AKA Ausfuhrkredit-Gesellschaft mbH

Annual Report 2020

EUROPEAN
EXPORT + TRADE
BANK

In memory of

Stefan Köser

* 14.3.1963 † 2.2.2021

Photographer and communications designer from Frankfurt, our long-standing business partner and friend

On his website, he described himself as follows: Likes people, cities and moods, works on a commission basis and also takes photos for pure personal pleasure. This pleasure was always noticeable during our working relationship. Stefan Köser was a true Frankfurter. He frequently took creative photos of his home town for AKA. In his photo stories, he composed entire symphonies of the city "Mainhattan". Even after 20 years of working together, there was no chance of boredom, not even during routine work such as photoshoots or the conception of corporate publications. This was due to his tremendous creativity and curiosity with which he approached and realised every one of his projects. His passion for aesthetics made Stefan Köser an argumentative, yet always charming and inspiring conversation partner.

This report would have been his 21st annual report for the AKA. Stefan Köser will always be remembered.

DR. CHRISTIAN STEINBORN
e.GO Mobile AG

ANSGAR ROESE
Wirtschaftsförderung Frankfurt

DANIEL HORN
TIER Mobility

ROUVEN KÖTTER
Regionalverband FrankfurtRheinMain

MOBILITÄT 2030

LUFTIG, LÄSSIG, LEISE

WIE SMART BEWEGEN WIR UNS WIRKLICH IN DIE ZUKUNFT?

"ZUKÜNFTIGE MOBILITÄT MUSS VERKEHRSTEIL-NEHMERN MEHR-WERT BRINGEN."

"DAS KONZEPT DES EIGENEN AUTOS MIT PRESTIGEFUNK-TION STEHT AUF DEM PRÜFSTAND."

"STRASSENRAUM WIRD ZUKÜNFTIG EFFIZIENTER UND STADTVERTRÄG-LICHER GENUTZT."

„SEILBAHNEN ALS PUNKTUELLE ERGÄN-ZUNG IM ÖPNV KÖNN-TEN EINEM KOLLAPS VORBEUGEN."

aka

AKA INVESTORS' MEETING 2019
WWW.AKABANK.DE

Contents

Ready for the digital future with a resilient business model:

AKA on its way to an open ecosystem with a growing partner network

AKA has been working successfully with many business partners for more than 65 years. Founded in 1952 as a highly specialised centre of competence for German banks, today, AKA is part of a Europe-wide network and supports its partners through its many years of experience in the loan business and specialist expertise in emerging markets. The essential foundation for AKA's traditional role is the long-established proximity, integrity and trustworthy cooperation. This triad enables AKA's success as an enabler for financing and administrative processing of international Export and Trade transactions. AKA continues to remain true to this role. The bank is currently developing into a modern platform and, with its growing partner network, is moving towards an open, digital ecosystem.

2020 was dominated by the global pandemic across all sectors. Thanks to the commitment of our dedicated employees, AKA performed well in a particularly challenging market environment. AKA's proven business model as a specialist credit institution for Export and Trade Finance demonstrated resilience in the critical pandemic situation. We believe that innovative solutions in Export Finance are in high demand during the current situation. AKA's digital SmaTiX buyer credit, for example, gives buyers abroad access to long-term investment financing, especially when local loans are perhaps not (or no longer) available due to the crisis. As part of its chosen digitisation strategy, AKA is adopting a pro-active approach to many observable market trends through the on-going development of its established business model. AKA's partner network will continue to grow with new cooperations.

In line with the strategic development of the bank, the visualisation in this annual report focuses on AKA's role as a platform. A platform for the discussion and development of topics related to Export and Trade Finance as well as State instruments for foreign trade promotion. The market players in the Export Finance community can network and exchange their views on current topics at AKA's networking formats and themed conferences. Since the beginning of 2020, all of this has increasingly been taking place in hybrid and purely digital formats. We are showing the poster motifs of our annual Investors' Meetings, which have set a stage for the discourse mentioned above for the past seven years. Since 2014, AKA has used the Investors' Meeting to inform shareholders, investors and business partners about the bank's half-year figures and its future strategic direction. Additionally, each event has a highly topical title theme, for example a subject that has gained a high amount of coverage in the media or in political debates. On one of the posters, for example, you will see the theme of the 2016 event called "Blockchain Unchained. The technology behind the digital currency Bitcoin – will it also work for the financial world of tomorrow?" In 2018, trade conflicts dominated the political discourse when we planned the Investors' Meeting. Our headline: "Bridge over troubled water. Economy, currencies and financial markets in the geopolitical conflict area." Each year, AKA was able to attract renowned experts as speakers and discussion participants.

Involved from the start was our moderator Andreas Scholz, Chairman of the Management Board of dfv Euro Finance Group GmbH, long-standing TV business editor and publisher of the Euro Finance Magazine. Andreas Scholz is also the author of our guest contribution this year.

In addition to the wealth of figures and framework data, the following pages will provide you with explanations and visual language to show that AKA not only supports its customers and partners with efficient solutions, but also promotes itself as a modern dialogue platform for the players in the Export and Trade community in Germany and Europe.

Risk Management and Markets under discussion:

The Management, Beate Bischoff and Marck Wengrzik, about the past year 2020 and the prospects for 2021

Dear readers,

2020 will be remembered as the year of the pandemic. Coronavirus has changed the way people live together like few other events in recent history. Governments shut down entire countries through so-called lockdowns. Borders were closed, travel was banned. A new way of working and living together became necessary.[1]
The pandemic caused a global economic crisis with far-reaching consequences for the Export and Trade economy. We know that the economic consequences will be noticeable for many years. At the same time, a crisis can act as a catalyst because it accelerates already existing developments. For example, enforced social distancing has given the digital transformation an enormous boost. AKA's key financial figures demonstrate that our business model works very well, even during difficult times. We also consider the boost in digitisation as an opportunity to optimise both our customer approach and in-house interaction and also to make our contribution towards the Export community becoming able to reach even more people. Despite the exceptional market situation, AKA was able to continue to successfully fulfil its role: acting as an enabler to support business partners in the realisation of international Export and Trade Finance transactions. Our partners demonstrated their trust in AKA's expertise, quality, reliability and also stability through intensive and trustworthy cooperation across all product segments.

What were the key challenges for AKA in 2020 and how did the bank deal with them?
Marck Wengrzik: Naturally, in view of the working model and the short time available to set it up for remote operation, the reorganisation of the bank has been a special challenge. We were able to cope with it very well thanks to the dedicated performance of our IT department. In parallel, we activated our existing Business Continuity Management (BCM) team very early on. The colleagues were able to make an additional important contribution here. The interaction of the individual departments in daily operations went very smoothly.

Beate Bischoff: In 2020 it also became clear that thanks to our high-quality balanced and diversified loan portfolio, we are able to stand our ground in such a challenging market environment. Despite all the challenges, AKA's innovative strength remained intact and numerous activities and projects continued without problems. In fact, the coronavirus pandemic has reinforced the trend towards digitisation.

Overall, we dealt with the challenges in the same way as we have done for years: Securing the tried and tested, for example our credit expertise, fast decision-making processes and a high degree of reliability in day-to-day business, and a proactive approach to new challenges, secured by consistent governance structures. Examples are our IT Steering Committee and the constant involvement of the extended AKA Management Committee for the identification of relevant topics.

How did the coronavirus pandemic affect AKA's loan portfolio?
Beate Bischoff: AKA's loan portfolio has proven to be resilient. We had already carried out an analytical assessment of possible effects in our book early on at the beginning of the crisis, to see which sectors and countries could be particularly affected. Due to our specific business model, so far the crisis has only had a moderate effect on our portfolio. We are recording only a small number of deferral requests. AKA is hardly involved in the sectors that have been hit particularly hard by the coronavirus pandemic. We have not recorded any defaults, only repayment deferrals in isolated cases. The ECA-covered cruise shipping portfolio represents a special case. Here, with the cooperation of the state Export Credit Agencies, there was a concerted, "debt holiday initiative" to mitigate the immediate effects of the coronavirus pandemic on the industry.

We steadily updated the portfolio valuation process over the year. It turned out that the resulting risks are low with regard to the overall portfolio and thus also easy to manage.

What other peculiarities did the 2020 fiscal year entail?
Marck Wengrzik: Last year, I described it as the biggest challenge for all companies in Germany, namely the on-going digital transformation process. In 2020, we were able to observe that digitisation, in the midst of an economic crisis, continues to generate the dynamics that change market structures at great speed. We were very pleased about the positive reception of our digital SmaTiX platform. We succeeded in concluding new transactions in this segment in the middle of the crisis year. Our expectations of business success, which is linked to the fact that we had the first full year of SmaTiX offerings in 2020, have been fully realised. We were also able to win a first shareholder as a user of our SmaTiX bank access and thus complete our digital model.

In general, we are very pleased that we succeeded in expanding our new business compared to the previous year despite the adverse environment. In particular, the cooperation with our newest shareholders ING and Deutsche Leasing was an important factor for the business success in 2020. Here, I am referring to high business contribution on the one hand and at the same time a broad use of the opportunities of AKA. Worth highlighting is that Deutsche Leasing has been an intensive user of SmaTiX from the very beginning. Through their intensive cooperation, both new shareholders underline the strategic importance of AKA in their respective companies and thus strengthen AKA's indirect reach in the German, but also in the European market.

Beate Bischoff: In addition, we were able to successfully conclude a fiduciary transaction together with a shareholder in which AKA took over a loan portfolio in a certain market segment. This model could serve as a template for other, comparable transactions in the future.

How is AKA positioning itself further to cope with the changes in market structures that have been intensified and accelerated by the crisis?
Marck Wengrzik: Digitisation and the constant analysis of its various forms in general have become an integral part of our daily work. In 2020, this led to a particularly broad portfolio of development topics in all segments of our bank. Two examples: First, the complete reprogramming of the SmaTiX application into a more modern, more scalable and interconnectable model as well as the launch into operations later this year, which certainly best highlights AKA's new performance capability. Based on the new microservice architecture, AKA will expand SmaTiX into a product and solution platform offering different business services with different integration patterns to its partners. The second thing I would like to highlight is that we have expanded AKA's new business division by an important segment, the Platform Business and Digital Innovation department.

Beate Bischoff: Beyond the digitisation measures that are visible to the outside world, AKA manages a portfolio of activities and projects that serve the progressive automation and digitisation of internal processes, particularly with the aim of increasing efficiency. Thus, we are continuing to complete the implementation of the AKA digital strategy.

Our tried and tested format of the strategy discussion with the Supervisory Board should also be mentioned here. In 2020, we once again laid the foundations for the further development of "AKA 4.0" in its range of services for shareholders and business partners.

What are expectations for the export industry and for AKA specifically in 2021?
Marck Wengrzik: There is a close correlation between the development of the German and European export economy in 2021 and the successful management of the pandemic. Internationally and globally oriented corporate strategies – for example with regard to supply chains – must be differentiated and potentially reconsidered. At the same time, the pressure to align value chains in a

sustainable manner is increasing. We can see that the subject of ESG (Environment, Social and Governance) is gaining importance. The criteria as a standard for sustainable investments have a broad social basis and they give us both new challenges and opportunities in Export Finance. ESG will be increasingly embedded in internal and external processes by AKA in 2021.

Another driver in the coming years appears to be the energy revolution, which in our view can only be achieved globally with the strong involvement of ECAs in financing. Crises are times in which the covered business generally encounters more challenges. By this, we mean the so-called core business of the bank, the ECA-covered financings. With our specialised knowledge, we are available for the participation in these financings for foreign banks or corporates. A prerequisite for the granting of a buyer credit is cover by government credit insurance, an Export Credit Agency, or ECA for short. For German exports, cover is granted by Euler Hermes Aktiengesellschaft. We have ensured that AKA is well positioned for 2021, especially to make an important contribution in cooperation with the shareholders – including the new digital possibilities that SmaTiX already offers – to the changes in demand that we are expecting. For example, we are expecting greater granularity in transactions and a broadening of users working with the tools offered by Euler Hermes.

Beate Bischoff: One thing will certainly not change: The importance of world trade remains very high overall. Different regions are affected differently by the effects of the coronavirus pandemic, so we expect upward trends in some countries and regions. This possible growth path would then have correspondingly positive effects on trade and investment, which we are also noticing in our business activities.

Which factors will determine activities and earnings for the year 2021?

Beate Bischoff: Apart from the assessment of the economic situation, it is important for AKA's business focus to evaluate the risks that may arise from political developments and geopolitical tensions and conflicts. AKA has loan commitments and risk assumptions in over 70 countries around the world, with a focus on emerging markets. This is a high degree of diversification and it has also been shown in the past that world and trade political conflicts affect regions differently. The importance of global trade as a whole remains high, as mentioned above, even if trade barriers and sanctions can have a negative impact.

Marck Wengrzik: Of course, another factor for our activities is innovative strength. This is where AKA's development budget comes in, which provides a sustainable cost component for innovation and development. To ensure that our innovative power is as unlimited as possible, we use our established governance in the management of various, parallel activities and projects. A further important factor is the close interaction between our specialist departments and IT.

Is there anything new with regard to the regulatory environment that will also affect AKA in 2021?
Beate Bischoff: Although the regulatory requirements continue to increase, AKA is in a special situation. This is because AKA is a so-called Less Significant Institute (LSI) and, due to our role as a specialised credit institution, we are not exposed to all regulatory requirements to the same extent as a universal bank. Nevertheless, we take the increasing requirements, especially in the areas of money laundering and compliance, as an opportunity to support the dialogue with the banking supervisory authorities, as conducted, for example, by the Association of German Banks, to ensure proportionality for small institutions.

What kind of growth path does AKA intend to pursue for 2021 and is there an overarching theme that you feel is particularly important for the bank's further development?
Marck Wengrzik: Despite the difficult environment, we are planning a further increase in new business for AKA, which we assume will be a total of around EUR 1.9 billion, distributed across all product lines. Thus, we will continue to generate moderate growth in net profit in 2021. We are confident in this regard, as AKA has already been able to demonstrate impressive organic growth in recent years.

Beate Bischoff: Our path of growth also includes the further successful implementation of our project topics around automation and digitisation in order to continue to increase the bank's efficiency and to be even better positioned in the changing work models.

Marck Wengrzik: In terms of further development, we could look at 2021 under the heading of "increasingly watching out for new partnerships." AKA is characterised by a stable core business and operates successfully through the combination of high professional expertise and operational excellence, which together enables us to react quickly. We are an efficient organisation with an excellent cost-income ratio. Accordingly, this means that we must be on the lookout for further cooperation, for example to be able to provide further developments with the existing team or to open up new markets. We offer many years of expertise and market reach through the close cooperation with our shareholders and are thus able to create win-win situations in partnerships. Naturally, the expansion of our digital ecosystem is in the forefront.

Final words, please: What do you regard as the key aspects for ensuring that the organisation continues to perform beyond the short term?
Beate Bischoff: Solidity and sustainability of the business model, product know-how and fast processes as well as progressive automation and digitisation – directed both internally and externally.

1 Cf. Scheler, Fabian, Gaul, Simone, Zingher, Erica and Peer, Mathias: Podcast: What now? / Year in Review 2020. The Year of Coronavirus In: www.zeit.de vom 21. Dezember 2020. URL: https://www.zeit.de / politik/2020-12/jahresrueckblick-2020-coronavirus-pandemie-covid-19-nachrichtenpodcast.

BLOCKCHAIN UNCHAINED

» AKA INVESTORS' MEETING 2016:
DIE TECHNOLOGIE HINTER DER DIGITALEN WÄHRUNG BITCOIN –
AUCH FÜR DIE FINANZWELT VON MORGEN?

Andreas Scholz,
Chairman
of the Management Board,
dfv Euro Finance Group

Time travelling in real time

Coronavirus not only affects the airways, but also the way we communicate. In times of isolation and social distancing, the analogue communication experience is limited to a narrow radius. A circumstance that is not really conducive to the idea of networking. At least as far as the familiar, traditional, personal networking is concerned. In this respect, coronavirus acts as an accelerant. However, as we have all learned quickly, there are alternatives to this situation. New, disruptive methods of communication have spread. Once again, coronavirus has acted and continues to act as a catalyst and is increasingly digitalising or virtualising the way we communicate.

Communication and networking are not interrupted, they rather take new paths. Although not everything can be digitised even in a "World 4.0", new technologies are building communicative bridges and supplementing or expanding our communication channels. All of this is happening at a rapid pace. Even in Germany, where many schools are currently still stuck in the chalk era, we have now "Zoomed" in. We are experiencing time travel into the future – so to speak in real time.

This is not an unfamiliar environment for AKA. In previous years, at the Investors' Meetings, the focus has always been on the future. It was not just about tomorrow, but as a minimum about the day after tomorrow. While the discussions took place in the present, the participants were always time travelling into the future. The future was anticipated. Thus, digital money and crypto currencies were being discussed while they were still in complete infancy. The price of a Bitcoin was not USD 50,000 as it is today, but still 50. Many other crypto currencies had not even arrived in the financial world yet.

The networking idea of the Investors' Meetings was always characterised by a special standard of experience. The scripts to be discussed were to be exciting, inspiring and determined by visions. In addition to the fuel of curiosity, this also always required the right intuition, having a "nose" for the topics that really make or could make the future – even if some of them seem almost unimaginable.

Other examples from past Investors' Meetings include the discussion of the potential abolishment of cash, at a time when this still seemed a completely outlandish idea. Equally, the question of whether interest rates will really become negative and what else the ECB could buy as part of a QE programme. The return of China to an economic world power and the role of the RMB as one of the major world currencies was also one of these visionary topics long before China's currency was included in the IMF's currency portfolio.

However, the Investors' Meetings did not only focus on futuristic financial market topics. Experiencing the future in real time also concerned other areas of life. For example, the mobility of the future, when it was even possible to take a ride in an electric vehicle of the future. Or, to give one last example, at the one meeting when real and virtual worlds met and participants could experience so-called Augmented Reality in real time.

This is where the worlds and perspectives were combined. Joint networking became an eye-opening experience. Experienced bankers looked from the present directly into the future, as if through inquisitive eyes of a child.

Last year's Investors' Meeting saw a double voyage through time. Back to the 1920s and forward again to the predicted next ten years, meaning to the "new 20s". And this event was once again marked by a special experience. Although the participants were not really put into the time machine, they have experienced a networking event under completely new conditions. What had not even been discussed a year before was decided and implemented in just a few weeks. A hybrid communication experience.

Once again, worlds were connected. In this case, the analogue environment with the digital environment. Where participants could not or were not allowed to be present in person due to the pandemic, they were connected digitally. A speaker was also streamed into the analogue panel. In this way, both the panel and the entire auditorium became hybrid. A hybrid event that did not have to forego interaction and in the end was even attended by significantly more guests than at previous events.

Digital space knows no restrictions. While distancing and hygiene rules have to be observed in the analogue room, in the digital room there is almost unlimited legroom. In addition, the participants still come together – on site – for analogue networking – at the last Investors' Meeting this included a standing reception on the terrace afterwards. Naturally, adhering strictly to the coronavirus restrictions.

Hybrid events are the future. They combine the advantages of both communication worlds: personal, analogue networking with an almost unlimited reach and at the same time interaction in the digital space. This future was already the present and thus reality at the Investors' Meeting 2020. Out of necessity and, in view of the coronavirus, this was compulsory, but also contemporary and innovative.

We cannot and will not digitalise everything. The personal exchange between decision-makers cannot be replaced digitally with the same networking quality. Not even all the technical sophistication in the world can achieve this. However, we can and will digitally enrich and expand communication where it makes sense and is necessary. If we combine both worlds, this would be the ideal way to communicate.

Even in a post-coronavirus world, hybrid events will stay and become the future. AKA was always at least one step ahead with its annual Investors' Meetings. With its hybrid orientation, not only was a future-oriented topic discussed again in the year of coronavirus, but the future itself was shaped and implemented in real time. Digitisation will continue to take hold and cannot be stopped. In this respect, coronavirus has ignited the future for everyone – whether bank, financial service provider or event organiser.

The pace of our time travel has increased enormously. It is important to be open to new things, to be prepared to take new paths and to retain curiosity. And: to have the right intuition for the topics and trends of tomorrow is one thing. However, personally facing this disruption head-on is another. This common travelling through time in real time will continue. AKA will also approach future events in this tradition. Let's look forward to the topics and issues that will henceforth once again deal with the future.

aka EUROPEAN EXPORT + TRADE BANK

ZUKUNFT FÜR ANFÄNGER

oder was Popcorn mit Digitalisierung zu tun hat.

» AKA Investors' Meeting 2017

Michael Schmid
Chairman of the Supervisory Board

Continuing on the path of growth thanks to the proven business model

Dear readers,

The past fiscal year with the crisis factors of the coronavirus pandemic as well as high economic volatilities has meant that all of us have faced considerable new challenges in our personal, public and business lives and have had to adapt to new ways of working. As a consequence, the Supervisory Board's proximity to the company was also redefined, as all Committee meetings were held virtually from March onwards. Resolutions were passed by circulation and the meetings themselves had the purpose of distributing and debating information.

On behalf of the entire Supervisory Board of AKA, I am reporting to you in detail on the crisis-oriented work of the Committee and on the main advisory and supervisory focus of our work.

AKA is coming through the global economic crisis caused by Covid-19 remarkably well. The potential impact of the pandemic on AKA's business 2020 was analysed, assessed and correctly evaluated by the Management very early on. Formats, reporting and content were immediately changed or expanded in consultation with the Supervisory Board. The operational procedure – essentially the introduction of mobile working – was immediately adapted to the new conditions. The Supervisory Board, initially the Chairman, was regularly involved in the internal information chain.

The coronavirus pandemic, the associated risk to the credit portfolio and the increased requirements in liquidity management were already on the agenda at the first meeting of the Supervisory Board in February. Risk-reducing measures, the principle of "proceeding cautiously" and the desire to secure the growth path under the challenging framework conditions were agreed upon. Continuously and in each subsequent meeting, the Risk Commission and the Supervisory Board received a breakdown of the credit portfolio with scenario analyses that reflected the coronavirus situation. The Management processed the negative oil price shock in May 2020 with a separate ad hoc portfolio analysis for the Supervisory Board. This did not result in any specific requirement for action. The decrease in the oil price remained temporary and was characterised by one-off effects.

Business developed positively over the months, so that an adjustment of the annual targets was not made in consultation with the Management. The investment budget continued to be available without any cuts. The forecast for the annual result for 2020 was positive at every meeting.

One of the focal points which remained unchanged focus in 2020, and which was closely monitored by the Supervisory Board, was the steady expansion of the bank's treasury activities. The refinancing options of AKA proved to be well and resiliently positioned under the changed framework conditions. In order to hedge interest rate and currency risks, the bank expanded its derivatives portfolio and provided qualitative support to the growth path in the loan business agreed with the Supervisory Board. Reporting to the Supervisory Board on the derivatives book was intensified. As a precautionary measure, the bank has oriented its liquidity management to the net stable funding ratio (NSFR) management that will come into force within the framework of CRR2.

The company's investment and innovation power remained unhindered. Particularly against the background of the physical restrictions during the coronavirus pandemic, the trends towards automation and digitisation are once again intensifying. AKA was able to maintain the pace of the development of digitised, inward- and outward-facing processes that was agreed with the Supervisory Board. The platform-based product SmaTiX was introduced to the market and has since been accepted and is increasingly used by the desired range of customers. An incentive programme presented to the Committee is available to the shareholder banks, as are solutions for the direct connection to the platform. The decided expansion of the range of services of SmaTiX became possible due to the implementation and expansion of additional features.

In the Risk Commission's strategy discussion with the Management, AKA's business model was tightened up under the slogan AKA 4.0, with the help of a Business Model Canvas. AKA's vision as a "leading enabler in Europe for Export and international Trade Finance with an open, digital ecosystem" was confirmed. In line with this vision, the cooperation with non-shareholders and partners should be expanded. Future drivers for the further development of the business model were identified in the areas of sustainability and ESG (Environment, Social and Governance), as well as service and sourcing (for example agency, credit administration, trust model).

The strategy discussion format with the Management has proven to be effective and ensures the necessary momentum in the supervisory work. The Supervisory Board backs continuous progress on the basis of the resilient structures that have been achieved.

The medium-term strategy agreed by the Supervisory Board at the end of the year continues to focus on controlled growth, portfolio quality, secure, forward-looking liquidity management, an ambitious cost-income ratio and digital solutions. The target values discussed in the Committee utilise the high equity capital ratio, which was increased again by the complete retention of earnings in the 2019 result in the reporting year. The ROE reported in the Supervisory Board in the Corona year is comfortable and is to be expanded further according to schedule.

There were no external special audits in 2020. Against the background of the coronavirus environment, AKA conducted regular exchanges with the banking supervisory authority, of which the Supervisory Board was also informed.

On account of its participation in the Deposit Protection Fund of the Association of German Banks, AKA receives a rating from GBB-Ratinggesellschaft für Bonitätsbeurteilung mbH, which was confirmed in 2020 at the excellent level of the previous year without any restrictions. The Supervisory Board is also informed that AKA is considering obtaining an additional rating from an external agency in the future.

In 2020, another change took place in AKA's shareholder structure, which was approved by the Supervisory Board: Deutsche Leasing took over the shareholding of Sparkasse Berlin. Deutsche Leasing is a major strategic alignment in AKA's business development, especially in small-volume Hermes / ECA-covered buyer loans from Deutsche Leasing's network, as well as from the savings bank sector using the digital SmaTiX platform.

In 2020, AKA also offered the members of the Supervisory Board further training on regulatory topics.

Tasks of the Supervisory Board:

In 2020, the Supervisory Board held five meetings as well as a strategy discussion between the expanded Risk Commission and the Management. The Supervisory Board thus carried out the duties incumbent on it pursuant to the law, the articles of association and the rules of procedure and supervised the Management of AKA Ausfuhrkredit-Gesellschaft mbH in a timely and regular manner providing advice regarding the bank's strategic further development.

The work of the Supervisory Board included the following reports:

- Periodic risk and controlling reports plus topic- and event-based reports from the Management,
- Reports from the internal audit team, money laundering officer, compliance officer and central office,
- Management notifications regarding the results of the credit assessment by GBB-Rating Gesellschaft für Bonitätsbeurteilung mbH, Cologne,
- Documents from the auditors (KPMG) in connection with their audit of the annual financial statements.

All members of the Supervisory Board were given sufficient opportunity to study these reports. Attendance at the Supervisory Board meetings was 98 %. The Chairman of the Supervisory Board and the Management also engaged in a regular dialogue and exchange of information outside of the Supervisory Board meetings. The Supervisory Board was informed of important developments no later than the respective next meeting.

Topics:

The Supervisory Board regularly discussed the net asset, finance and earnings position of the company. It held discussions about the significant financial risks as well as risk, liquidity and capital management. It also dealt with the management of non-financial risks and made use of the reports from the internal audit team, compliance officer, money laundering officer and central office (responsible for the prevention of other criminal acts) for its work in the Supervisory Board.

In its meetings, the Supervisory Board regularly discussed the quarterly business development in the individual product groups, the short-term business opportunities and the optimisation of earnings under risk-return aspects. Under the “proceed with caution” principle, the continuation and safeguarding of the growth strategy and the further development of the digital strategy were in the forefront. The Supervisory Board was also informed in detail about the use of the investment and innovation budget and the measures that have already been financed from it. The efficiency gains that could be achieved were of particular interest here.

The Management’s multi-year business plan (MBP) demonstrates to the Supervisory Board that AKA can continue on its growth path in all of its business segments. The MBP is backed by capital and refinancing planning, which has been examined in detail by the Supervisory Board. Capital planning shows that AKA has risk taking capacity over the period covered by the plan. The minimum capital ratios required by regulatory authorities are adhered to, even under adverse conditions. Refinancing planning shows the short-term and long-term refinancing demands and alternatives for their coverage. The MBP was reviewed by the Risk Commission and Supervisory Board and was discussed at the meeting on 3 December 2020 and subsequently approved via the circulation procedure.

At this meeting, the Supervisory Board also discussed AKA’s business strategy in detail. This was reviewed in order to firstly, adapt it to the structure of the Europe-wide Supervisory Review and Evaluation Process – SREP, and secondly, to consolidate the business strategy, the strategic positioning and further development of the bank as discussed with the Supervisory Board and to address future-oriented areas such as the subject of ESG.

The Supervisory Board also discussed the bank's risk strategy at this meeting, which covers all aspects of risk management. This year, a review of the limit system for credit default risks took place, with adjustments being made to the management of country limits. Other key topics in the treasury segment were the management of derivative risks and the binding introduction of the NSFR for long-term liquidity management in 2021.

The Risk Commission and the Supervisory Board regularly discussed the calculation of the risk taking capacity of AKA in its meetings. Extensive discussions took place on the appropriateness of the stress tests, with a special focus on credit default risks as the most significant risk for AKA. The results of the discussions with the Supervisory Board are incorporated into the selection of the stress test scenarios.

Due to AKA's role as a specialist credit institution for Trade and Export Finance focusing on emerging markets, credit and country risks are particularly important for the Supervisory Board. In particular, both the Risk Commission and the Supervisory Board received standardised reports about the development of the loan portfolio over the course of the year. The Supervisory Board also discussed the timely analysis and monitoring of a corona sub-portfolio and the maintenance of a "Covid-19 Watchlist".

Treasury-related topics were also discussed in detail at the meetings of the Risk Commission and the Supervisory Board. The committees regularly dealt with the composition and maturities of borrowings.

Against the background of the pandemic environment, the Supervisory Board regularly obtained an up-to-date picture of the status of the Bank's borrowings and liquidity maturity balance sheet, whereby the situation was stable at all times. Against the background of business growth, refinancing and liquidity management are considered increasingly high-priority topics in the reports. Thus, the quarterly reporting was expanded to include presentations on the derivatives portfolio, which was expanded to support business growth.

With regard to AKA's regulatory governance, the Supervisory Board received reports on the internal control system and the compliance with regulatory target ratios.

It also dealt with the implementation of the requirements from the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung / InstitutsVergV).

Committees:

The Supervisory Board's work is supported by committees that develop decision-making presentations or recommendations in preparatory meetings and report on their work to the overall body. The committees thus make an active contribution to the Supervisory Board's work. Attendance at committee meetings was 95 %.

Risk Commission (RC)
The RC met five times over the course of the year in preparation for Supervisory Board meetings. During the meetings held immediately afterwards, the Supervisory Board was given comprehensive information about the agenda and results by the Chairman of the Risk Commission and followed the recommendations of the RC with regard to resolutions.

The RC received extensive reports about the loan portfolio, the risk / return profile and the development of individual country portfolios. It received reports about market price and liquidity risks as well as operational risks and dealt with AKA's stress test scenarios, which cover all material risks.

The RC discussed the bank's business and risk strategy.

The **strategy discussion** between the RC and the Management is of particular importance. The aim is to discuss relevant, future-oriented topics for AKA and, where necessary, provide recommendations for action for AKA Management and the Supervisory Board. The strategy discussions also provide a platform for feedback and dialogue in relation to strategic issues for AKA Management. The Supervisory Board receives reports about the content of these strategy discussions and receives logs of the meetings for its approval. In 2020, a strategy discussion took place once, which focussed on the following topics: Update of the business strategy and further development of AKA's business model ("AKA 4.0"), measures with regard to automation and -digitisation, and aspects of a perspective offer for service and sourcing.

Compensation Control Committee (CCC)
The Compensation Control Committee held five meetings in 2020 in preparation for the Supervisory Board meetings. The Chairman of the committee reported to the Supervisory Board about the content of the meetings.

In its meetings, the CCC dealt with, among other things, the agreement on objectives for the Management and quantitative targets on the basis of the annual plan as well as two qualitative targets in each case for the front office and back office Management functions. It dealt with the budget for bonus payments, taking into account the achievement of targets in the 2020 fiscal year. The CCC also received reports about the implementation of requirements arising from the German Remuneration Ordinance for Institutions.

Nomination Committee (NC)
The Nomination Committee met three times. The Chairman of the committee reported to the Supervisory Board about the content of the meetings. The NC carried out an evaluation of the Management pursuant to Section 25c of the German Banking Act (Kreditwesengesetz / KWG) and an assessment of the Supervisory Board pursuant to Section 25d of the KWG. The Committee also dealt with the requirements from the prospective new BaFin bulletin on requirements for supervisory boards and control committees.

Personnel changes:

In 2020, the following changes were made in the personnel on the Supervisory Board:

- Mr Yoram Matalon, Hamburg Commercial Bank AG, vacated his position as a full member of the Supervisory Board. Hamburg Commercial Bank AG appointed Mr Thomas Jakob as his successor with effect from 1 April 2020.
- Mr Manfred Fischer, DZ Bank AG, vacated his position as a deputy member of the Supervisory Board as per 23 April 2020. Mr Ralph Lerch was appointed as a new deputy member by DZ Bank AG.

Auditing and approving the annual financial statements for the 2020 fiscal year:

KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt / Main, appointed as auditors (by way of a written resolution procedure) by the shareholders' resolution, audited the annual financial statements for the 2020 fiscal year, the accounting records and the management report and issued a clean audit certificate.

The Supervisory Board acknowledged the audit result with approval. Following the conclusive result of its own audit, the Supervisory Board approved the annual financial statements giving rise to this result. It agrees with the proposal of the Management concerning the use of the balance sheet profit.

Thanks:

The coronavirus-related effects on AKA were overcome together as a stress test of the 2020 year. The achievement of the goals, the economic success and the energetic support, not least the dedicated involvement of all employees, are remarkable. The entire Supervisory Board is pleased with the bank's culture and its resilient positioning and would like to expressly thank the Management and the employees. Hence, the Supervisory Board supported the payment of a coronavirus bonus in December.

Frankfurt / Main, April 2021

The Supervisory Board
of AKA Ausfuhrkredit-Gesellschaft mbH

Michael Schmid

Management report

A specialist credit institution for international Trade and Export Finance

AKA is a specialist credit institution for international Export and Trade Finance. For over 65 years, AKA has cooperated with various market participants such as banks, exporters, importers, investors and European Export Credit Agencies. The main focus of our business activities is on financing and risk assumptions in emerging markets (EM).

AKA acts as a complementary institution, meaning in line with its business partners and not as a competitor. The bank acts primarily at the request of its shareholder group, which comprises 17 banks representing all banking sectors. AKA can also, however, support financing for non-shareholder banks.

AKA's business activities include products for short-, medium- and long-term Trade and Export Finance in the following lines of business:
- ECA-covered financing: financing for foreign buyers with cover by state credit insurance, for example Hermes cover for German exports
- Structured Finance with commodity or trade exposure
- Syndicated Trade Loans (STL): trade-related financing for banks and corporates
- FI Desk business: generally participations in letter of credit risks

AKA also offers services associated with Export Finance, such as the performing of agency functions.

As part of its digital strategy, AKA is developing solutions in ECA-covered Export Finance transactions. For the so-called small-ticket segment, that is small-volume Hermes-covered buyer credits, AKA provides the German export industry with an additional sales financing instrument via its online portal SmaTiX.

AKA is a non-trading book institution. It is active in treasury insofar as it is necessary for refinancing its loan business and ensuring liquidity or complying with regulatory conditions. It refinances itself using its own funds, refinancing lines from shareholder banks and through third parties and can also raise liquidity directly on the capital market. As a member institution of the Association of German Banks, it belongs to the voluntary Deposit Protection Fund for private banks.

AKA is pursuing a growth strategy. Organic growth through expansion of the business in all product lines is the main driver. Furthermore, AKA follows a progressive Europeanisation strategy.

The Equity base has been continuously strengthened through the retention of earnings. Its equity capitalisation is above the regulatory targets.

AKA considers itself a platform for topics related to Export and Trade Finance as well as to government instruments for foreign trade promotion. Through its own event formats as well as its involvement in committees such as the Interministerial Committee for Hermes cover and associations with national and foreign trade relations, it plays an active part in the professional discourse.

2.1 Influencing conditions

Global economy and trade:
Among the economic factors that influence AKA's business model is the development of the global economy, which, along with country-specific factors, has an impact on the equally important Eurozone and Germany and affects the relevant emerging markets. Just as important is the development of global trade.

In 2020, the global economy experienced a recession due to the coronavirus pandemic. The World Bank estimates the decline in global real gross domestic product (GDP) for 2020 to be at 4.3 %, following economic growth of 2.3 % in 2019. After a pandemic-related economic slump in the spring, a mid-year rebound was observed with a decline in infection numbers and the easing of containment measures in most countries. Due to the resurgence of infections, the economic recovery process stalled at the end of the year. While the decline in economic output in industrialised countries is reported to be 5.4 %, economic activity in emerging and developing countries is said to have declined by 2.6 %.[1] Nevertheless, the extent to which individual regions and countries were affected varied, depending on pandemic-related restrictions, economic structures and fiscal and monetary support.

World trade fell by 9.5 % in 2020, comparable to the slump following the global financial crisis of 2008 and 2009, with the pandemic-related intra-year trade slump and subsequent recovery being more pronounced and covering significantly more countries. In the first half of the year, border closures led to supply chain disruptions. The subsequent recovery was driven by consumer demand, with a structural shift away from tourism, which requires social interactions towards consumer goods. In the global demand for capital goods, the pandemic left a clearer but regionally differentiated mark[2]. Overall, foreign direct investment fell by 42 % to USD 859 billion, the lowest level since the 1990s. At 69 %, the decline was mainly concentrated in the industrialised countries, while the emerging and developing countries were less affected and only down by 12 %[3]. In the area of trade liberalisation, progress was made only in isolated cases or only at the end of the year, as with the Brexit agreement[4].

Industrialised countries: US – Eurozone – Germany
In the US, the pandemic-related slump in economic activity in spring 2020 was nearly three times as severe as during the height of the global financial crisis. A swift easing of monetary policy and substantial fiscal measures to support household incomes, which exceeded the measures taken during the global financial crisis, favoured a subsequent economic recovery. According to the World Bank, economic output fell by 3.6 % in 2020 as a whole, which is less than in most other industrialised nations[5].

According to the first estimate by Eurostat, the aggregate GDP of the 19 euro countries is expected to have declined by 6.8 % in 2020 compared to the previous year as a result of the pandemic[6]. In the individual economic sectors, the development was heterogeneous, with a rebound in the middle of the year. The service sector (tourism, catering) was most affected by restrictions on social contacts and mobility. Despite supply chains being interrupted in the spring, the industrial sector was able to recover to a comparatively greater extent in the middle of the year. The extent of the recession varied in the individual member states depending on the infection, the stringency of the measures as well as their different economic structures and national strategies. The five most affected countries were Spain, Italy, France, Portugal and Greece[7].

In Germany, the recession was less pronounced, which was a result of lower infection figures in the spring and less dependence on tourism. According to the Federal Statistical Office, economic output fell by 5 % in 2020, but not quite as much as during the 2009 financial crisis, which was at 5.7 %[8]. A further economic slump was also cushioned by an immense economic stimulus package. On the demand side, private consumption and even more significantly gross capital formation lost ground. Exports fell by 9.9 % overall, with lower global demand for capital goods also being noticeable. Nevertheless, exports were able to recover somewhat in the course of the year. In contrast, the public-sector consumption, including the expenditure to tackle the pandemic, as well as investment in construction increased overall[9].

Emerging markets and developing countries:
In emerging and developing countries, the economic situation reflected the described global factors. Some countries, especially in Asia, were able to demonstrate slight growth despite the pandemic. Countries with a high dependence on tourism, an excessive outbreak of infection or exporters of raw materials, on the other hand, were more severely affected, with differences depending on the fiscal support options[10].

Asia
China's economy recorded its lowest growth rate in forty years in 2020, but a 2.3 % increase, due to pandemic control and public investment programmes. Against the background of restrictions on tourism, demand in Europe and the USA shifted towards consumer goods for domestic use and electronic products, but also for healthcare items manufactured in the region[11]. Vietnam and Bangladesh were also able to show slight economic growth, benefiting from similar effects or partly from migrant worker remittances. India, on the other hand, which was hit by very high infection rates during a phase of economic downturn, recorded an above-average decline in economic output of 9.6 %, also due to a large labour-intensive service sector characterised by social interactions[12].

Latin America
Compared to the rest of the world, Latin America experienced an above-average decline in economic output of 6.9 % in 2020. In terms of regional peculiarities, in some

areas an informal sector that is actually important for income generation, but which is burdened by pandemics, deficits in the health sector, unilateral dependence on commodity exports (Peru, Chile, Ecuador) or the negative consequences of hurricanes were a factor. Brazil, despite high case rates, but due to broader economic diversification and fiscal measures, recorded a regionally below-average decline in GDP of 4.5 %. Mexico's economy, which is also industrialised, was affected by a lingering dependence on oil exports as well as a continued restrictive fiscal policy[13].

Eastern Europe

Economic activities in Eastern Europe in 2020 still declined comparatively moderately over the course of the coronavirus pandemic, at 2.9 %. Economic development was similar to that in Western Europe, given the geographical proximity and interdependencies. Economic stimulus packages were put together in most Eastern European countries[14]. In Turkey, the slump in the tourism sector was offset by a strong credit expansion of state banks and a lower oil price[15]. The Russian economy was negatively affected by the price collapse in the oil and gas market, although fiscal policy nevertheless remained relatively conservative. Contrary to the international trend, Uzbekistan was able to maintain its economic activities at the previous year's level due to a continued economic opening[16].

Africa

The World Bank estimated a GDP decline of 3.7 % for sub-Saharan Africa in 2020. A comparatively younger population and low transport linkages, as well as experience from previous epidemics, led to a slower spread of the virus. While the economies of oil-exporting countries such as Nigeria and Angola were nevertheless more severely affected by the lower oil price, countries exporting agricultural products such as Ghana and Côte d'Ivoire were able to record slight gains. Egypt benefited from international aid, previous reforms and stable consumer demand and thus also recorded slight economic growth[17].

International financing conditions:
After the outbreak of the coronavirus pandemic in the spring of 2020, central banks around the world took extensive monetary policy measures in the form of interest rate cuts or asset purchase programmes, the latter for the first time also in emerging markets.

The ECB responded with an extensive pandemic emergency purchase programme PEPP, which was increased to EUR 1,850 billion over the course of the year. The existing asset purchase programme of EUR 20 billion per month was continued. The liquidity provision of current programmes was supplemented by longer-term pandemic emergency refinancing operations. In addition, the criteria for loan collateral were relaxed. With regard to key interest rates, the deposit facility remained unchanged in negative territory since 2019 at -0.5 %, which has not changed since 2019[18]. The US Federal Reserve (Fed) used its remaining room for manoeuvre and lowered key interest rates in two steps by 1.5 % percentage points to 0–0.25 %. This was accompanied by a monthly bond purchase programme of USD 120 billion for US government bonds and agency mortgage-backed securities and credit programmes. At the end of the year, the Fed declared its willingness to let the inflation rate run a bit above the two percent target mark[19].

On the financial markets, the US Fed's purchase programmes pushed yields on US government bonds to historic lows of 0.5 % for the ten-year note. After initial widening of spreads on government bonds of euro zone members particularly affected by the pandemic, further monetary and fiscal policy measures, such as the EU's Next Generation Fund, and news about vaccine developments, however, led to narrowed yield spreads and negative benchmark yields over the course of the year[20]. In the emerging markets, financial markets benefited from globally accommodative monetary policy and national fiscal measures such as credit guarantee programmes. This also had a positive effect on credit supply conditions, lending rates and the flow of credit to companies. Smaller fiscally weaker countries such as Ecuador nevertheless needed support from official lenders to fight the pandemic[21]. The currencies of most emerging markets remained relatively stable against the euro, some Asian countries appreciated slightly, while Turkey, Russia, Brazil and, to a lesser extent, India depreciated, sometimes significantly[22].

Commodities:
The unexpected lockdown in the spring led to a significant drop in oil demand, which initially resulted in a drastic drop in oil prices due to delayed production cuts. Benefiting from extensive production cuts by OPEC+ and closures of oil production facilities in the USA, prices rose again in the course of the year. In 2020 as a whole, the average oil price of USD 41 per barrel was nevertheless 34 % lower than in 2019 and slightly below the levels of 2014 and 2015. Overall, oil demand fell by 10 % in 2020[23].

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2 cf. World Bank 2021.
3 cf. United Nations UNCTAD: Investment Trends Monitor, January 2021. Geneva. URL: https://unctad.org/news/global-foreign-direct-investment-fell-42-2020-outlook-remains-weak.
4 cf. World Bank 2021.
5 cf. ibid.
6 cf. Eurostat. Press release Euroindicators 17/2021 of 02.02.2021. URL: https://ec.europa.eu/eurostat/de/news/euro-indicators.
7 cf. European Commission. European Economic Forecast – Autumn 2020. Institutional Paper 136. November 2020. URL: https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/autumn-2020-economic-forecast_en.
8 cf. Federal Statistical Office. Growth domestic product down 5.0 % in 2020. Press release No. 20 of 14.01.2021. URL:https://www.destatis.de/EN/Press/2021/01/PE21_020_811.html;jsessionid=549D94EA58965E78A45950249D92C72C.live722.
9 cf. Federal Ministry for Economic Affairs and Energy. The economic situation in Germany in January 2021 Press release from 14.01.2021. URL: https://www.bmwi.de/Redaktion/EN/Pressemitteilungen/Wirtschaftliche-Lage/2021/20210114-the-economic-situation-in-germany-in-january-2021.html.
10 cf. World Bank 2021.
11 cf. Ankenbrand, Hendrik: Wie China die Krise besiegt hat. In: Frankfurter Allgemeine Zeitung, 19.01.2020.
12 cf. World Bank 2021.
13 cf. ibid.
14 cf. ibid.
15 International Monetary Fund. Turkey: Staff Concluding Statement of the 2021 Article IV Mission. January 25, 2021. URL: https://www.imf.org/en/News/Articles/2021/01/25/mcs012521-turkey-staff-concluding-statement-of-the-2021-article-iv-mission.
16 cf. World Bank 2021.
17 cf. ibid.
18 cf. European Central Bank. Economic Bulletin, Issue 8/2020. URL: https://www.ecb.europa.eu/pub/economic-bulletin/html/index.en.html.
19 cf. Federal Reserve. Monetary Policy. FOMC Statements. URL: https://www.federalreserve.gov/monetarypolicy.htm.
20 cf. European Central Bank. Economic Bulletin, Issue 3 - 8/2020. URL: https://www.ecb.europa.eu/pub/economic-bulletin/html/index.en.html.
21 cf. World Bank 2021.
22 cf. European Central Bank 2020.
23 cf. World Bank 2021.

2.2 New business development in 2020

In the 2020 fiscal year, AKA recorded new business transactions with a total volume of EUR 1.701 million. Compared to 2019, this represents an increase of 2.8 %. The earnings generated from new business reached EUR 11.3 million.

At 42 %, the long-term ECA-covered financing business accounted for the biggest proportion of the business volume by individual product. Risk sub-participations in letter of credit confirmations and related products ranked second at 26 %. This was followed by Structured Finance with a share of 13 %. Participations in Syndicated Trade Loans accounted for 11 % and participations in non-recourse forfeiting accounted for 6 %. The proportions of other product groups such as guarantees, advance payment financing or other types of financing stood at 2 %.

2.2.1 New business development in detail

ECA-covered buyer credits – slight growth

In AKA's business with ECA-covered buyer credits, the commitments increased to EUR 707.6 million from EUR 627.7 million the previous year. In addition to traditional new business, a portfolio transaction also contributed to this.

The focus of AKA's business activities continues to be on the cooperation with its shareholder banks. Besides, AKA also works with selected banks in all product segments.

Most of the commitments were again made in cooperation with the German ECA Euler Hermes but financing was also conducted with other European ECAs. The product for small buyer credits ("SmaTiX"), developed in cooperation with exporters, shareholders and ECAs, is operational and has led to further business deals. In addition to exporters from Germany, deliveries from Austria and Switzerland were also supported.

FI Desk – financial statements almost at previous year's level

Business in this segment, which mainly revolves around participations in bank risks in connection with Trade Finance, fell just short of the previous year's volume with a transaction volume of EUR 443 million. Against the background of the reduced trading volume worldwide, however, we consider this result satisfactory.

Syndicated Trade Loans (STL) – decrease in business deals

AKA's STL financing is provided for banks and corporates and is trade-related. We were also able to improve the risk profile of individual transactions in this year through the integration of private insurance companies (PRI). The globally reduced trade flows led to lower financing needs, which resulted in a transaction volume of EUR 187.4 million at STL. The result was below the previous year's level.

2.3 Earnings position

Various factors affected the results of the 2020 fiscal year.

Net interest income during the past fiscal year amounts to EUR 45.8 million, which is 18.6 % above the previous year's level (2019: EUR 38.6 million). The positive development in the area of net interest earnings is due to a positive development of the volume of loans. The decline in the LIBOR reference interest rates on which the USD transactions are based reduced the interest earnings from the loan business compared to the previous year. However, this effect was more than compensated for by a stronger decline in interest expenses, especially with regard to USD. This is the reason for the significant increase in net interest earnings.

The net fee and commission income of EUR 6.9 million increased by 9.6 % compared to the previous year. This resulted in particular from the positive development in risk sub-participations, which compensated for a decline in letter of credit confirmations. Commission income from the management of loan receivables held in trust also increased.

Overall, the result from the loan business thereby amounted to EUR 52.7 million compared to EUR 44.8 million 2019. Net earnings from the loan business (excluding earnings from trust business and other interest earnings / expenses), which provide a relevant indication of performance, amounted to EUR 50.4 million, which is 13.8 % higher than the previous year's result. The planned expectation for 2020, amounting to EUR 49.6 million, was exceeded thanks to the positive development. Net earnings generated from the loan business are thus 1.6 % above the forecast.

General administrative expenses (including depreciation) rose by EUR 1.4 million in 2020, caused mainly by higher expenses for Human Resources. Other administrative expenditures include expenditure in the

Structured Finance (SF) – good result for complex financing

AKA's participations in Structured Finance are generally related to commodities or trade. The previous year's result was exceeded this year with a business volume of EUR 314 million.

In AKA's uncovered financing business (FI desk, SF, STL), the shareholder banks play the most important role in terms of business allocations, although business with other partner banks – especially concerning FI desk – has gained importance. The increasing involvement of private insurers (PRI) gives rise to further business potential for AKA.

2.2.2 Total commitments

As of the reporting date of 31 December 2020, AKA's total commitments declined compared to the previous year (EUR 6.3 billion) with EUR 5.7 billion. This total includes both AKA's loan volume as well as receivables held in trust by AKA. The reservation portfolio (loan agreements already committed but not yet concluded) amounted to EUR 789.9 million.

amount of EUR 2.4 million, which was spent on the basis of the innovation and investment budget approved by AKA's Supervisory Board for topics relating to the digitisation strategy. Expenditure for Human Resources increased by 9.0 % compared to the previous year.

The operating result increased by EUR 6.4 million to EUR 27.9 million compared to the previous year.

The Cost Income Ratio (CIR) constitutes a key performance indicator for AKA. In the past year, the ratio of administrative expenses to interest and net fee and commission income was 47.0 %, meaning 5.1 percentage points below the previous year.

Other operating expenditure largely contains interest-rate-induced charges for pension provisions and effects from currency conversion. Other earnings mainly originate from the reimbursement of affiliates as well as the reversal of provisions.

AKA has adequately taken into account the risks arising from the loan business in the 2020 annual financial statements. In total, allocations to risk provisions of EUR 18.5 million contrasted with liquidations of EUR 10.7 million. Depreciation in the amount of EUR 0.8 million was registered as a net position on the securities portfolio. In addition, the existing section 340f HGB reserve was reclassified as a section 340 g HGB reserve.

After deducting the profit-related taxes, a net profit of EUR 8.4 million was posted. This is below the target value in the business plan of EUR 8.5 million.

The return on invested capital as a ratio of the annual net profit and the balance sheet total reduced from 0.30 % in 2019 to 0.23 % in the past fiscal year.

The Return on Equity (RoE) before taxes, the company's third financial performance indicator, rose from 6.7 % to 7.4 % and is therefore well above the annual plan of 5.7 %. It is determined as the ratio of net profit before taxes to the Equity available at the beginning of the year less the distributable profit.

The earnings position is described in detail as follows:

Overview of the earnings position	**2020**	**2019**	**Delta**	
	in EUR million	in EUR million	**absolute**	**in %**
Net interest income	45.8	38.6	7.2	18.6
Net fee and commission income	6.9	6.2	0.7	9.6
Administrative expenses (incl. depreciation)	-24.7	-23.3	-1.4	6.1
Operating result	27.9	21.5	6.4	29.8
Other earnings / expenses	-0.9	-0.3	-0.6	214.6
Risk provisioning	+7.7	-5.1	+12.8	>100
Taxes on income and revenue	-10.3	-5.5	-4.8	85.2
Net profit	8.4	10.6	-2.2	-21.2
Financial performance indicators	**2020**	**2019**	**Delta**	
Net earnings from the loan business	50.4	44.3	6.1	13.8
Cost Income Ratio	47.0 %	52.1 %	-5.1	-9.7
Return on Equity (before taxes)	7.4 %	6.7 %	0.7	9.8

2.4 Asset and financial position

AKA's balance sheet rose by 5.8 % in total to EUR 3.721 billion as at 31 December 2020 from EUR 3.516 billion as at 31 December 2019. Including contingent liabilities and other liabilities, business volume experienced an increase of 2.9 % to EUR 5.2 billion. An increase of EUR 35.9 million to EUR 535.0 million was recorded in letters of credit, guarantee obligations and guarantee transactions posted under contingent liabilities from guarantees. The irrevocable loan commitments disclosed under other liabilities fell by EUR 97.3 million to EUR 896.9 million.

Loans and advances to banks and customers constitute the key asset positions and result from the loan business of the bank. They increased in the past fiscal year by EUR 68.4 million to EUR 3.102 billion.

Debenture bonds and other fixed-interest securities are held in an amount of EUR 104.5 million (31 December 2019: EUR 62.7 million). They are short-term securities with a very good credit rating as they form part of AKA's liquidity reserve. As of the reporting date, this proportion of stock amounted to EUR 65.1 million (31 December 2019: EUR 58.3 million). The company also received EUR 4.1 million in long-term government bonds as part of a rescheduling. Furthermore, it has securities worth EUR 35.4 million in its portfolio that were deposited with the Bundesbank as collateral within the scope of TLTRO transactions (targeted longer-term refinancing operations).

The balance from the settlement of pension provisions with assets from the cover fund is stated under the "Active difference resulting from asset offsetting" item. The fund assets transferred to a trustee in form of a Contractual Trust Agreement (CTA) amounted to EUR 28.9 million as at the reporting date. The acquisition costs of the offset shares also amounted to EUR 28.9 million. The settlement amount of pension provisions amounts to EUR 27.3 million.

To refinance the business, AKA had available liabilities to banks in the amount of EUR 2.498 billion and to customers in the amount of EUR 0.578 billion. As a result, the loan volume financed by banks increased by EUR 47.4 million. The proportion of transactions financed by customer deposits also increased by EUR 88.6 million.

Balance sheet provisions increased in the past fiscal year by EUR 6.7 million to a total of EUR 18.4 million. They consist mainly of provisions for impending losses from the loan business, tax provisions and provisions for completion bonuses.

In the fiscal year, an amount of EUR 16.1 million was allocated to the special item for general banking risks in accordance with section 340 g HGB.

AKA's Equity is composed of the subscribed and fully paid-in capital of EUR 20.5 million and the revenue reserves. After the revenue reserves had increased to EUR 232.7 million as of 1 January 2020, the net profit for the year of EUR 8.4 million is to be used to further increase the revenue reserves by EUR 5.5 million to EUR 238.2 million and for a disbursement of EUR 2.9 million of the envisaged share of the balance sheet profit.

No special events occurred after the reporting date that might have had an impact on the net asset, finance and earnings position.

3.1 Aims, principles and structure of risk management

Corporate aims of AKA: AKA's primary goal is to participate in the loan business predominantly brought by its business partners on the basis of appropriate analysis. In the course of the expansion in loan business planned as part of its business policy, inadequate risk concentrations are to be avoided in the long term. AKA controls and monitors its risks with the aim of structuring its long-term risk and earnings profile in the optimum manner and thus at the same time guaranteeing the necessary risk taking capacity at all times.

AKA

- is a non-trading book institution and in accordance with its authorisation, does not conduct any "deposit and savings deposit business"
- refinances itself using its own funds, refinancing lines from shareholder banks and through third parties and can, in the interest of diversifying its refinancing sources, also borrow funds directly on the capital market depending on the effort and costs required
- is only active in treasury insofar as it is necessary for the refinancing of its loan business and ensuring liquidity or complying with regulatory conditions
- strives to minimise interest rate changes and currency risks through appropriate refinancing and / or corresponding security transactions
- invests in securities as part of its regulatory and liquidity management activities.

Risk policy: The risk policy relating to overall bank management includes all measures for scheduled and targeted analysis, control and monitoring of all of the risks incurred. It is AKA's business policy first and foremost to limit credit default risks associated with the key business segment of Trade and Export Finance.

Risk management principles: The Management sets the risk policy guidelines for all detectable risks, taking into account the risk taking capacity. The basis for this is the analysis of the starting position in terms of business policy and the assessment of the opportunities and risks associated with the loan business. These guidelines are documented in the risk strategy, which encompasses all major risk types for AKA. The Management conducts an annual review of the risk strategy, which is then discussed with AKA's Supervisory Board. It falls within the overall responsibility of the Management to ensure that the risk concept is integrated throughout the organisation and that the risk culture is firmly anchored in the company's culture.

This is ensured by the structural and procedural organisation. The responsibility for the implementation of the risk policy determined by the Management is predominantly held by the Credit Risk Management (CRM), Export and Agency Finance (EAF), Structured Finance and Syndication (SFS), Portfolio Management (PM) and Treasury (TSY) departments, which are entrusted with the loan business.

Risk strategy: The risk strategy is based on the principles of MaRisk and the requirements of the Supervisory Review and Evaluation Process (SREP) and contains detailed provisions on all major aspects of risk management such as risk taking capacity, risk management, stress tests, early warning indicators plus the principles for calculating risk provisions and the risk inventory covering all risks.

Risk organisation: Risk organisation forms the structural and organisational framework for the implementation of the risk strategy. It has an impact on the internal control procedure. The manner in which this procedure is structured is described in AKA's "written rules of procedure", the "Management and Organisation Manual" (MOM), and encompasses the following:
- the structural and procedural organisation (including separation of functions between front office / back office)
- Risk management and risk control processes (= risk management in the proper sense of the phrase)
- Internal Audit

The MOM describes how the duties and areas of responsibility within the risk management system are demarcated.

Important components of AKA's risk organisation are:
- the Management
- Credit Risk Management
- Liquidity Management
- Risk Controlling
- Compliance
- Data Security Management
- Business Continuity Management
- the Risk Committee
- the Credit Committee
- the Asset-Liability Committee
- Internal Audit

Management: The Management is responsible for AKA's risk strategy based on the target risk /return ratio. It also ensures that an adequate risk infrastructure is in place.

The Management is responsible for coordinating an adequate risk management and control system that meets internal and external standards and is forwarded to the heads of the departments. Internal Audit has been tasked with the responsibility for conducting an independent assessment of the appropriateness of the risk management and control system and for adhering to existing procedures.

Credit Risk Management: As an operative specialist department, Credit Risk Management (CRM) is responsible for managing the individual risk of all credit default risks. After a detailed analysis, CRM makes loan approval decisions involving portfolio-related issues and on an individual basis within the framework of individual powers of approval delegated by management. CRM votes on behalf of the Management on loan approval decisions that come under management's expertise level. With regard to loan approval decisions, the objective is to maximise the risk /return ratio (taking account of the implemented RAROC system). ESG (Environment, Social and Governance) factors and sustainability aspects also play a role when assessing transactions and the associated risks.

As an integral part of overall bank management, the credit risk managing process is subject to regular quality assurance. This includes the analysis of the credit worthiness of countries, banks, corporates, insurance policies and on commodities and Trade Finance risks as well as the benchmarking of results with available rating data from external agencies. CRM is in some cases also responsible for decisions about portfolio-oriented risk reduction, for example through the sale of receivables, as well as recommendations for decisions about adequate risk provisioning.

Furthermore, the CRM department coordinates with Risk Controlling with regard to the development of the bank's internal risk management systems for countries, banks, corporates, sectors and limits.

Liquidity management: The Treasury department (TSY) is responsible for liquidity management and the associated potential market, liquidity and refinancing risks. TSY is required to adhere to and monitor the liquidity risk and market price risk limits established in the risk strategy. The Finance (FI)/Team Financial Reporting & Controlling department (FR & CO) is responsible for determining and controlling liquidity risk and market price risk positions as well as forecasting and reporting thereof. Both departments (TSY and FI) are responsible for compliance with regulatory requirements as part of the Internal Liquidity Adequacy Assessment Process (ILAAP).

Risk Controlling: Risk Controlling, as a second line of defence, supports Management and executive managers in the planning, management and control of all planned business activities. Risk Controlling is part of the Finance department.

An important subtask of Risk Controlling at AKA involves risk identification, classification, measurement, assessment and control as a contribution to the planning and achievement of company objectives. Risk Controlling discharges these tasks independently, that is, objectively and neutrally. This includes the coordination of an adequate risk management and control system that meets internal and external standards.

Risk Controlling supports the Management in all risk-related issues, especially in the development and implementation of the risk strategy and the creation of a system for limiting risks. As the entity responsible for the risk control function, the Head of the Finance department is involved in important risk policy decisions made by the Management.

Risk Controlling is responsible for developing risk methods, standards and the associated processes for all key risks identified in the risk inventory, and for coordinating between the pertinent units. In addition, Risk Controlling measures and monitors risk positions and analyses possible losses related to the risk positions. Its tasks include the planning, development and implementation of risk management systems and methods. The setup and further development of early risk detection methods also fall under the responsibility of Risk Controlling. The methods used are subjected to regular validation and back-testing to ensure that they comply with regulatory requirements.

Risk Controlling coordinates management and control processes related to the available risk capital such as the limit allocation process and the management or control of the risk / return profile.

Risk Controlling ensures on-going monitoring of the risk situation, particularly in relation to risk taking capacity and adherence to the established risk limits. The Finance / Team FR & CO, working together with the departments responsible for the risks, ensures that limits for all significant risks are established and reviewed. Risk situation monitoring also involves the regular performance of risk inventories to determine significant risks and to create a complete risk profile.

The results of risk identification, assessment, quantification and management are communicated to the Management, other managers and Internal Audit as part of the report.

Employees of the Risk Controlling department are given all the necessary powers and unrestricted access to all data in order to discharge their control duties. If there is a change in the management of Risk Controlling, the regulatory body and all involved employees of AKA must be informed.

Compliance: A compliance function is a mandatory part of the internal audit system (IAS), (section 25a (1) sentence 3 no. 3 c) KWG). The compliance officer fulfils the compliance function (MaRisk AT 4.4.2 No. 5). 5). The compliance officer is the Head of the Compliance and Money Laundering department. Pursuant to MaRisk AT 4.4.2 No. 2 the compliance officer's duty is to ensure the implementation of effective procedures for compliance with the substantially legal regulations and requirements for the institution and appropriate controls. The compliance function also supports and advises the Management with regard to compliance with these legal provisions and requirements. Important legal provisions and requirements, which if not complied with can put the institution's assets at risk, are identified decentrally at regular intervals in cooperation with the compliance function, taking account of risk aspects. The compliance officer reports to Management, the Supervising Body and Internal Audit at least once a year as well as occasion-related.

Data security management (DSM): Management has prepared a data security policy and communicated this within the institution. The data security policy is consistent with the institution's strategies. AKA has created the position of the data security officer. This position includes the responsibility for dealing with all data security matters within the institution and towards third parties. The data security officer ensures that the data security objectives and measures set forth in the institution's IT strategy, data security policy and data security guidelines are made transparent internally and to third parties, and compliance with them can be checked and monitored. Data security management includes rules for data security, defines processes and manages their implementation. Data security management follows an on-going process that includes the following phases: planning, implementation, success control as well as optimisation and improvement. The content of the data security officer's reports to the Management and the reporting cycle are based on BT 3.2 paragraph 1 MaRisk. The model of procedure of DSM is based on BSI data security standards and serves the purpose of establishing a security level that is consistent with AKA's risk strategy. The Finance / Team FR & CO department monitors the task of information risk management and risk analysis. The goal of this organisational structure is to meet regulatory requirements (for example BAIT) and to allow all company risks to be managed centrally.

Business Continuity Management (BCM): With BCM, AKA has established an emergency and crisis management system with the following goals: Important business processes are not interrupted or are only temporarily interrupted when damaging events occur, losses are reduced to an acceptable minimum and thus secure the bank's economic viability.

The basic features of AKA's emergency management are presented in the "Emergency Management Guideline", which also takes into account the special emergency situation of a pandemic. The guideline and other emergency management documents form AKA's emergency management framework. The documents are based on the implementation framework of BSI Standard 100-4. They are prepared by the BCM team and updated on a regular basis and as required.

AKA has established an emergency management / BCM team. Its permanent members are the Management (back office), the Head of the IT and Bank Administration departments (BV) and the Data Security Officer (ISMB). The BCM team is responsible for the creation, implementation, maintenance and support of the institution-wide emergency management. Where specifically required, additional members can join the BCM team. In the event of a pandemic, such as the current one for example, the Head of Human Resources is involved.

As part of a Business Impact Analysis (BIA), it is determined which of its IT applications are essential based on requirements of business operations and as part of a Business Impact Analysis (BIA). A Protection Requirements Analysis (PRA) is also carried out to examine what protection requirements are required by applications and other resources in terms of confidentiality, integrity and availability.

In an emergency preparedness plan based on the BSI standard, AKA has made provisions that encompass the availability of the electronically stored data and of IT systems essential for business operations in the event of an emergency.

As part of emergency management, the individual functional divisions of AKA can also resort to recovery plans to address emergency situations, in addition to the BIA. These plans are obtained directly from department managers.

During the course of emergency arrangements, appropriate exercises are regularly performed based on an appropriate emergency test plan. Emergency exercises, BIAs and RA are carried out at least once a year.

MaRisk AT 7.3 is taken into consideration in the aforementioned measures.

The BCM team forms the core team of a crisis organisation. In the event of a specific emergency, a specific crisis, a specific disaster or a pandemic, as well as depending on the cause and extent of the event, additional internal and, if necessary, external units are integrated into the crisis organisation. The Chairman of the Supervisory Board is informed by the Head of the crisis unit (the Management).

Risk Committee: The Risk Committee (RC) is the overall committee that handles all issues relating to risk, in particular the profile encompassing all risk types.

The RC meets regularly, at least four times a year. The agenda of these meetings will always include the last available controlling or risk report and new developments in the area of compliance and regulatory control, as well as the processing status of audit findings. The primary goals of the RC are: To monitor AKA's risk situation from an economic and regulatory point of view, and to determine risk-reducing measures and the parameters and methods needed to manage risks.

Within the course of monitoring the risk situation at AKA, the RC discusses risk-related topics plus the results of the risk inventory to be carried out at least once a year and takes decisions on any risk-minimising measures to strengthen internal control structures and reduce operational risks, for instance. The RC is also responsible for adopting methods, models and parameters relating to risks. Decisions to be made by the management in accordance with MaRisk must be approved by the Management after a RC.

The back office manager chairs the Risk Commission. The Head of FI is the deputy. In addition, front office management, all heads of department as well as the DSM officer all take part in the RC. Other people can be added if required.

The RC constitutes a quorum when the Management and the Head of Finance are present. Decisions are adopted by a simple majority. Front and back office management, the Treasury Department Head, the CRM Department Head and the FI Department Head are entitled to vote.

Credit Committee: The Credit Committee (CC) has an operational focus and handles issues relating to credit risks. The primary aim is to discuss issues relating to business policy and methodical credit (facilities, limits, products, countries and sectors). In addition, individual loan exposures with a special structure and / or high risk ratio are discussed. Regular portfolio analysis and monitoring are also carried out. Topics such as large exposures, special country risks, watch lists and risk concentrations, among others, are discussed in the CC as needed.

The back office manager holds the chair of the Credit Committee. The CRM department Head is the deputy. Other committee members are Front Office management, the EAF Department Head, the SFS Department Head, the Portfolio Department Management (PM), and the TSY Department Head. Other departments may be invited to take part if required when special topics are discussed.

The Credit Committee as an organisational unit does not constitute a separate level of expertise. Individual transaction, facility and limit permits may be granted if key personnel meet within the framework of a Credit Committee meeting. Existing powers shall apply and every decision taken in the Credit Committee regarding third parties shall be documented in a traceable manner.

Internal Audit: As the third line of defence, Internal Audit (IA) performs an independent and objective function, is part of the bank's internal control procedure and reviews the appropriateness and effectiveness of the internal audit system (IAS) and of Risk Management. Areas of focus during audits are systematically selected based on risk and are aligned with regulatory requirements.

Its tasks, among others, include the independent audit and analysis of the MOM based on a target / performance comparison with business processes and controls actually put into practice, the identification of weaknesses in the IAS and the assessment of the effectiveness of risk management tools and early warning indicators. In addition, as part of its audits it checks the correctness and completeness of risk reports submitted to the Management.

Internal Audit is invited to take part in projects and participates in Steering Committee meetings.

There is a duty to inform the IR if, according to the assessment of the specialist departments, relevant deficiencies can be identified from a risk point of view or significant cases of damage have occurred. The IR must also be informed if there is a concrete suspicion of irregularities.

If there is a change in the management of the IR, the Supervisory Board and all employees concerned must be informed.

3.2 Credit default risks

Because of its business purpose and the focus of its business structure on emerging markets, the credit default risk associated with individual transactions is AKA's main risk type.

The credit default risk associated with individual transactions means for AKA possible losses or loss of profit resulting from the default of a business partner, due to: unexpected full, partial or temporary insolvency or unwillingness to pay; a reduction in the value of a receivable associated with an unexpected deterioration of a debtor's credit rating an unexpected reduction in the value of collateral or guarantees.

A new non-financial, but key performance indicator for AKA is the percentage of net risk in the ratings level as "greater than 70". The target value of less than 10 % for the 2020 fiscal year was achieved at around 9.2 %. The previous year's value was 7.2 %.

In addition to the credit default risk associated with individual transactions, AKA also considers country risks as a special default risk due to the focus of its business structure on emerging markets.

Country risks: The country risk defines the risk associated with a country's ability to pay interest and repayments on foreign debts and those denominated in foreign currencies in a timely and correct manner. A significant aspect in this regard, in addition to the political risk, is the transfer risk. This is when an individual debtor is willing and able to pay but a country might limit or prevent payments abroad due to a lack of currency, for example. Despite this, national governments and economies may still be solvent.

The AKA rating tool used for the assessment of probability of default operates on a scale of 10–100. The rating results are comparable with the rating results of international rating agencies through corresponding mapping tables. Rating classes 10-50 are classified as investment grade and 60–100 as non-investment grade.

Country ratings are calculated, and regularly updated in the case of countries in which the AKA has a notable commitment, by CRM on the basis of reports from rating agencies (predominantly Fitch), international organisations, central banks and other well-known reliable sources.

For the main markets of AKA, CRM prepares additional reports or ad hoc information where necessary in addition to the annual country risk analyses. Special crisis regions / countries with special problems are intensively monitored by credit analysts and the Management and are dealt with in the CC if necessary.

The country reporting system is reviewed and further developed periodically. The focus lies on the analysis of political stability, an economy's vulnerability to shocks, the development of inflation and foreign trade, state budget and financing as well as the banking system and its stability and regulation. In the financing of emerging markets, which remains AKA's focus, the solvency of individual borrowers is also primarily dependent on the political and economic situation of the country in question. This thus heavily influences the creditworthiness of the borrower.

Corporate risks: Using a rating system, a borrower is assessed based on an analysis of the last two annual financial statements. Important indicators for assessing the creditworthiness of corporates are profitability over the last two years, leverage, return on investment and liquidity. In addition, the cash flow, that is the debt service capacity, is analysed as another key factor for the successful continuation of a company. The assessment is initially based on a rating of financial figures. When calculating them, AKA reverts to a benchmarking system based on a subdivision into several sectors and various geographical regions. These benchmarks are reviewed and updated on a regular basis to ensure comparisons with AKA's international and national corporate business.

Additional qualitative factors are taken into account for the conclusive assessment, which can lead to a change in the purely calculation probability of default. Essentially, the size of the company and current information about the borrower are processed here. In addition, if necessary, the characteristics of local accounting and any restrictions in the auditors' opinion are included in the result of the basic rating. Affiliation to a group is assessed based on the level of interdependency and, finally, the country rating is viewed as the overriding factor as long as it is weaker than the borrower's rating.

The rating tool is fine-tuned and adjusted to the portfolio of AKA as required. As part of an internal validation process, the predictive power of individual key indicators is examined and if necessary adjusted both in regard to their accuracy and overall rating result.

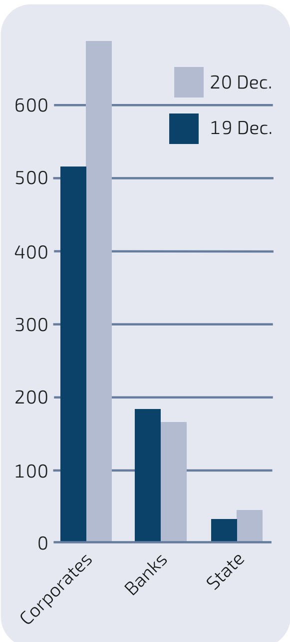
Bank risks: The business processes of banks are also analysed on the basis of a rating system. Each rating is based on analyses of the last two annual financial statements plus, where applicable, a quarterly report. The quantitative data input includes, among other things, the segments capitalisation, profitability, deposit cover and liquidity. The financial figures are allocated to the respective AKA rating classes using a benchmarking system. Qualitative aspects analyse foreign exchange risks, interest rate sensitivity and the level to which assets and liabilities meet their maturities plus, in particular, asset quality. Other information relating to ratings are included in the rating assessment using bonus or penalty points.

In addition, like in the corporate business, the country rating applies as the "overriding factor". A further significant component is the assessment of possible state support. The background is the experience with banks with which institutions can, as part of its systems, rely on the support of the state in an emergency.

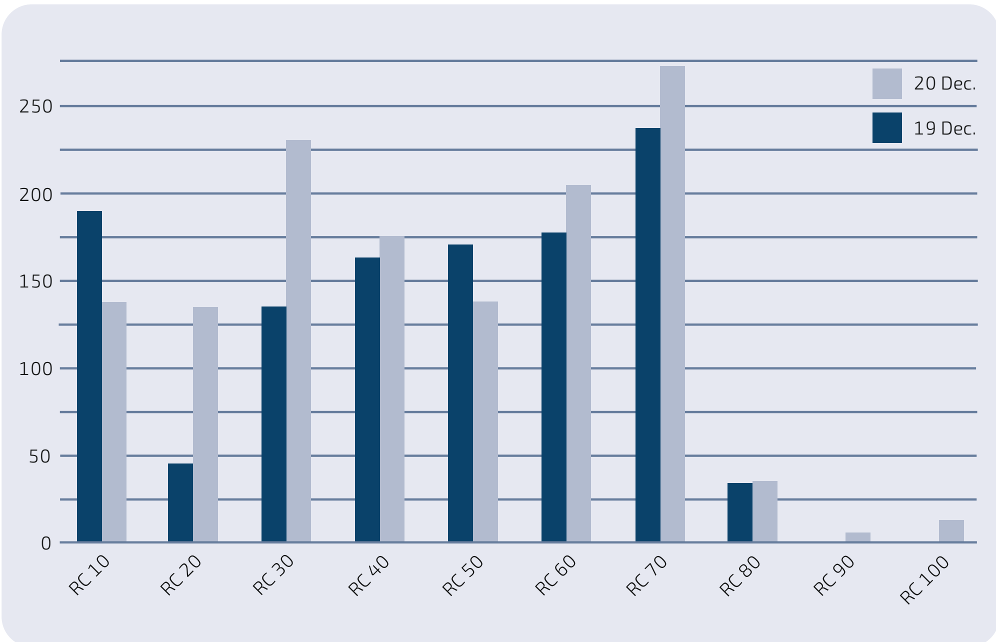
As part of a quality assurance process, AKA works closely with external experts to ensure the further development of the rating tool in terms of its compliance with regulatory requirements and current market practice. The review serves to optimise and, if necessary, assign a new weighting to individual rating parameters.

Risks from structured and project financing: When assessing project risks from the aforementioned financing deals, AKA relies on a separate rating tool. Major rating elements to assess the expected project success are the sponsorship risk, completion risk, operating risk and market risk. In addition, AKA assesses the financing and planning risk. These credit rating factors are assessed qualitatively and quantitatively in accordance with the other AKA rating modules and provide the overall rating.

Structure of medium and long-term loan portfolio (net) by credit risk category in EUR million



Structure of loan portfolio (net) by country risk categories in EUR million



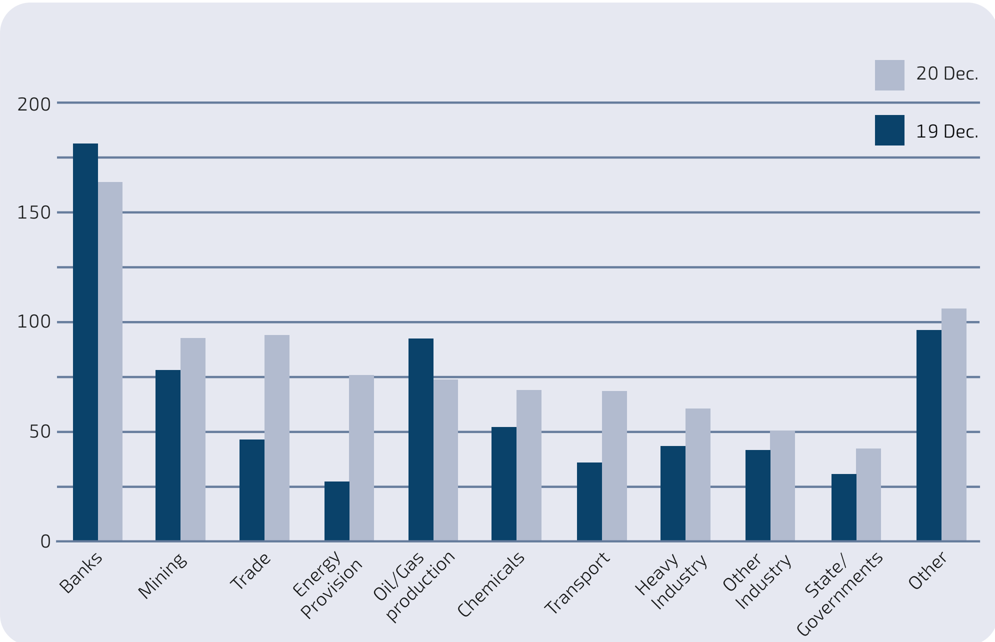
Insurance risks: The client group insurance (for minimising other credit default risks) is analysed and assessed using a further AKA rating tool. As an insurer, the bank only accepts counterparties with an internal investment grade rating as part of its risk management / control process and to ensure limit headroom. In this regard, the ratings mainly focus on the segments contribution and result development plus the reserve and contribution ratio.

Sector risks: To further structure the corporate risks, concentration risks are assigned to individual sectors in order to limit them. Long-term and short-term sector limits apply in this case. As a result, the country limit can have a corrective impact, depending on the country rating.

Risk concentration: For the purposes of risk limitation, control and management in relation to the portfolio or concentration risks, AKA utilises a limit management system in which individual limits are installed for the risks at country, sector and counterparty level. In addition, the following criteria in regard to refinancing are observed: Large Exposures within the meaning of section 13 KWG and large exposures pursuant to section 387 et seqq. CRR Part IV and counterparty limits.

The above-mentioned controls and criteria used to limit and monitor risk concentrations are recorded in the bank's operating procedures and process descriptions and are published in the Management and Organisation Manual ("MOM"). They are regularly applied as part of controlling activities; amended requirements and conditions are continuously adapted on this basis and at least once a year as part of a review of the risk strategy and its suitability.

Structure of medium and long-term credit risks (net) by sector in EUR million



Limit framework for credit default risks and portfolio management: The limit framework used by AKA in its portfolio management takes account of eligible collateral as per CRR and limits gross exposure. These are unevaluated financial securities from state export credit insurance providers. As part of its risk management process and to ensure limit headroom, the bank also accepts insurers as long as they have an investment grade rating. The limit framework is based on the maximum own funds made available for credit default risk in accordance with pillar 1, whose use is calculated as part of regular risk taking capacity calculations. The bank has defined an Equity limit as an upper limit for losses for all credit default risks, which is regularly adjusted based on the own funds requirements imposed by the supervisory authority.

The net obligation framework, the amount of which is determined by the bank's allocated own funds for credit default risks (EUR 2 billion as at December 2020), is structured with decreasing nominal limits based on internal rating classes. The use of these respective limits is reported to the Supervisory Board at least once a quarter at the relevant meetings.

The limits provided for concentration, credit default risk, market price and operational risks are adequate and were consistently observed throughout 2020.

Compliance with all risk-related management parameters is monitored on an on-going basis by the CRM department itself and by FI Team Financial Reporting & Controlling (FR & CO) additionally. The suitability of control parameters is checked as part of the risk strategy review which takes place at least once a year. In this regard, AKA aligns the size and structure of its limit framework every year with its business policy targets and submits this to the Supervisory Board for its attention. The risk strategy and the limit framework set out therein were discussed with the Supervisory Board by mutual agreement on 3 December 2020.

An economic, internal monitoring and management component supplements the aforementioned limit framework and its use of Equity according to the credit standard approach (CSA).

Internal credit model for risk management: Internal risk assessment at portfolio level is based on the credit risk model CreditMetrics (registered trademark). AKA takes important decision-making benchmarks into account on the following basis: credit volumes, recovery factors according to the foundation internal ratings-based approach (F-IRB: internal rating-based approach based on internally determined probability of defaults [PD's]) and correlations. These include "expected loss" and "unexpected loss" among other aspects.

The confidence level used is 99.9 % and this conforms to a target rating of A-. The bank uses the system as part of its simulation calculations to assess the economic risk capital consumption and to calculate the stress tests on credit default risks. The data continues to be used to validate AKA's own rating systems as part of an accuracy analysis.

The data gained using the internal model are also regularly compared with the applicable regulatory CSA parameters applicable to AKA. This remains the basis for risk management pursuant to the capital adequacy value calculated based on the CSA.

Credit decision-making process and allocation of authority as part of limit control: In accordance with the separation of functions under MaRisk, each loan decision requires two consenting votes from the EAF, SFS departments (jointly referred to as New Business) as well as CRM. AKA does not differentiate between risk-relevant and non-risk relevant loan business in accordance with MaRisk BTO 1.1 paragraph 4. The New Business departments as well as CRM together have a single-transaction-related net loan approval limit (i.e. after taking account of collateral relieving the burden on own funds) of EUR 1 million per borrower unit. If CRM votes to reject a loan business falling within its own approval limit, New Business can escalate the loan application and have the Management make the final decision. The EAF and SFS departments and the member of the Management responsible for the front office cast the first votes on loans with a defined net risk. CRM and the Management are responsible for the back office cast the decisive second vote. If the vote is tied (2:2) then the loan is rejected. When it comes to risk issues, the back office cannot be overruled.

The approved individual counterparty, sector or country limits can be exceeded for a given period for the purposes of limit control if approved by the relevant person responsible.

If necessary in the context of business development, the Management can request that the SB approve the establishment of appropriate special limits based on demand and according to the overall credit profile.

Risk limit / monitoring: The primary goals of AKA's Credit Risk Management are to maintain a risk-appropriate NPL rate (non-performing loans) for AKA, to protect the bank's Equity and to continue to ensure AKA's risk taking capacity. The main measures for achieving these goals are:

- Early identification of negative developments
- Effective and efficient management of intensive and problem exposure
- Supporting and allowing appropriate forbearance measures
- Appropriate sales or liquidation measures

The early recognition of increased risks is carried out using defined, qualitative and quantitative early warning indicators. Exposures, which might become conspicuous due to negative qualitative developments and changes in the borrower's economic circumstances or in the country of residence or the borrower's environment, are maintained by the bank in a pre-watch list.

If there is a specific need for action (with given courses of action) resulting from (impending) financial difficulties, the respective exposure is transferred to intensive support. This means that it is classified as an intensive loan.

Following a detailed analysis of the framework conditions and, in particular, the debt service capacity of the intensive loans and problem loan exposures, i.e. non-performing loans (NPLs), one of the following strategic options (or a combination of different options) is chosen in close coordination with the associated bank or the respective bank syndicate:
- Maintaining the unchanged risk position
- Active decrease (sale, value adjustment)
- Termination (liquidation of collateral, insolvency or other legal actions, out-of-court settlement, write-off)
- Restructuring / introduction of forbearance measures

If forbearance measures are introduced, classification as an intensive loan or, if required, as a problem loan is mandatory.

During the coronavirus pandemic, which has been on-going since 2020, various loan exposures have experienced temporary financial bottlenecks or difficulties, which AKA is countering with suitable measures (including forbearances, suspension of the testing of financial covenants) after a thorough risk analysis. Loan exposures affected by the coronavirus crisis are monitored and reported using the Covid-19 watchlist. In contrast to loan exposures on the regular watchlist, the exposures on the Covid-19 watchlist were not in payment difficulties before the outbreak of the coronavirus crisis and are not expected to experience payment difficulties in the long term. Should temporary liquidity bottlenecks turn into sustained financial difficulties in individual cases, a transfer to the regular watchlist will be made in these cases.

3.3 Market price risks

The market price risks relevant for the AKA result solely from structure of the loan and refinancing business that does not match the maturities or, to a small extent, from the holding of instruments in the liquidity reserve. AKA considers sub-risks of market price risks to include interest rate risks (IRRBB), foreign exchange risks (FX risks) from loans and refinancing issued in foreign currencies as well as credit spread risks in the case of securities. The latter, however, are not significant, as AKA buys securities only for the purposes of maintaining the liquidity reserve and thus buys only securities with a first-class rating (HQLA in the context of CRR). The derivatives used by AKA are limited to interest rate, interest rate / currency and short-term FX swaps. The transactions are exclusively made in the context of market price and liquidity risk management and are integrated in valuation units or in the special cover pursuant to section 340h HGB.

3.3.1 Foreign exchange risks

Foreign exchange risks (FX risks) arise from an imbalance in the amounts of receivables and liabilities in a currency other than the balance sheet currency (EUR). A change in the exchange rate thus has an effect on the result.

AKA endeavours to avoid currency risks. Receivables from the loan business that are not denominated in EUR are refinanced by means of compliant refinancing in the relevant currency. If refinancing in the respective currency is not possible, a security transaction (cross-currency swap, forward exchange transaction) is required.

In Capital Requirements Regulation (CRR) reporting, foreign exchange risks are calculated on a monthly basis by comparing, for each currency, the valued receivables converted into EUR with the liabilities. The total across all foreign currencies (in absolute amounts) must be backed with own funds in the amount of the currently valid own funds requirement and is considered a factor for AKA's foreign exchange risk from the normative perspective of risk taking capacity.

The foreign exchange risk is calculated using a value-at-risk model (VaR model). The result from the model is calculated using a historical simulation as an empirical 99.9 % quantile with a holding period of one year.

3.3.2 Interest rate risks

The interest rate risk (IRR) is defined as the current or projected risk for the earnings and the economic value of an institution arising from adverse rate movements with an impact on interest rate-sensitive instruments.

The interest rate risk based on an economic calculation is calculated using a VaR model. This model calculates an empirical 99.9 % quantile with a holding period of one day, which is scaled up to one year by applying the square root of time formula.

The changes in the cash values of the interest rate risk in the investment book are calculated on the basis of the procedure specified by BaFin in accordance with the currently valid circular.

To meet the requirements arising from the Minimum Requirements for Risk Management (MaRisk), the impact of an interest rate shock on interest earnings and interest expenses is examined and the effect over the coming twelve months is calculated.

Risk type	**Risk Indicator**	31.12.2020 in EUR million	31.12.2019 in EUR million
Foreign exchange risk	Own funds per CRR	1.1	0.6
	VaR-model	6.0	3.6
Interest rate risk	VaR-model	12.1	10.0
	Parallel shift +200bps	-3.7	-2.0
	Parallel shift -200bps	1.1	1.5
	Parallel shift upwards	-3.7	-2.0
	Parallel shift downwards	1.1	1.5
	Steepening	-2.8	-1.4
	Flattening	1.1	0.1
	Short-term shock upwards	-0.2	-0.9
	Short-term shock downwards	0.4	-0.4

3.4 Liquidity risks

The insolvency risk and the liquidity maturity transformation risk are subsumed under the liquidity risk.

The insolvency risk represents the risk that the borrower will not be able to meet its current or future payment obligations at all, in full or on time. It includes the risk that refinancing funds are not acquired or only acquired at extortionate market rates (refinancing risks) or that assets can only be liquidated at a discount (market liquidity risk).

The liquidity maturity transformation risk represents the risk that a loss may arise from the liquidity maturity transformation within a specified period at a specified confidence level due to a change in the bank's own refinancing curve (spread risk).

Strategic liquidity management involves determining, planning and the management of AKA's refinancing needs (structural liquidity) and maturity transformations. The observation period is in the range of over one year.

Forward liquidity exposures reported on the balance sheet date and based on forecasts are created for analysis purposes.

Liquidity risk measurement in the context of the insolvency risk is performed on the basis of forward liquidity exposures. These represent, divided according to terms to maturity, the cash flows from the loan business and the borrowings required to finance them. Scenarios take into account various assumptions concerning development of cash flows.

If possible, borrowings for the refinancing of AKA's lending activities should be made with different counterparties, taking into account economic efficiency.

While operational liquidity risks can be minimised through provisions (maintaining a liquidity reserve), the liquidity risk that derives from maturity transformation must be quantified, controlled and taken into account in the risk taking capacity.

The spread risk is a quantifiable expression of the liquidity maturity transformation risk. This risk is formed insofar as lending that is not fully financed incurs an additional refinancing cost, shifting the refinancing curve of AKA upwards at the time when follow-on financing is necessary and requiring higher additional charges to be factored in as a result.

A VaR model is used to quantify the liquidity risk AKA's own spreads are calculated on the basis of AKA's historical money market transactions. The spreads are multiplied by the calculated financing gaps for the coming 12 months from the forward liquidity exposures. The results represent a value-at-risk with a confidence level of 99.9 %.

Risk type	**Risk indicator**	31.12.2020 in EUR million and / or in %	31.12.2019 in EUR million and / or in %
Liquidity risks	VaR-model	5.1	4.0
	Liquidity reserve	236	175
	LCR	208	128
	Liquidity coefficient	322	202
	Funding ratio	102	100
	Maturity transformation	-49	5

The liquidity coverage ratio (LCR), liquidity coefficient, funding ratio and maturity transformation are also calculated as liquidity figures.

Thanks to its special shareholder structure (17 banks are shareholders), AKA is able to secure the necessary refinancing of its loan business through its shareholder banks, even in difficult market phases. An important source of financing is loans granted by shareholders and non-shareholders. In addition, the shareholder banks also provide funds for short-term refinancing in the form of money market lines.
To diversify the refinancing portfolio, AKA also uses refinancing funds from customers from the public and private sectors. These are accepted in the form of time deposits and promissory note loans. With individual customers, there are unconfirmed lines for the regular trading of time deposits.

The refinancing structure of AKA is therefore based on multiple pillars, which have been used to the following extent:

Refinancing	**Source**	31.12.2020 in EUR million and / or in %	31.12.2019 in EUR million and / or in %
Refinancing	Shareholders	555	680
	Non-shareholders	965	870
	Publicly accessible funds	1,470	1,330
	Total borrowings	2,990	2,880

3.5 Operational risks

AKA generally defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external incidents or calamities. This definition includes legal risks, technology risks and reputational risks, but does not include strategic risks or business risks. The following risks in particular are managed, controlled and monitored as part of the management of operational risks:

- Compliance risks
- Model risks
- Reputation risks
- IT risks
- Legal risks
- Conduct risks
- Outsourcing risks

AKA examines all operational risks in detail in an annual RCSA (risk and control self-assessment) for operational risks.

Compliance risks as a sub-risk of operational risk

Compliance risks are risks that result from non-compliance with statutory regulations. AKA factors in and monitors compliance with pertinent statutory, regulatory and internal regulations as well as customary market codes of conduct (compliance) as part of its global business activity.

Model risks as a sub-risk of operational risk

Model risks can lead to the risk models used within the bank producing false or incorrect results, which are then used as a basis for business policy decisions. This can result in asset losses for the bank. In order to minimise model risks, these are regularly examined within the framework of model validation.

Reputation risks as a sub-risk of operational risk

Reputation risks can lead to the bank suffering a loss of the trust placed in it, not only in regard to the bank's shareholders but the general public as well. Reputation risks mostly result from existing or already known risks and can intensify these by making them public. Against this background, all measures and activities by the bank in regard to its external appearance, but also in regard to the business partners and shareholder banks involved, are carefully assessed and adopted.

IT risks as a sub-risk of operational risk

IT risks are part of operational risk. They are examined in terms of the need for operational adjustment and their materiality for business operations based on the business strategy and current developments of AKA's business operations in the form of regular and, if necessary, event-related risk assessments.

Legal risks as a sub-risk of operational risk
The legal risk is also subsumed under operational risks. It comprises the following elements: consultancy risks, regulatory risks, risks from court proceedings or from unlawful, invalid or unenforceable loan and / or security agreements and liability risks arising from non-compliance with foreign or international legal provisions. In the narrow sense, the Legal department also reviews, where possible, the extent to which the bank would be exposed to contractual obligations that cannot in fact be fulfilled within the framework of lawful contracts.

Conduct risks as a sub-risk of operational risk
Conduct risks can be divided into risks of error, risks of negligence and criminal risks. An error exists when AKA suffers a loss when in compliance with internal guidelines and external laws. The risk of error thus arises due to human error and mainly comprises input errors, clerical errors and mistakes. Negligence occurs when employees do not gain a personal advantage from a harmful action, but have violated internal requirements and external laws. Criminal risks include mainly fraud, embezzlement or sabotage.

Outsourcing risks as a sub-risk of operational risk
AKA already examines outsourcing risks in a risk analysis conducted before making an outsourcing decision.

The Basic Indicator Approach (BIA) is used as per CRR as a methodology for calculating the own funds requirement from the normative perspective for operational risks. In the BIA, an amount of own funds must be held for operational risks, the amount of which corresponds to the three-year average of the gross earnings achieved, multiplied by a specified percentage. Years with negative gross earnings are not taken into account.

From the economic perspective, AKA quantifies operational risks using scenario analyses (key risk drivers +low-frequency / high-impact scenarios from the risk inventory), whose results are aggregated to form a VaR. Bayesian networks are used as models.

Risk type	Risk indicator	31.12.2020 in EUR million	31.12.2019 in EUR million
Operational risk	Own funds as per CRR	7.1	6.5
	VaR-model	5.7	3.2

3.6 Risk reporting

The continued commercial success of AKA depends to a large extent on whether it is in a position to consciously take and manage risks. This requires transparency and thus an effective risk reporting system for all activities that lead to the assumption of risk.

Internal reporting comprises risk-specific communication to cover information requirements within AKA. External reporting focuses on compliance with regulatory requirements and activities to safeguard the interests of the shareholder banks.

In addition to the general information about AKA's risk profile, further analyses are conducted, covering aspects such as initiated or planned corrective action, relationships between various risk types and risks of various departments, trends in risk activities, risk concentration, violations of company principles and ineffectiveness of operational control. Appropriate precautions are taken at AKA.

External risk reports are submitted to the Supervisory Board, the supervisory authorities and, on account of participation in the private banking sector's Deposit Protection Fund, the Auditing Association of German Banks (Prüfungsverband Deutscher Banken) and GBB Rating.

Reporting on all of the risks relating to business operations is carried out in the regular risk report. The aim of the reporting is to promptly and comprehensively present the developments requiring consideration in risk and business controlling in the interest of achieving the bank's targets.

In accordance with MaRisk requirements, the report serves as a continuous management and monitoring instrument at portfolio level with a particular focus on the decisive, significant risks for AKA, including in particular credit default risks, the development of foreign exchange, refinancing, interest rate and liquidity risk as well as operational risk as the basis for recognising and limiting risk concentrations. The objective is to maintain an acceptable risk quality and risk diversification at all times, taking into account AKA's risk taking capacity.

The report is itself divided into the following subject areas:

1. New Business development
2. Earnings position
3. Risk Management
   - Risk taking capacity (normative and economic)
   - Definition and evaluation of stress tests
   - Details of the main types of risk
4. Loan portfolio
   - Portfolio structure
   - Concentrations
   - Watchlist
   - Risk provisioning
5. Liquidity Management
   - Current liquidity situation
   - Borrowings
   - Concentrations
   - Liquidity reserve and key figures
6. External auditor findings
7. Appendices
   - Country limits (domicile and risk country)
   - ECA limits
   - Key figures
   - Risk provisioning development

The risk report contains a summary of the key findings and recommendations in the form of a cockpit at the start. These statements are supported by the traffic light system.

The Management is informed on an ad hoc basis about major changes to risk occurring at short notice, for example payment problems, breach of major credit limits, exceeding of limits or any emerging liquidity shortfalls.

In accordance with the procedure agreed with the Supervisory Board, the Management initially informs the Chairman on an ad hoc basis in the above cases in electronic form (for example by telephone or email). The subsequent course of action, the information of the Risk Commission and of the Supervisory Board is then coordinated with the Chairman of the Supervisory Board.

3.7 Internal Capital Adequacy Assessment Process (ICAAP) – Ensuring capital adequacy

From the normative perspective, the data is transferred from the regulatory reporting from the COREP reporting forms. The own funds set out in supervisory law, including supplementary capital, function as risk coverage capital. As per CRR, AKA takes into account the following risk types from the normative perspective:

- Credit default risk (CRSA approach)
- Foreign exchange risk (overall foreign exchange position approach)
- Operational risk (BIA approach)

The risk positions identified in the reporting in the form of Risk-Weighted-Assets are multiplied by the regulatory capital requirements.

The values determined from the normative perspective of the risk taking capacity are presented in the monthly report or risk report. The calculated capital ratios are presented and compliance with the regulatory minimum ratios is verified.

From the economic perspective, AKA uses a Pillar 1 Plus approach. This means that the risk coverage potential is calculated on the basis of the balance sheet Equity. This position – if available – is adjusted by hidden reserves or losses. The following positions are taken into account as additional risk coverage potential:

- operating result achieved as at the reporting date
- changes in risk provisioning in the current fiscal year
- planned dividend payment

To determine the risks, the following key risks are taken into account based on the risk inventory:

Risk type	**Procedure**
Credit default risk	Credit risk standardised approach (CRSA) from pillar 1
Foreign exchange risk	Value-at-risk model on the basis of a historical simulation in accordance with balance sheet FX surpluses
Operational risk	Value-at-risk model in accordance with scenarios using Bayesian networks
Interest rate risk	Value-at-risk model on the basis of a historical simulation in accordance with interest rate development statement surpluses
Liquidity risks in the sense of refinancing spread risks	Value-at-risk model on the basis of a historical spreads and refinancing gaps from the forward liquidity exposure

AKA uses an empirical quantile of 0.1 % in all VaR models. This corresponds to a confidence level of 99.9 %. In addition, an observation horizon of 12 months is assumed.

The results from the economic perspective are presented in the monthly report or risk report.

AKA's capital planning is executed as part of its multi-year business planning, which is updated annually, taking into account the requirements from the business and risk strategy. The Finance, Team FR & CO department is responsible for this, in cooperation with the Management and the departments involved in the planning process.

In the baseline scenario, the risk positions and own funds requirements are updated on the basis of the multi-year business planning and the appropriate compliance with the minimum capital ratios as well as other regulatory indicators is verified. In the adverse scenario, an economic downturn is taken as a basis analogous to MaRisk AT 4.3.3. para. 2 and the effects on the risk positions and own funds are reviewed. Effects from the economic perspective are taken into account and integrated when determining the risk positions and own funds.

The final capital planning is submitted to the Management for approval and is discussed and approved by the Risk Commission and Supervisory Board.

Perspective	**Risk indicator**	**31.12.2020** in EUR million and / or in %	**31.12.2019** in EUR million and / or in %
Normative perspective	Risk-Weighted-Assets	1,572.8	1,536.4
	Core capital	251.2	241.8
	Supplementary capital	16.1	16.1
	Own funds	267.3	257.9
	Hard core capital ratio	16.0	15.7
	Core capital ratio	16.0	15.7
	Total capital ratio	17.0	16.8
Economic Perspective	Risk coverage amount	283.9	270.2
	Risk positions	145.5	135.9
	RCA degree of utilisation	51.3	50.3

3.8 Internal Liquidity Adequacy Assessment Process (ILAAP): Ensuring adequate liquidity resources

In the ILAAP, AKA takes into account all regulatory and supervisory requirements as well as the resulting internal requirements from the normative perspective. These include in particular maintaining the liquidity coverage ratio (LCR) as well as, in perspective from the first-time application of CRR II, the net stable funding ratio (NSFR). Both ratios are calculated using regulatory requirements.

AKA also maintains a permanent liquidity reserve in the form of central bank balances and highly liquid assets. AKA identifies and quantifies liquidity risks as per the descriptions for the liquidity risk.

AKA manages, monitors and reports compliance with requirements for operational liquidity using the instruments specified for the liquidity risks. These include the structuring of risk management, liquidity stress tests / scenarios, stipulated limits as well as regulations for a possible liquidity shock. Refinancing planning is also carried out as part of the multi-year business and capital planning, covering aspects of operational and strategic liquidity management. Compliance with regulatory liquidity requirements is also verified.

AKA distinguishes between operational and strategic liquidity. Because AKA has no deposit business, it always refinances itself for its lending activities on the time deposit and capital market as well as using various other AKA-specific refinancing sources. AKA's specific refinancing structure is part of the refinancing strategy.

Operational liquidity ensures financial solvency at all times and covers a period of one year at AKA. This operational and / or short-term or tactical liquidity is guaranteed in particular through money market lines and the maintenance of a liquidity reserve. The LCR is maintained and monitored at all times.

Long-term and strategic and / or structural liquidity ensures the sustainable refinancing of AKA as well as compliance with regulatory requirements. Due to the specific structure of AKA activities with a high level of security from state institutions, AKA can access various refinancing sources, including public sources. AKA aims to have refinancing in compliance with maturities in the long term and monitors this using various indicators.

Based on the refinancing strategy and multi-year business planning, AKA determines the expected refinancing demands for a multi-year period once a year, similar to business planning.

AKA uses existing business as well as planned activities to forecast a liquidity profile to be covered, and compares possible refinancing sources. In the planning, AKA takes into account perspective compliance with normative factors, as well as scenarios that impact AKA's liquidity position.

The assessment of the realisation of refinancing must be taken into account in the business planning. This includes any adjustment of the business planning that may be required.

Influencing parameters

In its January 2021 forecast, the World Bank expects the global economy to recover from the pandemic-related recession of the previous year and achieve real growth of 4 %. The global economic recovery process is expected to gain momentum as the occurrence of infections eases over the course of the year. Aided by the approval of vaccines in the industrialised countries and in larger emerging markets, the stringency of the restrictions is expected to gradually decline, which may initially benefit consumption and later also investment. The economy is receiving a boost from an accommodative macroeconomic interplay of loose monetary policy by the world's major central banks and generous fiscal stimulus pacts in major economies. As a result, overall economic growth of 3.3 % is expected for the developed countries in tandem with improved pandemic management and vaccination progress. Emerging and developing economies are projected to grow at a higher rate of 5 %, with the figures mainly reflecting a stronger recovery in China[1].

After the sharp contraction in the previous year, the World Bank's forecast for pro-cyclical global trade assumes growth of average 5.1 % in 2021 and 2022. The moderate revival reflects subdued global investment and a gradual and partial recovery of international travel[2].

According to the European Commission, economic activity in the Eurozone is expected to grow by 3.8 % in 2021. Over the course of the year, the recovery should be supported by favourable financing conditions, an expansive fiscal stance and, once pandemic-related uncertainties subside and vaccinations increase, an upturn in demand. The extent of the recovery will vary across member states. The European Recovery Plan, endowed with EUR 750 billion for particularly affected member states (Greece, Portugal, Spain, Italy), should have a supportive effect, for which, however, national recovery plans must be submitted[3].

For Germany, the Federal Ministry of Economics expects growth of 3 %, with economic output still being affected by the pandemic in the first quarter and subsequently gaining momentum. Initially, the development will remain divided. While industry will develop robustly, the service sector will only gain momentum over the course of the year as the coronavirus pandemic is defeated[4]. Catch-up effects also indicate a positive progression. "In view of the historically high savings rate of 16.3 %, a strong countermovement driven by private consumption can be expected as soon as measures are eased[5]." With a view to an improved global economy, exports are expected to grow by 6.4 %, which in turn should lead to increased investment activity by companies[6].

For the emerging and developing countries as a whole, economic recovery is expected in 2021, which may vary depending on the country and will be influenced by pandemic management and access to vaccines. South-East Asia is likely to be the global leader, especially due to dynamic development in China, for which the World Bank expects a high increase in real GDP of around 7.9 %, supported by infrastructure investments. Comparatively higher growth is also expected for Vietnam and Indonesia. For the other regions, growth projections are largely in the 3–3.5 % range. Africa is expected to develop somewhat weaker in view of lower financial resources, also with regard to vaccine procurement, but the outlook is more positive for individual countries such as Morocco, Botswana or Tanzania. Monetary policy is expected to remain accommodative, with boosts coming from the extremely low interest rate environment in developed countries. International investors' search for higher yields may encourage capital and investment inflows into emerging markets[7].

Apart from the assessment of the economic situation, it is important for AKA's business focus to assess the risks that may arise from various international developments. These include the possibilities of a longer than expected pandemic due to viral mutations, delays in global vaccine production and distribution. In addition, it should be noted that the recovery of emerging markets is dependent on continued monetary policy support, favourable financing conditions in the international capital market, the development of commodity markets and climatic conditions. Due to the fight against the coronavirus pandemic, public debt, as well as corporate debt, has increased worldwide. Further risks can arise from international political developments. The causes are international trade disputes, as well as geopolitical tensions and conflicts. Political uncertainty resulting from various issues can also hamper further growth expectations.

In return, growth would be boosted by effective, reliable containment of the Covid-19 pandemic and success in further developing vaccines that are also available to lower-income countries. Further positive impulses would come from the strengthening of the international community, trade policy easing, stronger growth in China and the defusing of geopolitical conflicts.

Opportunities

In a business context, opportunities can be defined as the prospect of possible future development or the occurrence of events that could lead to a positive deviation from a forecast or objective for the company. Opportunities are therefore seen as the opposite of risks. AKA sees opportunities in the following areas:

The cooperation with the two new shareholders ING and Deutsche Leasing has already developed very positively in 2020 and offers even broader, additional scope for business intensification, both in the European region and in the German market environment. Beyond the circle of shareholders, AKA would like to further expand its partner network and thus take advantage of specific opportunities on both the business and refinancing sides.

AKA's wide-ranging activities with regard to automation and digitisation will be continued in 2021 and contribute to AKA's performance on its chosen path of growth. In the area of small-scale Hermes-covered financing, SmaTiX, the connection of the digital platform to the sales channels of the shareholder banks can provide additional growth impetus. Beyond the SmaTiX application, AKA's web-based electronic platform is designed to enable new, digital product solutions and a connection to other external partners, which can result in development opportunities in the digital environment.

Development forecast
In summary, AKA plans a new business volume of around EUR 1.9 billion across all product groups for 2021. Compared to the previous year, this means an increase of around 12 %.

AKA measures a key performance indicator (KPI) which relates to the quality of its loan business. The percentage of counterparty ratings in the ratings level "greater than 70" when it comes to AKA's total loan portfolio should therefore not exceed 10 %. AKA plans to achieve this KPI based on the planned business mix.

For the financial KPIs, the development is forecast as follows: Net earnings from loan business of around EUR 52.5 million. Compared to the previous year, this means an increase of around 4 %. The driver of the planned increase in earnings is the anticipated growth in new business. On the cost side, an investment and innovation budget of EUR 4.0 million (previous year: EUR 2.4 million) is included, as already done in the 2019 planning for 2020. Taking this separate expense into account, AKA expects the Cost Income Ratio to increase to around 53 % (previous year: 47 %) and the Return on Equity before taxes to be at the previous year's level of 6.3 %.

The effects of the coronavirus pandemic, which will continue on the forecast KPIs in 2021, as well as at the macroeconomic level, cannot yet be estimated by AKA. Therefore, a negative deviation from the target figures cannot be ruled out.

1 cf. The World Bank: Global Economic Prospects, January 2021. Washington, DC. URL: https://www.worldbank.org/en/publication/global-economic-prospects. (As at: 10.02.2021). Short reference: World Bank 2021.
2 cf. ibid.
3 cf. European Commission. European Economic Forecast – Autumn 2020. Institutional Paper 136. November 2020. URL: https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/autumn-2020-economic-forecast_en. - Winter 2021 (Interim) Institutional Paper 144. URL: https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/winter-2021-economic-forecast-challenging-winter-light-end-tunnel_de (Stand: 10.02.2021).
4 cf. Federal Ministry for Energy and Economic Affairs. 2021 Annual Economic Report. January 2021. URL: https://www.bmwi.de/Redaktion/EN/Publikationen/Wirtschaft/2021-annual-economic-report.html
5 cf. Junge, Svea and Löhr, Julia: Der Aufschwung am Horizont. In: Frankfurter Allgemeine Zeitung of 15.01.2020.
6 Cf. Federal Ministry for Energy and Economic Affairs 2021.
7 cf. World Bank 2021.

Balance sheet contents

Assets	EUR	31.12.20 EUR	31.12.19 EUR thousand
1. Cash reserve			
a) Cash on hand	3,646.02		5
b) Cash held at central banks	154,654,551.85	154,658,197.87	103,612
including: at Deutsche Bundesbank EUR 154,654,551.85 (2019: EUR 103,612 thousand)			
2. Loans and advances to banks			
a) On demand	20,370,851.88		15,942
b) Other receivables	500,378,655.27	520,749,507.15	604,831
3. Loan and advances to customers		2,580,862,854.60	2,412,438
4. Debenture bonds and other fixed-income securities			
a) Money market instruments			
aa) from public issues	0.00		4,437
including : eligible as collateral at Deutsche Bundesbank EUR 0.00			
b) Loans and debentures bonds			
ba) from public issuers	4,137,849.39		4,447
including: eligible as collateral at Deutsche Bundesbank EUR 0.00 (2019: EUR 0 thousand)			
bb) from other issuers	100,409,326.15	104,547,175.54	53,825
including: eligible as collateral at Deutsche Bundesbank EUR 12,298,304.95 (2019: EUR 4,451 thousand)			
5. Shares in affiliated companies		8,387,107.30	8,387
6. Trust funds		342,505,054.57	304,617
including: Trust asset loans EUR 342,505,054.57 (2019: EUR 304,617 thousand)			
7. Intangible assets Acquired licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets		848,817.29	568
8. Fixed assets		1,052,282.93	1,101
9. Other assets		4,913,613.22	778
10. Accruals and deferred items		437,642.78	324
11. Asset difference from asset offsetting		1,547,918.84	1,025
Total assets		**3,720,510,172.09**	**3,516,337**

Liabilities		EUR	31.12.20 EUR	31.12.19 EUR thousand
1. Amounts due to banks				
a) On demand		31,689,879.13		29,005
b) with an agreed term or period of notice		2,466,252,402.58	2,497,942,281.71	2,421,523
2. Amounts due to customers other liabilities				
a) On demand		34,211,711.17		33,891
b) with an agreed term or period of notice		543,464,652.02	577,676,363.19	455,171
3. Trust liabilities including: Trust asset loans EUR 342,505,054.57 (2019: EUR 304,617 thousand)			342,505,054.57	304,617
4. Other liabilities			716,522.23	584
5. Accrued and deferred items			5,632,939.21	6,722
6. Provisions				
a) Provisions for pensions and similar obligations		0.00		
a) Tax provisions		1,899,454.98		10
b) Other provisions		16,472,453.05	18,371,908.03	11,621
7. Fund for general banking risks			16,100,000.00	0
8. Equity				
a) Subscribed capital		20,500,000.00		20,500
b) Retained earnings other retained earnings				
As at 01.01.2020	222,072,103.15			
Adjustments from the net profit 2019	10,621,000.00	232,693,103.15		222,072
c) Retained earnings brought forward		0.00		0
d) Balance sheet profit		8,372,000.00	261,565,103.15	10,621
Total liabilities			**3,720,510,172.09**	**3,516,337**
Contingent liabilities				
1. Contingent liabilities from guarantees			535,016,657.12	499,133
2. Other commitments Irrevocable loan commitments			896,901,912.06	994,167

Profit and loss account for the period from 1.1.–31.12.2020

Expenses	EUR	EUR	01.01.-31.12.20 EUR	01.01.-31.12.19 EUR thousand
1. Interest expenses			31,438,965.00	46,714
2. General administrative expenses				
a) Personnel expenses				
aa) Wages and salaries	11,762,786.08			10,429
ab) Social charges and expenses for pensions and for support	3,771,788.14	15,534,574.22		3,822
including: for pensions EUR 2,026,666.65 (2019: EUR 2,304,000)				
b) Other administrative expenses		8,660,714.02	24,195,288.24	8,619
3. Depreciation and value adjustments on intangible and tangible assets			524,096.69	475
4. Depreciation and value adjustments on receivables and certain securities plus allocations to provisions in the loan business			0.00	5,055
5. Other opreating expenses			1,332,991.68	1,023
6. Taxes on income and revenue			10,256,232.45	5,537
7. Other taxes			20,655.01	25
8. Allocation to the special item for general banking risks			16,100,000.00	0
9. Net profit			8,372,000.00	10,621
Total expenses			**92,240,229.07**	**92,319**

1. Net profit / loss	8,372,000.00	10,621
2. Adjustments to other revenue reserves	0.00	0
3. Balance sheet profit	**8,372,000.00**	**10,621**

Earnings	EUR	01.01.-31.12.20 EUR	01.01.-31.12.19 EUR thousand
1. Interest income from			
a) Loan and money market transactions	75,721,294.43		84,158
b) Fixed-interest securities	1,484,829.17	77,206,123.60	1,152
2. Net fee and commission income		6,850,453.37	6,248
3. Earnings from appreciation on receivables and certain securities as well as from the reversal of provisions in the loan business (2019: expenses)		7,731,752.52	0
4. Other operating earnings		451,899.58	761
Total earnings		**92,240,229.07**	**92,319**

General explanations

The registered office of AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung (AKA) is based in Frankfurt / Main, Germany. The company is registered at Frankfurt / Main local court under the company register number HRB 7955.

The annual financial statements of AKA Ausfuhrkredit-Gesellschaft mbH for the fiscal year running from 1 January to 31 December 2020 were prepared in accordance with the provisions of the German Commercial Code (HGB), the German Limited Liability Company Act (LCC law) and the Bank Accounting Ordinance (RechKredV).

Accounting policies and valuation methods

Cash reserve, loans and advances to banks and customers plus other assets shall be quoted at their nominal value or acquisition cost. Assets set off pursuant to section 246 (2) HGB are to be recognised at fair value pursuant to section 253 (1) sentence 4 HGB. Risks in the loan business were taken into account through the creation of individual value adjustments, country risk provisions, and provisions for contingent losses. The prudential reserve set up in previous years to cover general banking risks in accordance with section 340f HGB was dissolved at the end of the fiscal year and a new reserve of EUR 16.1 million was set up in accordance with section 340g HGB. The general credit risk was additionally taken into account by means of a general value adjustment of EUR 2.28 million (including a forward-looking surplus of EUR 1.2 million to account for expected losses from increased deferred credit risks due to the coronavirus pandemic) (change in valuation pursuant to section 284 (2) no. 2 HGB). Necessary revaluations were made up in accordance with section 253 (5) HGB.

According to the rules for current assets, with the strict lower-of-cost-or-market principle, liquidity reserve securities are shown at the lower of acquisition cost and fair value.

The proportions of affiliated companies are assessed at their acquisition costs, less depreciation pursuant to section 253 (3) HGB, where applicable.

Intangible and fixed assets are capitalised at acquisition cost less scheduled depreciation.

Liabilities are recorded at their settlement amount.

The accrued and deferred items include accrued net interest and commission income which were already received at the balance sheet date pursuant to section 250 (2) HGB but only constitute earnings for a specific time after this day.

Pension obligations are formed according to actuarial principles. The calculation occurs according to the Projected Unit Credit Method using biometric data based on the 2018 G mortality tables of Dr Klaus Heubeck. The calculation is based on the expected salary and wage increases of 2.0 % per annum and a pension dynamic of 1.6 % per annum. According to section 253 (2) and (6) HGB, pension obligations with a remaining term of more than one year are now discounted at the average market interest rate from the past ten fiscal years corresponding to their remaining term. The calculated interest rate for the ten-year average amounts to 2.31 %. In comparison, the calculation interest rate for the seven-year average amounts to 1.60 %.

Pursuant to section 253 (1) sentence 2 HGB, provisions for taxes and other provisions are recognised at the settlement amount according to reasonable commercial assessment. Provisions with a term of more than one year are discounted at the average market interest rate from the past seven fiscal years corresponding to their remaining term.

Currency is converted in accordance with the provisions of section 256a HGB in conjunction with section 340h HGB. Earnings and expenses from currency conversion, taking the special coverage into account, are reported under other result. Foreign currency receivables and foreign currency liabilities were converted using the European Central Bank's reference rate of 31 December 2020. For forward transactions included in the special cover, a split of the forward rate was waived for the reporting date valuation on grounds of immateriality due to the short remaining term of the transactions.

The cash value method is used for a loss-free evaluation of the banking book. The banking book includes all on and off-balance sheet financial instruments. For hidden losses resulting from the netting of the banking book's present value taking into consideration administration expenses and risk costs and the banking book's carrying amount, provisions will be made pursuant to section 340a in conjunction with section 249 (1) sentence 1 alternative 2 HGB.

Valuation units will be formed pursuant to section 254 HGB. Underlying transactions to be hedged (credit receivables and / or time deposits on the liabilities side) will be transferred to a valuation unit with corresponding security transactions (interest rate swaps, interest rate / currency swaps). Market price change risks should be hedged against in accordance with the risk strategy. Valuation units can be formed on the basis of micro hedges, macro hedges or portfolio hedges.

Deferred taxes will not be recognised in exercise of the option set out under section 274 (1) sentence 2 HGB.

Explanations on the balance sheet
Assets

Loans and advances to banks: Loans and advances to banks result from the loan business.

Other loans and advances to banks are broken down by their residual terms as follows:

	31.12.2020 EUR thousand	31.12.2019 EUR thousand
Up to three months	35,626	78,085
Between three months and a year	178,438	239,726
Between one and five years	227,180	235,857
More than five years	59,135	51,163
	500,379	**604,831**

Loans and advances to banks contain loans to shareholders in a total amount of EUR 12,901 thousand (2019: EUR 13,479 thousand).

There are no receivables with an indefinite maturity.

Loans and advances to customers: Loans and advances to customers have the following residual terms:

	31.12.2020 EUR thousand	31.12.2019 EUR thousand
Up to three months	187,594	126,342
Between three months and a year	319,263	331,313
Between one and five years	1,300,238	1,246,483
More than five years	773,768	708,300
	2,580,863	**2,412,438**

Debenture bonds and other fixed-interest securities: Securities of the liquidity reserve are predominantly comprised of debenture bonds and other fixed-interest securities. There was one credit-related security in the portfolio as at the reporting date.

	marketable		listed		not listed	
in EUR thousand	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Debenture bonds and other fixed-interest securities	104,547	62,708	104,547	62,708	0	0

This position includes securities amounting to EUR 65,106 thousand (2019: EUR 58,313 thousand) which become due within one year of the reporting date.

Shares in affiliated companies: AKA holds a 100 % participation in the share capital of Grundstücksverwaltung Kaiserstraße 10 GmbH, Frankfurt am Main (GVK GmbH) amounting to EUR 31 thousand. For the 2019 fiscal year, the company recorded a net profit of EUR 132 thousand (2018: EUR 1,075 thousand).
In addition, AKA holds a 100 % share (EUR 51 thousand) in Privatdiskont-Aktiengesellschaft, Frankfurt am Main (PDA). This company currently does not carry out any business operations. In the 2019 fiscal year, PDA posted a net profit of EUR 0.3 thousand (2018: net loss EUR 0.9 thousand). The shares are not marketable.

Trust funds: Trust funds include trust loans, which were granted by AKA for third parties (banks) as well as receivables from indemnified or rescheduled loans managed on behalf of third parties. These assets are divided up as follows:

	31.12.2020 EUR thousand	31.12.2019 EUR thousand
Loans and advances to banks		
a) Other receivables	2,480	2,518
Loans and advances to customers		
a) Payable on demand	3	0
b) Other receivables	340,022	302,099
	342,505	**304,617**

Fixed asset schedule: The schedule of fixed assets was prepared in accordance with Article 31 (3) of the German Introductory Act to the Civil Code (EGHGB).

	Shares in affiliated companies	Intangible assets	Fixed assets
Historical acquisition costs			
Status as at 01.01.2020	8,387	2,276	3,335
Additions	0	431	331
Disposals	0	1	614
Status as at 31.12.2020	8,387	2,706	3,052
Accumulated depreciation			
Status as at 01.01.2020	0	1,708	2,234
Additions	0	150	374
Disposals	0	1	608
Status as at 31.12.2020	0	1,857	2,000
Book value as at 31.12.2020	**8,387**	**849**	**1,052**
Historical acquisition costs			
Status as at 01.01.2019	8,387	1,991	4,241
Additions	0	285	453
Disposals	0	0	1,359
Status as at 31.12.2019	8,387	2,276	3,335
Accumulated depreciation			
Status as at 01.01.2019	0	1,589	3,111
Additions	0	119	356
Disposals	0	0	1,233
Status as at 31.12.2019	0	1,708	2,234
Book value as at 31.12.2019	**8,387**	**568**	**1,101**

Tangible assets include operating and office equipment with a book value of EUR 913 thousand as at 31 December 2020.

Other assets: Other assets include receivables from affiliated companies of EUR 251 thousand (2019: EUR 272 thousand), collateral provided for irrevocable payment obligations of EUR 748 thousand (2019: 458 thousand) and receivables from the valuation of currency swaps of EUR 3,881 thousand (2019: EUR 0 thousand).

Active difference resulting from asset offsetting: The item of the active difference resulting from asset offsetting in the amount of EUR 1,548 thousand (2019: EUR 1,025 thousand) represents the carrying amount of fund assets in excess of the settlement amount of pension provisions.

Liabilities

Amounts due to banks: Amounts due to banks with an agreed term or period of notice have the following residual terms:

	31.12.2020 EUR thousand	31.12.2019 EUR thousand
Up to three months	247,608	347,362
Between three months and a year	389,169	382,990
Between one and five years	1,099,046	991,296
More than five years	730,429	689,875
	2,466,252	**2,421,523**

Amounts due to banks with an agreed term or period of notice contain amounts due to shareholders in the amount of EUR 509,692 thousand (2019: EUR 645,923 thousand).

Assets in a total amount of EUR 2,218,657 thousand (2019: EUR 2,023,510 thousand) were transferred as collateral for liabilities to banks.

Amounts due to customers: Other liabilities to customers with an agreed term or period of notice have the following residual terms:

	31.12.2020 EUR thousand	31.12.2019 EUR thousand
Up to three months	15,597	30,803
Between three months and a year	128,000	105,000
Between one and five years	320,451	255,551
More than five years	79,417	63,817
	543,465	**455,171**

Amounts due to customers include unsecured amounts due to affiliated companies in the amount of EUR 4,365 thousand (2019: EUR 4,564 thousand).

No assets were transferred as collateral for amounts due to customers.

Trust liabilities: Trust liabilities are broken down as follows:

	31.12.2020 EUR thousand	31.12.2019 EUR thousand
Amounts due to banks		
a) payment on demand	3	0
b) with an agreed term or period of notice	312,867	272,650
Amounts due to customers		
a) with an agreed term or period of notice	29,635	31,967
	342,505	**304,617**

Other liabilities: Other liabilities mainly include trade payables in the amount of EUR 619 thousand (2019: EUR 502 thousand).

Accrued and deferred items: The accrued and deferred items are composed as follows:

	31.12.2020 EUR thousand	31.12.2019 EUR thousand
Risk premium	4,245	4,972
Administration fee	1,273	1,602
Other	115	148
	5,633	**6,722**

Provisions for pensions and similar obligations: The pension provision is offset with cover assets as follows:

	31.12.2020 EUR thousand	31.12.2019 EUR thousand
The settlement amount of pension provisions	27,304	26,223
Cover assets	28,852	27,248
Active difference resulting from asset offsetting	**-1,548**	**-1,025**

The settlement amount of the pension provisions was offset within the framework of a Contractual Trust Arrangement (CTA) with the cover assets transferred to AKA Treuhand e. V., Frankfurt am Main. Cover assets consist of Euler Hermes-covered credit claims and cash balances with AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung and another bank. Allocations to cover assets amounted to EUR 1,604 thousand (2019: EUR 2,297 thousand). The amount of cover assets in excess of the settlement amount of pension provisions is classified as an active difference resulting from asset offsetting. No offsetting of expenses and earnings was carried out. The fair values of the cover assets correspond to the nominal value and therefore do not exceed it. To this extent, there is no prohibition on distribution.

Due to the change in section 253 (2) and (6) HGB, the difference between the valuation of the pension provision and the ten-year average interest rate and the seven-year average interest rate is indicated on every balance sheet date. This is presented as follows:

	31.12.2020 EUR thousand	31.12.2019 EUR thousand
Pension provision valued at		
Ten-year average interest rate	27,304	26,223
Seven-year average interest rate	30,006	28,929
	-2,702	**-2,706**

Tax provisions: Tax provisions include provisions for current taxes amounting to EUR 1,899 thousand (2019: EUR 10 thousand).

Other provisions: Other provisions comprise provisions for imminent credit risks arising from the loan business in an amount of EUR 12,120 thousand (2019: EUR 7,299 thousand). The change in the portfolio took place, on the one hand, taking into account the discounting of provisions for imminent credit risks from the loan business amounting to EUR 56 thousand (2019: EUR 184 thousand) with the allocation and, on the other hand, in the discounting of these provisions and in the amount of EUR 50 thousand (2019: EUR 59 thousand) on write-back. In addition, human resource provisions in the amount of EUR 2,902 thousand (2019: EUR 2,731 thousand) were also formed.

Explanations on the profit and loss account

Interest expenses: Interest expenses include positive interest expenses, time deposits of banks, public budgets and investment funds as well as nostro accounts amounting to EUR 686 thousand (2019: EUR 523 thousand).

Other operating expenses: Other operating expenses primarily include interest expenses from the discounting of provisions amounting to EUR 702 thousand (2019: EUR 790 thousand), expenses from currency conversion of EUR 406 thousand (2019: EUR 0 thousand), as well as expenses for non-deductible prepaid taxes of EUR 221 thousand (2019: EUR 230 thousand).

Taxes on income and revenue: Taxes on income and revenue are only applicable to the result of normal business activity.

Interest earnings from loan and money market transactions: Interest earnings from loan and money market transactions according to their geographical origin can be broken down as follows:

	2020 EUR thousand	2019 EUR thousand
Africa	10,024	5,293
Asia and Oceania	5,191	7,067
EU	10,289	10,808
Europe outside EU	1,664	4,283
CIS and Russia	12,746	13,561
Southwest Asia	2,354	2,784
Middle East	19,383	23,255
North and Central America	13,038	16,329
South America	1,032	778
	75,721	**84,158**

Earnings from credit and money market transactions in the amount of EUR 533 thousand (2019: EUR 552 thousand) contains negative interest resulting from assets held at Deutsche Bundesbank exceeding the minimum provision requirements as well as deposits with other banks.

Interest earnings from fixed-interest securities: Interest earnings from fixed-interest securities are attributable to the following geographic regions:

	2020 EUR thousand	2019 EUR thousand
Asia and Oceania	149	158
EU	1,321	710
North and Central America	15	284
	1,485	**1,152**

Net fee and commission income: Net fee and commission income result primarily from risk sub-participations, letter of credit confirmations and purchase agreements as well as AKA's trust business with domestic banks. Net fee and commission income can be broken down according to geographic origin as follows:

	2020 EUR thousand	2019 EUR thousand
Africa	422	583
Asia and Oceania	390	229
EU	812	853
Europe outside EU	119	166
CIS and Russia	1,399	833
Southwest Asia	1,141	1,373
Middle East	1,750	1,697
North and Central America	374	123
South America	443	391
	6,850	**6,248**

Other operating earnings: Other operating earnings primarily resulted in 2020 from compensation for expenses of the subsidiary GVK GmbH in the amount of EUR 250 thousand (2019: EUR 250 thousand) and also from the reversal of provisions (relating to other periods) amounting to EUR 147 thousand (2019: EUR 428 thousand). During the last fiscal year, interest-related earnings accrued from the discounting of provisions amounting to EUR 14 thousand (2019: EUR 10 thousand).

Other information

Foreign currency business: The total amount of assets denominated in foreign currencies, following the deduction of adjustments, is made up as follows:

	31.12.2020 EUR thousand	31.12.2019 EUR thousand
Cash held at central banks	73	23
Loans and advances to banks	137,514	163,025
Loans and advances to customers	744,829	794,778
Debenture bonds	69,192	62,709
Trust funds	5,073	5,048
Accrued income	0	8
	956,681	**1,025,591**

The total amount of liabilities in foreign currencies comprises as follows:

	31.12.2020 EUR thousand	31.12.2019 EUR thousand
Amounts due to banks	774,805	1,008,791
Amounts due to customers	192	72
Trust liabilities	5,073	5,048
Provisions	85	82
Deferred income	78	169
	780,233	**1,014,162**

As of the reporting date, irrevocable loan commitments exist in the amount of EUR 205,457 thousand (2019: EUR 259,161 thousand) and contingent liabilities amounting to EUR 315,454 thousand (2019: EUR 270,693 thousand) are posted in foreign currency. Derivatives result in off-balance sheet foreign currency positions of EUR 194,361 thousand (2019: EUR 19,441 thousand).

In principle, the receivables and liabilities in foreign currency are set out in currency, amount, and due date.

Deferred taxes: The deferred taxes not recognised in exercise of the option set out under section 274 (1) sentence 2 HGB essentially result from provisions for contingent losses, which cannot be verified fiscally, as well as from reserves formed in accordance with section 340 g HGB and temporary differences relating to pension provisions. There are no tax loss carry-forwards. Deferred taxes have been valued on the basis of tax rates specific to individual companies. For corporation tax plus the solidarity surcharge, 15.825 % was used as a calculation basis with 16.10 % for business tax.

Loss-free evaluation of the banking book: In the course of the loss-free valuation of interest-related transactions in the banking book, there was no provision for impending losses to be made as at the reporting date

Contingent liabilities: Contingent liabilities from guarantees are broken down as follows:

	31.12.2020 EUR thousand	31.12.2019 EUR thousand
Loan guarantees	305,248	246,378
Letter of credit	195,239	216,898
Credit by way of bank guarantee	34,529	35,857
	535,016	**499,133**

The risk of contingent liabilities occurring is assessed as low as they relate to letters of credit and credit by way of bank guarantee in connection with the financing of foreign trade. No assets were transferred as collateral.

Other obligations: Irrevocable loan commitments comprise as follows:

	31.12.2020 EUR thousand	31.12.2019 EUR thousand
Irrevocable loan commitments for the loan business	896,902	994,167
	896,902	**994,167**

Irrevocable loan commitments for the loan business are expected because essentially there are still outstanding disbursements of ECA-covered Export Financing which will reduce the irrevocable loan commitments accordingly as soon as the disbursement conditions are met.

Other financial obligations: In order to secure refinancing loans, security guarantees have been concluded with the Federal Republic of Germany. Within the context of supplementary guarantee provision agreements, AKA undertakes to make use of security guarantees to pay the amount guaranteed. Possible payment claims from guarantee provisioning in connection with securitisation guarantees existed at the end of the year in the amount of EUR 1,081,516 thousand (2019: EUR 1,054,132 thousand).

During the course of the 2020 annual subscription levy for the single resolution fund, AKA made use of the opportunity to provide 15 % of the contribution as hedged payment claims. The obligation arising from this amounts to EUR 748 thousand (2019: EUR 458 thousand).

Forward transactions / valuation units: As of the reporting date, there are forward transactions with interest risks in the form of an interest rate swap as well as currency swap with interest and currency risks in the form of an interest rate / currency swap. These transactions serve exclusively as a hedge against the risk of a change in future cash flows from the loan and refinancing business. For the majority of the transactions, valuation units with the related underlying transactions were formed on the basis of micro hedges.

The carrying amounts of the receivables included in the valuation units correspond to the nominal volume of the forward transactions. Volumes for nominal values, fair values, and maturities of these transactions are presented as follows:

	Volume 31.12.2020 USD thousand	Volume 31.12.2020 EUR thousand	Fair value 31.12.2020 EUR thousand	Volume 31.12.2019 EUR thousand	Volume 31.12.2019 USD thousand
Interest risks					
Up to one year residual maturity	0	0	0	0	0
Up to five years residual maturity	10,000	78,900	2,351	136,500	0
Over five years residual maturity	0	49,417	753	45,817	0
Interest / currency risks					
Up to one year residual maturity	10,000	9,051	908	13,415	15,000
Up to five years residual maturity	40,500	34,288	1,207	0	0
Over five years residual maturity	20,000	18,371	2,113	0	0
	90,500	**190,027**	**7,332**	**195,732**	**15,000**

The hedge relationships are documented from the time they are concluded and the effectiveness of the hedging measures is reviewed. Future effectiveness (prospective effectiveness) is measured using the critical terms match method or the fair value method in the simulation process. Effectiveness in past periods (retrospective effectiveness) is verified using the critical terms match method or the dollar offset method. Effectiveness is given if the key value-determining factors of the transactions have the opposite effect or the ratio of the changes in the fair values of the cash flows ranges between 0.5 and 2.0. The net method is used to model the effective portions of the valuation unit.

The swaps not included in valuation units or originating from ineffective valuation units are broken down as follows:

	Volume 31.12.2020 USD thousand	Volume 31.12.2020 EUR thousand	Fair value 31.12.2020 EUR thousand	Volume 31.12.2019 EUR thousand	Volume 31.12.2019 USD thousand
Interest risks					
Up to one year residual maturity	0	16,000	71	0	0
Up to five years residual maturity	0	104,500	1,007	31,500	0
Over five years residual maturity	0	13,000	119	3,000	0
Interest / currency risks					
Up to one year residual maturity	158,000	132,361	3,875	0	0
Up to five years residual maturity	0	0	0	0	0
Over five years residual maturity	0	0	0	0	0
Interest / currency risks					
Up to one year residual maturity	0	0	0	0	0
Up to five years residual maturity	0	0	0	0	0
Over five years residual maturity	0	0	0	6,000	6,840
	158,000	**265,851**	**5,072**	**40,500**	**6,840**

The counterparties of the swaps are exclusively AKA shareholders and one non-shareholder.

Remuneration: The members of the Supervisory Board receive a remuneration of EUR 290 thousand (2019: EUR 290 thousand) plus VAT, where applicable.

As at 31 December 2020, provisions for pension obligations to former managing directors and their surviving dependents were built in the amount of EUR 7,733 thousand (2019: EUR 7,796 thousand). In 2020, remunerations amounted to EUR 660 thousand (2019: EUR 657 thousand).

In regard to the remuneration of the Management, AKA makes use of the rule of exception set out in section 286 (4) HGB in conjunction with section 285 no. 9a HGB.

Auditor fees: Fees for the auditors of the annual financial statements for the 2020 fiscal year are broken down as follows:

	2020 EUR thousand
Auditing of financial accounts	256
Other opinion and or assessment services	2
Tax consultancy	0
Other services	0
	258

Other opinion or assessment services relate to the analysis of the trust function guarantee upon transfer of trust funds as well as opinion services in connection with the audit of duly entered assignment notes for receivables indemnified in case of liability. The fees for the audit of the financial statements include EUR 2 thousand for services from 2019.

Employees: AKA Ausfuhrkredit-Gesellschaft mbH and its subsidiaries Grundstücksverwaltung Kaiserstrasse 10 GmbH and Privatdiskont-Aktiengesellschaft plus Liquiditäts-Konsortialbank GmbH i. L. – all based in Frankfurt / Main – are run by the same staff. The group's employees as an average over the past fiscal year can be broken down as follows:

	männlich	weiblich	2020 gesamt	2019 gesamt
Full-time	66	39	105	88
Part-time	8	18	26	28
Parental leave	0	2	2	2
	74	**59**	**133**	**118**

Executive bodies: The AKA Supervisory Board is composed as follows in 2020:

Full members	Deputy members
Michael Schmid*/** Economist (Diplom-Volkswirt) Königstein / Ts. – Chairman –	Jeannette Vogelreiter Managing Director Commerzbank AG, Frankfurt / Main
Werner Schmidt*/** Managing Director Deutsche Bank AG, Frankfurt / Main – First Vice Chairman –	Frank Schütz Managing Director Deutsche Bank AG, Frankfurt / Main
Thomas Dusch*/** Senior Vice President UniCredit Bank AG, Munich – Second Vice Chairman –	Inés Lüdke Managing Director UniCredit Bank AG, Munich
Alexander von Dobschütz */** Board Member Deutsche Kreditbank AG, Berlin – Third Vice Chairman –	Florian Seitz Director Bayerische Landesbank, Munich
Michael Maurer * Managing Director Landesbank Baden-Württemberg, Stuttgart	Nanette Bubik Managing Director Landesbank Baden-Württemberg, Stuttgart
Michiel de Vries Managing Director ING-DiBa AG, Frankfurt / Main	Bartholomeus Ponsioen Managing Director ING-DiBa AG, Frankfurt / Main
Winfried Münch* Director of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt / Main	Ralph Lerch Director of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt / Main from 23 April 2020 Manfred Fischer Director of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt / Main until 23 April 2020
Thomas Jakob Managing Director Hamburg Commercial Bank AG, Hamburg from 1 April 2020 Yoram Matalon Managing Director Hamburg Commercial Bank AG, Hamburg until 31 March 2020	Jutta Arlt Director Hamburg Commercial Bank AG, Hamburg
Florian Witt Managing Director ODDO BHF Aktiengesellschaft, Frankfurt / Main	Birgitta Heinze Managing Director ODDO BHF Aktiengesellschaft, Frankfurt / Main
Knut Richter Director Landesbank Berlin AG, Berlin	Béatrice du Hamél Abteilungsdirektorin Landesbank Berlin AG, Berlin

* Member of the Risk Commission **Member of Nominations Control Committee and Remuneration Committee

The Management of AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung consists of:

Beate Bischoff
Managing Director
Frankfurt / Main

Marck Wengrzik
Managing Director
Frankfurt / Main

Events after the reporting date: No particular events occurred after the reporting date.

Appropriation of result: We propose that a part of the balance sheet profit amounting to EUR 2,900 thousand be distributed to our shareholders and the resulting surplus amount of EUR 5,472 thousand be transferred to other revenue reserves.

Frankfurt / Main, 16 March 2021

The Management of AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung

Beate Bischoff   Marck Wengrzik

Specifications according to section 26a of the German Banking Act (KWG)

Country-specific reporting: The requirements of Article 89 of EU Directive 2013/36/EU (Capital Requirements Directive, CRD IV) were transposed into German law in accordance with section 26a KWG. This requires a 'country-specific reporting' in conjunction with section 64r (15) KWG.

This reporting discloses the following required information:

1. Company name, type of activities and geographic location of the branches
2. Turnover
3. Number of wage and salary earners in full-time equivalents
4. Profit or loss before taxes
5. Taxes on profit or loss
6. Public aid received

Sales were defined as the sum of interest and net fee and commission income plus other operating earnings. The number of employees refers to full-time employees as at 31 December 2020. The information was determined based on the HGB individual financial statements of AKA as at 31 December 2020.[1]

Company	Country	Location	Type of activity	Turnover (EUR million)	Employees (FTE)	Profit or loss before taxes (EUR million)	Taxes on profit (EUR million)	Public aid received (EUR million)
EU countries								
AKA Ausfuhrkredit-Gesellschaft mbH	Germany	Frankfurt / M.	Bank	53.1	138	18.6	10.3	0.0

Return on investment: Article 90 of the EU directive 2013/36/EU (Capital Requirements Directive, CRD IV) was also transposed into German law in accordance with section 26a KWG.

As of 31.12.2020, the return on investment within the meaning of section 26a (1) sentence 4 KWG is 0.23 %.

1 No consolidated financial statements are prepared.

Independent auditor's report to AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung, Frankfurt am Main

The English language text below is an indicative translation of our Audit Report dated March 17, 2021, on the audit of the annual financial statements of AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung, Frankfurt / Main, for the year ended December 31, 2020. The translation is being provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions

We have audited the annual financial statements of AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung, Frankfurt am Main, comprising of the balance sheet as of December 31, 2020, and the income statement for the financial year from January 1 to December 31, 2020, and the notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung for the financial year from January 1 to December 31, 2020.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to financial institutions and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Appropriateness of specific loan loss allowance on loans to customers

Please refer to Section 3.2 of the management report for more information on the risk provisioning system. Please refer to the notes to the financial statements for information on the accounting policies used by AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung.

The financial statement risk

AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung shows loans to customers in the amount of EUR 2,580.9 million in its annual financial statements as at December 31, 2020.

Specific loan loss allowances on loans to customers are to be made on the basis of the principle of prudence pursuant to Section 252 (1) No. 4 of the German Commercial Code (HGB) in order to take account of current default risks. As a result of the Corona pandemic, default risks have increased significantly in certain sectors.

The identification and determination of specific loan loss allowance for loans to customers is discretionary. It requires assumptions about the contractual cash flows to be expected and / or about the expected cash flows from the realisation of the collateral provided. The assumptions are made depending on the selected restructuring or workout strategy.

The risk for the financial statements is in particular that necessary specific loan loss allowance is not recognised in a timely manner because no appropriate criteria have been defined for identifying exposures requiring specific loan loss allowance or the identification of these exposures is not ensured by the process. In addition, the risk for the financial statements is that no appropriate assumptions are made when determining the specific loan loss allowance about the amount of the contractual cash flows still to be expected or about the amount of the cash flows to be expected from the realisation of the collateral provided. Incorrect assumptions about the amount of the expected cash flows and / or the realisation of loan collateral provided result in the loans and advances being valued inappropriately and thus the counterparty default risks not being adequately taken into account.

Our audit approach

Based on our risk assessment and the evaluation of the risks of error, we have based our audit opinion on both controls-based audit procedures and substantive audit procedures.

In a first step, we obtained a comprehensive insight into the development of the loan portfolio, the associated default risks as well as the internal control system with regards to the identification, monitoring and assessment of the default risks in the loan portfolio.

Furthermore, within the scope of process-oriented audit procedures, we assessed the design and, on a sample basis, the effectiveness of the controls in the loan evaluation process with regards to the identification of exposures requiring specific loan loss allowance as well as compliance with the system for determining and recording the Bank's specific loan loss allowance. This included, among other things, inspection of the relevant organisational guidelines as well as interviews with the employees responsible for the loan evaluation process. For the IT systems used, we audited the policies and procedures that support the effectiveness of application controls with the involvement of our IT specialists.

Based on a selection of specific individual exposures determined by materiality and risk aspects, we performed substantive audit procedures and assessed the recoverability of the loans to customers. In particular, we assessed whether the selected exposures met criteria indicating a need for specific loan loss allowance and whether this was properly identified. We satisfied ourselves that the loan loss allowance recognised for these exposures were made on an accrual basis and were adequate. In doing so, we assessed assumptions about the contractual cash flows still to be expected and / or the expected cash flows from the realisation of the collateral provided. If collateral has been provided for an exposure and is used in the valuation, we have assessed the legal existence and the recoverability of this collateral. In the case of guarantees, we assessed the creditworthiness of the guarantors. For the selected exposures, we also verified the calculation of the specific loan loss allowance.

Our observations
Appropriate criteria and precautions were applied to identify exposures requiring specific loan loss allowance. The assumptions underlying the calculation of specific loan loss allowance on loans to customers regarding the amount of expected recoveries from the economic viability of the borrowers or from the realisation of collateral were selected appropriately and are in line with the accounting principles to be applied for the measurement of specific loan loss allowance.

Other information
Management is responsible for the other information.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information
- is materially inconsistent with the annual financial statements, with the substantially audited statements of the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the annual financial statements and the management report
Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to banks, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal controls as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to article 10 of the EU audit regulation
We were elected as auditors by the shareholders' meeting held on April 23, 2020. We were engaged by the Supervisory Board on July 17, 2020. We have been the auditor of AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung without interruption since the financial year 2017.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement
The German Public Auditor responsible for the engagement is Benedikt Sturm.

Frankfurt / Main, March 17, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

signed Sturm	signed Robbe
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]


aka
präsentiert das AKA Investors' Meeting 2020
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DER TANZ AUF DEM VULKAN 2.0
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