

ARTICLES OF ASSOCIATION of Powszechny Zakład Ubezpieczeń SA

The consolidated text of the Articles of Association of Powszechny Zakład Ubezpieczeń Spółka Akcyjna conferred on 23 December 1991, incorporating the amendments approved by the Shareholder Meetings held on 01 March 1993, 23 July 1993, 27 September 1993, 08 July 1994, 29 May 1995, 20 October 1995, 29 May 1996, 29 November 1996, 14 April 1997, 14 August 1997, 27 July 1998, 11 March 1999, 09 November 1999, 30 June 2000, 31 August 2000, 07 May 2001, 31 August 2001, 30 June 2007, 28 August 2009, 02 December 2009, 10 June 2010, 1 June 2011, and 8 February 2012, established by the PZU SA Supervisory Board in resolution no. URN/11/2012 of 14 March 2012.

I. GENERAL PROVISIONS

§ 1.

1. The Company operates under the business name of “Powszechny Zakład Ubezpieczeń Spółka Akcyjna”.
2. The Company may also use an abbreviated business name “PZU SA”.

§ 2.

1. The Company's registered office is Warsaw. The Company shall operate in the Republic of Poland and abroad.
2. The Company may establish and run its regional branches subject to disclosure in the register of entrepreneurs of the National Court Register in the Republic of Poland and foreign branches.

§ 3.

The Company's duration is unlimited.

§ 4.

The State Treasury is the Company's founder.

II. COMPANY'S LINE OF BUSINESS

§ 5.

1. The Company's line of business is as follows:
 - 1) insurance activity and other activity directly related thereto;
 - 2) reinsurance activity (inward reinsurance) and other activity directly related thereto.
2. The Company may, directly or indirectly, through insurance intermediaries:
 - 1) perform acquisition activities for open-end pension funds, pursuant to the provisions of the Act of August 28, 1997 on the organization and operation of pension funds;
 - 2) act as an intermediary on behalf or in favor of entities performing banking activities specified in Article 5 Sections 1 and 2 of the Act of August 29, 1997 entitled Banking Law, when concluding contracts in the performance of these activities, according to the principles set forth in the Act entitled Banking Law;

- 3) act as an intermediary in the sale and repurchase of participation units in mutual funds, or participation titles in foreign funds, open-end mutual funds having their registered offices in member states of the European Union, and open-end mutual funds having their registered offices in OECD member countries other than member states of the European Union, according to the principles set forth in the Mutual Fund Act dated May 27, 2004.
3. The insurance and reinsurance business referred to in Section 1 is conducted in the area of other casualty insurance and property insurance (Chapter II), according to the groups defined in an appendix to the Insurance Activity Act of May 22, 2003:
- 1) accident insurance, including accident at work and occupational disease: single benefits, recurring benefits, combined single and recurring benefits, transport of persons,
 - 2) sickness insurance: single benefits, recurring benefits, combined benefits,
 - 3) casco (comprehensive/all risks) insurance of land vehicles, excluding rail vehicles, which covers damage to: automobiles and non-self propelled land vehicles,
 - 4) casco (comprehensive/all risks) insurance of rail vehicles, which covers damage to rail vehicles,
 - 5) casco (comprehensive/all risks) insurance of aircraft, which covers damage to aircraft,
 - 6) marine and inland water navigation insurance, which covers damage to sea vessels and inland water vessels,
 - 7) cargo insurance, which covers damage to transported goods, regardless of the means of transport used,
 - 8) insurance against damage caused by natural elements, which covers property damage not included in groups 3-7, and caused by: fire, explosion, storm, other elements, nuclear energy, landslide or sinkholes,
 - 9) insurance of other physical damage (if not included in groups referred to in items 3, 4, 5, 6 or 7) caused by hail or frost, or resulting from other causes (such as theft), if these causes are not included in the group referred to in item 8,
 - 10) third party liability insurance of any type, related to the ownership and use of self-propelled land vehicles including carrier's liability insurance,
 - 11) third party liability insurance of any type, related to the ownership and use of aircraft, including carrier's liability insurance,
 - 12) third party liability for marine and inland water navigation, related to the ownership and use of sea vessels and inland vessels, including carrier's liability insurance,
 - 13) third party liability (general third party liability), not included in the groups referred to in items 10-12,
 - 14) credit insurance, including coverage of general insolvency, export credits, loan amortization payments, mortgage loans, agricultural credits,
 - 15) insurance bonds: direct and indirect bonds,
 - 16) insurance against various types of financial risks, including: unemployment risk, insufficient income, bad weather conditions, loss of profits, fixed overhead expenses, unforeseen commercial expenses, loss of market value, loss of permanent source of

income, indirect commercial losses other than the types listed above, other financial losses,

- 17) legal protection insurance,
- 18) assistance insurance for persons who experience difficulty during travel or during absence from their place of permanent residence.

III. SHARE CAPITAL

§ 6.

1. The Company's share capital is PLN 86,352,300 (eighty-six million three hundred fifty-two thousand three hundred zloty) and is divided into 86,352,300 (eighty-six million three hundred fifty-two thousand three hundred) registered shares with a par value of PLN 1 (one zloty) each, A series denoted with numbers from 00000001 to 60446320 and B series denoted with numbers from 00000001 to 25905980.
2. The share capital may be increased by a resolution adopted by the Shareholder Meeting. A share capital increase requires an amendment to the Articles of Association and is accomplished by issuing new shares or by increasing the par value of the existing shares.

§ 7.

1. Registered shares which will be recorded electronically in accordance with the Act on Trading Financial Instruments of July 29, 2005 shall be converted into bearer shares at the time when they are recorded electronically.
2. Shareholders may not request that bearer shares be converted into registered shares when these shares are recorded electronically.

§ 8.

1. The Company's shares may be redeemed only upon shareholder's consent through their acquisition by the Company. A resolution adopted by the Shareholder Meeting shall be required for the Company to acquire treasury shares for the purpose of redemption.
2. Retirement of shares requires a decrease in the Company's share capital. Shares are retired for consideration.
3. The Shareholder Meeting resolution shall specify the share retirement procedure and the amount of consideration for the shares being retired.

IV. COMPANY'S CORPORATE BODIES

§ 9.

The Company's corporate bodies shall be:

- 1) Shareholder Meeting,
- 2) Supervisory Board,
- 3) Management Board.

SHAREHOLDER MEETING

§ 10.

1. The Ordinary Shareholder Meeting should be held within six months after the end of each financial year.
2. The Management Board convenes an Extraordinary Shareholder Meeting at its own initiative or in response to a written motion submitted by the Supervisory Board, a shareholder or shareholders representing at least 1/20 of the share capital. Such motion can be filed in electronic form.
3. The Supervisory Board convenes:
 - 1) an Ordinary Shareholder Meeting if the Management Board fails to convene the Ordinary Shareholder Meeting by the prescribed deadline,
 - 2) an Extraordinary Shareholder Meeting when it deems it to be advisable,
 - 3) an Extraordinary Shareholder Meeting if the Management Board fails to convene an Extraordinary Shareholder Meeting in response to a motion submitted by an eligible shareholder, eligible shareholders or the Supervisory Board within 14 days from submitting such motion.
4. Shareholders representing at least a half of the share capital or at least a half of the total votes in the Company may convene an Extraordinary Shareholder Meeting. Shareholders shall appoint the chairman of such Meeting.
5. The Shareholder Meeting shall be convened by an announcement made twenty six days before the Shareholder Meeting's date, on the Company's website and in the manner specified for publication of current information according to the Act of 29 July 29 on Public Offerings and the Conditions for Offering Financial Instruments in an Organized Trading System and on Public Companies.

§ 11.

1. The Supervisory Board and a shareholder or shareholders representing at least 1/20 of the share capital may request certain items be put on the agenda of a Shareholder Meeting. Such request should include a justification or a draft resolution regarding the proposed agenda item. The request should be filed with the Management Board in writing or in electronic form.
2. The request mentioned in Section 1 should be submitted to the Management Board no later than twenty one days before the set date of the Shareholder Meeting.
3. The Management Board shall announce any changes in the agenda of the meeting, made upon request of the Supervisory Board, a shareholder or shareholders, immediately, but no later than four days before the set date of the Shareholder Meeting. The announcement shall be made in the manner specified in § 10 Section 5.

§ 12.

1. During a Shareholder Meeting each one of the shareholders may propose draft resolutions regarding items inserted on the agenda.
2. A shareholder or shareholders of the Company representing at least one twentieth of the share capital may, before the date of the Shareholder Meeting, file with the Company in

writing or electronic form draft resolution regarding items inserted or to be inserted on the agenda of the Shareholder Meeting. The Company shall immediately announce draft resolutions on its website.

§ 13.

All matters brought by the Management Board for deliberation at the Shareholder Meeting should first be presented to the Supervisory Board for examination and opinion. The Supervisory Board's opinions are presented to the Shareholder Meeting no later than prior to opening its meeting along with the other documents transmitted to the shareholders participating in the Shareholder Meeting and they are made available on the Company's website.

§ 14.

Shareholder Meetings are held in Warsaw.

§ 15.

The Shareholder Meeting may adopt resolutions notwithstanding the number of shareholders in attendance or the shares represented.

§ 16.

1. Shareholder Meeting resolutions concerning the following issues require a three-fourths majority of votes cast:
 - 1) amendments to the Articles of Association,
 - 2) reduction of the share capital, subject to sec. 2,
 - 3) selling and leasing a business or an organized part thereof and establishing a limited material right thereon.
2. Shareholder Meeting resolutions in the matter of introducing the preference of shares and in the matter of the Company's merger by transferring all of its assets to another company or merger by establishing a new company, dissolution of the Company (also as a result of moving the Company's registered office or its main establishment abroad), its liquidation, transformation and reduction of its share capital by retirement of a portion of shares without its simultaneous increase, require the majority of 90% of the votes cast.
3. Shareholder Meeting resolutions on other business than stated in Sections 1 and 2 above shall be adopted by an absolute majority of votes unless the Articles of Association or an act stipulates otherwise.
4. The resolution to abolish dematerialization of the Company's shares shall be adopted with the majority of 4/5 of votes cast when at least half of the share capital is represented.
5. The shareholders' voting right shall be restricted in a way that no shareholder may exercise at the Shareholder Meeting more than 10% of the overall number of votes existing in the Company on the date of the Shareholder Meeting, with a reservation that, for the purposes of determining the obligations of the buyers of large blocks of shares according to the Act of 29 July 2005 on Public Offerings and the Conditions for Offering Financial Instruments in an Organized Trading System and on Public Companies and the Insurance Activity Act of 22 May 2003, such restriction of the voting right will be deemed non-existent.

6. The voting right restriction mentioned in section 5 shall not apply to the shareholders specified in § 37 section 1.
7. For the purposes of restricting the voting right according to section 5, the votes of the shareholders connected by a parent or subsidiary relationship are added up according to the principles described below.
8. A shareholder within the meaning of section 5 is any person, including its parent company and subsidiary, which holds a direct or indirect voting right at the Shareholder Meeting under any legal title; this also applies to a person holding no shares in the Company, in particular a user, lien holder, beneficiary under a depositary receipt within the meaning of the Act of 29 July 2005 on Trading Financial Instruments, and a person authorized to take part in the Shareholder Meeting despite selling the shares after the date when the right to participate in the Shareholder Meeting was determined.
9. The parent company and the subsidiary shall mean, respectively, a person:
 - 1) meeting the prerequisites enumerated in Article 4 § 1 item 4) of the Commercial Company Code,
 - 2) having the status of a parent entrepreneur, subsidiary entrepreneur or a parent and subsidiary entrepreneur simultaneously, within the meaning of the Competition and Consumer Protection Act of 16 February 2007; or
 - 3) having the status of a parent, higher-level parent, a subsidiary or a lower-level subsidiary or a co-subsidiary or an entity which is both parent (including a higher-level parent) and subsidiary (including a lower-level subsidiary and co-subsidiary) within the meaning of the Accountancy Act of 29 September 1994; or
 - 4) exerting decisive influence (parent) or on which such decisive influence is exerted (subsidiary) within the meaning of the Act of 22 September 2006 on Transparency of Financial Relationships between Public Authorities and Public Entrepreneurs and on Financial Transparency of Certain Entrepreneurs; or
 - 5) whose votes under the Company's shares held directly or indirectly are subject to aggregation with votes of another person or other persons according to the principles set forth in the Act of 29 July 2005 on Public Offerings and the Conditions for Offering Financial Instruments in an Organized Trading System and on Public Companies, in connection with the holding, selling or purchasing significant blocks of the Company's shares.
10. The shareholders whose votes are aggregated and reduced according to the provisions of sections 7-9 are jointly referred to as a Grouping. The aggregation of votes involves adding up the votes of the respective shareholders comprising a Grouping. The reduction of votes involves reducing the overall number of votes in the Company to which the shareholders comprising the Grouping are entitled to at the Shareholder Meeting. The votes shall be reduced according to the following principles:
 - 1) the number of votes of the shareholder holding the largest number of votes in the Company among all of the shareholders comprising the Grouping shall be reduced

by the number of votes equal to the surplus over 10% of the total number of votes in the Company to which all the shareholders comprising the Grouping are entitled.

- 2) if the total number of votes at the Shareholder Meeting to which the shareholders comprising the Grouping continues to exceed the threshold specified in section 5, despite the reduction mentioned in item 1) above, the votes held by the remaining shareholders comprising the Grouping shall be reduced. The votes held by the respective shareholders shall be further reduced following the order determined by the number of votes held by the shareholders comprising the Grouping (from the highest to the lowest number of votes). Further reduction is performed until a situation is achieved in which the overall number of votes held by the shareholders comprising the Grouping no longer exceeds 10% of the overall number of votes in the Company;
 - 3) if the vote reduction order cannot be determined for the purpose of the reduction mentioned in item 1) or item 2), due to the fact that two or more shareholders hold the same number of votes, then the votes held by the shareholders with the same number of votes shall be reduced pro rata, while any fractions shall be rounded down to a full share. The principles set forth in item 1) or item 2) shall be applied accordingly;
 - 4) in any case, a shareholder whose exercise of its voting rights has been restricted, shall keep the right to exercise at least one vote;
 - 5) the restriction of exercise of the voting right shall also apply to shareholders absent from the Shareholder Meeting.
11. In order to determine the basis for the aggregation and reduction of votes, each Company shareholder, the Management Board, the Supervisory Board and the individual members of those bodies as well as the Shareholder Meeting Chairperson may request that a Company shareholder subject to the voting right restriction principle provide information whether it is a parent or subsidiary, within the meaning of section 9, to any other shareholder of the Company. The right mentioned in the previous sentence shall also apply to the right to demand disclosure of the number of votes held by the Company shareholder individually or jointly with other Company shareholders, for which it is a parent or a subsidiary within the meaning of section 9. Until the default on the information duty is remedied, a person failing to perform the information duty mentioned in the first sentence or performing it unduly may exercise its voting right on a single share only and exercise of the voting right on the remaining shares by such a person shall be ineffective.
 12. In the event of doubts, the provisions regarding the restriction of the voting right shall be subject to interpretation according to Article 65 § 2 of the Civil Code.
 13. From the moment the stake of the shareholder defined in § 37 section 1 item 1) in the Company's share capital drops below the 5% level, the restrictions on the shareholders' voting rights set forth in section 5 shall expire.

§ 17.

1. The voting at a Shareholder Meeting is by open ballot. A secret ballot is ordered in elections or on motions to dismiss members of the Company's corporate bodies or liquidators, in matters concerning their personal liability to the Company as well as in other personal matters or, excluding cases when voting by open ballot ensues from a statute, at the request of at least one of the shareholders attending or represented at a Shareholder Meeting.
2. The Supervisory Board Chairman or Deputy Chairman opens the Shareholder Meeting, after which the Chairman of the Shareholder Meeting is elected from among the persons authorized to vote. The President of the Management Board or a person designated by the Management Board opens the Meeting if the Supervisory Board Chairman and Deputy Chairman are absent.

§ 18.

Adopting resolutions in the following matters belongs to the Shareholder Meeting's powers in addition to other matters stipulated as being within its powers in accordance with a statute or the Articles of Association:

- 1) examination and approval of the Management Board's report on the Company's activity and the financial statement for the previous financial year and granting a discharge to individual members of the Company's corporate bodies on the performance of their duties,
- 2) distribution of profit or covering the loss,
- 3) decisions on claims to remedy damages incurred during the incorporation of the Company or in its administration or oversight,
- 4) sale or lease of the enterprise or an organized part thereof and establishment of a limited material right thereon,
- 5) retirement of shares,
- 6) issue of bonds,
- 7) establishment of reserve capital accounts and decision on their allocation or manner of allocation,
- 8) division of the Company, merger of the Company with another company, winding up or dissolving the Company,
- 9) appointment and dismissal of Supervisory Board members, without prejudice to §20,
- 10) establishment of the rules for remunerating the Supervisory Board members,
- 11) purchase or sale of real estate, perpetual usufruct or a share in real estate or perpetual usufruct by the Company whose value exceeds the equivalent of EUR 30,000,000, (EUR thirty million) gross.

§ 19.

The Shareholder Meeting shall ratify its own Bylaws.

SUPERVISORY BOARD

§ 20.

1. Subject to Section 2, the Supervisory Board consists of 7 to 11 members. Subject to § 37 Section 5, the number of Supervisory Board members shall always be odd; the Shareholder Meeting shall specify the number of Supervisory Board members by a separate resolution. Supervisory Board members are appointed for a joint term of office, which encompasses three consecutive full financial years. The Supervisory Board shall elect the Supervisory Board Chairman and Deputy Chairman from among the Supervisory Board members.
2. At least one Supervisory Board Member must hold qualifications in accounting or financial review within the meaning and in accordance with the Act of 7 May 2009 on Statutory Auditors and Their Self-Regulatory Body, Approved Entities to Audit Financial Statements and Public Oversight.
3. The Supervisory Board elected by group voting consists of five members.
4. Subject to section 7, Supervisory Board members are appointed and dismissed by the Shareholder Meeting.
5. Half of the Supervisory Board members appointed based on the procedure set forth in section 4 shall be selected from among the persons named by the shareholder specified in § 37 section 2.
6. A motion to appoint a Supervisory Board member shall be submitted to the Management Board, however, if this motion is submitted at the Shareholder Meeting whose object is to elect the Supervisory Board, then this motion, to be valid, should be submitted to the Chairman of the Shareholder Meeting immediately upon his election, however, not later than before commencing the voting to elect Supervisory Board members. Each one of these motions shall be put to a separate vote.
7. The State Treasury shall have the right, in line with Article 354 § 1 of the Commercial Company Code, to appoint and dismiss one Supervisory Board Member by way of a written statement submitted to the Company's Management Board. Such appointment or dismissal shall be effective from the moment of delivering the pertinent representation to the Management Board and shall not require a Shareholder Meeting resolution. The State Treasury's right shall expire at the time when it ceases to be a shareholder in the Company.
8. At least one Supervisory Board member must meet the independence criteria (Independent Members). The independence criteria are met in the case of a person who:
 - 1) has not been a member of the Company's Management Board, or its commercial proxy during the five years prior to the date of election to be a Supervisory Board member;
 - 2) has not been employed as a manager or director officially reporting to the Management Board or the President of the Management Board in the Company or an entity related to the Company within the meaning of accounting regulations

within the three years preceding the day of being elected to be a Supervisory Board member;

- 3) does not receive any remuneration from the Company or an entity related to the Company other than for performing the duties of a Supervisory Board member;
- 4) is not a Company shareholder or a shareholder, member or entity holding other ownership titles in an entity related to the Company within the meaning of the provisions of the Accounting Act of 29 September 1994;
- 5) is not authorized to represent such an entity referred to in item 4);
- 6) does not maintain and for at least 1 year preceding the date of election to be a Supervisory Board member did not maintain significant commercial relationships with the Company or an entity related to the Company, where significant commercial relationships mean those whose value exceeds 5% of the Company's revenues for the last financial year;
- 7) has not participated for the three years preceding the date of election to be a Supervisory Board member in keeping the Company's accounting ledgers or in preparing its financial statements;
- 8) is not and has not been for the three years preceding the date of election to be a Supervisory Board member employed in an entity that audits the Company's financial statements;
- 9) is not a member of a managing body or a commercial proxy of an entity in which a Company Management Board member or a Company commercial proxy holds the function of a Supervisory Board member;
- 10) has not served more than three consecutive terms in the Supervisory Board;
- 11) is not related by blood or marriage in a direct line up to the second order or some other person closely related to:
 - a) a member of the Company's Management Board, Supervisory Board or entity related to the Company,
 - b) a commercial proxy of the Company or an entity related to the Company,
 - c) a person employed in the position of manager or director officially reporting to the Management Board or the President of the Management Board in the Company or an entity related to the Company, or
 - d) a Company shareholder holding shares in the Company representing at least 5% of the Company's share capital, where a closely related person means a person referred to in the provisions of the Act on Trading Financial Instruments of 29 July 2005 and
- 12) does not employ any of the persons referred to in item 11 to conduct financial review activities within the meaning of the regulations of the Act of 7 May 2009 on

Statutory Auditors and Their Self-Regulatory Body, Approved Entities to Audit Financial Statements and Public Oversight.

9. An Independent Member of the Supervisory Board is obliged to submit a written representation to the Company on meeting all the independence criteria along with an obligation to notify the Company immediately about ceasing to meet the independence criteria.
10. The Supervisory Board shall appoint an audit committee. The Supervisory Board shall specify the detailed tasks and rules of appointment and operation of the audit committee, where the Supervisory Board when electing the members of the audit committee shall take into consideration the competence and experience of the candidates within the scope of affairs with which the committee deals. The audit committee shall consist of three members, including at least one Independent Member and at least one member holding qualifications in accounting or financial review within the meaning and in accordance with the Act of 7 May 2009 on Statutory Auditors and Their Self-Regulatory Body, Approved Entities to Audit Financial Statements and Public Oversight.
11. The Supervisory Board may appoint a nomination and compensation committee. The detailed rules for the appointment and operation of the nomination and compensation committee shall be defined by a Supervisory Board resolution. The nomination and compensation committee shall comprise at least one Independent Member. In the event that the Supervisory Board elected by group voting is composed of 5 members, the nomination and compensation committee shall not be appointed, while the Supervisory Board in its full composition shall perform its tasks.
12. In that event that as a result of the expiration of the mandate of a Supervisory Board member, the number of Supervisory Board members falls below the minimum number prescribed by Section 1 above, the Management Board shall convene a Shareholder Meeting immediately to supplement the Supervisory Board's composition. In the event of the expiration of the mandate of even one Supervisory Board member elected by group voting, the State Treasury shall regain the individual right referred to in section 7.

§ 21.

1. The Supervisory Board Chairman, or in his absence, the Deputy Chairman, shall convene Supervisory Board meetings through a written invitation sent not later than 7 days before the planned meeting of the Supervisory Board and shall preside over them. Promptly, but not later than 14 days after appointing the Supervisory Board for a new term of office, the Chairman of the Shareholder Meeting at which the election of the Supervisory Board takes place shall convene and open its first meeting and he shall preside over the Supervisory Board meeting until the time when the Supervisory Board Chairman is elected.
2. The deadline referred to in the first sentence of section 1 may be shortened by the Supervisory Board Chairman in justified circumstances.
3. The subject matter of discussion at the first Supervisory Board meeting is the formation of the Supervisory Board and in particular election of the Supervisory Board Chairman and Deputy Chairman. The subject matter of the first Supervisory Board meeting may not be the adoption of resolutions on the matters referred to in § 25 section 2 sub-section 5 with the exception of resolutions to appoint a Management Board member or members in the event that the composition of the Company's Management Board consists of a smaller

number of members than required in accordance with the provisions of the Articles of Association. The next Supervisory Board meeting may be held no earlier than 7 days after the first Supervisory Board meeting; to that time the Supervisory Board may adopt resolutions under the procedure designated in § 24 section 2 or 4 without prejudice to the limitations designated in those provisions.

§ 22.

Supervisory Board members perform their duties personally.

§ 23.

1. The Supervisory Board holds meetings as needed but no less frequently than once per quarter.
2. The Management Board or a Supervisory Board member may request that a Supervisory Board meeting be convened, stating the proposed agenda. The Supervisory Board Chairman, and in case of his absence – the Supervisory Board Deputy Chairman, shall convene a meeting for a date falling no later than within two weeks after the date of receiving the motion. If the Supervisory Board Chairman does not convene a meeting according to this provision, the applicant may convene it acting independently by stating the date, place and proposed agenda. The business presented in the motion shall form the subject matter of the meeting. The Supervisory Board member who has exercised the right to convene the Supervisory Board shall preside over the meeting.

§ 24.

1. Without prejudice to sections 2, 3 and 5, for Supervisory Board resolutions to be valid, it is required to invite all Supervisory Board members in writing and to have the presence of at least one half of the Supervisory Board members at a meeting, including the Supervisory Board Chairman or Deputy Chairman.
2. Without prejudice to article 388 § 4 of the Commercial Company Code, Supervisory Board resolutions may be adopted by using direct means of remote communication, provided that all the Supervisory Board members have been notified of the content of the draft resolution.
3. Supervisory Board resolutions adopted under the procedure referred to in section 2 shall be presented at the next Supervisory Board meeting with the result of the vote.
4. Without prejudice to article 388 § 4 of the Commercial Company Code, a Supervisory Board resolution may be adopted in writing, by circulation of documents, if all the Supervisory Board members have been informed of the contents of the draft resolution. Votes are cast by duly signing the resolution document when voting in favor of its ratification or by affixing a representation on voting against its ratification on the resolution document.
5. Without prejudice to Article 388 § 4 of the Commercial Company Code, Supervisory Board members may participate in adopting Supervisory Board resolutions by voting in writing through another Supervisory Board member. Voting in writing cannot apply to matters introduced to the agenda at a Supervisory Board meeting.
6. Supervisory Board resolutions are adopted by an absolute majority of votes. In the event of a tie vote, the Supervisory Board Chairman's vote shall prevail.
7. Supervisory Board resolutions are adopted in open balloting with the exception of resolutions on the matters referred to in §25 section 2 items 5 and 8, for whose adoption it is required to conduct secret balloting. Secret balloting should also be ordered at the

request of even just one of the Supervisory Board members unless the Supervisory Board resolution is being adopted under the procedure mentioned in section 2 or 4.

8. The Supervisory Board shall ratify Supervisory Board Bylaws specifying its organization and method of performing its actions.
9. The Supervisory Board may delegate its members to perform specific supervisory duties independently, whose scope shall be set forth in a Supervisory Board resolution on delegating a Supervisory Board member. To this end, the Supervisory Board may form temporary committees comprising Supervisory Board members, whose scope of responsibilities shall be defined in a Supervisory Board resolution on appointing a committee. Supervisory Board members delegated to perform supervisory duties independently shall submit a written report to the Supervisory Board on such activity at the next Supervisory Board meeting after performing any supervisory duties independently.

§ 25.

1. The Supervisory Board shall conduct constant oversight over the Company's operations in all areas of its activity.
2. Apart from other matters stipulated as being within its powers in accordance to a statute or the Articles of Association, the Supervisory Board's powers shall include the following:
 - 1) evaluating the Management Board's report and the financial statement for the previous financial year in terms of their compliance with the accounting ledgers and documents as well as the actual state of affairs,
 - 2) evaluating the Management Board's motions to distribute the profit or cover the loss,
 - 3) submitting a written report to the Shareholder Meeting on the results of the evaluation referred to in items 1 and 2, a concise annual assessment of the Company's standing with an assessment of its internal control system and the Company's system of managing significant risk and an annual report on the Supervisory Board's work,
 - 4) concluding, terminating and amending agreements with Management Board members and setting the rules for their compensation";
 - 5) appointing, suspending and dismissing the President of the Management Board, Management Board members or the entire Management Board and making a decision to cease such suspension,
 - 6) granting consent to transferring an insurance portfolio in its entirety or in part,
 - 7) accepting motions submitted by the Management Board to purchase, subscribe for or sell ownership interest and shares in companies and on the Company's participation in other entities – the Supervisory Board may define the maximum amount, the terms and conditions and under what procedure the Management Board may conduct the foregoing activities without obtaining the Supervisory Board's acceptance,
 - 8) delegating Supervisory Board members to perform temporarily the duties of Management Board members who have been dismissed, resigned or cannot perform these duties for other reasons,
 - 9) accepting instructions for the Company's representatives to vote at Shareholder Meetings of Powszechny Zakład Ubezpieczeń na Życie Spółka Akcyjna ("PZU Życie SA") in the following matters: increasing and decreasing the share capital, issuing

bonds, selling and leasing PZU Życie SA's enterprise and establishing a usufruct right on the enterprise, splitting PZU Życie SA, merging PZU Życie SA with another company, liquidating or dissolving PZU Życie SA,

- 10) selecting an auditor to whom the audit of the Company's annual financial statements will be entrusted,
- 11) establishing the consolidated text of the amended Articles of Association,
- 12) granting consent to the purchase or sale of real estate, a perpetual usufruct right or a share in real estate or a perpetual usufruct right whose value exceeds the equivalent of EUR 3,000,000, (EUR three million) gross,
- 13) granting consent for the Company to conclude with an entity related to the Company a significant agreement within the meaning of the provisions regarding current and periodic information submitted by issuers of securities admitted to be traded on a regulated market, excluding typical agreements concluded by the Company on market terms under its operational activity,
- 14) granting consent for the Company to conclude an agreement with an underwriter referred to in art. 433 § 3 of the Commercial Company Code,
- 15) granting consent to pay an interim dividend against an expected dividend,
- 16) granting consent to establish and close the regional branches referred to in § 2 section 2 and foreign branches,
- 17) approving the Company's long-term development plans and annual financial plans devised by the Management Board.
- 18) approving the Management Board Bylaws,
- 19) examining and opining matters submitted by the Management Board for deliberation at the Shareholder Meeting.

MANAGEMENT BOARD

§ 26.

1. The Management Board consists of two to four Management Board members, with the President of the Management Board being among them.
2. Management Board members, including the President of the Management Board, are appointed by the Supervisory Board for a joint term of office, which is three full financial years, where Management Board members are appointed and dismissed in response to the motion of the President of the Management Board.
3. If the President of the Management Board of a new term of office is appointed before the end of the current term of office, he shall have the right to submit a motion to the Supervisory Board to appoint the other Management Board members for a new term of office, before the end of the current term of office.

§ 27.

1. The Management Board exercises all the rights to manage the Company with the exception of the rights stipulated by a statute or the Articles of Association as belonging to the Company's other corporate bodies. The President of the Management Board directs the work of the Management Board. The scope of responsibility of the individual

Management Board members shall be determined by the President of the Management Board.

2. Management Board resolutions are adopted by an absolute majority of votes. In the event of a tie vote, the vote cast by the President of the Management Board shall prevail.
3. The Management Board adopts decisions in the form of resolutions in the presence of at least two members of the Management Board. Resolutions may be adopted only in the presence of the President of the Management Board or a person appointed to direct the work of the Management Board when the President of the Management Board is absent.
4. Subject to sec. 7, with the consent of the President of the Management Board, the Management Board may adopt resolutions by the written procedure (circulation). A resolution adopted under this procedure is valid if all Management Board members have received the draft resolution with a justification. It is assumed that the resolution is adopted on the day when an absolute majority of votes is cast in favor of the resolution.
5. Resolutions may be adopted by the Management Board in electronic form using remote means of communication under the circulation procedure referred to in section 4, provided that a secure electronic signature is affixed and verified with a valid qualified certificate. In such a case, the requirements set forth in section 4 shall apply.
6. Management Board meetings may be held using direct means of remote communication, where resolutions adopted under this procedure shall be valid if all Management Board members have been informed of the text of the draft resolutions.
7. The Management Board Bylaws specify in detail the Management Board's procedure of operation as well as the matters that can be entrusted to its individual members and the matters that require a Management Board resolution and that matters with respect to which Management Board resolutions may not be adopted under the procedure designated in section 4 or 5. The Management Board ratifies, and the Supervisory Board approves, the Management Board Bylaws.

§ 28.

1. Two Management Board members acting jointly or one Management Board member acting jointly with a commercial proxy are entitled to submit declarations of will and to sign on behalf of the Company.
2. Attorneys in fact acting alone or jointly within the scope of their authorization may be appointed to perform actions of a specific type or specific actions.

§ 29.

1. A Supervisory Board resolution is required to conclude, amend or terminate an employment contract or some other agreement between the Company and a Management Board member and to set the rules for remunerating a Management Board member and the amount of his remuneration without prejudice to § 25 section 2 item 4 of the Articles of Association. In such agreements the Supervisory Board represents the Company and the Supervisory Board Chairman or Deputy Chairman acts on behalf of the Supervisory Board.
2. The provisions of section 1 shall not exclude the capacity of the Shareholder Meeting to establish an attorney to perform the actions prescribed in the text of a power of attorney.

V. ORGANIZATION OF THE COMPANY

§ 30.

The Company's Organizational Bylaws ratified by the Management Board shall specify the internal organization of the Company's enterprise.

VI. FINANCIAL MANAGEMENT

§ 31.

The Company's financial year is the calendar year.

§ 32.

1. The Company shall create the following capital accounts, reserve accounts and special-purpose funds:
 - 1) share capital,
 - 2) reserve capital,
 - 3) revaluation reserve,
 - 4) other reserve capital account to finance the purchase of treasury shares in the cases referred to in art. 362 § 1 items 1, 2 and 8 of the Commercial Company Code,
 - 5) other reserve capital account to finance the disbursement of interim dividends, which capital account may be disposed of by the Management Board for that purpose,
 - 6) other reserve capital account to finance a share capital increase using the Company's funds,
 - 7) insurance-specific reserves,
 - 8) prevention fund.
2. The Shareholder Meeting may contribute to the capital accounts specified in section 1 items 4 and 5 by making an allocation thereto from annual profit or by making transfers from the reserve capital account or among the other reserve capital accounts, except for the revaluation reserve while taking into account the limitations ensuing from the regulations of the Commercial Company Code or other regulations of law.

§ 33.

The reserve capital account is set up to cover losses and to be earmarked for other purposes pursuant to the provisions of law. At least 8% of the profit for a given financial year shall be transferred to the reserve capital account until this capital account is at least equal to one-third of the share capital.

§ 34.

1. Insurance-specific reserves are designated to cover the current and future liabilities that may result from the concluded insurance agreements.
2. The following make up the insurance-specific reserves:
 - 1) unearned premium reserve,
 - 2) unexpired risk reserve,
 - 3) unpaid claims reserve, including capitalized annuity reserve,

- 4) loss ratio (risk) equalization reserve,
 - 5) reserve for catastrophic losses and exceptional risks,
 - 6) reserve for expenses, including claims and establishment of technical reserves,
 - 7) reserve for bonuses and rebates (discounts) for insureds.
3. The Company's Management Board specifies the rules for creating, using and releasing technical reserves.

§ 35.

Within three months after the end of the financial year, the Management Board is obliged to prepare and submit to the Supervisory Board the financial statements for the financial year and a written report on the Company's activity in this period.

§ 36.

1. The Company's profit may be allocated in particular to the following:
 - 1) reserve capital,
 - 2) other reserve capital accounts,
 - 3) dividend for the shareholders,
 - 4) other purposes defined by a Shareholder Meeting resolution.
2. The Shareholder Meeting sets the day according to which the list of shareholders entitled to a dividend for a given financial year is determined (dividend date) as well as the day of dividend distribution. The dividend date should be set as at the date of adoption of the profit distribution resolution or the date no later than within 3 months of adopting the resolution.
3. An Ordinary Shareholder Meeting resolution preventing distribution of the dividend within no more than 15 business days after the dividend date should contain a detailed justification in this respect.
4. The Management Board is authorized to distribute an interim dividend to shareholders toward the dividend envisaged at the end of the financial year if the Company has sufficient funds to make the disbursement. The disbursement of an interim dividend requires the Supervisory Board's consent.

VII. Final Provisions

§ 37

1. The voting right restriction referred to in § 16 sec. 5 shall not apply to:
 - 1) the shareholders holding the voting rights under shares representing over 10% of the overall number of votes in the Company on the date of adopting the Shareholder Meeting resolution introducing the restriction;
 - 2) the shareholders acting along with the shareholders specified in item 1 under the concluded arrangements regarding the joint exercise of the voting right under the shares.

2. The right defined in § 20 Section 5 shall only be vested in the shareholder, who holds the highest stake in the Company's share capital on the date of adopting the Shareholder Meeting introducing this right.
3. The right defined in § 20 Section 5 shall only be vested in the shareholder referred to in section 2 until the shareholder's stake in the Company's share capital drops below 20%.
4. Upon expiration of the right vested in the shareholder mentioned in section 2 pursuant to section 3, the right set forth in § 20 section 5 shall be vested in a different shareholder with the highest stake in the Company's share capital, provided that the shareholder holds at least 20% of the share capital.
5. Should the shareholder fail to exercise the right mentioned in § 20 section 7, the Supervisory Board may operate in the composition appointed pursuant to § 20 section 4. The above does not prevent the possibility of adding to the Supervisory Board's composition following the procedure of § 20 section 7.

§ 38

Should the prerequisites referred to in § 37 sections 2 – 4 fail to occur, the Supervisory Board, subject to § 20 sec. 7, shall be appointed by the Shareholder Meeting on general terms.