

# Polish Development Fund (PFR S.A.)

June 30, 2025

This report does not constitute a rating action.

## Credit Highlights

### Overview

Key strengths	Key risks
Almost certain likelihood of extraordinary government support from the sole ultimate owner, the Polish government.	Exposure to changes in government policy.
Critical role as a government vehicle for unique economic policy scenarios and development projects.	Possible shifts of policy mandate and strategic priorities, with potentially reduced visibility.
Government guarantee for PFR's bonds.	

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**The Polish Development Fund (PFR or the Fund) was established in 2016 to foster private-sector development by direct (equity) and indirect investment across a wide range of sectors, including technology, infrastructure, and energy.** Over the last decade, PFR's mandate has broadened and now includes: bridging infrastructure gaps in the Polish economy (including transport, energy, municipal, and digital infrastructure); venture capital market development (direct investment and via existing private-sector venture capital funds); facilitating pension reform by managing a long-term pension savings scheme; administering payments from Poland's recovery and resilience plan; and financing Polish companies' investments abroad, particularly in the EU and Ukraine.

**We expect PFR will remain a key policy tool for the Polish government.** S&P Global Ratings believes that PFR's key strategic directions for 2025 point to the Fund's continued policy significance for the current government, in office since December 2023. This year's strategic priorities reflect the macroeconomic and geopolitical challenges, for example by focusing on the energy transition and international competitiveness. Although these updated strategic priorities indicate that PFR's new multi-year strategy for 2026-2030, to be published later this year, will contain adjustments to focus areas, we think the Fund will retain a critical role as one of Poland's prime public development institutions.

**PFR is set to retain a broad mandate in various critical policy areas.** It will continue to finance key investment projects and retain its role in government-mandated tasks. For example, PFR has played a key role in facilitating the government's response to the COVID-19 pandemic. It has also provided prefinancing for projects under the EU's Recovery and Resilience Facility (RRF)

and continues to administer grants allocated to Poland. These special tasks demonstrate the importance of PFR as a readily available and flexible crisis-response tool, which will remain important to policymakers regardless of political majorities in Poland's polarized political landscape. In addition, PFR's core business of catalyzing private investment will remain important for the country's economic development. We therefore expect the new longer-term strategy for PFR, once finalized, will likely provide broad institutional continuity.

**S&P Global Ratings considers the credit quality of PFR Capital Group and the parent PFR S.A. as equal to that of the sovereign.** All PFR's bonds are guaranteed by the Polish government and there is close government oversight of the institution's activities. There is also a strong track record of capital injections from the state to PFR. Together with PFR's major public policy role, these factors allow us to believe there is an almost certain likelihood that the state would provide timely and sufficient support to PFR in the event of stress.

## Outlook

The stable outlook reflects our continued view that the Polish government would be almost certain to provide extraordinary support to PFR if needed. In particular, we expect PFR will continue to play a key role in implementing the Polish government's policy priorities.

### Downside scenario

We might take a negative rating action--even if the sovereign rating is unchanged--if we conclude that PFR's policy role for, or its link with, the Polish government has weakened. This could come from the erosion of PFR's public policy mandate, potentially reflected by a substantial contraction of its balance sheet with limited prospects for meaningful government mandates. If PFR increased its involvement (via its PFR TFI subsidiary) in managing private investor funds (for example, private pension savings)--a function that could be undertaken by private sector entities--this could also imply that PFR's policy role had weakened.

We could also consider a negative rating action if PFR's bond issuances do not benefit from a sovereign guarantee, indicating a weaker link between PFR and the Polish government. We could also take a negative action on PFR if we take one on the sovereign, Poland.

### Upside scenario

All else being equal, we could raise the ratings on PFR if we took a positive rating action on Poland.

## Rationale

We rate PFR S.A., the capital group's parent company, under our group rating methodology and our criteria for rating government-related entities (GREs). We think the Polish government would be almost certain to provide timely and adequate extraordinary support to PFR to enable its debt service, if needed, and we therefore equalize the group credit profile (GCP) with our ratings on [Poland](#) (foreign currency rating: A-/Stable/A-2; local currency rating: A/Stable/A-1). Our assessment of the likelihood of extraordinary support reflects our view of PFR capital group's:

- Integral link with the government, demonstrated by the state's 100% ultimate ownership; its regular capital injections; and explicit timely, irrevocable, and unconditional state guarantees of PFR's bonds. The government defines and approves PFR's long-term strategy and maintains close oversight of its activities. We also understand that PFR holds a unique status

## Polish Development Fund (PFR S.A.)

as the state institution in charge of coordinating activities of development institutions in Poland; and

- Critical public-policy role for the government of Poland as the government's prime public development institution, which cannot be readily undertaken by a private entity. Apart from its original mandate of catalyzing private investment, the Polish government has implemented policy projects through PFR, including emergency support to private-sector entities; promotion of the private pension savings scheme; and, as a crisis response tool, the provision of sizable financial support to the private sector amid the COVID-19 pandemic. PFR has also provided prefinancing of projects under the EU's RRF and is transferring funds to recipients. PFR's assets represent over 2% of Poland's GDP, making it one of the country's largest GREs.

We treat PFR S.A. as PFR capital group's parent because of its direct and indirect control of all capital group subsidiaries, through its ability to manage their strategies and cash flows. PFR S.A. holds most of the group's capital and assets. We therefore think its creditworthiness is closely tied to that of the consolidated group and rate it at the same level as the GCP and, ultimately, the sovereign.

### Ownership structure: The state fully owns PFR and guarantees its public debt

Since its establishment, PFR capital group's members have been joint stock companies. The government ultimately owns 100% of the capital group's parent PFR S.A., via direct control of 99.87% of its shares through the state treasury--with shareholders' rights executed by the Minister of State Assets--and a 0.13% stake (as of December 2024) via the government-owned Polish development bank BGK. We do not expect the ownership structure to change and anticipate that PFR S.A. will remain fully state owned.

The government appoints representatives to the supervisory board, which in turn appoints PFR S.A.'s management board. In 2024, new members of the supervisory board and the management board, including a CEO, were appointed. This followed the election of a new government in 2023. PFR S.A. is not subject to Polish central bank regulation.

PFR's capital group includes the parent company (PFR S.A.), which holds the majority of its capital and assets, and several subsidiaries and controlled entities. These include, in particular, PFR TFI, which is involved in managing specialized closed-end funds and open-end funds dedicated to Poland's Employee Capital Plan (a private pension savings scheme); PFR Ventures, the fund of funds manager, providing financing via venture capital funds; PFR Nieruchomosci, the affordable housing rental construction and program manager; and PFR Portal PPK, which operates the employee capital program related to pension reform.

We also understand that PFR S.A. is government mandated to coordinate other development institutions' activities, with PFR's CEO serving as the chairman of a wider association of all development institutions in Poland (PFR Group).

The government has provided timely, irrevocable, and unconditional budget guarantees for all debt issued by PFR S.A. since 2020 related to the COVID-19 support program. During 2020, the commercial debt of PFR increased 19.3x to Polish zloty (PLN) 67.7 billion (€15.7 billion), since the Fund was key to providing state aid to households and companies affected by the pandemic. State-guaranteed debt totalling PLN58.1 billion (€13.6 billion) represents the majority of PFR's total commercial debt as of year-end 2024, with the remainder being an investment loan

## Polish Development Fund (PFR S.A.)

(provided for the Bank Pekao stake acquisition) and liquidity facility from the state-controlled bank PKO.

The sovereign guarantee is a key factor underpinning our assessment of the likelihood of support from the government. The guarantor, the Polish government, will pay the amount due on each payment date if PFR cannot. But even before this, the legal stipulations state that the government will, before the payment date, transfer the funds needed to meet PFR's obligations.

We also understand the government will likely continue extending guarantees for PFR S.A.'s borrowings, if such funding were to become necessary.

### **Mandate and activities: Poland's key development institution with a broad mandate for the government's crucial policy priorities**

In 2025, PFR has defined energy transition, innovation, international competitiveness, capital market development, and long-term resilience (including defense) as strategic directions, through direct and indirect investments, and also through partnering with local governments. More broadly, however, we think that in its current form, PFR de facto represents the government's key arm for implementing unique policy projects. We understand that PFR Group's longer-term strategy 2026-2030 is in the process of being updated, and will be presented in the coming months. As a result, PFR's tasks might be adjusted and new strategic focus areas defined, likely with the updates for the 2025 strategic directions. Nonetheless, we think PFR will remain an important tool for the government in its core business of supporting Poland's economic development, as well as a potential crisis-response instrument and an adaptable and flexible institution to implement policy priorities.

PFR has been tasked with several responsibilities in implementing the recovery and resilience plan and administering grants from the EU's RRF. Poland is eligible for €23.9 billion of grants, representing approximately 4% of GDP, until 2027. PFR is providing the IT system for the implementation, for example to process payments, and is transferring the funds to recipients. PFR has also previously provided bridge- and pre-financing for projects under the plan. This role has been crucial for the government because of the delays in accessing the RRF, stemming from disagreements between the European Commission and the previous Polish government. With those issues resolved and funds unblocked, PFR will continue to perform its regular tasks in implementing the recovery plan.

Previously, PFR was instrumental in executing the government's strategy of increasing domestic ownership of the financial system by acquiring a stake in Poland's second-largest bank, Bank Pekao SA, in 2016-2017, when former key shareholder UniCredit decided to exit the market. In 2019, the institution was mandated with providing infrastructure to develop the private pillar of the Polish pension system. The reform introduces an auto-enrolled long-term retirement savings program managed by private-sector asset managers and cofunded by the state. PFR maintains records of the Employee Capital Plans program, which includes entities managing financial institutions that meet the requirements in the Employee Capital Plans Act.

Furthermore, in 2020, the government used PFR, via parent company PFR S.A., as its prime tool to mitigate the economic fallout from the pandemic under the Financial Shield stimulus program. PFR S.A. has provided partly nonrepayable liquidity loans for micro, small, midsize, and large firms of over PLN73 billion (representing more than 2% of GDP). The program was funded by PFR S.A.-issued bonds that the government fully guarantees.

We think the size and the specific type of projects the institution have historically implemented make it unlikely to be replaced by any other GRE or private-sector entity, even if some strategic

## Polish Development Fund (PFR S.A.)

priorities might shift as indicated by the updated strategic directives. We anticipate that there will also be updates to the group's multiyear strategy, which reflect a changed domestic and international political environment, and the visibility on further mandates is somewhat reduced. In addition, we understand that improved cooperation across Poland's development institutions will be a focus in the coming years. PFR's track record, for example of implementing the COVID-19-related program, underlines its importance as a response tool for future crises, possibly also in unexpected scenarios, in addition to its mandate to implement critical policy programs.

### Track record of support: Regular capital injections amid additional channels of government support

The government has made several equity injections into PFR in the past few years. By year-end 2024, PFR's shareholders' equity had reached PLN16.9 billion up from PLN2.8 billion in 2019, and the government will inject further capital in 2025 to support the fund's activities. Apart from capital support and state guarantees, channels of potential extraordinary support include PFR's exemption from dividend payments to the budget, and lending from other state-owned and state-controlled financial institutions.

Because we equalize the GCP with the sovereign rating, we do not consider PFR's stand-alone credit profile to be a key rating factor. This reflects our view that the government is almost certain to provide extraordinary support to service PFR's debt, and we do not consider this support is likely to change.

PFR's funding base comprises shareholders' equity, interbank loans, and bonds issued under the pandemic-related stimulus program. Of the PLN33.7 billion of total bonds maturing in 2025, a tranche of PLN18.5 billion was repaid in March, and the remainder is due in September. We understand the government will support PFR in fulfilling its obligations on time and in full by explicitly budgeting for corresponding subsidies in its annual budget and channeling them to the institution before debt matures. This is particularly important because most of the repayments under the pandemic-related financial shield programs will be settled and no longer an important source of funds.

## Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

## Related Research

- [Poland](#), May 12, 2025

### Ratings Detail (as of June 27, 2025)\*

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[Polish Development Fund \(PFR S.A.\)](#)

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### Ratings Detail (as of June 27, 2025)\*

Issuer Credit Rating		
<i>Foreign Currency</i>		A-/Stable/A-2
<i>Local Currency</i>		A/Stable/A-1

### Issuer Credit Ratings History

23-Jun-2021	<i>Foreign Currency</i>	A-/Stable/A-2
23-Jun-2021	<i>Local Currency</i>	A/Stable/A-1

### Sovereign Rating

#### Poland

<i>Foreign Currency</i>		A-/Stable/A-2
<i>Local Currency</i>		A/Stable/A-1

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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