



Date of preparation: **2 November 2020**

Issuer's abbreviated name: PZU SA

Current Report No. 34/2020

Subject: **Disclosure of delayed inside information regarding the planned execution of Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time and of Annex no. 1 to the Master Agreement to Provide Counter Guarantees from Time to Time**

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

Body of the report:

Acting pursuant to Article 17 section 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 Section 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 PZU SA Management Board reports that on 27 October 2020 it adopted resolution no. UZ/303/2020 to endorse the assumptions of Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time, which is to be executed with Alior Bank Spółka Akcyjna and endorse the assumptions of Annex no. 1 to the Master Agreement to Provide Counter Guarantees from Time to Time, which is to be executed with the Counterparty, and on 2 November 2020 it adopted resolution no. UZ/316/2020 on consenting to the execution with Alior Bank Spółka Akcyjna of Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time and to the execution with the Counterparty of Annex no. 1 to the Master Agreement to Provide Counter Guarantees from Time to Time.

According to the resolutions adopted by the PZU SA Management Board, the assumptions of the Annexes to the agreements are as follows:

1. Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time.

The subject matter of Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time is to define the rules for PZU SA to issue insurance guarantees for unfunded credit protection within an exposure limit under instructions from, and in favor of, Alior Bank SA.

The maximum exposure limit for the guarantees issued pursuant to Annex no. 1 to the Mandate Agreement to Provide Guarantees from Time to Time is PLN 4 billion (say: four billion zloty). The limit is in force for a period of 3 years and is a revolving limit, meaning that the expiry of a bond makes the “freed up” amount available within the limit less any possible disbursements under a guarantee.

The maximum term of the guarantees issued under Annex no. 1 to the Mandate Agreement to Provide Guarantees from Time to Time is 5 years. Alior Bank’s share of the due and payable receivables by virtue of the accounts receivable is 10%.

Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time contemplates contractual penalties that may be due to PZU SA from Alior Bank SA if Alior Bank SA breaches certain obligations stemming from Annex no. 1 to the Agreement. The total maximum amount of contractual penalties cannot exceed PLN 3,000,000 (say: three million zloty). Annex no. 1 to the Agreement does not rule out the possibility of pursuing damages exceeding the sum total of the contractual penalties.

2. Annex no. 1 to the Master Agreement to Provide Counter Guarantees from Time to Time.

The subject matter of Annex no. 1 to the Master Agreement to Provide Counter Guarantees from Time to Time, which is to be executed with the Counterparty is to define the rules for the Counterparty to provide counter guarantees under instructions from PZU SA issued in favor of Alior Bank SA.

The available limit of counter guarantees is PLN 2.6 billion (say: two billion six hundred million zloty). The available limit will be reduced whenever a subsequent Counter Guarantee is extended by the guaranteed amount specified in that Counter Guarantee; the available counter guarantee limit is a revolving limit, meaning that the expiry of a Counter Guarantee will make that amount available under the limit.

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 section 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 since the final decision on entering into Annex no. 1 to the Agreement with Alior Bank SA has not yet been made, while the assumptions and terms and conditions of the transaction are still to be agreed upon with Alior Bank SA on the basis of the offer put forward by PZU SA and also since the final decision hinges on the adoption of the pertinent resolution by the PZU SA Management Board and since it also necessitates another corporate body of the Company, i.e. the PZU SA Supervisory Board to adopt a resolution. The immediate publication of this information could pose a threat to the public opinion’s capacity to assess this information properly by making the erroneous impression that the parties have already agreed upon the terms and conditions and the final decision to execute the transaction has already been made.

The PZU SA Management Board has undertaken the pertinent efforts to make the final decision as soon as possible, hence a current report containing the inside information will be published. Here there are no reasons to deem that the delay of disclosure of the inside information could mislead public opinion.

3. Date of disclosure of inside information

PZU SA will promptly publish the inside information after the Company’s Supervisory Board adopts a resolution to consent to execute with Alior Bank Spółka Akcyjna Annex no. 1 to the Mandate Agreement

to Provide Unfunded Credit Protection from Time to Time.

The moment of delay of disclosure of inside information was the date on which the PZU SA Management Board adopted resolution no. UZ/303/2020 on 27 October 2020 to endorse the assumptions of Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time, which is to be executed with Alior Bank Spółka Akcyjna and endorse the assumptions of Annex no. 1 to the Master Agreement to Provide Counter Guarantees from Time to Time, which is to be executed with the Counterparty.

The PZU SA Management Board reports that on 2 November 2020 the PZU SA Supervisory Board adopted resolution no. URN/103/2020 consenting to the execution with Alior Bank SA of Annex no. 1 to the Mandate Agreement to Provide Unfunded Credit Protection from Time to Time and to the execution with the Counterparty of Annex no. 1 to the Master Agreement to Provide Counter Guarantees from Time to Time.

Information about entering into said Annex no. 1 to the Agreement with Alior Bank Spółka Akcyjna will be published in the form of a current report by PZU SA promptly after the annex is signed.

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