

Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna

**Motion
to the Shareholder Meeting of PZU SA**

In the matter of:

issuing subordinated bonds on the domestic or international market

Body of the motion:

The Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (PZU) hereby moves for the adoption of a resolution on the following:

1. issue of subordinated bonds on the domestic market by PZU,
2. issue of subordinated bonds on the international market by PZU,

with a total value of up to PLN 3,000,000,000 (three billion Polish zloty) or its equivalent in other currencies, proceeds from which would be classified as own funds of category 2 in accordance with the Insurance and Reinsurance Activity Act of 11 September 2015 and Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

Justification:

Pursuant to § 18 section 6 of the PZU Articles of Association, the powers of the PZU Shareholder Meeting include the adoption of resolutions on the issue of bonds.

At the same time, pursuant to § 25 section 2 item 19 of the PZU Articles of Association and § 13 section 1 item 19 of the PZU SA Supervisory Board Bylaws, duties of the PZU Supervisory Board include the reviewing and issuing opinions on any matters submitted by the PZU Management Board to the PZU Shareholder Meeting.

The proceeds from PZU's issue of subordinated bonds will be classified as basic own funds of category 2 in accordance with Article 245 et seq. of the Insurance and Reinsurance Activity Act of 11 September 2015, which in this respect constitute the transposition of the norm arising out of Article 94 of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (**Solvency II**), and in accordance with Article 72 et seq. of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

It is planned that the subordinated bonds will be issued on the domestic market (in the form of a private placement pursuant to Article 33 Section 2 of the Act on Bonds of 15 January 2015) or on the international market with a total value of up to PLN 3,000,000,000 (three billion Polish zloty) or its equivalent in other currencies.

In accordance with the capital and dividend policy approved by the Supervisory Board on 3 October 2016, the PZU Group strives to maintain its target solvency ratios at a level of 200% for the PZU Group, PZU and PZU Życie (according to the Solvency II Directive).

Accordingly, a motion is submitted to the PZU Shareholder Meeting to adopt a resolution on the issue of subordinated bonds by PZU on the domestic or international market.

Submitted on behalf of the PZU Management Board by:

President of the Management Board

Management Board Member

/-/ Michał Krupiński

/-/ Tomasz Kulik

Attachments:

1. Resolution no. UZ/51/2017 on submitting a motion to the Shareholder Meeting of Powszechny Zakład Ubezpieczeń Spółka Akcyjna in the matter of issuing subordinated bonds on the domestic or international market
2. Resolution no. URN/10/2017 on evaluation of the motion submitted by the Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna in the matter of issuing subordinated bonds on the domestic or international market
3. Draft resolution of the PZU Shareholder Meeting on issuing subordinated bonds on the domestic or international market



RESOLUTION NO. UZ/51/2017

**ADOPTED BY THE MANAGEMENT BOARD OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ SPÓŁKA
AKCYJNA**

on 7 March 2017

**on submitting a motion to the Shareholder Meeting of Powszechny Zakład Ubezpieczeń
Spółka Akcyjna in the matter of issuing subordinated bonds on the domestic
or international market**

Pursuant to § 4 item 21 of the Powszechny Zakład Ubezpieczeń Spółka Akcyjna Management Board
Bylaws, the following is hereby resolved:

§ 1

1. It is hereby resolved that a motion shall be submitted to the Shareholder Meeting of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (hereinafter referred to as "PZU") to adopt a resolution on the following:
 - 1) issue of subordinated bonds on the domestic market by PZU,
 - 2) issue of subordinated bonds on the international market by PZUwith a total value of up to PLN 3,000,000,000 (three billion Polish zloty) or its equivalent in other currencies, proceeds from which would be classified as own funds of category 2 in accordance with the Insurance and Reinsurance Activity Act of 11 September 2015 and Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).
2. The proposed wording of the resolution to be adopted by the PZU Shareholder Meeting forms an attachment hereto.

§ 2

It is hereby resolved to submit a motion to the PZU SA Supervisory Board to issue an opinion on the motion referred to in § 1 section 1.

§ 3

1. Information on the adoption of this PZU Management Board resolution constitutes, in the opinion of the PZU Management Board, confidential information within the meaning of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (hereinafter: "Market Abuse Regulation").
2. The publication of confidential information will be delayed in accordance with the provisions of Article 17 section 4 of the Market Abuse Regulation, because the immediate disclosure of this information might undermine the legitimate interests of PZU by potentially threatening the proper assessment of such information by the public and due to the fact that the PZU Management Board's motion to the PZU Shareholder Meeting requires examination and evaluation by another body, namely by the PZU Supervisory Board. The issue of bonds is a multi-stage process and at this time it is impossible to

resolution on submitting a motion to the Shareholder Meeting of Powszechny Zakład Ubezpieczeń Spółka Akcyjna in the matter of issuing subordinated bonds on the domestic or international market

state with certainty that it will be eventually effected by PZU. The PZU Management Board has taken action aimed at making the final decision by PZU on the issue of this type of securities, but before such issue is possibly effected, resolutions have to be adopted by PZU's other corporate bodies, i.e. the Supervisory Board and the Shareholder Meeting. Because no resolutions have been adopted that would require the PZU Management Board to take actions aimed at the issue of bonds, there are no grounds to deem that a delay in the disclosure of this confidential information might mislead the public in any manner. The immediate publication of information on the adoption of the resolution only by the PZU Management Board might in fact threaten the proper assessment of such information by the public due to the creation of an incorrect impression that the final decision has been made to go ahead with the transaction in question.

3. PZU will disclose the confidential information on the adoption of a resolution by the PZU Supervisory Board on evaluation of the motion submitted by the PZU Management Board in the matter of issuing subordinated bonds on the domestic or international market if the PZU Supervisory Board issues a positive opinion on the motion submitted by the PZU Management Board.
4. The moment of delay in the disclosure of confidential information is the date of adoption of this resolution by the PZU Management Board.

§ 4

This resolution shall come into force on the date of its adoption.

The vote was taken in an open ballot.

Number of attendees: 4. Number of votes in favor: 4. Number of votes against: 0. Number of abstentions: 0

President of the Management Board

/-/ Michał Krupiński



RESOLUTION NO. URN/10/2017

**ADOPTED BY THE SUPERVISORY BOARD OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ
SA**

on 14 March 2017

on evaluation of the motion submitted by the Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna in the matter of issuing subordinated bonds on the domestic or international market

Pursuant to § 13 and 25 section 2 item 19 of the Articles of Association of Powszechny Zakład Ubezpieczeń Spółka Akcyjna and § 13 section 1 item 19 of the Powszechny Zakład Ubezpieczeń Spółka Akcyjna Supervisory Board Bylaws, the following is hereby resolved:

§ 1

The Supervisory Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (hereinafter referred to as "PZU") hereby issues a positive opinion on the PZU Management Board's motion to the PZU Shareholder Meeting on:

1. issue of subordinated bonds on the domestic market by PZU,
2. issue of subordinated bonds on the international market by PZU

with a total value of up to PLN 3,000,000,000 (three billion Polish zloty) or its equivalent in other currencies, proceeds from which would be classified as own funds of category 2 in accordance with the Insurance and Reinsurance Activity Act of 11 September 2015 and Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

§ 2

This resolution shall come into force on the date of its adoption.

The vote was taken in an open ballot.

Number of attendees: 9. Number of votes in favor: 9. Number of votes against: 0. Number of abstentions: 0

Chairman of the PZU SA
Supervisory Board

/-/ Paweł Górecki