

Change of the Bank's rating by Moody's following the agreement on the sale of BGŻ shares

Report 55/2012 dated December 20, 2013

The Management Board of Bank Gospodarki Żywnościowej S.A. ("Bank") hereby discloses that Moody's Investors Service ("agency", "Moody's") downgraded on December 19, 2013 its long-term and short-term deposit ratings of the Bank respectively to Baa3 from Baa2 and to Prime-3 from Prime-2. The outlook remains stable.

The standalone bank financial strength rating ("BFSR") of BGŻ at D was not affected and the outlook remains stable.

Moody's noted that rating action followed the recently announced agreement with Rabobank Group and BNP Paribas on the sale of BGŻ to the latter.

The Agency considers that Rabobank's decision to sell BGŻ has a weakening effect on its very high expectation of parental support for the bank. Until recently, BGŻ has benefited from one of the highest levels of rating uplift due to parental support considerations among its peer group. Following Rabobank's decision to sell BGŻ, the parental support considerations have been lowered, and are now closer to the peer group average, resulting in BGŻ's long-term ratings being lowered by one notch to Baa3. However, Moody's continues to maintain a two-notch uplift from parental support considerations in the bank's Baa3 supported ratings, which is comparable to the uplift for other foreign-owned regional peers. Reducing parental support uplift to two notches is based on Agency's expectation that Rabobank will continue, although with a shorter-term view, to remain a committed parent, contributing to the stability of BGŻ's credit profile until the sale transaction to BNP Paribas is completed. After the completion of the sale, Moody's will assess parental support considerations relevant to BNP Paribas' ownership in view of its plans to integrate the Bank in the French group's operations in Poland.

The Agency has affirmed the Bank's BFSR of D with a stable outlook, based on the view that BGŻ's performance and standalone profile have remained resilient to the adverse operating conditions in Poland. In addition, Moody's expects the operating conditions in Poland to remain stable in light of improved economic growth expectations for 2014, and as reflected in Moody's stable outlook for the Polish banking system since October 2013

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.