

Warsaw, 12.05.2021

**Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna**

**Motion**

**to the Shareholder Meeting of Powszechny Zakład Ubezpieczeń Spółka Akcyjna**

**regarding the distribution of PZU SA's net profit for the year ended 31 December 2020 and the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2019**

**Content:**

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 2020 in the amount of PLN 1,918,780,358.24 (one billion nine hundred eighteen million seven hundred eighty thousand three hundred fifty-eight and 24/100 Polish zloty), increased by the amount of PLN 2,063,819,970.00 (two billion sixty-three million eight hundred nineteen thousand nine hundred seventy and 00/100 Polish zloty) transferred from the supplementary capital created from the net profit for the year ended 31 December 2019, i.e. in the total amount of PLN 3,982,600,328.24 (three billion nine hundred eighty-two million six hundred thousand three hundred twenty-eight and 24/100 Polish zloty), as follows:

- 1) designate PLN 3,022,330,500.00 (three billion twenty-two million three hundred thirty thousand five hundred and 00/100 Polish zloty), that is PLN 3.50 (three and 50/100 Polish zloty) per share, to be paid as a dividend;
- 2) designate PLN 7,231,000.00 (seven million two hundred thirty-one thousand and 00/100 Polish zloty) for the Company Social Benefit Fund (ZFŚS);
- 3) designate PLN 953,038,828.24 (nine hundred fifty-three million thirty-eight thousand eight hundred twenty-eight and 24/100 Polish zloty) for supplementary capital.

**Justification:**

Pursuant to draft resolution of the PZU SA Management Board regarding the distribution of PZU SA's net profit for the year ended 31 December 2020 and the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2019 it is recommended to designate 66% of PZU SA's profit generated in 2019-2020 for disbursement of dividend and Company Social Benefit Fund.

**KNF's recommendations regarding distribution of PZU SA's financial result**

The President of the Polish Financial Supervision Authority, in his letter of 26 March 2020, sent to the management boards of insurance undertakings, expressed the expectation that in connection with the state of epidemic announced in Poland and its possible adverse economic consequences, insurance undertakings should retain the entirety of profit earned in previous years. By doing so, the Authority changed its position presented in KNF's Communication of 3 December 2019 concerning the regulatory authority's position on assumptions of the dividend policy of commercial banks, cooperative banks and affiliation banks and insurance and reinsurance undertakings in 2020, according to which the possibility of dividend payment up to the entire profit earned depended on the SREP assessment, solvency level in 2019 and capital needs within twelve months from the moment of approving the financial statements for 2019. Consequently, in 2020 the company did not pay dividend from the 2019 profit. The 2019 profit was transferred to supplementary capital and Company Social Benefit Fund.

On 16 December 2020 the Polish Financial Supervision Authority (KNF) announced its stance on the dividend policy in 2021, in which KNF permits:

- disbursement of dividend of up to the amount of the entire profit generated in 2019 provided that the criteria defined in the letter of 3 December 2019 are satisfied, and
- disbursement of dividend of up to 50% of the profit generated in 2020,

under the condition that the amount of own funds is at least 150% of the capital requirements and this indicator should be calculated:

- as at 31 December 2020 – without deduction of anticipated dividends
- for the quarter in which the dividend will be paid – after deduction of the anticipated dividends from own funds.

An analysis has shown that the company satisfies the conditions defined by KNF.

**PZU Group's Capital and Dividend Policy ("Policy" adopted by Management Board Resolution No. UZ/75/2021 dated 24 March 2021)**

On 24 March 2021, PZU SA adopted a new dividend policy for 2021-2024. The key assumptions of the Policy include:

- PZU SA remains a dividend company which pays out from 50% to 100% of the profits attributed to the equity holders of the parent company,
- PZU SA, PZU Życie SA and the PZU Group maintain the Solvency II solvency ratios at the level not lower than 200%,
- the financial leverage indicator will not exceed 25%,
- we will procure funds for growth and acquisitions.

The minimum solvency ratios defined in the Policy are higher than the requirements that KNF defined in the position on the dividend policy.

The disbursement of the dividend in the amount of PLN 3,022 million (i.e. PLN 3.50 per share) comprising:

1. dividend from the 2020 net profit in the amount of PLN 959 million i.e. PLN 1.11 per share, which corresponds to 49.95% of PZU SA's net profit and 50.1% of the PZU Group's consolidated net profit attributed to the shareholders of the parent company for the year ended 31 December 2020,
2. the amount of PLN 2,064 million transferred from supplementary capital created from the net profit for the year ended 31 December 2019, which accounts for 78% of PZU SA's net profit and 63% of the PZU Group's consolidated net profit attributed to the shareholders of the parent company for the year ended 31 December 2019,

makes it possible to satisfy all of KNF's recommendations regarding distribution of the profit and maintain PZU Group's Solvency II solvency ratios defined in the Policy as at 31 December 2020 and in 2021-2024, i.e. in the entire period covered by the own risk and solvency assessment ("ORSA").

**Guidelines of the Office of the Prime Minister regarding companies in which the State Treasury has an equity stake that draw up financial statements for 2020 issued in September 2020 ("KPRM Guidelines")**

According to the KPRM Guidelines, for insurance institutions, the dividend level should be set, taking into consideration the ratio of coverage of capital requirements defined by the Polish Financial Supervision Authority as well as other regulatory requirements concerning the capital standing of insurance institutions.

The charge for the Company Social Benefit Fund in the amount of PLN 7 million results from the limit set in the KPRM Guidelines.

PZU has earmarked part of net profit to the Company Social Benefit Fund every year since 2012. The practice to date and the high net profit earned in 2020 could raise justified expectations of third parties (in particular the company's employees) that the company will do the same thing in 2021. The cash earmarked for the Company Social Benefit Fund will be used, among others, for activities supporting PZU employees and their families, injured by the coronavirus pandemic prevailing in Poland, partly relieving the State itself in its measures.

Therefore, it is recommended to make the charge for the Company Social Benefit Fund.

**Summary**

The solvency of PZU SA and the PZU Group is high. Disbursement of the dividend does not threaten the Company's or PZU Group's financial stability as at 31 December 2020 or in the medium-term planning period. Considering the foregoing, it is recommended to disburse the dividend in the proposed amount.

**The motion is submitted:**

*/Tomasz Kulik/*

*/Marcin Eckert/*

Attachments:

- 1) Resolution No. UZ/112/2021 adopted by the PZU SA Management Board on 11 May 2021 on accepting the motion regarding the distribution of PZU SA's net profit for the year ended 31 December 2020 and the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2019;
- 2) Resolution No. URN/40/2021 adopted by the PZU SA Supervisory Board on 12 May 2021 on the assessment of the Management Board's motion regarding the distribution of PZU SA's net profit for the year ended 31 December 2020 and the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2019;
- 3) Draft resolution of the PZU SA Shareholder Meeting regarding the distribution of PZU SA's net profit for the year ended 31 December 2020 and the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2019.



**RESOLUTION NO. UZ/112/2021**

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

**on 11 May 2021**

**to accept the motion regarding the distribution of PZU SA's net profit for the year ended 31 December 2020 increased by the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2019**

Pursuant to § 4 item 9 in conjunction with § 4 items 24 and 25 of the Rules and Regulations of the Powszechny Zakład Ubezpieczeń Spółka Akcyjna Management Board, the following is hereby resolved:

**§ 1**

It is hereby resolved to submit a motion to the PZU SA Ordinary Shareholder Meeting to distribute the net profit for the year ended 31 December 2020 in the amount of PLN 1,918,780,358.24 (one billion nine hundred eighteen million seven hundred eighty thousand three hundred fifty-eight and 24/100 Polish zloty), increased by the amount of PLN 2,063,819,970.00 (two billion sixty-three million eight hundred nineteen thousand nine hundred seventy and 00/100 Polish zloty) transferred from the supplementary capital created from the net profit for the year ended 31 December 2019, i.e. in the total amount of PLN 3,982,600,328.24 (three billion nine hundred eighty-two million six hundred thousand three hundred twenty-eight and 24/100 Polish zloty), as follows:

- 1) designate PLN 3,022,330,500.00 (three billion twenty-two million three hundred thirty thousand five hundred and 00/100 Polish zloty), that is PLN 3.50 (three and 50/100 Polish zloty) per share, to be paid as a dividend;
- 2) designate PLN 7,231,000.00 (seven million two hundred thirty-one thousand and 00/100 Polish zloty) for the Company Social Benefit Fund (ZFŚS);
- 3) designate PLN 953,038,828.24 (nine hundred fifty-three million thirty-eight thousand eight hundred twenty-eight and 24/100 Polish zloty) for supplementary capital.

**§ 2**

It is hereby resolved to submit a motion to the PZU SA Ordinary Shareholder Meeting to set the dividend record date at 15 September 2021 and set the dividend payment date at 6 October 2021.

**§ 3**

The dividend amount referred to in § 1 Item 1, includes:

- 1) the amount of PLN 958,510,530.00 (nine hundred fifty-eight million five hundred ten thousand five hundred thirty and 00/100 Polish zloty), i.e. PLN 1.11 (one and 11/100 zloty) per share, from the net profit for the year ended 31 December 2020;
- 2) the amount of PLN 2,063,819,970.00 (two billion sixty-three million eight hundred nineteen thousand nine hundred seventy and 00/100 Polish zloty) transferred from the supplementary capital created from the net profit for the year ended 31 December 2019, i.e. PLN 2.39 (two and 39/100 zloty) per share.

**§ 4**

A motion shall be submitted to the PZU SA Supervisory Board to assess the Management Board motion referred to in § 1.

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Resolution to accept the motion regarding the distribution of PZU SA's net profit for the year ended 31 December 2020 increased by the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2019;

§ 5

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 shall publish the inside information on the date of adoption of this resolution.

§ 6

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

The ballot was held in an open procedure.

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

President of the Management Board

Beata Kozłowska-Chyła



**RESOLUTION NO. URN/40/2021**

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

**on 12 May 2021**

**regarding assessment of the Management Board's motion regarding the distribution of PZU SA's net profit for the year ended 31 December 2020 and the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2019**

Pursuant to § 13 sec. 1 items 4 and 22 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 2020 and the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2019, presented in Resolution No. UZ/112/2021 adopted by the PZU SA Management Board on 11 May 2021 on accepting the motion regarding the distribution of PZU SA's net profit for the year ended 31 December 2020 and the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2019 and recommends to the Ordinary Shareholder Meeting that the profit in the amount of PLN 1,918,780,358.24 (one billion nine hundred eighteen million seven hundred eighty thousand three hundred fifty-eight and 24/100 Polish zloty), increased by the amount of PLN 2,063,819,970.00 (two billion sixty-three million eight hundred nineteen thousand nine hundred seventy and 00/100 Polish zloty) transferred from the supplementary capital created from the net profit for the year ended 31 December 2019, i.e. in the total amount of PLN 3,982,600,328.24 (three billion nine hundred eighty-two million six hundred thousand three hundred twenty-eight and 24/100 Polish zloty), as follows:
  - 1) designate PLN 3,022,330,500.00 (three billion twenty-two million three hundred thirty thousand five hundred and 00/100 Polish zloty), that is PLN 3.50 (three and 50/100 Polish zloty) per share, to be paid as a dividend;
  - 2) designate PLN 7,231,000.00 (seven million two hundred thirty-one thousand and 00/100 Polish zloty) for the Company Social Benefit Fund (ZFŚS);
  - 3) designate PLN 953,038,828.24 (nine hundred fifty-three million thirty-eight thousand eight hundred twenty-eight and 24/100 Polish zloty) for supplementary capital.
2. The Supervisory Board recommends to the PZU SA Ordinary Shareholder Meeting that the record date be set at 15 September 2021 and the dividend payment date be set at 6 October 2021.

§ 2

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

The ballot was held in an open procedure.

Number of attendees: 10 Number of votes in favor: 10 Number of votes against: 0 Number of abstentions: 0

Chairperson  
of the PZU SA Supervisory Board

Maciej Łopiński

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resolution regarding assessment of the Management Board's motion regarding the distribution of PZU SA's net profit for the year ended 31 December 2020 and the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2019

**RESOLUTION NO. ... /2021**

**ADOPTED BY THE ORDINARY SHAREHOLDER MEETING**

**OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ SPÓŁKA AKCYJNA**

**on 16 June 2021**

**regarding the distribution of PZU SA's net profit for the year ended 31 December 2020 and the amount transferred from supplementary capital created from the net profit generated for the year ended 31 December 2019**

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, 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 2020, in the amount of PLN 1,918,780,358.24 (one billion nine hundred eighteen million seven hundred eighty thousand three hundred fifty-eight and 24/100 Polish zloty), increased by the amount of PLN 2,063,819,970.00 (two billion sixty-three million eight hundred nineteen thousand nine hundred seventy and 00/100 Polish zloty) transferred from the supplementary capital created from the net profit for the financial year ended 31 December 2019, i.e. in the total amount of PLN 3,982,600,328.24 (three billion nine hundred eighty-two million six hundred thousand three hundred twenty-eight and 24/100 Polish zloty), as follows:

- 1) designate PLN 3,022,330,500.00 (three billion twenty-two million three hundred thirty thousand five hundred and 00/100 Polish zloty), that is PLN 3.50 (three and 50/100 Polish zloty) per share, to be paid as a dividend;
- 2) designate PLN 7,231,000.00 (seven million two hundred thirty-one thousand and 00/100 Polish zloty) for the Company Social Benefit Fund (ZFŚS);
- 3) designate PLN 953,038,828.24 (nine hundred fifty-three million thirty-eight thousand eight hundred twenty-eight and 24/100 Polish zloty) for supplementary capital.

**§ 2**

The date as at which the list of shareholders entitled to a dividend referred to in § 1 item 1 (record date) is hereby set for 15 September 2021. The dividend payment date is hereby set for 6 October 2021.

**§ 3**

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

Chairperson

of the Ordinary Shareholder Meeting of PZU SA