Warsaw, 4 October 2016
Press Release

PZU announces its new dividend policy

PZU maintains its desire to pay out 50% to 100% of its profit. At the same time, the new dividend policy introduces clear and foreseeable rules for profit distribution.

„We have decided that the maximum profit allocation to organic growth will be 20% and the cap on funding mergers and acquisitions will be 30%. That means that every year the Management Board will recommend to the Shareholder Meeting designating at least 50% of net profit to pay a dividend to shareholders. Our intention, however, is for this ratio to be as high as possible." - says Michał Krupiński, CEO of PZU SA.

Depending on the capital needed for organic growth and the pursuit of strategic objectives related to mergers and acquisitions, shareholders may receive up to 100% of the annual profits in the form of dividends, though no less than 50%. The new policy focuses on effective capital management, maximizing the return on equity from the point of view of the parent company's shareholders (in particular, while ensuring the level of safety and retaining capital resources to achieve its strategic growth objectives through acquisitions), maintaining the target Solvency II ratio at the level of 200% and the financial leverage ratio at a level no higher than 35% under the assumption that PZU will not conduct a rights offering during the policy's term of validity.

PZU's CEO emphasizes: *„The dividend policy constitutes an important element of PZU's Strategy for 2016-2020. The Management Board's goal is for PZU to be a company that continues to pay attractive dividends in the future. We will achieve this goal by investing in organic growth and innovations and by pursuing our strategic M&A objectives. Every year we want to allocate at least 50% of our profits to pay dividends. If we will not be convinced that investing the other part of this capital will generate the expected rate of return, we will recommend that this capital also be made available to shareholders in the form of a dividend.*

We will grow the Group in such a way so as to give PZU SA's shareholders a growing stream of dividends." - adds PZU's CEO.

The new dividend policy announced today will make it possible to generate attractive rates of return on investments in PZU's shares while providing funds for the Group's long-term growth.

PZU's strategic objectives to be accomplished by 2020:

- focusing on the high profitability of insurance activity while simultaneously growing in selected market segments;
- reducing fixed expenses by PLN 400 million within 3 years;
- effectively implementing growth initiatives in the Health and Investment segments;
- building a large and highly profitable banking group;
- creating one of the most innovative insurance groups in Europe.

The Strategy's key assumptions (targets to be achieved in 2020):

- the parent company's profitability measured by ROE at a level no lower than 18% (signifying one of the highest ratios compared to the competition);
- PZU Group's share of the Polish non-life insurance market no lower than 35% and retaining the number of clients in PZU Życie at the level of 11 million;
- reducing annual fixed expenses in insurance activity by PLN 400 million by the end of 2018 (compared to 2015);
- achieving PLN 100 billion in assets under management, including PLN 50 billion in assets from third party clients (doubling the current level);
- growing the revenues of PZU Zdrowie from PLN 260 million in 2015 to PLN 1 billion in 2020;
- building a top five banking group in Poland with assets exceeding PLN 140 billion.

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