

Moody's affirms BGŻ's ratings with a stable outlook

Current report 42/2014 dated 28 October 2014

The Management Board of Bank Gospodarki Żywnościowej S.A. ("Bank") hereby informs that on 28 October 2014, Moody's Investors Service, Ltd. ("Moody's", "agency"), affirmed the Bank's long and short-term deposit ratings of Baa3/Prime-3, which reflect the recent transfer of ownership of the Bank to BNP Paribas ("BNPP"; A1 negative; C- negative/baa1) from Rabobank Nederland ("Rabobank"; Aa2 negative; B- negative/a1).

Moody's also affirmed the Bank's standalone bank financial strength rating ("BFSR") of D, which is equivalent to a baseline credit assessment ("BCA") of ba2, given the agency's expectation that BGZ's financial performance will remain commensurate with the current rating level over the next 12-18 months. The outlook remains stable on all the ratings.

Moody's commented that the new BNPP commitment to developing the Polish business is reflected in the French bank taking over responsibility for the majority of the existing funding lines provided by the former parent, and the intention to merge BGŻ with its other Polish subsidiary BNP Paribas Polska S.A. in the course of 2015 (subject to regulatory approval). Agency continues to maintain a high expectation of BNPP support, leading to a two-notch uplift in the Bank's Baa3 long-term deposit ratings, which is comparable to other foreign-owned peers in the Central and Eastern European region.

The agency stressed that the BFSR of D, with a stable outlook, in light of the anticipated financial performance of the Bank is at a level commensurate with the current ratings. However, Moody's noted that the Bank's profitability could come under some pressure because of the recent interest rates cut by the National Bank of Poland (Monetary Policy Council).

Legal basis:

§5 clause 1 point 26 of the Ordinance of the Minister of Finance dated 19 February 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.