

Warsaw, 25 April 2013

**Management Board of PZU SA**

**motion to the Shareholder Meeting of PZU SA to distribute the net profit earned by PZU SA for the financial year ended 31 December 2012**

**Content:**

Pursuant to Article 395 § 2 item 2 of the Code of Commercial Companies and § 18 item 2 of the Articles of Association of PZU SA, a motion is hereby submitted to the Ordinary Shareholder Meeting of PZU SA to distribute the net profit earned by PZU SA for the financial year ended 31 December 2012 in the amount of PLN 2,580,720,187.99 (say: two billion five hundred eighty million seven hundred twenty thousand one hundred eighty seven zloty and ninety nine grosz) in the following way:

- a) PLN 2,564,663,310.00 (in words: two billion five hundred sixty four million six hundred sixty three thousand three hundred ten zloty), i.e. PLN 29.70 per share, is earmarked as a dividend;
- b) PLN 6,056,877.99 (say: six million fifty six thousand eight hundred seventy seven zloty and ninety nine grosz) is transferred to reserve capital;
- c) PLN 10,000,000.00 (say: ten million zloty) is earmarked to increase the Company Social Benefit Fund.

**Justification:**

In line with its dividend policy, the PZU SA Management Board proposes to pay a dividend in the amount of PLN 2,564,663,310.00 (say: two billion five hundred sixty four million six hundred sixty three thousand three hundred ten zloty); the dividend per share is PLN 29.70.

The recommendation in the matter of distribution of profit included in resolution no. UZ/107/2013 adopted by the PZU SA Management Board on 8 April 2013 in the matter of acceptance of the motion to distribute the net profit earned by PZU SA for the financial year ended 31 December 2012 is consistent with the following:

- letter of the Chairman of the Polish Financial Supervision Authority (KNF) DNU/W1/606/219/1/12/EU dated 5 December 2012 recommending that Section I and Section II insurance companies adopt a conservative dividend policy;
- PZU Group's dividend policy adopted with resolution of the PZU Management Board no. UZ/155/2011 on 11 May 2011.

**KNF's recommendations**

With respect to letter of the Chairman of the Polish Financial Supervision Authority DNU/W1/606/219/1/12/EU dated 5 December 2012 recommending that Section I and Section II insurance companies adopt a conservative dividend policy, it is recommended that a dividend payment should be considered only by insurance/reinsurance companies which jointly meet the following criteria:

- they received a Supervision Audit and Assessment (BION) score better than 2.5 for year 2011;
- in 2012 they did not record a shortfall of shareholder funds to cover solvency margin or guarantee capital, or a shortfall of assets to cover technical provisions (in monthly or quarterly periods);
- in 2012 they were not covered by a remedial plan or program referred to in Article 187 sections 1 – 3 and 8 of the Insurance Activity Act;
- their capital requirements coverage ratio (understood as the minimum ratio of shareholder funds to solvency margin and shareholder funds to guarantee capital) as at 31 December 2012 was at least 160% in case of Section I insurance companies or 200% in case of Section II insurance companies;
- in the most recently conducted stress tests of all audited types of risk, the capital requirements coverage ratio was at least 110% and the coverage ratio of technical provisions with relevant assets was at least 100%.

The relevant analysis was conducted revealing that PZU SA meets all the aforementioned conditions.

In addition, the Chairman of the Polish Financial Supervision Authority stated in the aforementioned letter that insurance

companies should limit dividend payments to 75% of the profit earned in 2012, and the capital requirements coverage ratio should be at least 110% after the dividend is paid. At the same time, the Chairman permits the payment of a dividend from the entire profit earned in 2012, provided that after the payment of the dividend the capital requirements coverage will be maintained at a level higher than specified in criterion IV and criterion V will be met, taking into consideration the status as at 31 December 2012 adjusted for the amount of the dividend.

This motion of the PZU SA Management Board complies with the foregoing recommendation of the Chairman of the Polish Financial Supervision Authority – the proposed dividend in the amount of PLN 2,564,663,310.00 (say: two billion five hundred sixty four million six hundred sixty three thousand three hundred ten zloty) constitutes:

- 78.8% of the PZU Group's consolidated net profit (according to IFRS) for the financial year ended 31 December 2012, which was PLN 3,253,826 thousand (say: three billion two hundred fifty three million eight hundred twenty six thousand zloty);
- 99.4% of the unconsolidated net profit of PZU SA (according to PAS) for the financial year ended 31 December 2012 in the amount of PLN 2,580,720,187.99 (say: two billion five hundred eighty million seven hundred twenty thousand one hundred eighty seven zloty and ninety nine grosz).

### **Dividend policy**

The PZU Group's dividend policy was adopted in Management Board resolution no. UZ/155/2011 of 11 May 2011 and it was subsequently submitted to the PZU Supervisory Board at the meeting held on 7 June 2011. The information on the PZU Group's capital and dividend policy was also discussed at the PZU SA Shareholder Meeting on 30 June 2011.

The capital policy defines two key parameters determining capital security:

- minimum solvency ratio of 250%;
- capital for strategic options – which is additional capital security amounting to 15% of shareholder funds determined on the basis of minimum solvency ratio.

In addition, the dividend:

- may not be higher than PZU SA's unconsolidated profit according to Polish Accounting Standards;
- and it may not cause a decrease in the PZU Group's financial strength below a level equivalent to the AA rating under Standard&Poor's methodology.

The capital policy contemplates the payment of a dividend to the shareholders in an amount ranging from 50% to 100% of the PZU Group's consolidated net profit compliant with IFRS, provided that this will not cause a deterioration of the PZU Group's capital security as a result of additional capital needs of the PZU Group in the perspective of one year from acceptance of the PZU Group's consolidated financial statements.

The Management Board checked all the conditions necessary for payment of a dividend for the year 2012 from a legal standpoint as well as from the economic and financial standpoint. PZU SA's financial standing should be considered very good. In 2012 PZU SA recorded a very high financial result and it has very good capital ratios. After the dividend is paid in the assumed amount, PZU SA will still have a significant surplus of shareholder funds over the solvency margin. The dividend payment will also not result in PZU SA's breach of the requirements concerning coverage with technical provisions.

Payment of the proposed dividend will not have an adverse impact on:

- PZU Group's strategic development possibilities,
- PZU Group's rating,
- solvency ratios, in particular solvency margin coverage.

Pursuant to § 13 sec. 1 items 2 and 3 of the PZU SA Supervisory Board Bylaws, § 25 sec. 2 items 2 and 3 of PZU SA's Articles of Association and Article 382 § 3 of the Code of Commercial Companies, the Company's Supervisory Board evaluates the Management Board's motion on distribution of profit or coverage of loss and submits to the Shareholder Meeting a written report on the results of the aforementioned evaluation.

On 16 April of this year, the PZU SA Supervisory Board adopted resolution no. URN/10/2013 in the matter of evaluation of the Management Board's motion to distribute the net profit earned by PZU SA for the financial year ended 31 December 2012, and it issued a positive opinion on the PZU SA Management Board's motion to the Shareholder Meeting.

Pursuant to § 18 item 2 of PZU SA's Articles of Association and Article 395 § 2 item 2 of the Code of Commercial Companies,

the resolution in the matter of distribution of profit or coverage of loss is adopted by the Ordinary Shareholder Meeting.

At the same time, pursuant to Article 348 § 3 of the Code of Commercial Companies, the Ordinary Shareholder Meeting of a public company determines the dividend date and the dividend payment date.

The PZU SA Management Board recommends setting the date of compiling the list of shareholders entitled to dividend for the financial year ended 31 December 2012 (the dividend date) as **23 August 2013** and the date of payment of the aforementioned dividend as **12 September 2013**.

The foregoing dates are consistent with the Commercial Company Code, PZU SA's Articles of Association, Good Practices of Companies Listed on WSE and detailed operational principles of Krajowy Depozyt Papierów Wartościowych (National Securities Depository).

Accordingly, the PZU SA Management Board moves as above.

**This motion is submitted by:**

Attachments:

- 1) resolution no. UZ/107/2013 adopted by the PZU SA Management Board on 8 April 2013 in the matter of acceptance of the motion to distribute the net profit earned by PZU SA for the financial year ended 31 December 2012,
- 2) resolution no. URN/10/2013 adopted by the PZU SA Supervisory Board on 16 April 2013 in the matter of evaluation of the Management Board's motion to distribute the net profit earned by PZU SA for the financial year ended 31 December 2012,
- 3) draft resolution to be adopted by the PZU SA Shareholder Meeting in the matter of distribution of the net profit earned by PZU SA for the financial year ended 31 December 2012.

**RESOLUTION NO. UZ/107/2013**  
**ADOPTED BY THE PZU SA MANAGEMENT BOARD**

**on 8 April 2013**

**in the matter of acceptance of the motion to distribute the net profit earned by PZU SA for the financial year ended 31 December 2012**

Pursuant to § 4 item 5 in connection with § 4 items 20 and 21 of the PZU SA Management Board Bylaws, the following is hereby resolved:

§ 1

It is hereby resolved to submit a motion to the Ordinary Shareholder Meeting of PZU SA to distribute the net profit earned by PZU SA for the financial year ended 31 December 2012 in the amount of PLN 2,580,720,187.99 (say: two billion five hundred eighty million seven hundred twenty thousand one hundred eighty seven zloty and ninety nine grosz) in the following way:

- 1) earmark PLN 2,564,663,310.00 (say: two billion five hundred sixty four million six hundred sixty three thousand three hundred ten zloty), i.e. PLN 29.70 per share, as a dividend;
- 2) earmark PLN 6,056,877.99 (say: six million fifty six thousand eight hundred seventy seven zloty and ninety nine grosz) for reserve capital;
- 3) earmark PLN 10,000,000.00 (say: ten million zloty) to increasing the Company Social Benefit Fund.

§ 2

It is hereby resolved to submit a motion to the PZU SA Supervisory Board to evaluate the Management Board's motion referred to in § 1 of the resolution.

§ 3

This resolution comes into force on the date of its adoption.

*The vote was taken by open ballot.*

*Number of attendees: 6. Number of votes in favor: 6. Number of votes against: 0. Number of abstentions: 0.*

CEO  
[signed]  
Andrzej Klesyk

**RESOLUTION NO. URN/10/2013  
ADOPTED BY THE PZU SA SUPERVISORY BOARD**

**on 16 April 2013**

**in the matter of evaluation of the Management Board's motion to distribute the net profit earned by PZU SA for the financial year ended 31 December 2012**

Pursuant to § 25 sec. 2 items 2 and 3 of PZU SA's Articles of Association and § 13 sec. 1 items 2 and 3 of the PZU SA Supervisory Board Bylaws, the following is hereby resolved:

§ 1

The Supervisory Board hereby issues a positive opinion on the Management Board's motion to the Ordinary Shareholder Meeting of PZU SA to distribute the net profit earned by PZU SA for the financial year ended 31 December 2012 presented in resolution no. UZ/107/2013 adopted by the PZU SA Management Board on 8 April 2013 in the matter of acceptance of the motion to distribute the net profit earned by PZU SA for the year ended 31 December 2012, and recommends for the Ordinary Shareholder Meeting to distribute the net profit of PLN 2,580,720,187.99 (say: two billion five hundred eighty million seven hundred twenty thousand one hundred eighty seven zloty and ninety nine grosz) in the following way:

- 1) earmark PLN 2,564,663,310.00 (say: two billion five hundred sixty four million six hundred sixty three thousand three hundred ten zloty), i.e. PLN 29.70 per share, as a dividend;
- 2) earmark PLN 6,056,877.99 (say: six million fifty six thousand eight hundred seventy seven zloty and ninety nine grosz) for reserve capital;
- 3) earmark PLN 10,000,000.00 (in words: ten million zloty) to increase the Company Social Benefit Fund.

§ 2

This resolution comes into force on the date of its adoption.

*The vote was taken by open ballot.*

*Number of attendees: 8. Number of votes in favor: 8. Number of votes against: 0. Number of abstentions: 0.*

Chairman of the PZU SA Supervisory Board

[signed]

Waldemar Maj

**RESOLUTION NO. .../2013**  
**OF THE ORDINARY SHAREHOLDER MEETING**  
**OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ SPÓŁKA AKCYJNA**

**adopted on ..... 2013**

**on the distribution of PZU SA's net profit for the financial year ended 31 December 2012**

Pursuant to art. 395 § 2 item 2 of the Commercial Company Code and § 18 item 2 and § 36 of PZU SA's Articles of Association, in connection with art. 348 § 1 of the Commercial Company Code, the Ordinary Shareholder Meeting of PZU SA resolves as follows:

§ 1

PZU SA's net profit for the year ended 31 December 2012 in the amount of PLN 2,580,720,187.99 (two billion five hundred eighty million seven hundred twenty thousand one hundred eighty seven zloty and ninety nine grosz) is hereby distributed as follows:

- a) PLN 2,564,663,310.00 (two billion five hundred sixty four million six hundred sixty three thousand three hundred ten zloty), i.e. PLN 29.70 (twenty nine zloty and seventy grosz) per one share, is designated for distribution as a dividend.
- b) PLN 6.056.877,99 (six million fifty six thousand eight hundred seventy seven zloty and ninety nine grosz) is transferred to reserve capital.
- c) PLN 10,000,000.00 (ten million zlotys) is transferred to the Company Social Benefits Fund.

§ 2

The date on which the list of shareholders vested with the right to the dividend referred to in § 1a is determined (dividend date), is hereby set for 23 August 2013. The dividend payment date is hereby set for 12 September 2013.

§ 3

The resolution comes into force on the date of its adoption.

Chairperson  
of the Ordinary Shareholder Meeting of PZU SA