



Date of preparation: **25 March 2021**

Issuer's abbreviated name: PZU SA

Current Report No. 3/2021

Subject: **Disclosure of delayed inside information and adoption and approval of the PZU Group's Capital and Dividend Policy for 2021-2024**

Legal basis: **Article 17 section 1 of MAR – inside information**

Body of the report:

Acting pursuant to Article 17(4) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("Market Abuse Regulation"), the Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna ("PZU SA", "Company") has delayed public disclosure of the following inside information:

1. Content of the inside information whose public disclosure has been delayed

Pursuant to Article 17(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("Market Abuse Regulation"), the Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna ("PZU SA") hereby reports that on 24 March 2021 it adopted a resolution on the PZU Group's Capital and Dividend Policy for 2021-2024.

The key assumptions of the adopted PZU Group's Capital and Dividend Policy for 2021-2024 are as follows:

In accordance with the Policy, the PZU Group endeavors to do the following:

- 1) manage capital effectively by optimizing the usage of capital from the Group's perspective;
- 2) maximize the rate of return on equity for the parent company's shareholders, in particular by maintaining the level of security and retaining capital resources for strategic growth objectives through organic growth and acquisitions;
- 3) ensure sufficient financial means to cover the Group's liabilities to its clients.

The **capital management policy** rests on the following principles:

- 1) manage the PZU Group's capital (including excess capital) at the level of PZU SA;
- 2) sustain target solvency ratios at the level of 200% for the PZU Group, PZU SA and PZU Życie SA (according to Solvency II);
- 3) maintain the financial leverage ratio at a level no higher than 25%;
- 4) ensure funds for growth and acquisitions;
- 5) maintain the financial conglomerate's surplus own funds above the pertinent requirements for solvency;
- 6) PZU SA will not issue any new shares for the duration of this Policy.

It is assumed that certain temporary deviations in the actual solvency ratio above or below the

target level may occasionally occur.

The **PZU SA and PZU Group's dividend policy** rests on the following principles:

- 1) The PZU Group endeavors to manage capital effectively and maximize the rate of return on equity for the parent company's shareholders, in particular by maintaining the level of security and retaining capital resources for strategic growth objectives through acquisitions;
- 2) the dividend amount proposed by the parent company's Management Board which PZU SA pays for the respective financial year is determined on the basis of the PZU Group's consolidated financial result attributable to equity holders of the parent company, where:
 - a) no more than 20% will be earmarked as retained earnings (supplementary capital) for goals associated with organic growth and innovations as well as execution of growth initiatives;
 - b) no less than 50% is subject to payment as an annual dividend;
 - c) the remaining part will be paid in the form of annual dividend or will increase retained earnings (supplementary capital) if significant expenditures are incurred in connection with the execution of the PZU Group Strategy, including, in particular, mergers and acquisitions
- subject to items 3 and 4;
- 3) according to the Management Board's plans and risk and solvency self-assessment of the parent company, the own funds of the parent company and the PZU Group following the declaration or payment of a dividend will remain at a level that will ensure fulfillment of the conditions specified in the capital policy;
- 4) when determining the dividend the regulatory authority's recommendations concerning dividends will be taken into consideration.

At the same time, the PZU SA Management Board resolved to submit a motion to the PZU SA Supervisory Board for approval of this Policy.

2. Reasons justifying delay of disclosure of inside information

The PZU SA Management Board believes that the delay of disclosure of inside information meets the conditions set out in the Market Abuse Regulation and in the European Securities and Markets Authority guidelines under MAR dated 20 October 2016 issued pursuant to Article 17(11) of the Market Abuse Regulation on the grounds that prompt disclosure of the information could violate the legitimate interests of PZU SA, since it could pose a threat to the public opinion's capacity to assess this information properly, because the PZU Group's Capital and Dividend Policy for 2021-2024 must be additionally approved by another corporate body, namely the PZU SA Supervisory Board. The immediate publication of this information following only the PZU SA Management Board's adoption of a resolution could pose a threat to the public opinion's capacity to assess this information properly by making the erroneous impression that the Policy has already been approved.

3. Date of disclosure of inside information

PZU SA will promptly publish the inside information after the Company's Supervisory Board has adopted a resolution to approve the PZU Group's Capital and Dividend Policy for 2021-2024.

The moment of delay in the disclosure of inside information was the date of adoption by the PZU SA Management Board of Resolution No. UZ/75/2021 of 24 March 2021 on the PZU Group's Capital and Dividend Policy for 2021-2024 and the Guidelines on capital and dividend policy for insurance undertakings in the PZU Group.

At the same time, the PZU SA Management Board hereby reports that, on 25 March 2021, the PZU SA Supervisory Board adopted Resolution No. URN/...../2021 to approve the PZU Group's Capital and Dividend Policy for 2021-2024. The assumptions of the Policy have not been changed and remain consistent with those described above.

Legal basis: Article 17 section 1 of MAR – inside information.