

POLISH FINANCIAL SUPERVISION AUTHORITY

Jacek Jastrzębski
Chairman
Warsaw, March 26, 2020

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**To the Presidents of
Management Boards of Banks**
(as per distribution list)

Dear Presidents,

With reference to the dividend policy for 2020, approved by the KNF at the meeting on 3 December 2019, and the follow-up correspondence with the banks related to that topic, the KNF hereby presents its position on the payment of dividends by banks.

The to-date dividend policy has significantly strengthened the capital base of the banks, while ensuring a possibility to pay out dividends to shareholders. Simultaneously, as shown in the assumptions of the medium-term dividend policy, published in March 2018, the criteria specified by the KNF remain in force, on the assumption that there will be no significant changes in the macroeconomic environment of Poland's banking sector.

Taking into account the current situation, connected with the state of epidemic declared in Poland and its possible adverse economic consequences, as well as their anticipated impact on the banking sector, the KNF expects that the banks will retain all the profits generated in the prior years, regardless of any steps taken so far with respect to that issue. The KNF expects that no other activities will be initiated without the KNF's consent, in particular those activities that are out of scope of day-to-day business and operations and may lead to the erosion of the capital base.

The KNF believes that strengthening the capital base by retaining all the earnings is necessary to increase the ability of the banks to respond to present and future threats and to allow their core operations to continue safely.

Yours faithfully,
CHAIRMAN OF THE POLISH
FINANCIAL SUPERVISION
AUTHORITY
Jacek Jastrzębski