

OFFICE OF THE  
POLISH FINANCIAL  
SUPERVISION AUTHORITY

**Jacek Jastrzębski**  
Chairman of the  
Polish Financial Supervision Authority

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PZU SA/PZU Życie SA Compliance Department 26 March 2020 43/2020 RECEIVED
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**Presidents of the  
Management Boards of  
Insurance and Reinsurance  
Undertakings**  
(as per address list)

Dear Sirs/Madams,

With reference to the dividend policy for 2020 approved by the Polish Financial Supervision Authority at its meeting held on 3 December 2019, the regulatory authority hereby presents the following stance regarding the disbursement of dividends by insurance and reinsurance undertakings (hereinafter: undertakings).

The dividend policy pursued to date has enabled undertakings to significantly strengthen their capital base while maintaining the possibility of distributing profits to shareholders. At the same time, as KNF pointed out in its stance on the dividend policy for 2020 sent out to undertakings, when deciding on the level of dividends, undertakings should take into account the additional capital needs within the period of twelve months from the approval date of the 2019 financial statements, which may result, among others, from changes in the market and legal environment.

Having regard for the current situation involving the epidemic announced in Poland and its possible further adverse economic consequences as well as their expected adverse impact on the insurance sector, the regulatory authority expects that undertakings retain the entirety of profit earned in previous years, notwithstanding the actions previously undertaken in this area. It is also advisable for undertakings not to take other actions without making arrangements with the regulatory authority, in particular, actions falling outside the scope of their ongoing business and operating activity that could lead to weakening their capital base.

In the opinion of the regulatory authority, strengthening the capital base by retaining all profit is necessary to improve the capacity of undertakings to react effectively to current and future threats and the ability to run their core business as a going concern.

Respectfully,  
Jacek Jastrzębski  
Chairman of the  
Polish Financial Supervision Authority