

Warsaw, 21 May 2015

Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna

Motion

**to the Shareholder Meeting of Powszechny Zakład Ubezpieczeń Spółka Akcyjna
on the distribution of profit of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for the financial year ended
31 December 2014**

Content:

1. Pursuant to Article 395 § 2 Item 2 of the Commercial Companies Code and § 18 item 2 of the Articles of Association of Powszechny Zakład Ubezpieczeń Spółka Akcyjna, a motion is hereby submitted to the Ordinary Shareholder Meeting of PZU SA to distribute the net profit earned by PZU SA in the financial year ended 31 December 2014 of PLN 2,636,733,011.44 (two billion six hundred thirty-six million seven hundred thirty-three thousand eleven Polish zloty and 44 grosz) as follows:
 - 1) allocate PLN 2,590,569,000.00 (two billion five hundred ninety million five hundred sixty-nine thousand Polish zloty and 00 grosz), i.e. PLN 30.00 (thirty Polish zloty) per share, to the payment of a dividend;
 - 2) allocate PLN 36,164,011.44 (thirty-six million one hundred sixty-four thousand eleven Polish zloty and 44 grosz) to reserve capital;
 - 3) allocate PLN 10,000,000.00 (ten million Polish zloty) to the Company Social Benefits Fund (ZFŚS).
2. It is requested that the record date be set at 30 September 2015.

Justification:

The PZU SA Management Board proposes the payment of a dividend of PLN 2,636,733,011.44 (two billion six hundred thirty-six million seven hundred thirty-three thousand eleven Polish zloty and 44 grosz) representing 98% of PZU SA's standalone net profit (according to Polish Accounting Standards).

The dividend per share will be PLN 30.00.

Updated capital and dividend policy of the PZU Group for 2013-2015

The proposed distribution of profit is consistent with the "Updated capital and dividend policy of the PZU Group for 2013-2015", according to which the value of a dividend to be paid may not be smaller than 50% or greater than 100% of the net profit reported in the consolidated financial statements of the PZU Group according to IFRS.

Due to the absence of subordinated debt, it is not recommended to pay a dividend based on the capital surplus.

All conditions necessary for the payment of the dividend for 2014 from the legal standpoint and from the economic and financial standpoint have been verified. PZU SA's financial standing is very good. PZU SA recorded a very high financial result in 2014 and has very good capital ratios. After the dividend is paid in the assumed amount, PZU SA will continue to have a significant surplus of shareholder funds over the solvency margin and will maintain an amount of assets covering 110% of its provisions.

KNF's recommendations for the distribution of the financial result for 2014

In reference to letter DNU/606/747/1/2014 dated 3 December 2014 from the Chairman of the Polish Financial Supervision Authority recommending life and non-life insurance companies to adopt a conservative dividend policy, it is recommended that the payment of a dividend should be considered only by insurance/reinsurance companies which jointly meet the following criteria:

- I. the Supervision Audit and Assessment (BION) score granted by KFN for 2013 equal to or greater than 2.0;
- II. in 2014, no shortage of shareholder funds to cover the solvency margin or guarantee capital and no shortage of assets to cover technical provisions (in monthly or quarterly periods);
- III. in 2014, no remedial plan or program in place of the kind referred to in Article 187 Sections 1-3 and 8 of the Insurance Activity Act of 22 May 2003 (consolidated version: Journal of Laws Item 950 of 2013, as amended, hereinafter: "Insurance Activity Act");
- IV. their capital requirements coverage ratio (understood as the lower of the ratio of shareholder funds to solvency margin and the ratio of shareholder funds to guarantee capital) as at 31 December 2014 was at least 160% in the case of life insurance companies or 200% in the case of non-life insurance companies;
- V. their stress tests conducted as at 31 December 2014 for all tested risk types indicated the capital requirements coverage ratio of at least 110% and the ratio of coverage of technical provisions with pertinent assets of at least 100%;

A relevant analysis was conducted, in the course of which it was found that PZU SA meets all the aforementioned conditions.

Furthermore, the Chairman of the Polish Financial Supervision Authority stated in the said letter that insurance companies should limit their dividend payments to 75% of profit earned in 2014 and the capital requirements coverage ratio should be at least 110% after the dividend is paid. At the same time, the Chairman permitted the payment of a dividend from the entire profit earned in 2014, provided that after the payment of the dividend the capital requirements coverage will be maintained at a level higher than that specified in criterion IV and criterion V will be met, taking into consideration the status as at 31 December 2014 adjusted for the amount of the dividend.

The draft resolution to be adopted by the PZU SA Management Board on accepting the motion to the PZU SA Shareholder Meeting on the distribution of PZU SA's net profit for the financial year ended 31 December 2014 r. is consistent with the said recommendation issued by the Chairman of the Polish Financial Supervision Authority in that the total amount of the proposed dividend is equal to 98% of PZU SA's standalone net profit (according to Polish Accounting Standards).

Assets-to-technical-provisions coverage ratio

PZU SA's assets-to-technical-provisions coverage ratio was 118.3% as at 31 December 2014.

In the "Capital and dividend policy of the PZU Group for 2013-2015", the level of 110% is adopted as the minimum assets-to-technical-provisions coverage ratio.

The payment of the dividend will affect the level of coverage of technical provisions with assets.

In respect of ensuring a safe level of the assets-to-technical-provisions coverage ratio, PZU SA:

- is bound by KNF's recommendations for the distribution of the financial result;
- is bound by the minimum level of the assets-to-technical-provisions coverage ratio specified the "Updated capital and dividend policy for 2013-2015"; and
- seeks to obtain the highest possible BION score.

Summary:

The adoption of a resolution by PZU SA on the payment of a dividend in the proposed amount is justified on grounds of the prudent and stable management of PZU SA, assuming that the dividend will be paid on 21 October 2015.

This motion is presented by:

Attachments:

- 1) Resolution No. UZ/133/2015 adopted by the PZU SA Management Board on 12 May 2015 in the matter of accepting the motion to distribute PZU SA's net profit for the year ended 31 December 2014;
- 2) Resolution No. URN/23/2015 adopted by the PZU SA Supervisory Board on 21 May 2015 in the matter of assessment of the Management Board's motion to distribute PZU SA's net profit for the year ended 31 December 2014;
- 3) draft resolution to be adopted by the PZU SA Shareholder Meeting in the matter of the distribution of PZU SA's net profit for the year ended 31 December 2014.

RESOLUTION NO. UZ/133/2015

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

on 12 May 2015

in the matter of accepting the motion to distribute PZU SA's net profit for the year ended 31 December 2014

Pursuant to § 4 item 5 in conjunction with § 4 items 20 and 21 of the Powszechny Zakład Ubezpieczeń Spółka Akcyjna Management Board Bylaws, the following is hereby resolved:

§ 1

1. A motion shall be submitted to the PZU SA Ordinary Shareholder Meeting to distribute PZU SA's net profit for the year ended 31 December 2014 of PLN 2,636,733,011.44 (two billion six hundred thirty-six million seven hundred thirty-three thousand eleven Polish zloty and 44 grosz) as follows:
 - 1) allocate PLN 2,590,569,000.00 (two billion five hundred ninety million five hundred sixty-nine thousand Polish zloty and 00 grosz), i.e. PLN 30.00 (thirty Polish zloty) per share, to the payment of a dividend;
 - 2) allocate PLN 36,164,011.44 (thirty-six million one hundred sixty-four thousand eleven Polish zloty and 44 grosz) to reserve capital;
 - 3) allocate PLN 10,000,000.00 (ten million Polish zloty) to the Company Social Benefits Fund (ZFŚS).
2. A motion shall be submitted to the PZU SA Ordinary Shareholder Meeting to set the record date at 30 September 2015.

§ 2

It is hereby resolved to submit a motion to the PZU SA Supervisory Board to issue an opinion on the Management Board's motion referred to in § 1 of this Resolution.

§ 3

This Resolution shall come into force on the day 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

Management Board Member

Dariusz Krzewina

RESOLUTION NO. URN/23/2015

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

on 21 May 2015

**in the matter of assessment of the Management Board's motion on the distribution of
PZU SA's net profit for the year ended 31 December 2014**

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

§ 1

1. The Supervisory Board hereby issues a positive opinion on the PZU SA Management Board's motion to the PZU SA Ordinary Shareholder Meeting to distribute PZU SA's net profit for the year ended 31 December 2014 presented in Resolution No. UZ/133/2015 adopted by the PZU SA Management Board on 12 May 2015 in the matter of accepting the motion to distribute PZU SA's net profit for the year ended 31 December 2014, and recommends to the Ordinary Shareholder Meeting that the profit of PLN 2,636,733,011.44 (two billion six hundred thirty-six million seven hundred thirty-three thousand eleven Polish zloty and 44 grosz) be distributed as follows:
 - 1) allocate PLN 2,590,569,000.00 (two billion five hundred ninety million five hundred sixty-nine thousand Polish zloty and 00 grosz), i.e. PLN 30.00 (thirty Polish zloty) per share, to the payment of a dividend;
 - 2) allocate PLN 36,164,011.44 (thirty-six million one hundred sixty-four thousand eleven Polish zloty and 44 grosz) to reserve capital;
 - 3) allocate PLN 10,000,000.00 (ten million Polish zloty) to the Company Social Benefits Fund (ZFŚS).
2. The Supervisory Board recommends to the PZU SA Ordinary Shareholder Meeting that the record date be set at 30 September 2015.

§ 2

This Resolution shall come into force on the day 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

Chairwoman
of the PZU SA Supervisory Board

Aleksandra Magaczewska

RESOLUTION NO. .../2015

ADOPTED BY THE ORDINARY SHAREHOLDER MEETING

OF Powszechny Zakład Ubezpieczeń Spółka Akcyjna

on 2015

on the distribution of PZU SA's net profit for the year ended 31 December 2014.

Pursuant to Article 395 § 2 Item 2 of the Commercial Companies Code and § 18 Item 2 and § 36 of the PZU SA Articles of Association in conjunction with Article 348 § 1 of the Commercial Companies Code, the Ordinary Shareholder Meeting of PZU SA hereby resolves as follows:

§ 1

PZU SA's net profit for the year ended 31 December 2014 of PLN 2,636,733,011.44 (two billion six hundred thirty-six million seven hundred thirty-three thousand eleven Polish zloty and 44 grosz) is hereby distributed as follows:

- 1) PLN 2,590,569,000.00 (two billion five hundred ninety million five hundred sixty-nine thousand Polish zloty and 00 grosz), i.e. PLN 30.00 (say: thirty Polish zloty) per share is allocated to the payment of a dividend;
- 2) PLN 36,164,011.44 (thirty-six million one hundred sixty-four thousand eleven Polish zloty and 44 grosz) is transferred to reserve capital;
- 3) PLN 10,000,000.00 (ten million Polish zloty) is allocated to the Company Social Benefit Fund (ZFŚS).

§ 2

The date used to prepare the list of shareholders eligible to receive the dividend referred to in § 1 section 1 (record date) is hereby set for 30 September 2015. The dividend payment date is set at 21 October 2015.

§ 3

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

Chairperson
of the PZU SA Ordinary Shareholder Meeting