

<b>Movement in liabilities attributable to financial activities in the period ended June 30, 2023</b>	<b>Beginning of the period</b>	<b>Changes resulting from cash flows</b>	<b>Interest accruals and settlements of discount and premium</b>	<b>Foreign exchange differences</b>	<b>Other changes</b>	<b>End of the period</b>
Loans received	5,271	(375)	5	(144)	9	4,766
Liabilities on the issue of debt securities	11,090	(1,318)	(10)	(83)	(28)	9,651
Bonds	3,488	3,794	(27)	(70)	3	7,188
Certificates of deposit	6,646	(5,098)	17	(9)	(3)	1,553
Covered bonds	956	(14)	-	(4)	(28)	910
Subordinated liabilities	6,184	(159)	151	-	-	6,176
Liabilities on account of repurchase transactions	931	400	44	-	(44)	1,331
Lease liabilities	1,296	(147)	20	(1)	334	1,502
<b>Total</b>	<b>24,772</b>	<b>(1,599)</b>	<b>210</b>	<b>(228)</b>	<b>271</b>	<b>23,426</b>

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

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

<b>Financial assets pledged as collateral for liabilities and contingent liabilities</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Carrying amount of financial assets pledged as collateral for liabilities	13,572	14,658
Repurchase transactions	1,298	1,662
Coverage of the Guaranteed Funds Protection Fund for the Bank Guarantee Fund	889	910
Coverage of liabilities to be paid to the guarantee fund at the Bank Guarantee Fund	417	414
Coverage of liabilities to be paid to the resolution fund (BFG)	744	748
Lombard and technical credit	7,746	8,424
Other loans	71	108
Issue of covered bonds	1,478	1,440
Coverage of the Settlement Guarantee Fund for the National Depository for Securities	43	53
Derivative transactions	860	872
Blockage of assets in connection with the agreement on the technical credit limit in the Clearing House	26	27
Carrying amount of financial assets pledged as collateral for contingent liabilities	-	-
<b>Financial assets pledged as collateral for liabilities and contingent liabilities, total</b>	<b>13,572</b>	<b>14,658</b>

## 11. Contingent assets and liabilities

<b>Contingent assets and liabilities</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Contingent assets, including:	5	5
- guarantees and sureties received	5	5
Contingent liabilities	83,228	80,673
- for renewable limits in settlement accounts and credit cards	5,437	5,137
- for loans in tranches	55,293	53,822
- guarantees and sureties given	9,669	9,313
- disputed insurance claims	1,067	1,505
- other disputed claims	391	391
- other, including:	11,371	10,505
- guaranteeing securities issues	2,880	2,185
- factoring	6,956	6,627
- intra-day limit	432	436
- letters of credit and commitment letters	931	1,192
- other	172	65

Off-balance sheet liabilities granted	January 1 – June 30, 2024					January 1 – June 30, 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Par value</b>										
Beginning of the period	72,350	5,653	756	18	78,777	74,161	4,684	695	16	79,556
Off-balance sheet liabilities – new or purchased	20,473	125	2	1	20,601	16,139	155	10	1	16,305
Movement due to expiry of an off-balance sheet liability	(11,299)	(771)	(161)	(1)	(12,232)	(16,349)	(720)	(327)	-	(17,396)
Reclassification to Stage 1	1,730	(1,713)	(17)	-	-	1,163	(1,125)	(38)	-	-
Reclassification to Stage 2	(1,894)	1,928	(34)	-	-	(3,219)	3,221	(2)	-	-
Reclassification to Stage 3	(78)	(11)	89	-	-	(93)	(190)	283	-	-
Movement in commitment	(4,599)	(529)	(43)	(1)	(5,172)	(4,453)	(309)	51	-	(4,711)
Other changes, including foreign exchange differences	(206)	2	-	-	(204)	(429)	(40)	(3)	-	(472)
<b>End of the period</b>	<b>76,477</b>	<b>4,684</b>	<b>592</b>	<b>17</b>	<b>81,770</b>	<b>66,920</b>	<b>5,676</b>	<b>669</b>	<b>17</b>	<b>73,282</b>
<b>Allowance for off-balance sheet liabilities</b>										
Beginning of the period	190	114	269	4	577	205	131	174	4	514
Off-balance sheet liabilities – new or purchased	90	5	-	-	95	85	4	2	-	91
Movement due to expiry of an off-balance sheet liability	(12)	(12)	(42)	-	(66)	(18)	(14)	(76)	-	(108)
Reclassification to Stage 1	21	(13)	(8)	-	-	20	(18)	(2)	-	-
Reclassification to Stage 2	(17)	19	(2)	-	-	(29)	29	-	-	-
Reclassification to Stage 3	(26)	(1)	27	-	-	(25)	(28)	53	-	-
Movement in commitment	(60)	56	(3)	-	(7)	(53)	21	69	-	37
Other changes, including foreign exchange differences	3	(2)	(1)	-	-	5	(2)	(8)	-	(5)
<b>End of the period</b>	<b>189</b>	<b>166</b>	<b>240</b>	<b>4</b>	<b>599</b>	<b>190</b>	<b>123</b>	<b>212</b>	<b>4</b>	<b>529</b>

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

In the 6-month period ended June 30, 2024, neither PZU nor its subsidiaries granted any surety for a loan or borrowing or any guarantee to any single entity or any subsidiary of such an entity, with regard to which the total amount of outstanding sureties or guarantees would be significant.

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

## 12. Equity management

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

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

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

The capital management policy rests on the following principles:

- manage the PZU Group's capital (including excess capital) at the level of PZU;



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

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

The PZU and PZU Group's Dividend Policy is based on the following principles:

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

subject to the items below:

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

### *External capital requirements*

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

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

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

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

Regardless, some entities of the PZU Group that are obliged under the relevant legal regulations, both as at June 30, 2024 and as at December 31, 2023, satisfied the relevant equity requirements.

## 13. Segment reporting

### 13.1 Reporting segments

#### 13.1.1. Key classification criterion

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

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

Segment	Segment description	Aggregation criteria
Corporate insurance (non-life insurance)	Broad scope of non-life insurance products, TPL and motor insurance customized to a customer's needs entailing individual underwriting offered to large economic entities by PZU, TUW PZUW and PG TUW.	Aggregation by similarity of products offered, similar client groups to which they are offered, distribution channels and operation in the same regulatory environment.
Mass insurance (non-life insurance)	Broad scope of non-life, accident, TPL and motor insurance products offered to retail clients and entities in the small and medium-sized enterprise sector by PZU and Link4.	As above.
Group insurance and individually continued insurance (life insurance)	Group insurance products offered by PZU Życie to groups of employees and other formal groups (e.g., trade unions), under which persons with a legal relationship with the policyholder (e.g., employer, trade union) accede to the insurance product granted and individually continued insurance products under which the policyholder acquires the right to individual continuation during the group phase. PZU Życie's offer covers a wide range of protection, investment (non-investment contracts) 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 individual clients by the Pekao Group and the Alior Bank Group.	The aggregation was carried out due to the similarity of products and services offered by the companies and the identical regulatory environment of their operations.
Pension insurance	2nd pillar pension insurance	No aggregation.
Baltic States	Non-life and life insurance products offered by LD and its branch in Estonia, Balta and PZU LT GD.	The aggregation was carried out due to similarity of products and services offered by the companies and similarity of the regulatory environment of their operations.
Ukraine	Non-life and life insurance products offered by PZU Ukraine and PZU Ukraine Life Insurance.	The aggregation was carried out due to the similarity of the regulatory environment of their operations.

Segment	Segment description	Aggregation criteria
Investment contracts	PZU Życie products that do not transfer any significant insurance risk within the meaning of IFRS 17 and that do not meet the definition of an insurance contract (i.e., some products with a guaranteed return and some unit-linked products).	No aggregation.
Other	Other products and services not classified into any of the above segments.	

### 13.1.2. Information on geographic areas

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

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

### 13.2 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 determined without taking intersegment transactions into account.

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.

### 13.3 Simplifications in the segment note

The segment note applies certain simplifications applicable for in accordance with IFRS 8 (Operating Segments):

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

### 13.4 Quantitative data

April 1 – June 30, 2024	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic States	Ukraine	Investment contracts	Investments	Banking activities	Pension	Other	Total
Insurance service result before reinsurance	508	27	423	80	16	112	6	-	-	-	-	-	1,172
Insurance revenue	1,167	3,254	1,928	183	27	662	62	-	-	-	-	-	7,283
Amortization of liabilities for remaining coverage (PAA)	1,012	2,520	-	-	-	537	36	-	-	-	-	-	4,105
Expected claims and benefits (GMM, VFA)	-	-	1,274	36	2	3	2	-	-	-	-	-	1,317
Expected expenses (GMM, VFA)	-	-	228	26	-	2	-	-	-	-	-	-	256
Release of the contractual service margin (GMM, VFA)	-	-	308	69	14	2	5	-	-	-	-	-	398
Release of risk adjustment for non-financial risks (GMM, VFA)	-	-	33	5	5	-	-	-	-	-	-	-	43
Recovery of insurance acquisition cash flows	155	734	117	43	7	117	19	-	-	-	-	-	1,192
Other revenue	-	-	(32)	4	(1)	1	-	-	-	-	-	-	(28)
Insurance service expenses	(659)	(3,227)	(1,505)	(103)	(11)	(550)	(56)	-	-	-	-	-	(6,111)
Claims incurred in the period (without the investment component)	(479)	(2,231)	(1,187)	(30)	(2)	(401)	(31)	-	-	-	-	-	(4,361)
Administrative expenses	(60)	(223)	(213)	(23)	(1)	(71)	(13)	-	-	-	-	-	(604)
Run-off of claim reserves from prior years	37	43	(2)	(3)	(3)	36	10	-	-	-	-	-	118
Amortization of loss component	21	127	83	3	(1)	37	1	-	-	-	-	-	271
Recognition of the loss component	(23)	(209)	(69)	(7)	3	(34)	(4)	-	-	-	-	-	(343)
Amortization of insurance acquisition cash flows	(155)	(734)	(117)	(43)	(7)	(117)	(19)	-	-	-	-	-	(1,192)
Net income or expenses from reinsurance contracts held	(339)	7	-	-	-	(20)	(7)	-	-	-	-	-	(359)
Reinsurance premium allocation	(411)	(43)	-	-	-	(19)	-	-	-	-	-	-	(473)
Amounts recoverable from reinsurers, including:	72	50	-	-	-	(1)	(7)	-	-	-	-	-	114
Incurred claims	93	63	-	-	-	8	-	-	-	-	-	-	164
Incurred expenses	1	-	-	-	-	-	-	-	-	-	-	-	1
Run-off of claim reserves from prior years	(22)	(13)	-	-	-	(9)	(7)	-	-	-	-	-	(51)
<b>Insurance service result</b>	<b>169</b>	<b>34</b>	<b>423</b>	<b>80</b>	<b>16</b>	<b>92</b>	<b>(1)</b>	-	-	-	-	-	<b>813</b>

<b>April 1 – June 30, 2024</b>	<b>Corporate insurance</b>	<b>Mass insurance</b>	<b>Group and individually continued insurance</b>	<b>Individual protective insurance</b>	<b>Life investment insurance</b>	<b>Baltic States</b>	<b>Ukraine</b>	<b>Investment contracts</b>	<b>Investments</b>	<b>Banking activities</b>	<b>Pension</b>	<b>Other</b>	<b>Total</b>
Insurance finance income or expenses	(57)	(91)	(128)	(27)	(126)	(11)	(4)	-	-	-	-	-	(444)
Finance income or expenses from reinsurance	41	4	-	-	-	-	-	-	-	-	-	-	45
Investment income	96	198	214	29	119	26	6	-	40	6,011 <sup>1)2)</sup>	4	16	6,759
Fee and commission revenues	-	-	-	-	-	1	-	-	35	1,202 <sup>3)</sup>	45	(50)	1,233
Fee and commission expenses	-	-	-	-	-	-	-	-	-	(301)	-	7	(294)
Operating costs of banks	-	-	-	-	-	-	-	-	-	(1,846)	-	46	(1,800)
Legal risk costs of currency mortgage loans	-	-	-	-	-	-	-	-	-	(231)	-	-	(231)
Interest expenses	-	-	-	-	-	-	-	-	(46)	(1,997)	-	7	(2,036)
Other operating income and expenses	-	-	-	-	-	-	-	-	(46)	(250)	(10)	(193)	(499)
<b>Operating profit</b>	<b>249</b>	<b>145</b>	<b>509</b>	<b>82</b>	<b>9</b>	<b>108</b>	<b>1</b>	<b>-</b>	<b>(17)</b>	<b>2,588</b>	<b>39</b>	<b>(167)</b>	<b>3,546</b>

<sup>1)</sup> Incl. interest revenues of PLN 6,139 million.

<sup>2)</sup> Incl. revenues from other segments at PLN 51 million.

<sup>3)</sup> Incl. revenues from other segments at PLN 50 million.

January 1 – June 30, 2024	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic States	Ukraine	Investment contracts	Investments	Banking activities	Pension	Other	Total
Insurance service result before reinsurance	1,023	263	667	163	25	198	11	-	-	-	-	-	2,350
Insurance revenue	2,298	6,308	3,850	362	51	1,306	120	-	-	-	-	-	14,295
Amortization of liabilities for remaining coverage (PAA)	1,994	4,880	-	-	-	1,057	78	-	-	-	-	-	8,009
Expected claims and benefits (GMM, VFA)	-	-	2,537	70	2	6	6	-	-	-	-	-	2,621
Expected expenses (GMM, VFA)	-	-	451	51	(2)	4	-	-	-	-	-	-	504
Release of the contractual service margin (GMM, VFA)	-	-	616	137	26	6	6	-	-	-	-	-	791
Release of risk adjustment for non-financial risks (GMM, VFA)	-	-	65	10	10	1	-	-	-	-	-	-	86
Recovery of insurance acquisition cash flows	304	1,428	231	86	17	232	33	-	-	-	-	-	2,331
Other revenue	-	-	(50)	8	(2)	-	(3)	-	-	-	-	-	(47)
Insurance service expenses	(1,275)	(6,045)	(3,183)	(199)	(26)	(1,108)	(109)	-	-	-	-	-	(11,945)
Claims incurred in the period (without the investment component)	(948)	(4,117)	(2,555)	(73)	(3)	(816)	(63)	-	-	-	-	-	(8,575)
Administrative expenses	(121)	(456)	(427)	(46)	(2)	(138)	(24)	-	-	-	-	-	(1,214)
Run-off of claim reserves from prior years	92	87	57	10	(11)	72	14	-	-	-	-	-	321
Amortization of loss component	48	235	165	6	3	72	3	-	-	-	-	-	532
Recognition of the loss component	(42)	(366)	(192)	(10)	4	(66)	(6)	-	-	-	-	-	(678)
Amortization of insurance acquisition cash flows	(304)	(1,428)	(231)	(86)	(17)	(232)	(33)	-	-	-	-	-	(2,331)
Net income or expenses from reinsurance contracts held	(680)	(28)	-	-	-	(35)	(7)	-	-	-	-	-	(750)
Reinsurance premium allocation	(786)	(76)	-	-	-	(36)	-	-	-	-	-	-	(898)
Amounts recoverable from reinsurers, including:	106	48	-	-	-	1	(7)	-	-	-	-	-	148
Incurred claims	166	64	-	-	-	14	-	-	-	-	-	-	244
Incurred expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Run-off of claim reserves from prior years	(60)	(16)	-	-	-	(13)	(7)	-	-	-	-	-	(96)
<b>Insurance service result</b>	<b>343</b>	<b>235</b>	<b>667</b>	<b>163</b>	<b>25</b>	<b>163</b>	<b>4</b>	-	-	-	-	-	<b>1,600</b>

January 1 – June 30, 2024	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic States	Ukraine	Investment contracts	Investments	Banking activities	Pension	Other	Total
Insurance finance income or expenses	(124)	(178)	(256)	(52)	(282)	(26)	(10)	-	-	-	-	-	(928)
Finance income or expenses from reinsurance	83	6	-	-	-	1	-	-	-	-	-	-	90
Investment income	185	374	441	58	280	50	20	-	220	12,211 <sup>1) 2)</sup>	7	28	13,874
Fee and commission revenues	-	-	-	-	-	1	-	1	67	2,514 <sup>3)</sup>	86	(91)	2,578
Fee and commission expenses	-	-	-	-	-	-	-	-	-	(739)	-	12	(727)
Operating costs of banks	-	-	-	-	-	-	-	-	-	(3,539)	-	88	(3,451)
Legal risk costs of currency mortgage loans	-	-	-	-	-	-	-	-	-	(270)	-	-	(270)
Interest expenses	-	-	-	-	-	-	-	-	(104)	(3,998)	-	17	(4,085)
Other operating income and expenses	-	-	-	-	-	-	-	-	(81)	(864)	(20)	(397)	(1,362)
<b>Operating profit</b>	<b>487</b>	<b>437</b>	<b>852</b>	<b>169</b>	<b>23</b>	<b>189</b>	<b>14</b>	<b>1</b>	<b>102</b>	<b>5,315</b>	<b>73</b>	<b>(343)</b>	<b>7,319</b>

<sup>1)</sup> Incl. interest revenues of PLN 12,482 million.

<sup>2)</sup> Incl. revenues from other segments at PLN 101 million.

<sup>3)</sup> Incl. revenues from other segments at PLN 91 million.

<b>April 1 – June 30, 2023</b> (restated)	<b>Corporate insurance</b>	<b>Mass insurance</b>	<b>Group and individually continued insurance</b>	<b>Individual protective insurance</b>	<b>Life investment insurance</b>	<b>Baltic States</b>	<b>Ukraine</b>	<b>Investment contracts</b>	<b>Investments</b>	<b>Banking activities</b>	<b>Pension</b>	<b>Other</b>	<b>Total</b>
Insurance service result before reinsurance	536	370	348	68	12	89	9	-	-	-	-	-	1,432
Insurance revenue	994	2,956	1,819	161	25	609	50	-	-	-	-	-	6,614
Amortization of liabilities for remaining coverage (PAA)	853	2,278	-	-	-	489	30	-	-	-	-	-	3,650
Expected claims and benefits (GMM, VFA)	-	-	1,194	32	1	4	3	-	-	-	-	-	1,234
Expected expenses (GMM, VFA)	-	-	192	22	(1)	2	1	-	-	-	-	-	216
Release of the contractual service margin (GMM, VFA)	-	-	319	60	12	3	1	-	-	-	-	-	395
Release of risk adjustment for non-financial risks (GMM, VFA)	-	-	30	5	4	-	-	-	-	-	-	-	39
Recovery of insurance acquisition cash flows	141	678	109	40	10	111	15	-	-	-	-	-	1,104
Other revenue	-	-	(25)	2	(1)	-	-	-	-	-	-	-	(24)
Insurance service expenses	(458)	(2,586)	(1,471)	(93)	(13)	(520)	(41)	-	-	-	-	-	(5,182)
Claims incurred in the period (without the investment component)	(415)	(1,740)	(1,144)	(24)	(2)	(376)	(21)	-	-	-	-	-	(3,722)
Administrative expenses	(50)	(209)	(208)	(22)	(1)	(65)	(9)	-	-	-	-	-	(564)
Run-off of claim reserves from prior years	136	(34)	(15)	(2)	(2)	35	4	-	-	-	-	-	122
Amortization of loss component	28	110	73	2	-	36	-	-	-	-	-	-	249
Recognition of the loss component	(16)	(35)	(68)	(7)	2	(39)	-	-	-	-	-	-	(163)
Amortization of insurance acquisition cash flows	(141)	(678)	(109)	(40)	(10)	(111)	(15)	-	-	-	-	-	(1,104)
Net income or expenses from reinsurance contracts held	(283)	-	-	-	-	(15)	-	-	-	-	-	-	(298)
Reinsurance premium allocation	(308)	(34)	-	-	-	(17)	-	-	-	-	-	-	(359)
Amounts recoverable from reinsurers, including:	25	34	-	-	-	2	-	-	-	-	-	-	61
Incurred claims	35	1	-	-	-	8	-	-	-	-	-	-	44
Incurred expenses	(1)	-	-	-	-	-	-	-	-	-	-	-	(1)
Run-off of claim reserves from prior years	(9)	33	-	-	-	(6)	-	-	-	-	-	-	18
<b>Insurance service result</b>	<b>253</b>	<b>370</b>	<b>348</b>	<b>68</b>	<b>12</b>	<b>74</b>	<b>9</b>	-	-	-	-	-	<b>1,134</b>



<b>April 1 – June 30, 2023</b> (restated)	<b>Corporate insurance</b>	<b>Mass insurance</b>	<b>Group and individually continued insurance</b>	<b>Individual protective insurance</b>	<b>Life investment insurance</b>	<b>Baltic States</b>	<b>Ukraine</b>	<b>Investment contracts</b>	<b>Investments</b>	<b>Banking activities</b>	<b>Pension</b>	<b>Other</b>	<b>Total</b>
Insurance finance income or expenses	(16)	(43)	(127)	(25)	(183)	(8)	(4)	-	-	-	-	-	(406)
Finance income or expenses from reinsurance	2	(3)	-	-	-	(2)	-	-	-	-	-	-	(3)
Investment income	80	168	212	29	183	14	13	2	124	6,197 <sup>1)2)</sup>	5	2	7,029
Fee and commission revenues	-	-	-	-	-	1	-	-	25	1,342 <sup>3)</sup>	34	(39)	1,363
Fee and commission expenses	-	-	-	-	-	-	-	-	-	(447)	-	3	(444)
Operating costs of banks	-	-	-	-	-	-	-	-	-	(1,620)	-	39	(1,581)
Legal risk costs of currency mortgage loans	-	-	-	-	-	-	-	-	-	(37)	-	-	(37)
Interest expenses	-	-	-	-	-	-	-	-	(59)	(2,243)	-	12	(2,290)
Other operating income and expenses	-	-	-	-	-	-	-	-	(32)	(281)	(13)	(232)	(558)
<b>Operating profit</b>	<b>319</b>	<b>492</b>	<b>433</b>	<b>72</b>	<b>12</b>	<b>79</b>	<b>18</b>	<b>2</b>	<b>58</b>	<b>2,911</b>	<b>26</b>	<b>(215)</b>	<b>4,207</b>

<sup>1)</sup> Incl. interest revenues of PLN 6,383 million.

<sup>2)</sup> Incl. revenues from other segments at PLN 47 million.

<sup>3)</sup> Incl. revenues from other segments at PLN 40 million.

January 1 – June 30, 2023 (restated)	Corporate insurance	Mass insurance	Group and individually continued insurance	Individual protective insurance	Life investment insurance	Baltic States	Ukraine	Investment contracts	Investments	Banking activities	Pension	Other	Total
Insurance service result before reinsurance	(379)	794	548	138	17	168	23	-	-	-	-	-	1,309
Insurance revenue	1,954	5,771	3,634	311	49	1,195	99	-	-	-	-	-	13,013
Amortization of liabilities for remaining coverage (PAA)	1,672	4,481	-	-	-	958	60	-	-	-	-	-	7,171
Expected claims and benefits (GMM, VFA)	-	-	2,395	64	2	6	7	-	-	-	-	-	2,474
Expected expenses (GMM, VFA)	-	-	383	43	(3)	4	1	-	-	-	-	-	428
Release of the contractual service margin (GMM, VFA)	-	-	622	119	22	6	3	-	-	-	-	-	772
Release of risk adjustment for non-financial risks (GMM, VFA)	-	-	61	9	9	1	-	-	-	-	-	-	80
Recovery of insurance acquisition cash flows	282	1,290	215	77	21	220	26	-	-	-	-	-	2,131
Other revenue	-	-	(42)	(1)	(2)	-	2	-	-	-	-	-	(43)
Insurance service expenses	(2,333)	(4,977)	(3,086)	(173)	(32)	(1,027)	(76)	-	-	-	-	-	(11,704)
Claims incurred in the period (without the investment component)	(861)	(3,383)	(2,494)	(62)	(2)	(769)	(42)	-	-	-	-	-	(7,613)
Administrative expenses	(102)	(427)	(408)	(43)	(3)	(127)	(19)	-	-	-	-	-	(1,129)
Run-off of claim reserves from prior years	(1,085)	78	31	14	(11)	86	11	-	-	-	-	-	(876)
Amortization of loss component	54	236	146	3	2	76	-	-	-	-	-	-	517
Recognition of the loss component	(57)	(191)	(146)	(8)	3	(73)	-	-	-	-	-	-	(472)
Amortization of insurance acquisition cash flows	(282)	(1,290)	(215)	(77)	(21)	(220)	(26)	-	-	-	-	-	(2,131)
Net income or expenses from reinsurance contracts held	740	(35)	-	-	-	(24)	-	-	-	-	-	-	681
Reinsurance premium allocation	(621)	(70)	-	-	-	(33)	-	-	-	-	-	-	(724)
Amounts recoverable from reinsurers, including:	1,361	35	-	-	-	9	-	-	-	-	-	-	1,405
Incurred claims	122	6	-	-	-	19	-	-	-	-	-	-	147
Incurred expenses	10	1	-	-	-	-	-	-	-	-	-	-	11
Run-off of claim reserves from prior years	1,229	28	-	-	-	(10)	-	-	-	-	-	-	1,247
<b>Insurance service result</b>	<b>361</b>	<b>759</b>	<b>548</b>	<b>138</b>	<b>17</b>	<b>144</b>	<b>23</b>	-	-	-	-	-	<b>1,990</b>

<b>January 1 – June 30, 2023</b> (restated)	<b>Corporate insurance</b>	<b>Mass insurance</b>	<b>Group and individually continued insurance</b>	<b>Individual protective insurance</b>	<b>Life investment insurance</b>	<b>Baltic States</b>	<b>Ukraine</b>	<b>Investment contracts</b>	<b>Investments</b>	<b>Banking activities</b>	<b>Pension</b>	<b>Other</b>	<b>Total</b>
Insurance finance income or expenses	(52)	(123)	(249)	(48)	(388)	(15)	(8)	-	-	-	-	-	(883)
Finance income or expenses from reinsurance	13	-	-	-	-	(2)	(1)	-	-	-	-	-	10
Investment income	163	365	411	57	395	26	26	2	253	12,038 <sup>1)2)</sup>	9	(8)	13,737
Fee and commission revenues	-	-	-	-	-	1	-	1	48	2,605 <sup>3)</sup>	68	(75)	2,648
Fee and commission expenses	-	-	-	-	-	-	-	-	-	(849)	-	6	(843)
Operating costs of banks	-	-	-	-	-	-	-	-	-	(3,131)	-	75	(3,056)
Legal risk costs of currency mortgage loans	-	-	-	-	-	-	-	-	-	(48)	-	-	(48)
Interest expenses	-	-	-	-	-	-	-	-	(114)	(4,397)	-	25	(4,486)
Other operating income and expenses	-	-	-	-	-	-	-	-	(57)	(854)	(19)	(470)	(1,400)
<b>Operating profit</b>	<b>485</b>	<b>1,001</b>	<b>710</b>	<b>147</b>	<b>24</b>	<b>154</b>	<b>40</b>	<b>3</b>	<b>130</b>	<b>5,364</b>	<b>58</b>	<b>(447)</b>	<b>7,669</b>

<sup>1)</sup> Incl. interest revenues of PLN 12,404 million.

<sup>2)</sup> Incl. revenues from other segments at PLN 84 million.

<sup>3)</sup> Incl. revenues from other segments at PLN 76 million.

Geographic breakdown	January 1 – June 30, 2024					January 1 – June 30, 2023 (restated)				
	Poland	Baltic States	Ukraine	Unallo- cated	Consoli- dated value	Poland	Baltic States	Ukraine	Unallo- cated	Consoli- dated value
Insurance revenue	12,869	1,306	120	-	14,295	11,719	1,195	99	-	13,013
Fee and commission revenues	2,577	1	-	-	2,578	2,647	1	-	-	2,648
Investment profit or loss <sup>1)</sup>	13,804	50	20	-	13,874	13,685	26	26	-	13,737

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

Geographic breakdown	June 30, 2024					December 31, 2023 (restated)				
	Poland	Baltic States	Ukraine <sup>1)</sup>	Unallo- cated	Consoli- dated value	Poland	Baltic States	Ukraine <sup>1)</sup>	Unallo- cated	Consoli- dated value
Non-current assets other than financial assets <sup>2)</sup>	7,450	283	2	-	7,735	7,561	285	3	-	7,849
Deferred tax assets	2,238	(1)	1	-	2,238	2,190	1	2	-	2,193
Assets	479,626	3,523	360	(1,237)	482,272	465,316	3,498	366	(1,235)	467,945

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

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

### 13.5 Information on key customers

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

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

In Q1 2024, Poland’s GDP grew in real terms by 2.0% y/y. The main driver of this growth was household consumption, which increased by 4.6% y/y. It increased the GDP growth by 2.7 p.p. This was facilitated by reduced inflation and rising incomes in real terms. The wage raise in the public strengthened the government consumption which rose 10.9% y/y, adding 1.9 p.p. to GDP growth. Gross fixed asset expenditure fell by 1.8% y/y in Q1 2024 decreasing the GDP growth by 0.2 p.p. Adjustments of inventory were also still significant, subtracting 2.8 p.p. from GDP growth. According to the first flash estimate by Statistics Poland, the real GDP growth rate went up in Q2 2024 to 3.2% y/y.

After H1 2024, average employment in the business sector was 0.4% lower than in the same period in the previous year. By June, the number of full-time positions at companies was reduced by 31,000 compared to the level of employment in January 2024.

At the end of June 2024, there were 762,000 unemployed in the registers of labor offices, which translated into a registered unemployment rate of 4.9%. It was the lowest level of this indicator since August 1990. The deseasonalized unemployment rate published by Eurostat, calculated with a methodology harmonized for EU countries, was 3.0% in May 2024, with the average for the European Union at 6.0%. Only Czech Republic (2.7%) boasted a lower rate than Poland.

The average gross monthly salary in the business sector in H1 2024 was PLN 8,122.78. Compared to the same period last year, it increased nominally by 11.7% and in real terms by 8.7%.

After H1 2024, retail sales at constant prices were 4.9% higher than a year ago.

In H1 2024, consumer prices rose by an average of 2.7% y/y, with the inflation rate declining from 3.8% in January to 2.0% in March, and then rising slightly to reach 2.6% in June 2024, following the reinstatement of the 5% VAT rate on food as of April. Overall, the inflation rate was 2.5% in Q2 2024, with commodity prices rising by 1.2% y/y and consumer services prices rising by 6.2% y/y during the period.

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

After H1 2024, the state budget deficit amounted to PLN 69.9 billion, which accounted for 38.0% of the planned maximum deficit of PLN 184 billion. State budget revenues amounted to PLN 303.9 billion (44.5% of planned revenues for 2024).

## 15. Issues, redemptions and repayments of debt securities and equity securities

During 6 months ended June 30, 2024 PZU did not issue, redeem or repay any debt or equity securities.

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

On April 26, 2024, Pekao issued 5-year senior non-preferred notes ("SNP bonds") with the total nominal value of PLN 500 million. The SNP bonds have an option giving Pekao the right to redeem them early within 4 years or 4.5 years from the date of issue or in other cases indicated in the terms and conditions of issue (regulatory change of bond classification, change of bond taxation), subject to the approval of the BGF, if such approval is required, SNP bonds, in accordance with Article 97a(1)(2) of the Act of June 10, 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and resolution, will be Pekao's eligible liabilities. The bonds were listed on the ATS Catalyst market.

## 16. Payment default or violation of material regulations of the loan agreement

During 6 months ended June 30, 2024 neither PZU nor PZU subsidiaries failed to repay any loans or borrowings or violated any material regulations of loan agreements without remedy actions taken till the end of the reporting period.

## 17. Distribution of the parent company's profit and dividends

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

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

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

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

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

## 18. Disputes

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

The majority of disputes involving the PZU Group companies concerned four companies: PZU, PZU Życie, Pekao and Alior Bank. Estimates of the provision amounts for individual cases take into account all information available on the date of signing the consolidated financial statements, however their value may change in the future. The insurance company takes disputed claims into account in the process of measuring insurance liabilities, considering the probability of an unfavorable outcome of the dispute and estimating the probable awarded amount.

As at June 30, 2024, the total value of disputes in all 247,826 cases (December 31, 2023: 243,153 cases) pending before courts, arbitration bodies and public administration authorities in which PZU Group entities take part, was PLN 16,258 million (as at December 31, 2023: PLN 12,461 million). This amount included PLN 11,722 million (as at December 31, 2023: PLN 8,055 million) relates to liabilities, and PLN 4,536 million (as at December 31, 2023: PLN 4,406 million) to receivables of PZU Group companies.

During 6 months ended June 30, 2024 and till the date of the abridged mid-year consolidated financial statements, PZU Group companies were no parties to any pending proceedings before courts, competent arbitration authorities or public authority authorities concerning liabilities or receivables of PZU or PZU's direct or indirect subsidiaries whose unit value would be material, except for issues described above.

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

On July 30, 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 June 30, 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 January 22, 2010, the Regional Court in Warsaw repealed the aforementioned resolution adopted by PZU's Ordinary Shareholder Meeting in its entirety. PZU has used all the available appeal measures, including a cassation appeal to the Supreme Court which, on March 27, 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 May 30, 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 May 30, 2012 and the objection was recorded in the minutes.

On August 20, 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 May 30, 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 December 17, 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 March 4, 2014, PZU filed an appeal against the above judgment, contesting it in its entirety. On February 11, 2015, the Appellate Court in Warsaw handed down a judgment that changed the judgment of the Regional Court of December 17, 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 June 9, 2015. PZU filed its reply to the cassation appeal. By decision of April 19, 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 December 16, 2014, MSC summoned PZU to pay PLN 265 million as compensation in connection with repealing Resolution No. 8/2007 adopted by the PZU Ordinary Shareholder Meeting on June 30, 2007 to distribute PZU's profit for the financial year 2006. PZU refused to effect the performance on account of its groundlessness.

On September 23, 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 January 2, 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, a share in the profit for the 2006 financial year, following the adoption of Resolution No. 8/2007 by the PZU Ordinary Shareholder Meeting on June 30, 2007. The case is pending before the Regional Court in Warsaw. On December 18, 2015, PZU's attorney submitted a statement of defense, requesting to dismiss the claim in its entirety. On April 1, 2016, MSC filed a pleading in which it responded to PZU's assertions, allegations and petitions and raised new arguments in the case. On June 30, 2016, PZU filed a response to MSC's pleading along with requests for evidence. In its decision of July 21, 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 April 6, 2022, the Regional Court in Warsaw issued a decision admitting evidence in the form of an opinion of a scientific institute to determine the amount of the damage sustained by MSC and J.P Morgan, in the form of loss of profit, as a result of the adoption of Resolution No. 8/2007 by the PZU Ordinary Shareholder Meeting on June 30, 2007, excluding from distribution the profit for the 2006 financial year and the non-payment of this profit in 2007.

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

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

On November 13, 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 October 1, 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 claim to be dismissed in its entirety. PZU did not consent to mediation. In subsequent court sessions, evidentiary hearings have taken place.

## **18.2 Notification of PZU's claim to the bankruptcy estate of companies of the PBG Group**

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

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

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

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

The first list of claims presented by Hydrobudowa's trustee in bankruptcy to the judge commissioner contained PZU SA's claims in the amount of PLN 16 million and the fourth supplementary list of claims contained PZU SA's claims in the amount of

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

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

## **18.3 Class action against Alior Bank**

### **18.3.1. Class action**

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

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

### **18.3.2. 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 the subject matter of litigation in these cases is PLN 56 million.

According to the PZU Group, each payment case requires an individual approach. After analysis and selection of cases, those were singled out in which certain risk factors justify the establishment of a provision. Its calculation also took into account an expected increase in the scale of lawsuits. The total value of the provision as at June 30, 2024 was PLN 85 million (as at December 31, 2023: PLN 82 million).

## **19. Related party transactions**

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

During 6 months ended June 30, 2024 neither PZU nor PZU's subsidiaries made any transactions with related parties which were of material significance individually or collectively and were executed on terms other than on an arm's length basis.



## 19.2 Transactions with State Treasury and its related parties

The transactions between the PZU Group and the State Treasury and its related parties pertained most of all to non-life insurance, operations on sovereign securities and banking services. Such transactions are concluded and settled on terms and conditions available to customers, who are not related parties. The PZU Group applies the exemption in paragraph 25 of IAS 24.

As at June 30, 2024, the value of bonds issued or guaranteed by the State Treasury and held by the entities of the PZU Group was PLN 112,554 million (as at December 31, 2023: PLN 103,957 million).

As at June 30, 2024, the corporate income tax liabilities (less receivables) towards the State Treasury were at PLN 897 million (as at December 31, 2023: PLN 1,972 million).

The cash balance in the accounts of the National Bank of Poland, as at June 30, 2024, was PLN 10,320 million (as at December 31, 2023: PLN 9,045 million).

## 19.3 Other related party transactions

Balances and turnovers resulting from commercial transactions between the PZU Group and related parties	January 1 – June 30, 2024		January 1 – June 30, 2023	
	Key management	Other related parties <sup>1)</sup>	Key management	Other related parties <sup>1)</sup>
Insurance revenue	-	-	-	-
Other income	-	1	-	-
Expenses	-	18	-	19

Balances and turnovers resulting from commercial transactions between the PZU Group and related parties	June 30, 2024		December 31, 2023	
	Key management	Other related parties <sup>1)</sup>	Key management	Other related parties <sup>1)</sup>
Loan receivables from clients	-	-	1	-
Receivables	-	1	-	1
Liabilities under deposits	-	43	4	42
Other liabilities	-	2	-	6
Contingent assets	-	-	-	-
Contingent liabilities	-	2	-	2

<sup>1)</sup> Associates accounted for using the equity method.

At the stage of acquisition of the shares in Alior Bank and Pekao, respectively (“the 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.

## 20. Other information

### 20.1 Inspections by the UKNF

#### 20.1.1. PZU

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

From March 11, 2024 to April 19, 2024, KNF carried out its inspection at PZU. The inspection concerns compliance with selected requirements for the management of areas involving information technology and ICT environment security. On July 4, 2024, KNF issued 25 recommendations, out of which 21 have been implemented, and 4 remain to be implemented by December 31, 2024.

Since July 1, 2024, KNF is verifying PZU's operations and assets in terms of the measurement of technical provisions for solvency purposes. The inspection is expected to conclude on August 29, 2024.

#### 20.1.2. PZU Życie

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

### 20.2 KNF's investigation into insurance distribution by Alior Bank

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

On August 2, 2024, Alior Bank received a decision from the KNF regarding the conclusion of the arrangement on the terms of extraordinary leniency. The draft arrangement on the terms of extraordinary leniency stipulated a monetary penalty of PLN 300,000 to be imposed on Alior Bank and a 14-day deadline to accept the terms of the arrangement. The Management Board of Alior Bank accepted the terms of the arrangement presented by the KNF on August 13, 2024.

### **20.3 Tax liability in Sweden**

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

In 2018, in connection with concerns regarding taxation under the Swedish Conversion Act (2000:46) of the foreign exchange differences in the situation where Euro is a reporting currency, PZU Finance AB applied for an individual tax ruling to the Swedish Tax Interpretation Board (Skatterättsnämnden). On March 13, 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 euro 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 April 3, 2019 PZU Finance AB challenged the individual tax interpretation of the Swedish Council for Tax Interpretation before the Supreme Administrative Court (Högsta förvaltningsdomstolen). On May 4, 2020, the Supreme Administrative Court rejected the request of PZU Finance AB and annulled the individual interpretation as not providing for a sufficient basis for the individual tax interpretation, which meant that the interpretation should not have been issued.

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

### **20.4 UOKiK proceedings**

#### **20.4.1. Alior Bank**

On September 27, 2019, the UOKiK President decided to initiate proceedings against Alior Bank in order to recognize regulations of a contract form as impermissible (Ref. No. RPZ.611.4.2019.PG). 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 exchanged correspondence concerning that case with the UOKiK President and presented a schedule based on which pending consequences of the violation would be removed from contracts entered into with customers. In a letter dated March 20, 2024, Alior Bank presented the UOKiK with a proposal for new content of the modification

clauses. In the letter dated April 22, 2024, the President of UOKiK decided to extend the deadline for completing the proceedings to August 31, 2024. In its letter of July 1, 2024, Alior Bank updated the facts of the case as requested by the President of UOKiK.

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

On February 13, 2024, the UOKiK initiated proceedings (Ref. no.: 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 complaint by the consumer;
- providing consumers – in responses to their reports of unauthorized payment transactions – with information that the transaction was authorized correctly when this was determined only after the payment service provider had verified the correct use of the payment instrument with individual credentials, with the manner of providing such information suggesting that Alior Bank's demonstration of correct authentication excludes Alior Bank's obligation to reimburse the amount of the unauthorized transaction, which may mislead consumers regarding Alior Bank's obligations under Article 46(1) of the Payment Services Act and regarding apportionment of the burden of proving that the payment transaction was authorized;
- providing consumers – in responses to their reports of unauthorized payment transactions – with information that the transaction was authenticated correctly by the user and that Alior Bank bears no responsibility for that transaction as it was made as a result of the consumer's violation of the terms of the agreement with Alior Bank, which may mislead consumers regarding Alior Bank's obligations under Article 46(1) of the Payment Services Act and regarding apportionment of the burden of proof to the extent that Alior Bank should prove that the consumer led to the transaction in question by the intentional or grossly negligent violation of one or more obligations referred to in Article 42 of the Payment Service Act;
- providing consumers – in responses to their reports of unauthorized payment transactions – with information that card transactions reported after 120 days from the transaction date may not be considered unauthorized payment transactions and that no more than 15 transactions may be complaint about;

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

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

As at June 30, 2024, the value of complaints about unauthorized transactions is approximately PLN 53 million (as at December 31, 2023: PLN 43 million). The maximum amount of a fine is 10% of Alior Bank's turnover achieved in the fiscal year preceding the year in which the fine was imposed.

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

## 20.4.2. Pekao

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

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

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

In December 2023, Pekao submitted a request to the President of UOKiK for a so-called commitment decision. In May 2024, Pekao modified the contents of the commitment. Pekao is waiting for the decision of the President of the UOKiK on this matter. As at June 30, 2024, the PZU Group maintains a provision of PLN 12 million for the implementation of the commitment proposed to the President of UOKiK by Pekao.

### *Investigation of the President of UOKiK into unauthorized payment transactions*

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

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

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

## 20.5 Issues concerning Alior Leasing sp. z o.o.

In December 2021 Alior Bank and Alior Leasing sp. z o.o. received from the former members of the Alior Leasing sp. z o.o. management board summons to an ad hoc arbitration court. On March 1, 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 was issued on April 29, 2024; it orders that the plaintiffs reimburse Alior Bank and Alior Leasing sp. z o.o. For the costs. On June 10, 2014, Alior Bank and Alior Leasing sp. z o.o. received a notice from the Court of Appeals in Warsaw that it had registered an appeal to set the judgment of the amicable court aside, brought by the former members of the Management Board of Alior Leasing sp. z o.o.

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 signing the consolidated financial statements, no claims have been filed on this account. In the opinion of the PZU Group, there are no reasons for establishing a provision for that purpose.

## 20.6 Conflict in Ukraine

Due to the Russian Federation's invasion of Ukraine and the armed conflict lasting since February 24, 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 June 30, 2024, total net assets (assets deducted by liabilities and adjusted by mutual shares between PZU Ukraina and PZU Ukraina Życie) of three companies operating in Ukraine (PZU Ukraina, PZU Ukraina Życie and LLC SOS Services Ukraine) amounted to PLN 51 million (as of December 31, 2023: PLN 46 million).

The assets (net of the shares held mutually between PZU Ukraina and PZU Ukraina Życie) of these companies subject to consolidation totaled PLN 360 million (as of December 31, 2023: PLN 365 million), of which PLN 309 million (as of December 31, 2023: PLN 320 million).

Due to the martial law, which has been in force in the whole territory of Ukraine since February 24, 2022 (currently extended until August 11, 2024), Ukrainian companies of the PZU Group operate under war restrictions and legal conditions stemming from so called "war regulations".

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

Both companies have adapted their activities to the new requirements within the time limit specified, in particular meeting the new minimum share capital requirement of UAH 48 million.

On March 8, 2024, rating agency S&P Global Ratings downgraded Ukraine's long-term foreign currency sovereign rating to CC from CCC, affirmed the short-term rating at C and maintained the negative outlook.

As at the date of signing the condensed interim consolidated financial statements, the measurement of assets and liabilities of the Ukrainian companies of the PZU Group required adopting certain assumptions and involved material uncertainty; likewise, the going concern assumption is uncertain (there is a risk that the companies will lose all of their operating capacities) due to the persistence of military operations and consequences thereof.

The PZU Group analyzes the developments on an ongoing basis and examines forward-looking scenarios for the run of events.

Signatures of members of PZU Management Board:

<b>First name and last name</b>	<b>Position / Title</b>	
Artur Olech	President of PZU Management Board	..... (signature)
Bartosz Grześkowiak	Member of the PZU Management Board	..... (signature)
Elżbieta Häuser-Schöneich	Member of the PZU Management Board	..... (signature)
Tomasz Kulik	Member of the PZU Management Board	..... (signature)
Maciej Rapkiewicz	Member of the PZU Management Board	..... (signature)
Jan Zimowicz	Member of the PZU Management Board	..... (signature)

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

Katarzyna Łubkowska	Head of the Accounting Bureau	..... (signature)
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Warsaw, August 28, 2024