

Information on the PZU Group's Strategy until 2020 (page 1 and 5), contained in this presentation, has been updated on January 9, 2018 in the Strategy "New PZU" (link below)

https://www.pzu.pl/c/document_library/get_file?uuid=605289f3-777e-4863-8ca4-ed8ce57c88a9&groupId=10172



PZU's dividend policy



Warsaw, 4 October 2016

We will build the PZU Group's value by pursuing strategic growth projects ...



Focus on the high profitability of insurance activity coupled with simultaneous growth in selected market segments



Reduce fixed costs by PLN 400 million within 3 years



Effectively pursue growth initiatives in Health and Investments



Build a large and profitable banking group



Create one of the most innovative insurance groups in Europe



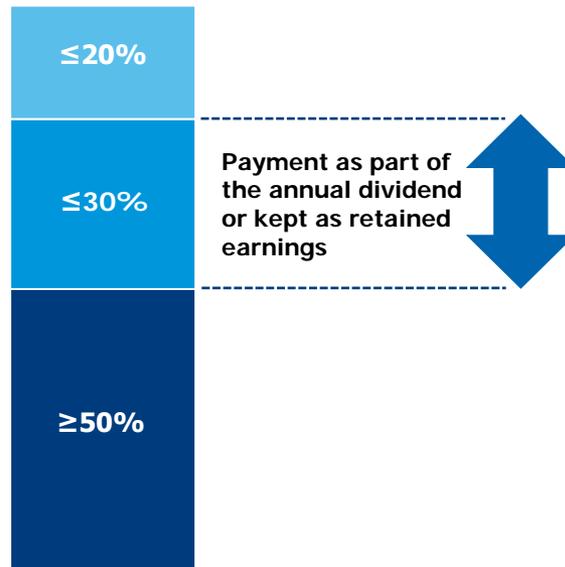
... while offering an attractive stream of dividends ...

The dividend proposed by the parent company's Management Board, to be paid by PZU SA for a given financial year, is determined on the basis of the PZU Group's consolidated financial result attributable to the parent company, where:

Profit allocated to organic growth, innovations and implementing growth initiatives

Profit allocated to the capital expenditures related to achieving the targets specified in the PZU Group's Strategy including mergers and acquisitions

Baseline dividend
pay-out ratio 50%



- no more than 20% will be allocated to retained earnings (supplementary capital) for purposes related to organic growth and innovation and to pursue growth initiatives;
- no less than 50% will be subject to payment in the form of an annual dividend;
- the rest will be paid in the form of an annual dividend or will be allocated to retained earnings (supplementary capital) in the event of incurring extensive capital expenditures in a given year related to the pursuit of the targets underpinning the PZU Group's Strategy, including in particular mergers and acquisitions;

subject to items below:

- according to the Management Board's plans and the parent company own risk and solvency assessment, the own funds of the parent company and the PZU Group, after the declaration or payment of a dividend, will remain at a level ensuring satisfaction of the conditions prescribed by the Capital Policy;
- the regulatory authority's dividend-related recommendations will be taken into consideration when specifying the dividend.



... based on a transparent capital management policy.

The PZU Group strives to achieve the following objectives:

- 1) manage capital effectively by optimizing the utilization of capital from the Group's perspective;
- 2) maximize the return on equity from the viewpoint of the parent company's shareholders, in particular while observing the level of security and maintaining capital resources for the purposes of strategic growth through acquisitions;
- 3) ensure sufficient financial resources to cover the Group's obligations to clients.

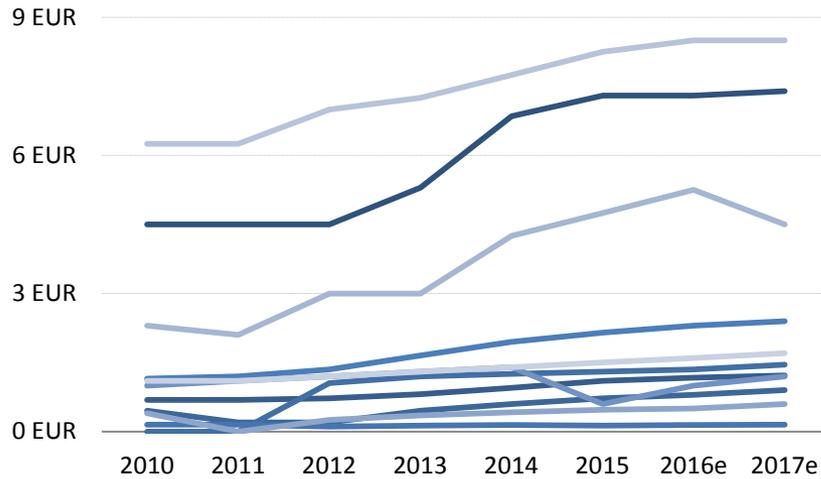
The Capital Management Policy is based on the following principles:

- 1) managing the PZU Group's capital (including its excess capital) at the level of PZU SA as the parent company;
- 2) maintaining the target solvency ratios at the level of 200% for the PZU Group, PZU SA and PZU Życie SA (according to Solvency II);
- 3) maintaining the PZU Group's financial leverage ratio at a level no higher than 0.35;
- 4) ensuring funds for growth and acquisitions in the upcoming years;
- 5) having PZU SA refrain from a secondary public offering during the term of validity of the Policy.

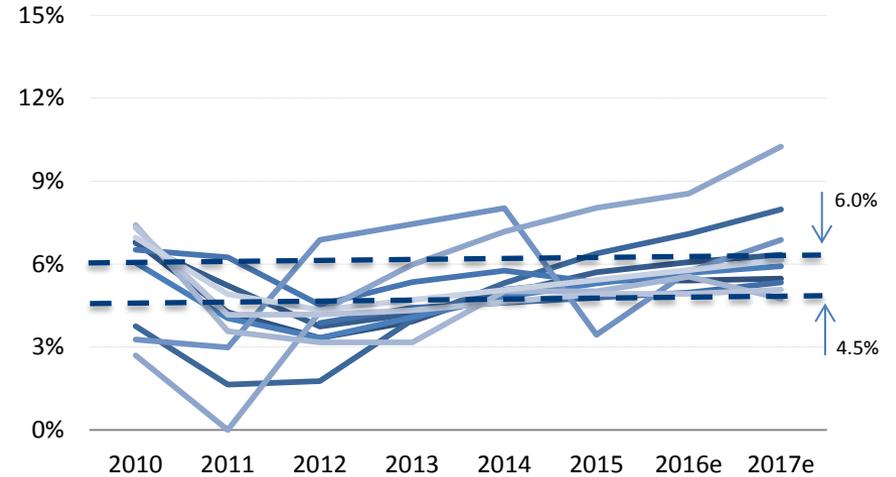


We will maintain a competitive dividend yield ...

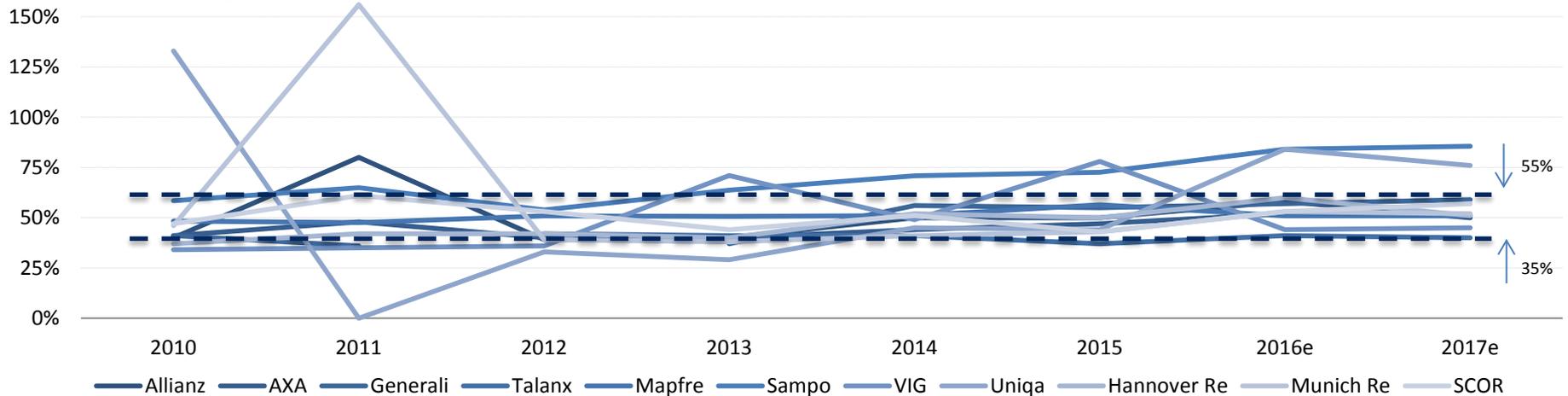
Dividend per share (DPS)



Dividend yield (DY)



Dividend payout ratio



Source: Bloomberg, websites and annual reports of companies, sell-side analysts' estimates, PZU's analysis

... and we will achieve one of the highest ROEs in the financial sector in Poland and abroad.

		ROE ¹		
		2015	2020	
		18%	18%	
BUSINESS SIZE	NON-LIFE INSURANCE			
	PZU Group's market share ²			
	2015	2020		
	33.9%	35%		
	LIFE INSURANCE			
	Number of Customers in PZU Życie (million)			
2015	2020			
11.4	11.0			
BUSINESS PROFITABILITY	INVESTMENTS			
	Assets of third party Customers under management (PLN bn)			
	2015	2020		
	25.3	50		
	HEALTH			
	Revenues (PLN m)			
	2015	2020		
	259.5	1000		
	BANKING			
	Assets (PLN bn)			
	2015	2020		
	40	140		
Combined ratio³				
2015	2020			
94.0%	92%			
Operating margin in group insurance and individual continuation				
2015	2020			
22.4%	>20%			
Reduction of fixed expenses (PLN m)				
2015	2018			
0	400			
Surplus rate of return on own portfolio above the RFR				
2015	2016-2020 ⁴			
2.2 p.p.	2.0 p.p.			
GROUP OBJECTIVES				
Solvency II solvency ratio⁵				
2015	2020			
285%	>200%			
NPS for Retail Customer vs. competition				
2015	2020			
+8.6 p.p.	> competitors			
Number of products per Retail Customer				
2015	2020			
1.49	1.64			
Employee Engagement Index				
2014 ⁶	2020			
49%	55%			

1 ROE attributable to the parent company

2 Without reinsurance premium

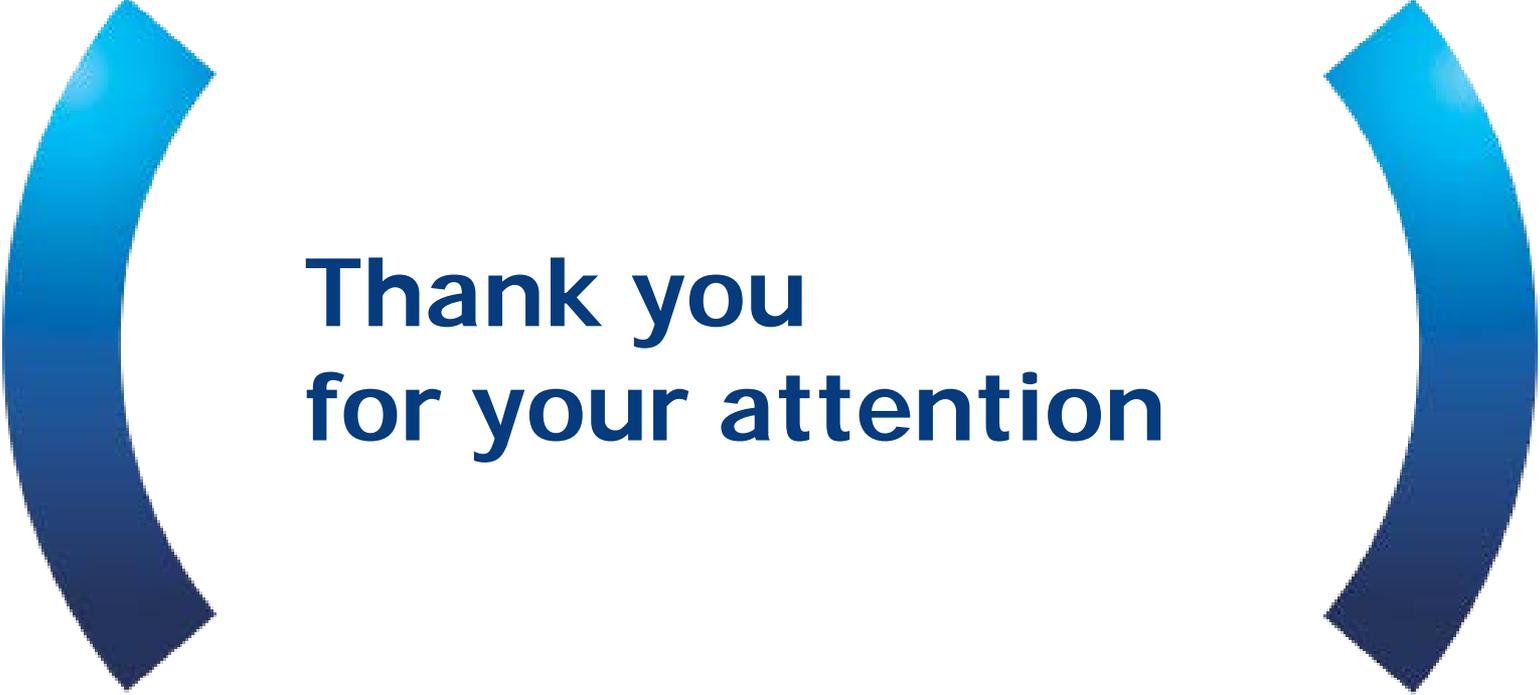
3 Including PZUW TUW and Link4

4 Average from 2016 to 2020

5 Onw funds decreased by expected dividends and tax on assets

6 Last survey





**Thank you
for your attention**

