



Annual Report

2024



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Letter from the President of the Management Board



Dear Readers,

Another year with record net profit, a return to growth of insured turnover, high dynamics in guarantees securing financing for Polish exporters, and the launch of a new product line of strategic importance for the company and the national economy.

This is a selection from KUKÉ's long list of achievements in 2024, which can be found in our annual reports: of business guaranteed by the State Treasury and the one summarizing both guaranteed and commercial operations, which I invite you to read.

It must be stressed only a multi-year perspective reveals the impact of transformations on the geopolitical and economic

map of the world, considered by many to be the creation of a new international order, on the functioning and role of entities like KUKÉ. Effectively realizing our mission of supporting the development of Polish business and its foreign expansion is an even greater challenge in such an environment. KUKÉ is fulfilling its tasks while being at the forefront of changes within its industry. International institutions, such as the Berne Union, have appreciated and continue to appreciate this, as evidenced by the participation of our representatives in their governing bodies and our activity in their forums. Specialized media also recognize us – in 2024, KUKÉ was ranked 2nd among the best export credit agencies by one of the most important industry organizations. This is thanks to our innovative approach in developing our product offer, expanding the scale of our operations, and our efficiency in working towards the global success of the Polish economy and companies.

The principles governing the global economy for several decades have been challenged. Instead of the free flow of goods, services, and investments, which contributed to Poland's development and civilizational advancement, we are now dealing with the spread of protectionism. The pandemic highlighted problems with global supply chains, and Russia's attack on Ukraine in 2022 confronted us with the issue of security in its many dimensions. Furthermore, the European Union, our main trading partner, has long been stagnant and requires deep reforms itself.

KUKE's response to these challenges in 2021 was the comprehensive Export Support System, followed by further initiatives stimulating expansion into non-European markets, and last year, the Green Guarantees program, which integrates us into the climate transformation process of the Polish economy. This is a strategic segment of KUKE's operations for many years to come, through which we will mobilize additional domestic and foreign capital for the creation of new sources of clean energy, for decarbonization, and for increasing energy efficiency, thereby enhancing the country's security and simultaneously strengthening the economy's competitiveness. We have also started analyses on involving KUKE to support the Polish defense industry and activities for national defense.

After stagnation in 2023, last year we increased the turnover covered by 2.3% to PLN 138 billion, with export turnover growing by 7.1% to PLN 46 billion. Like other insurance companies, we had to contend with a wave of company bankruptcies and restructurings, which translated into a significant increase in claims for receivables (by over 80% compared to 2023). In contrast, in the guarantee segment, we recorded a decrease in claims, with an increase in sales and revenues. High dynamics allowed us to advance to second place in the guarantee market, meaning we are now the market's runner-up in both key areas. Our subsidiary, KUKE Finance, is also financing Polish entrepreneurs' receivables on an increasingly wider scale, being the second largest non-banking entity in the market and ranking among the top three in terms of growth dynamics.

In our long-term activities, we secured financing for Polish companies' acquisitions in foreign markets, e.g. China, Central European countries, Italy, for financing their pro-export investments carried out domestically, and for loans for foreign buyers of Polish goods. We also insured two Polish investments in Ukraine. Thanks to excellent cooperation with our counterparts from other countries, and it's worth noting that we signed further cooperation agreements, as well as our active engagement with global banks and investors, we participated in securing financing for international infrastructure projects, including those aligned with sustainable development principles, such as the expansion of the hospital network in the Republic of Côte d'Ivoire or a gigantic solar farm in Turkey. Our participation in these projects means that Polish companies join them as suppliers and contractors. Some of these investments have gained international recognition and prestigious awards.

As an organization, we also underwent verification for compliance with ESG norms and standards – we began reporting within the framework of the UN Global Compact, the largest international association of companies guided by sustainable development principles.

A growing number of clients, as well as a broader product offering and risks associated with cyber threats, mean that KUKE is intensely investing in new technological solutions. We have expanded our main IT system, Focus, with a guarantees module, and we have completed a multi-year project to implement the Panda system, ensuring the achievement of the strategic goal of process digitalization.

I am glad that KUKE has once again contributed to the development and success of Polish entrepreneurs. I would like to thank all our stakeholders, clients, both companies and banks, for the trust they have placed in us. I would also like to thank my colleagues for their dedicated and effective work throughout the year.

Janusz Władyczak

President
of the Management Board



Company Environment

Following significant global economic shocks in recent years, caused by the COVID-19 pandemic and Russia's military aggression against Ukraine, the year 2024 witnessed an acceleration in Poland's economic growth.

According to preliminary data from the Central Statistical Office (GUS) dated 30 January 2025, Poland's GDP increased from 0.1% in 2023 to 2.9% in 2024. The primary driver of this economic rebound was private consumption, which grew by 3.1%, while investment dynamics remained weak at 1.3%. The slowdown in investments was attributed, among other factors, to the transitional period between two EU financial perspectives, a decline in corporate revenues, high real interest rates, and ongoing geopolitical uncertainties.

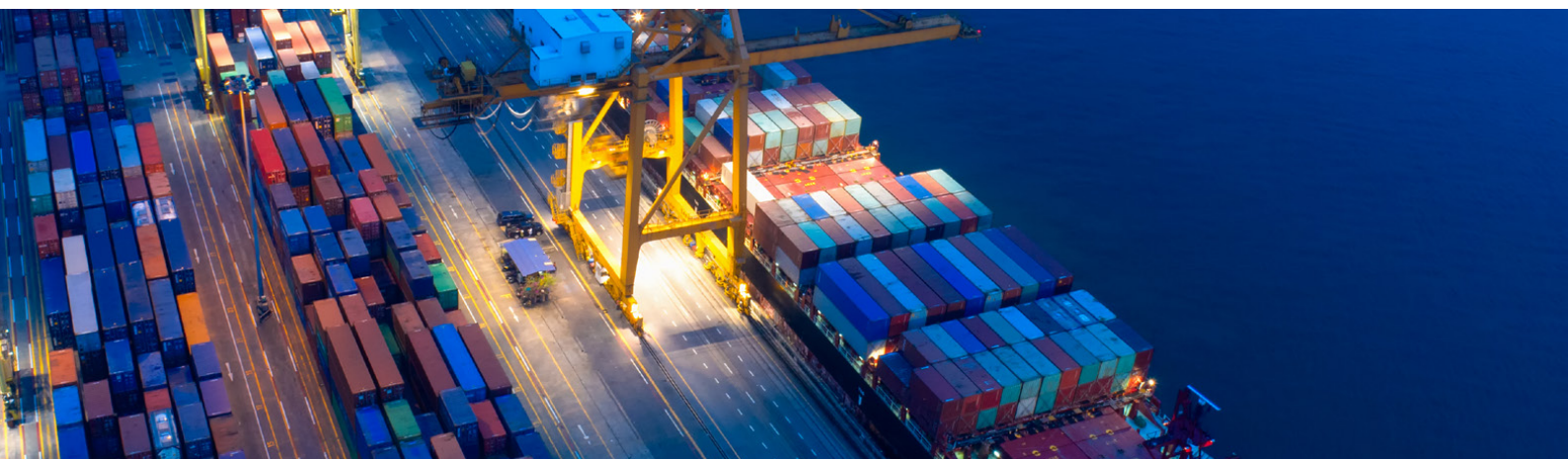
Consumer price dynamics exceeding the inflation target, coupled with pressure for wage increases in 2024, significantly impacted operating costs and profitability of enterprises, as well as the number of corporate insolvencies.

Despite some improvements, the economic climate surrounding the Polish economy remained subdued. In the eurozone and several Central and Eastern European countries, GDP growth rates stayed below long-term averages. In the eurozone and several Central and Eastern European countries,

GDP growth rates stayed below long-term averages. Amidst weak foreign demand from Poland's main trading partners, including Germany, high import-intensive domestic investments, and the strengthening of the real exchange rate of the zloty, the contribution of net exports to GDP growth diminished.

According to GUS data dated 14 January 2025, foreign trade turnover in goods for the period January–November 2024 amounted to PLN 1,395 billion in exports and PLN 1,389 billion in imports at current prices. The positive trade balance stood at PLN 6 billion, compared to a surplus of PLN 51 billion in the corresponding period of 2023. Year-on-year, exports decreased by 7.0%, while imports declined by 4.5%.

Poland maintained the largest share of its exports with developed countries at 86.5% (including the EU at 74.2%), and in imports at 65.0% (including the EU at 53.0%). The smallest share was recorded with Central and Eastern European countries, accounting for 5.3% of total exports and 2.1% of imports. A negative trade balance was observed with developing countries (-PLN 342 billion), while the highest positive balance was achieved in trade with developed countries (PLN 304 billion, including PLN 298 billion with EU countries).





Organisation

2.1 Shareholders and Share Capital

As at 31 December 2024, the share capital of KUKE amounted to PLN 135,938,900, divided into 1,359,389 registered ordinary shares with a nominal value of PLN 100 each. The share capital was fully paid up.

Throughout the financial year, there were no changes in the ownership structure or the number of shares of the Company.

The structure of the share capital remained unchanged compared to 31 December 2023 and was as follows as at 31 December 2024:

- The State Treasury, represented by the Minister of Development and Technology, held 51.55% of the share capital and the total number of votes at the General Meeting.
- Bank Gospodarstwa Krajowego held 48.45% of the share capital and the total number of votes at the General Meeting.

2.2 Supervisory Board

As at 1 January 2024, the composition of the Supervisory Board of KUKE was as follows:

- Adam Barbasiewicz - Chairman of the Supervisory Board
- Wioletta Krasoń - Vice-Chairwoman of the Supervisory Board
- Piotr Kaflik
- Sylwia Ługowska-Bulak
- Paweł Pietrzak
- Artur Pustelnik
- Wojciech Rzęsiecki
- Mariusz Sokołowski

On 12 April 2024, the Extraordinary General Meeting of KUKE dismissed Sylwia Ługowska-Bulak from the Supervisory Board and appointed Monika Kępa.

On 4 July 2024, the Extraordinary General Meeting of KUKE dismissed Wioletta Krasoń from the Supervisory Board and appointed Klaudia Mańka.

On 12 July 2024, the Extraordinary General Meeting of KUKE dismissed Paweł Pietrzak from the Supervisory Board. As at 31 December 2024, the Supervisory Board of KUKE comprised:

- Adam Barbasiewicz - Chairman of the Supervisory Board
- Piotr Kaflik
- Monika Kępa
- Klaudia Mańka
- Artur Pustelnik
- Wojciech Rzęsiecki
- Mariusz Sokołowski

In accordance with the requirements of the Act of 11 May 2017 on Statutory Auditors, Audit Firms, and Public Oversight, applicable to KUKE as an insurer (public interest entity), the Supervisory Board of KUKE appointed an Audit Committee from among its members. Throughout the 2024 financial year, the composition of the Audit Committee was as follows:

- Wojciech Rzęsiecki - Chairman
- Artur Pustelnik
- Mariusz Sokołowski

2.3 Management Board

During the financial year from 1 January 2024 to 31 December 2024, the composition of KUKE's Management Board underwent changes.

From 1 January 2024 to 12 April 2024, the Management Board operated in the following composition:

- Janusz Władczak - President of the Management Board
- Katarzyna Kowalska - Vice President of the Management Board
- Wiktor Grudzień - Member of the Management Board

On 12 April 2024, the Extraordinary General Meeting of KUKE dismissed Wiktor Grudzień from the Management Board.

As at 1 August 2024, Adam Winogradzki joined the Management Board, having been appointed by resolution of the Extraordinary General Meeting of KUKE on 30 July 2024. Subsequently, on 16 August 2024, Maciej Piotrowski became a Member of the Management Board following his appointment by resolution of the Extraordinary General Meeting held on 13 August 2024.

As at 31 December 2024, the Management Board of KUKE was composed of:

- Janusz Władyczak - President of the Management Board
- Katarzyna Kowalska - Vice President of the Management Board
- Adam Winogradzki - Member of the Management Board
- Maciej Piotrowski - Member of the Management Board

2.4 Employment and Internal Organisational Changes

In 2024, amendments to KUKE's Organisational Regulations were implemented, resulting in modifications to the organisational structure.

Resolution No. 179/P/2024 of the Management Board dated 16 April 2024 introduced structural changes, which included the reduction of the number of Divisions from three to two and

the reallocation of specific Departments within the Financial Division.

- The following departments were incorporated into the Corporate Division: Controlling Department, Liquidity Management Department, and Security Department;
- The following departments were incorporated into the Risk Operations Division: Accounting Department, Actuarial Department, Settlements Department, and Reinsurance Department.

Due to the expansion of the Management Board from two to four members, further organisational changes were implemented through Resolution No. 415/P/2024 of the Management Board dated 2 October 2024. Under the revised structure, the organisational units were reallocated accordingly.

2.5 Subsidiaries

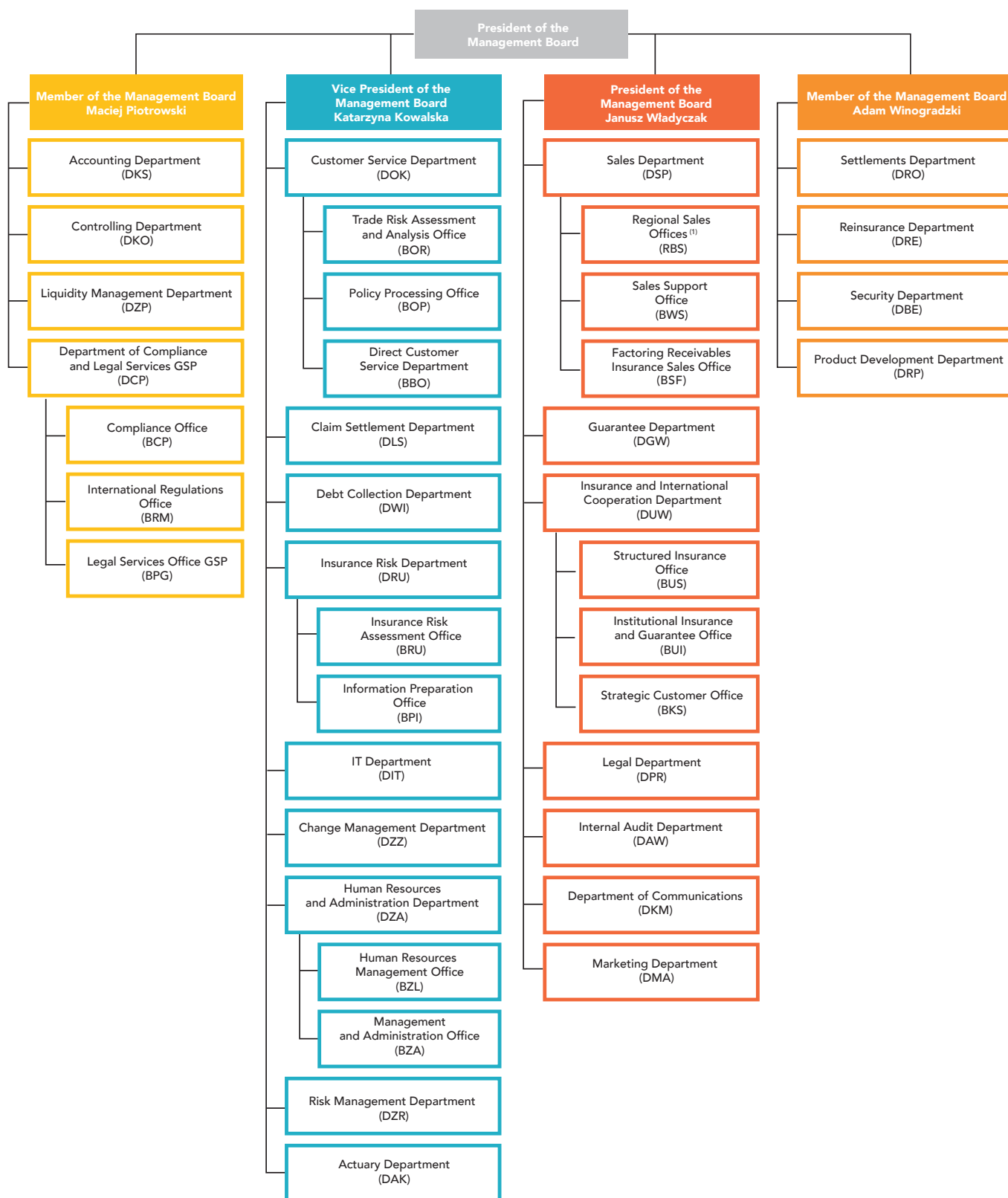
Rationale for KUKE's Equity Engagement in KUKE Finance

The sole subsidiary of KUKE is KUKE Finance, established by its founding deed on 3 February 2014. KUKE Finance commenced operational activities in November 2014.

As at 31 December 2024, the share capital of KUKE Finance amounted to PLN 35,000,000 and was divided into 350,000 registered ordinary shares with a nominal value of PLN 100 each. KUKE is the sole shareholder of KUKE Finance.



Organisational Structure of KUKE as at 31 December 2024





KUKE's Performance Across Business Segments

3.1 Overall Performance

In 2024, combining both commercial and State Treasury-backed operations, KUKE provided insurance cover for trade transactions totalling PLN 137,833.91 million, representing a 2.3% increase compared to the previous year. The value of insured export turnover rose by 7.1% year-on-year, reaching PLN 45,633.79 million, while domestic insured turnover grew marginally by 0.1%, totalling PLN 92,200.13 million.

In terms of the geographical structure of insured export turnover and insurance guarantees, receivables from German (19.4%) and Czech (5.9%) counterparties accounted for the largest shares.

In 2024, KUKE concluded 2,786 insurance and insurance guarantee contracts, a 6.9% increase on 2023, including: 2,289 contracts under commercial activity (+7.4% year-on-year), and 497 contracts under State Treasury-backed activity (+4.4% year-on-year). Additionally, KUKE renewed 1,869 policies from previous years (901 commercial and 968 State Treasury-backed), which marked a 9.6% increase over the previous year.

As at 31 December 2024, there were 6,488 active insurance policies and guarantees, representing an increase of 5.3% compared to the previous year. Of these: 4,895 policies and guarantees originated from the commercial insurance segment (+4.6% compared to 2023), and 1,593 policies and guarantees were related to activities guaranteed by the State Treasury (7.5% more than in 2023).

3.2 KUKE Activity Pursuant to the Act of 11 September 2015 on Insurance and Reinsurance Activity

3.2.1 Credit Insurance (Class 14, Section II)

In 2024, under Class 14, KUKE insured short-term receivables totalling PLN 125,768.17 million, a 0.3% increase year-on-year, including: Export receivables: PLN 35,263.07 million (–1.5% y/y), domestic receivables: PLN 90,505.10 million (+1.1% y/y). In the geographical breakdown of insured export turnover, the highest shares were receivables from German (24.2%) and Czech (7.6%) counterparties.

Gross written premium for short-term receivables under Class 14 amounted to PLN 153.17 million, down 2.9% compared to 2023.

In 2024, KUKE paid out 1,684 claims totalling PLN 127.14 million, which was 83.1% higher than in 2023. Of the total claims value: 67.6% related to debtors in Poland, and the remaining 32.4% were attributed to foreign counterparties, mainly from the Czech Republic (14.5%) and Romania (6.9%).

As a result of recourse proceedings, KUKE recovered PLN 14.29 million in 2024, representing a 136.5% increase year-on-year.

As at 31 December 2024, gross outstanding claims reserves (excluding reserves for estimated recourse) amounted to PLN 75.33 million, 12.3% lower than as at 31 December 2023. Due to potential claims exceeding PLN 1 million under Class 14 policies and the high probability of settlement, KUKE recognised unexpired risk reserves for extraordinary losses, totalling PLN 10.32 million as at 31 December 2024, marking a 42.2% year-on-year decrease.

3.2.2 Insurance Guarantees (Class 15, Section II)

In 2024, KUKE issued insurance guarantees worth PLN 1,237.27 million, reflecting a 14.1% increase compared to 2023.



KUKE's income from issued insurance guarantees reached PLN 39.71 million, up 26.8% year-on-year.

During the reporting period, KUKE paid out 21 guarantee claims amounting to PLN 6.37 million, a 24.1% decrease compared to 2023. Furthermore, recourse recoveries from guarantee claims reached PLN 3.08 million, representing a 21.5% year-on-year decrease.

As at 31 December 2024, gross reserves for unpaid claims (excluding reserves for estimated recourse) stood at PLN 25.90 million, down 10.9% compared to the previous year.

3.2.3 Financial Loss Insurance Related to Exchange Rate Risk (Class 16, Section II)

During the reporting period, no new policies were concluded, and no claims were paid under financial loss insurance relating to exchange rate risk.

3.3 KUKE Activity under the Act of 7 July 1994 on Insurance Guaranteed by the State Treasury

Insurance Against Non-Market Risk

The value of insured turnover under export contract insurance with a credit term of less than two years amounted to

PLN 3,822.48 million, representing a 3.1% increase compared to the previous year. In terms of the geographical structure of the insurance portfolio, the largest shares were receivables owed to Polish companies by counterparties from Ukraine (44.0%) and Kazakhstan (6.8%).

The gross written premium for the above insurance in 2024 was PLN 28.89 million, an increase of 35.6% compared to 2023. KUKE paid 33 claims amounting to PLN 7.07 million, which represented a 48.4% decrease compared to the previous year. The largest shares of total claims paid were attributable to debtors from Ukraine (52.3%) and Uzbekistan (10.7%). As a result of recourse proceedings in 2024, KUKE recovered PLN 1.31 million, which was 84.5% lower than in 2023.

Insurance and Insurance Guarantees – Credit Period of Two Years and More

Under medium- and long-term insurance in 2024, KUKE signed 14 insurance contracts and issued 11 insurance guarantees with a total value of PLN 3,898.55 million, covering:

- 4 acquisition credits worth PLN 85.18 million;
- 11 investment loans for export-related investments implemented in Poland, totalling PLN 457.76 million;
- 9 buyer credits amounting to PLN 3,299.09 million;
- 1 reinsurance of a direct investment insurance abroad totalling PLN 56.52 million.

The value of cover provided in 2024 under the above investment-related insurance and guarantees was 23.2% higher than in 2023.

The gross written premium from these medium- and long-term policies and guarantees amounted to PLN 213.55 million, a 35.5% increase year-on-year.

During the reporting year, KUKE paid 16 claims totalling PLN 175.47 million (+190.2% y/y) and recovered PLN 10.74 million from recourse proceedings (-5.2% y/y).

Other Insurance Guarantees

In 2024, KUKE issued 370 insurance guarantees with a total value of PLN 3,107.44 million, marking a 113.5% increase compared to 2023.

The fee income from these guarantees reached PLN 93.33 million, representing a 141.8% increase year-on-year.

During the reporting year, KUKE paid 23 guarantee-related claims amounting to PLN 28.15 million, an increase of 71.0% compared to 2023. In 2024, KUKE also recovered PLN 1.18 million from recourse proceedings related to guarantee payments (compared to no such income in 2023).



Sales and Promotional Activities

4.1 Export Support System (ESS)

The Export Support System (ESS) encompasses a suite of product solutions which, in 2024, continued to be actively promoted through numerous conferences, workshops with banks and clients, as well as in press publications, particularly those showcasing concluded transactions. KUKE also produced podcasts and video content, available on KUKE's communication channels and those of partner banks. The objective of the ESS is to provide Polish exporters and investors with a competitive edge in global markets while simultaneously attracting foreign capital and technology to Poland.

Among all available solutions under the ESS scheme, guarantees for domestic loans intended to finance export-generating investments in Poland continued to attract very strong interest from financial institutions in 2024.

Following amendments to the Act on Insurance Guaranteed by the State Treasury, KUKE introduced green guarantees to its offer in 2024. These new solutions are designed to support companies in financing expenditures related to the energy transition, and in implementing investment projects aimed at achieving climate neutrality. For banks financing green investments, this mechanism helps mitigate risk and scale up their lending capacity for such purposes. The strong market demand for these solutions was evidenced by KUKE concluding framework agreements for investment loans with the following financial institutions by the end of 2024:

- Santander Bank Polska S.A.,
- Banco Santander (Spain),
- Bank Pekao S.A.,
- PKO BP S.A.,
- BNP Paribas Bank Polska S.A.,
- Alior Bank S.A.,
- Credit Agricole S.A.,
- SEK (Sweden),
- mBank S.A.,
- ING Bank Śląski S.A.,
- ING Bank (Germany),
- BGK,
- Bank Ochrony Środowiska S.A.

2024 also marked a record year for the insurance of Polish companies' foreign investments. KUKE concluded further agreements covering loans and credits for projects implemented in: China, Slovakia, Hungary, Germany, and Italy.

In parallel, KUKE offered a complementary investment insurance product that provides political risk protection. For the first time in 2024, KUKE issued such coverage in the form of reinsurance. This protection applied to an investment in Ukraine, representing the first instance of KUKE reinsuring a transaction on behalf of an international financial institution.

2024 was also a fruitful year in terms of cooperation with other Export Credit Agencies (ECAs). KUKE provided reinsurance cover for transactions worth approximately EUR 590 million, relating to infrastructure, energy and medical projects in: Bangladesh, Angola, Turkey, and Côte d'Ivoire.

In 2024, KUKE signed several Memoranda of Understanding (MoUs) with other ECAs, multilateral institutions, and government agencies to deepen strategic cooperation. These institutions include:

- NEXI (Japan),
- KIND (South Korea),
- MIGA (United States),
- Oschadbank (Ukraine),
- Dhaman (Kuwait).

At the Ukraine Recovery Conference, KUKE became one of the first signatories to a joint declaration between ECAs

concerning support for Ukraine and risk-sharing cooperation in reconstruction projects. By the end of 2024, the declaration was joined by 17 ECAs worldwide.

Additionally, in a pilot initiative to enhance bilateral cooperation, KUKE participated in a staff exchange programme with the Czech ECA EGAP, aimed at developing expertise and facilitating international project collaboration.

2024 also saw the continued expansion of KUKE's client base under the Shop in Poland initiative. KUKE actively sought

new participants by engaging in seminars, conferences, and training events aimed at potential clients. Over 500 entities were already listed under the programme by year-end. KUKE also organised webinars with international general contractors, where they presented infrastructure projects and invited Polish subcontractors to join global supply chains. Moreover, KUKE hosted foreign contractors, arranging meetings with Polish manufacturers to explore cooperation opportunities within upcoming international investment projects.

4.2 Changes to Short-Term Insurance Products

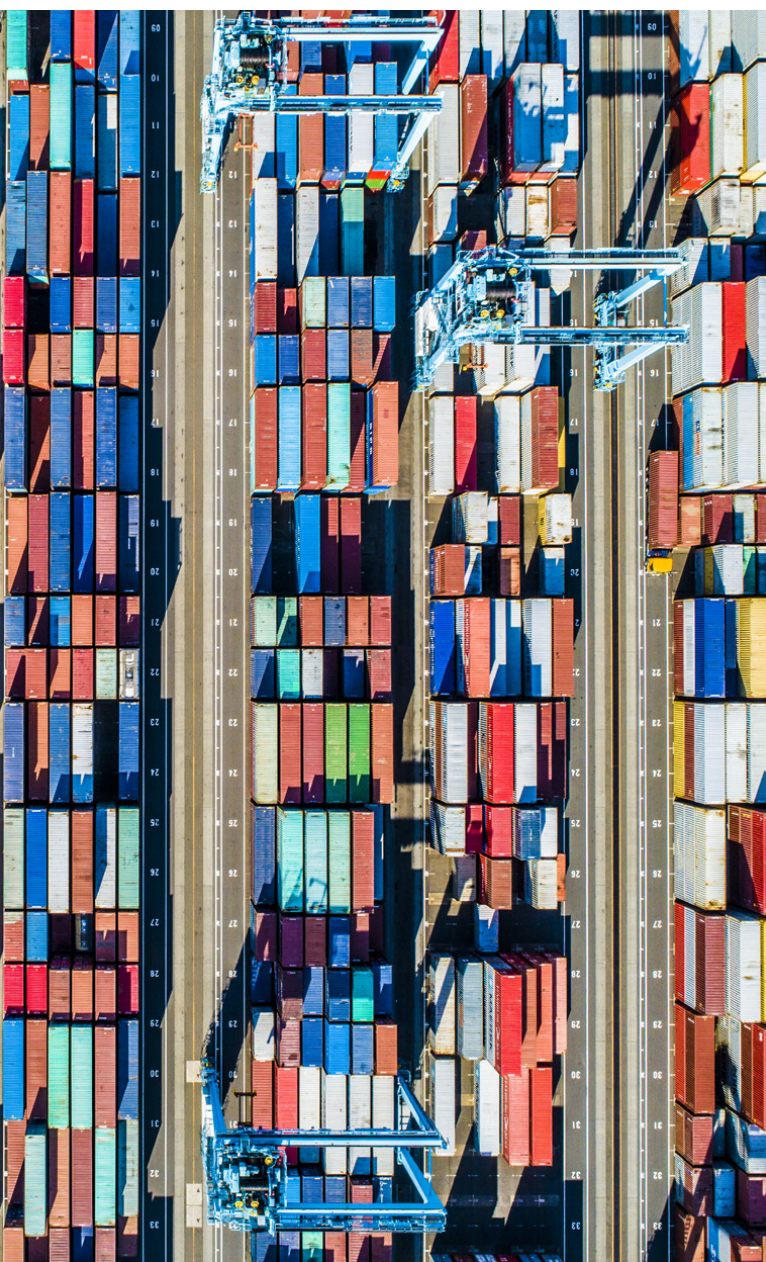
Policy Without Borders, Safe Contract Policy, Letter of Credit Guarantees

In September 2024, the Committee for Insurance Guaranteed by the State Treasury approved the removal of the coverage cap previously applied to commercial transactions involving Ukrainian counterparties and banks, under the following KUKE products:

- State Treasury-guaranteed export credit insurance for contracts with a credit period of less than two years, under a revolving policy with the option to insure production risk – applicable to Ukrainian counterparties;
- State Treasury-guaranteed insurance guarantees for payment liabilities related to letters of credit – applicable to Ukrainian banks;
- State Treasury-guaranteed export credit insurance under an individual policy for export contracts and sales agreements with a risk period of under two years – applicable to Ukrainian counterparties.

These measures positively influenced KUKE's image and that of the Polish Government, which responded swiftly to the needs of Polish entrepreneurs and supported them in challenging times. They also sent a strong message to Ukrainian businesses that the Republic of Poland continues to foster trade relations and assist in rebuilding business potential.

As at 1 March 2024, KUKE revised the tariff of rates and minimum premiums for the Policy Without Borders product. Premium rates for Polish exporters, which had previously been temporarily reduced in response to the war in Ukraine to support their export operations, were increased to reflect standard pricing.



Reinsurance Programme for Transport Insurance Related to the War in Ukraine

Pursuant to Article 1(2)(6) of the amended Act of 7 July 1994 on Insurance Guaranteed by the State Treasury (effective from 28 September 2023), KUKE received a mandate to conduct activities in the field of State Treasury-guaranteed insurance relating to risks covered by insurance products listed in Section II, Groups 3–7 and 9–16 of the Annex to the Act of 11 September 2015 on Insurance and Reinsurance Activity, provided that such risks do not occur within the territory of Poland, as set out in regulations issued under Article 2(10) of the Act. Such guaranteed insurance can only be provided in the form of indirect insurance (reinsurance) or by participating in insurance provided by an export credit agency (ECA) (Article 1(4) of the Act). This provision has enabled KUKE to reinsure insurance undertakings when the commercial market fails to provide reinsurance due to above-average risks or market limitations. The reinsurance opportunity emerged due to a market gap in the insurance of goods transported within the territory of Ukraine. In 2024, KUKE continued its project to simplify the language used in product and service documentation.

Plain Language Project

In 2024, KUKE continued its project to simplify the language used in product and service documentation. All insurance contract clauses developed in 2024 were drafted in accordance with plain language principles.

In October 2024, the Product Development Department launched a competition entitled “Simplifying Texts According to Plain Language Writing Standards” to promote KUKE’s internal “Clear Message” communication programme.

Changes to KUKE Faktor Clauses and Product Regulations

In 2024, KUKE developed 18 contract clauses for KUKE Faktor, a modernised version of its FK/FE 2016 factoring insurance products. This included: 11 newly created clauses, and 7 revised clauses from the previous version, updated in terms of content and parameters to fit the structure of the new product. All clauses were written in plain language.

Product Regulations

As part of its regular review cycle, KUKE updated the following product-related procedures in 2024:

- Product Management Policy,
- Product Procedure, and
- Regulations of the Product Committee.

Product Ethics Code

At KUKE, the highest ethical standards underpin all product-related activity and guide the development of services and solutions.

KUKE’s products are designed with a genuine focus on clients’ real needs, ensuring their financial stability and security.

The Company’s product activities are based on key principles outlined in the Ethics Code – “Products” section:

- Transparency, integrity, and mission-driven development,
- Social responsibility,
- Client-centric innovation,
- Respect and empathy,
- Long-term thinking,
- Ethical business conduct.

In 2024, KUKE continued to expand and enhance its short-term insurance offering to better support Polish companies operating both domestically and internationally. As in previous years, one of KUKE’s goals was to intensify educational efforts so that entrepreneurs could better understand the benefits of trade credit insurance and insurance guarantees. KUKE’s product development strategy includes the continued digitalisation of services to enhance speed and accessibility. In 2024, KUKE implemented new customer service processes, designed to maximise simplicity and efficiency for its clients.

4.3 Sales Network

The sale of insurance policies and guarantees offered by KUKE is carried out through its internal sales network. Advisors based in KUKE’s Regional Sales Offices are responsible both for direct client acquisition and for servicing insurance brokers, responding to enquiries submitted through broker channels. In 2024, KUKE did not cooperate with insurance agents.

A clear trend has been observed in recent years: a growing share of premiums from short-term insurance policies is being handled through brokers. This trend is even more pronounced in the insurance guarantee segment and is expected to continue in both product groups. This development stems not only from the increasing activity of brokers among clients, including SMEs, but also from growing awareness among company management of the responsibilities associated with credit risk and contractual obligations. As this awareness increases, there is a greater tendency to delegate

oversight of receivables risk and guarantee management to specialist broker firms.

Since 2004, KUKE has operated six regional offices located in Poland's major economic centres: Warsaw, Kraków, Katowice, Wrocław, Poznań and Gdańsk.

4.4 Marketing and Promotion

In 2024, KUKE's communication focused on promoting solutions that support the international expansion of Polish companies, particularly those active in or considering entry into Ukraine and non-traditional export markets. The company also promoted tools aimed at enabling secure domestic trade activity.

Green Guarantees

Of note was the promotional campaign accompanying the launch of KUKE's new green guarantee instruments, designed to support the climate transition of the Polish economy. This innovative ECA-sector solution was recognised in international specialist media. The initiative was also supported by domestic and foreign banks that signed framework agreements with KUKE for using the green guarantee product. In some cases, the signing ceremonies were held publicly, enhancing the promotional value of the events.

Shop in Poland

The Shop in Poland initiative continued to draw strong media attention, especially with announcements of high-value infrastructure projects in attractive markets, where Polish suppliers and contractors were engaged on a large scale.

Ukraine

In terms of KUKE's engagement in Ukraine, a breakthrough communication milestone was reached with the announcement of the first investment insurance policy for a Polish company on the Ukrainian market following the outbreak of full-scale war. KUKE representatives took part in key events supporting Ukraine's economic recovery, including international conferences and multilateral agreements with financial institutions.

Promotion of the Core Offer and Support for Ukraine's Recovery

KUKE continued to promote its core product portfolio, including working capital and investment guarantees and

foreign investment insurance. To that end, KUKE organised informational events targeting banks, as direct beneficiaries of KUKE's instruments and, in cooperation with banks, addressed their clients. These efforts aimed to stimulate trade, attract export-oriented investment to Poland, integrate domestic companies into international supply chains, and support joint operations in third markets.

Conferences, Congresses, Webinars

In 2024, KUKE representatives participated in numerous conferences, business congresses, and workshops for entrepreneurs, collaborating with banks, insurance brokers, and entrepreneurship organisations, including: The Polish Association of Construction Employers, The Federation of Polish Entrepreneurs, Special Economic Zones, and Institutions within the PFR Group.

KUKE was also active in key events supporting the development and international expansion of Polish businesses.

A separate category includes international conferences organised under the patronage of: TXF and GTR. These events, focusing on foreign trade and investment finance, are held in financial hubs and gather hundreds of participants, including government representatives, commercial and development banks, private insurers, brokers, and export credit agencies. At these conferences, KUKE representatives take part in discussion panels and present the Company's offerings, often alongside the Polish companies seeking international expansion.

Online Communication Channels

KUKE continued its online presence, with a focus on organic client acquisition. Activities centred on building competitive visibility in search engines through SEO (Search Engine Optimisation) initiatives. The objectives included raising awareness of the KUKE brand and actively acquiring sales leads.

Social media played a key role in KUKE's digital strategy. On LinkedIn, a key platform for the Company's target audience, KUKE gained over 1,300 followers organically, standing out from competitors in this respect.

KUKE in the Media

In 2024, KUKE was mentioned in approximately 3,500 media publications. The Company maintained its presence in Vade-

mecum Eksportera and continued its strategic partnership with Rzeczpospolita daily, including its sponsorship of the online "Export" section, where articles and analyses on Polish firms' international growth were published.

KUKE Academy

KUKE continued to run the KUKE Academy, its unique educational programme promoting trade finance among students and university staff across Poland. The programme's goals are to disseminate knowledge about KUKE's areas of activity and to encourage students to consider careers in related institutions. In May 2024, KUKE hosted workshops for students from Polish universities. Santander Bank Polska partnered in organising the event, offering practical insights into inter-organisational cooperation. Meetings were also held at several academic institutions, where KUKE representatives discussed topics such as:

liquidity management, trade credit insurance, and KUKE's role in the trade finance ecosystem. Lectures took place at, among others: Warsaw School of Economics and Wrocław University of Economics. KUKE also signed a cooperation agreement with the Our Future Foundation, whose mission is to promote Poland's development by improving access to quality education and supporting early-career professionals. A further success within the KUKE Academy initiative was the launch of a new postgraduate programme in International Management, developed in partnership with SGH Warsaw School of Economics. Recruitment for the programme is scheduled for the first half of 2025.



ESG – Managing Sustainability Issues

The Company continued its efforts in 2024 to implement a systematic approach to sustainability (ESG) management. With the support of an external advisory firm, a sustainability strategy was developed.

It incorporated objectives across the three ESG pillars:

- E-environment
 - Supporting Poland's green transition
 - Building a green portfolio
 - Creating a low-emission organisation
- S-Social
 - Providing a safe and friendly workplace
 - Promoting socially responsible actions both within and outside the organisation
 - Strengthening community engagement
- G-Governance
 - Fostering trust and credible relationships with stakeholders
 - Creating an ESG-conscious organisation
 - Emphasising partnership and collaboration

KUKE employees have demonstrated strong engagement in volunteering initiatives – in 2024, 25% of staff participated in activities, many involving their families and friends. A total of 544 hours of volunteer work was completed. As in previous years, efforts focused on healthcare, sport, environmental protection, support for children, and aid for victims of the war in Ukraine.

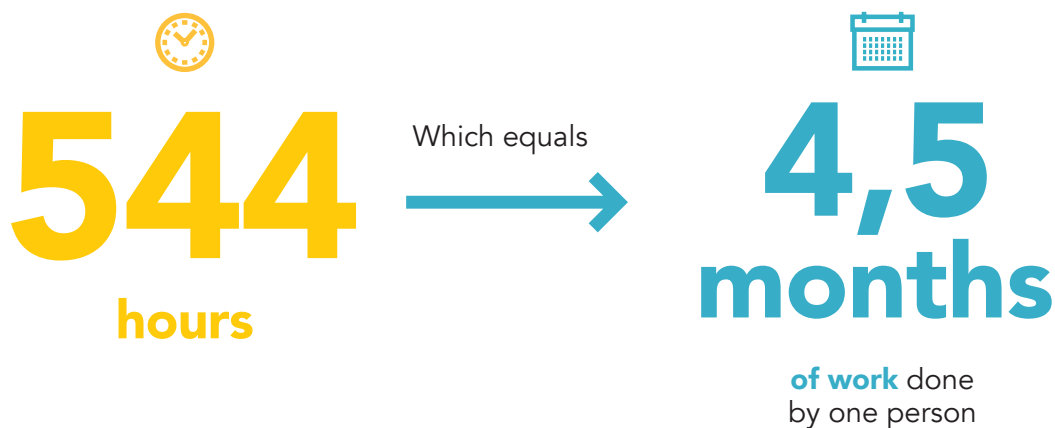
KUKE continued its partnership with SOS Children's Villages, organising the "Father Christmas – Gifts for Children" campaign. Employees prepared gifts for children in the SOS Village in Kraśnik.

As in the previous year, KUKE joined the "Active Volunteering" initiative of the PFR Group, promoting physical activity and raising funds for:

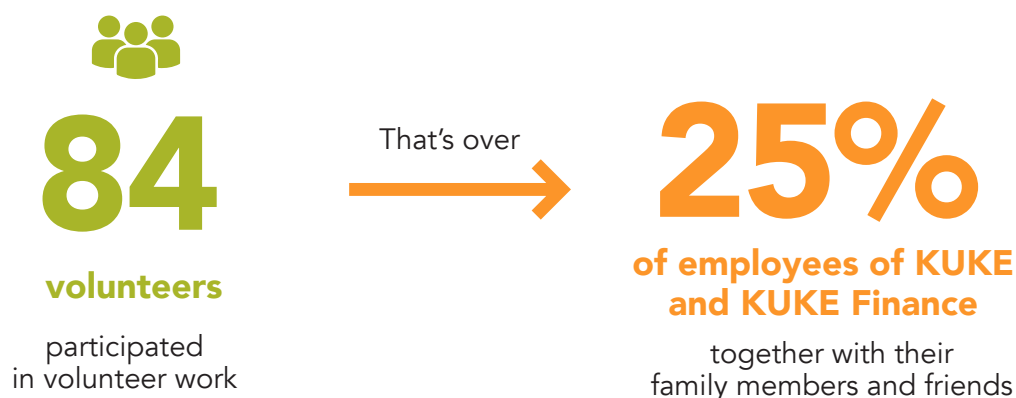
- KOOCHAM Foundation (Fundacja KOOCHAM),
- Society of Friends of Children (Towarzystwo Przyjaciół Dzieci),
- Together with Courage Foundation (Fundacja Razem z Odwagą).



During the projects carried out,
we have worked for



The projects involved



Activities mainly targeted three areas:

- promotion of physical activity
- ecology and the environment
- promotion of voluntary blood donation

The beneficiaries of volunteering are:

- patients of the Children's Health Center
- children with chronic illnesses and disabilities, and their parents/ caregivers
- families from war-affected areas
- local communities
- young and adult athletes

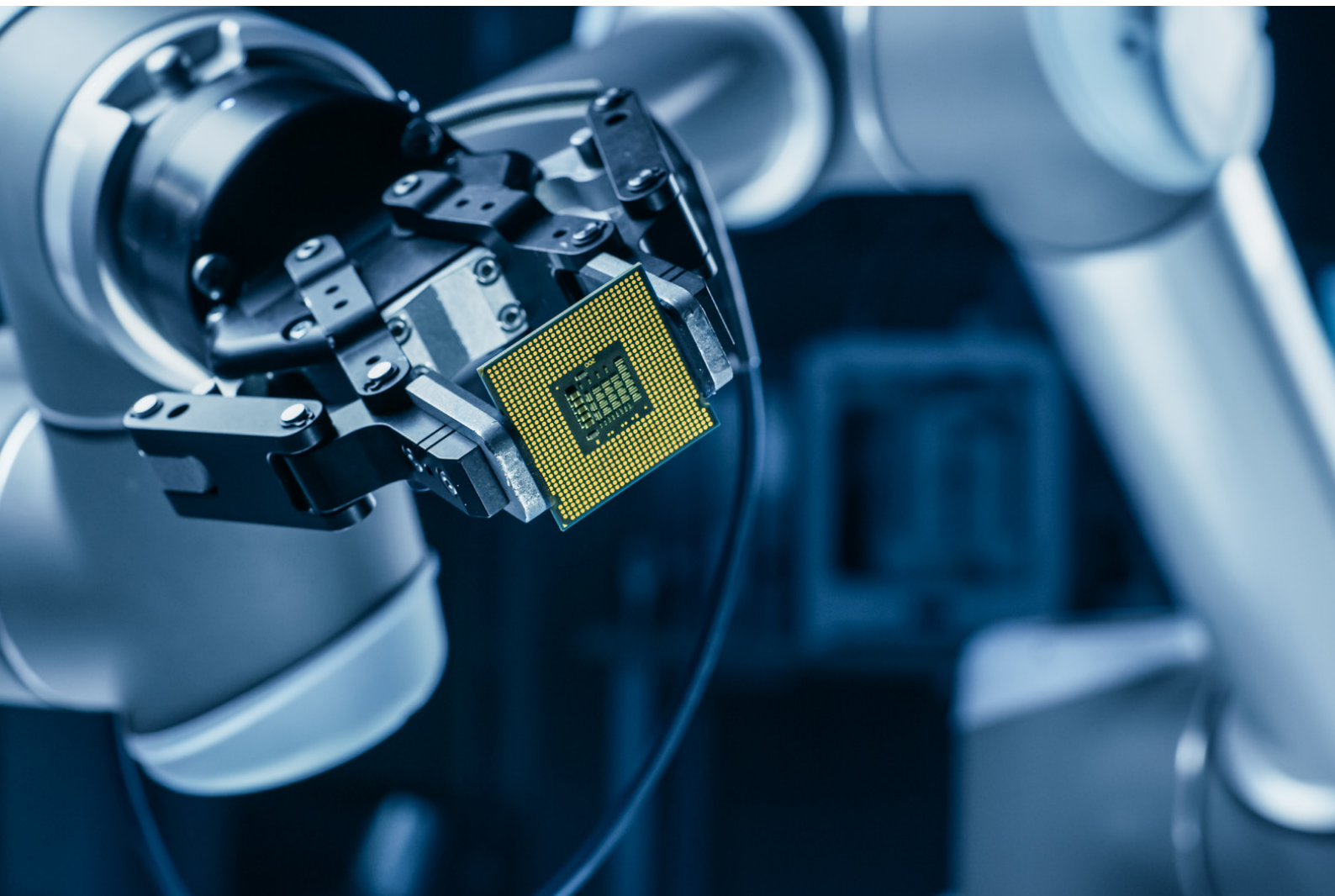
IT

Business Systems

In November 2024, KUKE launched the Guarantee Module into production within its core system for servicing insurance and guarantee contracts, Focus. The implementation included development work, testing, and migration of data from legacy datasets. KUKE also continued to expand its proprietary ana-

lytics solution, encompassing data collected within the Focus system.

Additionally, KUKE finalised implementation of the DORA Regulation (Digital Operational Resilience Act for the financial sector), which comes into force on 17 January 2025.





Investment Activity

In line with its Investment Policy, KUKÉ's portfolio management in 2024 followed a hierarchical set of principles:

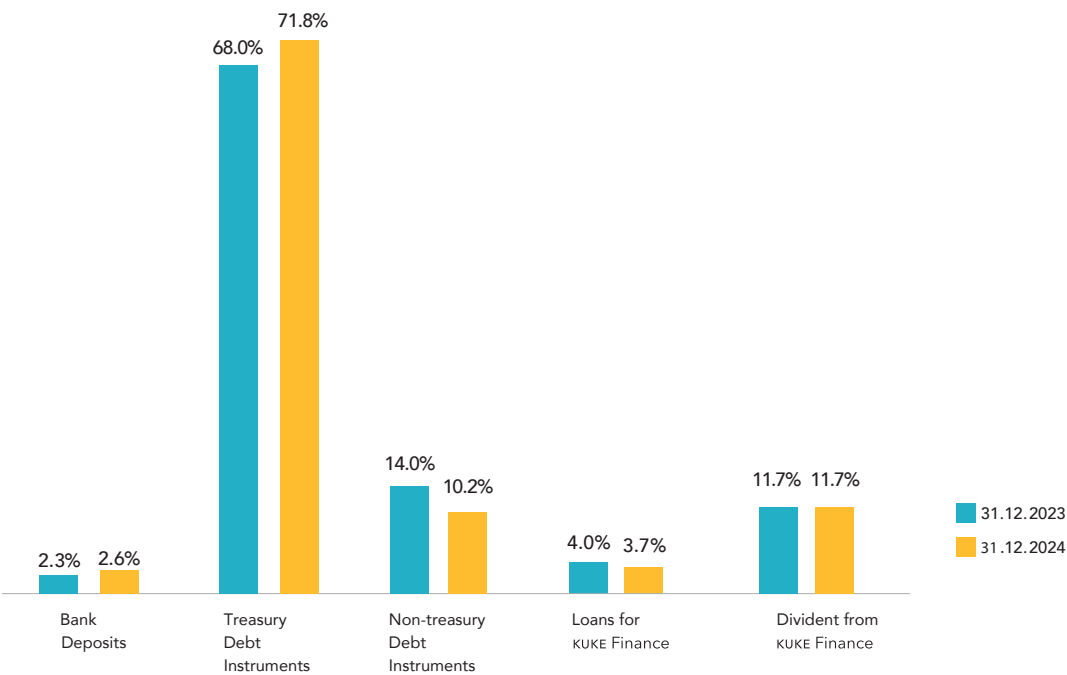
- Compliance with legal and statutory requirements, supervisory guidelines, and recommendations,
- Maximising the safety of invested funds,
- Ensuring liquidity to meet liabilities on time,
- Maintaining availability of acquired assets,
- Achieving the highest possible return on investments.

As in previous years, KUKÉ maintained a diversified investment portfolio strategy to optimise profitability while mitigating interest rate and credit risks.

Throughout 2024, portfolio management also focused on maintaining high liquidity, resulting in a decision to invest exclusively in government bonds. As at 31 December 2024, these instruments accounted for 71.9% of the total portfolio.

The persistently high inflation rate led the Monetary Policy Council to refrain from adjusting NBP monetary policy rates in 2024, contrary to market expectations of interest rate cuts. As a result, floating-rate government bonds remained attractive and continued to be favoured by KUKÉ.

A detailed breakdown of investment income by source follows.



Given the lower liquidity of non-government debt instruments, KUKE reduced its exposure to this asset class. As at 31 December 2024, non-government debt instruments (including BGK bonds guaranteed by the State Treasury) made up 12.8% of the portfolio, compared to 15.0% at the end of 2023.

Thanks to its short-duration strategy (portfolio duration of 0.5) and exclusive investments in floating-rate government

bonds, KUKE achieved a strong return on its investment activities in 2024. By year-end, investment income reached PLN 38.16 million, significantly exceeding the planned figure of PLN 24.04 million.

As at 31 December 2024, the value of KUKE's investment portfolio (excluding cash and own real estate) amounted to PLN 666.76 million.

A detailed breakdown of investment income by source follows.

Source of Income	2023 (PLN million)	Structure %	2024 (PLN million)	Structure %
Bank deposits	0.89	2.3%	1.00	2.6%
Treasury debt instruments	26.37	68.0%	27.40	71.8%
Non-treasury debt instruments	5.41	14.0%	3.88	10.2%
Loans to KUKE Finance	1.55	4.0%	1.40	3.7%
Dividend from KUKE Finance	4.55	11.7%	4.48	11.7%
RAZEM	38.77	100%	38.16	100%

Differences in control totals result from rounding.



Risk Management

In the second quarter of 2024, the Risk Committee, based on an assessment of both qualitative and quantitative materiality criteria as part of the ORSA process, conducted a review of the risk register applicable to the Company. Compared to the previous year, no updates were made to the risk catalogue. In the course of its operations, KUKÉ identifies the following categories of risk:

- Actuarial Risk:
 - Underwriting risk
 - Reserving risk
 - Policyholder lapse risk
 - Insurance/guarantee risk
 - Catastrophic risk
- Market Risk:
 - Interest rate risk
 - Currency risk
 - Equity price risk
- Counterparty Credit Risk:
 - Issuer default risk
 - Asset concentration risk
 - Reinsurance counterparty credit risk
 - Concentration credit risk
 - Credit spread risk
 - Subsidiary investment risk
- Liquidity Risk
- Operational Risk:
 - Operational process risk
 - Information security and ICT environment risk
- Reputational Risk
- Competitive Risk
- Compliance Risk
- Legal Risk
- Business Risk

Following the review, the following risk categories were classified as material: actuarial, market, operational, and counterparty credit risk. No changes were made to the list of material risks compared to the previous ORSA review.

Materiality was assessed based on the following criteria:

- If the risk is subject to a Solvency Capital Requirement (SCR) calculation, it is considered material,
- If the estimated level of risk exceeds 5% of KUKÉ's own funds, with a potential loss frequency of at least once in 200 years, it is considered material,
- If risk levels or potential losses cannot be reliably estimated, materiality is assessed on a discretionary basis.





KUKE Financial Results

9.1 Balance Sheet Analysis

As at 31 December 2024, KUKE's total assets amounted to PLN 1,109.63 million, an increase of 5.6% compared to 31 December 2023.

Key balance sheet items of KUKE

ASSETS	31.12.2023 mln	share %	31.12.2024 mln	share %	change 2024/2023 mln	change 2024/2023 %
Intangible assets	8.64	0.8%	9.74	0.9%	1.10	12.8%
Deposits	603.82	57.4%	668.54	60.2%	64.72	10.7%
Eceivables	115.65	11.0%	129.05	11.6%	13.40	11.6%
Other components of assets:	292.57	27.8%	267.26	24.1%	-25.31	-8.7%
including funds held in the segregated bank account 'National Interest'	287.81	27.4%	251.71	22.7%	-36.10	-12.5%
Prepayments and accrued income	30.36	2.9%	35.03	3.2%	4.67	15.4%
TOTAL	1051.04	100.0%	1109.63	100.0%	58.59	5.6%

LIABILITIES AND EQUITY	31.12.2023 mln	share %	31.12.2024 mln	share %	change 2024/2023 mln	change 2024/2023 %
Equity capital	425.36	40.5%	502.98	45.3%	77.63	18.2%
Technical insurance provisions (net of reinsu- rers' share and estimated recoveries)	203.57	19.4%	208.84	18.8%	5.27	2.6%
Other provisions	4.74	0.5%	5.52	0.5%	0.79	16.6%
Other liabilities and special funds:	388.41	37.0%	360.72	32.5%	-27.68	-7.1%
including funds held in the segregated bank account 'National Interest'	287.81	27.4%	251.71	22.7%	-36.10	-12.5%
Prepayments and accrued income	28.97	2.8%	31.56	2.8%	2.59	8.9%
TOTAL	1051.04	100.0%	1109.63	100.0%	58.59	5.6%

Differences in control totals result from rounding.

9.1.1 Assets

In the reporting year, intangible assets increased from PLN 8.64 million in 2023 to PLN 9.74 million in 2024 (+12.8% y/y), primarily due to investment in KUKE's IT systems.

The largest component of KUKE's balance sheet remained investment assets, which accounted for 60.2% of total assets. These were valued at PLN 668.54 million as at year-end 2024 (+10.7% y/y), comprising: Debt securities and other fixed-income securities: PLN 574.26 million (+12.5% y/y), term deposits in credit institutions: PLN 17.39 million (-29.7% y/y), and equity in subsidiaries: PLN 59.99 million (+16.4% y/y).

As at 31 December 2024, receivables totalled PLN 129.05 million (11.6% of assets), reflecting an 11.6% increase compared to the previous year, including:

- direct insurance receivables: increased by 5.1% (+PLN 3.90 million) due to higher premium volumes,
- reinsurance receivables: increased by 17.8% (+PLN 6.48 million) due to a rise in commission settlements,
- other receivables: increased by 119.0% (+PLN 3.03 million) owing to a rise in settlements related to KUKE's commission for managing State Treasury-guaranteed insurance.

As at the reporting date, KUKE had no disputed receivables.

Other assets as at 31 December 2024 amounted to PLN 267.26 million, reflecting an 8.7% decrease compared to 31 December 2023. This decline resulted from a reduction in funds held on the segregated "National Interest" bank account, used for transactions under the Act on State Treasury-Guaranteed Insurance, from PLN 287.81 million (2023) to PLN 257.71 million (2024), a 12.5% drop y/y. These funds represented 94.2% of the "Other assets" category.

9.1.2 Liabilities

As at 31 December 2024, KUKE's equity totalled PLN 502.98 million, an 18.2% increase compared to the previous year, reflecting retained earnings from the current year. Equity accounted for 45.3% of the balance sheet total.

Technical insurance provisions (net of reinsurers' share and estimated recourse) amounted to PLN 208.84 million, compared to PLN 203.57 million a year earlier (+2.6% y/y), comprising 18.8% of total liabilities.

Other liabilities and special-purpose funds, representing 32.5% of total liabilities, fell by 7.1% y/y, from PLN 388.41 million in 2023 to PLN 360.72 million in 2024.

The most significant changes in this category were:

- liabilities arising from the funds accumulated in the segregated bank account 'National Interest', which is used for settlements related to KUKE's operations under the Act on insurance guaranteed by the State Treasury (a year-on-year decrease of PLN 36.10 million),
- liabilities arising from reinsurance (a year-on-year increase of PLN 5.92 million).

Overdue liabilities stood at PLN 0.25 million. KUKE had no overdue liabilities to the public finance sector. In the financial year 2024, KUKE did not use any bank loan financing, continuing the approach from the previous year.

Donations and Debt Forgiveness

In 2024, KUKE donated PLN 0.06 million to Public Benefit Organisations (OPPs) and other legal entities, specifically:

- PLN 0.02 million to the Polish Development Fund Foundation under the "Active Volunteering" project of the PFR Group,
- PLN 0.02 million to the Polish National Committee for UNICEF under the "Gifts That Matter" initiative,
- PLN 0.02 million to the Polish Red Cross as part of the "Flood Relief" campaign.

KUKE did not grant any debt forgiveness or enter into agreements with similar effect.

Aging of Overdue Receivables

Overdue period	31.12.2024 (PLN mln)	share (%)
Overdue receivables up to 3 months	1.93	56.9%
Overdue receivables over 3 to 6 months	0.43	12.7%
Overdue receivables over 6 to 12 months	0.39	11.5%
Overdue receivables over 12 months	0.64	18.9%
TOTAL	3.39	100.0%

Rezerwy techniczno-ubezpieczeniowe KUKE

Technical and insurance reserves (net of reinsurers' share and estimated recoveries)	31.12.2023 PLN millions	share %	31.12.2024 PLN millions	share %	change 2024/2023 PLN millions	change 2024/2023 %
Unearned premium reserve	112.63	55.3%	126.87	60.8%	14.24	12.6%
Provision for unexpired risk	4.95	2.4%	6.19	3.0%	1.24	25.0%
Outstanding claims and benefits reserve (net of estimated recoveries)	32.47	15.9%	40.96	19.6%	8.49	26.2%
Equalisation reserve	44.61	21.9%	27.04	12.9%	-17.57	-39.4%
Provision for bonuses and rebates to policyholders	8.91	4.4%	7.78	3.7%	-1.12	-12.6%
TOTAL	203.57	100.0%	208.84	100.0%	5.27	2.6%

Differences in control totals result from rounding.



9.2 Analysis of the Technical Insurance Account and the General Profit and Loss Account

Selected items of KUKE's technical account and profit and loss account

	performance Jan-Dec 2023 PLN millions	performance Jan-Dec 2024 PLN millions	change 2024/2023 PLN millions	change 2024/2023 %
Earned premiums for own account, including:	88.32	91.35	3.03	3.4%
Gross premiums for own account	99.84	106.83	6.99	7.0%
Claims and benefits, including:	-52.41	-63.90	-11.49	21.9%
Claims and benefits paid for own account	-47.16	-55.41	-8.26	17.5%
Change in the outstanding claims and benefits reserve for own account	-5.26	-8.49	-3.23	61.4%
Bonuses and rebates for own account	-4.89	-4.51	0.38	-7.8%
Balance of other technical income and expenses	3.84	5.43	1.59	41.4%
Insurance operating expenses	-35.09	-39.36	-4.26	12.2%
Change in equalisation reserve	7.76	17.57	9.81	126.4%
Technical result of insurance activity	7.52	6.58	-0.93	-12.4%
Balance of investment income and expenses	38.39	37.75	-0.64	-1.7%
Balance of other operating income and expenses, including:	26.29	40.93	14.64	55.7%
Balance of income and expenses from State Treasury-guaranteed operations	26.57	40.59	14.02	52.7%
Gross financial result	72.20	85.26	13.06	18.1%
Income tax	-14.68	-15.18	-0.50	3.4%
Net financial result	57.52	70.08	12.56	21.8%

or presentation purposes, items with a negative impact on the result are shown with a '-' sign.
Discrepancies in control totals result from rounding. Year-on-year (y/y) changes are presented in full values (PLN).

In 2024, earned premium on KUKE's own account (including the change in the unexpired risk reserve) amounted to PLN 91.35 million, which was 3.4% higher than in 2023, but 11.3% lower than planned.

Gross premium on own account totalled PLN 106.83 million, representing a 7.0% increase y/y. This figure reflects 95.3% plan execution. The unearned premium reserve on own account increased by PLN 14.24 million in 2024, achieving 124.9% of the planned value. Meanwhile, the unexpired risk reserve on own account rose by PLN 1.24 million, compared to the planned decrease of PLN 1.95 million.

During the reporting period, claims and benefits totalled PLN 63.90 million, compared to PLN 52.41 million in 2023 (+21.9%

y/y) and a planned value of PLN 53.90 million (118.6% plan execution).

The value of claims and benefits on own account (including paid claims, recovery and loss adjustment expenses, proceeds from recourse and recoveries – net of reinsurance) reached PLN 55.41 million, increasing by PLN 8.26 million, i.e. +17.5% y/y. This figure represented 98.5% of the plan.

The reserve for outstanding claims and benefits on own account (covering all claim reserves and estimated recourse reserves, net of reinsurance) increased by PLN 8.49 million in 2024, in contrast to a planned decrease of PLN 2.36 million.

In 2024, KUKE's insurance operating expenses amounted to PLN 39.36 million, which was 12.2% higher than in 2023. This

included: acquisition costs: +PLN 1.23 million (+3.8% y/y), administrative expenses: +PLN 1.00 million (+4.1% y/y), and a decrease in reinsurance commission income: –PLN 2.04 million (–9.5% y/y). The insurance operating cost plan was executed at 86.9%.

In accordance with insurance accounting regulations, based on the insurance activity result, KUKE released the equalisation reserve at year-end in the amount of PLN 17.57 million. Following the release of this reserve, the combined technical result for Classes 14 and 15 in 2024 totalled PLN 6.58 million, which was 12.4% lower compared to 2023.

The net investment income amounted to PLN 37.75 million, representing a 1.7% decrease y/y. However, investment income exceeded the plan by 60.3%.

The net balance of other operating income and expenses reached PLN 40.93 million, up 55.7% compared to 2023, and achieving 531.4% of the plan. Income from State Treasury-guaranteed insurance commissions exceeded servicing costs by PLN 40.59 million, representing a PLN 14.02 million increase (+52.7% y/y) and 529.9% of the planned amount.

In 2024, KUKE achieved a gross financial result of PLN 85.26 million, compared to PLN 72.20 million in the previous year (+18.1% y/y). After deducting income tax of PLN 15.18 million, the net financial result amounted to PLN 70.08 million. This represents a 21.8% increase in net profit y/y and 270.3% realisation of the annual profit plan.



9.3 Analysis of Cost Structure by Type

Main Categories of KUKE's Operating Costs by Type

COSTS BY TYPE	performance Jan-Dec 2023 mln	performance Jan-Dec 2024 mln	change 2024/2023 mln	change 2024/2023 %	share Jan-Dec 2023 %	share Jan-Dec 2024 %
Salaries and related surcharges	42.05	45.72	3.66	8.7%	67.7%	67.5%
External services	6.30	6.77	0.47	7.5%	10.1%	10.0%
Rents	4.67	4.90	0.23	4.8%	7.5%	7.2%
Depreciation and low-value fixed assets	1.82	2.76	0.94	51.6%	2.9%	4.1%
Marketing and promotion	2.82	2.65	-0.17	-6.1%	4.5%	3.9%
Employee benefits and training	2.04	2.07	0.03	1.6%	3.3%	3.1%
Business travel	0.64	0.79	0.15	23.4%	1.0%	1.2%
Other costs	0.66	0.79	0.13	19.6%	1.1%	1.2%
Consumption of materials and energy	0.66	0.72	0.06	9.0%	1.1%	1.1%
Communication services	0.49	0.51	0.02	5.1%	0.8%	0.8%
TOTAL	62.15	67.68	5.53	8.9%	100.0%	100.0%

Differences in control totals result from rounding.

In 2024, KUKE's costs by type amounted to PLN 67.68 million, representing an 8.9% increase compared to 2023. The cost plan was executed at 86.0%.

PLN 45.20 million (66.8%) related to commercial activity and was recorded in the technical insurance account (as administrative, acquisition, and claims handling costs);

PLN 22.15 million (32.7%) related to State Treasury-guaranteed activity in the general profit and loss account;

PLN 0.33 million (0.5%) was allocated to investment activity costs.

The largest share of KUKE's cost structure in 2024 compared to 2023 was salaries and related charges (67.5%), followed by third-party services (10.0%) and rents (7.2%). This structure is typical for financial institutions and is generally stable over time.

The most significant year-on-year increases by category were:

- salaries and related charges: +PLN 3.66 million (+8.7%), including an increase of PLN 2.80 million (+7.8%) in employee wages, bonuses, and commissions;

- depreciation and low-value fixed assets: +PLN 0.94 million (+51.6%), with depreciation of tangible fixed assets and intangible assets increasing by PLN 1.16 million (+102.6%). This was driven by the deployment of KUKE's operational system and investment in IT infrastructure;
- third-party services: +PLN 0.47 million (+7.5%), largely due to higher costs for development and maintenance of KUKE's IT systems (+PLN 0.76 million, +30.5%).

In other cost groups, expenditure remained at or below 2023 levels.

9.4 Analysis of Efficiency Ratios

Selected performance indicators

RATIO	DESCRIPTION	Jan-Dec 2023	Jan-Dec 2024
PROFITABILITY			
ROE	net profit / equity*	14.6%	15.1%
Return on insurance business	technical result/written premium net of reinsurance	8.5%	7.2%
CHANGE IN CLAIMS RATIO			
Gross	(gross indemnities and benefits paid +/- change in gross provisions) / gross earned premium	71.4%	61.3%
Net	(indemnities and benefits paid net of reinsurance +/- change in provision net of reinsurance)/earned premium net of reinsurance	59.3%	70.0%
LEVEL OF OPERATING COSTS			
GROSS RATIOS			
Total activities, including:	costs of insurance activity**/gross written premium	29.9%	30.5%
acquisition costs	acquisition costs / gross written premium	17.2%	17.5%
administrative costs	administrative costs / gross written premium	12.7%	13.0%
RATIOS NET OF REINSURANCE			
Costs of insurance activity	costs of insurance activity*** / premium earned net of reinsurance	39.7%	43.1%

* average for beginning and end of year

** net of reinsurance commissions and reinsurers' share in profits.

*** including reinsurance commissions and reinsurers' share in profits.

In 2024, KUKE recorded a decrease in the gross earned premium loss ratio (from 71.4% in 2023 to 61.3%), but an increase in the net loss ratio (from 59.3% to 70.0%). Planned levels for these ratios were 48.7% and 52.5%, respectively.

The administrative and acquisition cost ratio (based on gross written premium) rose slightly to 30.5% (vs 29.9% in 2023), due to a 0.3 pp increase in both acquisition and administrative costs. The planned level was 38.0%.

The insurance activity cost ratio (including administrative and acquisition costs, net of reinsurance commission income,

based on earned premium on own account) increased from 39.7% in 2023 to 43.1% in 2024, driven primarily by lower reinsurance commission income. The planned figure was 44.1%.

The insurance activity profitability ratio fell from 8.5% in 2023 to 7.2% in 2024, while the return on equity (ROE) rose from 14.6% in 2023 to 15.1% in 2024.

As at 31 December 2024, KUKE complied with all regulatory solvency standards required for conducting insurance activity.



9.5 Assessment of KUKE's Current and Projected Situation

In 2025, KUKE forecasts a decrease in gross written premium in Class 14 (trade credit insurance) of PLN 8.11 million (–5.3%) compared to 2024. This results primarily from the timing of premium recognition for policies with 18- and 24-month settlement periods. For Class 15, the premium is expected to fall by PLN 3.32 million (–8.4%). Total gross written premium is projected at PLN 181.45 million, 5.9% lower than in 2024.

The net loss ratio in Class 14 increased in 2024, affecting the overall loss ratio. It is assumed that in 2025, the net loss ratio for Classes 14 and 15 combined will fall to 51%, primarily due to slower growth in claims reserves. Planned claim payments in 2025 will be covered by reserves established in prior years, which should lead to a reduction in reserve levels by year-end 2025.

The insurance activity cost ratio is expected to remain stable at 43.7%, close to the 2024 level (43.1%). This projection accounts for increases in acquisition and administrative costs,

which will be offset by higher reinsurance commission income and earned premium on own account.

The technical result in 2025 is expected to be positive, at PLN 5.9 million, comprising: PLN 0.5 million in Class 14, and PLN 5.4 million in Class 15.

The net profit will be driven by maintaining a positive balance of income and expenses related to State Treasury-guaranteed insurance (PLN 20.91 million), and achieving maximum profitability from investment activities (PLN 27.53 million net investment income). KUKE's planned net profit for 2025 is PLN 43.98 million.

Numerical and qualitative data on KUKE's solvency position as at 31 December 2024, prepared in accordance with the Solvency II regime, will be disclosed within the timeframe set out in the Act of 11 September 2015 on Insurance and Reinsurance Activity in the Solvency and Financial Condition Report (SFCR), which is subject to audit by an authorised auditor.

Assets (PLN 000s)

	2024-12-31	2023-12-31
Intangible assets	9 744	8 641
Deposits	668 543	603 821
Real property	1 784	1 831
Investments in subordinated entities	75 106	66 646
Shares or interest in subsidiaries	59 988	51 529
Loans granted to subordinated entities and debt securities issued by these entities	15 118	15 118
Other financial investments	591 653	535 344
Debt securities and other securities with fixed income:	574 263	510 621
Receivables	129 052	115 650
Direct insurance receivables	80 715	76 817
Reinsurance receivables, of which:	42 762	36 287
Other receivables	5 576	2 547
Other assets	267 257	292 566
Tangible fixed assets	3 987	4 308
Cash	263 270	288 258
Prepayments	35 032	30 363
Deferred income tax assets	8 257	7 641
Deferred acquisition costs	24 755	21 428
Other prepayments	2 020	1 294
TOTAL ASSETS	1 109 629	1 051 041

Liabilities (PLN 000s)

	2024-12-31	2023-12-31
Equity	502 984	425 359
Share capital	135 939	135 939
Share premium	237 774	181 877
Revaluation reserve	25 918	16 750
Other reserves	33 273	33 273
Profit (loss) after tax	70 081	57 520
Technical provisions	360 972	379 435
Provision for premiums and unexpired risk	219 733	205 031
Provisions for unpaid claims and benefits	101 233	114 952
Provisions for bonuses and rebates for the insured	12 969	14 842
Equalization provision	27 036	44 610
Reinsurers' share in technical provisions (negative)	142 776	168 186
Reinsurers' share in the provision for premiums and for unexpired risk	86 670	87 447
Reinsurers' share in the provision for claims outstanding	50 918	74 803
Reinsurers' share in the provision for bonuses and rebates for the insured	5 188	5 937
Recourses and recoveries estimated (negative)	9 358	7 683
Recourses and recoveries estimated, gross	15 597	12 805
Reinsurers' share in estimated recourses and recoveries	6 239	5 122
Other provisions	5 522	4 737
Provision for pensions and other compulsory employee benefits	1 805	1 714
Deferred tax asset provision	3 357	2 626
Other provisions	360	397
Other liabilities and special funds	360 725	388 408
Direct insurance liabilities	11 184	10 014
Reinsurance liabilities	85 026	79 102
Other liabilities	12 531	11 306
Special funds	251 985	287 987
Accruals	31 559	28 970
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1 109 629	1 051 041

Technical Account - Property and Personal Insurance (PLN 000s)

	2024-12-31	2023-12-31
Premiums (1–2–3+4)	91 349	88 318
Gross written premiums	192 877	189 017
Reinsurers' share in the premium written	86 049	89 176
Change in provisions for premiums and unexpired risk, gross	14 702	28 960
Reinsurers' share in the change in the provisions for premiums	-776	17 436
Other technical income net of reinsurance	11 207	10 150
Claims outstanding (1 + 2)	63 900	52 415
Claims paid out, net of reinsurance	55 410	47 155
Change in the provision for claims outstanding, net of reinsurance	8 490	5 260
Bonuses and rebates, net of reinsurance, including the change in provisions	4 509	4 893
Costs of insurance activity	39 359	35 094
Acquisition costs	33 758	32 525
Administrative costs	24 981	23 986
Reinsurance commissions and share in reinsurers' profits	19 380	21 417
Other technical costs, net of insurance	5 777	6 308
Changes in the equalization (risk) provisions	-17 573	-7 761
Technical result of property and personal insurance	6 585	7 519

General Income Statement (PLN 000s)

	2024-12-31	2023-12-31
Technical result of property and personal insurance or life insurance	6 585	7 519
Investment income	38 156	38 964
Unrealized gains on investments	0	0
Investment charges	410	577
Other operating revenues	65 291	47 117
Other operating costs	24 359	20 823
Profit (loss) on operating activities	85 264	72 200
Profit (loss) before tax	85 264	72 200
Income tax	15 183	14 680
Profit (loss) after tax	70 081	57 520

Cash Flow Statement (PLN 000s)

	2023.12.31	2022.12.31
Cash flows from operating activity	-6 285	108 010
Proceeds	737 210	620 624
Receipts from direct activities and inward reinsurance	206 471	196 040
Proceeds from premiums, gross	179 172	176 968
Proceeds from recourses, recoveries and returns of claims	17 466	9 901
Other proceeds from direct activities	9 833	9 171
Proceeds from outward reinsurance	104 592	57 619
Payments from reinsurers resulting from share in claims	75 231	27 463
Proceeds from reinsurance commissions and share in reinsurers' profits	28 363	29 217
Other proceeds from outward reinsurance	998	939
Proceeds from other operating activities	426 147	366 966
Sale of intangible assets and tangible fixed assets other than investments	4	145
Other receipts	426 143	366 821
Expenses	743 495	512 614
Expenses of direct activities and inward reinsurance	231 495	167 754
Claims paid, gross	133 508	77 754
Expenses related to acquisitions	46 055	41 432
Administrative expenses	34 717	31 885
Costs of loss adjustment and costs of enforcement of recourses	6 712	6 034
Other expenses from direct activities and inward reinsurance	10 503	10 649
Expenses on outward reinsurance	94 190	83 169
Expenses from other operating activities	417 810	261 692
Cash flows from investment activities	-17 675	-37 142
Proceeds	7 427 879	5 323 219
Expenses	7 445 554	5 360 361
Cash flows from financial activities	-1 027	-1 249
Proceeds	415	173
Expenses	1 442	1 422
Net cash flows, total	-24 988	69 619
Balance sheet change in cash	-24 988	69 619
Cash at the beginning of the period	288 258	218 639
Cash at the end of the period, of which:	263 270	288 258
- of limited availability	252 255	287 870

Janusz Władyczak

Signature Not Verified
Dokument podpisany przez
JANUSZ WŁADYCZAK
Data: 2025.07.25 15:44:45 CEST

President of the
Management Board

Katarzyna Kowalska

Signature Not Verified
Dokument podpisany przez Katarzyna Kowalska
Data: 2025.07.24 17:12:44 CEST

Vice-President of the
Management Board

