

Bank Enters a Significant Value Agreement with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

#### **Current Report 20/2014 dated 18 June 2014**

The Management Board of Bank Gospodarki Żywnościowej (“Bank”) hereby discloses that on 18 June 2014 the Bank has entered into a credit line agreement (“Agreement”) with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. („Rabobank”) up to the total sum of EUR 700 000 000, which is an equivalent to PLN 2 897 860 000 according to the National Bank of Poland EUR/PLN fixing rate as of 17 June 2014. The credit line’s purpose is to provide match-funding for current and future credit activity of Rabobank Polska S.A., who was merged with the Bank on the signing date of the Agreement and whose assets & liabilities will be reported within Bank’s organizational structure as Global Corporate Clients & Products Area (“GCCP”). On the same date Bank signed with Rabobank an Addendum to the Agreement (“Addendum”), reflecting arrangements made between Rabobank and BNP Paribas Fortis SA/NV (“BNPP Fortis”) pertaining to funding in case of a sale of controlling part of the shares in the Bank to BNPP Fortis (“Sale”).

As of the date of signing the Agreement, the line was utilized to the total amount of PLN 2.38 billion, disbursed in several sub-loans and in various currencies: PLN, USD, EUR, CHF, CZK, HUF; with floating interest rates based on reference rates appropriate for given currency and margin on top of that rate. Existing loans are matched to general liquidity and interest rate risk profile of underlying GCCP’ client loans. As per Addendum, Rabobank commits to provide further match-funding for post-merger credit activities of GCCP, up to the date of Sale.

Full repayment of loans disbursed under the Agreement should happen on 31st December 2023 the latest.

The Agreement together with the Addendum do not include contractual penalties, however give to Rabobank a sole decision-making power in certain areas, notably:

- a) Rabobank can unilaterally change the total amount available under the Agreement – currently EUR 700 million,
- b) Rabobank can unilaterally cancel all or part of unutilized amount available under the Agreement,
- c) earlier repayment (prepayment) requires consent of Rabobank as well as settlement of break costs, i.e. if the difference between income lost by Rabobank and the income to be incurred by reinvesting the prepaid amounts is positive, then Bank needs to reimburse Rabobank that amount; if above difference is negative and change of control (as defined below) hasn’t taken place – Rabobank will subtract this amount from payments due from Bank,
- d) Rabobank can demand immediate repayment of all funding provided under the Agreement incl. break costs if applicable, in case of change of control event occurring, i.e. if Rabobank ceases to own 98,26% of

share in Bank's capital, is unable to cast 98,26% of votes on the Shareholders Meeting of Bank or loses ability to appoint or remove majority of the Supervisory Board members,

e) Rabobank can unilaterally set-off any of its liabilities towards Bank – whether due or not – with claims towards Bank under the Agreement,

f) Rabobank can increase the margin on funding already drawn if changes in regulatory environment – e.g. implementation of Basel III – result in lower return on capital, increased operating costs or higher funding costs for Rabobank.

As per Addendum, the Sale does not constitute 'change of control' event referred to in c) and d).

The Agreement is not collateralized.

The agreement meets the criterion of a significant contract, within the meaning of the Ordinance, since the value of the credit extended on its basis exceeds 10% of the Bank's capital.

During the last 12 months as of the date of the Agreement the Bank has not entered into any credit agreements concluded with Rabobank nor its affiliated entities that would be considered significant.

Legal basis:

§ 5 section 1 point 3 of the Ordinance of the Minister of Finance dated February 19, 2009 on the current and periodic reports disclosed by the securities issuers and on equivalence of information disclosures required by law of non-EU member states.