

Ratings agency Moody's said that it has placed on review for upgrade the Ba1 long-term corporate family rating (CFR), the Ba1-PD probability of default rating, and the Ba1 senior unsecured debt rating of Croatian state-owned power utility HEP.

The statement from the agency said that this rating action follows Moody's placement on review of the Ba1 long-term rating of the Government of Croatia and the concurrent change in outlook to ratings under review from stable.

Earlier in June, the European Commission and the European Central Bank gave positive assessments of Croatia's progress towards euro adoption as of January next year as its 20th member. Moody's said it expects Croatia's membership of the euro area to be formalized with the adoption of the relevant legal acts at the ECOFIN meeting in July.

The review for upgrade of HEP's ratings reflects the fact that HEP's current ratings are aligned with the sovereign rating of the government of Croatia and are likely to be upgraded if the government rating is upgraded.

The ratings agency also has changed the outlook of HEP to ratings under review from stable. At the same time, Moody's affirmed HEP's ba1 Baseline Credit Assessment (BCA).