

Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna

**Proposal
to the Shareholder Meeting of PZU SA**

Regarding:

the approval of the issuance by PZU SA of subordinated capital bonds on the domestic market

Content of the proposal:

The Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna ("**PZU**") requests a resolution to approve the issuance by PZU of subordinated capital bonds on the domestic market with a total nominal value not exceeding PLN 3,000,000,000.00 (in words: three billion Polish złoty) ("**Bonds**"), with the intention of classifying the Bonds as own funds, specifically as Tier 2 basic own-fund items within the meaning of the provisions of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) ("**Delegated Regulation**"), the Act of 11 September 2015 on Insurance and Reinsurance Activity ("**Insurance Activity Act**") and the Act of 15 January 2015 on Bonds ("**Bonds Act**"), provided that an amendment to the Articles of Association of PZU SA introducing provisions authorizing the issuance of capital bonds as required under Article 27a of the Bonds Act is entered into the National Court Register.

Reasons:

Pursuant to § 18(6) of the Articles of Association of PZU, the Shareholder Meeting of PZU has the authority to adopt resolutions regarding the issuance of bonds.

At the same time, pursuant to § 25(2)(19) of PZU's Articles of Association and § 13(1)(22) of the Rules of Procedure of the PZU Supervisory Board, the duties of the PZU Supervisory Board include examining and consulting matters submitted by the PZU Management Board for deliberation during the Shareholder Meeting.

The planned issuance of the Bonds is part of efforts aimed at maintaining a stable and efficient capital structure for PZU and the PZU Group, as well as ensuring a level of solvency that is in line with the objectives of the Capital and Dividend Policy, adopted by Resolution No. UZ/303/2024 of the PZU Management Board dated 28 November 2024, and approved by Resolution No. URN/201/2024 of the PZU Supervisory Board dated 2 December 2024. The issuance of the Bonds will make it possible to maintain the share of subordinated financing in the capital structure and to limit the risk of solvency ratio deterioration following the voluntary, early redemption of some or all of the Series A subordinated bonds issued by PZU SA in 2017 ("**Series A Bonds**").

The Bonds will be considered own funds and classified as Tier 2 basic own-fund items in accordance with the provisions of the Insurance Activity Act implementing the Solvency II regime (in particular Article 245 of that Act), as well as in accordance with the relevant provisions of the Delegated Regulation and the Bonds Act. This will allow PZU to continue using subordinated financing as a component of its regulatory capital.

The redemption date for the Series A Bonds falls on 29 July 2027. The terms of issuance of the Series A Bonds provided for a possible early redemption after five years, subject to the conditions set forth therein.

In 2022, preparations were underway for PZU to exercise the early redemption option for Series A Bonds and to issue new bonds. The outbreak of the war in Ukraine and the resulting significant deterioration in financial market conditions (in particular, greater volatility and higher risk premiums expected by investors) have significantly limited the possibility for PZU to conduct transactions on terms acceptable to it. Consequently, following consultations with the underwriting syndicate and an analysis of market conditions, the Management Board of PZU decided to abandon the transactions which included both the exercise of the early redemption option for Series A Bonds and the issuance of new bonds.

Given the current market conditions and the approaching maturity of the Series A Bonds, it is now possible to resume the process of refinancing the Series A Bonds through their early voluntary buyback for redemption purposes and to proceed with the issuance of the Bonds.

In connection with the planned issuance of the Bonds, the Company is considering (subject to required regulatory approvals and economic conditions) a voluntary, early buyback of some or all the Series A Bonds from investors for the purpose of their redemption.

The Bonds will have a maturity of at least 10 years and be subject to a possible early redemption by the issuer, this option being exercisable no sooner than five years after the date of their issuance. The interest rate on the Bonds will be variable, and the specific terms will be determined through discussions with investors.

The issuance will be carried out as a public offering in accordance with the provisions of the Bonds Act and the relevant European Union regulations governing public offerings of securities, without the need to prepare a prospectus or an information memorandum.

As at the date of this proposal, PZU's Articles of Association do not contain any provisions authorizing the issuance of capital bonds as required under Article 27a of the Bonds Act. For this reason, the approval of the PZU Shareholder Meeting for the issuance of the Bonds will be conditional, subject to the adoption of appropriate amendments to PZU's Articles of Association and the fulfillment of the legal conditions related to such amendments.

The issuance of the Bonds will, in particular, allow us to:

- maintain the solvency ratios of PZU and the PZU Group at levels consistent with the capital policy;
- limit changes to the share of subordinated financing in the structure of PZU's and the PZU Group's own funds;
- ensure that subordinated financing continues to qualify as Tier 2 own funds;
- extend the maturity of the subordinated debt;
- reduce the market refinancing risk associated with the redemption of Series A Bonds in 2027;
- increase the flexibility of capital and financing management at the PZU Group.

In light of the foregoing, a proposal is hereby submitted for the PZU Shareholder Meeting to adopt a resolution approving the issuance by PZU of Bonds on the domestic market with a total nominal value not exceeding PLN 3,000,000,000.00.

Presented on behalf of the PZU Management Board by:

/Bogdan Benczak/

/Tomasz Tarkowski/

Attachments:

- 1) draft resolution of the PZU SA Extraordinary Shareholder Meeting regarding the approval of the issuance of subordinated capital bonds on the domestic market.

RESOLUTION NO./2026

**ADOPTED BY THE EXTRAORDINARY SHAREHOLDER MEETING
OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ SPÓŁKA AKCYJNA**

dated 3 November 2026

on the approval of the issuance by PZU SA of subordinated capital bonds on the domestic market

Pursuant to § 18(6) of the Articles of Association of PZU SA, the Extraordinary Shareholder Meeting of PZU SA resolves as follows:

§ 1

Approval is hereby granted for Powszechny Zakład Ubezpieczeń Spółka Akcyjna (hereinafter referred to as “**PZU**”) to issue subordinated capital bonds on the domestic market with a total nominal value not exceeding PLN 3,000,000,000.00 (in words: three billion Polish złoty) (“**Bonds**”), with the intention of classifying the Bonds as own funds, specifically as Tier 2 basic own-fund items within the meaning of the provisions of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), the Act of 11 September 2015 on Insurance and Reinsurance Activity, and the Act of 15 January 2015 on Bonds (“**Bonds Act**”), provided that an amendment to the Articles of Association of PZU SA introducing provisions authorizing the issuance of capital bonds as required under Article 27a of the Bonds Act is entered in the National Court Register.

§ 2

1. The bonds will be offered for sale in accordance with Article 33(1) of the Bonds Act, without PZU being required to prepare a prospectus or an information memorandum. On the date of issuance, the Bonds will be registered in the depository maintained by Krajowy Depozyt Papierów Wartościowych S.A. or recorded in the register maintained by the issuing agent and admitted to trading on the alternative trading system operated by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange).
2. The bonds will have the following key terms:
 - a) the maturity of the Bonds will be at least 10 years;
 - b) the bonds will be issued as unsecured, subordinated capital bonds;
 - c) the interest rate on the Bonds will be variable;
 - d) the Bonds may be redeemed early no sooner than five years after the date of issuance.
3. The final terms of the Bonds, falling within the conditions specified in section 2, will be determined during the Bond issuance process and depend on market conditions.

§ 3

The Extraordinary Shareholder Meeting authorizes the Management Board of PZU SA to determine the specific terms and conditions of the Bond issuance, including the number of series, nominal value, issue price, interest rate (including the margin), issue date, redemption date, and the rules for early redemption, as well as to take any and all factual and legal actions necessary to carry out the issuance of the Bonds, in particular related to the registration of the Bonds in the register of securities holders maintained by the issuing agent or in the depository maintained by Krajowy Depozyt Papierów Wartościowych S.A. and to the admission of the Bonds to trading on the alternative trading system operated by the Giełda Papierów Wartościowych w Warszawie S.A., subject to the conditions set forth in § 1 and § 2.

The Resolution comes into force when adopted.

Chair
of the PZU SA Extraordinary Shareholder Meeting

REASONS
for the draft resolution on the approval of the issuance by PZU SA of subordinated capital bonds on the domestic market

Pursuant to § 18(6) of the Articles of Association of PZU SA, the Shareholder Meeting of PZU SA has the authority to adopt resolutions regarding the issuance of bonds.

The planned issuance of subordinated capital bonds ("**Bonds**") is intended to maintain a stable capital structure and solvency level for PZU SA and the PZU Group. The issuance of the Bonds will be related to the refinancing of Series A subordinated bonds, which mature on 29 July 2027. The bonds are to be classified as own funds, specifically as Tier 2 basic own-fund items within the meaning of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), the Act of 11 September 2015 on Insurance and Reinsurance Activity, and the Act of 15 January 2015 on Bonds ("**Bonds Act**"), provided that an amendment to the Articles of Association of PZU SA introducing provisions authorizing the issuance of capital bonds, as required under Article 27a of the Bonds Act, is entered in the National Court Register. The transaction will help to maintain adequate regulatory capital and reduce refinancing risk. In light of the foregoing, it is reasonable to adopt the resolution authorizing the issuance of Bonds with a total nominal value not exceeding PLN 3,000,000,000.00.