

KDPW |

ANNUAL REPORT

2023

www.kdpw.pl

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Krajowy Depozyt Papierów Wartościowych

(KDPW, Central Securities Depository of Poland) is a central securities depository – a capital market infrastructure which records and processes securities, settles transactions, provides trade reporting services and issues codes and numbers.

1.1 Core business

Under the applicable legislation and the Statute of Krajowy Depozyt Papierów Wartościowych, the core business of the company in 2023 included:

- management of a securities depository, or other securities registration systems,
- initial recording of securities in a securities depository,
- management of depository accounts, omnibus securities accounts and securities accounts at the highest registry level,
- management of securities settlement systems,
- assisting in the processing of corporate actions,
- providing services for new issues, including assigning ISIN codes and other similar codes (CFI, FISN), as well as the management of these codes,
- establishing and maintaining operational links with other central securities depositories,
- collecting and storing data relating to trades in financial instruments, as well as data relating to these instruments (trade repository),
- collecting and publishing data relating to outstanding bonds, covered bonds and investment certificates, and data relating to the execution of obligations arising from such securities,
- operating an Approved Reporting Mechanism (ARM),
- assigning Legal Entity Identifier (LEI) codes,
- management of the Guarantee Fund, described in the Act on the Organisation and Operation of Pension Funds,
- clearing of transfer payments between open-ended pension funds,
- management of the mandatory investor compensation scheme described in the Act on Trading in Financial Instruments,
- promotional and educational activities relating to capital markets,
- provision of other non-banking ancillary services, which may be provided by central securities depositories, in accordance with legal provisions currently in force,
- provision of IT services supporting the financial instruments market,
- provision of support services to subsidiaries, including accounting and bookkeeping activities.

1.2 Corporate bodies

The Company's corporate bodies are the **General Meeting**, the **Supervisory Board**, and the **Management Board**.

General Meeting

The shareholders of KDPW in 2023 were in equal parts: the **State Treasury**, the **Warsaw Stock Exchange**, and the **National Bank of Poland**.

Supervisory Board

In 2023, the KDPW Supervisory Board was comprised of the following members:

- **Adrian Kalisz**, Chair of the Supervisory Board,
- **Dorota Szymanek**, Deputy Chair of the Supervisory Board,
- **Piotr Rycerski**, Member of the Supervisory Board,
- **Kamila Sukiennik**, Member of the Supervisory Board,
- **Prof. Dr hab. Maciej Szostak**, Member of the Supervisory Board,
- **Tomasz Walkiewicz**, Member of the Supervisory Board.

1.2 Corporate bodies

Management Board

In 2023, the KDPW Management Board was comprised of:



**Maciej
Trybuchowski**

PRESIDENT
OF THE MANAGEMENT BOARD



**Dr Paweł
Górecki**

VICE-PRESIDENT
OF THE MANAGEMENT BOARD



**Sławomir
Panasiuk**

VICE-PRESIDENT
OF THE MANAGEMENT BOARD



**Michał
Stępniewski**

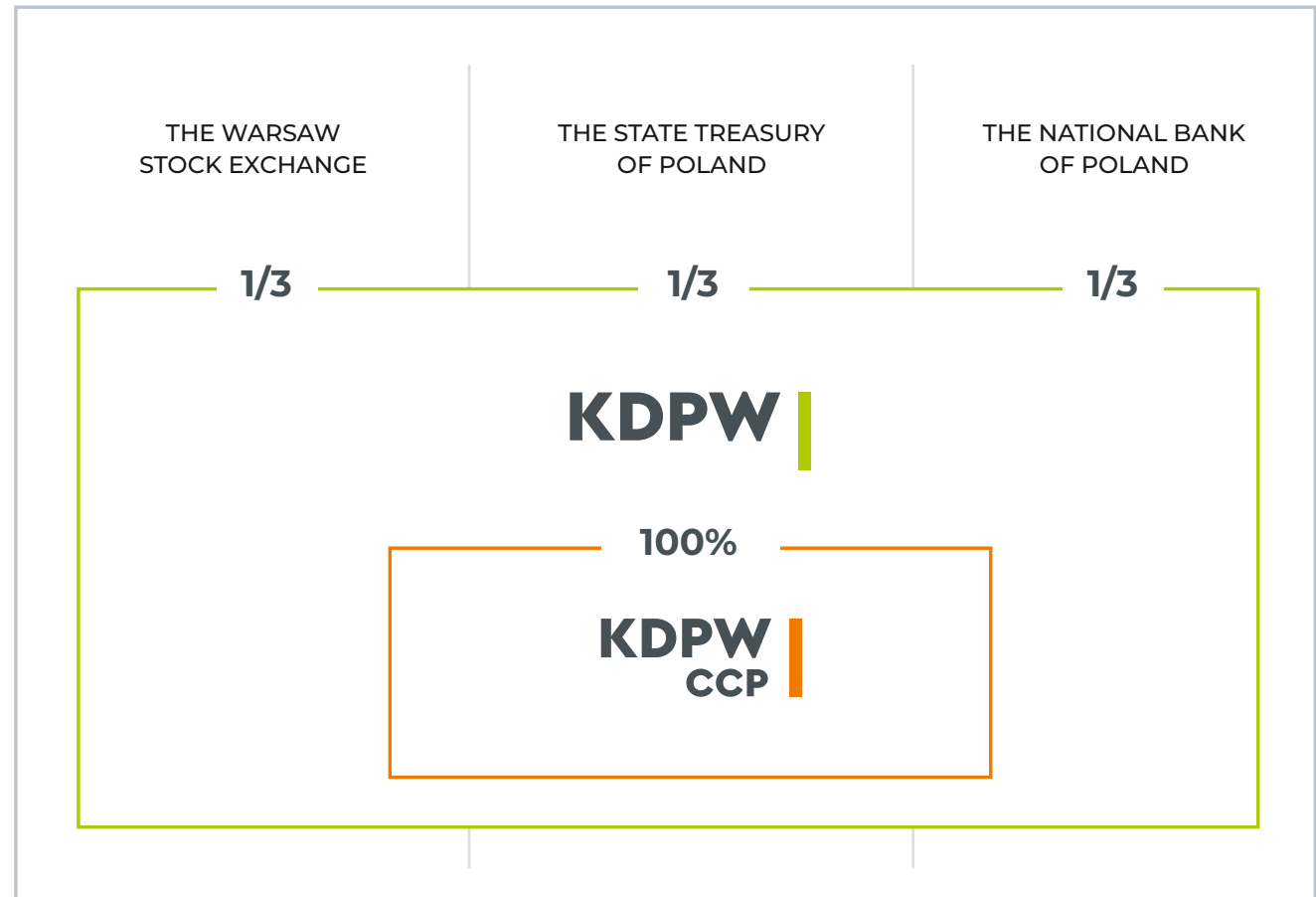
VICE-PRESIDENT
OF THE MANAGEMENT BOARD

1.3 KDPW Group

The Krajowy Depozyt Papierów Wartościowych S.A. Group (KDPW Group), of which Krajowy Depozyt Papierów Wartościowych is the parent entity, is comprised of Krajowy Depozyt Papierów Wartościowych (The Central Securities Depository of Poland, KDPW) and KDPW_CCP. KDPW holds 100% of KDPW_CCP.

The KDPW Group provides the capital market with core services including the operation of a securities depository, clearing and settlement of transactions, as well as a range of complementary services, including trade reporting, provision of market information and data, and issuance of identification codes to financial instruments and market participants.

The activities of the KDPW Group's companies are regulated by national and EU laws and are subject to the supervision of both the Polish supervisory authority (KNF) and the European supervisory authority (ESMA). Both companies of the KDPW Group have obtained European authorisations to provide services within the European Union.



Ownership structure of the KDPW Group

1.4 KDPW organisational structure

The organisational structure of KDPW is laid down in its Organisational Rules. The Rules define the responsibilities of all organisational units.

The organisational structure of the Company includes Departments made up of Sections and Officers reporting directly to the Management Board Members.

1. The core activities are performed by:

- Operations Department
- Trade Repository Department
- Asset Management Department

2. The auxiliary activities are performed by:

- Corporate Affairs Department
- Surveillance Department
- IT Development Department
- IT Systems Department
- Legal Department
- Financial Department
- Strategic Analysis Department
- Business Development Department
- Client Relations Department
- Administrative Department
- Internal Audit Department
- Security Department
- Compliance & Internal Control Department.

1.5 Arbitration Court

Pursuant to the Statute, there is an Arbitration Court at KDPW, which resolves civil disputes over property rights related to the scope of KDPW's activities arising between the Company and the KDPW participants and between the KDPW participants.

The Arbitration Court is composed of 10 judges who are elected by the General Meeting for a three-year term. The Arbitration Court was composed of the following members in 2023:

President of the Court: Prof. Dr hab. Marek Michalski

Vice-President of the Court: Lech Skrzynecki

Judges:

- Jacek Cieplak
- Dr Paweł Gładysz
- Norbert Jeziolowicz
- Edyta Juszczynska
- Marcin Marczuk
- Danuta Pajewska
- Małgorzata Paszkiewicz
- Marek Wodnicki

2.1 Depository and settlement services

Number of direct participants and issuers of securities

In 2023, the direct participant mix changed only modestly. Two new institutions became direct participants of the depository system and the participation of three institutions expired.

Financial institutions which are direct participants may add the following participation status types: issue agent, payment agent.

NUMBER OF KDPW DIRECT PARTICIPANTS AS AT 31 DECEMBER 2023

PARTICIPATION TYPE	NUMBER OF INSTITUTIONS	CHANGE VS. 2022.
Broker	29 (+2, -3)	-1
Custodian	12	no change
Foreign CSD	2	no change
CCP (central counterparty)	1	no change
Other, including securities account holder	38	1
Total	82	no change

NUMBER OF ISSUE AGENT / PAYMENT AGENT DIRECT PARTICIPANTS AS AT 31 DECEMBER 2023

PARTICIPATION TYPE	NUMBER OF INSTITUTIONS
Issue agent	23
Payment agent	23
Total	46

In the participation type of Issuer, KDPW signed agreements with 231 entities, including 227 domestic entities and 4 foreign entities. In 2023, participation agreements were terminated with 25 issuers of securities (including 24 domestic entities and 1 foreign entity). One foreign entity changed its residence to domestic.

The significant increase of the number of participants with the participation type of Issuer was largely driven by legislative change which requires mandatory dematerialisation of shares and subscription warrants. Furthermore, issuers of bonds, covered bonds and investment certificates are required to have them recorded in a securities depository. As such, they are required to enter into participation agreements with the participation type of Issuer.

There were 16 issuers holding the participation type of Issuer on GlobalConnect as at 31 December 2023, 11 more than in 2022.

NUMBER OF PARTICIPANTS WITH THE PARTICIPATION TYPE OF ISSUER AS AT 31 DECEMBER 2023

COUNTRY OF ESTABLISHMENT	NUMBER OF ENTITIES	CHANGE VS. 2022
Domestic	2,809	+205
Foreign	96	+1
Total	2,905	+206

NUMBER OF ENTITY/SETTLEMENT ACCOUNTS

Number of accounts by type as at 31 December

ACCOUNT TYPE	AS AT 31 DECEMBER 2023	AS AT 31 DECEMBER 2022
Participant's proprietary accounts, including securities accounts	226	227
Accounts of KDPW participants' clients	14,751	14,691
Omnibus accounts	12	13

Settlement of transactions in the depository system

In 2023, in the processing of settlements in the depository system, KDPW settled 9,894,894 transactions.

SETTLEMENT TRANSACTIONS IN 2023

TRANSACTION TYPE	NUMBER OF TRANSACTIONS	CHANGE 2023/2022	SETTLEMENT AMOUNT* (PLN BN)	CHANGE 2023/2022
Organised market transactions	8,385,946	-9.69%	1,277.06	34.31%
DvP OTC transactions	1,011,634	-13.81%	12,020.95	0.77%
FoP OTC transactions	167,615	6.65%	0.00	N/D
Primary market	6,640	83.37%	18.43	193.40%
Other	323,059	6.81%	1.91	-24.91%
Total:	9,894,894	-9.41%	13,318.35	3.34%

* settlement amounts in foreign currencies have been converted to PLN

It should be noted that, for transactions on the organised market covered by the clearing guarantee system operated by KDPW_CCP, KDPW_CCP participants may use the functionality of securities netting, which means that the number of settlement instructions sent to the depository system is significantly lower than the number of transactions concluded on the market.

Key elements of settlements conducted by KDPW include a system of cash penalties for late settlement due to, among others, lack of cover in a participant's entity account or cash account.

In 2023, KDPW charged the following cash penalties:

- in PLN – 517,799 cash penalties in a total amount of PLN 26,583,546.16;
- in EUR – 243 cash penalties in a total amount of EUR 7,549.90.

Settlement fail reporting

In accordance with the CSDR, KDPW is obliged to provide the Polish Financial Supervision Authority and the National Bank of Poland with information (monthly and annual) on settlement fails and to publish a report on settlement fails with data for the previous year on its website.

As part of the annual reporting, an annual settlement fail rate is calculated for the KDPW settlement system based on volume (annual number of settlement fails/annual number of settlement instructions) as well as an annual settlement fail rate based on value (annual value of settlement fails/annual value of settlement instructions), which in 2023 were respectively: 5.17% and 0.61%.

Capitalisation of registered financial instruments

The value of securities registered in the depository system (capitalisation) was close to PLN 2.3 billion as at 31 December 2023.

CAPITALISATION OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER

INSTRUMENT TYPE	CAPITALISATION IN 2023	CAPITALISATION IN 2022	CHANGE 2023/2022
	PLN BN	PLN BN	
Shares	804.72	643.28	25.10%
Treasury bonds	1,044.96	925.79	12.87%
Other debt securities	386.28	342.40	12.82%
Other securities	62.83	58.27	7.82%
Total:	2,298.79	1,969.75	16.70%

Processing of securities for which KDPW is the home depository (domestic issuers)

REGISTRATION OF SECURITIES IN 2023

INSTRUMENT TYPE	NUMBER OF OPERATIONS	CHANGE 2023/2022
Shares	244	-1.21%
Rights to shares (PDA)	7	+16.67%
Subscription rights (JPP)	8	-73.33%
Treasury bonds	191	+6.11%
Bonds of other issuers	2,803	+59.53%
- including bonds registered with the participation of the Issue Agent	2,728	+58.33%
Covered bonds registered with the participation of the Issue Agent	3	+50.00%
Investment certificates	405	+21.99%
- including investment certificates registered with the participation of the Issue Agent	375	+21.75%
Subscription warrants	58	+31.82%

Due to the sanctions imposed in response to the Russian invasion of Ukraine, the securities registration process in KDPW included the verification of the issuer and the securities against sanctions imposed on Russian and Belarusian citizens.

In the registration of subscription rights, a new element was added: the verification of information collected from participants regarding the number of subscription rights vested in sanctioned shareholders or shareholders for whom it is not possible to determine whether they are excluded from sanctions, as at the record date of the subscription rights, and in the event that sanctioned holders were identified, they were removed from the KDPW system.

In the registration of investment certificates, KDPW processed the registration of ETF certificates in settlement of instructions for 10 portfolio funds.

KDPW participated in the subscription for shares of a new issue in a public offering carried out using the IT system of the Warsaw Stock Exchange for 2 listed companies; the public sale of existing shares of 1 issuer was cleared in the registration of shares using the Warsaw Stock Exchange system.

Issues were processed in an offering of free shares for 2 issuers.

Securities of 1 issuer were registered in connection with the change of the home depository from NASDAQ to KDPW.

OPERATIONS INVOLVING CASH PAYMENTS IN KDPW IN 2023

OPERATION TYPE	NUMBER OF OPERATIONS
Payment of dividends and advance dividends	328
Payment of income from closed-ended investment funds without redemption of investment certificates	13
Full redemption of Treasury bonds	4
Payment of interest on Treasury bonds	44
Full redemption of other debt securities, including	559
Full early redemption	112
Payment of interest on other debt securities	12,786
Repayment of a part of the nominal amount of debt securities	394
Payment of premiums	16
Payment of late interest	4
Voluntary partial early redemption of bonds	5
Mandatory partial early redemption of bonds	29
Redemption on request of bondholder	3
Voluntary redemption of investment certificates	1,561
Mandatory redemption of investment certificates	23
Cancellation of investment certificates on liquidation of a fund	5

In the registration of debt securities, KDPW participated in the clearing of bond auctions organised by NBP for issues of government bonds and bonds issued by BGK, in total 145 bond series in 2023.

Two agreements with pledge administrators were concluded in the processing of repayment of a part of the nominal amount of debt securities in 2023.

In redemptions of investment certificates, KDPW processed requests for redemption of investment certificates in instruction settlement mode for 59 issues of closed-ended investment funds.

OTHER CORPORATE ACTIONS PERFORMED IN 2023

OPERATION TYPE	NUMBER OF CORPORATE ACTIONS
Increase of share capital with subscription rights	8
Transmission of the data of shareholders registered for a general meeting*	1,111
– including events with registered extended eVoting service	8
Public company shareholder identification operations*	202
– including processing of requests for data rectification	6
Non-public company shareholder identification operations	52
Conversion of bonds into shares	1
Exercise of warrants	33

In the operation of the securities repository, KDPW performed other corporate actions on request of issuers.

In addition, in the processing of issuers and registered securities, KDPW processed the following requests in 2023:

- change of issue sponsor for 17 issuers of securities;
- issuance of a confirmation of the balance of securities registered in KDPW for 53 issuers;
- issuance of a statement in connection with the performed redemption of bonds via KDPW and the deregistration of bonds in the securities depository for 46 issuers;
- amendment of the Terms of Issue, including maturities of bonds registered in the securities depository for 145 issues.

Nine requests of Issue Agents were processed regarding the amendment of data in processed requests lodged using the application for the registration of issues of non-public securities via the Issue Agent.

OTHER CORPORATE ACTIONS IN 2023

OPERATION TYPE	NUMBER OF OPERATIONS
Reverse split of shares	3
Exchange (split) of securities, including:	6
– split of shares	3
– split of investment certificates	3
Change of the nominal amount of securities, including:	6
– reduction of the nominal amount	5
– increase of the nominal amount	1
Assimilation of securities	234
– including partial assimilation	14
Conversion of securities	21
– including partial conversion	8
Cancellation of securities (including Treasury bonds and investment certificates)	151
Deregistration of bonds upon the issuer's execution of payments in the redemption of bonds without intermediation of KDPW	106
Deregistration of financial instruments in KDPW	34
– including deregistration of subscription warrants after the exercise date	2

Processing of securities for which KDPW is the home depository (foreign issuers)

KDPW has notified its activity under CSDR in three EU jurisdictions: Netherlands (shares), Luxembourg (shares, structured certificates), and Cyprus (shares).

REGISTRATION OF SECURITIES IN 2023

INSTRUMENT TYPE	NUMBER OF OPERATIONS (SERIES)	CHANGE 2023/2022 (%)
Shares	1	-50%
Bonds	43	-20%
Structured certificates	497	-63%

In the processing of issuers' obligations to holders of securities, KDPW performed operations involving cash payments in 2023.

OPERATIONS INVOLVING CASH PAYMENTS IN 2023

OPERATION TYPE	CURRENCY OF PAYMENT	NUMBER OF OPERATIONS
Payment of dividends	EUR	3
	USD	2
Interest payment on bonds	EUR	23
	PLN	2
Repayment of a part of the nominal amount	EUR	3
Redemption of structured certificates	PLN	470

OTHER CORPORATE ACTIONS PERFORMED IN 2023

OPERATION TYPE	NUMBER OF CORPORATE ACTIONS
Processing notifications of general meetings, general meeting participation procedures, proxy instructions, and shareholder personal data necessary to enable shareholder participations in general meetings	3
Public company shareholder identification operations	12

Co-operation with foreign depositories and processing of securities for which DPW is the investor's depository (home depository outside of Poland)

As at 31 December 2023, KDPW had direct operational links with the following foreign depository institutions:

- Oesterreichische Kontrollbank – OeKB (Austria)
- Clearstream Banking Luxembourg – CBL (Luxembourg)
- Központi Elszámolóház és Értéktár Rt. – KELER (Hungary)
- Euroclear Bank – (Belgium)
- NASDAQ CSD SE – (Lithuania, Estonia)
- KDD Central Securities Clearing Corporation – (Slovenia)
- NDU National Depository of Ukraine

Via Euroclear Bank, Clearstream Banking Luxembourg and UniCredit BulBank, KDPW had operational links with the following foreign depository institutions:

1. Euroclear Bank:

- Euroclear UK & Ireland
- Euroclear France
- Euroclear Sweden
- Euroclear Nederland
- Iberclear Spain

2. Clearstream Banking Luxembourg:

- Clearstream Banking Frankfurt – (Germany)
- Monte Tittoli - (Italy)
- CDCP - (Czech Republic)
- Euroclear France - (France)
- Centralny Depozitar Cennych Papierov SR AS – CDCP (Slovakia)
- ASX – (Australia)
- DTC (USA)

3. UniCredit BulBank:

- Central Depository AD - CDAD (Bulgaria).

Securities of 68 Polish and foreign issuers were processed via these links in 2023.

KDPW executed 5,421 cross-border transfers related to securities registered in foreign securities depositories in 2023 (2023/2022 change: -22%).

In the processing of securities registered via KDPW's operational links with other CSDs, the following operations were performed:

REGISTRATION OF SECURITIES IN 2023

INSTRUMENT TYPE	NUMBER OF OPERATIONS (SERIES)
Shares (including one series of temporary shares)	6
Bonds	53
Eurobonds of the Ministry of Finance	2
ETCs	1
Covered bonds	3
Structured certificates	1,512

In the processing of issuers' obligations to holders of securities, KDPW performed operations involving cash payments in 2023.

OPERATIONS INVOLVING CASH PAYMENTS IN 2023

OPERATION TYPE	CURRENCY OF PAYMENT	NUMBER OF OPERATIONS
Payment of dividends	EUR	18
	GBP	2
	HUF	1
	CZK	2
Payment of interest on bonds	PLN	19
Payment of interest on eurobonds	EUR	7
Payment of interest on covered bonds	PLN	6
	EUR	1
Payment of interest on structured certificates	PLN	22
Redemption of bonds	PLN	19
Redemption of structured certificates	EUR	2
	PLN	181

Deregistration of rights to benefits of IMMOFINANZ AG was also processed.

OTHER CORPORATE ACTIONS PERFORMED IN 2023

OPERATION TYPE	NUMBER OF CORPORATE ACTIONS
Public company shareholder identification operations	29
Assimilation	1
Conversion	2
Change of nominal amount	2
Partial redemption of shares	4
Processing notifications of general meetings, general meeting participation procedures, proxy instructions, and shareholder personal data necessary to enable shareholder participations in general meetings	46

Other operations

In connection with the payment of issuers' obligations to holders of securities, KDPW participated in 46 payments from securities to foreign depositors (holders of omnibus accounts) acting as the income tax remitter.

KDPW processed the refund of excess tax paid on benefits from securities of the company CEZ a.s (Relief at Source, Standard and Quick Refund) and Banco Santander (Standard Refund).

KDPW registered shares of 11 foreign issuers without entering into an agreement with them on the basis of an introduction to the alternative trading system on GlobalConnect. As at 31 December 2023, shares of 16 foreign companies were introduced on GlobalConnect.

2.2 Services for Pension Fund Companies (PTE) and Open-ended Pension Funds (OFE)

Operation of the Guarantee Fund

KDPW administers the Guarantee Fund since 1999 under the Act on Organisation and Operation of Pension Funds and the Regulation concerning the Guarantee Fund.

The purpose of the Guarantee Fund is to maintain assets deposited by pension fund companies (PTE) necessary to execute payments to members of open-ended pension funds (OFE) to cover losses caused by PTE default in the management and representation of the pension funds to the extent that the PTE has no liability and insofar as the losses are not solely the fault of the injured party. Where the PTE is liable for such losses, payments from the Guarantee Fund are made in the event of the PTE's bankruptcy, to the extent that the losses cannot be covered by the PTE's bankruptcy estate.

There were no events in 2023 that would trigger payments from the Guarantee Fund for its statutory purposes.

The number of PTEs which participate in the Guarantee Fund decreased to 8 as Generali Powszechnie Towarzystwo Emerytalne S.A. took over the management of NNLife OFE from NNLife Powszechnie Towarzystwo Emerytalne S.A.

Resources of the Guarantee Fund consist of:

- contributions made by pension fund companies,
- revenues from investment of the Fund resources, and
- other revenue from the administration of the Fund by KDPW.

The amount of mandatory contributions, which depends on the net asset value of the open-ended pension funds, and the payments are calculated and executed on a quarterly basis.

The amount of required contributions to the Fund was rising in Q1-3 2023 and dropped by 0.41% quarter on quarter in Q4 2024. The balance of funds deposited in the Guarantee Fund as at 31 December 2023 amounted to PLN 542 million, up by 34.24% compared to the balance as at 31 December 2022. The adjustment of contributions in Q1 2024 showed an additional contribution required of PTEs to the Fund in the aggregate amount of PLN 82.12 million and, consequently, the required contributions were set in the total amount of PLN 624.35 million.

VALUE OF ASSETS MAINTAINED BY THE GUARANTEE FUND (ON A CASH BASIS)

ITEM	BALANCE OF ASSETS AS AT 31 DECEMBER 2023 (PLN'000)	BALANCE OF ASSETS AS AT 31 DECEMBER 2022 (PLN'000)	CHANGE (%)
Guarantee Fund assets	542,223	403,926	34.24%

Processing of transfer payments between open-ended pension funds

KDPW processes transfer payments between open-ended pension funds (OFE) whenever a member switches between funds. In the process, KDPW participates in the transmission of personal data of fund members who are switching funds and participates in the transfer of assets deposited in fund members' accounts.

In 2023, KDPW processed 7,026 transfer payments between open-ended pension funds in four batches. The total amount of the transfer payments was PLN 8,629,144.88.

2.3 Compensation Scheme management

KDPW operates and manages the compensation scheme according to the Act on Trading in Financial Instruments. The compensation scheme provides guarantees to investors in the event of default of a compensation scheme participant for:

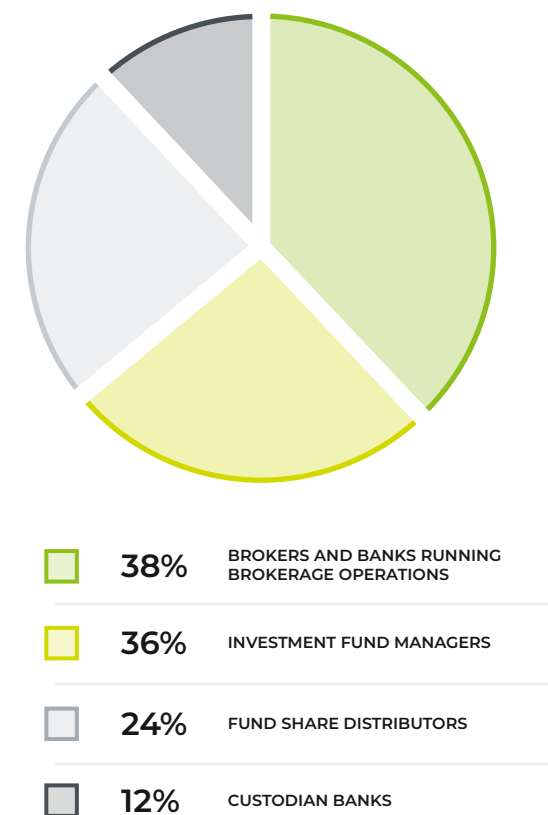
- loss of cash held in cash accounts, loss of cash due to investors in respect of provided services protected by the scheme other than overdue payments, and
- loss of financial instruments deposited with participants of the compensation scheme, including their branches outside of Poland, due in respect of provided services, to the extent covered by the compensation scheme.

The following events concerning participation in the compensation scheme took place in 2023:

- 2 entities joined the compensation scheme: 1 brokerage house and 1 custodian bank,
- the participation of 4 brokerage houses terminated.

As a result, the compensation scheme had 93 participants as at 31 December 2023. As 8 participants are banks which operate both a custodian business and a brokerage business, the compensation scheme records showed 101 institutions in aggregate, including 45 institutions holding cash balances and 56 institutions with no cash balances in the compensation scheme.

COMPENSATION SCHEME PARTICIPANTS
AS AT 31 DECEMBER 2023



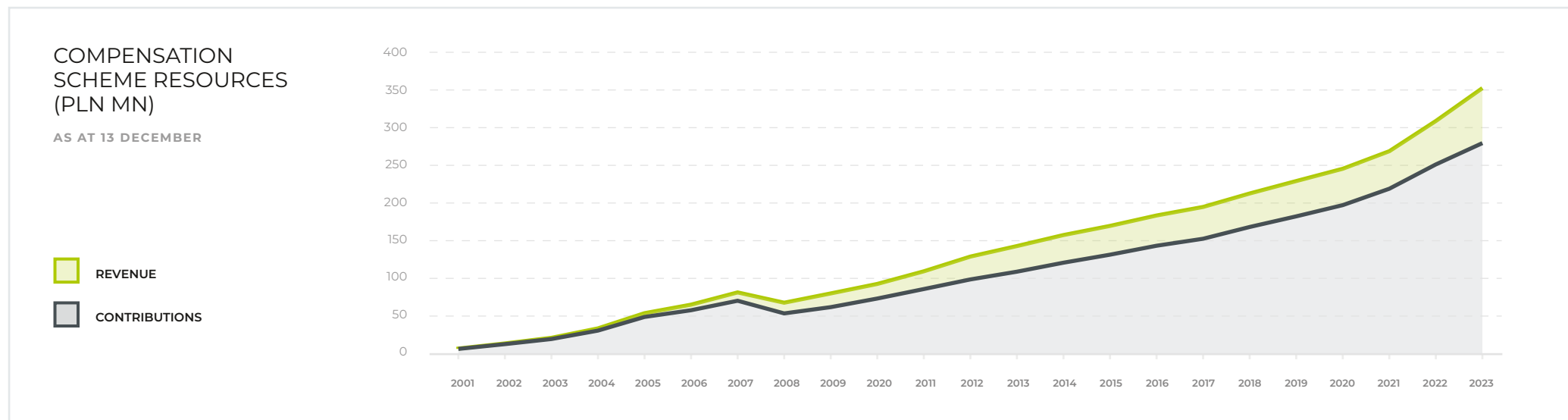
In 2023, compensation scheme participants paid annual contributions in a total amount of PLN 29.4 million. Six contributions were paid late.

One participant in the compensation scheme did not provide KDPW with the required data on the adjusted amount of the mandatory annual payment due from it to the compensation scheme, the amount of the third and fourth instalment of that payment in 2023, and the value of the assets on which they are based (§ 10(2) of the Compensation Scheme Rules), and consequently the adjusted amount of that participant's liability in respect of the mandatory annual payment to the scheme in 2023 cannot be determined.

VALUE OF ASSETS MAINTAINED IN THE COMPENSATION SCHEME (ON A CASH BASIS)

ITEM	BALANCE OF ASSETS AS AT 31 DECEMBER 2023 (PLN'000)	BALANCE OF ASSETS AS AT 31 DECEMBER 2022 (PLN'000)	CHANGE (%)
Assets paid in by compensation scheme participants	279,722	251,501	11.22
Net income*	72,928	57,572	26.67
Total:	352,650	309,073	14.10

**net income includes investment income (PLN 17.98 million in 2023), costs, fees*



Use of compensation scheme resources for statutory purposes

KDPW is not aware of any events occurring in 2023 that would require the use of the compensation scheme for statutory purposes.

In Q4 2023, the KDPW received 8 individual requests for payment of compensation from the compensation scheme in connection with the dismissal of the petition for bankruptcy of PNP S.A. (formerly Polski Dom Maklerski S.A.) pursuant to Article 13 of the Bankruptcy Law.

Following the termination of the brokerage activities of PNP S.A., the management board of that company presented KDPW S.A. with a statement that it had no knowledge of any claims by investors against PNP S.A. that could be satisfied from the resources of the compensation scheme.

Under the circumstances, any compensation to investors who lost cash or financial instruments in connection with the use of services provided by PNP S.A. in the course of its brokerage activities may only be paid on the basis of a final court decision confirming the investor's right to receive compensation and its amount.

2.4 EMIR Trade Repository

KDPW operates an authorised Trade Repository under EMIR since 2014, enabling the reporting of derivatives by means of an online interface or an automated direct connection.

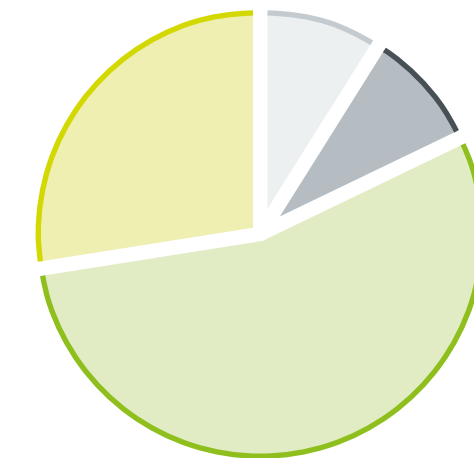
The EMIR Trade Repository is authorised to register trade reports for all classes of derivatives on all execution venues:

- commodity derivatives (CO)
- credit derivatives (CR)
- currency derivatives (CU)
- equity derivatives (EQ)
- interest rate derivatives (IR)
- other derivatives (OT)

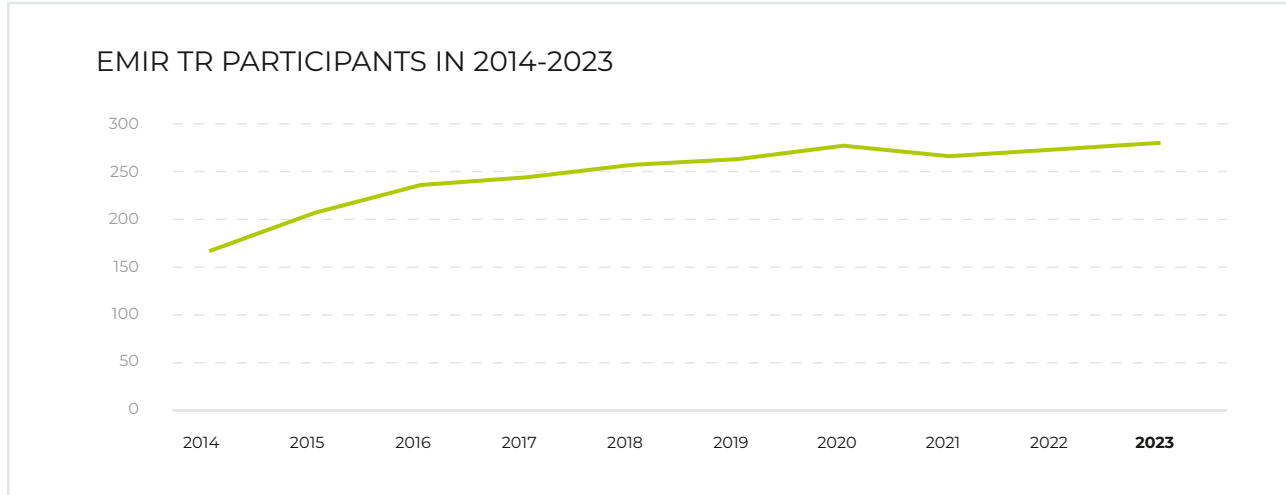
As at 31 December 2023, the EMIR Trade Repository had 280 participants in 15 countries (Austria, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Ireland, Latvia, Lithuania, Malta, Poland, Slovakia, Spain, Switzerland and Sweden) including:

- GUR - General Reporting Participants - 25
- ZUR - Ordinary Reporting Participants - 77
- PUR - Indirect Repository Participants - 153
- IUR - Individual Repository Users - 25

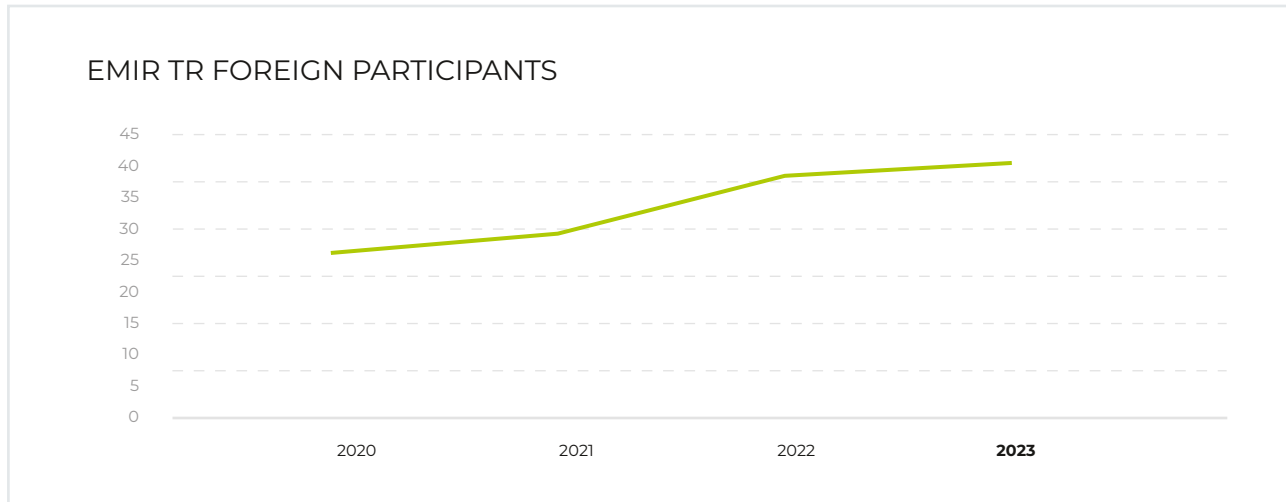
TRADE REPOSITORY PARTICIPANTS
AS AT 31 DECEMBER 2023



In 2023, the number of EMIR Trade Repository participants increased despite several mergers of reporting entities.

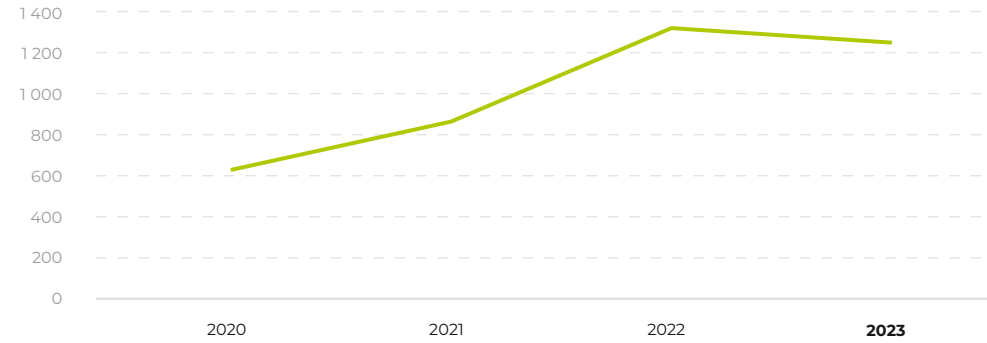


EMIR Trade Repository participants jointly report for more than 34,000 counterparties, most of which are Polish entities.



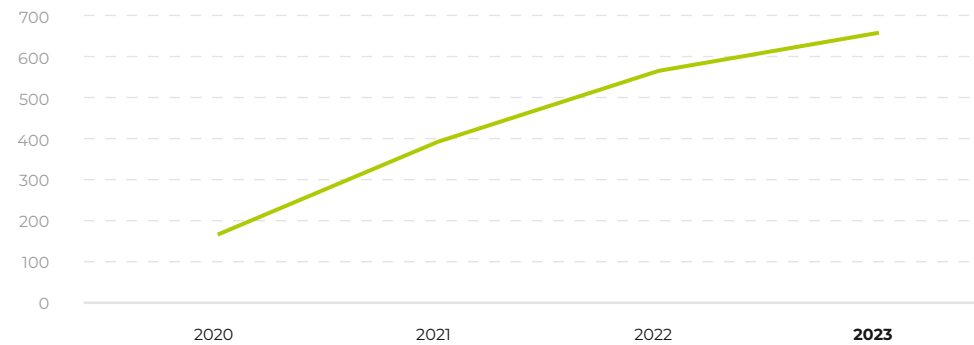
In 2023, the number of accepted reports reached more than 1,243 million, a modest decrease compared to the record year 2022. The number of reports was affected by a change in the way key trade repository participants report transactions and positions. In total, more than 5,619 million reports were submitted by EMIR TR participants between 2014 and 2023.

EMIR TR REPORTS (MN)



Although 2023, in contrast to 2022, put an end to the global pandemic, it was fraught with even greater volatility in the derivatives market, resulting in an increase of more than 16% in the number of reported new trades and positions compared to 2022.

TRADES/POSITIONS ACCEPTED IN EMIR TR (MN)

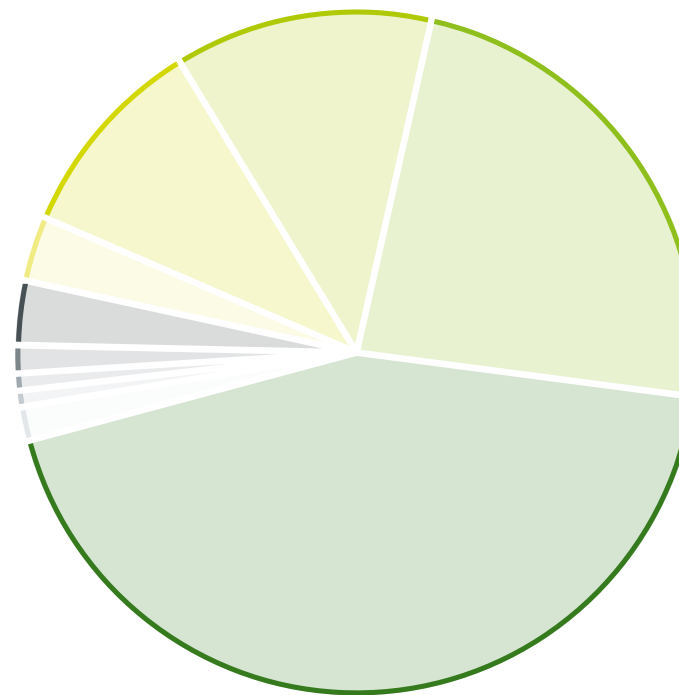


Trades reported to the EMIR Trade Repository since the launch of the service are for instruments in a 46 currencies, mainly INR (43%), USD (23%), EUR (12%).

In 2023, the dominant nominal currency of reported trades was the Indian rupee, which strengthened its position as the leading currency of the notional amount of all reported trades since the inception of the EMIR Trade Repository. This is mostly driven by high-volume participants.

CURRENCY OF NOMINAL AMOUNT OF TRADES REPORTED SINCE EMIR TR LAUNCH

INR	43,8%
USD	23,6%
EUR	12,3%
PLN	9,8%
GBP	3,1%
BRL	3,1%
AUD	1,3%
CAD	0,8%
NZD	0,8%
other	1,6%



2.5 SFTR Trade Repository

KDPW has been operating an authorised SFTR Trade Repository since 2020, enabling SFT reporting via an online application or an automated direct connection.

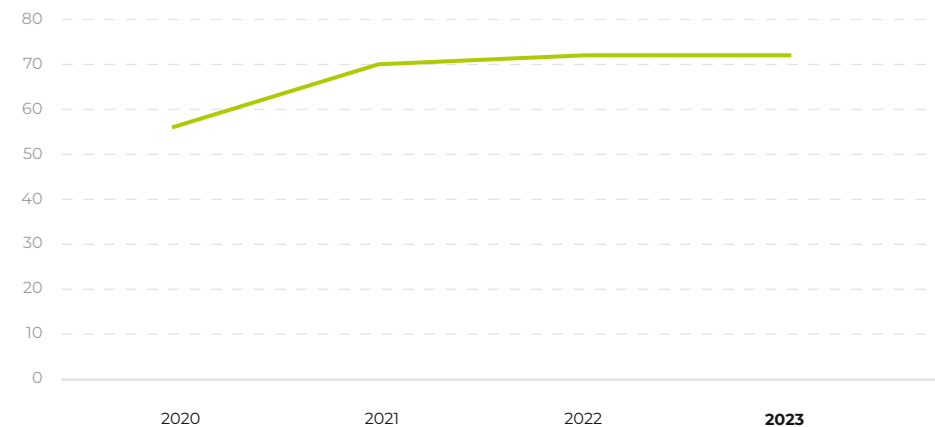
The service is provided to all EEA legal entities. KDPW processes reports of all types of SFTs: securities lending, repo, buy sell back and sell buy back, and collateral lending. The KDPW trade repository accepts reports on securities re-use and reports on initial deposits and initial margins posted as collateral for transactions centrally cleared by authorised CCPs.

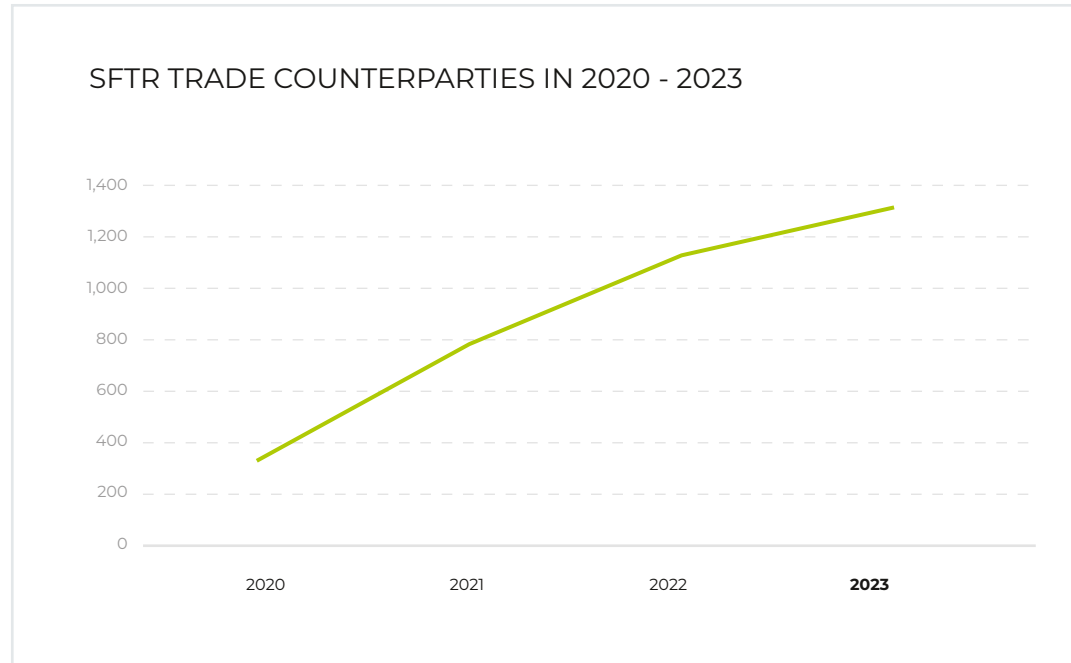
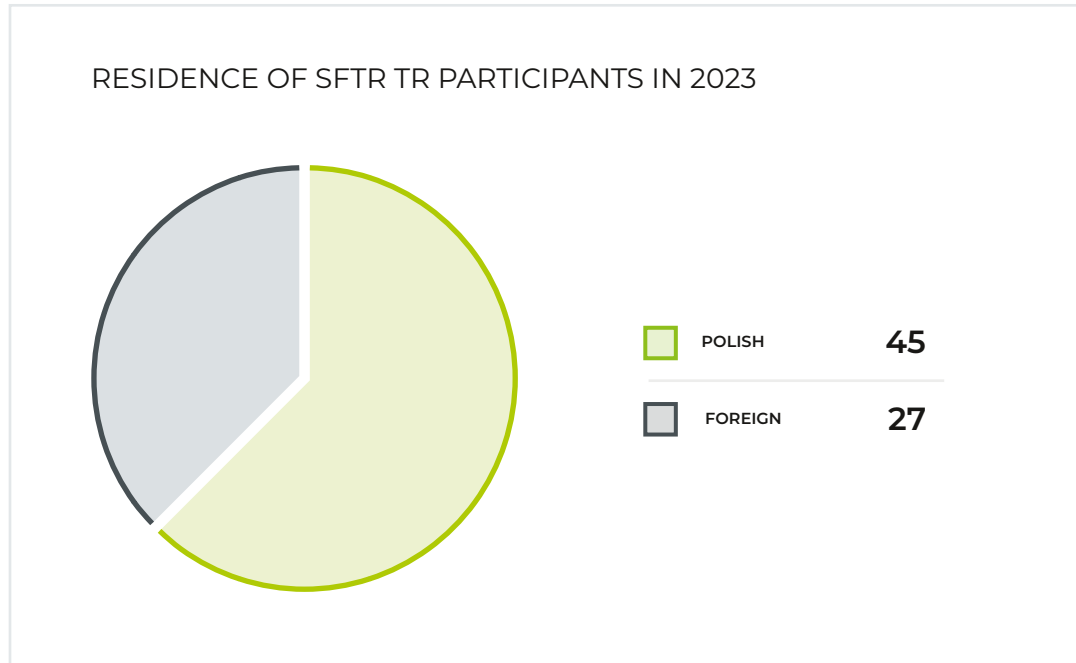
In 2023, the number of participants in the service remained stable. Two clients left but two new participants were successfully acquired. In addition, three mergers affecting entities that are participants in the service were processed.

In total, there were 72 participants in the SFTR Trade Repository as at 31 December 2023, including entities from Poland, Bulgaria, Latvia, the Czech Republic, Romania, Croatia, Italy, Denmark, Finland, Malta, Switzerland and Cyprus.

The vast majority of participants in the SFTR Trade Repository (66 entities) are reporting participants while 6 entities have non-reporting participant status, allowing access to details of trades and corporate actions to which the entity is a party.

SFTR TRADE REPOSITORY PARTICIPANTS IN 2020 - 2023





A modest increase was reported in the number of counterparties for which reporting participants report, i.e., entities that enter into SFT trades. In total, at least one report was filed on behalf of 1,227 legal entities in 2023, compared to 1,132 in 2022, representing an 8% increase.

The number of SFTR reports decreased slightly from 1.19 million in 2022 to 1.15 million in 2023 (a decrease of 2.87%).

2.6 Approved Reporting Mechanism (ARM)

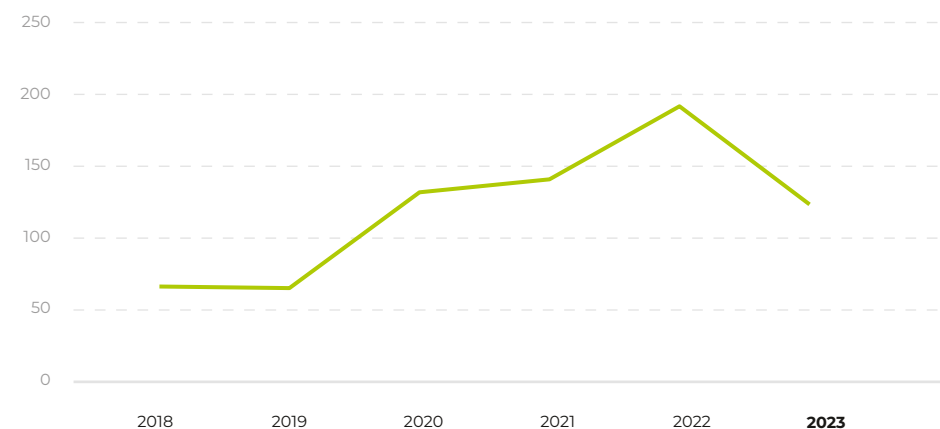
KDPW provides the Approved Reporting Mechanism (ARM) service under an authorisation granted by the Polish Financial Supervision Authority since January 2018. The ARM service includes the reporting of details of transactions in financial instruments to the supervisory authority on behalf of entities which have the reporting obligation under MiFIR.

KDPW offers customised reporting models, giving the option to upload the complete required data and for ARM to use either the data submitted to a trade repository (in the case of derivatives reports) or the trade data from the markets operated by the Warsaw Stock Exchange or BondSpot S.A. (in the case of reports of trades concluded on those markets). The simplified trade reporting models allow participants to significantly reduce the volume of data reported in the process of complying with their obligations under MIFIR.

As at 31 December 2023, the ARM system had 55 participants – investment firms.

The number of reports processed in 2023 decreased from 192 million in 2022 to 124 million in 2023 (down by approx. 35%), mainly due to a change in the interpretation of the reporting obligation applied by the largest ARM participant during 2023.

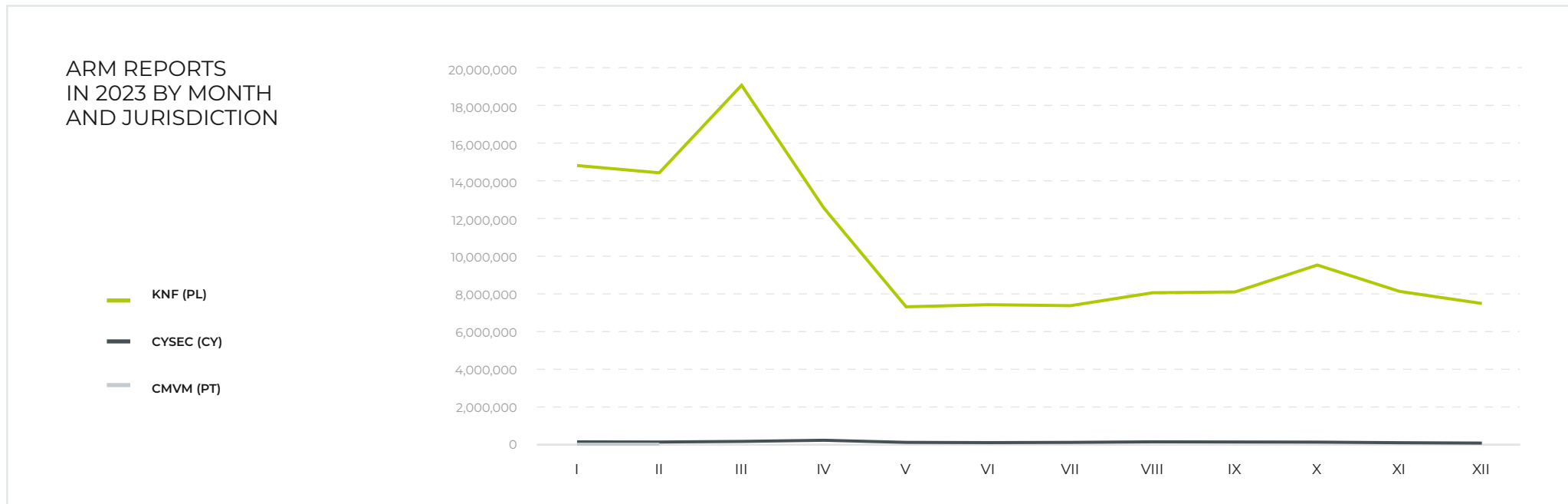
ARM REPORTS IN 2018-2023 BY YEAR (MN)



The number of trades reported via ARM in 2023 stood at 118.7 million (an decrease of 36% year on year compared to 186.8 million in 2022).

KDPW's ARM service is authorised across the European Union. ARM reports are sent to the competent supervision authority depending on the country of establishment of the entity required to report. In 2023, KDPW participated in reporting to three supervision authorities:

- Polish Financial Supervision Authority (Poland) – 117.5 million (98.8% of all reports)
- Cyprus Securities and Exchange Commission (Cyprus) – 1.23 million (1.11%)
- Portuguese Securities Market Commission (Portugal) – 5,900 (0.01%).

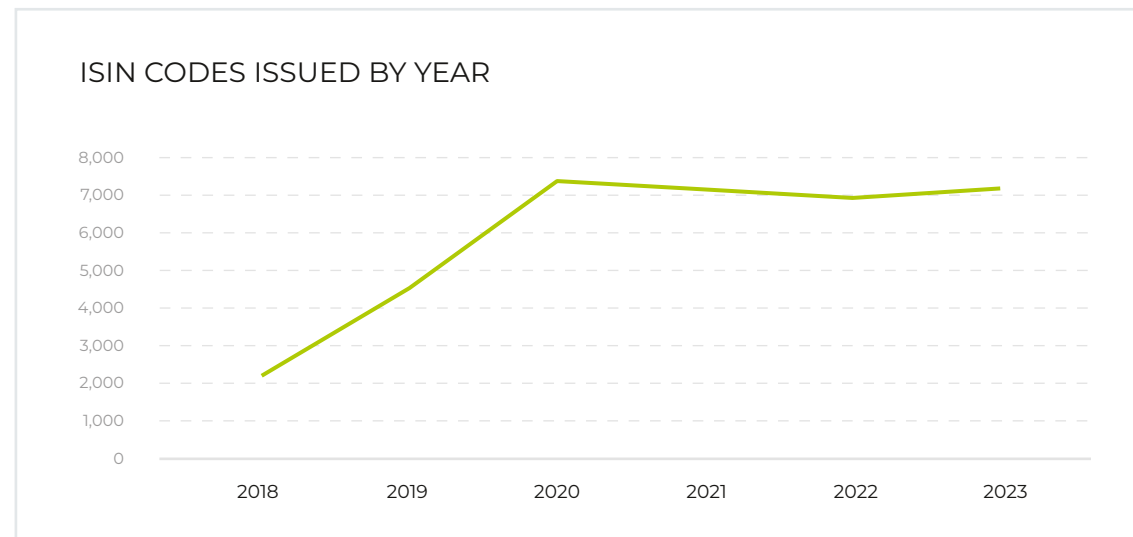
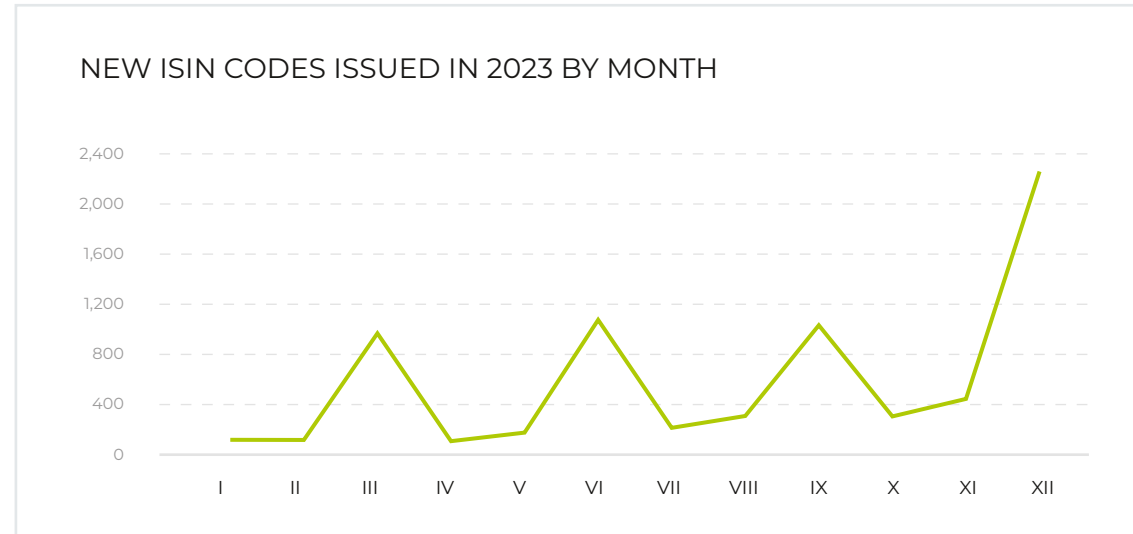


2.7 Numbering Agency

ISIN, CFI, FISN codes

As a national numbering agency and a member of the Association of National Numbering Agencies (ANNA), KDPW is authorised to issue ISIN (International Securities Identification Number), CFI (Classification of Financial Instruments), and FISN (Financial Instrument Short Name) under ISO 6166, ISO 10962 and ISO 18774.

Since the start of its activity as a numbering agency issuing ISIN and CFI codes in 1996, KDPW issued 66,370 codes up to 31 December 2023. In 2023, KDPW issued 7,182 new ISIN codes together with CFI and FISN codes. KDPW is one of few institutions to issue CFI and FISN codes for 100% of issued ISIN codes. There were 14,472 active ISIN codes as at 31 December 2023.



LEI codes

KDPW is the only Polish provider of the service of issuing global legal entity identifiers (LEI) under ISO 17442 authorised by the Global Legal Entity Identifier Foundation (GLEIF).

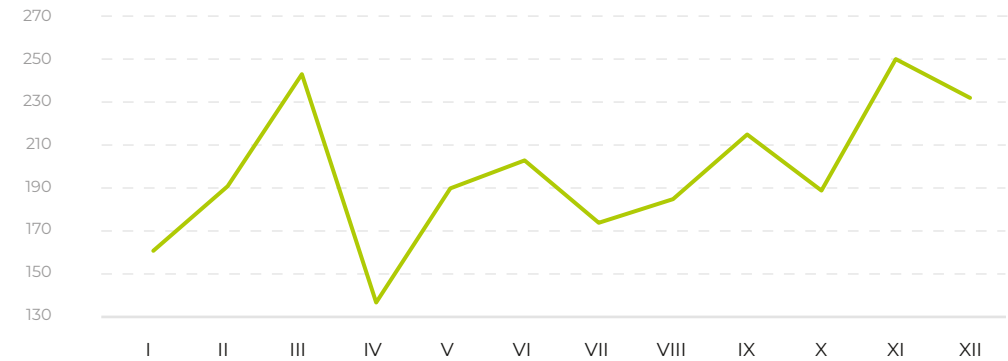
According to the rules of the global legal entity identifier system, each LEI is attributed reference data of the entity holding the LEI according to the relevant public registers.

The high quality of reference data is ensured by LEI agencies. Details of LEIs and reference data are publicly available free of charge from numbering agencies and the GLEIF.

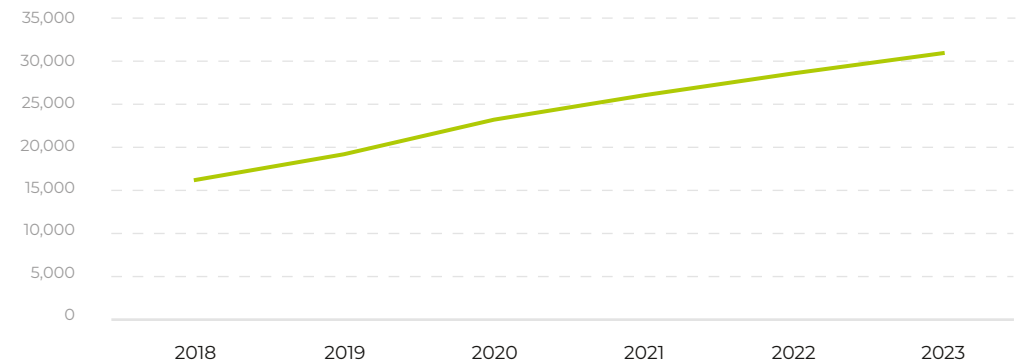
KDPW issued 2,370 LEIs in 2023; 37 LEIs were transferred from other LEI issuers to KDPW; and 55 LEIs were transferred out of KDPW.

Under the GLEIF requirements, LEIs must be renewed annually. KDPW renewed 16,843 LEIs in 2023. As at 31 December 2023, KDPW maintained 19,381 renewed valid LEIs and 9,544 non-renewed valid LEIs and managed 30,965 LEIs in aggregate for entities in the European Economic Area, Switzerland, Norway, Ukraine and the UK.

NUMBER OF LEI CODES ISSUED IN 2023



NUMBER OF LEI CODES MANAGED BY YEAR



2.8 Sale of data via the Data Portal

Since January 2022, KDPW provides a service involving the sale of reference and statistical data. The service is addressed exclusively to legal entities and natural persons conducting business, provided that the service is purchased in connection with their professional activity.

The data sales service is one of the pillars of the development of the Data Portal data.kdpw.pl. In the beginning of 2021, it replaced the previous statistical data presentation system SPDS. The objective of the Data Portal is to provide information in a structured and regulated manner. This is achieved both by the way in which the data is made available and by the possible scope of use of reference and statistical data by external users.

In 2023, five data packages containing a total of 14 reports were offered for sale.

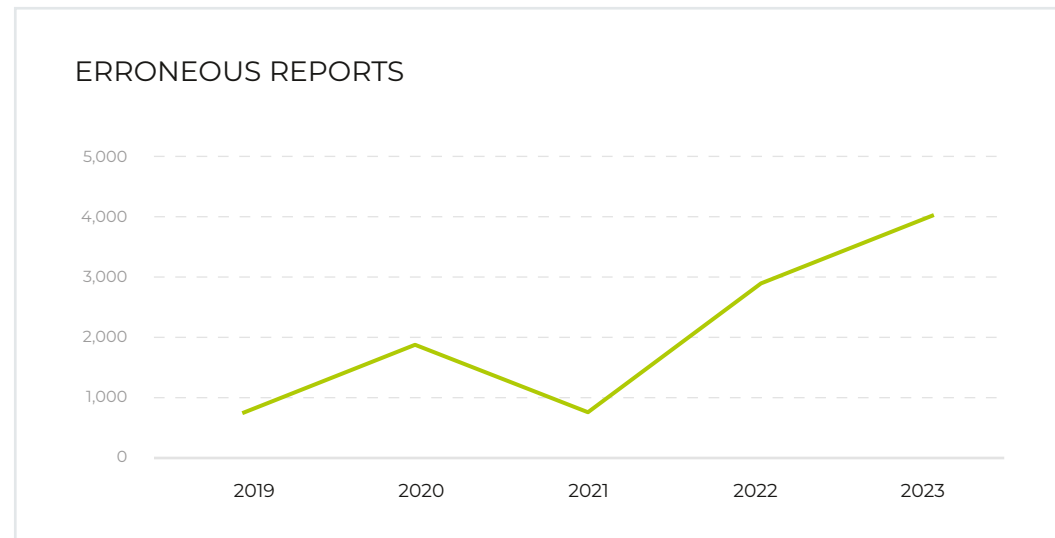
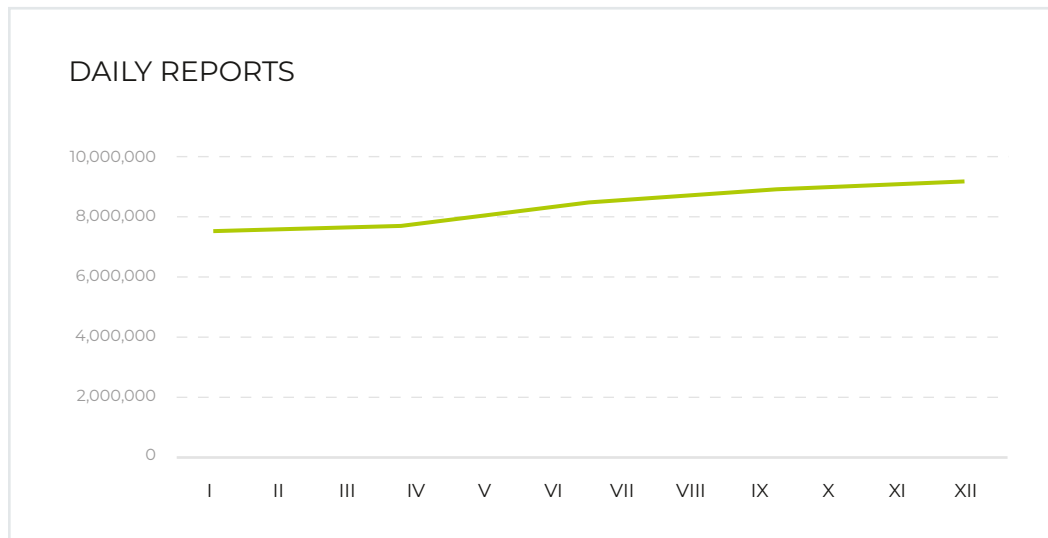
The data sales service is subject to constant development and adaptation to market needs and changes in the legal and business environment. The long-term vision is to provide a comprehensive range of reference data to the extent necessary to optimise the processes and activities carried out in the databases by entities active in the capital market.

2.9 Supervision of the depository system

In accordance with the Act on Trading in Financial Instruments, it is a key responsibility of KDPW to exercise supervision in order to ensure that the number of issued securities matches the number of registered securities in trading, i.e., securities registered in securities accounts or omnibus accounts operated by KDPW participants including registers of issue sponsors.

Supervision is exercised by performing daily checks comparing the aggregate holding balances resulting from records in accounts operated by participants presented in participants' daily reports against the holding balances of corresponding entity accounts maintained in KDPW records.

In 2023, 9,174,629 daily reports were processed (2.9% more than in 2022), of which 4,029 reports (i.e., 0.4‰) contained errors (0.3‰ in 2022). As a result of such controls, non-conformities were identified on the part of 5 participants, resulting in 8 recommendations and 10 observations.



As a result of the review of monthly reports on holding balances and turnover in Treasury bonds provided by participants in 2023, where irregularities were identified in the segregation of bonds in depository accounts and late investigation of such irregularities was noted, an observation was issued to three participants to ensure that the residency status of a client is consistently flagged in depository accounts in order to properly fulfil the obligation to segregate securities, and an observation was issued to one participant to immediately investigate any discrepancies identified by KDPW in the participant's report in accordance with Article 3(3) of the regulation.

Supervision over the operation of securities records by participants is also exercised by means of checks performed during inspections at the seats of participants. In 2023, 41 checks were carried out, including 3 ad-hoc checks, in 40 entities out of the 43 entities subject to KDPW's supervision.

No non-compliances were identified in the checks of 23 participants which would lead to recommendations or observations (17 participants out of 40 checked in 2022). The other 16 entities were issued 16 recommendations and 7 observations concerning the correct maintenance of securities records, as well as 6 recommendations concerning the security of securities registers and the secure maintenance of data of securities accounts and omnibus accounts. In 3 cases, no recommendations were issued because the entities made the necessary adjustments during the check.

3.1 KDPW's adaptation to Target Services

On 20 March 2023, after several years of preparation, the European Central Bank launched the new TARGET system for clearing high-value EUR transactions (the KDPW Group is one of the many users of the system in the EU).

KDPW and KDPW_CCP participated in the Target2 (T2) - Target2 Securities (T2S) Consolidation project, i.e. migration to the new TARGET system, including system, regulatory and procedural adjustments, as a result of which, on the morning of 20 March 2023, the first EUR transactions were correctly transmitted to and cleared in the Polish component of the system TARGET-NBP.

With the implementation of the new TARGET system, all payments in EUR resulting from the settlement of transactions carried out by KDPW or made in fulfilment of issuers' obligations arising from securities registered in the depository, penalties for late settlement, and operations related to clearing performed in the clearing house KDPW_CCP are carried out through the TARGET-NBP system.

3.2 Implementation of AMI-SeCo collateral management standards

The AMI-SeCo collateral management standards were implemented on 18 - 19 November 2023. As part of the pre-implementation work, the necessary system and regulatory modifications were made to enable the use, on the standard conditions set by the European Central Bank, of financial instruments registered in KDPW as collateral for Eurosystem credit operations under the Single Collateral Management Rulebook for Europe (SCoRE). New system and regulatory solutions were developed and implemented to ensure the execution of processes related to the exchange of information between issuers of securities and KDPW and between KDPW and direct participants.

The system modifications covered by the implementation were designed to align KDPW with the AMI-SeCo Standards for Corporate Actions under the Single Collateral Management Rulebook for Europe (SCoRE).

3.3 Alignment of KDPW with SORBNET 3

In 2023, the KDPW Group carried out adaptation to the new SORBNET3 (S3) system designed by the National Bank of Poland (NBP) and aimed at ensuring the continuation of cash settlement in central bank money.

As part of the adaptation to SORBNET3, necessary modifications will be made to the KDPW Group's IT systems (settlement of transactions in PLN, settlement of securities payments in PLN, and settlement of other operations in PLN).

The launch of the SORBNET3 system is planned for June 2025 according to the NBP schedule.

3.4 Implementation of a proof of concept for the launch of a DLT market infrastructure

Following the research and development project *Feasibility Study on KDPW's Participation in the DLT Pilot Regime*, completed in 2022, KDPW continued its research and development work on the use of distributed ledger technology from the first weeks of 2023.

In addition, KDPW joined a newly established working group at the ECB, NTW-CG (New Technologies for Wholesale Settlement Contact Group), which brings together representatives of central banks, infrastructures and commercial entities interested in developing DLT solutions.

Based on the concept and the knowledge and experience gained in the first phase of the project, it was decided to define activities and scope for the second phase of implementation. The project will include the extension of the traditional depository and settlement system to DLT solutions, including the transfer of financial instruments from the traditional system to DLT and vice versa, at the request of investors and with the participation of direct participants operating securities accounts.

3.5 Development of the Data Portal

With a view to technological developments and the expansion of the content of the Data Portal (data.kdpw.pl), a project aiming to improve the existing reports and launch further reports containing data from the central securities depository and the clearing house was implemented in 2023.

On 4 January 2024, the KDPW Group made available seven new statistical reports, including six reports available as part of paid data packages and one report as part of a set of reports available free of charge (Report with list of instruments from other CSDs). The paid reports include:

- Debt transactions report
- Fees for custody and settlement of foreign instruments
- Value of assets posted as Funds and Margins Organised Market
- LEI database with change history
- OTC transaction clearing
- Value of assets posted as Funds and Margins OTC

3.6 Development of the Register of Issuers' Obligations

In 2023, a project was underway to modify the Register of Issuers' Obligations (RZE) - a set of information on the outstanding debt of issuers in respect of liabilities arising from their outstanding bonds, covered bonds, and investment certificates.

The main area of modifications results from the Act of 29 July 2005 on trading in financial instruments (as amended by 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).

In addition, functionalities will be introduced to report details of changes related to issuers' debt and liabilities, as well as transfers of records of instruments of an issuer between authorised entities, through applications provided by KDPW.

3.7 Adaptation of the EMIR Trade Repository system to changes resulting from EMIR REFIT

With a view to adapting the EMIR Trade Repository system to the changes resulting from the EMIR REFIT, a project was underway at the KDPW Group from 2022 onwards to fundamentally redesign and upgrade the trade repository system. A high-performance IT infrastructure based on new technologies was developed as part of the project.

The key functional changes resulting from the EMIR REFIT include the introduction of mandatory reporting using xml messages compliant with schemas under the ISO20022 standard. Another key change is the extension of the scope of data reported to KDPW and related to filing authorisations of delegated reporting using a dedicated message.

The implementation of the changes adapting the EMIR Transaction Repository system and KDPW_CCP to the changes resulting from the EMIR REFIT took place on 27-28 April 2024.

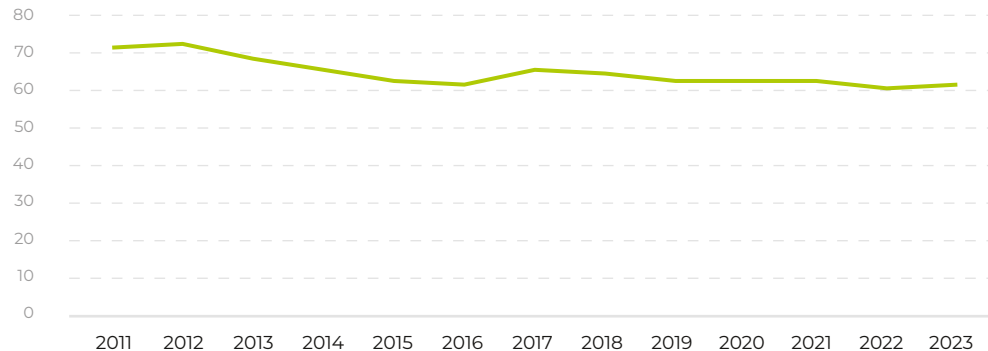
3.8 Development of a new sales website for trade reporting services (EMIR, SFTR, ARM)

A new English-language website dedicated to the reporting services (EMIR and SFTR Trade Repository and ARM) was implemented on 28 June 2023. With its design and content, the new website highlights marketing and acquisition activities dedicated to this group of services.

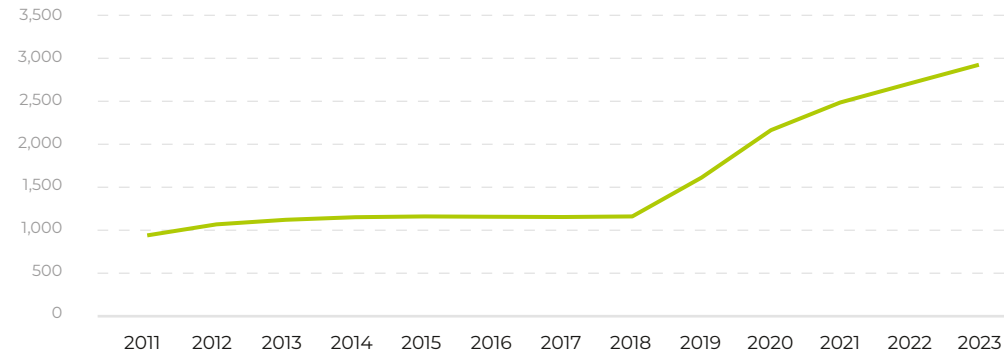
3.9 Development of a new sales website for LEI services

In 2023, a project was underway to develop and implement a new sales website for the LEI issuance and maintenance service. According to the updated schedule, the project will be completed in mid-2024.

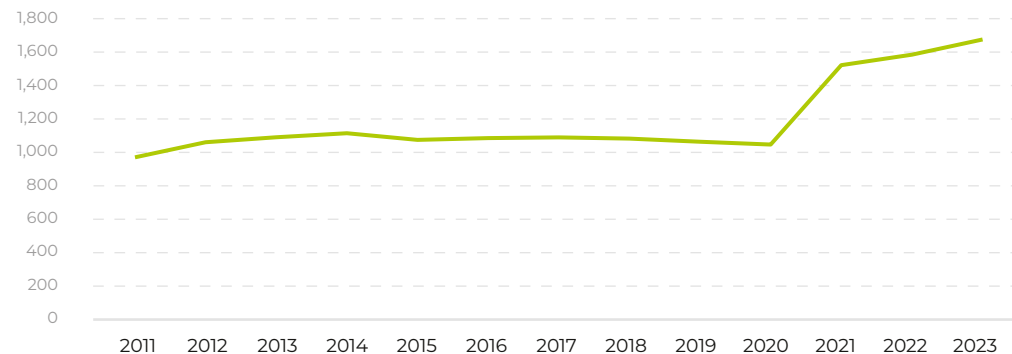
NUMBER OF KDPW DIRECT PARTICIPANTS



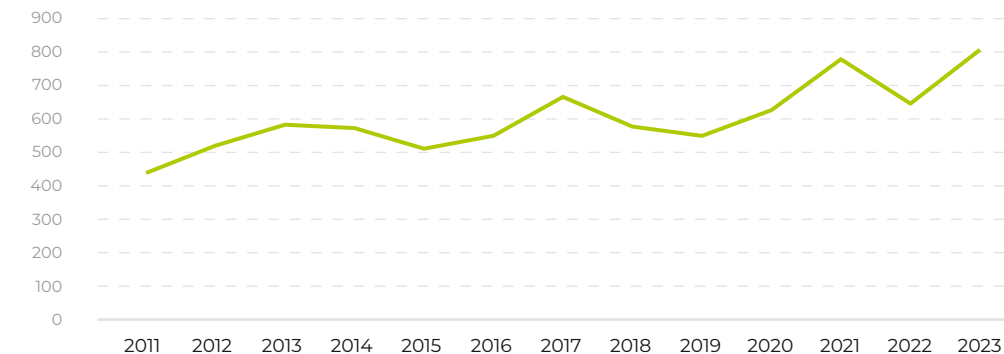
NUMBER OF ISSUERS*



NUMBER OF REGISTERED SHARE ISSUES

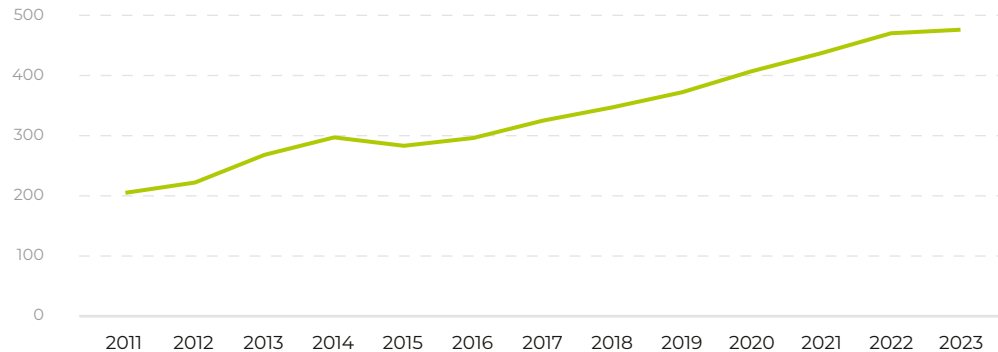


CAPITALISATION OF REGISTERED SHARE ISSUES (PLN BN)

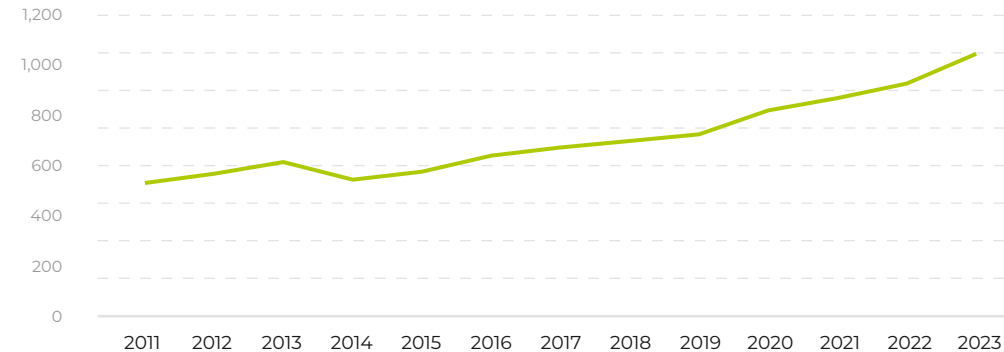


* including the issuers without agreement with KDPW (Global Connect)

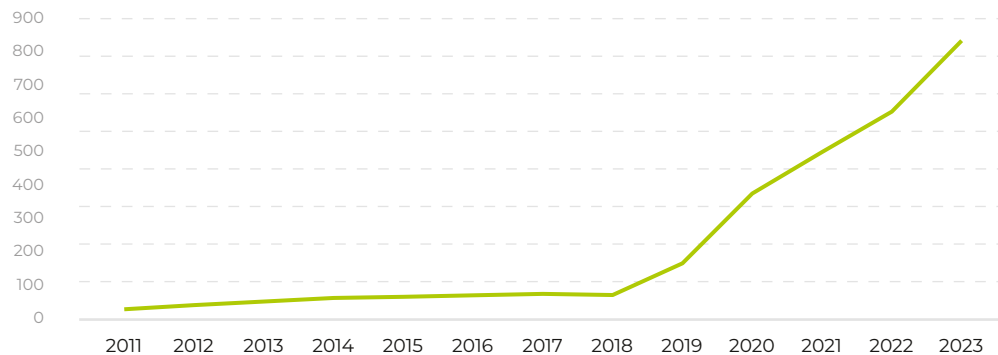
NUMBER OF REGISTERED TREASURY BOND ISSUES



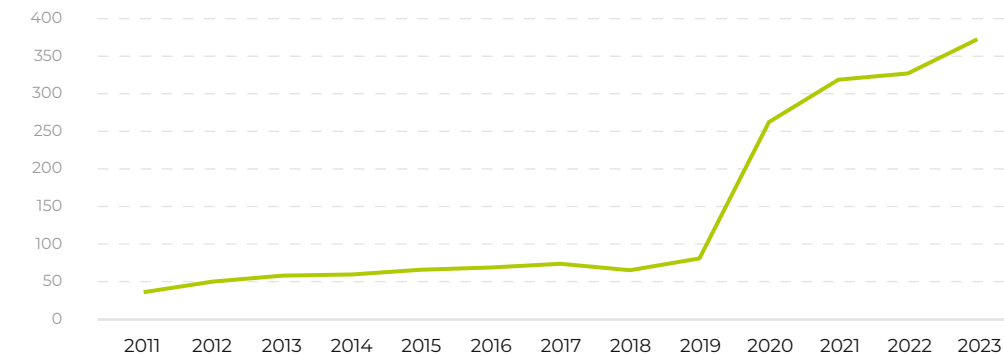
CAPITALISATION OF REGISTERED TREASURY BOND ISSUES (PLN BN)

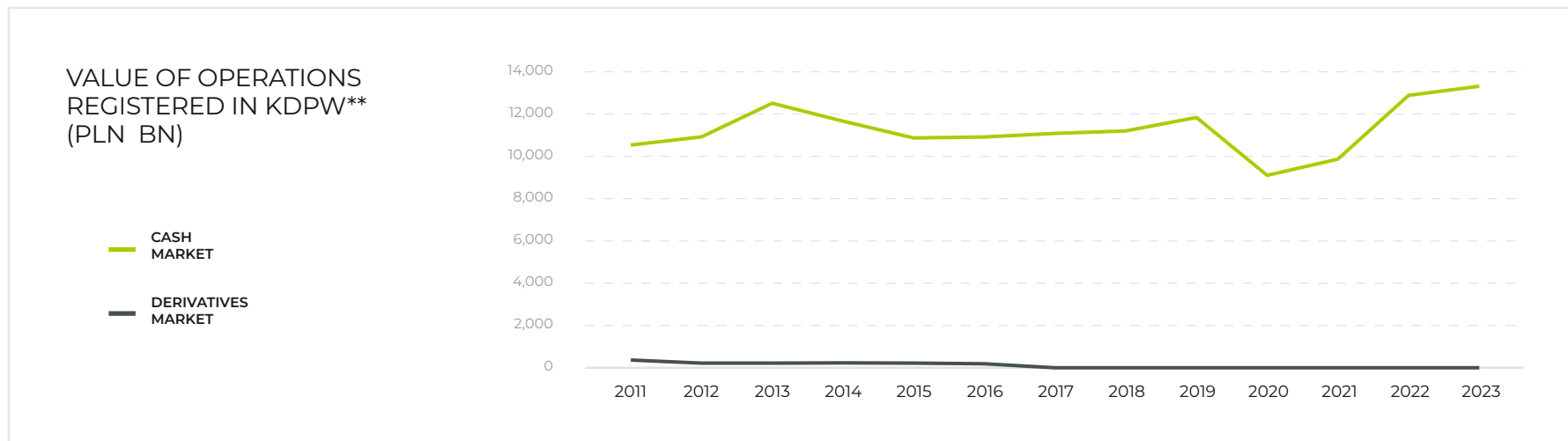
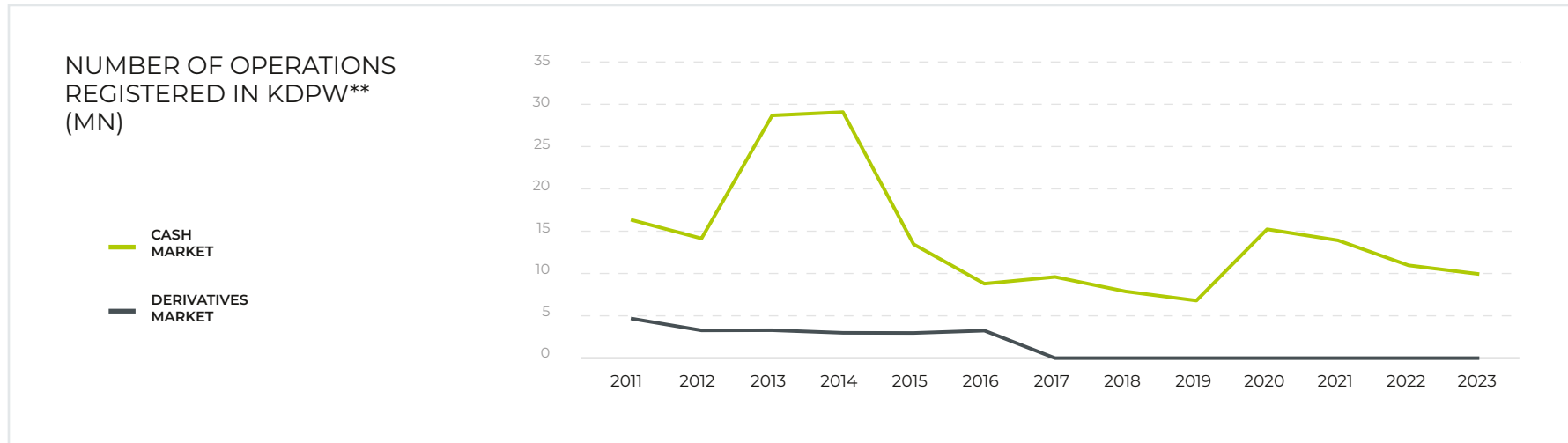


NUMBER OF REGISTERED NON-TREASURY BOND ISSUES



CAPITALISATION OF REGISTERED NON-TREASURY BOND ISSUES (PLN BN)

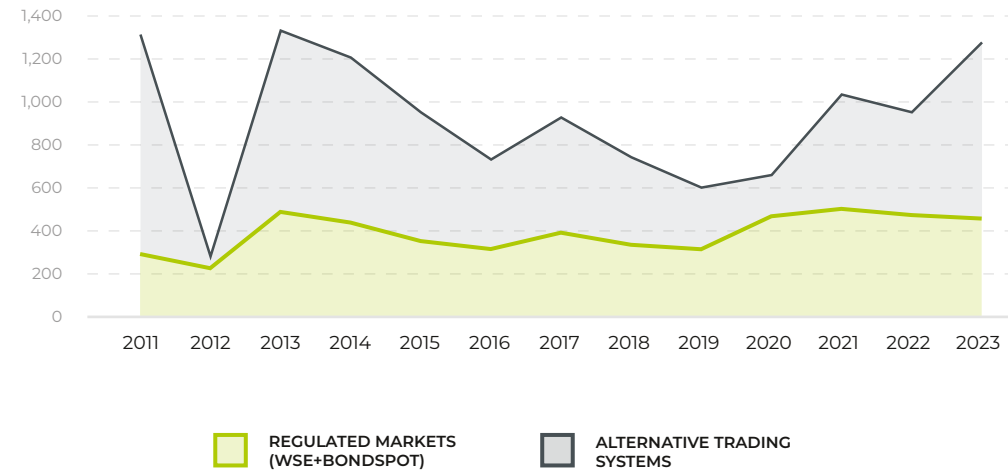




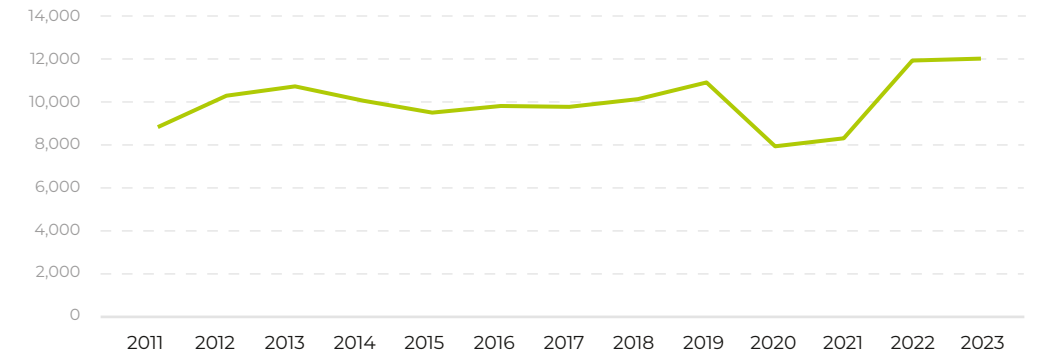
** registration operations resulting from settlement of transactions, post-trade transfers and other operations

VALUE OF OPERATIONS REGISTERED IN KDPW - SECONDARY CASH MARKET***

ORGANISED MARKETS (PLN BN)

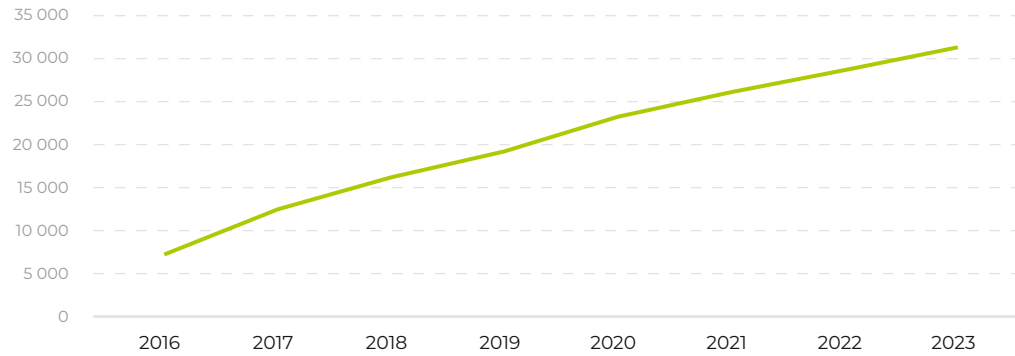


OTC MARKET (PLN BN)

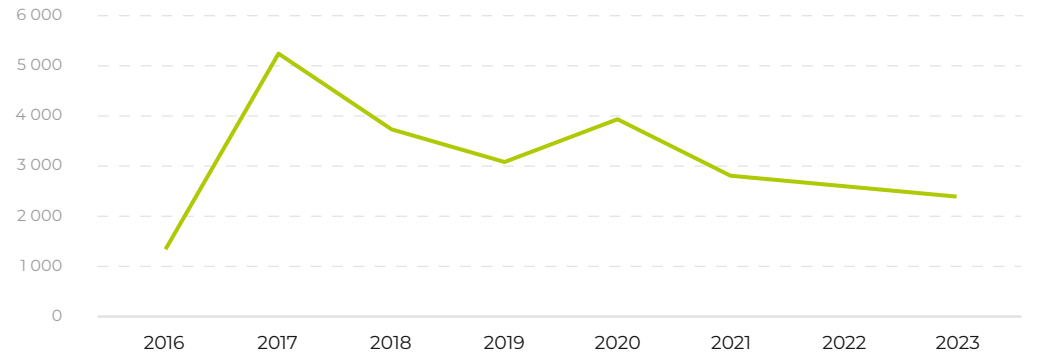


*** registration operations resulting from settlement of transactions

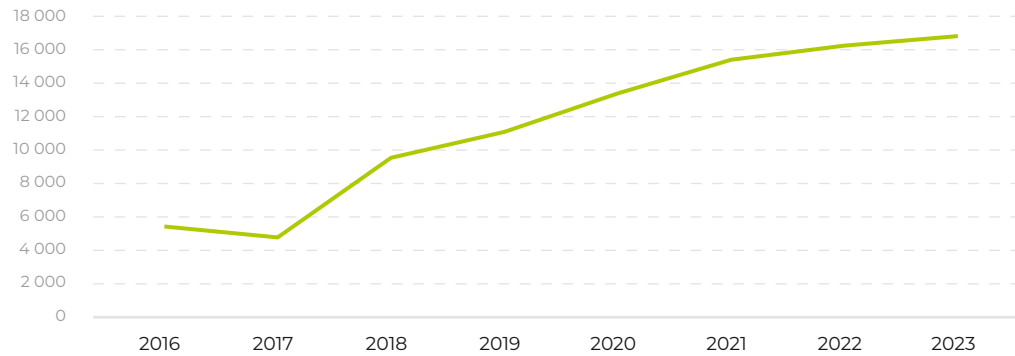
NUMBER OF MANAGED LEIS



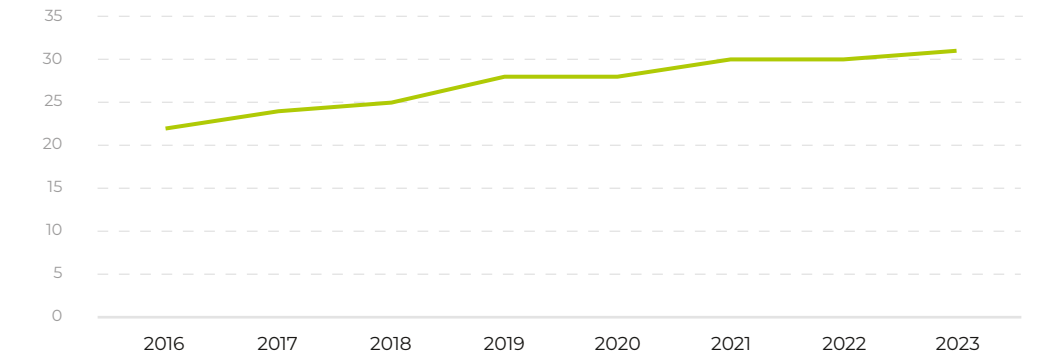
NUMBER OF ISSUED LEIS



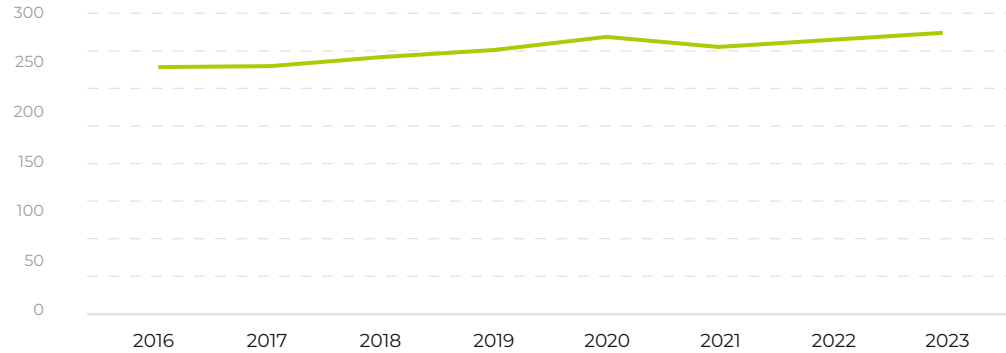
NUMBER OF RENEWED LEIS



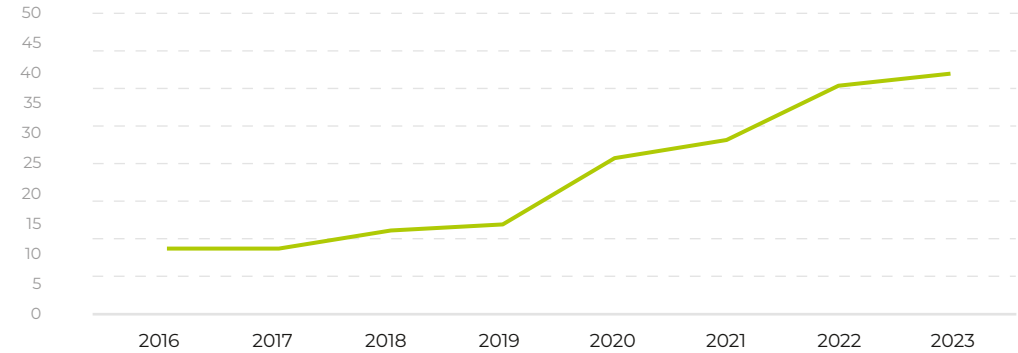
NUMBER OF JURISDICTIONS



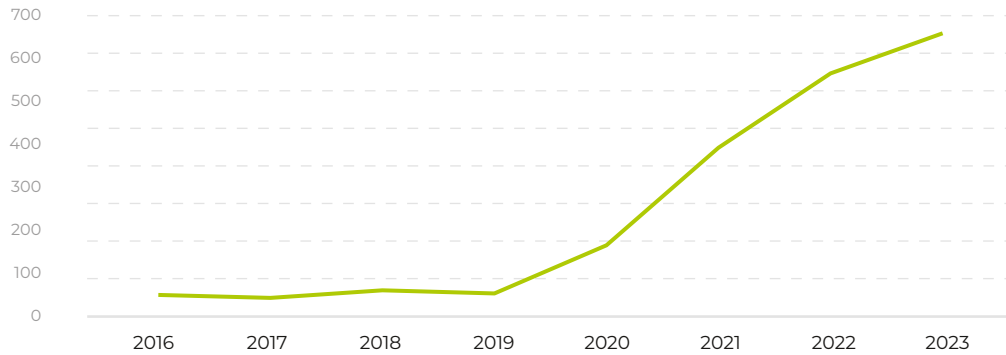
NUMBER OF TR EMIR PARTICIPANTS



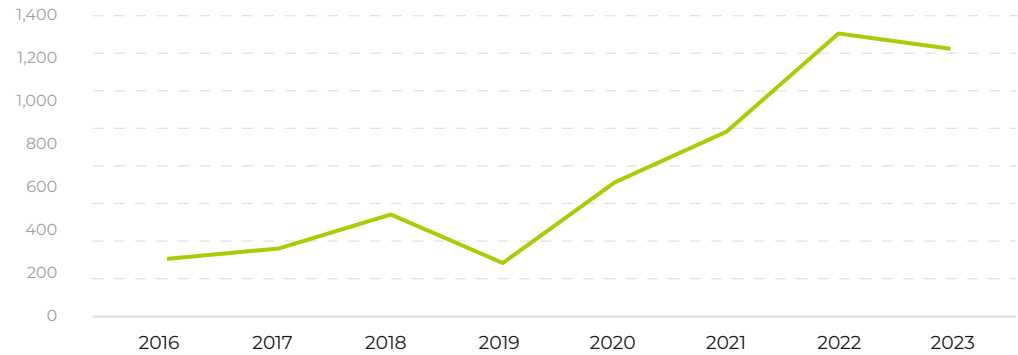
NUMBER OF TR EMIR FOREIGN PARTICIPANTS



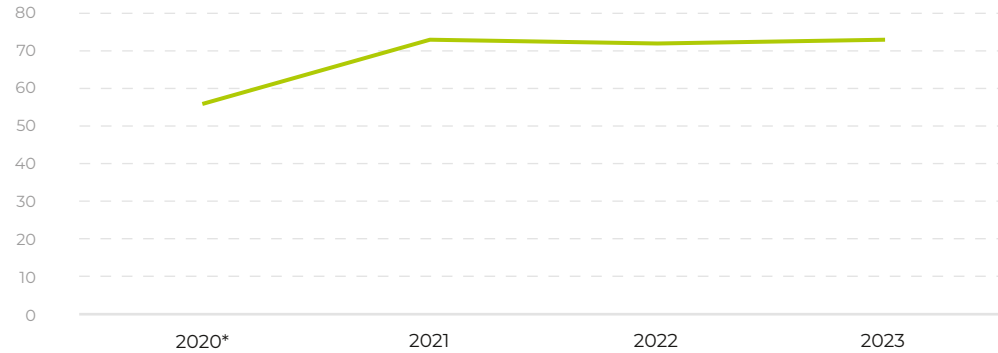
NUMBER OF TRANSACTIONS (MN)



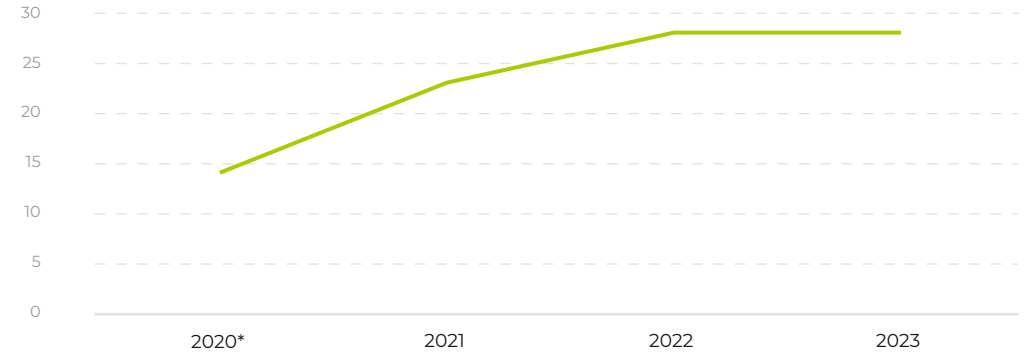
NUMBER OF REPORTS (MN)



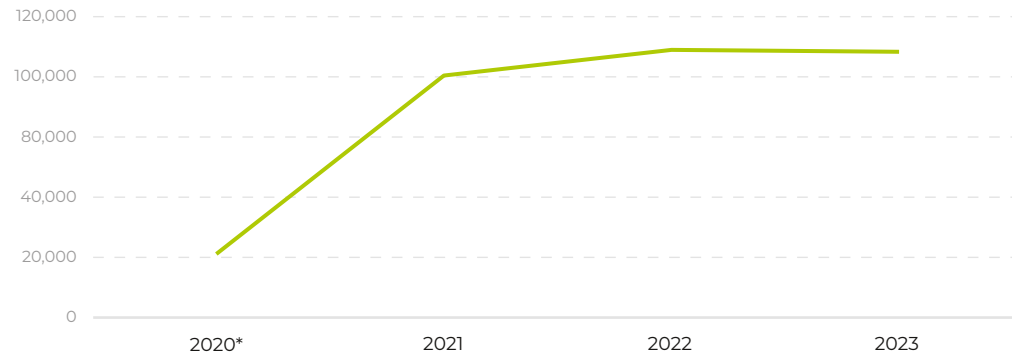
NUMBER OF TR SFTR PARTICIPANTS



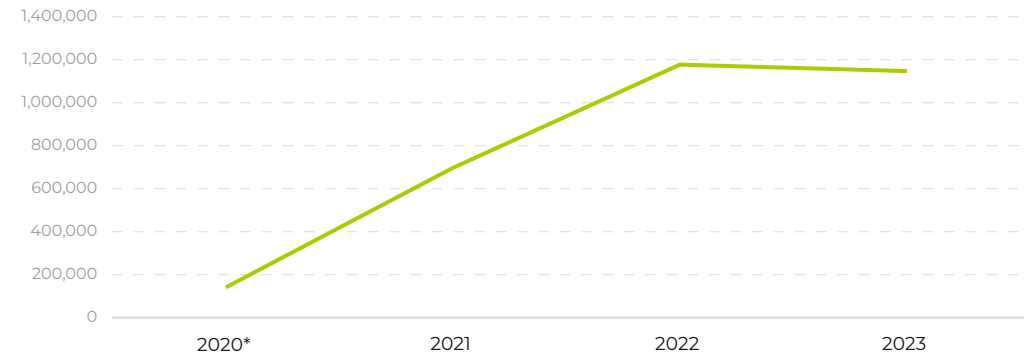
NUMBER OF TR SFTR FOREIGN PARTICIPANTS



NUMBER OF TRANSACTIONS (MN)

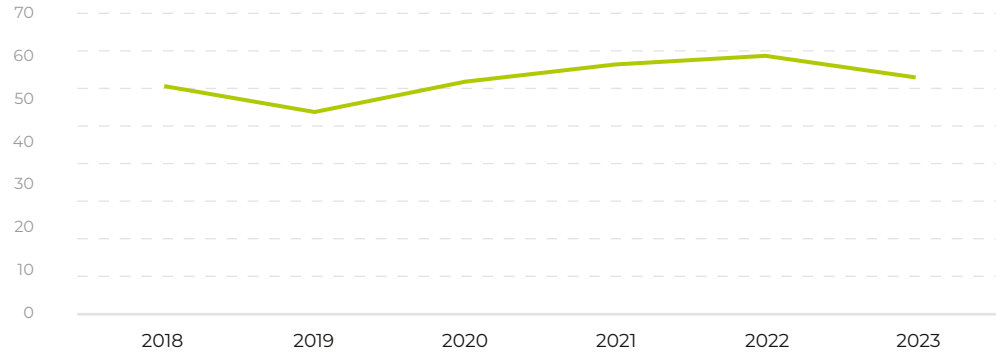


NUMBER OF REPORTS (MN)

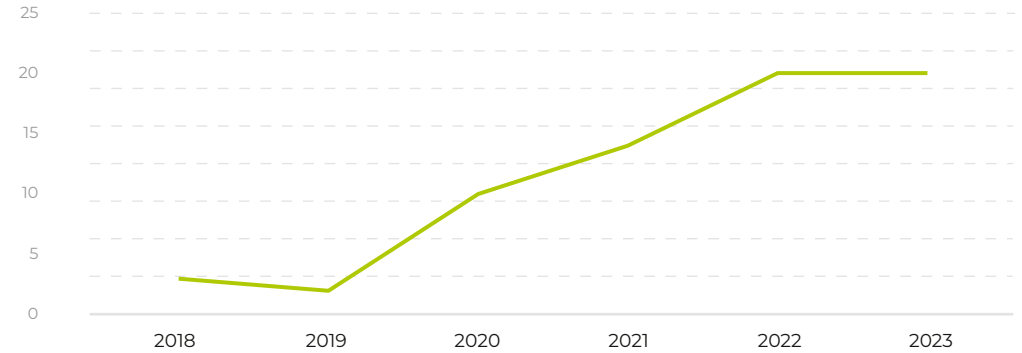


* Service in operation since 13 July 2021

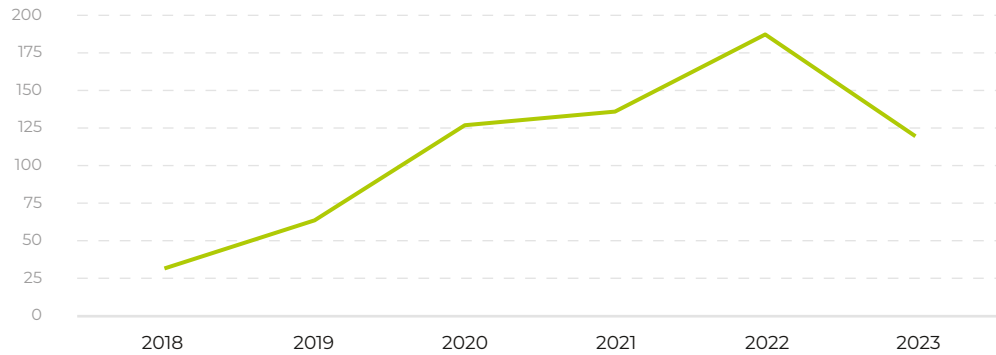
NUMBER OF CLIENTS



NUMBER OF FOREIGN CLIENTS



NUMBER OF REPORTS (MN)



ASSETS	AS AT 31.12.2022	AS AT 31.12.2023
NON-CURRENT ASSETS	551,782,787.70	537,341,319.49
Intangible assets	23,975,010.91	25,186,690.85
R&D expenses	13,450,049.41	14,439,181.04
Other intangible assets	5,356,273.14	6,517,815.71
Advances for intangible assets	5,168,688.36	4,229,694.10
Property, plant and equipment	76,253,544.89	83,472,868.17
Property, plant and equipment	74,667,208.29	70,799,480.66
land (including right to perpetual usufruct)	9,447,255.32	9,379,509.21
buildings, premises, civil and water engineering structures	34,705,704.72	34,425,626.39
technical equipment and machines	30,031,292.48	25,854,050.54
vehicles	390,742.11	1,046,515.00
other fixed assets	92,213.66	93,779.52
Property, plant and equipment under construction	1,586,336.60	12,673,387.51

ASSETS	AS AT 31.12.2022	AS AT 31.12.2023
Non-current investments	439,201,307.00	419,416,759.95
Non-current financial assets	439,201,307.00	419,416,759.95
in related parties	203,282,585.40	203,282,585.40
- shares	203,282,585.40	203,282,585.40
in other entities	235,918,721.60	216,134,174.55
- shares	8,524.70	8,524.70
- other securities	235,910,196.90	216,125,649.85
Non-current prepayments	12,352,924.90	9,265,000.52
Deferred tax asset	11,701,699.68	8,459,955.13
Other prepayments	651,225.22	805,045.39

ASSETS	AS AT 31.12.2022	AS AT 31.12.2023
CURRENT ASSETS	90,779,852.57	148,607,268.27
Current receivables	18,220,749.16	72,909,964.59
Receivables from related parties	4,082,558.32	4,036,164.43
trade receivables, maturing:	4,082,558.32	4,036,164.43
- up to 12 months	4,082,558.32	4,036,164.43
Receivables from other entities	14,138,190.84	68,873,800.16
trade receivables, maturing:	11,837,107.97	16,305,659.93
- up to 12 months	11,837,107.97	16,305,659.93
tax, customs, social security, health insurance and other levies	1,353,659.25	3,631,218.75
other	947,423.62	48,936,921.48

ASSETS	AS AT 31.12.2022	AS AT 31.12.2023
Current investments	69,103,287.30	72,912,333.30
Current financial assets	69,103,287.30	72,912,333.30
in other entities	15,323,320.25	40,198,190.45
- other securities	15,323,320.25	40,198,190.45
cash and other monetary assets	53,779,967.05	32,714,142.85
- cash in hand and at bank	53,779,967.05	32,714,142.85
Current prepayments	3,455,816.11	2,784,970.38
OTHER ASSETS	292,666,279.76	501,148,805.50
TOTAL ASSETS	935,228,920.03	1,187,097,393.26

EQUITY AND LIABILITIES

AS AT 31.12.2022

AS AT 31.12.2023

EQUITY	587,544,225.85	631,395,691.69
Share capital	21,000,000.00	21,000,000.00
Supplementary capital	234,278,252.34	234,278,252.34
Revaluation reserve	-25,334,607.74	-10,750,880.63
Other reserves	310,518,136.06	331,275,581.25
Reserve capital securing the Trade Repository	4,000,000.00	4,000,000.00
Previous years' profit (loss)	0.00	0.00
Net profit (loss)	43,082,445.19	51,592,738.73
LIABILITIES AND PROVISIONS FOR LIABILITIES	55,018,414.42	54,552,896.07
Rezerwy na zobowiązania	32,503,201.91	33,237,667.68
Deferred tax liability	6,534,367.82	6,487,816.76
Provision for retirement and similar benefits	25,831,087.49	26,576,384.52
- non-current	12,754,764.00	13,390,194.00
- current	13,076,323.49	13,186,190.52
Other provisions	137,746.60	173,466.40
- current	137,746.60	173,466.40
Non-current liabilities	0.00	0.00

EQUITY AND LIABILITIES

AS AT 31.12.2022

AS AT 31.12.2023

Current liabilities	19,052,697.95	17,637,002.76
To related parties	234,080.06	714,780.19
trade liabilities, maturing:	234,080.06	714,780.19
- up to 12 months	234,080.06	714,780.19
To other entities	17,323,038.87	15,027,456.37
trade liabilities, maturing:	4,665,469.10	12,082,012.97
- up to 12 months	4,665,469.10	12,082,012.97
tax, customs, social security, health insurance and other levies	12,627,282.57	2,895,347.20
other	30,287.20	50,096.20
Special funds	1,495,579.02	1,894,766.20
Accruals	3,462,514.56	3,678,225.63
Other accruals	3,462,514.56	3,678,225.63
- non-current	1,330,326.92	1,601,027.80
- current	2,132,187.64	2,077,197.83
OTHER LIABILITIES	292,666,279.76	501,148,805.50
TOTAL EQUITY AND LIABILITIES	935,228,920.03	1,187,097,393.26

ITEM	01.01 - 31.12 2022	01.01 - 31.12 2023
Net revenues from sales and equivalent, including revenues:	160,761,182.69	182,156,173.34
- from related parties	23,614,315.15	25,299,477.04
Net revenues from sales of products	160,761,182.69	182,156,173.34
Operating expenses	123,693,427.18	139,618,451.77
Amortisation and depreciation	21,764,126.06	23,460,777.96
Consumption of materials and energy	1,364,296.00	2,155,878.49
External services	25,689,496.02	27,031,929.47
Taxes and charges	11,350,613.54	12,288,300.94
Payroll	46,400,654.59	55,149,305.85
Social security and other benefits, including:	13,368,750.38	15,176,370.86
- pension benefits	5,924,974.85	6,760,597.93
Other costs by type	3,755,490.59	4,355,888.20
PROFIT ON SALES	37,067,755.51	42,537,721.57
Other operating revenues	1,651,257.36	1,931,198.22
Gains on disposal of current non-financial assets	0.00	44,263.06
Other operating revenues	1,651,257.36	1,886,935.16
Other operating expenses	988,703.38	1,115,722.56
Losses on disposal of non-current fixed assets	10,067.17	0.00
Other operating expenses	978,636.21	1,115,722.56
OPERATING PROFIT	37,730,309.49	43,353,197.23

TREŚĆ	01.01 - 31.12 2022	01.01 - 31.12 2023
Financial revenues	12,623,128.11	16,885,556.86
Dividends and profit sharing, including:	483,996.54	579,262.16
- from related parties, including:	483,996.54	579,262.16
- from related parties in which the entity holds an equity investment	483,996.54	579,262.16
Interest, including:	12,139,123.70	16,306,290.63
- from related parties	0.00	0.00
Other	7.87	4.07
Financial expenses	354,819.84	344,840.13
Interest, including:	22,404.27	19,067.23
- to related parties	0.00	0.00
Other	332,415.57	325,772.90
GROSS PROFIT	49,998,617.76	59,893,913.96
Income tax	6,916,172.57	8,301,175.23
NET PROFIT	43,082,445.19	51,592,738.73



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*This document is a translation.
 The Polish original should be referred to in matters of interpretation.*

Independent Auditor's Report to the General Meeting and Supervisory Board of Krajowy Depozyt Papierów Wartościowych S.A.

Report on the Audit of the Year-end Financial Statements

Opinion

We have audited the year-end financial statements of Krajowy Depozyt Papierów Wartościowych S.A. ("the Company"), which comprise introduction to the financial statements, the balance sheet prepared as at 31 December 2023, the profit and loss account, the statement of changes in equity and the statement of cash flows for the period from 1 January to 31 December 2023, as well as additional information and explanations ("the financial statements").

In our opinion, the accompanying financial statements:

- give a true and fair view of the Company's financial position as at 31 December 2023, as well as of its financial result and cash flows for the financial year then ended, in accordance with the applicable provisions of the Accounting Act of 29 September 1994 ("the Accounting Act" - 2023 Journal of Laws, item 120 with subsequent amendments) and the adopted accounting methods (policies);
- are consistent, in content and in form, with the applicable laws and regulations and with the Company's Statute;
- have been prepared on the basis of properly kept books of account in accordance with Chapter 2 of the Accounting Act.

Basis for Opinion

We conducted our audit in accordance with National Standards on Auditing in the wording of International Standards on Auditing adopted by resolution of the National Council of Certified Auditors ("NSA") and in compliance with the Act of 11 May 2017 on Certified Auditors, Audit Firms and on Public Oversight ("the Certified Auditors Act" - 2023 Journal of Laws, item 1015). Our responsibilities under those standards are further described in the *Responsibilities of the Auditor for the Audit of the Financial Statements* section of this report.

BDO spółka z ograniczoną odpowiedzialnością spółka komandytowa, Sąd Rejonowy dla m. st. Warszawy, XIII Wydział Gospodarczy, KRS: 0000729684, REGON: 141222257, NIP: 108-000-42-12. Wartość wkładu kapitałowego wynosi 10.037.500 zł. Biura BDO w Polsce: Katowice 40-007, ul. Uniwersytecka 13, tel.: +48 32 661 06 00, katowice@bdo.pl; Kraków 31-548, al. Pokoju 1, tel.: +48 12 378 69 00, krakow@bdo.pl; Poznań 60-650, ul. Piłkowska 165, tel.: +48 61 622 57 00, poznan@bdo.pl; Wrocław 53-332, ul. Powstańców Śląskich 7a, tel.: +48 71 734 28 00, wroclaw@bdo.pl

BDO spółka z ograniczoną odpowiedzialnością spółka komandytowa jest członkiem BDO International Limited, brytyjskiej spółki i częścią międzynarodowej sieci BDO, złożonej z niezależnych spółek członkowskich.



We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Standards of Independence) of the International Ethics Standards Board for Accountants ("IESBA Code") adopted by resolution of the National Council of Certified Auditors, as well as with other ethical requirements relevant to the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the auditor in charge and the audit firm remained independent of the Company in accordance with the independence requirements laid down in the Certified Auditors Act.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Company's Management and Supervisory Board for the Financial Statements

The Company's Management is responsible for the preparation, based on properly kept books of account, of financial statements that give a true and fair view of the Company's financial position and financial result in accordance with the provisions of the Accounting Act, the adopted accounting methods (policies), the applicable binding regulations and the Company's Statute. The Company's Management is also responsible for such internal controls as it considers necessary to ensure that the financial statements are free from material misstatements resulting from fraud or error.

In preparing the financial statements the Company's Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, any matters related to going concern and using the going concern basis of accounting, except in situations where the Management intends to either liquidate the Company or discontinue its operations, or has no realistic alternative but to do so.

The Company's Management and members of its Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act. Members of the Supervisory Board are responsible for overseeing the Company's financial reporting process.

Responsibilities of the Auditor for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with NSA will always detect an existing material misstatement. Misstatements can arise from fraud or error and are considered material if it could be reasonably expected that they, individually or in the aggregate, could influence the economic decisions of users made on the basis of these financial statements.

The scope of the audit does not include an assurance regarding the Company's future profitability, or regarding the Management's effectiveness in the handling of the Company's affairs now or in the future.



Throughout an audit in accordance with NSA, we exercise professional judgement and maintain professional skepticism, as well as:

- identify and assess the risks of a material misstatement of the financial statements resulting from fraud or error, design and perform audit procedures in response to such risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, forgery, deliberate omission, misrepresentation or override of internal controls;
- obtain an understanding of the internal controls relevant to the audit in order to plan our audit procedures, but not to express an opinion on the effectiveness of the Company's internal controls;
- evaluate the appropriateness of the accounting policies used and the reasonableness of the estimates and related disclosures made by the Company's Management;
- conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We provide the Supervisory Board with information about, among others, the planned scope and timing of the audit and significant audit findings, including any significant weaknesses of internal controls that we identify during our audit.

Other Information, Including Report on Activities

Other information comprises a report on the Company's activities for the financial year ended 31 December 2023 ("Report on Activities").

Responsibilities of the Company's Management and Supervisory Board

The Company's Management is responsible for the preparation of the Report on Activities in accordance with binding regulations.

The Company's Management and members of its Supervisory Board are required to ensure that the Report on Activities meets the requirements of the Accounting Act.



Responsibilities of the Auditor

Our opinion on the financial statements does not cover the Report on Activities. In connection with our audit of the financial statements, our responsibility is to read the Report on Activities and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we find a material misstatement of the Report on Activities, we are required to state this fact in our auditor's report. In accordance with the requirements of the Certified Auditors Act, it is also our responsibility to issue an opinion whether the Report on Activities has been prepared in accordance with binding regulations, and whether it is consistent with the information presented in the financial statements.

Opinion on the Report on Activities

Based on the work we have performed during the audit, in our opinion the Report on Activities:

- has been prepared in accordance with Article 49 of the Accounting Act;
- is consistent with the information presented in the financial statements.

Furthermore, based on our knowledge obtained during the audit about the Company and its environment we have identified no material misstatements in the Report on Activities.

The auditor in charge of the audit resulting in this independent auditor's report is Anna Bernaziuk, PhD.

BDO spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw
entered on the list of audit firms in number 3355

on behalf of which the audit was performed by the auditor in charge

/Signed with a qualified electronic signature on the Polish original/

Anna Bernaziuk, PhD
Certified Auditor
Registration No. 173

Warsaw, February 28th 2024