

**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 2018**

**Content:**

1. Pursuant to Article 395 § 2 Item 2 of the Commercial Company 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 2018 of PLN 2,711,878,874.91 (two billion seven hundred eleven million eight hundred seventy eight thousand eight hundred seventy four Polish zloty and 91 grosz) as follows:
  - 1) allocate PLN 2,417,864,400.00 (two billion four hundred seventeen million eight hundred sixty four thousand four hundred Polish zloty and 00 grosz), i.e. PLN 2.80 (two Polish zloty and 80 grosz) per share, to the payment of a dividend;
  - 2) allocate PLN 7,323,000 (seven million three hundred twenty three thousand Polish zloty and 00 grosz) to the Company Social Benefit Fund (ZFŚS);
  - 3) allocate PLN 286,691,474.91 (two hundred eighty six million six hundred ninety one thousand four hundred seventy four Polish zloty and 91 grosz) to supplementary capital.
2. It is hereby requested that PLN 19,681,287.17 (nineteen million six hundred eighty one thousand two hundred eighty seven Polish zloty and 17 grosz) of retained earnings resulting from the purchase price allocation of the acquisition of the organized part of Bank BPH SA by Alior Bank SA be transferred to supplementary capital;
3. It is hereby requested that the record date be set at 14 August 2019 and it is recommended that the dividend payment date be set at 5 September 2019.

**Justification:**

The PZU SA Management Board proposes payment of a dividend in the amount of PLN 2,417,864,400.00 (two billion four hundred seventeen million eight hundred sixty four thousand four 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 2.80.

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

In connection with KNF's position regarding the dividend policy of cooperative banks and affiliation banks, insurance and reinsurance companies, brokerage houses, mutual fund companies and pension fund companies dated 15 January 2019, 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 2018 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 2018 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 2018 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 2,418 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 287 million) will be allocated to supplementary capital. Moreover, taken into account has been a transfer to supplementary capital of retained earnings (PLN 19 million) resulting from the purchase price allocation of the acquisition of the organized part of Bank BPH SA by Alior Bank SA.

**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:

- a. 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;
- b. no less than 50% is subject to payment as an annual dividend;
- c. 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. 75% of the consolidated net profit attributable to the shareholders of the parent company.

As at the balance sheet date, i.e. 31 December 2018, 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 2018, the PZU Group's solvency ratio, after the proposed dividend, will be approx. 224% (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 2018, after the proposed dividend, will be approx. 240%.

#### **Summary**

All conditions necessary for the payment of the dividend for 2018 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 2018 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 5 September 2019.

#### **This motion is presented by:**

/Tomasz Kulik/

/Marcin Eckert/

#### **Attachments:**

- 1) Resolution No. UZ/99/2019 adopted by the PZU SA Management Board on 16.04.2019 on accepting the motion to distribute PZU SA's net profit for the year ended 31 December 2018,
- 2) Resolution No. URN/41/2019 adopted by the PZU SA Supervisory Board on 16.04.2019 on the assessment of the Management Board's motion on the distribution of PZU SA's net profit for the year ended 31 December 2018;
- 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 2018



**RESOLUTION NO. UZ/99/2019**

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

**on 16 April 2019**

**on accepting the motion to distribute PZU SA's net profit for the year ended 31 December 2018**

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 2018 in the amount of PLN 2,711,878,874.91 (two billion seven hundred eleven million eight hundred seventy eight thousand eight hundred seventy four Polish zloty and 91 grosz) as follows:
  - 1) allocate PLN 2,417,864,400.00 (two billion four hundred seventeen million eight hundred sixty four thousand four hundred Polish zloty and 00 grosz), i.e. PLN 2.80 (two Polish zloty and 80 grosz) per share, to the payment of a dividend;
  - 2) allocate PLN 7,323,000 (seven million three hundred twenty three thousand Polish zloty and 00 grosz) to the Company Social Benefit Fund (ZFŚS);
  - 3) allocate PLN 286,691,474.91 (two hundred eighty six million six hundred ninety one thousand four hundred seventy four Polish zloty and 91 grosz) to supplementary capital.
2. It is hereby resolved to submit a motion to the Ordinary Shareholder Meeting of PZU SA to transfer to supplementary capital PLN 19,681,287.17 (nineteen million six hundred eighty one thousand two hundred eighty seven Polish zloty and 17 grosz) of retained earnings resulting from the purchase price allocation of the acquisition of the organized part of Bank BPH SA by Alior Bank SA;
3. It is hereby resolved to submit a motion to the PZU SA Ordinary Shareholder Meeting to set the record date at 14 August 2019 and set the dividend payment date at 5 September 2019.

§ 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

1. Information on the adoption of this resolution is regarded as inside 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. PZU SA will publish this inside information after the adoption by the PZU SA Supervisory Board of a resolution on the assessment of the Management Board's motion to distribute PZU SA's net profit for the year ended 31 December 2018.

§ 4

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

The vote was taken in an open ballot.

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

President of the Management Board

Paweł Surówka



**RESOLUTION NO. URN/41/2019**

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

**on 16 April 2019**

**on the assessment of the Management Board's motion to distribute of PZU SA's net profit for the year ended 31 December 2018**

Pursuant to § 13 sec. 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 2018 presented in PZU SA Management Board Resolution No. UZ/99/2019 of 16 April 2019 on accepting the motion to distribute PZU SA's net profit for the year ended 31 December 2018 and recommends to the Ordinary Shareholder Meeting that the profit of PLN 2,711,878,874.91 (two billion seven hundred eleven million eight hundred seventy eight thousand eight hundred seventy four Polish zloty and 91 grosz) be distributed as follows:
  - 1) allocate PLN 2,417,864,400.00 (two billion four hundred seventeen million eight hundred sixty four thousand four hundred Polish zloty and 00 grosz), i.e. PLN 2.80 (two Polish zloty and 80 grosz) per share, to the payment of a dividend;
  - 2) allocate PLN 7,323,000 (seven million three hundred twenty three thousand Polish zloty and 00 grosz) to the Company Social Benefit Fund (ZFŚS);
  - 3) allocate PLN 286,691,474.91 (two hundred eighty six million six hundred ninety one thousand four hundred seventy four Polish zloty and 91 grosz) to supplementary capital.
2. The Supervisory Board hereby issues a positive opinion on the PZU SA Management Board's motion to the PZU SA Ordinary Shareholder Meeting to transfer to supplementary capital PLN 19,681,287.17 (nineteen million six hundred eighty one thousand two hundred eighty seven Polish zloty and 17 grosz) of retained earnings resulting from the purchase price allocation of the acquisition of the organized part of Bank BPH SA by Alior Bank SA;
3. The Supervisory Board recommends to the PZU SA Ordinary Shareholder Meeting that the record date be set at 14 August 2019 and the dividend payment date be set at 5 September 2019.

§ 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. ..../2019**

**ADOPTED BY THE ORDINARY SHAREHOLDER MEETING**

**OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ SPÓŁKA AKCYJNA**

**on 24 May 2019**

**on the distribution of the net profit earned by PZU SA in the financial year ended 31 December 2018**

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 of the Commercial Company Code, the Ordinary Shareholder Meeting of PZU SA hereby resolves as follows:

§ 1

The net profit earned by PZU SA in the financial year ended 31 December 2018 of PLN 2,711,878,874.91 (two billion seven hundred eleven million eight hundred seventy eight thousand eight hundred seventy four Polish zloty and 91 grosz) is hereby distributed as follows:

- 1) allocate PLN 2,417,864,400.00 (two billion four hundred seventeen million eight hundred sixty four thousand four hundred Polish zloty and 00 grosz), i.e. PLN 2.80 (two Polish zloty and 80 grosz) per share, to the payment of a dividend;
- 2) allocate PLN 7,323,000 (seven million three hundred twenty three thousand Polish zloty and 00 grosz) to the Company Social Benefit Fund (ZFŚS);
- 3) allocate PLN 286,691,474.91 (two hundred eighty six million six hundred ninety one thousand four hundred seventy four Polish zloty and 91 grosz) to supplementary capital.

§ 2

It is hereby resolved that PLN 19,681,287.17 (nineteen million six hundred eighty one thousand two hundred eighty seven Polish zloty and 17 grosz) of retained earnings resulting from the purchase price allocation of the acquisition of the organized part of Bank BPH SA by Alior Bank SA will be transferred to supplementary capital;

§ 3

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 14 August 2019. The dividend payment date is set for 5 September 2019.

§ 4

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

Chairperson

of the Ordinary Shareholder Meeting of PZU SA