



Report on the activities of KUKE S.A.
in the field of export insurance
backed by the Treasury in 2022



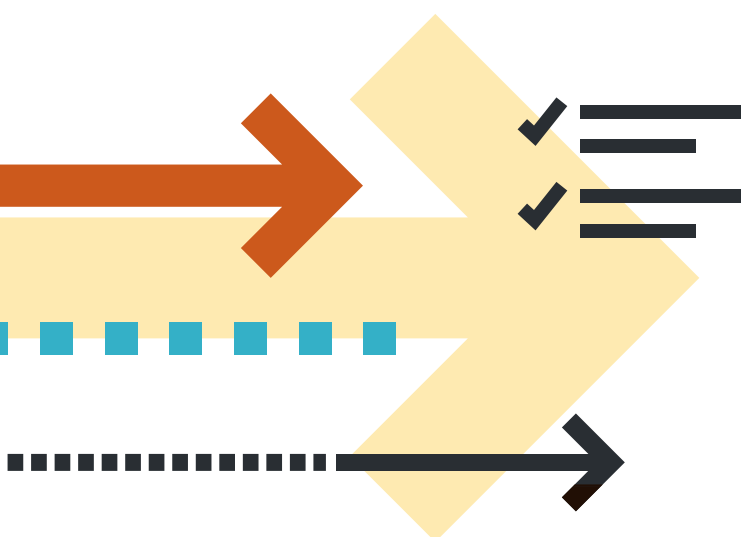
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Legal grounds for export insurance backed by the Treasury

The Act of 7 July 1994 on the Export Insurance Backed by the Treasury (consolidated text: Journal of Laws of 2020, item 1135, hereinafter "the Act") entrusted Korporacja Ubezpieczeń Kredytów Eksportowych Spółka Akcyjna (hereinafter: "KUKE", "Company", "Corporation") with carrying on, on its own behalf, activities in the field of export insurance backed by the Treasury. In addition, Article 5a of the Act stipulates that the Budget Act will define, each year, the limit of total liabilities of KUKE related to export insurance backed by the Treasury and insurance bonds, as well as payouts from state budget expected in a given year on account of loan suretyship including the

interest as incurred by KUKE or loans granted to KUKE from the state budget. The Budget Act 2022 defines the total limit of PLN 19.000 million which the total liabilities of KUKE related to export insurance backed by the Treasury and insurance bonds could not exceed. The Budget Act also authorised the Minister of Finance to grant KUKE with loans from the state budget for the payment of compensation backed by the Treasury in connection with export insurance and the amounts of insurance, up to PLN 850 million.



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Insurance of export contracts and sales agreements backed by the Treasury and concluded by subsidiaries, based on loans maturing in under 2 years

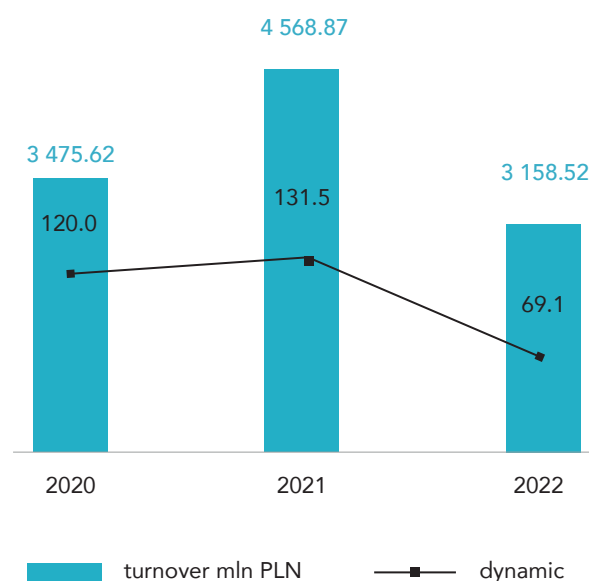
In 2022 a total of 97 policies, including 89 block policies, 1 individual policy and 7 GAP Ex and GAP Ex+ policies were signed.

In 2022 the insured turnover totalled **PLN 3,158.52 million**, 30.9% less than in 2021.

For block policies, year on year changes in parameters (the drop in the number of applications, the drop in the number of policies signed, an increase in the number of renewals, the drop in the value of turnover insured) mainly resulted from the ongoing armed conflict in Ukraine and the completed process which took place from October 2020 to October 2021. That process involved replacement of the portfolio of the *Policy to the East* product retired by KUKE with the *Policy Beyond Borders* product. For GAP Ex and GAP Ex+ policies, the period defined in the Communication from the Commission to offer that product as part of the aid programme for Polish businesses in connection with the COVID-19 pandemic expired at the end of March 2022.

Insured turnover

(insurance against non-marketable risks)

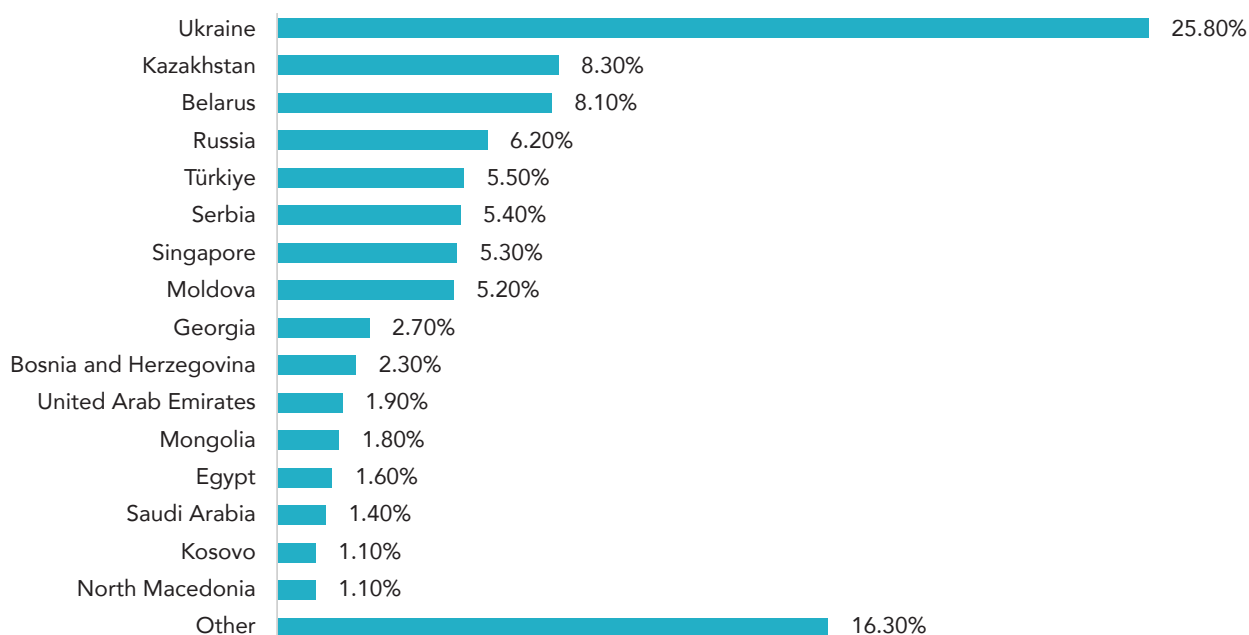


Receivables of Polish exporters from business partners from Ukraine (25.8%), Kazakhstan (8.3%) and Belarus (8.1%) had the largest share in the geographical structure of the block policy insurance.

By industries, in terms of turnover insured in 2022 the foods industry was in the lead, just like in the previous year (share of 21.7%). It was followed by the plastics industry (share of 11.0%), fuel industry (share of 10.7%) and construction industry (share of 7.7%).

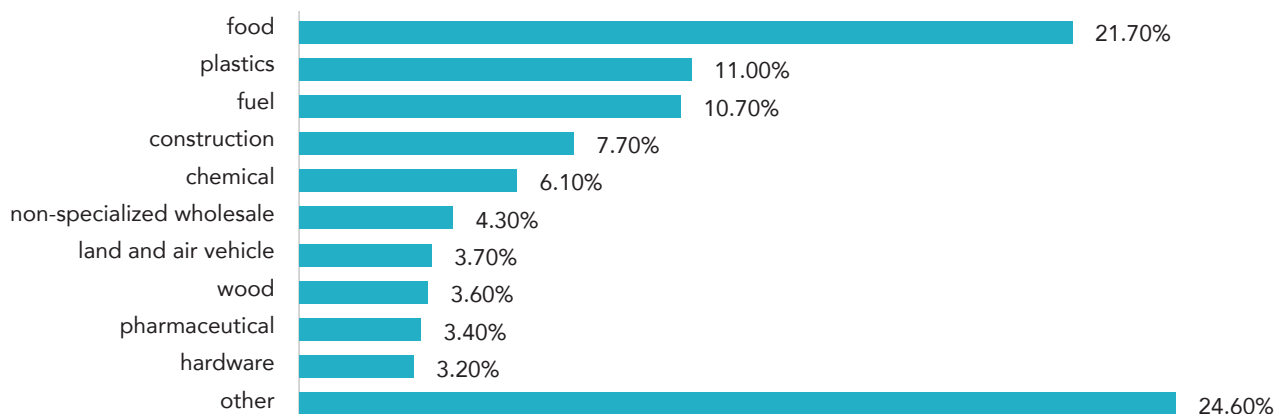
Geographical structure of turnover insured in 2022

(insurance of export contracts based on loans under 2 years, figures in PLN)



Structure of turnover insured by industries in 2022

(insurance of export contracts based on loans under 2 years, figures in PLN)

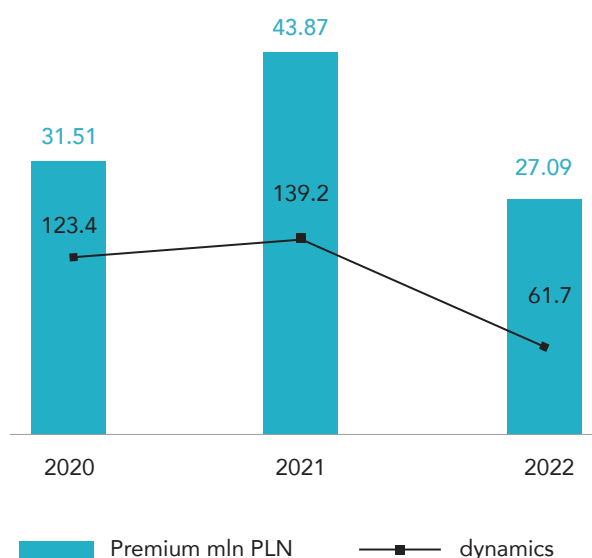


In 2022 the gross written premium on insurance of short-term receivables against non-marketable risks was **PLN 27.09 million**. Compared to 2021, it fell by 38.3% (PLN 43.87 million). The total premium collected on such insurance in 2022 was **PLN 27.85 million** and was 36.6% lower than a year before (43.92 million PLN). In 2022 a total of 152 claims worth **PLN 49.06 million** were paid out under export contract insurance based on loans under 2 years. Compared to 2021, the number of claims paid increased by 245.5% (44 claims), and their value grew by 722.9% (PLN 5.96 million).

The geographical structure of claims paid was dominated by receivables unpaid by counterparties from Ukraine (share of 39.0%, PLN 19.12 million in claims paid, yoy increase by 473.0%), Belarus (share of 27.7%, PLN 13.58 million in claims paid, yoy increase by 2,951.5%) and Russia (share of 26.4%, PLN 12.95 million in claims paid, yoy increase by 1,986.2%). Following recourse proceedings, in 2022 KUKE obtained receipts worth a total of **PLN 10.55 million**. Compared to 2021 when recourse revenues totalled PLN 8.23 million, in 2022 recourse revenues increased by 28.2%.

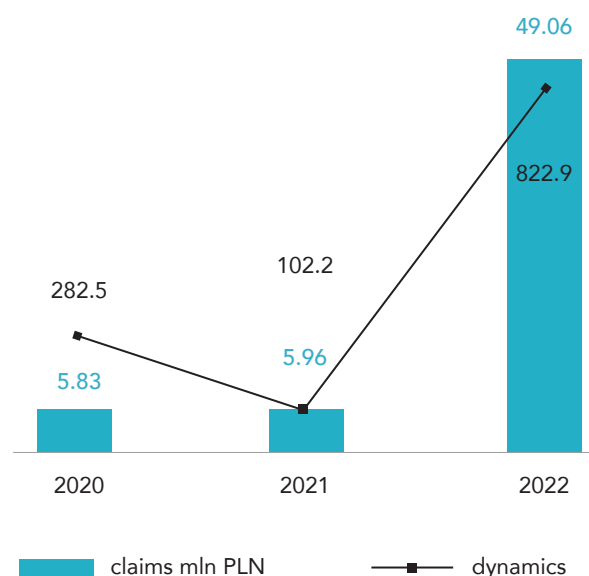
Gross written premium

(insurance of non-marketable risks)



Gross claims paid

(insurance of non-marketable risks)



Geographical structure of claims paid in 2022

(insurance of non-marketable risks)



Insurance of export contracts and export credit backed by the Treasury maturing within 2 or more years

As regards insurance contracts and bonds with the lending period of 2 and more years, in 2022 KUKE concluded 6 insurance contracts and issued 5 insurance bonds with the total value of PLN 3,098.00 million. The value of the cover granted in the reporting year was 290.6% higher than the value recorded in 2021.

In 2022 KUKE concluded 6 insurance contracts and issued 5 insurance bonds with the lending period of 2 and more

years with the total value of **PLN 3,098.00 million**. Compared to 2021, a drop in the number and the growth in the value of insurance and bonds issued was recorded at -8.3% and by 290.6% respectively. None of those contracts were concluded under the governmental programme pursued in co-operation with BGK with regard to 2 contracts signed in 2021 with the total value of PLN 81.91 million.

Comparison of industry structure of applications for insurance contracts and insurance bonds

with the lending period of 2 and more years, filed in 2021 and 2022

Industry	2021		2022	
	Number	Value (in mln PLN)	Number	Value (in mln PLN)
Construction services	4	2 493.35	4	863.22
Other industrial machines	2	22.73	3	145.42
Unspecified industry (acquisition loan)	0	0.00	2	42.31
Ships	2	154.73	1	40.05
Steel industry products	2	356.56	0	0.00
Means of transport	3	181.00	0	0.00
Mining machines and equipment	1	90.21	0	0.00
Agricultural machinery and equipment	1	9.34	0	0.00
RAZEM	15	3 307.92	10	1 091.00

Differences in checksums are due to rounding

Out of remaining 4 applications, as at 31 December 2022:

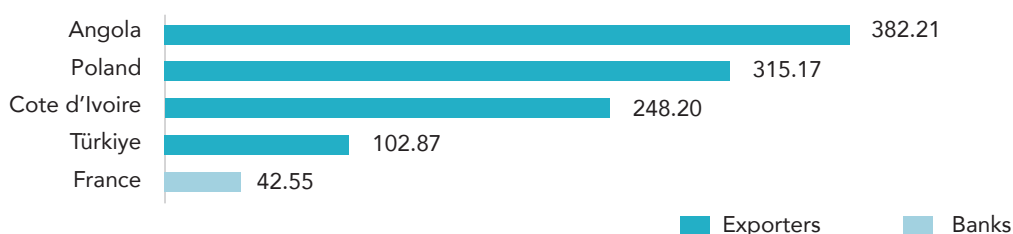
- 3 applications for the total value of PLN 309.11 million were processed. Those applications related to providing the insurance cover for one loan of a supplier to finance the export contract for the delivery of industrial machinery to France (PLN 42.55 million), one for the buyer to finance a loan for an export contract to provide construction services in the Cote d'Ivoire (PLN 248.20 million) and one acquisition loan to finance a direct investment in Austria (PLN 18.36 million);

- as regards one application for the insurance worth PLN 23.95 million, the customer announced his resignation from the insurance application.

Out of 10 total applications, 9 applications with the total value of PLN 1,048.45 million were filed by banks, and 1 application worth PLN 42.5 million was filed by an exporter.

Geographical structure of applications for insurance contracts and insurance bonds

with the lending period of 2 and more years, filed in 2022, broken down to applications filed by banks and exporters. Value in PLN millions.

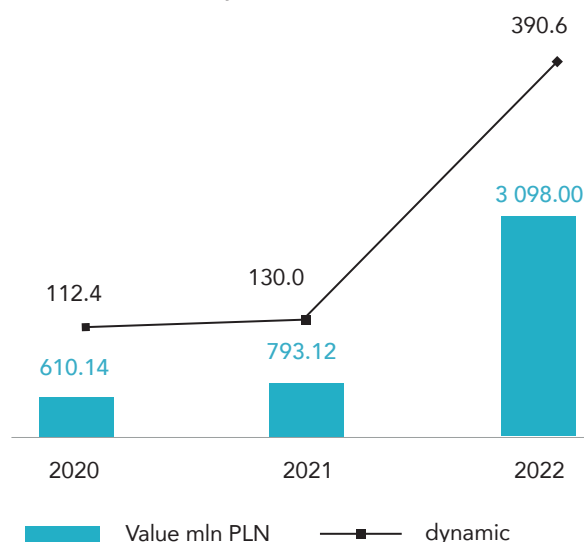


The insurance contracts and the insurance bonds issued in the reporting period pertained to 5 investment loans to finance investments in Poland, 1 acquisition loan to finance an investment in Mexico, 3 insurance contracts signed in the form of reinsurance to finance the Polish part of an export contract for an investment in Turkey and 2 insurance contracts for investments in Angola and Ukraine.

At the same time, during the reporting period KUKI signed 6 annexes which increased the value of insurance contracts of 2019 and 2021 with the total value of PLN 0.60 million and 5 annexes reducing the value of insurance contracts of 2013, 2018 and 2021 with the total value of PLN 101.76 million. The annexes signed were the result of a change in parameters of the loan agreements insured as introduced by the parties to the contracts.

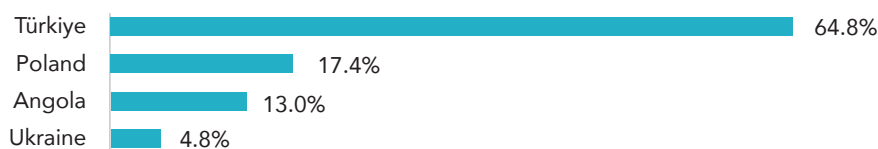
The value of insurance contracts and insurance bonds

(insurance contracts and insurance bonds relating to a loan granted for 2 and more years)



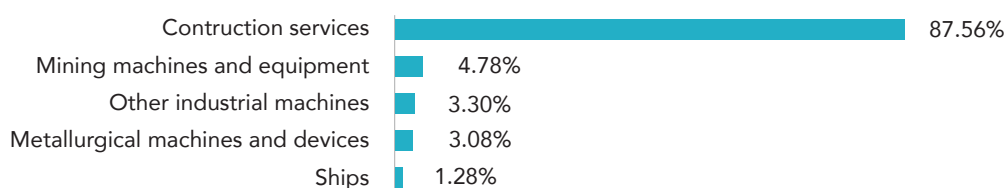
Geographical structure of insurance contracts concluded in 2022

(insurance of export contracts based on loans maturing within 2 or more years, figures in PLN)



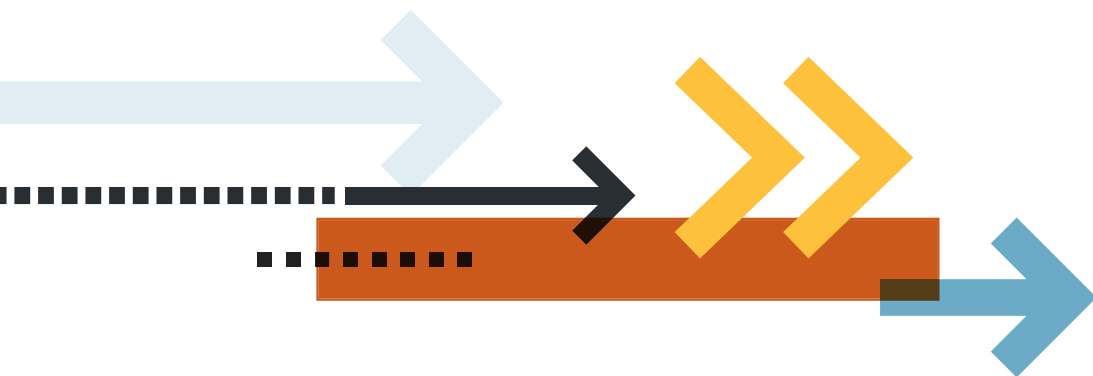
Industry structure of insurance contracts concluded in 2022

(insurance of export contracts based on loans maturing within 2 or more years, figures in PLN)



The value of insured loans and medium- and long-term bonds in 2022 was largely affected by 2 insurance contracts and 1 bond for a domestic investment that generated exports of considerable unit value and the total value of PLN 2,524.23 million, intended to finance 2 export contracts for the construction of a Bandırma-Bursa-Yenişehir-Osmaneli railway line, approx. 200 km long, in Turkey, a turn-key

implementation of the third stage of construction and fit-out of the Namibe University in Moçâmedes, Namibe province of Angola, and 1 investment loan to finance a domestic investment consisting in the development of a chemical plant, respectively worth PLN 1,904.58 million, PLN 403.31 million and PLN 216.34 million.



Liabilities on account of active insurance contracts and insurance bonds

(insurance of export contracts based on loans maturing within 2 or more years, figures in PLN)

Debtor country	Number of active insurance and warranty contracts	The value of liabilities arising therefrom (in mln PLN)	Share
Türkiye	4	2 405.50	32.19%
Poland	7	904.73	12.11%
Belarus	18	864.20	11.56%
Ukraine	9	789.66	10.57%
United Arab Emirates	1	480.18	6.42%
Canada	2	434.67	5.82%
Angola	1	384.33	5.14%
Indonesia	1	368.95	4.94%
Cote d'Ivoire	5	231.86	3.10%
Norway	2	216.86	2.90%
Saudi Arabia	1	181.23	2.42%
Denmark	1	82.62	1.11%
North Macedonia	2	68.60	0.92%
Mali	3	22.65	0.30%
Spain	1	18.79	0.25%
Cayman Islands	1	8.27	0.11%
Cyprus	1	7.74	0.10%
Russia	1	1.97	0.03%
Sri Lanka	1	0.90	0.01%
Switzerland	1	0.07	0.00%
TOTAL	63	7 473.76	100%

The data was calculated in accordance with resolution 17/2021 of Komitet Polityki Ubezpieczeń Eksportowych on September 6, 2021, which entered into force on October 1, 2021.

As at 31 December 2022 the value of liabilities on account of active insurance contracts and insurance bonds with the lending period of 2 and more years was PLN 7,473.76 million.

As at 31 December 2022 the value of liabilities increased by 47.4% compared to the liabilities as at 31 December 2021. At the end of 2021 liabilities arising out of 60 active insurance contracts totalled PLN 5,071.80 million.

In 2022 the written premium on insurance with lending period of 2 and more years was PLN 264.94 million. This value included revenues from premiums under insurance contracts concluded in the reporting period with the total value of PLN 268.88 mil-

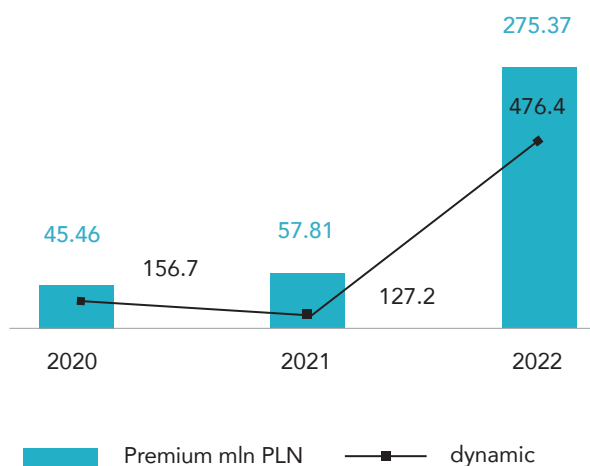
lion (primarily the contracts with the highest unit value to finance the export contract, to finance construction of the Bandırma-Bursa-Yenişehir-Osmaneli railway line, approx. 200 km long, in Turkey, at PLN 216.72 million), as well as refunds of premiums in connection with correcting bills issued for contracts from 2018 to 2021, totalling PLN -3.94 million.

In addition, the premium written on bonds for export-generating domestic investments was PLN 10.43 million.

Total revenues from written premium on insurance and bonds with the lending period of 2 and more years in 2022 totalled PLN 275.37 million and were 376.4% higher than in 2021.

Gross written premium

(insurance contracts and insurance bonds relating to a loan granted for 2 and more years)

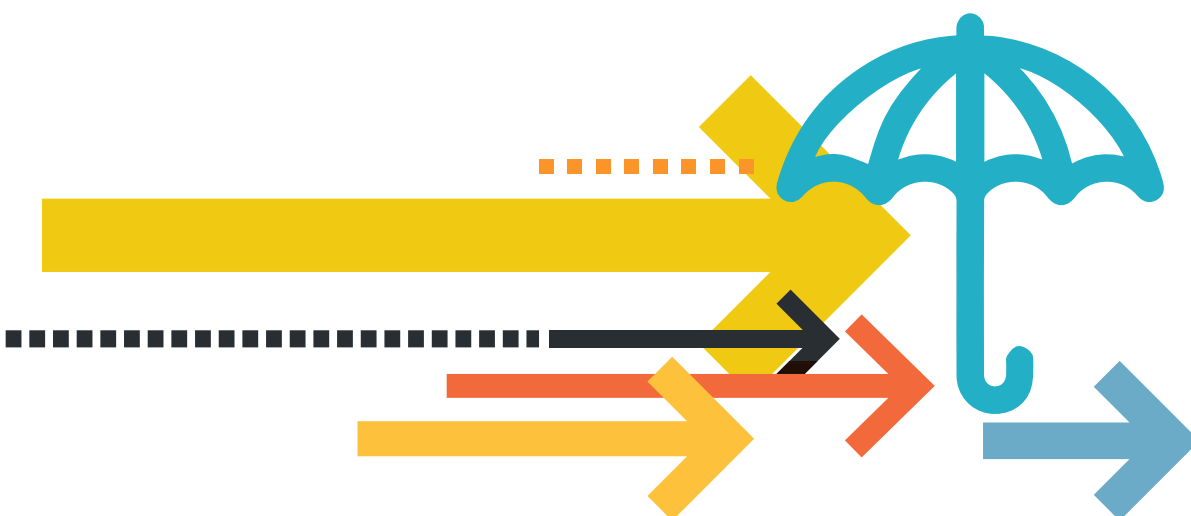


The total premium collected on such insurance contracts and insurance bonds in 2022 was **PLN 247.29 million** and was 438.0% higher than a year before (PLN 45.97 million). The higher premium collected on medium- and long-term insurance contracts and insurance bonds in 2022 was mainly the result of collection of the insurance premium on the 2022 contract with the highest unit value to finance the export contract, to finance construction of the Bandırma-Bursa-Yenişehir-Osmaneli railway line in Turkey, at PLN 215.08 million. That year, the premium on bonds for domestic investments generating exports worth a total of PLN 24.36 million was also collected.

In 2022 a total of **PLN 8.95 million** claims were paid on account of insurance contracts and insurance bonds backed by the Treasury maturing in 2 or more years.

As at 31 December 2022, a recourse procedure as part of insurance of export contracts and loans maturing within 2 or more years was pending for 13 cases with the total value of claims paid of PLN 481.52 million.

As a result of those activities, revenues from recourse obtained in 2022 totalled PLN 15.27 million.



Other insurance bonds

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Orders

In 2022 KUKE received 370 orders for insurance bonds with the total value of PLN 3,625.17 million, including 212 orders for contract bonds and loan repayment bonds worth PLN 3,400.94 million and 158 orders for extension of insurance bonds for payment of receivables related to the letters of credit worth PLN 224.23 million.

Compared to 2021 a yoy drop in the number was recorded (by 15.9%) with the simultaneous growth in the value of orders received by 290.7% (440 orders worth PLN 927.96 million were received in 2021). For contract and loan repayment bonds, a yoy increase in the number and value of orders was recorded by 101.9% and 416.8% respectively. For bonds securing repayment of receivables related to the letters of credit, a yoy drop in the number and value of orders was recorded at 52.8% and 16.9% respectively.

Geographical structure of orders placed in 2022 broken down by contract guarantees and loan repayment guarantees and L/C guarantees

Country	Contract guarantees and loan repayment guarantees		L/C guarantees				Total
	Number	Value (in mln PLN)	Number	Value (in mln PLN)	Number	Value (in mln PLN)	Share
Czech Republic	8	1 965.16	-	-	8	1 965.16	54.21%
Romania	12	410.95	-	-	12	410.95	11.34%
Denmark	20	323.63	-	-	20	323.63	8.93%
Germany	57	279.40	-	-	57	279.40	7.71%
Russia	1	0.49	43	107.04	44	107.53	2.97%
France	6	90.66	-	-	6	90.66	2.50%
China	7	45.75	-	-	7	45.75	1.26%
Switzerland	7	40.74	-	-	7	40.74	1.12%
United Kingdom	5	40.25	-	-	5	40.25	1.11%
Türkiye	2	0.95	2	34.59	4	35.54	0.98%
Italy	12	31.41	-	-	12	31.41	0.87%
Belarus	-	-	88	28.16	88	28.16	0.78%
Egypt	-	-	2	27.64	2	27.64	0.76%
Spain	17	26.48	-	-	17	26.48	0.73%
Ukraine	1	3.00	13	18.64	14	21.64	0.60%
Norway	7	19.14	-	-	7	19.14	0.53%

Latvia	2	17.99	-	-	2	17.99	0.50%
Saudi Arabia	4	15.78	-	-	4	15.78	0.44%
Cyprus	3	15.23	-	-	3	15.23	0.42%
Austria	6	12.10	-	-	6	12.10	0.33%
Finland	4	9.68	-	-	4	9.68	0.27%
Australia	1	9.60	-	-	1	9.60	0.26%
Lithuania	2	9.53	-	-	2	9.53	0.26%
Estonia	2	8.27	-	-	2	8.27	0.23%
Belgium	1	8.00	-	-	1	8.00	0.22%
Hungary	4	7.90	-	-	4	7.90	0.22%
Mongolia	-	-	5	6.66	5	6.66	0.18%
Sweden	1	2.34	-	-	1	2.34	0.06%
Mexico	1	1.81	-	-	1	1.81	0.05%
Croatia	6	1.13	-	-	6	1.13	0.03%
India	-	-	4	0.96	4	0.96	0.03%
Netherlands	3	0.95	-	-	3	0.95	0.03%
Ireland	2	0.89	-	-	2	0.89	0.02%
Kazakhstan	1	0.72	-	-	1	0.72	0.02%
United Arab Emirates	-	-	1	0.54	1	0.54	0.01%
Thailand	3	0.30	-	-	3	0.30	0.01%
Slovenia	1	0.29	-	-	1	0.29	0.01%
Poland	1	0.16	-	-	1	0.16	0.00%
Kosovo	1	0.13	-	-	1	0.13	0.00%
Slovakia	1	0.13	-	-	1	0.13	0.00%
TOTAL	212	3 400.94	158	224.23	370	3 625.17	100%

Differences in checksums are due to rounding

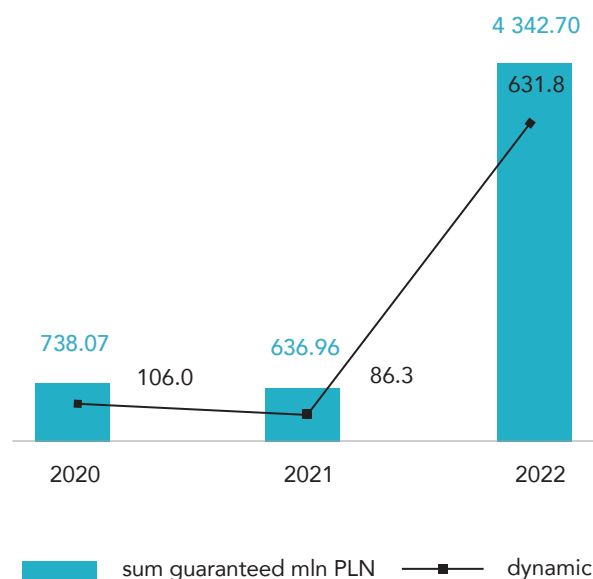
Bonds

In 2022 KUKE granted 338 Treasury backed insurance bonds with the total value of PLN 4,342.70 million, including 180 contract bonds and loan repayment bonds worth PLN 4,117.92 million and 158 insurance bonds for payment of receivables related to the letters of credit worth PLN 224.78 million.

Compared to 2021, the number of bonds dropped by 22.7%, given the increase in their value by 581.8% (437 bonds worth a total of PLN 636.96 million were granted in 2021). There was a yoy increase in the number and the value of contract bonds and loan repayment bonds granted, by 76.5% and 1,021.4% respectively. For bonds securing repayment of receivables related to letters of credit, a yoy drop in the number and the value of orders was recorded at 52.8% and 16.7% respectively.

Sum guaranteed

(other insurance bonds)



Geographical structure of guarantees placed in 2022 broken down by contract and loan repayment guarantees and L/C guarantees

Country	Contract guarantees and loan repayment guarantees		L/C guarantees				Total
	Number	Value (in mln PLN)	Number	Value (in mln PLN)	Number	Value (in mln PLN)	Share
Czech Republic	8	2 605.85	-	-	8	2 605.85	60.01%
Romania	12	410.98	-	-	12	410.98	9.46%
Germany	43	259.44	-	-	43	259.44	5.97%
Denmark	11	251.42	-	-	11	251.42	5.79%
Cyprus	6	231.45	-	-	6	231.45	5.33%
Russia	-	-	43	107.04	43	107.04	2.46%
France	6	80.92	-	-	6	80.92	1.86%
United Kingdom	5	52.23	-	-	5	52.23	1.20%
China	7	47.08	-	-	7	47.08	1.08%
Türkiye	2	0.94	2	34.99	4	35.93	0.83%
Italy	13	31.59	-	-	13	31.59	0.73%
Belarus	-	-	88	28.11	88	28.11	0.65%
Egypt	-	-	2	27.83	2	27.83	0.64%
Spain	16	23.24	-	-	16	23.24	0.54%
Ukraine	1	3.00	13	18.65	14	21.65	0.50%
Latvia	2	18.01	-	-	2	18.01	0.41%

Saudi Arabia	4	15.24	-	-	4	15.24	0.35%
Lithuania	2	12.01	-	-	2	12.01	0.28%
Norway	3	11.52	-	-	3	11.52	0.27%
Switzerland	6	11.45	-	-	6	11.45	0.26%
Finland	4	9.68	-	-	4	9.68	0.22%
Australia	1	9.60	-	-	1	9.60	0.22%
Austria	5	8.88	-	-	5	8.88	0.20%
Belgium	1	8.00	-	-	1	8.00	0.18%
Mongolia	-	-	5	6.66	5	6.66	0.15%
Estonia	1	5.43	-	-	1	5.43	0.13%
Hungary	4	3.65	-	-	4	3.65	0.08%
Mexico	1	1.80	-	-	1	1.80	0.04%
Croatia	5	1.08	-	-	5	1.08	0.02%
India	-	-	4	0.96	4	0.96	0.02%
Ireland	2	0.91	-	-	2	0.91	0.02%
Netherlands	1	0.76	-	-	1	0.76	0.02%
Kazakhstan	1	0.73	-	-	1	0.73	0.02%
United Arab Emirates	-	-	1	0.54	1	0.54	0.01%
Slovenia	1	0.42	-	-	1	0.42	0.01%
Thailand	3	0.30	-	-	3	0.30	0.01%
Slovakia	1	0.14	-	-	1	0.14	0.00%
Kosovo	1	0.13	-	-	1	0.13	0.00%
Bosnia and Herzegovina	1	0.04	-	-	1	0.04	0.00%
TOTAL	180	4 117.92	158	224.78	338	4 342.70	100.00%

Differences in checksums are due to rounding

In the geographical structure of bonds issued, the highest values of bonds were issued for the Czech Republic (60.01%) and Romania (9.46%), while the lowest share was recorded for Belarus (26.04%), Russia (12.72%) and Germany (12.72%). For Belarus and Russia the number of bonds resulted from open

letters of credit preceding the war in the territory of Ukraine. 75.97% of the contract and loan repayment bonds granted (in terms of value) in 2022 were granted to the mining industry compared to 57.0% of bonds granted to the shipyard industry in 2021.

The value of liabilities on account of active guarantees as at 31 December 2022

Type	Number of active guarantees	Value of liabilities related to them (in mln PLN)	Share %
Contract and loan repayment guarantees	237	4 360.66	95.88%
L/C guarantees	287	187.46	4.12%

The data was calculated in accordance with resolution 17/2021 of Komitet Polityki Ubezpieczeń Eksportowych on September 6, 2021, which entered into force on October 1, 2021.

As at 31 December 2022 the value of liabilities on account of active bonds increased by 320.82% compared to the value as at 31 December 2021 (630 active insurance bonds with the value of PLN 1,080.77 million).

For contract and loan repayment bonds, the value of liabilities as at 31 December 2022 increased by 466.0% compared to the year before, while the value of bonds securing repayment of receivables related to the letters of credit fell by 39.6%.

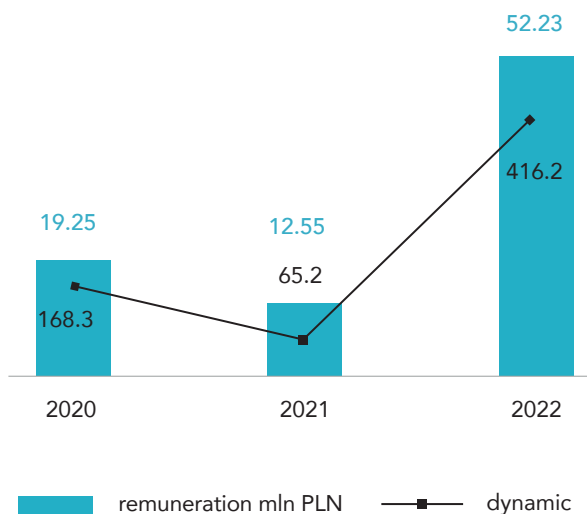
Remuneration related to bonds granted and renewal of bonds extended in previous years was PLN 52.23 million and was 316.2% higher than in 2021 (PLN 12.55 million).

The value of remuneration collected on such bonds in 2022 was **PLN 52.52 million** and was 318.2% higher than a year before (PLN 12.56 million). The high value of remuneration collected in 2022 resulted mainly from high-value bonds granted

In 2022 a total of 23 claims worth **PLN 15.60 million** were paid out of bonds. In 2022 KUKE did not earn recourse revenues related to refund of amounts of Treasury backed bonds (compared to PLN 0.90 million in 2021).

Remuneration for the bonds granted

(other insurance bonds)



International activities

Organisation for Economic Co-operation and Development

As in previous years, KUKE was one of the participants (along with the Ministry of Finance) in the works on the ongoing modification of the *OECD Consensus*¹, which was part of the works carried out by *Participants to the Arrangement on Officially Supported Export Credits*. The subject of the ongoing document review, which is intended to ensure equal terms of financing and fair competition between exporters, is to account for technical changes, needs and specific nature of individual sectors as well as political and economic decisions that affect export credit. Intense work was carried out for a year, both at the technical and political level, as part of the process to modernize the Agreement.

Works and regular meetings of country risk experts were continued. In March, in response to the war in Ukraine, changes in the classification used to calculate insurance rates were made by reducing, as low as possible, the category of the Russian Federation and the Republic of Belarus.

The temporary (one year) reduction in the requirement to collect an advance payment from 15% to 5% (introduced in response to deteriorating economic conditions caused by the sanitary crisis related to COVID-19 and to contain severe consequences of the crisis affecting project performance in low and medium income countries) resulted in the increase in the maximum limit of official support that may be granted to public buyers from Category II countries, from 85% to 95% of the export contract value. The Agreement Participants decided that the rules would remain in effect for the subsequent 12 months, namely until 4 November 2023.

The KUKE representatives also took part in the works of the group of Practitioners on the *Recommendation of the OECD Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence* who regularly exchange experience and information on social and environmental issues. During last year's meetings, the experts continued the talks on national policies on the environment and biodiversity, discussed specific projects and transactions in terms of protection of the human rights and implementation of the sustainable development goals (SDG).

KUKE also took part in phase 4 of the Poland evaluation review carried out by the OECD Working Group on Bribery in International Business Transactions (WGB OECD).

Just like in previous years, the KUKE representatives took part in expert workshops organized by the OECD Working Party on Export Credits and Credit Guarantees (ECG) on the *Recommendation of the OECD Council on Bribery and Officially Supported Export Credits* updated in 2019. Experts shared their experience on the implementation and functioning of the regulations.

Traditionally, the annual consultations with representatives of the civil society (NGOs and industry associations), export credit agencies, experts from ECG Member States and signatories of the *Arrangement on Officially Supported Export Credits* were organized in the fourth quarter. The event was an opportunity to present the current work on the OECD forum, identify challenges to the public support of export especially in the context of fighting climate changes and the need to urgently modernize the existing solutions.

¹ The term of the OECD Consensus is used interchangeably with the Arrangement on Officially Supported Export Credits.

European Union

As regards short-term insurance of trade receivables, since 1 January 2022 the updated *Communication from the Commission on the application of Article 107 and 108 of the Treaty on the Functioning of the European Union to short-term export credit insurance* has been in effect. Based on the consultations and market analysis, the European Commission decided that the existing rules were properly implemented. No system-wide changes were thus entered to the current version of the document. The limit of the total annual export turnover for SMEs was increased (to 2,5) and Member States were obliged to publish annual reports on risks that are considered non-marketable and covered by state intervention.

The anti-crisis measures introduced in 2020 aimed at providing the European exporters with access to the insurance offered by export credit agencies and the temporary non-marketable nature of countries traditionally treated as marketable (EU Member States and nine OECD states) expired at the end of March 2022. Given this, KUKÉ offered its anti-crisis product solutions, KUKÉ GAP EX and KUKÉ GAP EX+, in the first quarter of the previous year only.

Regulation (EU) No 1233/2011 of the European Parliament and of the Council on the application of certain guidelines in the field of officially supported export credits and repealing Council Decisions 2001/76/EC and 2001/77/EC implemented the *OECD Consensus* to the EU *acquis communautaire* and obliged Member States to provide activity reports on the officially supported export credits. In fulfilling that obligation, once again the Member States submitted necessary information on insurance maturing in 2 or more years.

In response to the unprovoked and unjustified armed invasion of the Russian Federation against Ukraine, the European Union expanded the catalogue of sanctions in effect since 2014 and implemented a series of new restrictive measures against some persons, entities and bodies in connection with the situation in Ukraine, in connection with activities that undermined the territorial integrity, sovereignty and independence of Ukraine or endangered it, in response to the illegal annexation of Crimea and Sevastopol, in connection with Russian actions destabilising the situation in Ukraine and in connection with the situation in Belarus and Belarus involvement in Russian aggression against Ukraine. In that area, the Export Credit Group mainly

focused on implementing the measures that specifically define the catalogue of goods and entities subject to the ban on export credit and bonds and exchange of information on the insurance policy with regard to Belarus, Russia and Ukraine.

The Berne Union

KUKÉ took part in the works of the Berne Union primarily intended at promoting the highest international standards of insurance of export credit and strengthening actions undertaken by private and public agencies to support the national export and the global economy and to facilitate establishment of relations and exchange of experience and knowledge among the insurers. The agenda of last year's plenary meetings and workshops was dominated by the issues pertaining to the war in Ukraine, digitisation, climate policies, country risk, SME support, claims and collection, project finance transactions, current market trends and the international trade. The organization decided to suspend membership of the Russian and Belarusian agencies. During the annual general meeting in November 2022, Katarzyna Kowalska, Vice-President of the Management Board of KUKÉ, was appointed Chairwoman of the Committee for Short-term Insurance.

As part of the developing co-operation with the ECI of the United Arab Emirates, a Reinsurance Agreement was signed in February 2022. This March, in response to the armed Russian aggression against Ukraine and Belarus involvement on the Russian part, KUKÉ terminated the contracts and agreements signed with EXIAR (Russia) and Eximbank (Belarus). In Q4 2022 bilateral workshops with the EKF agency of Denmark took place in Warsaw and with the SERV agency of Switzerland, in Zurich. During the meetings, experience of operations in various markets was shared and specific forms of co-operation and performance of joint export projects were discussed.

Development of insurance products

In 2022, development of the new export support system announced in March 2021 was continued. An information and training campaign was continued and a series of conferences, webinars and individual meetings took place to discuss the new export support system with the current and potential customers, including domestic businesses, international investors, banks and financial institutions.

The information and training campaign on the new export support system as pursued by the KUKE brought measurable results in 2022, i.e. among others:

- with regard to insurance bonds of loans taken out to finance domestic investments that generate export:
 - KUKE concluded framework agreements with more domestic and international banks and financial institutions,
 - after the first bond was issued at the end of 2021, in 2022 KUKE issued further bonds,
 - work on more than a dozen transactions is pursued in this regard,
- with regard to insurance of direct investments abroad:
 - KUKE entered into an insurance contract for an investment worth PLN 147.99 million consisting in exploration and exploitation of hydrocarbons in Ukraine,
- with regard to insurance loans granted to finance direct investments abroad:
 - KUKE entered into the first insurance contract worth PLN 98.05 million for a loan to finance an investment in the automotive sector in Mexico,
 - work on several more transactions is pursued in this regard.

In 2022 the Management Board of KUKE adopted changes in general conditions of Treasury backed insurance of export contracts – individual policy and supplier's credit.

Due to the situation in Ukraine, among others in connection with announcement of the payment moratorium by the National Bank of Ukraine (NBU), in February 2022 KUKE cancelled credit limits for business partners from Ukraine as part of the Treasury backed short-term insurance of export receivables called *Polisy Beyond Borders*. In order to support expansion of the Polish exporters to other markets, the Export Insurance Policy Committee decided to reduce all rates by 35% for *Polisy Beyond Borders Granic* as at 1 April 2022.

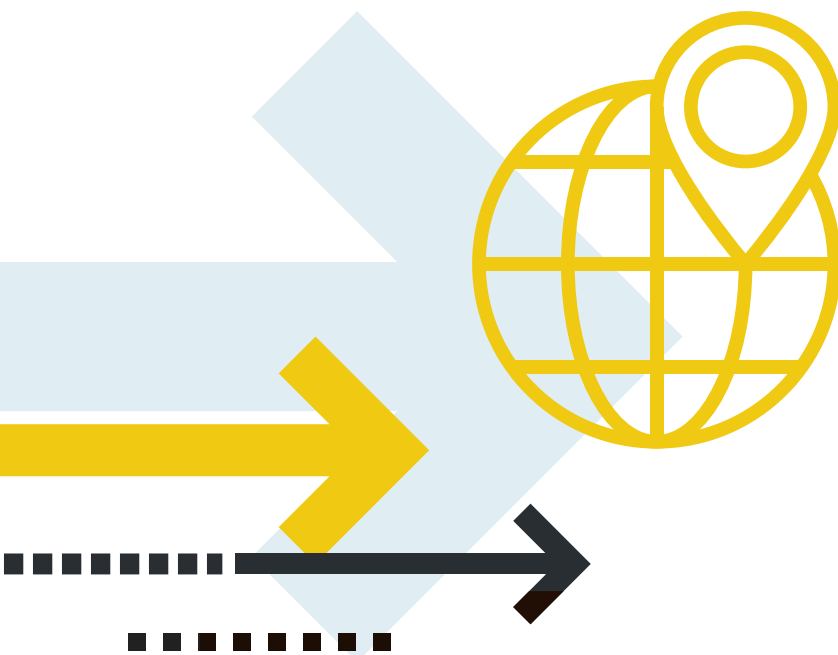
In June 2022, based on a resolution of the Export Insurance Policy Committee the insurance of receivables of Ukrainian counterparties was reinstated for the *Polisy Beyond Borders* product, as well as of the banks as part of the bonds for the letters of credit; the amount appropriated for that purpose was PLN 500 million. Re-opening of the cover for the Ukrainian market applied only to the sales of goods and services not subject to the NBU payment moratorium namely goods and services in the lists of critical imports that allowed payments in foreign currencies to be made.

In addition, in 2022 the list of countries of the counterparty in the *Polisy Beyond Borders* product was modified four times in connection with changes in the country classification by the Organisation for Economic Co-operation and Development (OECD).

In connection with the war in Ukraine, KUKE commenced work on the preparation of the programme of reinsurance of transport insurance.

The solution will be targeted at insurance companies which offer various types of transport insurance in Poland as part of the standard insurance offering in the territory of Ukraine. This solution requires amendments to the Act on Guaranteed Insurance. Therefore, in 2022 KUKE initiated a series of actions in this regard. Among others, KUKE investigated needs of the carriers, consulted industry organizations and met with the Ukrainian party to ensure that the solution to be implemented is comprehensive and fully meets the needs postulated by all the stakeholders. Further work in this regard is planned in 2023.

The European Commission did not extend the use of governmental bonds when insuring trade receivables in transactions with counterparties from the EU and 9 OECD states. As a result, on 1 April 2022 KUKE retired Treasury backed short-term insurance of export receivables called KUKE GAP Ex and GAP Ex+, and all insurance contracts in effect signed prior to that date expired no later than on 27 September 2022.



Summary

Synthetic data

Insured turnover (in mln PLN)	2021	2022	increase/decrease (in mld PLN)	increase/decrease (in %)
Non market risk insurance	4 568.87	3 158.52	-1 410.36	-30.9%
Insurance and insurance guarantees – regarding the loan period of 2 years and more	793.12	3 098.00	2 304.88	290.6%
Pozostałe gwarancje ubezpieczeniowe	636.96	4 342.70	3 705.74	581.8%
TOTAL	5 998.95	10 599.22	4 600.27	76.7%

Premium written (in PLN mln)	2021	2022	increase/decrease (in mld PLN)	increase/decrease (in %)
Non market risk insurance	43.87	27.09	-16.78	-38.3%
Insurance and insurance guarantees – regarding the loan period of 2 years and more	57.81	275.37	217.56	376.4%
Pozostałe gwarancje ubezpieczeniowe	12.55	52.23	39.68	316.2%
TOTAL	114.23	354.69	240.46	210.5%

Premium collected (in PLN mln)	2021	2022	increase/decrease (in mld PLN)	increase/decrease (in %)
Non market risk insurance	43.92	27.85	-16.07	-36.6%
Insurance and insurance guarantees – regarding the loan period of 2 years and more	45.97	247.29	201.33	438.0%
Pozostałe gwarancje ubezpieczeniowe	12.56	52.52	39.96	318.2%
TOTAL	102.45	327.66	225.22	219.8%

Compensations paid (in PLN mln)	2021	2022	increase/decrease (in mld PLN)	increase/decrease (in %)
Non market risk insurance	5.96	49.06	43.09	722.9%
Insurance and insurance guarantees – regarding the loan period of 2 years and more	0.00	8.95	8.95	-
Pozostałe gwarancje ubezpieczeniowe	0.00	15.60	15.60	-
TOTAL	5.96	73.61	67.65	1134.8%

Recourses received (in PLN mln)	2021	2022	increase/decrease (in mld PLN)	increase/decrease (in %)
Non market risk insurance	8.23	10.55	2.32	28.2%
Insurance and insurance guarantees – regarding the loan period of 2 years and more ¹⁾	-2.56	15.27	17.84	-
Pozostałe gwarancje ubezpieczeniowe	0.90	0.00	-0.90	-
TOTAL	6.56	73.61	19.26	293.7%

¹⁾ Balance of received and returned recourses.

Differences in checksums are due to rounding

Insurance of non-marketable risk

In 2022, 97 insurance contracts were signed and 992 policies from previous years were renewed. Those policies covered export worth PLN 3,158.52 million, i.e. 30.9% less than in 2021. In 2022 the premium written for such insurance was PLN 27.09 million (was 38.3% lower than a year before), and the collected premium was 27.85 (36.6% lower than recorded in 2021).

During the reporting period, KUKE paid out claims worth PLN 49.06 million. Compared to 2021, this value grew by 722.9%. Following recourse proceedings, KUKE obtained receipts worth a total of PLN 10.55 million. Compared to 2021, the receipts were 28.2% higher.

Insurance contracts and insurance bonds – loans granted for 2 and more years

As regards insurance contracts and bonds with the lending period of 2 and more years, in 2022 KUKE concluded 6 insurance contracts and issued 5 insurance bonds with the total value of PLN 3,098.00 million. The value of the cover granted in the reporting year was 290.6% higher than the value recorded in 2021.

The premium written on insurance contracts and medium- and long-term bonds was PLN 275.37 million (and increased by 376.4% compared to 2021), while the premium collected was PLN 247.29 million (438.0% higher than a year before). In 2022 claims paid totalled PLN 8.95 million (no claims were paid in 2021) and PLN 15.27 million in recourse revenues were received (compared to PLN -2.56 million in 2021 of recourse received on account of claims paid and funds received by KUKE as part of recourse proceedings returned to bankruptcy mass).

Other insurance bonds

In 2022 KUKE granted 338 insurance bonds with the total value of PLN 4,342.70 million, including 130 contract bonds worth PLN 717.18 million and, 50 loan repayment bonds worth PLN 3,400.74 million and 158 insurance bonds for payment of receivables related to the letters of credit worth PLN 224.78 million. Compared to the previous year, the sum of bonds granted increased by 581.8%.

Remuneration related to bonds granted was PLN 52.23 million (316.2% higher than in 2021) and the value of remuneration collected was PLN 52.52 million (318.2% higher than a year before).

In 2022 KUKE paid out PLN 15.60 million under bonds (no such payments were made in 2021). In that period, KUKE did not receive recourse receipts related to payments under insurance bonds in previous periods (compared to PLN 0.90 million in such revenues in 2021).

Total liabilities of KUKE and the use of the limit specified in the Budget Act

As at 31 December 2022, the value of KUKE liabilities related to export insurance backed by the Treasury, calculated in accordance with resolution No 17/2021 of the Export Insurance Policy Committee of 6 September 2021 on detailed rules of KUKE operations with regard to the manner of determining the percentage rate of use of the statutory limit that the total liabilities on account of export insurance backed by the Treasury and insurance bonds cannot exceed was PLN 17,385.10 million and was 28.8% higher than as at 31 December 2021. That value accounted for 91.50% of the limit set in the Budget Act for 2022.

