

**Resolution No. 387/2008 of the Polish Financial Supervision Authority
of 17 December 2008**

on determining the credit worthiness ratings assigned by external credit assessment institutions, which can be used by a bank in order to determine capital requirements and scope of the use of these ratings, as well as links between ratings and credit quality steps

Pursuant to Article 128 Section 6 point 6 of the Act of 29 August 1997 - The Banking Act (Journal of Laws of 2002, No. 72, item 665, as further amended¹), it is resolved as follows:

§ 1.1. In order to establish capital requirements, a bank may use credit worthiness ratings assigned by the following external credit assessment institutions:

- 1) Fitch Ratings;
- 2) Moody's Investors Service;
- 3) Standard and Poor's Ratings Services.

2. Banks can make use of ordered and unsolicited credit worthiness ratings, assigned by institutions referred to in Par. 1, within the scope specified in § 2-8.

§ 2. In order to assign risk weights to exposures referred to in § 25, 30, 32, 37, 42, 50 Section 1, § 51 Section 1 and § 58 of Annex No. 4 to Resolution 380/2008 of the Polish Financial Supervision Authority dated 17 November 2008 on the scope and detailed rules for determining capital requirements for certain types of credit risk including the scope and conditions on applying statistical methods and the scope of information enclosed to the applications on approval for the use, rules and conditions for considering contracts on assignment of receivables, sub-participation agreements, contracts on credit derivatives and other contracts than contracts on assignment of receivables and sub-participation agreements, for the specification of capital requirements, conditions, scope and manner of use of the ratings assigned by external credit worthiness assessment institutions and export credit agencies, manner and detailed rules, determining of the bank's solvency ratio; the scope and method of including banks' activities in holdings when calculating their capital requirements and solvency ratio; and specifying additional balance sheet items presented together with the bank's own funds on the capital adequacy account and the scope, method and conditions of their inclusion (Official Journal of the Polish Financial Supervision Authority No. 8, item. 34), hereinafter referred to as "resolution on the banks' capital adequacy", the link between credit worthiness rating with credit quality steps defined in Table 1 is applied.

¹ Amendments to the consolidated text of this Act were published in the Journal of Laws of 2002, No. 126, item 1070, No. 141, item 1178, No. 144, item 1208, No. 153, item 1271, No. 169, item 1385, and 1387 and No. 241, item 2074, 2003, No. 50, item 424, No. 60, item 535, No. 65, item 594, No. 228, item 2260, No. 229, item 2276, 2004, No. 64, item 594, No. 68, item 623, No. 91, item 870, No. 96, item 959, No. 121, item 1264, No. 146, item 1546, No. 173, item 1808, of 2005, No. 83, item 719, No. 85, item 727, No. 167, item 1398, No. 183, item 1538, of 2006, No. 104, item 708, No. 157, item 1119, No. 190, item 1401 and No. 245, item 1775, of 2007 No. 42, item 272 and No. 112 item 769, of 2008 No. 171, item 1056, No. 192, item 1179, No. 209, item 1315

Table 1

Credit quality step Rating	Credit Worthiness		
	Fitch Ratings	Moody's Investors Service	Standard and Poor's Ratings Services
1	AAA to AA-	Aaa to Aa3	AAA to AA-
2	A + to A-	A1 to A3	A + to A-
3	BBB + to BBB-	Baa1 to Baa3	BBB + to BBB-
4	BB + to BB-	Ba1 to Ba3	BB + to BB-
5	B+ to B-	B1 to B3	B+ to B-
6	CCC + and below	Caa1 and below	CCC + and below

§ 3. In order to assign risk weights to exposures referred to in § 82 of Annex No. 4 to the Resolution on the banks' capital adequacy, a link between credit worthiness rating and credit quality steps is defined in table 2.

Table 2

Credit quality step Rating	Credit Worthiness		
	Fitch Ratings	Moody's Investors Service	Standard and Poor's Ratings Services
1	F1+, F1	P-1	A-1 + , A-1
2	F2	P-2	A-2
3	F3	P-3	A-3
4	Below F3	NP	All short-term ratings below A-3
5	Not specified *)	Not specified *)	Not specified *)
6	Not specified *)	Not specified *)	Not specified *)

* steps 1—4 were linked with full scales of credit worthiness ratings assigned by institutions listed in the table.

§ 4. In order to assign risk weights to exposures referred to in § 84 of Annex No. 4 to the Resolution on the banks' capital adequacy the link between credit worthiness ratings and credit quality steps defined in Table 3 is applied.

Table 3

Credit quality step	Credit Worthiness			
	Fitch Ratings	Moody's Investors Service	Standard and Poor's Ratings Services	
	Fund credit ratings	Managed funds credit quality ratings	Principal stability fund ratings	Fund credit quality ratings
1	AAA to AA-	Aaa to Aa3	AAA m to AA-m	AAA f to AA- f
2	A + to A-	A1 to A3	A+m to A-m	A + f to A-f
3	BBB + to BBB-	Baa1 to Baa3	BBB+m to BBB-m	BBB+f to BBB-f
4	BB + to BB-	Ba1 to Ba3	BB+m to BB-m	BB+f to BB-f
5	B+ to B-	B1 to B3	B+m to B-m	B+f to B-f
6	CCC + and below	Caa1 and below	CCC+m and below	CCC+f and below

§ 5. In order to assign risk weights to exposures, referred to in § 51 in Table 1 of Annex No. 18 to the Resolution on capital adequacy in banks, the link between credit worthiness ratings with credit quality steps defined in Table 4 is applied.

Table 4

Credit quality step	Credit Worthiness		
	Fitch Ratings	Moody's Investors Service	Standard and Poor's Ratings Services
1	AAA to AA-	Aaa to Aa3	AAA to AA-
2	A + to A-	A1 to A3	A + to A-
3	BBB + to BBB-	Baa1 to Baa3	BBB + to BBB-
4	BB + to BB-	Ba1 to Ba3	BB + to BB-
5	B + and below	B1 and below	B + and below

§ 6. In order to assign risk weights to exposures, referred to in § 51 in Table 2 of Annex No. 18 to the Resolution on capital adequacy in banks, the link between credit worthiness ratings with credit quality steps defined in Table 5 is applied.

Table 5

Credit quality step	Credit Worthiness		
	Fitch Ratings	Moody's Investors Service	Standard and Poor's Ratings Services
1	F1+, F1	P-1	A-1 + , A-1
2	F2	P-2	A-2
3	F3	P-3	A-3
All other external credit rating assessments	Below F3	NP	All short-term ratings below A-3

§ 7. In order to assign risk weights to exposures, referred to in § 94 in Table 4 of Annex No. 18 to the Resolution on capital adequacy in banks, the link between credit worthiness ratings with credit quality steps defined in Table 6 is applied.

Table 6

Credit quality step	Credit Worthiness		
	Fitch Ratings	Moody's Investors Service	Standard and Poor's Ratings Services
1	AAA	Aaa	AAA
2	AA	Aa	AA
3	A+	A1	A+
4	A	A2	A
5	A-	A3	A-
6	BBB+	Baa1	BBB+
7	BBB	Baa2	BBB
8	BBB-	Baa3	BBB-
9	BB+	Ba1	BB+
10	BB	Ba2	BB
11	BB-	Ba3	BB-
12	Below BB-	Below Ba3	Below BB-

§ 8. In order to assign risk weights to exposures, which are referred to in Par. 94 in table 5 of Annex No. 18 to the resolution on capital adequacy, the link between credit worthiness ratings with credit quality steps defined in Table 7 is applied.

Table 7

Credit quality step	Credit Worthiness		
	Fitch Ratings	Moody's Investors Service	Standard and Poor's Ratings Services
1	F1+,F1	P-1	A-1 + , A-1
2	F2	P-2	A-2
3	F3	P-3	A-3
All other external credit rating assessments	Below F3	All short-term ratings below A3, P3, F3	All short-term ratings below A-3

§ 9. The Resolution enters into force on 1 January 2009.

For and on behalf of the Polish Financial Supervision Authority
Chairman of the Polish Financial Supervision Authority
Stanisław Kluza