

Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna

Motion

to the Shareholder Meeting of Powszechny Zakład Ubezpieczeń Spółka Akcyjna

on the distribution of net profit of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for the financial year ended 31 December 2017

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 2017 of PLN 2,433,874,473.43 (two billion four hundred thirty three million eight hundred seventy four thousand four hundred seventy three zloty 43 grosz) as follows:

- 1) allocate PLN 2,158,807,500.00 (two billion one hundred fifty eight million eight hundred seven thousand five hundred Polish zloty and 00 grosz), i.e. PLN 2.50 (two Polish zloty and 50 grosz) per share, to the payment of a dividend;
- 2) allocate PLN 6,714,000.00 (six million seven hundred fourteen thousand Polish zloty and 00 grosz) to the Company Social Benefit Fund (ZFŚS);
- 3) allocate PLN 19,681,287.17 (nineteen million six hundred eighty one thousand two hundred eighty seven Polish zloty and 17 grosz) to cover retained losses resulting from the final purchase price allocation of the acquisition of the organized part of Bank BPH SA by Alior Bank SA;
- 4) allocate PLN 248,671,686.26 (two hundred forty eight million six hundred seventy one thousand six hundred eighty six Polish zloty and 26 grosz) to the supplementary capital.

2. It is requested that the dividend record date be set at 12 September 2018 and it is recommended that the dividend payment date be set at 3 October 2018.

Justification:

The PZU SA Management Board proposes payment of a dividend in the amount of PLN 2,158,807,500.00 (two billion one hundred fifty-eight million eight hundred seven thousand five hundred Polish zloty and 00 grosz) representing approximately 89% of PZU SA's standalone net profit (according to Polish Accounting Standards).

The dividend per share will be PLN 2.50.

KNF's recommendations for the distribution of the financial result

In connection with KNF's position regarding the dividend policy of cooperative and associating banks, insurance and reinsurance companies, pension fund companies, brokerage houses and mutual fund companies dated 5 December 2017, a pertinent analysis has been carried out to conclude that all conditions to pay out the dividend in the amount of 100% of the profit generated in 2017 are satisfied.

In particular, we have satisfied the condition that the coverage of the capital requirement (after expected dividends are deducted from equity) as at 31 December 2017 and for the quarter when the dividend is paid, is at least 150% for companies operating in section II.

This draft motion of the PZU SA Management Board on the distribution of PZU SA's net profit for the financial year ended 31 December 2017 is consistent with the recommendations issued by the Chairman of the Polish Financial Supervision Authority in that the proposed dividend in the amount of PLN 2,159 million represents approx. 89% of PZU SA's standalone net profit (according to Polish Accounting Standards), the amount of PLN 7 million will be allocated to a charge for the Company Social Benefits Fund and the remaining part of the profit (i.e. PLN 268 million) will be designated for supplementary capital (PLN 249 million) and to cover retained losses (PLN 19 million) resulting from the final purchase price allocation of the acquisition of the organized part of Bank BPH SA by Alior Bank SA (these losses pertain only to the standalone financial statements of PZU SA prepared in accordance with the PAS).

PZU Group's Capital and Dividend Policy

The proposed distribution of the financial result is consistent with § 23 of the PZU Group's Capital and Dividend Policy adopted by Management Board Resolution UZ/1/2016 of 5 January 2016 (as amended, "Policy"), according to which:

- 1) The PZU Group endeavors to manage capital effectively and 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 acquisitions;

- 2) The dividend amount proposed by the parent company's Management Board which PZU SA pays for a given financial year is determined on the basis of the PZU Group's consolidated financial result attributable to the parent company, where:
- no more than 20% will be earmarked as retained earnings (supplementary capital) for goals associated with organic growth and innovations as well as execution of growth 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 in the given year significant expenditures are incurred in connection with execution of the PZU Group Strategy, including in particular, mergers and acquisitions;
- without prejudice to items 3 and 4 below;
- 3) according to the 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 or payment of a dividend will remain at a level that will ensure fulfillment of the conditions specified in the capital policy;
- 4) when determining the dividend the regulatory authority's recommendations concerning dividends will be taken into consideration.

The proposed dividend represents approx. 74% of the consolidated net profit attributable to the shareholders of the parent company.

As at the balance sheet date, i.e. 31 December 2017, all safety parameters specified in the Policy will be satisfied at both the standalone level and the group level.

The PZU Group maintains a high solvency level – as at 31 December 2017, the PZU Group's solvency ratio, after the proposed dividend, will be approx. 211% (unaudited data). In particular, the PZU Group's solvency ratio will remain higher than the target level specified in the Policy, which is 200%.

The standalone solvency ratio for PZU SA remains higher than the target level and, as at 31 December 2017, after the proposed dividend, will be approx. 282% (audited data).

Summary

All conditions necessary for the payment of the dividend for 2017 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 2017 and 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 capital requirement.

The adoption of a resolution by the PZU SA Shareholder Meeting on the payment of a dividend in the proposed amount is justified on grounds of the prudent and stable management of PZU SA, assuming additionally that the dividend will be paid on 3 October 2018.

This motion is presented by:

/Maciej Rapkiewicz/

/Roger Hodgkiss/

Attachments:

- 1) Resolution No. UZ/148/2018 adopted by the PZU SA Management Board on 15 May 2018 on accepting the motion on the distribution of the PZU SA's net profit for the year ended 31 December 2017;
- 2) Resolution No. URN/25/2018 adopted by the PZU SA Supervisory Board on 15 May 2018 on the assessment of the Management Board's motion on the distribution of PZU SA's net profit for the year ended 31 December 2017;
- 3) draft resolution to be adopted by the PZU SA Shareholder Meeting on the distribution of PZU SA's net profit for the year ended 31 December 2017



RESOLUTION NO. UZ/148/2018

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

on 15 May 2018

**on accepting the motion to distribute PZU SA's net profit for the year ended 31
December 2017**

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. It is hereby resolved to submit a motion to the Ordinary Shareholder Meeting of PZU SA to distribute PZU SA's net profit for the year ended 31 December 2017 in the amount of PLN 2,433,874,473.43 (two billion four hundred thirty three million eight hundred seventy four thousand four hundred seventy three zloty 43 grosz) as follows:
 - 1) allocate PLN 2,158,807,500.00 (two billion one hundred fifty eight million eight hundred seven thousand five hundred Polish zloty and 00 grosz), i.e. PLN 2.50 (two Polish zloty and 50 grosz) per share, to the payment of a dividend;
 - 2) allocate PLN 6,714,000.00 (six million seven hundred fourteen thousand Polish zloty and 00 grosz) to the Company Social Benefit Fund (ZFŚS);
 - 3) allocate PLN 19,681,287.17 (nineteen million six hundred eighty one thousand two hundred eighty seven Polish zloty and 17 grosz) to cover retained losses resulting from the final purchase price allocation of the acquisition of the organized part of Bank BPH SA by Alior Bank SA;
 - 4) allocate PLN 248,671,686.26 (two hundred forty eight million six hundred seventy one thousand six hundred eighty six Polish zloty and 26 grosz) to the supplementary capital.
2. It is hereby resolved to submit a motion to the PZU SA Ordinary Shareholder Meeting to set the record date at 12 September 2018 and set the dividend payment date at 3 October 2018.

§ 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 date of its adoption.

The vote was taken in an open ballot.

Number of attendees: 5 Number of votes in favor: 5 Number of votes against: 0 Number of abstentions: 0

President of the Management Board

Paweł Surówka



RESOLUTION NO. URN/25/2018

ADOPTED BY THE SUPERVISORY BOARD OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ SA

on 15 May 2018

on the assessment of the Management Board's motion to distribute of PZU SA's net profit for the year ended 31 December 2017

Pursuant to § 25 section 2 item 2 and 19 of the Articles of Association of Powszechny Zakład Ubezpieczeń Spółka Akcyjna and § 13 section 1 item 2 and 19 of the PZU SA 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 2017 presented in PZU SA Management Board Resolution No. UZ/148/2018 of 15 May 2018 on accepting the motion to distribute PZU SA's net profit for the year ended 31 December 2017 and recommends to the Ordinary Shareholder Meeting that the profit of PLN 2,433,874,473.43 (two billion four hundred thirty three million eight hundred seventy four thousand four hundred seventy three zloty 43 grosz) be distributed as follows:
 - 1) allocate PLN 2,158,807,500.00 (two billion one hundred fifty eight million eight hundred seven thousand five hundred Polish zloty and 00 grosz), i.e. PLN 2.50 (two Polish zloty and 50 grosz) per share, to the payment of a dividend;
 - 2) allocate PLN 6,714,000.00 (six million seven hundred fourteen thousand Polish zloty and 00 grosz) to the Company Social Benefit Fund (ZFŚS);
 - 3) allocate PLN 19,681,287.17 (nineteen million six hundred eighty one thousand two hundred eighty seven Polish zloty and 17 grosz) to cover retained losses resulting from the final purchase price allocation of the acquisition of the organized part of Bank BPH SA by Alior Bank SA;
 - 4) allocate PLN 248,671,686.26 (two hundred forty eight million six hundred seventy one thousand six hundred eighty six Polish zloty and 26 grosz) to the supplementary capital.
2. The Supervisory Board recommends to the PZU SA Ordinary Shareholder Meeting that the record date be set at 12 September 2018 and the dividend payment date be set at 3 October 2018.

§ 2

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

The vote was taken in an 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

Maciej Łopiński

RESOLUTION NO. ... /2018

ADOPTED BY THE ORDINARY SHAREHOLDER MEETING

OF Powszechny Zakład Ubezpieczeń Spółka Akcyjna

on 28 June 2018

on the distribution of the net profit earned by PZU SA in the financial year ended 31 December 2017

Pursuant to Article 395 § 2 Item 2 of the Commercial Company Code and § 18 Item 2 and § 36 of the PZU SA Articles of Association in conjunction with Article 348 § 1, § 4 of the Commercial Company Code, the Ordinary Shareholder Meeting of PZU SA hereby resolves as follows:

§ 1

The PZU SA's net profit for the financial year ended 31 December 2017, in the amount of PLN 2,433,874,473.43 (two billion four hundred thirty three million eight hundred seventy four thousand four hundred seventy three zloty 43 grosz) as follows:

- 1) allocate PLN 2,158,807,500.00 (two billion one hundred fifty eight million eight hundred seven thousand five hundred Polish zloty and 00 grosz), i.e. PLN 2.50 (two Polish zloty and 50 grosz) per share, to the payment of a dividend;
- 2) allocate PLN 6,714,000.00 (six million seven hundred fourteen thousand Polish zloty and 00 grosz) to the Company Social Benefit Fund (ZFŚS);
- 3) allocate PLN 19,681,287.17 (nineteen million six hundred eighty one thousand two hundred eighty seven Polish zloty and 17 grosz) to cover retained losses resulting from the final purchase price allocation of the acquisition of the organized part of Bank BPH SA by Alior Bank SA;
- 4) allocate PLN 248,671,686.26 (two hundred forty eight million six hundred seventy one thousand six hundred eighty six Polish zloty and 26 grosz) to the supplementary capital.

§ 2

The date used to prepare the list of shareholders eligible to receive the dividend referred to in § 1 item 1 (record date) is hereby set for 12 September 2018. The dividend payment date is set for 3 October 2018.

§ 3

This resolution shall come into force at the time of its adoption.

Chairperson
of the Ordinary Shareholder Meeting of PZU SA