

Ref: PL02525PNC00-01

3 December 2025

Poznanski Fundusz Poreczen Kredytowych – Ratings Affirmed

Capital Intelligence Ratings (CI Ratings or CI) today announced that it has affirmed the Long- and Short-Term Ratings of Poznanski Fundusz Poreczen Kredytowych Sp. z o.o. (PFPK or the Fund) on the Poland National Scale at 'pIBBB-' and 'pIA3', respectively. The Outlook for both ratings remains Stable.

PFPK's credit profile is supported by an adequate liquidity position, with cash and highly liquid assets covering half of the guarantee portfolio, and satisfactory capital adequacy. However, these relative strengths are counterbalanced by an elevated risk profile, characterised by a growing volume of guarantees backed directly by the Fund's own capital and significant concentrations in both single-name exposures and cyclical sectors. The structural shift towards performance bonds elevates credit risk relative to standard loan guarantees. This is due to their on-demand nature, which can obligate payment upon a simple claim. Revenue quality is compromised by sensitivity to non-recurring provision releases and interest rate fluctuations rather than core revenues. Despite modest historical payouts, low recovery rates on defaulted guarantees reflect weaknesses in initial credit assessment and collateral evaluation. Given the increased competition from larger and better-capitalised institutions, the Fund's long-term sustainability depends on its ability to defend and build its lower-risk niche segments.

PFPK is a specialised public financial institution in Greater Poland that supports SME credit access through credit guarantees, performance and bid bonds, using its own capital and public funds under risk-sharing arrangements. The Fund's increased focus on performance and bid bonds, which represented 75% of new business in H1 25, has supported revenue diversification and eased competitive pressure from national providers such as BGK. However, core guarantee-related revenue accounted for only 31% of total revenue in 2024, underscoring PFPK's material reliance on interest income and provision releases. Given its non-profit status and lack of access to private capital, continued retained earnings accumulation remains critical to mitigate structural funding constraints. PFPK's portfolio exhibits concentration risk owing to its single-voivodeship operational footprint. This constraint is partially offset by enhanced credit assessment supported by strong local market expertise and established relationships within the regional SME sector. PFPK's long-term sustainability depends on defending its niche market position, where superior local knowledge and tailored product expertise can offset, at least partially, the scale advantages of larger competitors.

PFPK maintains adequate liquidity, with cash and cash equivalents representing 39% of the guarantee portfolio (56% including highly liquid bonds). A significant portion of liquid assets is held in bank deposits and bonds issued by SGB Leasing, with PLN15mn maturing between 2025 and 2028. Refundable, non-interest-bearing JEREMIE 2 funds account for 21% of total assets, to be repaid in line with portfolio run-off. Available cash fully covers short-term liabilities, indicating no near-term liquidity risk.

PFPK's capitalisation, although adequate with a net guarantee leverage ratio (NGLR) of 1.9x at mid-2025, is under pressure from a deteriorating leverage trajectory, representing a key rating constraint. This deterioration stems from a shift away from re-guaranteed products, which elevates net risk retention and increases reliance on own capital to back new guarantee issuance. Consequently, growth in own-risk guarantees is outpacing internal capital generation, thereby compressing capital coverage and heightening sensitivity to a potential increase in guarantee calls. Capital adequacy is, therefore, increasingly vulnerable to potential credit losses, absent a credible plan to rebuild re-guarantee protection or augment capital through retained earnings or fresh injections.

PFPK's risk profile is evolving due to a shift in its portfolio mix, with performance bonds for non-financial institutions now comprising 35% of the total portfolio. This transition introduces heightened monitoring challenges, as performance bonds are contingent on complex, non-financial contractual obligations (such as project execution and operational issues), making risk assessment and default prediction less straightforward than for traditional loan guarantees. Although the Fund has maintained a consistently low historical payout ratio, the adequacy of its general reserves, set at 3% of total active guarantees, is constrained by limited historical loss data for the growing performance bonds segment. This data

limitation hinders a robust evaluation of underlying risks and whether current provisioning is sufficient to cover potential future losses from this more complex guarantees.

The portfolio shows elevated concentration risk. At end-H1 25, the top 20 guarantees accounted for 32% of the total portfolio, and the portion backed by the Fund's own capital was equivalent to 68% of its capital base, indicating material single-name concentration. Additionally, exposures to the cyclical trade and construction sectors heighten sensitivity to economic downturns. The absence of a structured risk-grading framework materially weakens early-warning capabilities and impairs risk differentiation and migration tracking, thereby constraining the Fund's ability to monitor emerging credit deterioration.

PFPK's net profit increased by 35% in 2024. However, this growth was largely driven by non-recurring items rather than sustainable core operations. Other operating income, including net releases of risk provisions, increased by 45% and was the main driver of earnings growth. Because the Fund does not allocate guarantees by risk category, it is not possible to ascertain whether the provision releases reflect a structural improvement in portfolio quality; however, the ratio of provisions to the total portfolio has declined noticeably in recent years. This pronounced reliance on one-off gains became evident in H1 25 when net profit fell to one-third of the full-year 2024 level as these releases normalised. In 2024, the core earnings from guarantee fees grew 27%, supported by higher business volumes and a strategic shift towards smaller, higher-yield guarantees. PFPK's portfolio expanded during the period, reflecting increased market demand for credit guarantees. Financial income declined 13% in 2024 due to interest rate stabilisation in Poland's banking environment. While operating cost growth remained contained, PFPK's reliance on non-core income continues to pose a key risk to earnings stability and constrains its ability to build capital organically, which is vital for maintaining long-term financial resilience.

Although the Fund recorded strong profit growth over the past two years, this did not translate into a proportional strengthening of its capital base. Earnings were largely driven by provision releases rather than recurring operations. Consequently, capital increased by only 6.2% since 2022, a modest pace in a high-inflation environment. This limited internal capital generation has constrained the growth of PFPK's own funds, preventing any material improvement in its loss-absorption capacity.

Rating Outlook

The Stable Outlook indicates that PFPK's ratings are likely to remain unchanged over the next 12 months, as we expect the Fund to broadly maintain the current metrics and risk profile.

Rating Dynamics: Upside Scenario

The outlook or, less likely, the ratings themselves could be increased over the next 12 months in the event of a decline in the NGLR or an increase in profitability, leading to a material strengthening of the Fund's capital base.

Rating Dynamics: Downside Scenario

The outlook or, less likely, the ratings themselves could be downgraded over the next 12 months in case there is a significant increase in the NGLR, a material rise in guarantee payouts, lower recovery rates, and weaker profitability.

Ratings

Credit Ratings – Poland National Scale		
Long-Term	Short-Term	Outlook
pIBBB-	pIA3	Stable

Contact

Primary Analyst: Robert Pieńkoś, Senior Credit Analyst; E-mail: robert.pienkos@ciratings.com
 Secondary Analyst: Morris Helal, Senior Credit Analyst
 Committee Chairperson: Rory Keelan, Senior Credit Analyst

About the Ratings

The credit ratings have been issued by Capital Intelligence Ratings Ltd, P.O. Box 53585, Limassol 3303, Cyprus.

The following information sources were used to prepare the credit ratings: public information and information provided by the rated entity. Financial data and metrics have been derived by CI from the rated entity's financial statements for FY2021-24 and H1 25. CI may also have relied upon non-public financial information provided by the rated entity and may also have used financial information from credible, independent third-party data providers.

CI considers the quality of information available on the rated entity to be satisfactory for the purposes of assigning and maintaining credit ratings. CI does not audit or independently verify information received during the rating process.

The principal methodologies used to determine the ratings are the Non-Bank Financial Institutions Rating Methodology, dated 27 April 2022; the National Scale Ratings Criteria for Poland, dated 23 December 2024; and the Supplementary Criteria for Credit Guarantee Companies, dated 20 December 2024. For the methodology and our definition of default see <https://ciratings.com/policies-procedures/methodologies-criteria/current-criteria-guidance>. Information on rating scales and definitions and the time horizon of rating outlooks can be found at <https://ciratings.com/policies-procedures/rating-scales-definitions>. Historical performance data, including default rates, are available from a central repository established by ESMA (CEREP) at <https://registers.esma.europa.eu/cerep-publication>

This rating action follows a scheduled periodic review of the rated entity. Ratings on the entity were first released in January 2025. The ratings and rating outlook were disclosed to the rated entity prior to publication and were not amended following that disclosure. The ratings have been assigned or maintained at the request of the rated entity or a related third party.

Conditions of Use and General Limitations

The information contained in this publication including opinions, views, data, material and ratings may not be copied, distributed, altered or otherwise reproduced, in whole or in part, in any form or manner by any person except with the prior written consent of Capital Intelligence Ratings Ltd (hereinafter "CI"). All information contained herein has been obtained from sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error or other factors by third parties, CI or others, the information is provided "as is" and CI and any third-party providers make no representations, guarantees or warranties whether express or implied regarding the accuracy or completeness of this information.

Without prejudice to the generality of the foregoing, CI and any third-party providers accept no responsibility or liability for any losses, errors or omissions, however caused, or for the results obtained from the use of this information. CI and any third-party providers do not accept any responsibility or liability for any damages, costs, expenses, legal fees or losses or any indirect or consequential loss or damage including, without limitation, loss of business and loss of profits, as a direct or indirect consequence of or in connection with or resulting from any use of this information.

Credit ratings and credit-related analysis issued by CI are current opinions as of the date of publication and not statements of fact. CI's credit ratings provide a relative ranking of credit risk. They do not indicate a specific probability of default over any given time period. The ratings do not address the risk of loss due to risks other than credit risk, including, but not limited to, market risk and liquidity risk. CI's ratings are not a recommendation to purchase, sell, or hold any security and do not comment as to market price or suitability of any security for a particular investor. Further information on the attributes and limitations of ratings can be found in the applicable methodology or else at <https://ciratings.com/policies-procedures/understanding-ratings/about-ratings>

The information contained in this publication does not constitute investment or financial advice. As the ratings and analysis are opinions of CI they should be relied upon to a limited degree and users of this information should conduct their own risk assessment and due diligence before making any investment or other business decisions.

Copyright © Capital Intelligence Ratings Ltd 2025