

The background of the cover is a complex, abstract graphic design. It features a large, central circular element that resembles a stylized eye or a lens. This circle is composed of several concentric rings in various shades of blue, teal, and orange. The center of the circle shows a bright blue light source, possibly a lens flare or a reflection, set against a dark blue background. The overall design is modern and dynamic, with a strong emphasis on geometric shapes and a cool color palette.

2023
ANNUAL REPORT

TABLE OF CONTENTS

FOREWORD FROM THE CHAIR OF THE COUNCIL AND THE PRESIDENT OF THE MANAGEMENT BOARD OF THE BANK GUARANTEE FUND	3
KEY ABBREVIATIONS	5
GENERAL INFORMATION	8
1. Legal empowerment	9
2. Aims and objectives of the Bank Guarantee Fund	10
3. Organisation of the Bank Guarantee Fund	11
GUARANTEEING DEPOSITS	14
1. Rules for guaranteeing deposits	15
2. Disbursement process of covered deposits	17
3. Fulfilment of the guarantee condition for a bank for which the Bank Guarantee Fund has filed a bankruptcy petition with the competent court	19
4. Disbursement of covered deposits	20
5. Limitation of depositors' claims	24
6. Checking the accuracy of the data contained in the Single Customer Views of banks and credit unions	24
7. Investigation and recovery of the Fund's claims for the disbursement of covered deposits	26
RESOLUTION	29
1. Rules for carrying out resolution	30
2. Resolution planning	31
3. Resolution of Getin Noble Bank S.A..	32
4. VeloBank S.A. sale process	32
5. Application of the asset separation tool	34
6. Other resolution actions	34
ASSISTANCE AND RESTRUCTURING ACTIVITIES	35
1. Principles of the Fund's assistance and restructuring activities	36
2. Restructuring of the and credit unions	38
3. Monitoring of the implementation of the agreements under which support was provided from the credit union fund and the resolution fund	39
RESOLUTION OF INSURANCE COMPANIES	42
RESOLUTION OF CCPs (CENTRAL COUNTERPARTIES)	44
ANALYTICAL ACTIVITIES	46
Opinion of the independent auditor	47
OTHER ACTIVITIES OF THE FUND	49
1. Legislative work	50
2. Information on complaints against the Fund's administrative decisions	57
3. National and international cooperation	59
4. Information policy	69
5. Personnel matters	71
FUNDING OF FUND ACTIVITIES	74
1. Financial resources of the Fund	75
2. Determination of contributions	77
3. Investment activities	79
SUMMARY FINANCIAL STATEMENTS	81
1. Balance Fund	82
2. Profit and loss account	84
3. Principles for the preparation of the summarised financial statements	85
4. Accounting principles	85
OPINION OF THE INDEPENDENT AUDITOR	87

LETTER FROM THE CHAIRPERSON OF THE COUNCIL AND THE PRESIDENT OF THE MANAGEMENT BOARD OF THE BANK GUARANTEE FUND

DEAR ALL,

On behalf of the Council and the Management Board of the Bank Guarantee Fund, we are pleased to present to you the BGF Annual Report 2023.

We would like to address our first words to the BGF Board of the previous term, for which 2023 was the last full year in office. We would like to express our sincere thanks to Mr Piotr Tomaszewski, Mr Sławomir Stawczyk and Ms Dagmara Wieczorek-Bartozak for their contributions to our organisation. As of May 2024, the BGF Board is functioning with a new composition of three members. At the end of 2023 and in 2024, there were also changes in the composition of the BGF Council. With these changes, it is worth highlighting the important role of the continuity of the Fund's activities, the sustainability of its procedures and the unchanging professionalism of its staff and management. The BGF remains a guardian of the stability of the Polish financial system.

In 2023, the Fund made a record profit of PLN 1,363 million in its history, following an equally successful 2022. This was largely due to high interest rates, with the BGF's balance sheet growing to PLN 28.4 billion, and the result of effective management of the Fund's portfolio of debt instruments. The high profitability of the BGF translates favourably into reduced contribution collection. In 2023, the Fund did not collect contributions to the banks' guarantee fund, as its level exceeded the target ratio. In contrast, the total amount of contributions to the banks' resolution fund in 2023 was PLN 1.455 billion compared to PLN 1.693 billion in 2022.

In 2023, the BGF continued its activities related to the resolution process of Getin Noble Bank S.A., implemented as of 30 September 2022. One of the key tasks was to initiate the sale of the bridge bank Velobank S.A. In cooperation with its advisors and under the close supervision of the European Commission, the Fund obtained bids for the purchase of Velobank S.A., which ultimately enabled the signing of a preliminary sale agreement in March 2024, in line with the original deadline. In order to successfully meet its obligations to the European Commission, it proved necessary to spin off and transfer to the Podmiot Zarządzający Aktywami S.A. (PZA) all of VeloBank S.A.'s property rights and liabilities related to the agreements linking the bank with the leasing companies. In settlement of the transaction, PZA issued bonds in PLN and EUR with a total value of PLN 5.8 billion, which VeloBank S.A. took up. The bond issue was covered by a repayment guarantee from the BGF. This was not only the largest corporate bond issue in Poland in 2023, but also the first time in the EU that the tool of resolution in the form of asset separation was applied.

At the same time, in 2023, the court declared bankruptcy and appointed a bankruptcy trustee for Getin Noble Bank, where assets unallocated to the bridge bank remained. In addition, and importantly, Deloitte's Valuation Report 3, adopted last year, confirmed that in the resolution process of Getin Noble Bank S.A., no creditor or owner was satisfied to a lesser extent than would have been the case had the bank gone bankrupt.

The Fund also carried out other statutory tasks, including, inter alia, reviewing and assessing the feasibility of resolution plans for banks and credit unions and group resolution plans for capital groups. It issued opinions on the expected impact of the implementation of recovery plans on resolution. In addition, it implemented the adopted MREL policy. Meeting

the MREL requirement was costly for the sector due to, inter alia, the macroeconomic and geopolitical situation; nevertheless, as of 1 January 2024, all banks had met the MREL-TREA target.

In 2023, work initiated by the Fund on amendments to the BPS and SGB Protection System agreements was completed. The general meetings of the BPS and SGB Co-operative Protection Schemes adopted amendments to the SSO agreements, obliging them to participate in financing the resolution of the affiliated cooperative banks. The agreements are currently awaiting formal approval from the FSC.

In 2023. The Fund also carried out tasks related to the function of the CCP resolution authority (there is only one CCP entity in Poland: KDPW_CCP S.A.), and participated in consultations related to the draft IRR Directive.

The Fund also remained active in cooperation with the Ministry of Finance with regard to legislative initiatives concerning the financial market discussed at the European Union level. This concerned, inter alia, the reform of the crisis management framework and deposit guarantee scheme (CMDI), which was crucial from the perspective of the Fund's activities, in relation to which the Fund, due to its experience from the resolution processes carried out, provided input to the discussion from a practitioner's perspective and supported efforts to maintain the favourable solutions proposed under this reform.

In the area of deposit guaranteeing, in the reporting period the Fund continued to make disbursements of covered deposits to the depositors of 14 entities for whom the guarantee condition was fulfilled in the years 2014–2019. The Fund's office made disbursements for a total amount of PLN 753.5 thousand to depositors who did not collect the funds due to them during the disbursements made through agent banks. In order to minimise the risk of preparing a list of depositors containing incorrect or incomplete data, during the reporting period the Fund carried out checks on the accuracy of the data contained in the SCVs of banks and credit unions.

The Fund maintains a high level of efficiency in recovering claims from the liquidation of insolvent entities for which the guarantee condition has been met. In 2023. Fund recovered PLN 302.8 million on this account. In total, in the course of 13 ongoing insolvency proceedings, by the end of 2023, the Fund had recovered a total of more than PLN 1.5 billion, which represents more than 23 per cent of the claims under the disbursement of covered deposits.

You can find an elaboration of the above themes, as well as much more information about the Fund's activities in 2023, in this report, which we warmly invite you to read.



KATARZYNA PRZEWALSKA
CHAIR OF THE COUNCIL
OF THE BANK GUARANTEE FUND

A handwritten signature in blue ink, appearing to read 'Przewalska'.



MACIEJ SZCZĘSNY
PRESIDENT OF THE MANAGEMENT BOARD
OF THE BANK GUARANTEE FUND

A handwritten signature in blue ink, appearing to read 'Maciej Szczęsny'.



GLOSSARY OF KEY ABBREVIATIONS

BGF, Fund	Bank Guarantee Fund
Act on BGF	Act of 10 June 2016 on the Bank Guarantee Fund, deposit guarantee scheme and resolution (Journal of Laws 2024, item 487)
BRR Directive, BRRD	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU of the European Parliament and of the Council, 2012/30/EU and 2013/36/EU and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012 of the European Parliament and of the Council (OJ EU L of 12 June 2014, as amended)
BRRD2 Directive	Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards loss-absorbing capacity and recapitalisation of credit institutions and investment firms and Directive 98/26/EC (Official Journal of the EU L of 7 June 2019)
BS	Cooperative Bank
CCP	a legal entity that interposes itself between counterparties to contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer
Council, BGF Council, Fund Council	Council of the Bank Guarantee Fund
CRR Regulation	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012 (Official Journal of the EU L of 27 June 2013, as amended)
DGS	Deposit Guarantee Scheme (DGS)
DGS Directive, DGSD	Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (OJ EU. L. 2014 No. 173, p. 149 as amended)
EBA	European Banking Authority (EBA)
EFDI	European Forum of Deposit Insurers (EFDI)
EIOPA	European Insurance and Occupational Pensions Authority
EU	European Union
EWS	Early warning system
fosg	Guaranteed Deposit Protection Fund (fundusz ochrony środków gwarantowanych)
FSA	Financial Supervision Authority, Office of the Financial Supervision Authority (KNF)
GNB	Getin Noble Bank S.A. with its registered office in Warsaw

GPS contract	loss guarantee agreement
IADI	International Association of Deposit Insurers (IADI)
IRR Directive, IRRD	Directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2009/138/EC, (EU)2017/1132 and Regulations (EU) No 1094/2010 and (EU) No 648/2012
KNF, UKNF	Komisja Nadzoru Finansowego, Urząd Komisji Nadzoru Finansowego (Office of the Financial Supervision Authority), also: FSA
Management Board, BGF Management Board, BFG Board, Fund's Board	Management of the Bank Guarantee Fund
MoF, MF	Ministry of Finance
MREL	minimum requirement for own funds and eligible liabilities
NACSCU	National Association of Cooperative Savings and Credit Unions (Kasa Krajowa)
NBP	National Bank of Poland
PBS, PBS Sanok	Podkarpacki Bank Spółdzielczy with its seat in Sanok
PZA	Podmiot Zarządzający Aktywami S.A. (Asset Management Entity S.A. – asset manager employed in asset separation tool)
SBRiR in Wolomin	Spółdzielczy Bank Rzemiosła i Rolnictwa in Wołomin (Cooperative Bank Wolomin)
SKOK, Union, CU	Credit Union (SKOK – Spółdzielcza Kasa Oszczędnościowo-Kredytowa)
SOBK	Commercial Banks' Protection System S.A.
SRB	Single Resolution Board; Single Resolution Council
SSO	Institutional Protection Scheme of cooperative banks (IPS)
Statutes	Articles of Association of the Bank Guarantee Fund, annexed to the Regulation of the Minister of Development and Finance of 25 January 2017 on the granting of the Articles of Association of the Bank Guarantee Fund (Journal of Laws 2023, item 1865)
UFG	Insurance Guarantee Fund
VBL, VBLA	VB Leasing S.A. in restructuring, VB Leasing S.A. Automotive S.K.A. in restructuring
WSA in Warsaw	Administrative Court for Mazovia Province in Warszawa, Wojewódzki Sąd Administracyjny w Warszawie



GENERAL INFORMATION



THE BANK GUARANTEE FUND

The Bank Guarantee Fund is an institution that acts for the stability of the domestic financial system: in particular, it provides guarantees of deposits held in banks and credit unions and is responsible for carrying out the resolution of financial institutions which are failing or likely to fail.

The Bank Guarantee Fund, together with the National Bank of Poland, the Ministry of Finance and the Financial Supervision Authority, forms the financial security net in Poland. The President of the Management Board of the BGF is also a permanent member of the Financial Stability Committee.

Figure 1.

FINANCIAL SAFETY NET



1. LEGAL EMPOWERMENT

The BGF was established under the Bank Guarantee Fund Act of 14 December 1994. The current legal basis for the Fund's activities is the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and resolution, in force since 9 October 2016, giving the Fund broad powers and tools to intervene in a situation of threat to the stability of the domestic financial system.

The Act on BGF incorporated the provisions of Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes and Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms into the national legal order.

2. AIMS AND OBJECTIVES OF THE BANK GUARANTEE FUND



THE OBJECTIVE OF THE FUND:

The purpose of the Fund's activities is to undertake actions for the stability of the national financial system, in particular by ensuring the functioning of a mandatory deposit guarantee scheme and carrying out resolution.



KEY TASKS OF THE FUND INCLUDE:

- ✔ providing guarantees for deposits accumulated in a bank or a credit union up to the statutory limit (the equivalent in zloty of EUR 100 000) and disbursing covered deposits to depositors – within 7 working days from the date of fulfilment of the guarantee condition, in specific cases and for a limited period of time, the depositor is entitled to guarantee protection in an amount higher than the equivalent in zloty of EUR 100,000;
- ✔ checking the accuracy of the data contained in the SCVs of the entities covered by the guarantee scheme;
- ✔ restructuring of domestic entities and other institutions, if they are subject to consolidated supervision by the Financial Supervision Commission, through the bail-in of capital instruments;
- ✔ preparation, review and updating of resolution plans and group resolution plans,
- ✔ conducting resolution;
- ✔ collecting and analysing information on the entities covered by the guarantee scheme, in particular in order to develop analyses and forecasts for the banking and credit union sector for the early identification of risks;
- ✔ carrying out other activities to promote the stability of the national financial system;
- ✔ performing the function of a curator as referred to in Article 144(1) of the Banking Law Act or Article 72c(1) of the Act on Credit Unions, in the event that the Fund is appointed curator by the Polish Financial Supervision Authority.

3. ORGANISATION OF THE BANK GUARANTEE FUND

The statutory bodies of the Bank Guarantee Fund are the Fund Council and the Fund Management Board. The tasks of the Management Board of the BGF include managing the Fund's activities and representing it externally, while the tasks of the BGF Council include controlling and supervising the activities of the Fund's Management Board.

The Board of the Fund consists of six members appointed by the institutions forming the financial safety net. The Fund Council is chaired by a representative of the minister responsible for financial institutions. On 4 July 2021, the three-year ninth term of office of the BGF Council began.

Table 1.

COMPOSITION OF THE BGF BOARD AT THE BEGINNING OF 2023

Mateusz Berger	Chairman of the Council – representative of the MF (until 28.12.2023)
Krzysztof Budzich	Council member – representative of the MF
Marcin Martyniak	Council member – representative of the MF (until 28.12.2023)
Olga Szczepańska	Member of the Council – representative of the NBP
Witold Grostal	Member of the Council – representative of the NBP
Jacek Jastrzębski	Member of the Council – representative of the FSC

Table 2.

COMPOSITION OF THE BGF BOARD AT THE END OF 2023

Mateusz Berger	Chairman of the Council – representative of the MF
Krzysztof Budzich	Council member – representative of the MF
Marcin Martyniak	Council member – representative of the MF
Olga Szczepańska	Member of the Council – representative of the NBP
Witold Grostal	Member of the Council – representative of the NBP
Jacek Jastrzębski	Member of the Council – representative of the FSA

In 2023, the Management Board of the BGF worked in the following composition: President of the Management Board Piotr Tomaszewski, Deputy President of the Management Board Sławomir Stawczyk, Member of the Management Board Tomasz Obal, Member of the Management Board Dagmara Wieczorek-Bartczak¹.

¹ On 21 May 2024, the Council of the Bank Guarantee Fund appointed the Board of the BGF for a new five-year term of office, consisting of:

- Maciej Szczesny (former Chairman of the BGF Council) – President of the Management Board of the Bank Guarantee Fund
- Tomasz Obal (former Member of the Management Board of the BGF) – Deputy President of the Management Board of the Bank Guarantee Fund
- Krzysztof Budzich (former Deputy Director of the Financial Market Development Department at the MF and member of the BGF Council) – Member of the Management Board of the Bank Guarantee Fund.

The Board's term of office began on 22 May 2024.

One day earlier, i.e. on 20 May 2024, Director of the Financial Market Development Department of the Ministry of Finance Katarzyna Przewalska replaced Maciej Szczesny as Chairman of the BGF Council, and Deputy Director of the Financial Market Development Department of the MF Jarosław Niezgodza replaced Krzysztof Budzich as a representative of the Ministry of Finance on the Fund Council.

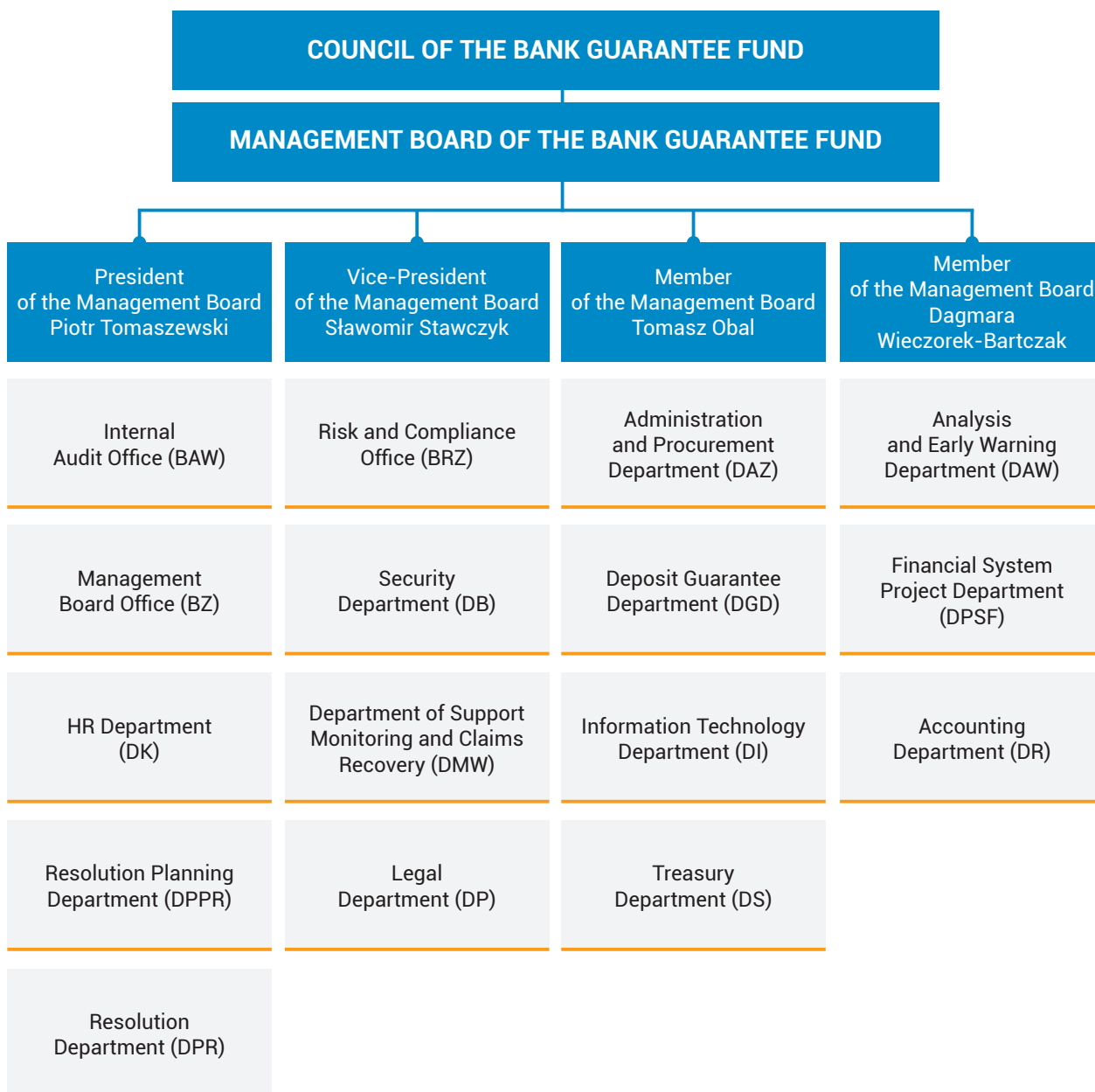
THE ORGANISATIONAL STRUCTURE OF THE BANK GUARANTEE FUND OFFICE COMPRISES ORGANISATIONAL UNITS RESPONSIBLE FOR TASKS IN THE SCOPE OF:



- ✔ **Accounting Department (DR)** – accounting for the Fund and financial management;
- ✔ **Administration and Procurement Department (DAZ)** – support and administration, aimed at ensuring smooth functioning, appropriate operating conditions, proper administrative, technical and clerical and archival services for the Fund, and conducting proceedings for procurements and purchases carried out in the Fund under the Public Procurement Law;
- ✔ **Analysis and Early Warning Department (DAW)** – analysis of the banking and credit union sector, early warning, analysis and assessment of the economic and financial situation of individual banks and credit unions, performance of the Fund's curatorial function, development and updating of methods for determining the risk-based contributions made by entities to the guarantee and resolution funds and preparation of draft proposals for the total amounts of these contributions for a given year and proposals for their distribution to individual entities;
- ✔ **Department of Support Monitoring and Claims Recovery (DMW)** – managing the Fund's claims, to pursue claims and to monitor the implementation of agreements relating to the financial assistance and support provided;
- ✔ **Deposit Guarantee Department (DGD)** – ensuring that the Fund disburses covered deposits to depositors and controls the accuracy of the data in the SCVs of entities covered by the mandatory guarantee scheme;
- ✔ **Financial System Project Department (DPSF)** – preparing the BGF to act as a resolution authority for insurance and reinsurance undertakings;
- ✔ **Human Resources Department (DK)** – human resources matters, implementation of employment and remuneration policies and training activities;
- ✔ **Information Technology Department (DI)** – obtaining, processing and making available information necessary for the work of the Fund Office, to develop and maintain ICT and communication systems in working order and to ensure the continuity of the Fund's operations in the ICT area;
- ✔ **Internal Audit Office (BAW)** – examining the Fund's activities in terms of compliance with established objectives, legislation, internal legal acts;
- ✔ **Legal Department (DP)** – providing legal services to the Fund's bodies, the President of the Board and the Fund Office;
- ✔ **Management Board Office (BZ)** – providing services for the Fund's organs, the President of the Management Board, national and international cooperation, publishing, promotional and educational activities;
- ✔ **Resolution Department (DPR)** – carrying out resolution, providing support and administration of entities under resolution, implementing the process of restructuring the credit unions;
- ✔ **Resolution Planning Department (DPPR)** – developing, reviewing and updating resolution plans and group resolution plans, as well as implementing of financial safety net and financial stability projects;
- ✔ **Risk and Compliance Office (BRZ)** – coordinating and supporting the Fund's management control system, including the risk management process;
- ✔ **Security Department (DB)** – protecting and ensuring security of data, persons and property, ICT security and to maintain the Fund's business continuity plan;
- ✔ **Treasury Department (DS)** – the Fund's investment activities, liquidity management and analysis of the macroeconomic situation in Poland and the world.

Figure 2.

ORGANISATIONAL CHART OF THE BGF AS AT THE END OF 2023



IN ADDITION, THERE WERE COMMITTEES IN THE BGF OFFICE:

- ✓ Asset Management Committee;
- ✓ Risk Committee;
- ✓ Early Warning System Committee.



GUARANTEERING DEPOSITS



THE BANK GUARANTEE FUND

The Bank Guarantee Fund has protected covered deposits held in banks since 17 February 1995 and, since 29 November 2013, also deposits held in and credit unions.



THE BANK GUARANTEE FUND'S OBLIGATION

The Bank Guarantee Fund's obligation towards the depositor under the deposit **guarantee arises from the date of fulfilment of the guarantee condition** – i.e. the date of suspension of the bank's or credit union's operations designated in the decision of the Polish Financial Supervision Authority and the establishment of conservatorship, unless it has been established previously, and filing a petition for bankruptcy to the competent court or the date where the Fund files a petition for bankruptcy to the competent court.

1. RULES FOR GUARANTEEING DEPOSITS

At the end of 2023, the deposit guarantee scheme covered deposits held in all domestic banks (excluding Bank Gospodarstwa Krajowego and mortgage banks), in one branch of a foreign bank and in all credit unions, i.e.:

24 commercial banks,
492 cooperative banks,
1 branch of a foreign bank and
18 and credit unions.

The Fund's guarantees cover deposits from the date they are deposited on the account, but no later than on the day preceding the day on which the guarantee condition is fulfilled – **up to the PLN equivalent of EUR 100,000** (including interest accrued at the beginning of the day on which the guarantee condition is fulfilled). In the special cases specified in Article 24 (3) and (4) of the Act on BGF, the depositor's funds, within three months from the date on which they were credited to the account or on which the receivables arose, shall be covered by guarantee in an amount exceeding the PLN equivalent of EUR 100,000 (for entities for which fulfilment of the guarantee condition occurred after 8 October 2016). Higher guarantee applies, for example, to deposits in the account from the sale of a selected type of property, the payment of an insurance sum or the payment of compensation or damages. The disbursement is made upon the individual request of the depositor, addressed directly to the Fund.



24

COMMERCIAL
BANKS

492

COOPERATIVE
BANKS

1

BRANCH OF
A FOREIGN BANK

18

CREDIT UNIONS



COVERED DEPOSITS:

IN THE CASE OF A BANK

In the case of a bank, the funds accumulated by the depositor in bank accounts to which it is party to the agreement, both in zloty and in foreign currencies, as at the beginning of the day on which the guarantee condition is fulfilled, plus the interest accrued at the beginning of the same day in accordance with the interest rate indicated in the agreement and:

- ✔ other depositor's receivables arising from bank accounts held with the bank;
- ✔ depositor's receivables arising from the bank's monetary settlements;
- ✔ depositor's claims arising from bank securities issued before 2 July 2014, provided that they are evidenced by registered documents issued by the issuer or registered certificates of deposit;
- ✔ claims to the bank in respect of instructions in the event of death and in respect of the account holder's funeral expenses, insofar as these claims fell due before the day on which the guarantee condition was satisfied against the bank.

IN THE CASE OF A CREDIT UNION

In the case of a credit union, the funds accumulated by the depositor on accounts to which it is a contractual party, both in zloty and in foreign currencies, as at the beginning of the day on which the guarantee condition is fulfilled, plus accrued interest as at the beginning of the same day in accordance with the interest rates indicated in the contract and:

- ✔ other amounts due to the depositor arising from the operation of his accounts by the fund;
- ✔ depositor's receivables arising from the credit union's financial settlements;
- ✔ claims to the credit union in respect of instructions in the event of death and in respect of funeral expenses incurred by the account holder, insofar as these claims fell due before the day on which the guarantee condition was satisfied against the credit union.

2. DISBURSEMENT PROCESS OF COVERED DEPOSITS

The Fund has a statutory obligation to settle guarantee claims within 7 working days of the guarantee condition being met.

If the guarantee condition is fulfilled, the bank's or the credit union's special administration shall establish the state of the accounts of the entity in respect of which the guarantee condition has been fulfilled and draw up a list of depositors, which it shall submit to the Fund within 3 working days (counting from the day when the guarantee condition is met).

The Fund verifies the depositors' details and then prepares a list of disbursements and forwards it to the entity that will make these disbursements in the name and on behalf of the Fund.

Depositors do not have to report their claims to the Fund before collecting the covered deposits.



GUARANTEE EXECUTION SYSTEM (SRG)

The IT application of the Bank Guarantee Fund, which makes it possible to control the depositor lists effectively, verify the disbursement amounts and prepare lists of disbursement of funds due to depositors.



Pursuant to the Act on BGF, depending on the Fund's decision, covered deposits may be paid out to depositors by a receiver, or through agent bank with which the Fund enters into an agreement for the disbursement of covered deposits.



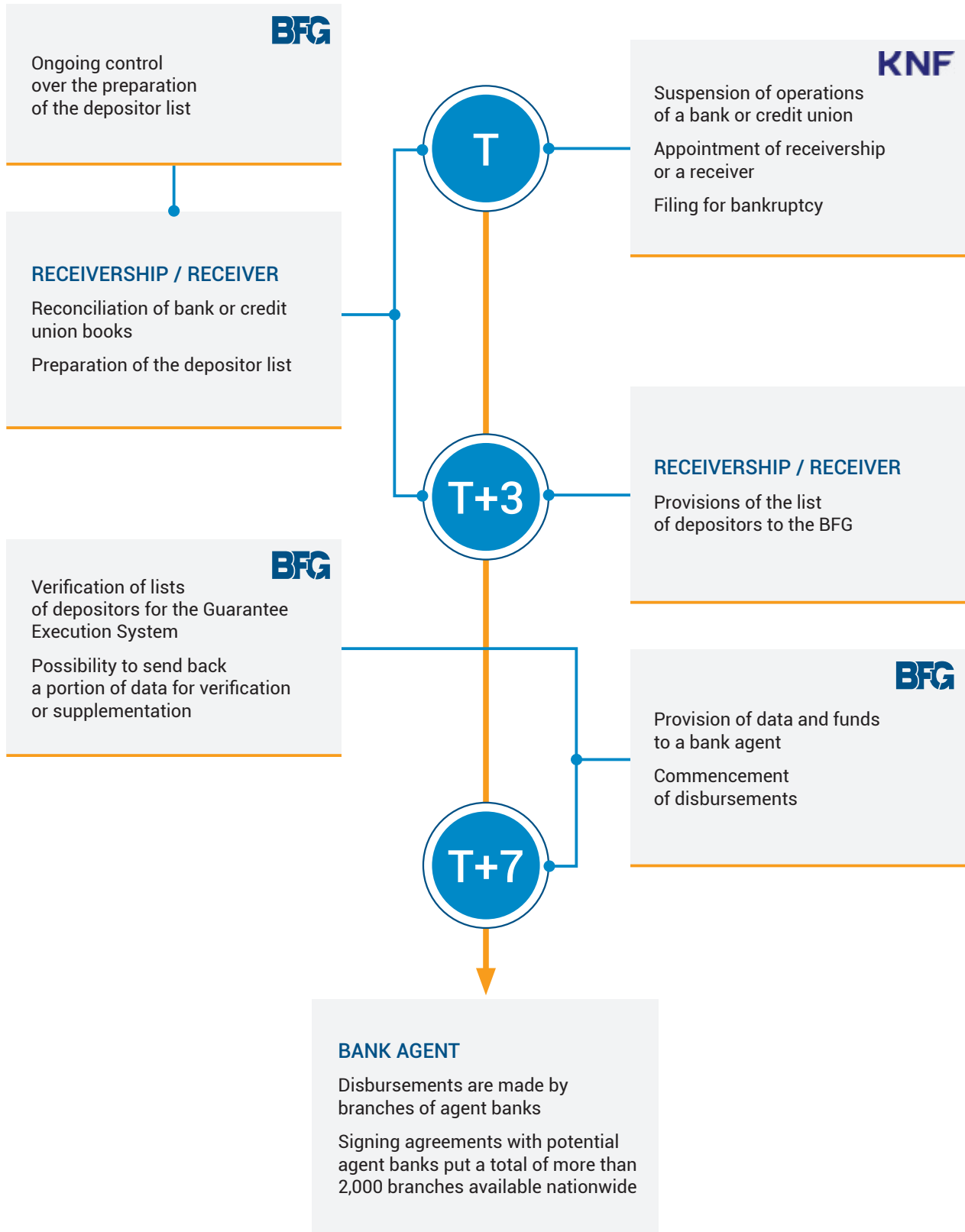
For the disbursement of covered deposits, the Fund cooperates with three banks (agent banks) with which it has entered into agreements to be ready to make such disbursements. These are retail banks with a large network of branches, which allows disbursements to be made throughout the country, allowing depositors easy access to the covered deposits.



Persons who, for various reasons, do not collect their deposits during the disbursements made by the entity designated by the Fund, may apply directly to the BGF for collection until the end of the calendar year in which five years from the date of fulfilment of the guarantee condition expires. After this period, the depositors' claims under the guarantee shall become time-barred.

Figure 3.

PROCESS FOR PREPARING THE DISBURSEMENT OF COVERED DEPOSITS



3. FULFILMENT OF THE GUARANTEE CONDITION FOR A BANK FOR WHICH THE BANK GUARANTEE FUND HAS FILED A BANKRUPTCY PETITION WITH THE COMPETENT COURT

GETIN NOBLE BANK S.A.

28 April 2023. The Fund applied to the District Court for the City of Warsaw in Warsaw for the declaration of bankruptcy of Getin Noble Bank S.A., and therefore this date became the date on which the guarantee condition against GNB was satisfied.

In fulfilment of the tasks set out in the decision of the Fund's Management Board of 29 September 2022 on the initiation of resolution against Getin Noble Bank S.A, write down of the Bank's capital instruments, application of the instrument of resolution against the Bank and appointment of the Bank's administrator, as of 3 October 2022 (i.e. before the date of fulfilment of the guarantee condition against GNB), as a result of the application of the resolution tool in the form of a bridge institution, all funds of the Bank's depositors constituting funds covered by guarantee protection within the meaning of Art. 2 point 68 of the Act on BGF as at the end of the day on which the resolution was initiated, included in its records, including the Bank's accounting records or IT accounting systems, were transferred to a bridge institution – Bank BFG S.A. (now: VeloBank S.A.).

In view of the above, the Management Board of the Bank Guarantee Fund has waived to take any action related to the preparation and execution of the disbursement of covered deposits to Getin Noble Bank S.A. depositors.

4. DISBURSEMENT OF COVERED DEPOSITS



Since the beginning of the Fund's operations, the guarantee condition has been met for 100 banks (including 6 commercial banks and 94 cooperative banks) and 11 credit unions.

Table 3.

FULFILMENT OF THE GUARANTEE CONDITION FROM 1995 TO 2023

Year	Commercial banks	Cooperative banks	Credit unions
1995*	2	48	
1996	1	30	
1997	-	6	
1998	-	4	
1999	1	-	
2000	1	-	
2001	-	1	
2002–2013	-	-	-
2014	-	-	2
2015	-	1	-
2016	-	1	5
2017	-	-	4
2018	-	-	-
2019	-	1	-
2020	-	2	-
2021	-	-	-
2022	1	-	-
2023	1		
TOTAL	7	94	11

The guarantees for the credit unions came into effect on 29 November 2013.

* From 17 February 1995, i.e. from the date of entry into force of the Bank Guarantee Fund Act of 14 December 1994.



Between 1995 and 2023, an amount of PLN 3,021.7 million was earmarked for the disbursement of covered deposits to 360.2 thousand eligible bank depositors.

Table 4.

FUNDS ALLOCATED FOR GUARANTEE DISBURSEMENTS TO BANK DEPOSITORS BETWEEN 1995 AND 2023

Year	Funds for disbursements (PLN million)					Number of depositors
	Total	including:				
		fosg*	liquid assets of the bankruptcy estate	Bankruptcy estate recovery fund	guarantee fund	
1995	105.0	85.9	19.1	0	-	89 939
1996	50.8	47.3	3.1	0.4	-	59 420
1997	6.4	4.7	0.6	1.1	-	10 418
1998	8.2	4.1	1.8	2.3	-	6 775
1999	4.7	0	2.0	2.7	-	1 572
2000	626.0	484.1	141.9	0	-	147 739
2001	12.5	0	4.5	8.0	-	2 658
2002	0.1	0	0.1	0	-	46
2003	0.1	0	0.1	0	-	27
2004	0.4	0	0.4	0	-	124
2005	0.1	0	0.1	0	-	99
2006	0.1	0	0.1	0	-	5
2007–2008	0	0	0	0	-	0
2009	0.004	0	0	0.004	-	1
2010–2014	0	0	0	0	-	0
2015	2 037.0**	2 036.9	-	-	-	33 147**
2016	145.7**	145.6	-	0.04	0.03	5 670**
TOTAL	2 997.1	2 808.6	173.8	14.5	0.03	357 640

Year	Funds for disbursements under the rigour of the Act on BGF in force since 9 October 2016 (in PLN million)			Number of depositors**
	Total	including:		
		guarantee fund	fosg***	
2017	0.2	0.2	0.0	184
2018	0.002	0.002	0.0	3
2019	24.4**	24.4	0.0	2 382
2020–2023	0.0	0.0	0.0	0.0
TOTAL ALL YEARS	3 021.7	24.6	2 808.6	360 209

* Until the end of 2016, the Funds for the Protection of Covered deposits were the primary source of funding for the disbursement of covered deposits to depositors. In the rigour of the Act on BGF, from 1 January 2017 to 31 December 2024, banks are obliged to create and maintain funds for the protection of covered deposits for the satisfaction of depositors' claims, but these funds may be used for the disbursement of covered deposits only after exhaustion of funds from the banks' guarantee fund, extraordinary contributions and funds from other own funds (excluding resolution funds).

** Values shown take into account liabilities included in the depositor list, which require confirmation of the correctness of the data.

*** Entities covered by the guarantee scheme are required to establish and maintain funds for the protection of covered deposits for the satisfaction of depositors' claims until 31 December 2024.



Between 2014 and 2023, an amount of PLN 4,366.6 million has been earmarked for the disbursement of covered deposits to 246,500 eligible credit unions' depositors.

Table 5.

RESOURCES ALLOCATED TO GUARANTEE DISBURSEMENTS TO CREDIT UNIONS' DEPOSITORS FROM 2014 TO 2023

Year	Funds for guarantee disbursements (PLN million)				Number of depositors*
	Total*	including:			
		credit union guarantee fund	payments from NACSCU	Assistance fund	
2014	3 064.0**	20.7	32.8	3 010.5	119 509
2015	0.1	0.1	0.0	0.0	0
2016	617.2	44.5	0.007	572.7	55 226
TOTAL	3 681.3	65.3	32.8	3 583.2²	174 735

Funds for disbursements under the rigour of the Act on BGF in force since 9 October 2016 (in PLN million)				
Year	Total*	including the guarantee fund:		Number of depositors*
		checkout	banks	
2017	685.2	58.2	627.0	71 738
2018	(-)0.02	(-)0.02	0.0	0
2019	0.09	0.09	0.0	2
2020–2023	0.0	0.0	0.0	0
TOTAL ALL YEARS	4 366.6	123.6	627.0	246 475

* The values shown take into account liabilities included in the depositor list, which require confirmation of the correctness of the data.

** Including a liability of PLN 73 thousand resulting from the Fund's Management Board's resolution of 9 February 2015 on disbursement of covered deposits to SKOK Wołomin's depositors after supplementing the list of depositors.

² Due to the fact that the amount of the Fund's liabilities on account of guaranteed resources exceeded the resources of the fund of the credit unions to be used and the value of the resources of the stabilisation fund transferred by the National Association of Cooperative Savings and Credit Unions - in accordance with the decision of the Fund Council – the remaining amount was covered from the resources transferred from the assistance fund of the BGF.



In 2023. The Fund Office made disbursements of covered deposits for a total of PLN 753,500 to 15 depositors who did not collect the funds due to them during disbursements made through agent banks or for whom investigations were underway.

The table presents information on all realised disbursements to bank and credit union depositors (including disbursements made through agent banks) in respect of which the guarantee condition was met in the period 2014–2019.

Table 6.

IMPLEMENTATION OF COVERED DEPOSITS DISBURSEMENTS FROM 2014 TO 2023

Implementation of covered deposits disbursements 2014–2023 ^{*/**/**}							
No.	Name of the entity	Date of fulfilment of the guarantee condition	Number of depositors	Liabilities to depositors (PLN million)	Total disbursements to the end of 2023 (PLN million)	Amount of liabilities at the end of 2023 (PLN million)	Disbursement rate at the end of 2023 (%)
1.	BS w Grębowie	15.07.2019	2 371	23.5	23.3	0.2	99.2%
2.	SKOK "Wybrzeże"	15.09.2017	7 696	120.8	119.9	0.09	99.3%
3.	SKOK "Nike"	02.06.2017	10 443	114.4	112.9	0.04	98.7%
4.	Twoja SKOK	12.05.2017	14 019	165.8	164.2	0.09	99.0%
5.	Wielkopolska SKOK	03.02.2017	39 574	284.2	280.6	0.1	98.7%
6.	BS w Nadarzynie	24.10.2016	5 860	145.9	145.2	0.0002	99.5%
7.	SKOK "Skarbiec"	22.07.2016	8 348	88.0	87.7	0.03	99.6%
8.	SKOK "Arka"	11.05.2016	13 947	93.1	92.4	0.003	99.2%
9.	SKOK "Jowisz"	25.04.2016	7 380	81.9	80.7	0.03	98.5%
10.	SKOK "Polska"	25.02.2016	8 343	170.2	169.1	0.000002	99.3%
11.	SKOK Kujawiak	08.01.2016	17 200	183.9	183.1	0.0009	99.6%
12.	SBRiR w Wołominie	23.11.2015	33 144	2 036.9	2 032.1	0.04	99.8%
13.	SKOK w Wołominie	12.12.2014	45 447	2 246.5	2 242.1	0.02	99.8%
14.	SKOK Wspólnota	18.07.2014	74 042	817.5	812.2	0.002	99.4%

* Amounts do not take into account the Fund's liabilities on the depositor list, which require confirmation of the accuracy of the data.

** The inconsistency between the values reported in the Liabilities to depositors column and the sum of the values reported in the Total disbursements until the end of 2023 and Amount of liabilities at the end of 2023 columns, for some entities, is due to the rounding applied to the values included in these columns.

*** Including claims that become time-barred on 2 January 2024.

**** In 2023, in connection with the confirmation by the bankruptcy trustee of Bank Spółdzielczy w Grębowie, pursuant to Article 44 of the Act on the BGF, of the correctness of the data of 6 depositors, the Management Board of the BGF adopted, on 27 July 2023 and 19 September 2023, resolutions on the basis of which the number of depositors and the value of covered deposits on the disbursement list increased respectively to 2,371 depositors and to PLN 23,467.5 thousand (i.e. by PLN 484.0 thousand).

5. LIMITATION OF DEPOSITORS' CLAIMS

Claims under the guarantee are time-barred at the end of the calendar year in which the five-year period from the date of fulfilment of the guarantee condition expires. In the case of no bank or credit union in 2023, the expiry of such period has not occurred. In 2023, however, the claims of depositors of Wielkopolska SKOK, Twój SKOK, SKOK "Nike" and SKOK "Wybrzeże", for whom 5 years from the date of fulfilment of the guarantee condition lapsed in 2022, were time-barred, but as the last day of 2022 fell on a Saturday, their claims were time-barred on the next day after 31 December 2022, which is neither a public holiday nor a Saturday. In addition, the claims of those depositors of SKOK Wspólnota, SKOK in Wolomin, SKOK Kujawiak, SKOK "Jowisz", SKOK "Arka" and BS in Nadarzyn, for which the running of the limitation period was calculated individually, were time-barred in 2023.

6. CHECKING THE ACCURACY OF THE DATA CONTAINED IN THE SINGLE CUSTOMER VIEWS OF BANKS AND CREDIT UNIONS

Banks and credit unions are required to have SCVs – Single Customer View (SCV). SCVs, by automating the process of determining the value of the covered deposits for each depositor and the possibility of transmitting the data to the Fund, make it possible to quickly obtain information on the value of these funds. These systems organise the data according to the Single Customer View standard, allowing all the information concerning a particular customer to be assigned to that customer.

The BGF performs inspections of the correctness of the data contained in the SCVs of the entities covered by the guarantee scheme on the basis of the provisions of Article 32(1)(1) and (2) of the Act on BGF, in accordance with the quarterly control plans approved by the Management Board. Controls of high-risk entities are carried out in a sequential manner.



SINGLE CUSTOMER VIEW

an IT calculation system in a bank or a credit union that allows to prepare for the BGF detailed data of the bank's or credit union's depositors together with the amounts of covered deposits calculated for them. Details of SCVs are set out in the *Ordinance of the Minister of Finance of 26 September 2016 on requirements for single customer view systems maintained at entities covered by the mandatory guarantee scheme* (Journal of Laws 2016, item 1642).

Remote inspections at the Fund's premises are carried out in particular using automated control algorithms and based on expert analyses of data sets. On-site inspections additionally include, inter alia, the verification of data contained in the SCV with source documents.

The purpose of the control is to minimise the risk of preparing a list of depositors containing incorrect or incomplete data and to enable the prompt realisation of potential disbursements in the event that the guarantee condition is fulfilled with respect to an entity covered by the guarantee scheme. To this end, verification is carried out of the adjustment of the SCVs in terms of the applicable requirements in terms of the scope of data, the manner of their presentation and the appropriate labelling of data, related to the definitions of depositor and covered deposits set out in the provisions of the Act on BGF. The ability of the entities to execute a correct list of depositors as soon as possible from the date of fulfilment of the guarantee condition and to submit the list of depositors to the Fund is also checked. In addition, the extent of the change in the quality of the data in relation to the status ascertained as a result of the Fund's previous inspections is assessed.

In 2023, work was being carried out to develop a new version of the Fund's IT tools to support the process of automatically checking the data contained in the banks' and credit unions' SCVs and, in the event that the guarantee condition is met, to enable the data on the list of depositors to be checked and the list of disbursements to be drawn up.

The table below presents information on the number of checks on the accuracy of the data contained in the SCVs of entities covered by the guarantee scheme carried out in 2023.

Table 7.

NUMBER OF INSPECTIONS CARRIED OUT IN 2023

Type of inspection	Commercial banks	Co-operative banks	Credit unions	Total
remote*	6	73	7	86
on-site**	0	4	1	5
TOTAL	6	77	8	91

* Inspection implemented on the basis of automated control algorithms and expert analysis of data sets.

** Verification of data contained in SCVs with source documents.



ANALYSES THE RESULTS OF AUDITS OF DATA

The Fund periodically analyses the results of inspections of the data contained in the SCVs of banks and credit unions. The findings confirmed that:

- ✓ The Fund's control function has enabled, among other things, the identification of risk factors associated with inadequate data quality in individual entities and has had an impact on improving it;
- ✓ the entities whose data was audited had generally brought their SCVs into compliance with the applicable requirements for the structure of the data to be reported. It was also found that these entities are taking steps to improve the quality of the data contained in the SCVs, nevertheless, some of them should continue to work on the correct parameterisation of the IT systems, including to show in the SCVs the correct customer and claim designations, in terms of the definition of depositor and funds covered by guarantee protection.

7. INVESTIGATION AND RECOVERY OF THE FUND'S CLAIMS FOR THE DISBURSEMENT OF COVERED DEPOSITS

As at 31 December 2023. The Fund was involved in 13 insolvency proceedings as a creditor for the disbursement of covered deposits with a total exposure of PLN 4,626,635.8 thousand, of which three proceedings in respect of banks and the remaining in respect of credit unions.

In 2023. The Fund monitored the progress of the insolvency proceedings analysing their efficiency and further prospects, cooperated with the insolvency practitioners on an ongoing basis and commented in case of objections to the actions of the insolvency practitioners.

Table 8.

SUMMARY OF INSOLVENCY PROCEEDINGS AGAINST BANKS IN WHICH THE FUND IS A CREDITOR ON ACCOUNT OF DISBURSEMENTS OF COVERED DEPOSITS (IN THOUSANDS OF PLN)

Liquidated under standard insolvency proceedings	Date of bankruptcy	BGF claim – recognised	BGF claims – 31.12.2023	Amount recovered by the Fund	Satisfaction of the Fund
SBRiR in Wolomin	30.12.2015	2 033 885.4	1 930 887.8	102 997.6	5.1%
BS Nadarzyn	19.12.2016	146 291.3	119 027.3	27 264.0	18.6%
BS in Grębów	03.09.2019	22 983.5	11 194.2	12 493.8	54.4%
TOTAL		2 203 160.2	2 060 404.9	142 755.4	6.5%

Table 9.

SUMMARY OF INSOLVENCY PROCEEDINGS AGAINST CREDIT UNIONS IN WHICH THE FUND IS A CREDITOR FOR DISBURSEMENTS OF COVERED DEPOSITS (IN THOUSANDS OF PLN)

Bankrupt CU	Date of bankruptcy	BGF claim – recognised	BGF claims – 31.12.2023	Amount recovered by the Fund	Recovery of the Fund's claims %
SKOK Wolomin	05.02.2015	2 253 424.6	1 988 424.6	265 000.0	11.8%
SKOK Polska	13.04.2016	171 402.2	98 129.3	73 272.9	42.7%
SKOK Kujawiak	31.05.2016	188 499.5	127 780.8	60 994.9	32.4%
SKOK Jowisz	02.06.2016	82 511.4	25 511.4	57 000.0	69.1%
SKOK Arka	12.07.2016	94 235.4	34 622.2	59 613.2	63.3%
SKOK Skarbiec	29.09.2016	89 138.1	56 190.3	32 947.8	37.0%
SKOK Wielkopolska	28.02.2017	285 508.0	66 237.6	219 270.5	76.8%
Twoja SKOK	19.06.2017	166 958.2	41 990.0	124 968.2	74.8%
SKOK Nike	03.07.2017	115 104.4	61 684.1	53 420.3	46.4%
SKOK Wybrzeże	21.11.2017	122 340.3	65 936.9	56 403.4	46.1%
TOTAL		3 569 122.1	2 566 231.0	1 002 891.1	28.1%



RECOVERY PROCEEDINGS

In the course of ongoing proceedings, out of the payments received in 2023. The Fund received the amount of PLN 302 798.38 thousand, which accounted for 4.58% of the total recognised receivables of the Fund in pending proceedings.

As part of all insolvency proceedings against banks and SKOKs collapsed from 2014 to the end of 2023. The Fund has recovered a total of PLN 1,545,742.5 thousand, representing 23.4 per cent of the claims for disbursements of covered deposits.

As at 31 December 2023, plans for the distribution of the funds of the bankruptcy estate were filed with the courts, on the basis of which the recovery of the Fund in 2024 will amount to PLN 44,472.90 thousand, including:

- ✔ SKOK "Polska" – final distribution plan, resulting in the Fund receiving an amount of PLN 2,470 thousand;
- ✔ SKOK "Arka" – VII partial distribution plan, which will result in the Fund receiving an amount of PLN 2,002.6 thousand;
- ✔ SK Bank in Wolomin – III partial distribution plan, resulting in the Fund receiving an amount of PLN 40,000.3 thousand.

Once the above distribution plans have been implemented, the Fund's total recovery rate will be 24.1%.



RECOVERY OF RESOLUTION COSTS NOT COVERED BY THE PROCEEDS OF THE RESOLUTION

As at 31 December 2023. The Fund participated in 3 insolvency proceedings as a creditor for the incurred costs of the resolution not covered by the proceeds of the resolution.

Table 10.

INSOLVENCY PROCEEDINGS IN WHICH THE FUND PARTICIPATED AS A CREDITOR FOR THE COSTS OF RESOLUTION NOT COVERED BY THE PROCEEDS OF RESOLUTION

No.	Bank	Date of declaration of bankruptcy	Costs of Resolution	Claim for resolution costs – 31.12.2023	Amount recovered by the Fund in 2023	Recovery of the Fund's claims %
			(PLN '000)			
1.	PBS Sanok	06.08.2020	7 922.2	7 922.2	0	0 %
2.	Idea Bank S.A.	26.07.2022	885 875.2	885 875.2	0	0 %
3.	Getin Noble Bank S.A.	20.07.2023	6 903 769.0*	6 388 817.2**	512 000.0	7.4 %***
TOTAL			7 797 566.4	7 282 614.6	512 000.0	6.5 %

* Amount of resolution costs incurred by the Fund and not covered by resolution proceeds at the time of reporting claims to the BGF following the bankruptcy of Getin Noble Bank S.A.

** Amount of the Fund's claims including:

- set-off against Getin Noble Bank S.A.'s claim against the Fund for the overpaid contribution to the banks' guarantee fund for 2022 in the amount of PLN 5,122.2 thousand;
- additional costs incurred by the Fund on account of resolution in the amount of PLN 6,832.1 thousand;
- partial repayment by the trustee of the costs of the resolution incurred by the Fund in the total amount of PLN 512.0 million (payment of PLN 179.5 million on 22.12.2023 and PLN 332.5 million on 28.12.2023).

*** Share of the amount due to partial repayment of the costs of the resolution in the amount representing the costs of the resolution at the time of reporting the claims to the BGF after the declaration of bankruptcy of Getin Noble Bank S.A.

The Fund, at its request, was appointed Superintendent of the bankrupt in the bankruptcy proceedings of Idea Bank S.A. and in the bankruptcy proceedings of Getin Noble Bank S.A.

The Fund's claims for the costs of the resolution are satisfied after the costs of the proceedings have been paid (before other liabilities and claims on the list have been satisfied). In 2023, the Fund recovered of PLN 512,000.0 thousand in bankruptcy proceedings against Getin Noble Bank S.A.

In 2023, the first partial distribution plan was filed with the Regional Court in Sanok in the bankruptcy proceedings conducted against PBS in Sanok. An amount of PLN 500.0 thousand is provided for the Fund.



RESOLUTION

1. RULES FOR CARRYING OUT RESOLUTION

Resolution is restructuring process of a failing or likely to fail financial institution, carried out by the BGF when its failure could have a serious negative impact on its clients, the functioning of the financial markets or the economy.

The Act on BGF sets out the principles for conducting resolution against banks, credit unions and certain investment firms, including, inter alia, a set of instruments and powers necessary to intervene quickly and effectively against an entity at risk in order to ensure the continuity of the performance of functions that are of key importance for the customers of that entity and the economy (so-called critical functions), to protect financial stability, to protect covered deposits, to limit the involvement of public funds.



THE FUND SHALL CARRY OUT A RESOLUTION WHEN ALL OF THE FOLLOWING CONDITIONS ARE MET:

- ✓ the entity is failing or likely to fail;
- ✓ available supervisory measures or activities by the entity do not allow to remove this failure threat within a reasonable timeframe;
- ✓ the actions are necessary in the public interest.



The necessity to take measures in the public interest

The necessity to take measures in the public interest occurs when the bankruptcy of this entity might have serious negative impact on its clients and the client's funds, the maintenance of financial stability (including the operation of financial markets or the economy) and the continuity of critical functions performed by this entity, or might result in the necessity to increase the involvement of the public funds in the financial sector to meet the above-mentioned objectives, while the achievement of these objectives to the same extent would not be possible within the standard insolvency proceedings.



AS PART OF THE RESOLUTION, THE FUND MAY APPLY ONE OR MORE OF THE RESOLUTION TOOL DETAILED IN THE ACT ON BGF, INCLUDING:

- ✓ sale of business;
- ✓ bridge institution;
- ✓ write down or conversion of liabilities;
- ✓ asset separation tool (only together with another resolution tool).

Before any of the tools of resolution are applied, referred to in Article 110(1) of the Act on the BGF, the Fund shall write down or convert the capital instruments of the entity subject to resolution. In addition, for the purposes of applying the tools of resolution, the Fund shall ensure that the valuation referred to in Article 137(1) of the Act on BGF is carried out. Following the application of the tool, the Fund shall additionally ensure that an valuation is carried out, referred to in Article 241 of the Act on BGF. These estimates are, depending on the extent of the information contained therein, referred to in the Report as Estimate 1, Estimate 2 or Estimate 3.

The losses of an entity under resolution primarily burden the owners of that entity. In order to provide additional funding for the resolution, resolution funds have also been created (one for banks and investment firms, the other for credit unions), to which all entities covered by the Act on BGF contribute. Thus, the risk of having to commit public funds, and therefore incurring costs for taxpayers, has been reduced. The BFG may provide financial assistance during resolution in accordance with the requirements of the EU state aid rules.

2. RESOLUTION PLANNING

In 2023 the Board of the Fund, after consulting the FSA on the amount of the specified MREL, adopted reviews of the resolution plans for 197 cooperative banks, 10 and credit unions, two association banks, 16 commercial banks and two investment companies.

In addition, after consulting the FSA on the amount of the specified MREL and the proposal to update the resolution plans, the Board of the Fund adopted review and update of the resolution plans for 38 cooperative banks and four credit unions.

The Fund monitored MREL levels on an ongoing basis and continued to prepare an approach to the application by banks of the EBA Guidelines³ for assessing the feasibility of resolution. The BGF also resolved three administrative proceedings on the BGF's approval of early redemption of eligible liability instruments by one of the banks before their contractual maturity.

In 2023 the Fund participated in meetings of the resolution colleges established under the chairmanship of the SRB for the following banking groups: Banco Santander (comprising, inter alia, Santander Bank Polska S.A. and Santander Consumer Bank S.A.), Commerzbank AG (comprising, inter alia, mBank S.A. and mBank Hipoteczny S.A.), ING NV (comprising, inter alia, ING Bank Śląski S.A. and ING Bank Hipoteczny S.A.), BNP Paribas (comprising, inter alia, BNP Paribas Bank Polska S.A. BNP Paribas (including, inter alia, BNP Paribas Bank Polska S.A.), Deutsche Bank AG (including, inter alia, Deutsche Bank Polska S.A.), Credit Agricole (including, inter alia, Credit Agricole Bank Polska S.A.), Banco Comercial Portugues Group – BCP (including, inter alia, Bank Millennium S.A. and Millennium Bank Hipoteczny S.A.). In addition, the Fund participated in the resolution college of DNB Bank ASA (comprising DNB Bank Polska S.A.), established by the Norwegian resolution authority (Finanstilsynet – The Financial Supervisory Authority of Norway). The Fund proceeded with joint decisions on the adoption of group resolution plans and the determination of MREL for the above-mentioned banking groups.

³ Guidelines EBA/GL/2022/01 of 13 January 2022, EBA/GL/2022/11 of 9 January 2023 and EBA/GL/2023/05 of 13 June 2023.

In the second half of 2023 the Fund initiated and led work on amendments to the BPS and SGB SSO (IPS) agreements to enable the involvement of funds accumulated in the SSO in the financing of a resolution involving the transfer of the business of a bank at risk of insolvency to another entity. The General Meetings of SSO BPS and SGB adopted amendments to the SSO agreements obliging them to participate in the financing of a resolution of the affiliated cooperative banks. During the reporting period, the Financial Supervision Commission approved amendments to the SGB Protection System Agreement (approval of amendments to the BPS Association Protection System Agreement took place in Q2 2024).

3. RESOLUTION OF GETIN NOBLE BANK S.A.

In connection with the resolution of Getin Noble Bank S.A. initiated in 2022, the Fund commissioned Deloitte to carry out an additional valuation referred to in Article 241 of the Act on BGF (the so-called Valuation 3), which was to verify whether the creditors and owners of GNB had been satisfied as a result of the resolution to an extent not lower than they would have been satisfied in bankruptcy proceedings conducted if, on the date of the decision to initiate the resolution, the court had issued a decision declaring the debtor bankrupt (the "no creditor worse off" principle).

The Deloitte Valuation Report adopted by the Fund's Board, on 27 June 2023, confirmed that no creditor and owner was satisfied to a lesser extent in the conducted resolution process of Getin Noble Bank S.A. than would have been satisfied had the bank been declared bankrupt.

On 20 July 2023, the District Court for the City of Warsaw, XVIII Commercial Division issued a decision on the declaration of bankruptcy of Getin Noble Bank S.A., as a consequence of which the Fund transferred control of the entity to the trustee appointed by the court.

4. VELOBANK S.A. SALE PROCESS

The 2023 Fund has launched and led the process of selling the bridge institution VeloBank S.A.. This process is supported by the Fund's advisors, J.P. Morgan and the law firm Rymarz Zdort Maruta. The sale process is additionally monitored, at the request of the European Commission, by Monitoring Trustee – Mazars.

In June 2023, after a period of preparation, the sale process of VeloBank S.A. was publicly announced.

The preparation period included work and activities in which the Fund participated together with VeloBank S.A. and advisers in the development and implementation of the Bank's new strategy, the rebuilding of the brand and its recognition, the preparation of documentation for the sale process and the identification of potential investors who might be interested in acquiring 100% of the shares in the bridge institution.

As a result of these activities, the Fund sent a request for interest in participating in the process to more than 40 entities. These included both Polish and foreign financial institutions, including domestic banks, international banking groups, investment funds, insurance companies and other non-industry players.

The Fund agreed and signed Non-Disclosure Agreements ('NDAs') with those interested in the potential transaction and subsequently released the transaction documentation, including the process letter, for the first stage of the VeloBank S.A. sale process. This phase ended in September 2023 with the submission of non-binding purchase offers by potential investors. In addition, BGF also received letters of intent from two international financial institutions declaring their willingness to participate in the process as a minority investor.

Following the analysis of the bids, all investors who submitted non-binding purchase offers were admitted to the next stage of the sale process of the bridge institution. The second stage of the process allowed the investors to obtain detailed information about the Bank, as part of their *due diligence* process.



Purchase offers

In 2024 (i.e. already after the reporting period), binding purchase offers were received by the Fund on dates consistent with the plan and commitments to the European Commission. On 29 March 2024, a subsidiary of Cerberus Capital Management, L.P. ("Cerberus") signed a preliminary agreement to acquire 100% of the shares of VeloBank S.A. ("Bank" or "VeloBank"). Cerberus has offered a total investment of PLN 1,075 million, consisting of a PLN 375 million share purchase price and a PLN 700 million recapitalisation to meet the Bank's regulatory capital requirements (subject to any final adjustments). The deal follows an open, transparent, non-discriminatory and competitive sale process.

The finalisation of the transaction is subject to Cerberus obtaining all necessary regulatory approvals, including from the Financial Supervision Commission. Once the transaction is closed, VeloBank will cease to be a bridge institution.

5. APPLICATION OF THE ASSET SEPARATION TOOL

In 2023. The Fund monitored the activities of the bridge institution on an ongoing basis, including the relationship with VBL and VBLA with regard to the financing of their leasing activities, based on the general agreements still concluded by GNB. Due to the very poor financial condition of VBL and VBLA and the inability to obtain financing from other sources, their restructuring proceedings were opened by the court in July 2023.

In the Fund's view, the above situation may have had a key negative impact on the parallel sale process of the bridge institution. In addition, a similar assessment was provided by potential investors in the non-binding offers for the purchase of the Bank's shares submitted to the Fund.

The Fund analysed feasible scenarios for potential solutions to increase the likelihood of selling the Bank and minimising the involvement of public funds. As a consequence of the analyses, after selecting the optimal solution, the leasing receivables portfolio was separated by issuing an administrative decision by the Fund on 27 October 2023 on the application of the tool of resolution in the form of separation of property rights from VeloBank S.A. and their transfer to the asset manager Podmiot Zarządzający Aktywami S.A. The effect of the aforementioned decision was to transfer to the Podmiot Zarządzający Aktywami S.A. all the property rights and liabilities of VeloBank S.A. related to the agreements connecting VeloBank S.A. with the leasing companies indicated in the decision.

PZA has the status of an asset manager within the meaning of Article 2(46) of the Act on BGF, whose sole shareholder remains the Fund, and whose purpose is to manage these rights, including their disposal or liquidation.

The application of the aforementioned tool was carried out on the basis of an additional valuation prepared by Deloitte and in agreement with the European Commission, which issued a decision in this regard notifying the State aid granted in connection with the decision of the BGF.

In accordance with the terms and conditions for the settlement (payment) of the lease receivables portfolio transfer transaction to PZA as set out in the Fund's decision, on 30 November 2023. PZA issued 10 series of bonds in PLN and EUR (corresponding to the term and currency structure of the transferred portfolio) with a total value of PLN 5.8 billion, which VeloBank S.A. took up. The bond issue was covered by a repayment guarantee from the BGF.

6. OTHER RESOLUTION ACTIONS

In 2023. The Fund worked with the banking sector to prepare Redemption or Conversion Manuals (13 commercial banks obliged to prepare them). A timetable for the process of building the Manuals was defined. The Fund organised a series of consultations and workshops with the sector, including one-on-one meetings with banks, to introduce solutions to improve the operational feasibility of bail-in.



ASSISTANCE AND RESTRUCTURING ACTIVITIES

1. PRINCIPLES OF THE FUND'S ASSISTANCE AND RESTRUCTURING ACTIVITIES



THE FUND'S TASKS

The Fund's tasks with regard to the restructuring of credit unions in which a danger of insolvency has arisen include:

- ✓ providing repayable financial assistance;
- ✓ acquisition of credit unions;
- ✓ the provision of support to entities acquiring credit unions, taking over selected property rights or selected liabilities of credit unions or acquirers of a credit union undertaking in liquidation, its organised part or selected property rights.



FINANCIAL AID

Financial assistance in the form of loans, guarantees and sureties may be granted to a credit union that implements a recovery programme positively assessed by the FSC. Financial assistance may only be used to remove the danger of insolvency.

The Fund's condition for providing assistance is, in particular:

- ✓ acknowledgement by the Board of the Fund of the results of the audit of the financial statements relating to its activities presented by the applicant fund;
- ✓ presentation by the credit union of a positive opinion from the FSA on the resolution programme;
- ✓ a demonstration that the amount of assistance requested by the credit union would not be higher than the total maximum amount under the guarantee in that credit union, calculated as the sum of the covered deposits on the accounts of the credit union's depositors;
- ✓ the use of the existing own funds of the fund to cover the losses of the fund applying for assistance;
- ✓ in the case of repayable financial assistance, a security to guarantee repayment of the full amount of the assistance, including interest.

The Fund consults with the FSA on the restructuring measures and the obligations imposed on the fund.

Financial assistance may be granted subject to compliance with the applicable aid scheme or the applicant (the fund) receiving a positive decision from the EC to grant the aid as part of the individual aid notification process.

The Fund may also provide assistance in the form of the purchase of monetary claims of credit unions where the danger of insolvency has arisen. At the same time, according to the *Regulation of the Minister of Development and Finance of 1 December 2016 on trading by the Bank Guarantee Fund of receivables purchased from and credit unions in which the danger of insolvency has arisen* (Journal of Laws of 2016, item. 1969), these can only be unmatured receivables from loans and credits granted, classified by the credit unions in the 'regular' category, for which there are no delays in repayment and the economic and financial situation of the debtor does not pose a threat of further timely repayment of the debt.



SUPPORT

Support may be provided to entities taking over the business or part of the business of a credit union or to purchasers of the business or assets of a credit union in liquidation by:

- ✓ taking up shares in the acquiring bank;
- ✓ the granting of a loan or guarantee;
- ✓ providing a guarantee for total or partial coverage of losses;
- ✓ grant award.



CONDITIONS OF SUPPORT

The Fund's support is conditional in particular on:

- ✓ acknowledgement by the Fund's Board of the results of the audit of the financial statements relating to its activities presented by the transferee or purchaser;
- ✓ the presentation to the Fund's Management Board by the acquirer or purchaser of a positive opinion from the FSA on the advisability of the acquisition and the absence of a threat to the security of depositors' funds collected at the fund against which the FSA has issued a decision on the acquisition or liquidation, and at the acquiring or acquiring bank or fund;
- ✓ a demonstration that the amount of resources committed by the Fund to support the acquirer or the purchaser would not be higher than the total amount under the guarantee at the fund in respect of which the FSA has issued a decision on the acquisition or liquidation, calculated as the sum of the covered deposits on the acquired accounts of the depositors of that fund;
- ✓ the use of the existing own funds of the acquired or liquidated fund to cover losses;
- ✓ a debt security guaranteeing repayment of the full amount of support plus interest in the case of support in the form of a loan or guarantee.

As in the case of the provision of financial assistance, actions related to the provision of support for the restructuring of credit unions can be undertaken and carried out by the Fund after obtaining a decision from the EC on compliance with the rules on state aid.

2. RESTRUCTURING OF THE AND CREDIT UNIONS



In order to prepare the restructuring processes of the credit unions, the Fund monitored the economic and financial situation of the credit unions, in particular those in which the FSA had appointed receivers or initiated proceedings for the introduction of receivers and those whose situation had deteriorated.

The analyses included the possibility of providing potential support in the takeover processes of and credit unions characterised by a weaker financial situation.

In 2023, the Fund did not conclude any new support agreement in connection with the restructuring of the credit unions.

Table 11.

SUPPORT PROVIDED, IN CONNECTION WITH THE RESTRUCTURING OF THE CREDIT UNIONS, IN THE FORM OF GRANTS AND GUARANTEES TO COVER LOSSES BETWEEN 2014 AND 2023

No.	Name of Bank	Acquired credit union	Year of providing support	Net value of acquired property rights on the date of acquisition in the books of the CU (PLN '000)	Initial support provided (grant) (PLN '000)
		SKOK im. św. Jana z Kęt*	2014	25 873.95	15 895.75
1.	Alior Bank S.A.	SKOK im. Stefana Kardynała Wyszyńskiego*	2016	110 002.86	52 533.74
		Powszechna SKOK*	2016	24 982.44	9 310.12
		SKOK Jaworzno	2019	143 217.94	110 000.00
2.	Bank Pekao S.A.	SKOK im. Mikołaja Kopernika*	2015	221 696.40	101 926.31
3.	PKO BP S.A.	SKOK Wesola*	2015	219 465.09	278 858.41
4.	Śląski BS "SILESIA"	SKOK Profit*	2017	1 909.15	115.84
5.	ING Bank Śląski S.A.	Bieszczadzka SKOK	2018	27 810.24	11 824.76
6.	BS Wschowa	SKOK Lubuska*	2018	6 527.00	1 877.63
7.	BGŻ BNP Paribas S.A.	Rafineria SKOK	2018	34 405.80	41 082.26
8.	Bank Millennium S.A.	SKOK PIAST	2019	127 251.62	67 492.28
TOTAL				943 142.49	690 917.10

* Completed agreements.

Between 2018 and 2023, settlement of 7 contracts has been completed, of which in 2023. 3 contracts.

3. MONITORING OF THE IMPLEMENTATION OF THE AGREEMENTS UNDER WHICH SUPPORT WAS PROVIDED FROM THE CREDIT UNION FUND AND THE RESOLUTION FUND



AS AT THE END OF 2023, 5 CONTRACTS WERE INCLUDED IN THE MONITORING PROCESS WITH:

- ✓ 4 commercial banks benefiting from the support provided in 2015–2019 in connection with the restructuring process of the four credit unions;
- ✓ 1 commercial bank benefiting from the support provided in 2020 in connection with the of the resolution process of one bank.



IN THE 2023 PERIOD, THE NUMBER OF MONITORED CONTRACTS DECREASED BY 4 DUE TO:

- ✓ completion of the settlement of 3 support agreements provided to 2 banks in the process of restructuring the credit unions;
- ✓ termination of 1 of the loss coverage guarantee agreement concluded with the bank in the resolution process.

On the basis of the financial statements and the data contained in the EWS, the Fund monitored the economic and financial situation of these banks and the fulfilment of the obligations under the support agreements concluded, in particular with regard to the settlement of loss coverage guarantee agreements.

Table 12.

BANKS BENEFITING FROM SUPPORT FROM THE GUARANTEE FUND OF AND CREDIT UNIONS

No.	Bank name	Acquired credit union	Support period (loss, revenue reversal coverage)	Support period (contribution to revenue, loss reversals)	Total value of covered deposits at the date of takeover (maximum value of support), PLN thousand	Value of support granted as at 31.12.2023 (PLN thousand)
1.	Alior Bank S.A.	SKOK Jaworzno	31.03.2027	31.03.2027	319 796.18	115 906.38
2.	ING Bank Śląski S.A.	Bieszczadzka SKOK	31.07.2025	31.07.2025	40 835.22	10 433.97
3.	Bank BNP Paribas S.A.	Rafineria SKOK	30.04.2026	30.04.2026	77 666.40	37 015.24
4.	Bank Millennium S.A.	SKOK Piast	30.09.2026	30.09.2026	198 816.79	55 495.87
TOTAL					637 114.59	218 851.46



SETTLEMENT OF LOSS GUARANTEE AGREEMENTS ENTERED INTO IN CONNECTION WITH THE RESTRUCTURING OF THE CREDIT UNIONS

In 2023, as a result of the settlements of the loss coverage guarantee agreements concluded in connection with the restructuring of the credit unions:

- ✓ Fund receivables from Beneficiaries amounted to PLN 3 611.67 thousand;
- ✓ the Fund's liabilities to Beneficiaries amounted to PLN 1 160.23 thousand.

In turn, cumulatively from the start of the current loss coverage guarantee contracts to the end of 2023, the amount:

- ✓ receivables of the Fund amounted to PLN 24 608.63 thousand;
- ✓ liabilities of the Fund amounted to PLN 13,060.80 thousand.

The maximum liability of the Fund as at 31 December 2023, calculated on the basis of the value of the assets covered by the loss coverage guarantees resulting from the settled statements of the Banks, is shown in Table 13. This is the potential liability that would arise if there were a need to cover a loss in respect of all the property rights taken over by the Banks. On the basis of current analyses, it can be concluded that no such risk exists.

Table 13.

MAXIMUM VALUE OF LIABILITIES (ASSETS AT RISK) ARISING FROM ACTIVE GPS CONTRACTS AT THE END OF 2023

No.	Bank	SKOK	Maximum liabilities of the Fund (thousands PLN)
1.	Alior Bank S.A.	SKOK Jaworzno	13 697.47
2.	ING Bank Śląski S.A.	Bieszczadzka SKOK	4 213.11
3.	Bank BNP Paribas S.A.	Rafineria SKOK	2 161.98
4.	Bank Millennium S.A.	SKOK PIAST	16 724.27
TOTAL			36 796.83



SETTLEMENT OF LOSS GUARANTEE CONTRACTS ENTERED INTO IN CONNECTION WITH THE RESOLUTION OF BANKS

The agreement with Bank Pekao S.A. is settled on a semi-annual basis. In 2023. The Fund adopted:

- ✓ settlement of the fourth settlement period under the CRM Guarantee and the Other Risks Guarantee;
- ✓ settlement for the fifth settlement period for the CRM Guarantee, excluding the costs of collection and part of the credit assets, and the Guarantee for other risks, excluding part of the property rights.



RESOLUTION OF INSURANCE COMPANIES

RESOLUTION OF INSURANCE COMPANIES

Following the endorsement by the Financial Stability Committee on 10 December 2021 of the Ministry of Finance's proposal to entrust the BGF with the role of resolution authority for insurance and reinsurance undertakings, the Fund has continued its preparatory activities to perform this function. This is in connection with ongoing work in the European Union on the enactment of a directive establishing a framework for the recovery and resolution of for insurance and reinsurance undertakings (IRR Directive, IRRD).

In 2023, the BGF's activities were focused in three areas: legal and regulatory, analytical and operational.

In the legal and regulatory dimension, the main task of the BGF in 2023 was analysis and inter-institutional cooperation on the IRRD project – the basic legal act in the area of resolution in the insurance market. The work included substantive analyses (comprehensive and thematic) of the solutions proposed under the IRRD project, preparation for the IRRD trilogues involving, inter alia, analysis of the European Parliament's report containing proposed amendments to the IRRD project and preparation of the BGF's position on the proposals contained therein, comparative analysis of the IRRD project in the versions published by the Commission, the EU Council and the European Parliament, and preparation of the BGF's position on the recommended shape of the IRRD provisions. The Fund also prepared contributions to the position of Poland presented by the MF during working group meetings in the course of the trilogues.

On 14 December 2023, a political compromise was reached on the draft IRRD and the final technical work on the legal act was carried out in December 2023. Poland has been one of the most active countries since the beginning of the work on the draft IRRD, as noted by both the MF and other countries in the work in Brussels.

The Fund also analysed solutions for Mutual Insurance Companies (TUWs), as well as domestic and foreign legislation affecting future resolution processes in the insurance market.

On the analytical front, the BGF focused on developing the first version of the resolution planning manual for insurance companies, the first version of the public interest assessment methodology, and the first version of the methodology for identifying critical functions in insurance companies. The first approach to scoring the financial position of insurance companies was also developed.

In operational terms, in its activities the Fund cooperated with national institutions, such as the MoF, the FSA, the UFG, as well as with the Permanent Representation of the Republic of Poland in Brussels. The Fund also cooperated with international partners, including EIOPA.



RESOLUTION OF CCPs (CENTRAL COUNTERPARTIES)

RESOLUTION OF CCPs (CENTRAL COUNTERPARTIES)

The Bank Guarantee Fund was designated as a CCP resolution authority by the Act of 14 April 2023 amending the Act on Investment Funds and Management of Alternative Investment Funds, the Act on Bonds, the Act on the Bank Guarantee Fund, the Deposit Guarantee Scheme and Resolution and certain other acts (Journal of Laws of 2023, item 825), which to the extent in question entered into force on 13 May 2023. The tasks of the Fund as a CCP resolution authority are set out in Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020. on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 (OJ L 22, 22.01.2021, p. 1).

In connection with the implementation of the assigned tasks, based on Article 4 of the CCP-RR, in 2023. The Fund has established a resolution college for KDPW_CCP S.A. (the only authorised CCP in Poland). The Management Board of the BGF approved an agreement containing the rules for the functioning of the College (in line with the template developed in the ESMA guidelines) – *Written arrangement for the establishment and functioning of the KDPW_CCP resolution college*. The agreement was signed by all 11 members of the College, i.e. the BGF as Chair, the FSC, the NBP, the MF, the Autorité des Marchés Financiers (AMF), L'Autorité de contrôle prudentiel et de résolution (ACPR), De Nederlandsche Bank (DNB), the European Central Bank (ECB), the Single Resolution Board (SRB), ESMA and the EBA. The College is intended to provide a framework for the Fund to carry out the following tasks: exchange of information relevant to and the preparation of resolution plans for CCPs; assessment of the resolvability of CCPs; identification, mitigation and removal of impediments to the possible resolution of CCPs; and coordination of the communication of resolution plans and strategies for CCPs to the public.

In addition, in 2023, discussions were initiated in the Fund on the adoption of an appropriate resolution strategy and the selection of preferred resolution tools in relation to KDPW_CCP S.A. To this end, the Fund requested the FSA and KDPW_CCP S.A. to provide relevant information.



ANALYTICAL ACTIVITIES



OBJECTIVE OF THE ANALYTICAL ACTIVITIES

The primary objective of the Fund's analytical activities is to assess the financial situation of the banking sector and individual banks and of credit unions, enabling the early identification of entities with deteriorating economic and financial situations and preparing in advance for potential resolution measures or the disbursement of covered deposits to depositors. Analytical work of a broad scope is carried out by the Fund using information and data obtained from the NBP, the KNF, banks and the NCCB.

On the basis of the available information on banks and credit unions, the Fund regularly prepared analyses of the economic and financial situation of the banking sector and individual banks and the credit union sector and individual CUs, pointing out areas where risks arise.



THE MONTHLY MEETINGS OF THE EARLY WARNING SYSTEM COMMITTEE DISCUSSED, AMONG OTHER THINGS:

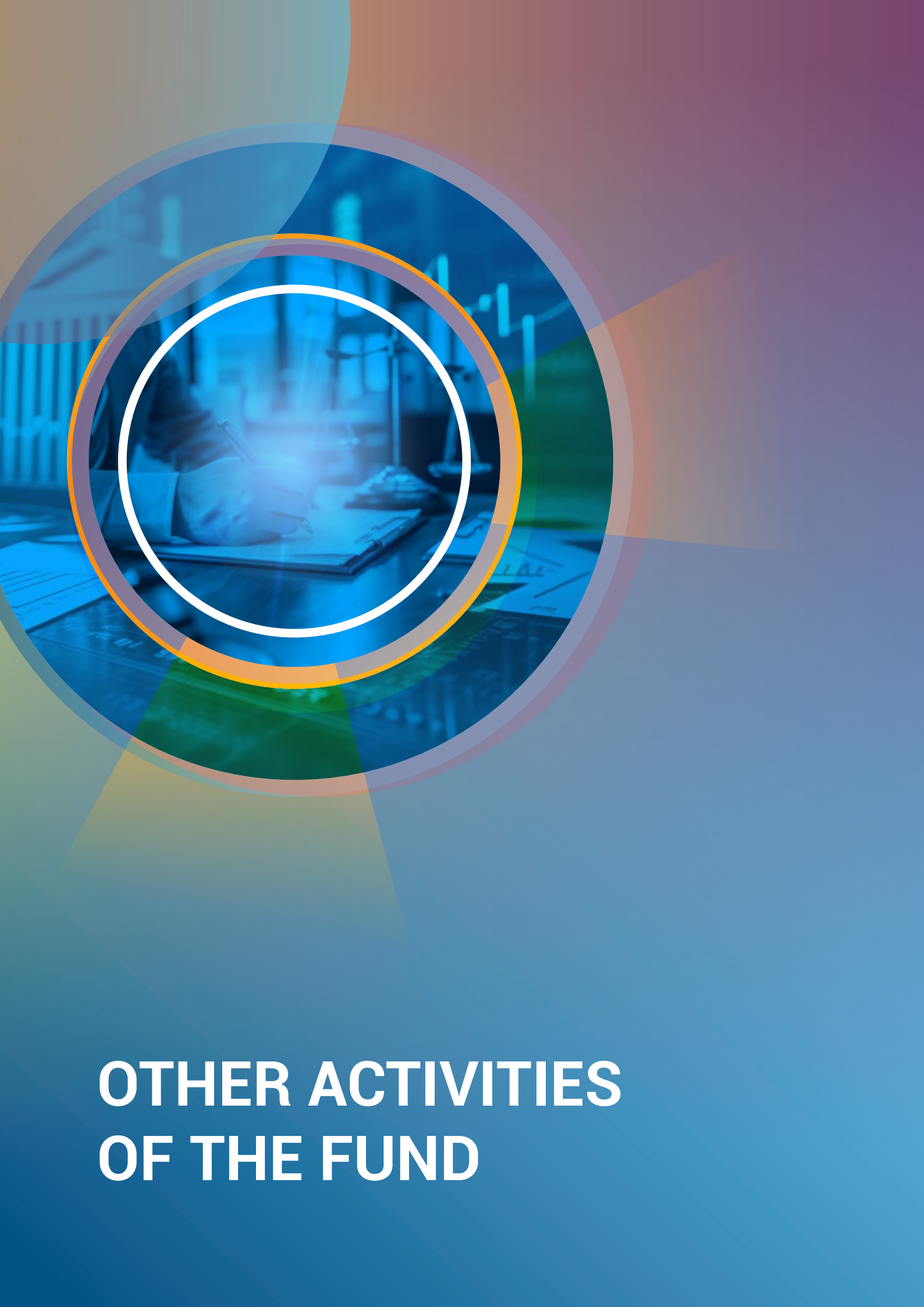
- ✓ bank and credit union watch lists and a list of high-risk banks with quantitative data and using current non-reporting information;
- ✓ the results of a review of the economic and financial situation of selected commercial banks, cooperative banks and credit unions, with a particular focus on banks and credit unions with a bad and deteriorating economic and financial situation, including entities placed on watch lists;
- ✓ up-to-date information on selected entities, including but not limited to: BION assessments, results of UKNF inspections and IPS audits, status of implementation of corrective actions and other information, including: information provided by UKNF and publicly available reports and statements;
- ✓ changes in the balance sheet structure and performance of commercial banks, including the 10 largest banks in terms of total assets, based on SIS NBP data and commercial banks' financial statements;
- ✓ the economic and financial situation of selected commercial banks whose dominant shareholder is a foreign entity;
- ✓ the current situation in the banking sector;
- ✓ the current situation in the SKOK sector, with a focus on the situation of the largest of the SKOKs and general information on the balance sheet and income statement of the National Bank.



DURING THE EWS COMMITTEE MEETINGS, PRESENTATIONS WERE ALSO MADE:

- ✔ summary of the results of the review of the auditors' opinions on the banks' financial statements for 2023;
- ✔ The impact of interest rate changes on the interest performance of the association banks;
- ✔ an analysis of the cooperative banking sector and its potential for development;
- ✔ Credit risk in commercial banks – from the perspective of classifying customer receivables into Phase 2;
- ✔ information on provisions for the legal risk of housing loans in CHF;
- ✔ information on deposits in the commercial and cooperative banking sector.

Other analytical work included, inter alia, the monthly calculation and monitoring of the ratio of collateralisation of covered deposits in banks and banks with the available financial resources of the BGF funds and the degree of achievement of minimum and target ratios of funds for the financing of the deposit guarantee scheme and resolution.



OTHER ACTIVITIES OF THE FUND

1. LEGISLATIVE WORK

LEGISLATIVE WORK ON THE ACT ON BGF

On 13 May 2023, amendments to the Act on BGF introduced by *the Act of 14 April 2023 amending the Act on investment funds and management of alternative investment funds, the Act on bonds, the Act on the Bank Guarantee Fund, the deposit guarantee system and resolution and certain other acts* (Journal of Laws, item 825) entered into force.

These amendments to the Act on BGF mainly include solutions for the application of the CCP-RR Regulation. It establishes a framework for the recovery and resolution of CCPs in the European Union. These solutions were introduced into the Act on BGF because it was the Fund that became the resolution authority for CCPs in Poland under this Act. Due to the legal nature of the EU regulation, which is not subject to implementation and is applied directly, the amendments to the Act on the BGF are of an adaptive nature.

In addition, the Act introduced an amendment to Article 285 of the Act on BGF in terms of making the rules for the distribution of profit to individual funds (guarantee and resolution) more flexible, while maintaining the principle of proportionality in the distribution of this profit between funds dedicated to the banks sector (and investment firms) and the credit union sector. The law in question also defined the rules for issuing capital instruments, including a new category of bonds in the form of capital bonds, eligible for the regulatory capital of banks and brokerage houses or the own funds of insurance and reinsurance undertakings in accordance with the relevant provisions of European Union law. The new solutions are primarily aimed at removing barriers to the issuance of instruments that will be eligible for inclusion in the so-called Additional Tier 1 and Tier 2 capital of banks and brokerage houses and classified to own funds as items of the so-called basic own funds of Tier 1, Tier 2 and Tier 3 – in the case of insurance and reinsurance undertakings. The introduction of the amendments will make it easier for banks and investment firms to comply with MREL requirements by expanding the pool of instruments through the issuance of which this requirement can be met.

Amendments were also made to the *Act of 12 February 2010 on the recapitalisation of certain institutions and on government financial stabilisation instruments*, extending the catalogue of recapitalisation instruments to include an instrument in the form of 'coverage of capital shortfalls by the State Treasury'. As part of the verification of the prerequisites for the use of recapitalisation instruments, an amendment was introduced, according to which the use of these instruments will be possible if the Fund determines that the prerequisites referred to in Article 70(2) of the Act on BGF do not exist in relation to the institution applying for the use of these instruments.

On 15 September 2023, the amendments to Article 121 of the Act on BGF introduced by *the Act of 16 August 2023 amending the Act – Commercial Companies Code and certain other acts* (Journal of Laws, item 1705) and *the Act of 26 May 2023 on the participation of employees in a company resulting from a cross-border transformation, merger or division of companies* (Journal of Laws, item 1784) entered into force.

Following the amendment of the provisions of the Act of 5 November 2009 on and credit unions (Journal of Laws of 2023, item 1278, as amended), made pursuant to Article 37 of the Act of 7 July 2023 on the pan-European individual pension product (Journal of Laws, item 1843), as of the date of entry into force of the aforementioned Act, i.e. 26 September 2023, the credit unions acquired the right to maintain trust accounts for the benefit of their members.

As a consequence of the above-mentioned change in the scope of operations of the credit unions, as well as the change in the wording of the provision of Article 18(1)(1) of the Act on BGF, the catalogue of the types of funds accumulated in

the credit unions that are covered by guarantee protection has been extended (to include funds accumulated on trust accounts).

On 29 September 2023, the provisions of the Act of 16 August 2023 amending certain acts in connection with ensuring the development of the financial market and the protection of investors in that market (Journal of Laws, item 1723) entered into force. Although this Act does not directly amend the Act on the BGF, it introduces amendments to other Acts related to the performance of the Fund's tasks consisting in particular in:

- ✔ Extension of the bank's obligation to inform the Fund of its actions regarding the recovery plan (amendment to the *Banking Law*);
- ✔ enabling a brokerage house to provide the Fund with information constituting professional secrecy to the extent necessary for the Fund to carry out its tasks with regard to resolution (amendment to the *Act on Trading in Financial Instruments*);
- ✔ the addition of a provision concerning the performance of agency activities by an acquirer in a resolution or a bridge institution in the event of the resolution of a bank that is an insurance agent (amendment of Article 53 of the *Insurance Distribution Act*);
- ✔ the introduction of an amendment to point 2 of the Act of 14 October 2021 amending the Act – *Penal Code and certain other acts, by virtue of which the obligation to keep a register of contracts referred to in Article 34a of the Act of 27 August 2009 on public finance was postponed from 1 January 2024 to 1 January 2026. – the obligation to keep a register of contracts referred to in Article 34a of the Act of 27 August 2009 on public finance.*

In addition, during the 2023 public consultation on the draft *Loan Servicers and Loan Purchasers Bill*, the Fund reiterated its earlier legislative proposals to amend the Act on BGF by introducing provisions to:

- ✔ the implementation of the amendments to the BRRD introduced by *Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022, on amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of systemically important global institutions that implement a multi-point resolution strategy and as regards methods for indirectly subscribing to instruments eligible to meet the minimum own funds requirement and eligible liabilities* (OJ EU 2022 L. No. 275, p. 1) (the proposed amendments address the issue of MREL, the so-called *Daisy Chains*);
- ✔ exclusion of the application of the Act of 11 April 2003 on the shaping of the agricultural system to measures taken by the Fund in connection with the preparation, initiation, conduct and termination of resolution.

AS OF 1 JANUARY 2024, AMENDMENTS TO THE IMPLEMENTING ACTS ISSUED ON THE BASIS OF THE ACT ON BGF, I.E.:

- ✔ *Regulation of the Minister of Finance of 5 December 2023 amending the regulation on the manner of determining the risk profile of banks and branches of foreign banks and taking this profile into account in the determination of contributions to the banks' guarantee fund;*
- ✔ *Regulation of the Minister of Finance of 6 December 2023 amending the regulation on how the risk profile of and credit unions is determined and how this profile is taken into account in determining contributions to the guarantee fund of the unions;*

- ✔ *Regulation of the Minister of Finance of 28 December 2023 amending the Regulation on detailed rules for the risk-based determination contributions for the financing of resolution of credit unions.*

OTHER LEGISLATIVE WORK

IN 2023, THE FUND SUBMITTED POSITIONS TO THE MINISTRY OF FINANCE ON, AMONG OTHERS, THE FOLLOWING DRAFT LEGISLATION:

- ✔ *An Act amending the Act on Investment Funds and Management of Alternative Investment Funds, the Act on Bonds, the Act on the Bank Guarantee Fund, the Deposit Guarantee Scheme and Resolution and certain other Acts;*
- ✔ *Act amending the Act on macro-prudential supervision of the financial system and crisis management in the financial system;*
- ✔ *Act amending the Act on Statutory Auditors, Audit Firms and Public Supervision, the Act on Accounting and the Act on the National Court Register;*
- ✔ *Act on a pan-European individual pension product;*
- ✔ *Act amending the Tax Ordinance Act and certain other acts;*
- ✔ *Act on debt collection activities and the debt collection profession;*
- ✔ *Act on loan servicers and loan buyers;*
- ✔ *An Act to amend the Act on support for borrowers who have taken out a home loan and are in financial difficulty and the Act on Community Financing for Economic Ventures and Borrower Assistance;*
- ✔ *an Ordinance of the Minister of Finance amending the Ordinance on requirements for SCVs maintained at entities covered by the guarantee scheme;*
- ✔ *Regulation of the Council of Ministers amending the Regulation on the procedure for winding up investment funds;*
- ✔ *the Regulation of the Minister of Finance on information on the balance of savings accumulated on savings and credit accounts, the amount of contractual loans granted and the timeliness of their repayment, as well as the bank's income and expenses from the operation of housing funds;*
- ✔ *of the Regulation of the Minister of Finance on the manner of financial separation of housing associations and settlements between the bank that ceased to operate a housing association and the bank taking over these activities;*
- ✔ *an Ordinance of the Minister of Finance amending the Ordinance on the conditions of issuing government bonds offered at wholesale;*
- ✔ *the Regulation of the Minister of Finance on the Rules of Procedure of the Council for Financial Education;*
- ✔ *the Regulation of the Minister of Finance on the award of a targeted grant from the Financial Education Fund for the implementation of financial education activities;*
- ✔ *the Regulation of the Minister of Finance on information concerning the activities of banks in relation to structured deposits;*

- ✔ *the Regulation of the Minister of Finance on the reports of and credit unions and the National Cooperative Savings and Credit Fund;*
- ✔ *an Ordinance of the Minister of Finance amending the Ordinance on the exclusion of the obligation to collect flat-rate corporate income tax;*
- ✔ *an Ordinance of the Minister of Finance amending the Ordinance on the exclusion of the obligation to collect flat-rate personal income tax;*
- ✔ *the Prime Minister's Regulation on contributions to the costs of supervision of lending institutions;*
- ✔ *Regulations of the Minister of Finance on the manner of sending the payer's and issuer's statements in lump-sum income tax;*
- ✔ *the Regulation of the Minister of Finance on the detailed principles of organisational separation of a bank's brokerage activities and the activities that may be performed by an organisationally separated unit or other organisational units of a bank;*
- ✔ *of the Regulation of the Minister of Finance on additional information to be submitted to the National Depository for Securities S.A., prior to the conclusion of an agreement for the registration of securities;*
- ✔ *Regulation of the Minister of Finance amending the Regulation on the procedure for winding up investment funds;*
- ✔ *the Regulation of the Minister of Finance on the information prospectus of a portfolio fund.*

PARTICIPATION IN WORK RELATING TO EUROPEAN FILES

IN 2023. THE FUND PRESENTED POSITIONS TO THE MINISTRY OF FINANCE ON, AMONG OTHER THINGS:

- ✔ CMDI, i.e. the Crisis Management and Deposit Guarantee Package, which includes amendments primarily to the BRR and DGS Directives, as well as to the Directive on certain aspects of MREL (the so-called *Daisy Chain*) and amendments to the SRMR, i.e. the following legislative proposals:
 - ✔ Draft Directive of the European Parliament and of the Council amending Directive 2014/59/EU as regards early intervention measures, the conditions for resolution and the financing of resolution actions (BRRD amendments);
 - ✔ Draft Directive of the European Parliament and of the Council amending Directive 2014/49/EU as regards the scope of deposit protection, the use of funds from deposit guarantee schemes, cross-border cooperation and transparency (amendments to the DGSD);
 - ✔ Draft Regulation of the European Parliament and of the Council amending Regulation (EU) No 806/2014 as regards early intervention measures, conditions for resolution and the financing of resolution actions (amendments to the SMR);
 - ✔ Draft Directive of the European Parliament and of the Council amending Directive 2014/59/EU and Regulation (EU) No 806/2014 as regards certain aspects of the minimum own funds requirement and eligible liabilities (so-called *Daisy Chains*).

THE EC'S PROPOSED CHANGES IN RELATION TO THE OPERATION OF THE RESOLUTION FRAMEWORK (AMENDMENTS TO THE BRRD AND SRMR) COVERED A NUMBER OF ASPECTS, INCLUDING:

- ✔ Extend the scope of resolution following a review of the public interest assessment if this enables the objectives of the framework, i.e. protecting financial stability, taxpayers' money and depositors' confidence, to be achieved more effectively than national insolvency proceedings;
- ✔ Increase resolution funding by supplementing the internal loss-absorbing capacity of the institution, which remains the first line of defence, as well as the use of the DGS measure in resolution to facilitate access to resolution funds without attribution to depositors, where appropriate, subject to conditions and safeguards (the so-called 'bridge the gap' mechanism);
- ✔ Change to the order of discharge in bankruptcy to ensure greater use of DGS funds in resolution (changes linked to changes to the Least Cost Test (LCT));
- ✔ Clarify the early intervention framework by eliminating overlaps between early intervention and supervisory measures, providing legal certainty on the applicable conditions and facilitating cooperation between competent authorities (supervision) and resolution authorities;
- ✔ Ensuring that the resolution is triggered in a timely manner.

THE PROPOSAL TO AMEND THE DGS DIRECTIVE COVERS A NUMBER OF ASPECTS AND AIMS TO:

- ✔ Clarify the scope of depositor protection, removing the discrepancies identified to ensure a harmonised and robust level of protection for EU depositors;
- ✔ Harmonise the lowest cost test for all types of DGS interventions other than the payout of covered deposits in the event of a bank failure, in order to improve the level playing field and ensure consistency of results when managing bank failures;
- ✔ improving the functioning of DGS by simplifying administrative procedures, while improving the transparency of these procedures and the use of DGS funds;
- ✔ Increasing the convergence of DGS practices;
- ✔ Improving cross-border cooperation between DGSs for the disbursement of depositors located in other EU Member States or when a bank changes affiliation to a DGS.

The proposed changes to the Daisy Chain (relating to the determination of MREL for banks operating in banking groups) were intended to contribute to the possibility of effective bank resolution by improving the operation and proportionality of the deduction mechanism and to serve to ensure that it does not create a level playing field for different banking group structures.

LEGISLATIVE WORK ON THESE PROPOSALS WAS ONGOING IN THE EU COUNCIL AND THE EUROPEAN PARLIAMENT IN 2023. THE FUND SUPPORTED THE MF IN THIS WORK BY PROVIDING DEMANDS AND OPINIONS ON THE PROPOSED AMENDMENTS AND THEIR DIRECTION.

- ✔ Draft Directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2009/138/EC, (EU) 2017/1132 and Regulations (EU) No 1094/2010 and (EU) No 648/2012 COM/2021/582 final (IRRD);
- ✔ a proposal for a Directive of the European Parliament and of the Council (EU) amending certain Directives as regards the establishment and functioning of a European single access point (ESAP) and a proposal for a Regulation of the European Parliament and of the Council (EU) establishing a European single access point providing centralised access to publicly available information relevant to financial services, capital markets and sustainable development;
- ✔ Draft EP and Council Regulation amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to reduce excessive exposures to third-country central counterparties and to enhance the efficiency of EU clearing markets;
- ✔ Draft EP and Council Directive amending Directives 2009/65/EC and 2013/36/EU and Directive (EU) 2019/2034 as regards the treatment of concentration risk from exposures to central counterparties and counterparty risk in centrally cleared derivatives transactions;
- ✔ the European Commission's legislative proposals COM(2022)760 and COM(2022) 762 (part of the stock market admission package, which includes a set of measures to make public markets more attractive to EU companies and to facilitate access to capital for small and medium-sized enterprises (SMEs));
- ✔ European Commission proposal COM (2023) 593 for a regulation of the European Parliament and of the Council amending Regulations (EU) No 1092/2010, (EU) No 1093/2010, (EU) No 1094/2010, (EU) No 1095/2010 and (EU) 2021/523 as regards certain reporting requirements in the areas of financial services and investment support;
- ✔ Draft EC Delegated Regulation supplementing the CCP-RR Regulation with regard to regulatory technical standards specifying the minimum elements to be included in a business reorganisation plan and the criteria to be met for the resolution authority to approve the plan;
- ✔ material on the work on the draft Regulation of the European Parliament and of the Council (EU) on the framework for access to financial data (FIDA),
- ✔ Material on amendments to the Regulation on prudential requirements for credit institutions and investment firms (CRRIII);
- ✔ Material on a proposal for a regulation of the European Parliament and of the Council on transparency and reliability of environmental, social and corporate governance (ESG) rating activities;
- ✔ the appropriateness of raising a possible objection to the Delegated Regulation amending the regulatory technical standards set out in Delegated Regulation (EU) 2015/2205 with regard to the transition to the TONA and SOFR benchmarks used as a reference in certain OTC derivative contracts;

- ✔ work of the expert group on the review of the Regulation Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or for measuring the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014).

PARTICIPATION IN THE REVISION OF DIRECTIVE 2014/49/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 16 APRIL 2014 ON DEPOSIT GUARANTEE SCHEMES

IN CONNECTION WITH THE ONGOING WORK ON THE AMENDMENT OF *DIRECTIVE 2014/49/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON DEPOSIT GUARANTEE SCHEMES (RECAST)*, DURING THE REPORTING PERIOD THE FUND ANALYSED THE PROPOSED AMENDMENTS TO THE DIRECTIVE AND SUBMITTED A POSITION PAPER TO THE MINISTRY OF FINANCE:

- ✔ to document 2023/0115 (COD) *Proposal for a Directive of the European Parliament and of the Council amending Directive 2014/49/EU as regards the scope of deposit protection, the use of the resources of deposit guarantee schemes, cross-border cooperation and transparency* (dated 18 April 2023);
- ✔ to document ECON_2023_0115 *Draft report on the proposal for a Directive of the European Parliament and of the Council amending Directive 2014/49/EU as regards the scope of deposit protection, the use of funds from deposit guarantee schemes, cross-border cooperation and transparency* (dated 3 October 2023) and its amendments (dated 6 November 2023).

2. INFORMATION ON COMPLAINTS AGAINST THE FUND'S ADMINISTRATIVE DECISIONS

ON RESOLUTION:

CONCERNING THE FUND'S ADMINISTRATIVE DECISION OF 29 SEPTEMBER 2022 CONCERNING GETIN NOBLE BANK S.A.

Following the Fund's decision of 29 September 2022 to initiate a resolution against Getin Noble Bank S.A., the write down of GNB's equity instruments, the application of the resolution tool to GNB and the appointment of a GNB administrator, the Fund received more than 8,000 complaints including from, among others, the Supervisory Board of GNB, Mr Leszek Czarnecki and LC Corp BV.

26 January 2023. The WSA in Warsaw suspended the proceedings and ordered that the questions be referred to the Court of Justice of the European Union for a preliminary ruling.

The WSA in Warsaw successively evaluates the formalities of the submitted complaints and rejects them or suspends the court proceedings.

On 21 March 2024 (i.e. already after the reporting period), the CJEU held a hearing. As part of the preliminary ruling proceedings pending before the CJEU, on 13 June 2024, the Advocate General of the CJEU presented an opinion in which he stated, inter alia, that the combination of different functions (i.e. resolution authority, deposit guarantee, curator) is not contrary to EU law, while the assessment of the impact of a possible grouping of functions on the correctness of the issuance of a decision on resolution should be made by the national court. The judgment of the CJEU is expected at the end of Q3/early Q4 2024.

CONCERNING ADMINISTRATIVE DECISIONS OF THE FUND OF 15 JANUARY 2020 IN THE CASE OF PODKARPACKI BANK SPÓŁDZIELCZY W SANOKU

Despite the final resolution of the complaint of RN PBS in Sanok, due to the referral of preliminary questions to the CJEU in the case from the complaint of the Supervisory Board of Getin Noble Bank S.A., the SAC has consistently suspended the pending administrative court proceedings concerning complaints against the decision to initiate resolution against PBS in Sanok.

CONCERNING THE FUND'S ADMINISTRATIVE DECISION OF 30 DECEMBER 2020 IN THE CASE OF IDEA BANK S.A.

The case from the complaint of RN Idea Bank S.A. was on 4 April 2023 suspended by the SAC due to the referral of preliminary questions to the CJEU in the case from the complaint of the Supervisory Board of Getin Noble Bank S.A.

IN ADDITION, THERE ARE CASES PENDING BEFORE THE ADMINISTRATIVE COURTS CONCERNING:

- ✔ the Fund's administrative decision of 2 January 2021 to amend the terms of the agreement between Idea Bank S.A. and Idea Getin Leasing S.A.;

- ✔ the Fund's administrative decision of 2 January 2021 to amend the terms and conditions of the sublease agreement of 16 March 2020 between Idea Bank S.A. and Getin Noble Bank S.A. for premises in the building at Rondo Daszyńskiego 2c;
- ✔ the Fund's administrative decision of 2 October 2022 amending the terms of the lease agreement concluded by Getin Noble Bank S.A. with Ghelamco GP 11 Sp. z o.o. The HUB S.K.A.;
- ✔ the Fund's administrative decision of 2 October 2022 amending the terms of the lease agreement concluded by Getin Noble Bank S.A. with Artigo sp. z o.o.;
- ✔ the Fund's administrative decision of 2 October 2022 amending the terms of the office space lease agreement of 17 February 2017, as amended by the annex of 4 October 2018, concluded by Getin Noble Bank S.A. with MBP I sp. z o.o.;
- ✔ the Fund's administrative decision of 27 October 2023 to apply the resolution tool in the form of separation of property rights from VeloBank S.A. and their transfer to Podmiot Zarządzający Aktywami S.A.

The above-mentioned cases, due to their connection with the "main" proceedings relating to the resolutions of Idea Bank S.A. and Getin Noble Bank S.A., were suspended pending the resolution of the judicial and administrative proceedings relating to the proceedings indicated in points I and III.

ON ACCESS TO PUBLIC INFORMATION:

A case is pending before the Supreme Administrative Court concerning the refusal to provide public information on the existence of grounds for the threat of bankruptcy of Getin Noble Bank S.A. and actions taken by the Fund with regard to the aforementioned bank. As of 30 March 2023, i.e. the moment of filing a response to the cassation appeal by the Fund, there were no actions taken by the court.

3. NATIONAL AND INTERNATIONAL COOPERATION



NATIONAL COOPERATION

Over the past year, representatives of the BGF have actively participated in various events that reflect a commitment to the development of the banking and insurance sector in the country. Domestic cooperation was geared towards gaining knowledge as well as sharing experiences.

Acting to support the stability of the domestic financial system, the Fund actively cooperated with the institutions forming the financial safety net, i.e. the MF, the NBP and the FSA.

The President of the Fund's Management Board participated in meetings of the Financial Stability Committee in the financial system crisis management (FSM-K) and macroprudential (FSM-M) formulas, as well as in meetings of the FSC.

IN 2023. BGF REPRESENTATIVES ATTENDED MEETINGS:

- ✔ Senate Committee on Budget and Public Finance on the legal and financial situation of the bondholders of Idea Bank S.A. and Getin Noble Bank S.A.;
- ✔ of the Sejm's standing subcommittee on economic development on information on the reasons for and course of the resolution of PBS in Sanok;
- ✔ Senate Committee on Legislation and the Committee on Budget and Public Finance on the Act amending the Act on macro-prudential supervision of the financial system and crisis management in the financial system (Senate print no. 916), amending the Act on statutory auditors, audit firms and public supervision, the Act on accounting and the Act on the National Court Register (Senate print no. 979);
- ✔ of the Sejm's Committee on Public Finance, during which the Senate's resolution on the Act amending the Act on investment funds and management of alternative investment funds, the Act on bonds, the Act on the Bank Guarantee Fund, the deposit guarantee scheme and resolution and certain other acts was considered (print No. 3117);
- ✔ of the Parliamentary Committee on Public Finance, the subject of which was the consideration of a draft law on a pan-European individual pension product;
- ✔ of the Sejm's Committee on Public Finance on consideration of amendments tabled during the second reading to the draft law amending the law on investment funds and management of alternative investment funds, the law on bonds, the Act on BGF and certain other laws;
- ✔ of the Senate Committee on Budget and Public Finance on consideration of the Act amending the Act on investment funds and management of alternative investment funds, the Act on bonds, the Act on the BGF and certain other acts.

In June 2023, representatives of the BGF Management Board took part in panels organised as part of the 13th European Financial Congress in Sopot: *Bank seeking investors as a litmus test of the attractiveness of the Polish financial sector*, *In search of the limits of interference of law and regulation in the banking sector* and *How to revive the mortgage bond market in Poland?* In addition, the Fund hosted a debate entitled *When America sneezes, does Europe get the runny nose? What impact could the problems of US regional banks have on banking in Poland and Europe?*

The President of the Management Board of the BGF took part in the meeting of the Programme Council of the 15th Retail Banking Congress, in which he acted as Vice-Chairman. During the Congress, the Bank Guarantee Fund hosted a panel on *"Security of deposits in the domestic and European financial market"*.

IN ADDITION, IN 2023. THE PRESIDENT OF THE MANAGEMENT BOARD OF THE BGF PARTICIPATED IN:

- ✓ XXIII Capital Market Conference of the Chamber of Brokerage Houses *"Participants of the Capital Market towards the Challenges of the Modern Economy"*, during which he had a presentation on the resolution of Getin Noble Bank S.A.;
- ✓ The 11th edition of the NBP International Conference on the Future of the European Economy, entitled *Investment for Growth*;
- ✓ economic and technological congress *Impact'2023*;
- ✓ gala of *Gwiazdy Bankowości*, organised by Dziennik Gazeta Prawna.

THE DEPUTY PRESIDENT OF THE MANAGEMENT BOARD OF THE BGF REPRESENTED THE FUND AT:

- ✓ 5th edition of the conference entitled *Growth Perspectives in Times of Technological Changes and Booming AI* organised by the National Bank of Poland and the National Bank of Hungary;
- ✓ The 7th annual research conference entitled *Economic Policies during Wartime and Post-War Recovery* organised by the National Bank of Poland and the National Bank of Ukraine.

DAGMARA WIECZOREK-BARTCZAK, MEMBER OF THE BGF BOARD, ATTENDED:

- ✓ annual EIOPA Conference;
- ✓ 10th Congress of the Polish Insurance Association;
- ✓ 3rd academic conference *Experiences and challenges in MDR* of the School of Economics;
- ✓ June conference *with the Co-operative Bank* of the National Association of Co-operative Banks;
- ✓ conference of the Polish Audit Oversight Agency, where she was a participant in the panel on *Security of Economic Turnover, Responsibility of Institutions, Responsibility of Business*;

- ✓ Conference *Remediation and resolution in the insurance sector* organised by Ernst & Young Global Limited;
- ✓ FinReg Congress 2023;
- ✓ Green *Insurance* Conference organised by the GreenLab Foundation;
- ✓ The insurance conference of the European Financial Congress entitled *Insurance: Sales. Innovation. Risk*, where she gave a keynote address and chaired a session on *Resolution as an essential mechanism for protecting the insurance market*.

IN 2023. THE FUND WAS REPRESENTED AT, AMONG OTHERS:

- ✓ Financial Ombudsman conference in a panel on out-of-court dispute resolution;
- ✓ seminar of the Polish Insurance Association on the effectiveness of internal auditing, including the use of data;
- ✓ Bancassurance Congress of the Polish Insurance Association and the Polish Bank Association;
- ✓ Conference on *Insurance against the Challenges of the 21st Century* (participation of a representative of the BGF in a panel session of the conference);
- ✓ *ESG conference and the challenges of sustainable development*.

In 2023, The President of the Management Board and members of the Management Board of the BGF took part in numerous meetings with representatives of various institutions, including banks, the European Bank for Development and Reconstruction, the Institutional Protection System of the BPS Association and the SGB Institutional Protection System, as well as the Union of Polish Banks, the World Bank and the International Monetary Fund.

In 2023, work initiated by the Fund on amendments to the BPS and SGB Protection System agreements was completed. The SSO BPS and SGB General Meetings adopted amendments to the SSO agreements obliging them to participate in financing the resolution of the affiliated cooperative banks.



INTERNATIONAL COOPERATION – IADI

During the period under review, a number of events took place within the framework of the International Association of Deposit Insurers (IADI).

In 2023, three regular (75th – 77th) meetings of the Executive Council (EXCO) and accompanying meetings of Standing Committees (including Core Principles Council Committee, CPRC), Technical Committees (including Capacity Building Technical Committee, CBTC), Working Groups, and Regional Committees (including Europe Regional Committee, ERC) took place, together with the preceding meetings. Representatives of the BGF participated in the events.

One IADI Ad-hoc EXCO Meeting was also held last year. The subject of discussion was the statutory change proposals developed by the Governance Working Group. The steps leading to their implementation were then agreed.

IADI's 22st Annual General Meeting (AGM) took place in Boston in October 2023, which also saw the 77th meeting of the IADI Executive Council. The events were accompanied by a number of meetings of the Standing Committees including the CPRC and the ERC. At the meetings, the Fund was represented by the President of the BGF Board, a Board Member and the Director of the Board Office.

AT THE GENERAL MEETING OF MEMBERS:

- ✓ amendments to the IADI Statutes were adopted;
- ✓ new EXCO members were elected;
- ✓ The chairs of the committees presented their work reports;
- ✓ The Treasurer discussed an update on the Association's finances for the first quarter of the 2023/24 financial year and its investment opportunities;
- ✓ the Annual Report for FY 2022/23 and the financial statements for FY 2022/23 were approved, as well as the budget for FY 2023/24;
- ✓ a new External Auditor was selected;
- ✓ a roundtable discussion was held on recent banking tensions and their implications for deposit guaranteeing.

In 2023. The President of the Management Board of the BGF participated in a joint meeting of the Financial Stability Board's Resolution Steering Group (FSB ReSG), the IADI Executive Council (EXCO) and the Chairs of the IADI Regional Committees to discuss preliminary reflections on practices that may affect the development of deposit guarantee, bank resolution policies in the coming months. Potential areas of work for IADI were also discussed, both from a strategic perspective and in light of recent developments in the banking sector.

IN ADDITION, THE FUND WAS REPRESENTED AT:

- ✓ regular meetings of the ERC committee;
- ✓ regular meetings of the CBTC committee;
- ✓ meeting of the 7th Americas Deposit Insurance Forum and the *Strengthening Public Confidence and Building Resilience* conference held in Montreal;
- ✓ Conference 21st IADI Asia-Pacific Regional Committee (APRC) International Conference entitled: *Evolving Towards a New Era: Renovating Traditional Tools and Integrating New Approaches by Deposit Insurers*;
- ✓ A webinar on *Maximising the potential of Deposit Insurance for Financial Inclusion: lessons learned, key challenges and the way forward*, on financial inclusion across countries.

The meeting addressed, among other issues, strategies and challenges for central banks and financial safety net authorities in deposit insurance, as well as the regulation of central bank digital currencies (CBDCs) and stablecoins in promoting financial inclusion and *the* role of deposit guarantee schemes;

- ✓ workshop jointly organised by the IADI European Committee and the EFDI entitled *Redefining the Financial Safety Net: Tackling New Challenges and Shaping the Future of Deposit Insurance*. During the event, the President of the Management Board of the BGF gave a presentation entitled *CMDI Proposal from the Resolution Authority Perspective – Reflections from the resolution cases in Poland*;
- ✓ in an IADI ERC webinar on cross-border cooperation between deposit guarantee schemes.

During the period under review, the President of the BGF Management Board actively participated in a number of meetings and videoconferences within the IADI Governance Working Group, of which he is a member. The group's mandate is to review IADI's governance structure and Articles of Association to determine what actions need to be taken to ensure that the organisation can respond effectively to changes in financial systems and play a more active role in the international policy debate. The Act on BGFively commented on the proposed structure and division of tasks. A report entitled *Strengthening the Governance and Effectiveness of IADI* and a proposal for amendments to the Statute were prepared and adopted. At this stage of the work, discussions are ongoing on a new idea for the organisation of the Association.

In 2023, representatives of the Fund continued their cooperation within the IADI – FCTC (Financial Cooperatives Technical Committee) group. The group's meetings discussed the progress of the work on the *Briefing Notes (Briefing Notes)* that had been initiated on issues such as the characteristics and similarities of management units - systems of institutional organisations, target fund ratios of deposit guarantee schemes, the operationalisation of *bail-in* tools in cooperative institutions, and discussed technical issues related to the procedure for drafting *Briefing Notes*.

In addition, the Fund systematically completed IADI surveys, as well as providing opinions on documents and responding to queries.



EFDI

As part of the EFDI's work on the development of the 2022 Association, a Strategic Planning Working Group (SPWG) committee was set up. At that time, a member of the EFDI Board of Directors became its member. The task of the SPWG is to support the EFDI Board in the development of the organisation's strategic plan for three years, i.e. 2023–2025. During the reporting year, a number of SPWG meetings were held to analyse the Association's performance to date and create a draft strategic plan. After submitting the document to the EFDI Board, the committee completed its work.

The EFDI Annual General Meeting and accompanying conference (EFDI Annual General Meeting and International Conference) took place in May 2023 and was attended by the President of the EFDI Board, a Member of the EFDI Board and the Director of the Board Office. At the meeting,

the report of the EFDI Board and the report of the EFDI Secretary General and Secretariat, the financial report of the Treasurer and the committees and working groups were presented. The revised budget for 2023 and the budget and fees for 2024 were approved. EFDI Board members were also elected. The meetings were accompanied by a conference on *New Challenges and Disruptions in the financial safety-net*.

During the reporting period, a member of the BGF Management Board participated in two meetings of the EFDI EU Committee. At the meetings, among other things, information was presented on the work of the EFDI working groups and a workshop was held on deposits with temporarily increased guarantees under the DGSD. Information was also presented on current events related to Credit Suisse and the European Commission's preliminary ideas for changes to the DGSD/BRRD regulatory regime.

In October 2023, the EFDI committees met: Stress Test Working Group, Public Relation and Communication (PRC) and Crossborder/H2C Communications Subgroup. The meeting was hosted by the Fondul de Garantare a Depozitelor Bancare (FGDB) – the Romanian DGS. A representative of the BGF gave a presentation entitled *SCV file in terms of Stress Test exercises carried out by the Bank Guarantee Fund*, introducing the issue of control of data contained in the SCVs of banks and credit unions in the context of stress testing requirements in the area of SCV file control. These tests are included – as a continuous task - in the stress testing schedule for the period 2022–2024⁴ performed on the basis of the 2021 updated EBA Guidelines for conducting and reporting stress tests. The meeting was primarily devoted to sharing the experiences of DGSs in the area of stress testing. In addition, the European DGSs shared experiences on communication, information sharing, as well as potential cross-border payouts, experiences with the helpline and the role of social media in reaching the desired community groups.

In 2023, representatives of the BGF also participated in meetings of the EFDI's Liability Calculation Group, which is conducting work on a review of the methodology for determining potential liabilities of deposit guarantee schemes, which is expected to culminate in the preparation of a working paper on the subject.

AS PART OF ITS COOPERATION WITH THE EUROPEAN DEPOSIT GUARANTEE FORUM, THE FUND WAS ALSO REPRESENTED AT:

- ✔ Risk Management Working Group meetings;
- ✔ H2C group meetings;
- ✔ EFDI D3 Working Group teleconferences;
- ✔ EFDI Banking Union Working Group Meeting;
- ✔ Cross Border Working Group meeting.

⁴ Established by the Fund's internal document entitled *Schedule of stress tests at the Bank Guarantee Fund 2022–2024*.

The Risk Control Working Group (EFDI) continued its work to develop a draft *Questionnaire on risk control practices of the EFDI members*.

In addition, the Fund systematically completed EFDI surveys, as well as providing opinions on documents and responding to queries



EBA

IN 2023, THE FUND WAS REPRESENTED AT FOUR MEETINGS OF THE EBA RESOLUTION COMMITTEE (RESCO). AMONGST OTHER THINGS, IT WAS PRESENTED AT THESE MEETINGS:

- ✓ an EBA report on the cross-exposures arising from eligible liability instruments held on balance sheets between G-SIIs and O-SIIs, as well as potential barriers to resolution and contagion risks arising from these exposures;
- ✓ Risk Dashboard summarising the main risks in the European Union banking sector produced by the EBA on a quarterly basis as part of its regular risk assessment;
- ✓ issues related to the European Commission's new legislative proposal on crisis *management and deposit insurance* (hereinafter: CMDI), and work was finalised on the EBA guidelines on *resolvability testing of resolution plans*;
- ✓ issues related to the European Resolution Examination Programme (EREP) and integrated reporting, and a workshop was held to gather experiences from past cases of crises in banking systems;
- ✓ issues related to crisis simulations carried out by some resolution authorities, and related to the interaction between bank resolution and CCP resolution.

IN 2023, REPRESENTATIVES OF THE BGF PARTICIPATED IN 3 MEETINGS OF THE EBA'S TASK FORCE ON THE DEPOSIT GUARANTEE SCHEMES (TFDGS), DURING WHICH:

- ✓ draft EBA guidelines on methods for calculating contributions to Deposit Guarantee Schemes were discussed;
- ✓ a project to carry out a study on the adequacy of the target indicator was discussed, as well as information on the recent work of the European Commission on the crisis management system;
- ✓ the EBA report on its analysis of the size of the guarantee limit for natural and legal persons in EU countries was presented.

In 2023, representatives of the Fund attended 4 meetings of the Subgroup on Resolution Planning Preparedness (SGRPP), a subgroup of the Resolution Committee. The meetings discussed, *inter alia*, the proposed amendments to Commission Implementing Regulation (EU) 2021/763 resulting

from the entry into force of the Regulation of the European Parliament and of the Council (EU) amending the CRR (the so-called CRR quick fix), presented the EBA report on cross-exposures later discussed at ResCo, as well as on banks' exposures for holding in their portfolios eligible liability instruments issued by G-SII/O-SII entities. Guidance on *resolvability testing of resolution plans*, publication of information on resolution planning, including reporting on progress on the feasibility of resolution, was also discussed.

The Fund was also represented at meetings of the EBA Subgroup on Resolution Execution (SGRE). At the SGRE meetings, a representative of the BGF presented the experience of the resolution of Getin Noble Bank S.A. The meetings also saw the continuation of work on amendments to EBA regulations (concerning the assessment of the independence of appraisal preparers). The group's work focused on the preparation for publication of a report summarising the tasks carried out under the European Resolution Examination (EREP). In addition, the Fund, as part of the SGRE group's work, cooperated on issues related to the Financial Sector Operational Digital Resilience Regulation (DORA) and the identification of the needs of resolution authorities in this respect. Experiences of country-specific operational tests of resolution and planned amendments to the *Handbook on Independent Valuers* were also presented.

IN ADDITION, THE FUND ALSO PARTICIPATED IN:

- ✓ EBA's Subgroup on Analysis Tools (SGAT) meeting in Resolution composition;
- ✓ EBA *First mediation panel meeting*;
- ✓ EBA workshop *with the Industry and the members of the SGAT*;
- ✓ *Workshop on SupTech – Lessons learned from SupTech development and adoption*, organised by the EBA subgroup on innovative applications. The topic of the workshop covered the experiences of the supervisory authorities of some EU Member States (Netherlands, Latvia, Sweden, Italy) and the ECB in the implementation and use of technology in financial market supervision.



OTHER

The Fund continued its work in the task force at the European Securities and Markets Authority – CCP Recovery and Resolution Task Force (CCPRRTF). As part of the group's work, final versions of the CCP-RR implementing regulations and guidelines were developed and adopted.

In Q2 2023. The Fund received an invitation to participate in the ESMA CCP Resolution Committee (ESMA CCP Resolution Committee; CCP ResCo). The Committee was established by ESMA to prepare the decisions entrusted by ESMA in the CCP-RR Regulation and to promote the drafting and coordination of CCP resolution plans, including the development of strategies for the resolution of failing CCPs. The CCP ResCo comprised the resolution authorities of CCPs from each EU country. The first CCP ResCo meeting was held in June and the second in December 2023. Amongst other things, the meetings discussed: the status of ESMA's implementing regulations and guidelines

to the CCP-RR, established procedural and organisational issues for the establishment of resolution colleges for CCPs in individual EU countries, and adopted the Committee's work plan for 2024–2025.

In March, representatives of the Fund participated in the FinSac conference on 'Deposit Guarantee Schemes. *Deposit Guarantee Schemes Use of Funds and Backstop Funding Arrangements*, where a representative of the Italian DGS presented an interesting case on the use of DGS funds to support transfer tools outside the BRRD resolution.

In November 2023. A member of the Executive Board and a staff member attended the EIOPA Conference entitled *Hidden risks and new horizons* held in Frankfurt. Collaboration with EIOPA also included bilateral meetings to present methodologies and approaches under development.

In December, a delegation from the BGF took part in the celebration of the 25th Anniversary of the Statutory Compensation Scheme of German Banks (EdB).

FUND STAFF ALSO PARTICIPATED:

- ✓ at the meeting of the CMDI – Working Party on Financial Services and Banking Union in Brussels;
- ✓ at Policy Meetings – SRB Directorate A with non-participating Member States at the National Bank of Romania;
- ✓ at the DNB resolution college in Oslo;
- ✓ at the *Toward a consumer-centric insurance* conference in Paris;
- ✓ a videoconference of the Commission Expert Group on Banking, Payments and Insurance on 19 October 2023 on planned amendments to Commission Delegated Regulation (EU) 2015/63, which sets out rules for the determination of banks' and investment firms' contributions to resolution funds;
- ✓ in a workshop on MREL in Vienna as part of the Vienna Initiative organised by Raiffeisen Bank International and the European Bank for Reconstruction and Development;
- ✓ at the European Recovery and Resolution Summit in Frankfurt.

In addition, the Fund systematically responded to enquiries, provided opinions on documents and completed surveys.



COOPERATION WITH FOREIGN DEPOSIT GUARANTEE SCHEMES / RESOLUTION AUTHORITIES

In February 2023, at the request of the Azerbaijan Deposit Insurance Fund (DGS), a videoconference was held at which the BGF shared its experience and knowledge of the risk-based contribution system and investment portfolio management.

In March 2023 the President of the BGF's Board and staff visited the headquarters of the Italian Fondo Interbancario di Tutela dei Depositi to exchange experiences of recent orderly winding-up processes in both jurisdictions.

In the second quarter of 2023, the BGF hosted a delegation from the Indonesian deposit guarantee institution (Indonesia Deposit Insurance Corporation) at its headquarters. At the meetings, the Fund made a number of presentations. Among other things, the role of the BGF in the financial safety net and in maintaining financial stability in Poland, and as a resolution authority, was presented. The experience of resolution in Poland, the legal, policy and operational framework for bank resolution in Poland, including the implementation of the resolution plan, were discussed. In addition, the Fund discussed the issue of BGF funding and contribution targets, as well as the topic of crisis communication.

In 2023, a delegation of the BGF visited the Central Bank of Romania to share knowledge on resolution, including experience in the use of the bridge institution tool (*Bridge bank as resolution tool – experience of the BGF Polish Resolution Authority*).

In 2023, work continued towards the conclusion of a bilateral agreement between the BGF and the German DGS Entschädigungseinrichtung deutscher Banken GmbH (EdB) on the principles of cooperation on cross-border payouts (prepared on the basis of the multilateral agreement on cooperation between deposit guarantee schemes to which the Fund acceded in November 2016, currently binding 31 European deposit guarantee schemes). On 30 November 2023, comments were submitted to the EdB on the draft bilateral specifications specific to the Act on BGFing in its role as Host DGS.

In December 2023, a cross-border payout test was conducted in cooperation with the Czech DGS – Garanční systém finančního trhu (GSFT)⁵. In this test, the Fund acted as the home DGS.

⁵ In accordance with the provisions of the bilateral agreement concluded between the Fund and GSFT on 17 May 2019, both parties are obliged to conduct periodic tests of cross-border disbursements.

3. COOPERATION WITH THE MEDIA



Information policy

The aim of the Fund's information activities is to disseminate knowledge to the public about the principles of operation of the deposit guarantee scheme in Poland, the principles of conducting resolution and the role of the BGF in the structure of the financial safety net.



INFORMATION POLICY

W During the period under review, the Fund informed the media, among other things, about the amount of total contributions to the BGF in 2023 and the non-collection of contributions to the banks' guarantee fund for that year. Information was also provided on the commencement of the sale process of VeloBank S.A. and the receipt of non-binding bids in this process, as well as on the announcement by the District Court for the City of Warsaw in Warsaw of a decision to declare GNB bankrupt, and on the largest corporate bond issue in Poland in 2023 carried out by the BGF-owned Podmiot Zarządzający Aktywami S.A. as part of further activities related to the resolution of GNB, which commenced on 30 September 2022.

In 2023, interviews and statements by the President of the Management Board of the BGF, Piotr Tomaszewski, were published in the national press and leading internet portals. In addition, the media quoted his statements e.g. from his speech during the Banking Forum of the Polish Bank Association. Dagmara Wieczorek-Bartczak, a member of the Management Board of the BGF, also published texts by Dagmara Wieczorek-Bartczak on the work on the IRR directive in Dziennik Ubezpieczeniowy and Gazeta Ubezpieczeniowa.



WEBSITE

Up-to-date information on the activities of the BGF was published on the Fund's website.

In addition, following the entry into force of the Pan-European Individual Pension Product Act, the necessary content changes relating to the material and personal scope of the guarantee have been made to the Fund's website in the area of deposit guarantee information.

In addition, material was prepared for the Fund's website on resolution in the insurance market. The tab with the prepared content was launched in early 2024.

Last year, the highest daily number of hits on the Fund's website was 1,700, while the year as a whole saw a total of around 205,500 hits.

1,700

DAILY NUMBER OF ENTRIES TO WEBSITE

205,500

ENTRIES TO THE WEBSITE DURING THE YEAR



BGF HELPLINE

In 2023, the BGF's hotline staff answered approximately 4,200 customer enquiries (the highest number of daily telephone calls was 51). Customer enquiries mainly concerned the scope of guarantees in banks and credit unions, the information sheets received by customers from banks and credit unions and the rules for the disbursement of covered deposits to bank and credit union depositors for whom the guarantee condition has been met. In Q1 2023, the majority of customer enquiries concerned the resolution process of Getin Noble Bank S.A., including the possibility of filing a complaint against the BGF's decision to initiate resolution against GNB.

In 2023, written enquiries addressed to the BGF regarding, inter alia, guarantees for depositors of banks or credit unions, including those addressed by depositors of VeloBank S.A., were also answered.

max 51

NUMBER OF DAILY CALLS

approx. 4,200

REPLIES WITHIN A YEAR



FUND PUBLICATIONS

Four issues of the Safe Bank journal were published in 2023. In total, more than 20 articles and studies were published in the yearbook. Their topics included financial security in its broadest sense, issues of stability and crises in banking systems, current challenges facing financial market players and their regulators, risks in the European banking sector.

One issue of the magazine was devoted entirely to the BGF's preparation for its role as a resolution authority for insurance and reinsurance undertakings in Poland.



OTHER INFORMATION AND PROMOTION ACTIVITIES

The Fund participated in further work on the development of a national financial education strategy.

The BGF took part in another edition of the Global Money Week campaign, organising a webinar on the deposit guarantee scheme in cooperation with the UKNF.

The competition for the best undergraduate, master's and doctoral theses in the field of financial system stability issues defended in 2022 was adjudicated in Q2 2023. 26 dissertations were submitted for the competition. Two prizes were awarded for doctoral theses, and three (ex aequo the first two) for master's theses. No prizes were awarded for undergraduate theses. The next edition of the Competition has also been announced.

During the period in question, in response to current demand, information leaflets on the deposit guarantee scheme were distributed to banks and credit unions and signs informing them of their membership of the mandatory deposit guarantee scheme were successively distributed.

4. PERSONNEL MATTERS



EMPLOYMENT

31 December 2022, the Fund's headcount was 237 (234.4 FTEs) and on 31 December 2023 – 252 people (248.5 FTEs).

Table 14.

EMPLOYMENT STRUCTURE – AS AT 31.12.2023.

Gender	managers	%	experts and legal advisers	%	specialists	%	administrative staff	%	Total	%
women	27	11%	70	28%	36	15%	1	0%	134	55%
men	28	11%	63	26%	20	8%	3	1%	114	46%
Total	55	22%	133	54%	56	23%	4	1%	248	100%

Table 15.

EMPLOYMENT STRUCTURE BY AGE GROUP

Position	Age < 30	%	age 30-50	%	Age > 50	%	Total
managers		0%	36	23%	19	28%	55
experts and legal advisers	3	14%	85	54%	45	65%	133
specialists	19	86%	33	21%	4	6%	56
administrative staff		0%	3	2%	1	1%	4
Total	22	100%	157	100%	69	100%	248

Table 16.

SENIORITY AT THE BGF

years of work	% employment
≥ 5 years	46
5–10 years	33
11–15 years	12
16–20 years	2
21–25 years	3
≥ 26 years	4
Total	100

ACTIONS TAKEN IN THE AREA OF HUMAN RESOURCES MANAGEMENT



TRAINING AND DEVELOPMENT ACTIVITIES

In 2023, 205 employees (81%) of the Fund benefited from various forms of professional qualification improvement. Of these, 102 employees (41%) attended one training course, 46 employees (18%) attended two training courses, 56 employees (22%) attended more than two training courses.

The Fund organised and referred employees to a total of 128 training courses, totalling 1 024 training hours.

In addition, employees improved their qualifications at postgraduate studies (including an MBA), training abroad (such as the *Bank Restructuring and Resolution Course* organised by the Vienna Institute, *Advanced Studies on Insurance Regulation*, *European Recovery and Resolution Summit*), as well as attending conferences, national and international seminars.

As part of the cooperation with the Centre for Education for Financial Market Participants, run by the UKNF, two closed-door training sessions were held for the Fund's employees entitled *Confidential information and capital market abuse that may arise in the event of its improper communication* and *Accounting treatment of an insurance contract from its conclusion to the payment of compensation or benefits – on the example of a motor and life insurance contract*.

In addition, the Fund's staff participated in training courses, workshops and conferences in areas such as capital adequacy, AML, business valuation, tax law, insurance law, administrative law, restructuring and insolvency law, including insolvency proceedings of insurance companies, IFRS17, IFRS 17, bank and insurance guarantees, Solvency II.

In connection with the implementation of the new IBM Cognos Analytics system, 119 employees from eight departments participated in a series of training courses organised by the IT Department. Competency development was also supported by training in Power Excel, the use of *machine learning* to model PD and LGD parameters and to model imbalanced data, Data Science Python in financial management.

Employees of the Fund also participated in the CIONET TRIBE Programme, the aim of which is to exchange experience and expertise in the field of information systems, new technologies and management methods in IT areas, enabling the efficient design of modern technological and organisational solutions.

In addition, in-house training was provided to new employees of the BGF on: the management control system, risk management at the Fund, information security, documentation handling and case management, personal data protection and the protection of persons and property.



RECRUITMENT

The activities of the Human Resources Department were aimed at recruiting people with a variety of experience and professional competences, in particular at recruiting experts and specialists to the teams carrying out statutory tasks.

In 2023, 39 people were employed by the Fund and 23 people had their employment contracts terminated. The turnover rate was 8.3%.



FRIENDLY WORKPLACE

The year 2023 is a period of numerous changes in labour legislation and the preparation of new organisational solutions related to the implementation of the provisions on remote working: *Directive of the European Parliament and of the Council (EU) on transparent and predictable working conditions in the European Union* and *Directive of the European Parliament and of the Council (EU) on work-life balance for parents and carers*. During this time, the *Principles for Remote Working at the Bank Guarantee Fund* were developed and implemented, taking into account the efficient performance of tasks and the satisfaction of employees and the work-life balance.

As part of the 'Together' programme, the Fund carried out a number of initiatives aimed at integrating employees and supporting the building of positive relations and communication based on the diversity of employees' interests, including: a series of guided walks and learning about the unknown history and monuments of downtown Warsaw, joint Christmas gingerbread baking and exploring Christmas traditions, an integration meeting of the entire Fund team, Christmas meetings of the teams of individual organisational units, another edition of a family art competition for a Christmas tree decoration for employees' children.

The Fund continues to develop applications that enable the management of remote working in hybrid form, implements changes to the HR and payroll system and continues to digitise the HR area streamlining the handling of employee matters.

An autumn flu vaccination campaign was carried out in cooperation with LUX-MED.



FUNDING OF FUND ACTIVITIES

1. FINANCIAL RESOURCES OF THE FUND

The Fund pools financial resources for the protection of deposits in banks and credit unions and for the financing of resolution.



UNDER THE ACT ON BGF, THE FUND'S SOURCES OF FUNDING ARE:

- ✓ contributions to the mandatory deposit guarantee scheme paid by banks, branches of foreign banks and and loan associations;
- ✓ contributions to finance resolution by banks, branches of foreign banks, investment firms and and loan associations;
- ✓ extraordinary contributions paid by banks, branches of foreign banks and and loan associations to the compulsory guarantee scheme in the event that the funds of the deposit guarantee scheme are insufficient to pay out covered deposits;
- ✓ extraordinary contributions made by banks, branches of foreign banks, investment firms and and credit unions to finance the resolution when there are insufficient funds to finance the resolution;
- ✓ proceeds from the Fund's financial assets, including loans and guarantees granted by the Fund;
- ✓ funds obtained through non-repayable foreign aid;
- ✓ resources from subsidies granted at the request of the Fund from the State budget under the rules set out in the regulations on public finances;
- ✓ funds from a short-term loan granted by the National Bank of Poland;
- ✓ funds from loans granted from the state budget;
- ✓ funds obtained from borrowings, loans and bond issues;
- ✓ funds obtained from loans granted by officially recognised deposit guarantee schemes and entities managing the resolution funds from Member States other than the Republic of Poland pursuant to agreements concluded;
- ✓ benefits received from the bridge institution and the asset management vehicle, including dividends and interest, as well as proceeds from the disposal or liquidation of the bridge institution and the asset management vehicle;
- ✓ funds obtained as a result of the recovery of the Fund's claims for the disbursement of covered funds and support provided to the transferee;
- ✓ other income received by the Fund.



THE OWN FUNDS OF THE BANK GUARANTEE FUND ARE:

- ✓ statutory fund;
- ✓ bank guarantee fund⁶;
- ✓ credit union guarantee fund;
- ✓ bank resolution fund;
- ✓ credit union resolution fund;
- ✓ reduction in own funds if the guarantee condition is met or if resolution tools are used (negative value);
- ✓ revaluation fund.

In the case of disbursements of covered deposits to bank depositors, the source of ex post financing, after the own funds referred to in Article 56 of the Act on BGF have been exhausted, is the funds collected by banks in the form of funds for the protection of covered deposits.

The funds for the protection of covered deposits created by all banks as at 1 July 2023 (i.e. after their update, based on the basis for calculating the amount of the mandatory reserve for April 2023) amounted to PLN 4 559 647.5 thousand. The value of the FPS created by the banks as at 31 December 2023 did not change with respect to the value of the FPS updated by the banks as at 1 July 2023.

DETERMINATION OF CONTRIBUTIONS

In the first quarter of 2023. The Council of the Fund adopted a resolution on the non-collection of contributions to the banks' guarantee fund for 2023 in connection with the fulfilment of the premise set out in Article 294 (1) of the Act on BGF and determined the total amounts of contributions to the banks' guarantee fund and the banks' and credit unions' resolution funds for 2023. Based on these amounts, the contributions to be paid by individual entities for:

- ✓ credit union guarantee fund for each quarter of 2023,
- ✓ bank and credit union resolution funds for 2023.

Decisions on determining the amount of contributions due from individual entities were taken by the BGF Council in the form of resolutions. The Fund sent letters to all entities obliged to pay contributions informing them of the amount of contributions due, the deadline for their payment and the maximum share of contributions in the form of liabilities to be paid.

⁶ Pursuant to § 32 of the Act on BGF, as of 1 January 2022, the unused resources of the cooperative banks' resolution fund increased the banks' guarantee fund.

2. CONTRIBUTIONS TO THE BANK RESOLUTION FUND



The calculation of the contributions to the banks' resolution fund for 2023 took into account adjustments to the contributions made by banks and investment firms for 2022, which were related to adjustments made by some entities to the data underlying the determination of the contribution to the banks' resolution fund for 2022.

Furthermore, in line with past practice, the Fund has made available additional information on the calculation of contributions to the banks' resolution fund:

- ✔ the BGF's website provides information on the data used to determine the 2023 contributions and the information necessary to determine the entity's aggregate risk profile assessment – in 2023, the scope of the information made available was extended to include entity size distributions according to the value of the final composite FCI and the risk adjustment multiplier;
- ✔ Letters containing additional individual information were sent to 19 commercial banks and 3 investment companies whose contributions were calculated on a risk basis.

As required by the banks, the Fund also provided individual explanations on how contributions were calculated.

CHANGES TO THE METHODS FOR CALCULATING CONTRIBUTIONS TO THE DEPOSIT GUARANTEE SCHEME

Following the publication on 21 February 2023 of the revised *Guidance on Methods for Calculating Contributions to a Deposit Guarantee Scheme* (EBA/GL/2023/02) with a specific deadline of 3 July 2024, followed in July 2023 by translations of the Guidance into all official languages of the European Union, the Fund:

- ✔ provided notification to the EBA on 1 September 2023 of its intention to apply the Guidelines in part, which results from the additional element of the calculation formula reducing contributions for banks belonging to institutional protection schemes set out in the relevant regulation of the Minister of Development and Finance (MoF);
- ✔ prepared draft regulations adapting national legislation to the revised guidelines and requested the MF to amend the MFF regulations on:
 - ✔ how the risk profile of banks and branches of foreign banks is determined and how this profile is taken into account in the determination of contributions to the banks' guarantee fund;
 - ✔ the way in which the risk profile of and credit unions is determined and taken into account in the determination of contributions to the guarantee fund of the unions;

- ✓ additionally reported the need to amend the MoF Regulation on detailed rules for determining risk-based contributions to finance the resolution of credit unions, with a view to making the determination of the risk profile for determining contributions to the credit unions' guarantee fund more consistent.

Legislative work to amend the above-mentioned MoF regulations was completed in 2023. The amended regulations are effective from 1 January 2024.

Following the amendment of the regulations, work was underway to introduce changes to the three methods of determining guarantee fund contributions:

- ✓ method for determining the contributions to the bank guarantee fund due from banks;
- ✓ method of determining contributions to the banks' guarantee fund payable by branches of foreign banks;
- ✓ the method for determining contributions to the guarantee fund of credit unions.

The BFG Board adopted resolutions on the adoption of changes to the above methods, which included, inter alia, changes to the function used to convert ARS risk scores to ARW risk multiplier from a linear function to an exponential function and changes of an orderly nature to the contributions calculation formulae. In the case of the method applicable to banks, changes were also made to the minimum weights of the mandatory indicators, changes to the definition of certain indicators (including the capital coverage ratio and the credit quality ratio) and the reversal of the ratio of unencumbered assets to covered deposits.

Subsequently, the requests for approval of the changes to the methods and the letter informing of the changes of an editorial nature, together with the attached consolidated texts of the methods, were submitted to the FSA. The above changes will be applied for the first time for the purposes of determining guarantee fund contributions for 2024.

OTHER TASKS

The Fund carried out a verification of the amount of the target ratio of funds of the deposit guarantee scheme in banks referred to in Article 287(2) of the Act on BGF. As a result of the application of the *Rules for determining the target ratio of funds of the deposit guarantee scheme in banks*, it was found that there were no premises for changing the target ratio of funds of the guarantee scheme, which currently amounts to 1.6% of the amount of covered deposits in banks and branches of foreign banks covered by the mandatory deposit guarantee scheme.

3. INVESTMENT ACTIVITIES

The investment activities of the BGF in 2023 were carried out in accordance with the *Investment Policy for 2023*, the main objective of which was to provide financial resources for possible interventions and to safeguard the Fund's securities portfolio against the risk of unfavourable changes in market yields, while achieving optimal profitability. Pursuant to the Act on BGF, the Fund may purchase securities issued, guaranteed or underwritten by the State Treasury, the National Bank of Poland (NBP) and the governments or central banks of EU Member States or the Organisation for Economic Co-operation and Development (OECD). In addition, the Fund may purchase participation units of money market funds and establish deposits with the NBP and the Minister of Finance.

In 2023, actions were continued within the framework of the strategy, initiated back in the fourth quarter of 2022, i.e. immediately after the liquidity operations related to the GNB resolution process, of extending the durations of the Fund's securities portfolio, which resulted in a significant change in the structure of the portfolio in question over the past year. The relevant strategy assumed a systematic reduction of the share of treasury floating-coupon securities in favour of fixed-coupon bonds in the conditions of expected and observed deceleration of inflation indices in the subsequent quarters of 2023 and the related, anticipated loosening of monetary policy in Poland. Consequently, amounts flowing into the Fund's account and surplus funds in relation to the current level of demand to cover the costs of intervention in the banking and credit union sector were invested in fixed-coupon securities, while at the same time realising the conversion of floating-coupon securities with close maturities into fixed-coupon treasury bonds. In addition to operations to optimise the volume of securities held in the Fund's portfolio, which were carried out taking into account market factors as well as projections of the financial condition of entities in the banks and credit union sector, measures were taken to achieve positive financial effects by selling from the Fund's portfolio successive series of treasury securities with the shortest maturities.

At the end of 2023, the yield on the Fund's overall securities portfolio was 5.53%, with a durations of 2.32 years (against a yield of 6.83% and a durations of 1.02 years at the end of 2022). The decrease in the portfolio's yield over the period was mainly due to the revaluation of coupon rates on floating rate bonds, as well as lower interest rates on NBP bills and treasury bonds in the wake of reductions in the cost of money in Poland.

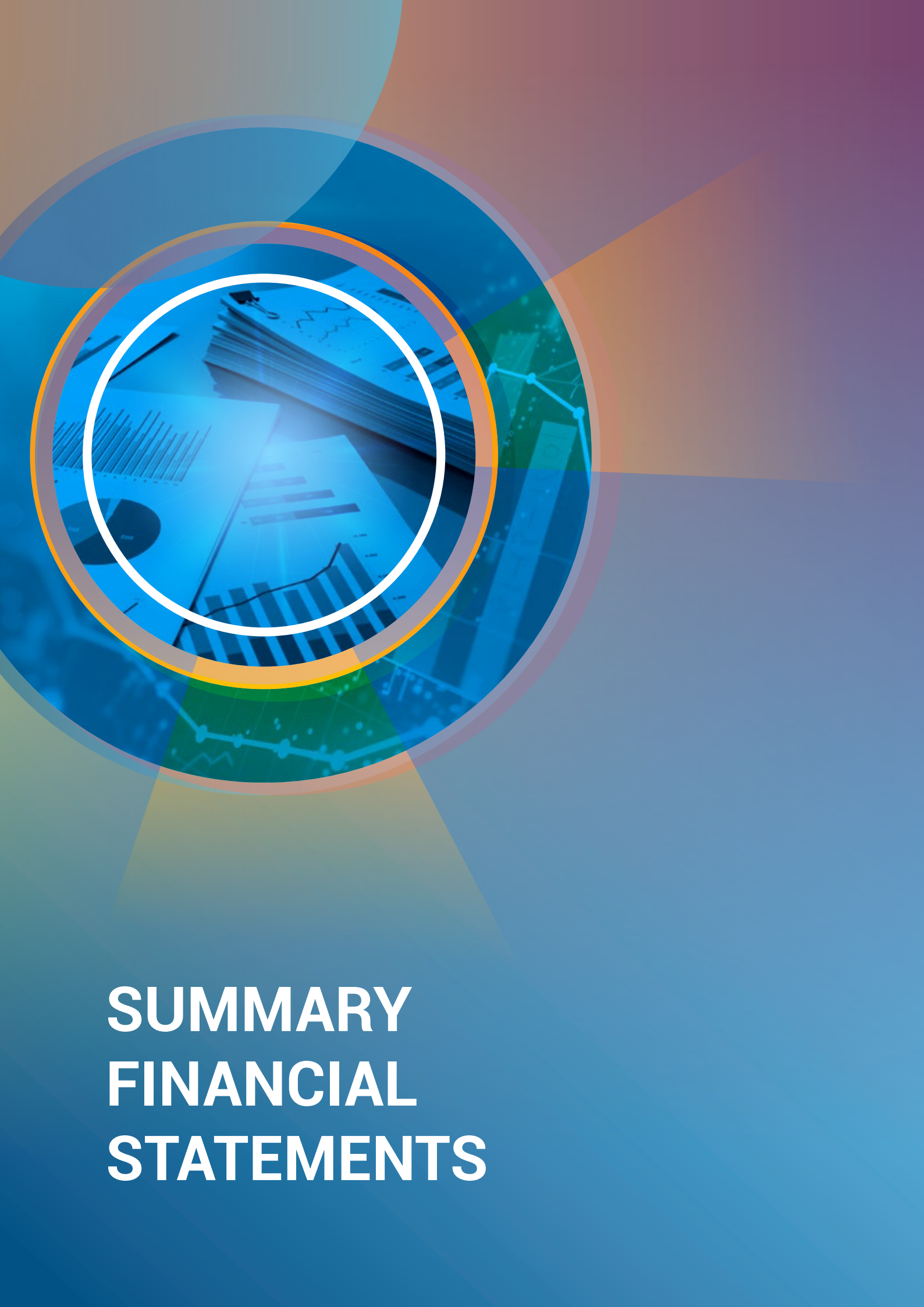
Table 17.

THE FUND'S DEBT SECURITIES PORTFOLIO AS AT 31 DECEMBER 2022 AND 31 DECEMBER 2023.

Type	31.12.2022				31.12.2023			
	Nominal (PLN '000)	Duration	YTM*	Share	Nominal (PLN '000)	Duration	YTM*	Share
NBP bills	1 809 000	0.01	6.84%	8.4%	1 330 220	0.01	5.83%	5.3%
Bonds	19 635 124	1.12	6.83%	91.6%	23 658 822	2.45	5.51%	94.7%
TOTAL	21 444 124	1.02	6.83%	100.0%	24 989 042	2.32	5.53%	100.0%

* YTM – yield to maturity based on the actual number of days in the year.

As a result of the operations carried out, the total result on securities at the end of 2023 was at a record high level and amounted to PLN 1 437 539.9 thousand. The financial effect achieved was higher than that planned to be realised (PLN 1,406,878.3 thousand) by PLN 30,661.6 thousand primarily due to the favourable early sale from the Fund's portfolio of variable-coupon bonds of series WZ0124 and WZ0524 and the periodic reinvestment of the funds thus obtained in higher-interest securities, as well as due to appropriately implemented contingent operations as part of the Fund's short-term liquidity management.



**SUMMARY
FINANCIAL
STATEMENTS**

1. BALANCE FUND

Table 18.

BALANCE SHEET AS AT 31 DECEMBER 2023 AND AS AT 31 DECEMBER 2022 (IN PLN)

ASSETS	31.12.2022	31.12.2023
Cash	3 638 360.34	3 699 477.00
Cash at hand	15 079.70	12 857.31
Cash in current accounts	70 328.17	63 409.32
Deposits	3 130 000.00	3 188 000.00
Cash resources of the Company Social Fund	422 952.47	435 210.37
Receivables from financial institutions	3 238 356 949.21	3 238 356 949.21
Receivables from banks on account of:	3 238 356 949.21	3 238 356 949.21
- obligations for payment	3 238 356 949.21	3 238 356 949.21
Other receivables and claims	230 248.27	213 329.24
Securities and other financial assets	21 897 781 750.59	25 064 188 391.37
Debt securities:	21 460 653 790.49	24 872 938 391.37
- of banks	3 496 334 276.83	3 017 484 859.16
- of the State Treasury	17 964 319 513.66	21 855 453 532.21
Shares	357 100 000.00	191 250 000.00
- in financial institutions	357 100 000.00	191 250 000.00
Other securities and other financial assets	80 027 960.10	0.00
Property, plant and equipment	51 544 161.70	50 605 862.51
Intangible assets	4 123 592.68	11 873 268.01
Accruals and deferred income	2 033 239.71	2 293 173.70
TOTAL ASSETS	25 197 708 302.50	28 371 230 451.04

Table 18 cont.

BALANCE SHEET AS AT 31 DECEMBER 2023 AND AS AT 31 DECEMBER 2022 (IN PLN)

LIABILITIES	31.12.2022	31.12.2023
Liabilities	21 527 387.65	9 554 795.78
Liabilities to depositors	9 898 164.44	1 519 717.38
Other liabilities	11 629 223.21	8 035 078.40
Special-purpose funds	422 952.47	435 210.37
Accruals and deferred income	4 430 994.29	5 090 217.63
Provisions	122 685 244.78	571 710 863.23
Statutory fund	1 637 025 547.68	1 637 025 547.68
Bank guarantee fund	17 286 845 072.84	17 598 180 307.73
Bank guarantee fund available for use	17 286 845 072.84	17 598 180 307.73
Bank resolution fund	5 030 023 891.62	7 120 624 203.44
Bank resolution fund available for use	4 672 923 891.62	6 929 374 203.44
Bank resolution fund used	357 100 000.00	191 250 000.00
Credit union guarantee fund	33 570 232.58	56 711 476.96
Credit union guarantee fund available for use	33 570 232.58	56 711 476.96
Credit union resolution fund	7 272 867.24	8 442 867.24
Credit union resolution fund available for use	7 272 867.24	8 442 867.24
Financial result	1 053 904 111.35	1 363 454 960.98
TOTAL LIABILITIES	25 197 708 302.50	28 371 230 451.04

2. PROFIT AND LOSS ACCOUNT

Table 19.

PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDING 31 DECEMBER 2023 AND 31 DECEMBER 2022 RESPECTIVELY (IN PLN)

	2022	2023
Income from statutory activities	30.26	93 563.96
Interest income	30.26	93 563.96
Result of statutory activities	30.26	93 563.96
Result on financial operations	1 142 986 161.47	1 437 655 010.21
Securities	1 141 135 651.89	1 437 539 939.09
Other	1 850 509.58	115 071.12
Foreign exchange gain/loss	6 229.49	(16 707.77)
Operating costs	(91 400 095.61)	(78 115 136.78)
Third-party services	(33 866 807.55)	(10 608 699.83)
Salaries	(42 339 376.08)	(47 265 839.51)
Insurance and other benefits	(6 508 661.54)	(7 543 026.00)
Other	(8 685 250.44)	(12 697 571.44)
Depreciation of tangible and intangible assets	(3 412 402.81)	(3 999 297.74)
Other operating income	5 730 291.00	7 837 529.10
Other operating expenses	(6 102.45)	0.00
Financial result	1 053 904 111.35	1 363 454 960.98

3. PRINCIPLES FOR THE PREPARATION OF THE SUMMARISED FINANCIAL STATEMENTS

The summarised financial statements, which comprise the balance sheet as at 31 December 2023 and the income statement for 2023, have been prepared on the basis of the audited *Annual Accounts of the Bank Guarantee Fund drawn up for the financial year 1 January to 31 December 2023*. In addition, it includes comparative figures for the previous financial year ending 31 December 2022.

The annual financial statements of the Bank Guarantee Fund for the financial year from 1 January to 31 December 2022 have been prepared in accordance with the requirements of the Decree of the Minister of Development and Finance of 9 December 2016 on the specific accounting principles of the Bank Guarantee Fund (Journal of Laws 2021, item 924), the Accounting Act of 29 September 1994 (Journal of Laws 2023, item 120, as amended), the implementing regulations issued on its basis and other applicable laws.

4. ACCOUNTING PRINCIPLES

In accordance with the accounting rules applicable to the Bank Guarantee Fund, the following methods were used for the valuation of assets and liabilities and the determination of income and expenses:

- ✔ Debt securities, i.e. treasury bonds, debt securities guaranteed by the State Treasury, treasury bills and monetary bills of the National Bank of Poland (NBP), as well as financial assets and liabilities arising from buy-sell back and sell-buy back transactions are valued at adjusted purchase price taking into account the effective interest rate, and the effects of this valuation are referred to income or expense from financial operations, respectively. Debt securities are recognised and derecognised on the settlement date of the transaction. Disposals of securities are valued sequentially at the prices of the earliest acquired assets.
- ✔ Non-listed shares are valued at cost, taking into account impairment.
- ✔ Accounts receivable in respect of the payable obligations referred to in Article 303 of the Act on BGF form part of the contributions made by the entities. These receivables are secured by securities. The maturity of the aforementioned receivables is governed by the provisions of the Act on BGF in Articles 304 and 305. Receivables from liabilities to be paid are recognised at the amount required to be paid, taking into account the prudence principle. The equivalent of receivables due for payment obligations increase the value of the Fund's own funds.
- ✔ Receivables on account of the Bank Guarantee Fund's disbursement of covered deposits from entities with respect to which the guarantee condition referred to in Article 2(57) of the Act on BGF has been met are covered by write-downs of 100%.
- ✔ Receivables due to the costs of the resolution are shown at the amount required to be paid, taking into account write-downs.
- ✔ Other receivables are stated at the amount due, taking into account allowances for impairment.

- ✔ Tangible and intangible assets are stated at cost, less depreciation and impairment losses, if any.
- ✔ Depreciation of tangible and intangible assets is calculated using the straight-line method to spread their initial value over their useful lives. Depreciation rates are determined taking into account the economic useful life.
- ✔ Prepayments and accrued income are written off as one-off costs up to the amount of PLN 500, and are otherwise shown at the amount of costs attributable to future reporting periods.
- ✔ Provisions are made for liabilities arising from support provided to acquirers of credit unions or banks, for employee benefits and for litigation. The determination of provisions for employee benefits, i.e. for: jubilee awards, retirement, disability and death benefits, is based on actuarial valuation. Determination of the provisions for support for the acquirers of credit unions is made using the financial data of the acquired entities available as at the balance sheet date.
- ✔ Accruals include accruals for unused holiday benefits, for bonuses and annual awards and other accruals. Accruals for annual bonuses and awards are recognised at the amount of annual bonuses and awards attributable to the financial year. Other accruals are recognised at the amount of the costs attributable to the reporting period that do not represent a liability at the balance sheet date.
- ✔ Other liabilities are measured at the amount payable.
- ✔ The result on financial operations includes the result on: treasury bonds, treasury bills, NBP bills, debt securities guaranteed by the State Treasury, as well as the result on buy-sell back operations, sell-buy back operations, the result on the sale of shares, and other income from interest on funds accumulated on the bank account and on time deposits.
- ✔ Time-barred claims relating to liabilities for covered deposits are recognised in the income statement as other operating income.

In 2023, there were no significant changes to the Bank Guarantee Fund's accounting policies and the preparation of the annual financial statements affecting the *Bank Guarantee Fund's Annual Financial Statements for the financial year from 1 January to 31 December 2023*.



OPINION OF THE INDEPENDENT AUDITOR



Independent auditor's report on the summary financial statement

The Bank Guarantee Fund

Based in Warsaw

For the financial year from January 1st 2023 to December 31st 2023



This document is a free translation of the independent Auditors' Report issued in Polish in electronic format. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation to enhance understanding. The binding Polish original should be referred to in matters of interpretation

INDEPENDENT AUDITOR'S REPORT

ON THE SUMMARY FINANCIAL STATEMENT

FOR THE COUNCIL OF MINISTERS, THE MINISTER COMPETENT FOR FINANCIAL INSTITUTIONS AND THE BOARD OF THE BANK GUARANTEE FUND

Opinion

The attached summary financial statement of the Bank Guarantee Fund in Warsaw at ul. Fr. Ignacego Skorupki 4, hereinafter referred to as the "Fund", which consists of the balance sheet prepared as at 31st December 2023, the profit and loss account for the financial year ending on that date and the information on the basis for the preparation of the summary financial statements was prepared on the basis of the audited

annual financial statement of the Fund for the financial year which ended December 31st, 2023.

In our opinion, the accompanying summarized financial statements of the Bank Guarantee Fund are consistent, in all material respects, with its audited annual financial statements for 2023, in line with the principles set out in "Principles for the preparation of summarized financial statements" and "Accounting principles".

The summary financial statement

The summary financial statement does not contain all the disclosures required by the Accounting Act of September 29, 1994 (consolidated text: Journal of Laws of 2023, item 120, as amended), and the implementing regulations issued on its basis, in particular the Ministerial Ordinance Of Development and Finance of December 9, 2016 on the specific accounting principles of the Bank Guarantee Fund (Journal of Laws of 2021, item 924).

Reading the summary financial statements and the auditor's report thereon is not a substitute for reading the audited annual financial statement and the auditor's report thereon. The summary financial statement and the audited financial statement do not reflect the effects of events that occurred after the date of our report on the audited financial statements

Audited annual financial statement and our report on it

We expressed an unmodified opinion on the Fund's audited annual financial statement for 2023 in our

audit report dated February 21, 2024

The Fund's Management Board responsibility for the summary financial statement

The Management Board of the Fund is responsible for the preparation of the summary financial statements in accordance with the basis for preparation described in

the section "Principles of compiling the summary financial statements" and "Accounting principles".

TRANSLATION



Statutory auditor's responsibility

Our responsibility is to express an opinion on whether the Fund's summary financial statement is consistent, in all material respects, with the Fund's audited annual financial statements, based on our procedures

performed in accordance with Singapore Standard on Auditing (ISA) 810 (Revised) "Engagements to report on summary financial statements."

Digitally signed on the Polish original

Mariusz Kuciński
Statutory Auditor no 9802

key statutory auditor conducting the audit
on behalf of PKF Consult Spółka z ograniczoną odpowiedzialnością Sp. k.
audit firm No. 477
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Warsaw, 6th of August, 2024

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