



Memorandum of Understanding on the formation of the Business Council of Growing Europe

This Memorandum of Understanding (hereinafter referred to as the “MoU”) is made and entered into by and between:

- Powszechny Zakład Ubezpieczeń Spółka Akcyjna (PZU Group), whose address is al. Jana Pawła II 24, 00-133 Warsaw, Poland
- Banca Comercială Română (BCR), whose address is Calea Victoriei nr. 15, sector 3, 030023 Bucharest, Romania
- Bank PEKAO SA (Bank Pekao), whose address is Żwirki i Wigury 31, 02-091 Warsaw, Poland
- Bolt Technology OÜ (Bolt), whose address is Vana-Lõuna 15, 10134 Tallinn, Estonia
- Bulpros Consulting AD (Bulpros), whose address is Mladost 4, Business Park Sofia, bldg. 15, fl.5, 1766 Sofia, Bulgaria
- Exponea s.r.o. (Exponea), whose address is Karadžičova 8/7244, 8 City Business Center I, 21 08 Bratislava – mestská časť Ružinov, Slovakia
- Gedeon Richter, whose address is Gyömrői út 19-21, 1103 Budapest, Hungary
- OTP Bank Nyrt. (OTP Bank), whose address is Váci út 135-139, 1138 Budapest, Hungary
- Prezi.com Kft (Prezi), whose address is Nagymező utca 54-56, 1065 Budapest, Hungary
- Riko industrijski, gradbeni inženiring in leasing, d.o.o. (Riko Group), whose address is Bizjanova ulica 2, 1000 Ljubljana, Slovenia
- UiPath SRL (UiPath) whose address is 4 Vasile Alecsandri Str. and 11 Daniel Constantin Str., Building A, floors 5 and 6, District 1, 010613 Bucharest, Romania
- Zavarovalnica Triglav, d.d. (Triglav Group) whose address is Miklošičeva 19, 1000 Ljubljana, Slovenia

The entities listed above may collectively be referred to as the “Parties”.

Background

The CEE region today represents 100 million people in 11 countries with a combined GDP of €1.2 trillion. In 2018, CEE’s GDP accounted for almost 20% of economic growth of the European Union. CEE’s tech sector is growing rapidly and the ecosystem is blossoming. Currently there are around 30,000 startups (including 12 unicorns with a combined value of €30 billion). CEE countries have been democracies for over 25 years and are members of the NATO, the Council of Europe, the World Trade Organization, the International Monetary Fund, and the World Bank.

During the last two decades, GDP in the CEE region has been growing on average more than twice as fast as in the European Union 15. This positive growth divergence of the CEE versus Western Europe has become even more apparent this year, with 7 countries from the region ranking in the top 10 fastest growing economies in the European Union. As a result, CEE countries, which represent around 10% of the total volume of EU GDP, contribute twice as much to EU's growth rate and deserve recognition as Europe's growth engine or simply Growing Europe.

The favorable growth dynamics of the CEE region, comparable with the emerging markets rather than the developed ones, is achieved with political stability and in the absence of any major imbalances typical of emerging economies, such as a large current account deficit, commodity export dependence, vulnerability to currency movements, or high inflation combined with even higher funding costs for issuers. The convergence of the CEE region's fundamentals and the development path of its capital markets was recognized by last year's upgrade of Poland from emerging to developed markets by FTSE Russell. Simultaneously, two other CEE countries (the Czech Republic and Hungary) are only a step away from this rank. Romania will be upgraded to Secondary Emerging market status effective in September 2020. This gives a clear signal that the case for Growing Europe should become an interesting investment theme with the potential to outperform some already established propositions like, for example, the BRICS, considered a benchmark for other countries.

Offering a perfect combination of safety and growth, and with ample opportunities in both public and private markets, countries of the CEE region face one common challenge, however: their size, in terms of both their economies and domestic capital markets. A clear indication of this is the weight of the Polish equity market in the FTSE Russel Developed Market Index, standing at less than 0.15%. Equally, the Czech Republic and Hungary represent 0.16% and 0.36%, respectively, in the Emerging Market Index. As the BRICS story was built not only around the rapid growth rate but above all the sheer size of those markets, it becomes crucial for CEE countries to act together and present themselves as a regional block in order to reach critical mass and become an opportunity interesting enough to appear on the radar of large global investors.

Purpose

The purpose of this Memorandum of Understanding is to record the mutual interest of the Parties to form the Business Council of Growing Europe.

Parties

The Parties to this MoU are: PZU Group, Banca Comercială Română, Bolt, Bulpros, Exponea, Gedeon Richter, OTP Bank, Bank Pekao, Prezi, Riko Group, Triglav Group and UiPath.

Nothing in the MoU shall obligate any of the Parties to the commitment of any funds.

Goals of the Business Council of Growing Europe

- Promoting Central and Eastern Europe to global investors and to the broad public;
- Bringing Central and Eastern Europe to the attention of the media as a region of high growth.

To accomplish these goals, the Parties agree that Business Council of Growing Europe should prepare reports and organize conferences for global investors and the media, but most importantly, the founding members agree to gather once a year to discuss potential initiatives in this respect.

Alongside the Business Council of Growing Europe, an Advisory Board will be appointed, comprised of high representatives of global investors who are sympathetic to the cause and will be chosen together by the Business Council.

Based on the mutual wish to establish fruitful cooperation, the Parties hereby confirm their wish to enter into this MoU on promoting Central and Eastern Europe. The Parties agree to develop joint activities to address issues of mutual interest, designed to foster and promote their collaboration.

