Polish Development Fund (PFR S.A.)

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This report does not constitute a rating action.

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Credit Highlights

Overview

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

In our view, the Polish Development Fund (PFR) plays a critical role for the Polish government to promote its strategic and economic policy objectives and remains a unique vehicle to respond to unique economic scenarios, such as the COVID-19 pandemic. 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 past decade, PFR's mandate has broadened and now includes direct and indirect investments, residential investments, promoting innovation, as well as managing the long-term pension savings scheme. PFR also administers payments from Poland's Recovery and Resilience Plan under the post-pandemic EU spending program, and finances Polish companies' investments abroad. In our view, PFR's strategy for 2026-2030 presented in fall 2025 underpins PFR's continued policy significance for the government. The strategic priorities focus on economic and defense resilience, technological autonomy, competitiveness, financial security, and energy transformation. We think that these focus areas, and in particular defense and security, underpin areas of consensus even beyond political camps in Poland, which further underpins PFR's long-term role, in our view.

We expect PFR will likely remain integrally linked with the Polish government. The link is underpinned 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, as the ultimate owner, defines and approves PFR's long-term strategy through its representatives and the government maintains close oversight of its activities. Special government-mandated tasks demonstrate the importance of PFR as a readily available and flexible crisis-response tool, which

will remain important to policymakers. In addition, PFR's core business of catalyzing private investment will remain important for the country's economic development

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 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 if PFR's policy role for, or its link with, the Polish government weakens. This could be due to 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.

We could also consider a negative rating action if PFR's bond issuances no longer benefited from a sovereign guarantee, indicating a weaker link between PFR and the Polish government. A negative rating action on the sovereign, Poland could also result in a similar action on PFR.

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 PFR 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'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 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**, a task 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 Recovery and Resilience Facility (RRF) and is transferring funds to recipients. PFR's assets represent over 1% 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 ownership and control of all 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 operating as joint stock companies and limited liability companies. The government ultimately owns 100% of the parent PFR S.A., via direct control of 99.89% (as of April 2026) of its shares through the state treasury--with shareholders' rights executed by the Minister of Economic Development and Technology--and a 0.11% stake (as of April 2026) 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 General Shareholders Meeting appoints representatives to the supervisory board, which in turn appoints PFR S.A.'s management. In 2024, new members of the supervisory board and management, 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), which also collaborates under the Team Poland brand.

The government has provided timely, irrevocable, and unconditional 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 (€15.9 billion), since the fund was key to providing state aid to households and companies affected by the pandemic. State-guaranteed debt totalling PLN24.1 billion (€5.7 billion) represents the majority of PFR's total commercial debt as of year-end 2025. The investment loan provided for the Bank Pekao stake acquisition from the state-controlled bank PKO has been fully repaid in 2026.

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.

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

In its updated strategy for 2026-2030, published in late 2025, PFR has defined key priorities for its strategic initiatives:

- Economic and defense resilience,
- Innovation and technological autonomy, International competitiveness,
- Financial security of Polish people, and
- Energy transformation.

These strategic priorities aim to address key challenges that the Polish economy is facing. These relate to global geo-economic shifts, geopolitical security risks, demographic shifts, and the need to enhance produciticity and international competitiveness, technological advances, and energy security. The udpated strategy has a clear angle of security and economic development. In our view, this underpins that PFR will remain a key pillar for the govermment's development strategy, essentially fostering Poland's further economic convergence with higher income peers while maintaining a strong defense focus. PFR's role in filling gaps in energy and other infrastructure, as well as investments in defense and dual-use companies, serve as an example to highlight PFR's role in this process that aims to increase the value added of Polish enterprises. In the planned ramp-up of investments, PFR can build on its experience in addressing infrastructure gaps in the Polish economy (including transport, energy, municipal, and digital infrastructure); venture capital market development (direct investment and via various private-sector venture capital funds); and facilitating pension reform by managing a long-term pension savings scheme.

We think that PFR will aim to expand its role in economic development beyond the unique policies it was prominently implementing, such as the financial support in response to the COVID-19 pandemic. Nonetheless, we think PFR will remain an important tool for the government as a potential crisis-response instrument and an adaptable and flexible institution to implement policy priorities, in addition to its core business of supporting Poland's economic development

PFR has been tasked with several responsibilities in implementing the recovery and resilience plan and administering grants from the EU's RRF. 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. PFR will continue to perform its regular tasks in implementing the recovery plan until the program's planned closure in 2027.

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 (repesenting 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 has historically implemented make it unlikely to be replaced by any other GRE or private-sector entity, even if some strategic

priorities might shift as indicated by the updated strategic directives. We understand that improved cooperation across Poland's development institutions--under the Team Poland intiative--will be a focus in the coming years, as well as the Innovate Poland initiative that combines various promotional banks' and private investment in innovative companies under PFR's leadership.

Track record of support: Regular capital injections and additional channels of government support bolster PFR's credit profile

The government has made several equity injections into PFR in the past few years. By year-end 2025, PFR's shareholders' equity had reached PLN21.8 billion, up from PLN2.8 billion in 2019. The government has injected 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 currently comprises shareholders' equity, interbank loans, and bonds issued under the pandemic-related stimulus program and the financing mix could gradually evolve under the updated strategy. PLN33.7 billion of total bonds maturied in 2025, and PLN18.7 will mature in 2027, with the final maturities coming due in 2030. 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 'A-/A-2' Foreign Currency And 'A/A-1' Local Currency Ratings Affirmed; Outlook Stable, May 8, 2026

Ratings Detail (as of June 26, 2026)*

Polish Development Fund (PFR S.A.)
Issuer Credit Rating

Ratings Detail (as of June 26, 2026)*		
Foreign Currency		A-/Stable/A-2
Local Currency		A/Stable/A-1
Issuer Credit Ratings History		
23-Jun-2021	*Foreign Currency*	A-/Stable/A-2
23-Jun-2021	*Local Currency*	A/Stable/A-1
Sovereign Rating		
Poland		
Foreign Currency		A-/Stable/A-2
Local Currency		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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