Annual Report of
AKA Ausfuhrkredit-Gesellschaft mbH

Anniversary year 2022

aka EUROPEAN EXPORT + TRADE BANK

In memory of

Beate Bischoff

* 19/2/1966 † 24/6/2022

Our former managing director, esteemed colleague and mentor

We had to say goodbye much too soon in 2022. Since 2014, Beate Bischoff has steered AKA through calm, fast and sometimes stormy times. She had already shaped the bank as a member of the Supervisory Board. Her commitment to promoting exports and supporting companies in international business shaped her professional life. We owe her a lot. She played a decisive role in charting AKA's current course. Her experience and expertise, along with the calmness, thoughtfulness and confidence that she radiated, and the serenity so typical of her, were always noticeable in our work with her.

Beate Bischoff was an exceptional person and stood for empowerment through networking, while encouraging women around her to dare to take on leadership responsibilities. For instance, for years, she served on the steering committee and as a mentor with the Women in Foreign Trade (WIFT) network of experts. As a member of the Board, she supported the German-African Business Association. And she always had a special fondness for the United Kingdom ever since her master's studies at the London School of Economics and Political Science.

We look back on our time together with both sadness and gratitude. The passing of Beate Bischoff is a great loss, both professionally and personally. This report would have been the ninth annual report to feature her clever thoughts on the market situation in the foreword as well as the outlook in the management report and her signature as managing director of the bank.

We will never forget her.

1952 AKA was founded on March 28.

70 JAHRE | aka EUROPEAN EXPORT + TRADE BANK

AKA's business model has proven resilient over the years.
Together with our partners, we now celebrate our 70th anniversary. **2022**

Contents

70 years of AKA

Anniversary year in a storm of stacking crises: Stably managed with new management

In 2022, AKA turned 70. In 1952, we were founded as a highly specialised centre of excellence for German banks. And today, we have a network throughout Europe and support our partners in the loan business with special expertise for emerging markets.

2022 – a financial year full of joy and anniversary celebrations? No. We created a special birthday logo and anniversary contributions. We invited our partner network to the summer birthday party. But 2022 was characterised more by crisis management. Stacked crisis, poly-crisis or multi-crisis reality: So many fires were burning that the media were brimming with new word creations. The word of the year was "turning point". The German Language Society selects a new term every year. The current winner is related to the Russian attack on Ukraine and was picked up and coined by the German Chancellor, Olaf Scholz, among others. We gave our anniversary year a motto of sorts: 70 years of AKA – weathering the storm. In retrospect, this is extremely accurate, as our figures underline our resilience. Our partners can rely on us as an enabler, even in stormy times.

From labour emergencies to interest rate changes: If we look at the 2022 financial year from front to back, then a well-connected, globally active institution such as AKA has experienced many developments and events. In the midst of war, the aftermath of the coronavirus pandemic and subsequent crises such as energy price shocks, inflation and supply chain disruptions, the "ongoing crises" – including global warming, sovereign debt, populism and demographics, to name a few – did not suddenly disappear from the landscape. And the German economy overall? Despite all the crises, it has also held up well, performing better than expected. Gross domestic product rose by 1.9 %. Economists expect a mild recession in 2023. With somewhat calm seas today, we look back on a turbulent and challenging anniversary year.

In the proven AKA visual tradition, we also take our readers on a small pictorial journey in this annual report. The scope of our illustrations: After 70 years of AKA – where is the institution today and what was the world like in the year it was founded? By way of example, we look at economic terms, industry sectors, export knowledge, trade topics, inventions and ways of working that belong to the AKA universe and have strongly influenced us and the economic world in which we live. From working hours and data storage to sustainability and collaboration.

We present different snapshots in time and focus on all of the progress, developments and opportunities that continue to serve as a foundation, even in times of crisis. "Continuous change" could also be a title for the colourful pages of this report. The world of figures and business reports could use a splash of interesting design and images!

In 2022, as an organisation, we had a lot of time and resources to invest in monitoring, analysis and risk management. However, AKA's developmental trajectory was not paused. For example, our colleagues continued to deal with sustainable finance, expanded collaborations and internal training programmes to be able to support the shareholder banks and other partners in their various initiatives – on the way to transforming global economic structures into a climate-neutral world.

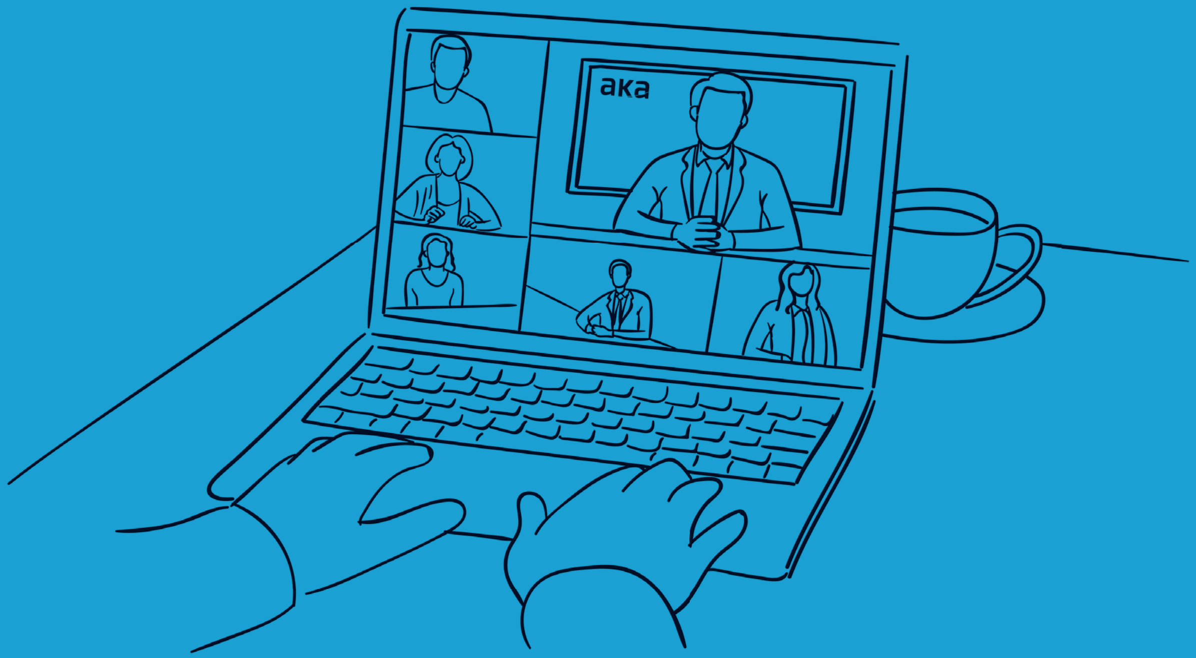
In the following foreword, the newly established Management of the bank provides insights into further milestones that we have achieved, beyond crisis management.

> "Continuing along a trajectory of transformation" will be one of the guiding principles for 2023.

"Continuing along a trajectory of transformation" will also be one of the guiding principles for the upcoming financial year. In 2023, we continue to work on our business model, our range of offerings, the attractiveness of the AKA employer brand, the expansion of our digital transaction approaches and on "new green solutions" in financing that take ESG criteria into account.

1952 If you want to transfer information quickly, you make a phone call – or send a telegram. The corresponding text is dictated to an employee of the postal service and then transmitted via teleprinter.

Source: dpa/www.berliner-kurier.de



Employees in Germany hold an average of seven video conferences per day. The right software significantly impacts productivity and efficiency.* AKA continues to rely on WebEx.

*Source: www.vodafone.de/business/featured/digitales-business/digitaler-arbeitsplatz

2022

AKA is repositioned to withstand the storm of crises in its anniversary year

Insight into the market situation and business development from the Management of AKA: Dr Nadja Marschhausen, Marck Wengrzik and Frank Zimmermann

Dear Readers,

Since 2020, in our review, we have been describing years characterised by special challenges. 2022 is no exception. Quite the opposite. We did indeed have reason to celebrate – we celebrated our 70th anniversary, a considerable number. But it was clear that we are now living in a multi-crisis reality. The coronavirus pandemic continued to have a defining impact. Since February 2022, we have been faced with Russia's attack in Ukraine and its impact on the AKA loan book, as well as growing sanctions in our target markets. Last year, interest rates also presented us with more challenges than opportunities. As a result of the military disputes on European soil, the flow of goods has shifted worldwide. Supply shortages continued to intensify, and energy prices went through the roof. This resulted in costly inflationary bouts. Amidst this overall situation, we met with our Supervisory Board more often than usual. Read more about this in the Supervisory Board report starting on page 18.

In addition, we had to manage a special personnel situation at AKA. The illness and the departure of our managing director, Beate Bischoff, more broadly accelerated the planned reorganisation of AKA's Management. Since July 2022, the new Management team has been on the move and shares responsibility for 14 departments, divided into the three pillars of the newly established structure. Frank Zimmermann, member of the Management as successor to Beate Bischoff since April 2022, remained true to the back office risk controlling side. As Chief Risk Officer (CRO), he now oversees Finance, Risk, and Governance. Marck Wengrzik leads the Strategy and Development segment as Chief Executive Officer (CEO) and market-independent spokesperson for AKA. Dr Nadja Marschhausen, as an external hire, brought the bank a fresh perspective from the outside. She is the Chief Market Officer (CMO) for the Management team and responsible for Origination, Portfolio Management and Treasury.

Our world is becoming more complex. Decision-making under various uncertainties is the norm. Resilience is the magic word in these lingering conditions. Our financial figures show that AKA remained attractive with a resilient business model and solid figures during an intense 2022, which was marked by serious crises. We even increased new business by 1.7 % compared to the previous year.

What challenges were significant for AKA in 2022, and how did the bank deal with them?

Frank Zimmermann: Russia's war in Ukraine led us to invest a lot of time and resources in risk management, coordination as well as portfolio and scenario analysis. Today we can say: Our risk management procedures have proven their worth. We were able to derive effective control measures from our analyses. How did our 2022 routine look? One example: At times, we met in a "Russia taskforce" for coordination meetings on a daily basis. We identified all relevant transactions, as well as opportunities for action, and engaged external experts early on to verify the effects of sanctions law. We reduced the bank's Russia-Ukraine-Belarus portfolio by around 30 %. This is substantial and shows the efficacy of our activities.

We were able to take full account of the risks from the remaining Russia-Belarus-Ukraine portfolio using substantial risk provisioning. At the same time, we were able to implement the methodologically necessary conversion to the BFA 7 approach for lump-sum provisions.

I would like to thank our Supervisory Board, who, with such a high level of commitment, provided us with good support and guidance in particular with these challenges.

Marck Wengrzik: Our anniversary year was given the motto "70 years of AKA – weathering the storm", which was quite fitting when we also look at interest rates, for example, which were another special challenge that we encountered in 2022. The interest rate landscape changed faster than ever. This is in light of the elimination of negative interest rates and the sub-Euribor price advantage and a worsening of return on assets (ROA).

We were also affected by the cruise ship crisis with our exposure, triggered by the insolvency of the MV Werften Group. This had a domino effect. Only a few days later, owner Genting, a tourism company from Hong Kong, also became insolvent.

In the summer, we received a shocking message internally. Our esteemed former colleague and managing director, Beate Bischoff, had passed away. Her passing leaves a void, and we will never forget her. My thanks go to my colleague Frank Zimmermann, who supported me with management tasks and took over as CRO, showing great commitment during this time.

In view of the increasingly complex market conditions, we are now more focused and coherently positioned with the expanded Management team. It is also clear that the expansion of the Management has encouraged movement within the entire organisation. New competency and representation regulations had to be developed and adopted on the basis of new rules of procedure. We adapted responsibilities to the new structure and shifted entire departments. And we have taken this as an opportunity to reposition individual departments. An example of this is the IT department, for which we have developed a new structure to bring important and relevant resources to the bank in 2023. Everything occurred alongside the day-to-day business and the additional tasks for handling the aforementioned challenges, which demanded a lot from us and the bank's employees.

Dr Marschhausen, you have been responsible for the market side as CMO since 1 July 2022. How have things gone for you in the first few months?
Nadja Marschhausen: I was given a very friendly welcome by the entire AKA team and by my two Management colleagues in particular. I was very excited to join the AKA team in my role as the managing director of the market area. After 22 years in export and project financing, I see this new chapter both as a wonderful opportunity to develop professionally and as a privilege. I like the open, collegial, almost familial working atmosphere as much as the appreciation that AKA shows its employees.

I think the growth-oriented business development of AKA as a special institution and the results achieved so far are great. What it looks like from the outside can now be confirmed from the inside: A high degree of digitisation expertise, combined with 70 years of market experience – AKA is and remains the ideal partner for anyone looking for attractive solutions for trade and export financing. Nevertheless, a special institution such as AKA is currently facing – and will face in the coming years – a number of external challenges that I believe we will overcome together with our high-performing and ambitious team. I like to think of it in terms of a saying by Aristotle: "You can't change the wind, but you can adjust your sails."

What other peculiarities did the 2022 financial year bring?
Marck Wengrzik: In the aftermath of the Covid-19 pandemic and its effects, we are observing increased employee turnover. We were able to welcome many new colleagues, but we also had to say goodbye to some. Talent retention has become more important to our bank. How can we become even more attractive for new talent, and how can we communicate this to the outside world even more effectively? We have been dealing with these questions for months in HR management and, of course, across departments within the bank. The topic will continue to be high on the agenda for 2023.

Nadja Marschhausen: We have also seen currency fluctuations in the US dollar relative to the euro, which at times was a challenge for managing the bank. High volatility was difficult for 2022 forecasts.

Are there any positive developments that you would like to highlight in particular?
Frank Zimmermann: In 2022, we once again lived up to our motto "70 years AKA – weathering the storm", demonstrating that we are truly "storm-proof" and that, even in difficult times, we are a reliable partner for our customers and shareholder banks with a solid equity base. In 2022, we showed that our business model is resilient and sustainable.

Marck Wengrzik: We are delighted that not only has this resilience been confirmed, but that with our digital SmaTiX offering, we have also succeeded in generating more demand **for the "smaller" ECA-covered buyer loans** between EUR 1 million and EUR 10 million – as well as USD 1 million and USD 10 million. With a volume of requests of more than EUR 1 billion, we were able to highlight our leading market position in 2022.

What steps and developmental leaps have AKA taken with regard to digitisation and further development of the business model in 2022?
Marck Wengrzik: We are now moving a considerable portfolio of IT measures, which essentially contributes to innovations for continuous development and modernisation, as well as to innovations as part of the existing business model. Examples: The ongoing development of our core banking system akasys, which receives several releases annually, ongoing product development to further round off our range of offerings, and larger IT projects in the Treasury and Finance segments.
I believe that, with these, we are creating an essential precondition for making our bank secure and future-proof.

Nadja Marschhausen: This also includes the continuous development of our SmaTiX application, which we see as a nucleus for expanding our digital transaction approaches.

What is in store for the export industry and specifically for AKA in 2023?
Frank Zimmermann: The different growth forecasts are below the previous year's figures, but they are all still positive. Risk management will remain in high demand in 2023, as Russia's war in Ukraine, with its various impacts on energy, commodity, food and capital markets, will continue and remain with us. In particular, inflation and interest rate rises can lead to challenges for borrowers who are already highly indebted. Monitoring geopolitical developments and continuously analysing and interpreting them remains important. We want to further reduce our Russia-Ukraine-Belarus portfolio and further increase the granularity of the portfolio, and we will continue to respond promptly to geopolitical changes, weighing up opportunities and risks.

Nadja Marschhausen: In addition to the financing requirement for the transformation of the economy towards climate neutrality, we also see challenges in the supply of raw materials. Especially due to the changed geopolitical situation, the securing of raw materials is of particular importance. We see new business opportunities in this case.

The restructuring of industrial value chains as a result of supply chain disruptions observed during the pandemic suggests an increased demand for new and old forms of financing in the areas of working capital and supply chain finance.

What factors will determine activity and earnings for 2023?
Frank Zimmermann: The convergence of adverse environmental conditions, as we have seen in recent months, has tested and stressed the business models of banks and their clients. The topic of resilience will continue to be of great importance. I see a solid equity base and intelligent equity and earnings management as criteria. In this case, AKA is already well-positioned to further develop its instruments and procedures in 2023 and to ensure the resilience of its business model in the long term.

Nadja Marschhausen: The developments in the interest rate and foreign exchange markets will continue to be relevant factors in 2023. We have no issue with asset price developments as a result of the interest rate rise, and we are encouraged to continue the previous price. We are seeing divergence in yield curves and a trend towards longer maturities, particularly in ESG assets. Further widening of refinancing will be a defining topic for us in 2023.

And how will AKA adapt to new challenges in the future?
Marck Wengrzik: The lack of skilled personnel that can be observed everywhere also affects us. As I said, we will deal even more intensively with the attractiveness of AKA as an employer in 2023. Modern workplace equipment, modern and consistent working time models, as well as an attractive corporate culture are relevant in this case. We have good foundations that we can build on in the coming months.

Frank Zimmermann: Environmental, Social and Governance (ESG) risks and their impact on all types of risk that we manage at the bank are becoming increasingly important. At the same time, the transition of global economic activities also offers great opportunities. In the future, the regulatory system will place challenging requirements on all players in the finance industry when it comes to appropriately considering ESG aspects in investment decisions and integrating them into the risk measurement and control procedures. Our goal is to actively guide the transformation and also to develop attractive solutions for our shareholder banks and partners. We cooperate in this case with the Frankfurt School UNEP Collaborating Centre for Climate & Sustainable Energy Finance. Since the end of 2022, we have trained interested employees throughout our departments in an advanced training course with four modules, which we will continue to hold in 2023.

Nadja Marschhausen: Cooperation is key in challenging times. We rely on it and will continue to do so. For example, we will secure and further expand the elements of our business model that make us resilient. This includes, among other things, our trust- and partnership-based cooperation with our shareholder banks, which we support as a complementary solution provider. It is also important to continue working on the business model. In this case, we see further opportunities and potential for 2023 in the further development of our digital transaction approaches, such as our SmaTiX solution.

What kind of growth course is AKA pursuing for 2023, and is there an overarching topic that seems particularly important to you for further development of the bank?
Nadja Marschhausen: When I took responsibility for the market sector in July, I lacked imagination regarding how to achieve the ambitious growth target of EUR 1,942 million in 2022 under the challenging framework conditions. In the end, we succeeded in generating enough business for the bank and the year with a very good new business result of EUR 2,123 million. Our 2023–2025 multi-year business planning confirms the continuation of our growth strategy, so that we have a balance sheet total of EUR 5 billion by 2025.

Marck Wengrzik: Our goal is to make 2023 the "transition year" for AKA and to set the course for the next few years in order to ensure the bank's future sustainability. However, 2023 will also be a year in which we will devote our attention to consistent cost containment. We see compensation for inflation-related cost increases as another challenge for the bank.

Your closing remarks, please: What are you focusing on to ensure the organization's performance beyond the immediate future?
Nadja Marschhausen: For me, there are two things: firstly, developing our strategy and working on the business model to support the transition, and secondly, broadening our refinancing capabilities.

Frank Zimmermann: I would like to add a third item: "Agile" risk management seems essential to me to address the volatile geopolitical developments. In addition, there is further developing of our RWA management to optimally manage our equity. And then there is a fifth item: maintaining our "regulatory fitness" to implement future requirements efficiently and effectively.

Marck Wengrzik: Finally, I would like to add three additional items: We will still continue on our course for the bank's transition, which involves modernisation and innovation to support the development of our digital platform and technological change. For the seventh item, I emphasise the "cost containment", which was already mentioned and will depend on the increase in efficiency and operational excellence.
As an eighth and final item, we have the further development of our HR work on our plate to respond as quickly and effectively as possible to the changes in the labour and personnel market and to increase the attractiveness of AKA as an employer.

1952 Originally a term from forestry, “sustainability” was first placed in an economic context in 1952.

Cf.: Klaus-Georg Wey: Environmental policy in Germany: A short history of environmental protection in Germany since 1900

ESG AKAdemy

AKA makes an ESG training program available to its employees for the first time: The ESG AKAdemy is initiated in cooperation with the UNEP Centre of the Frankfurt School. Employees of the shareholder banks are included in the exchange. **2022**

Gerlind Heckmann,
Ministerial Director and Head of the Sub-department for Foreign Trade Promotion and Financing; Ukraine – Eastern Europe, Caucasus, Central Asia in the Federal Ministry for Economic Affairs and Climate Action

Enhancing diversification – promoting SMEs

Challenges in promoting foreign trade

The German business model, which is based on a strong industrial sector and an international orientation of the economy, has come under pressure. High energy prices in connection with Russia's attack on Ukraine, global competition under changing conditions, a restructuring of international supply chains and the transformation to a climate-friendly economy – all of these pose enormous challenges for the German export economy.

Russian President Vladimir Putin's war against Ukraine is an attack on Europe's security and our values. The sanctions imposed by mutual agreement between the federal government of Germany and our European and transatlantic partners are therefore logical and unavoidable.

The turning point announced by Chancellor Olaf Scholz began on 24 February 2022 for the promotion of foreign trade. Immediately after the attack on Ukraine, the federal government of Germany suspended protection options for exports and investments to and from Russia and Belarus. Accordingly, the coverage volumes fell, especially with the export credit guarantees. Overnight, the German economy was no longer accompanied by guarantee instruments in important foreign markets.

The war in Ukraine and the resulting European energy crisis, as well as massive supply shortages due to the coronavirus pandemic and increasing tendency towards isolation in China, have amplified voices forecasting the end of globalisation and painting the spectre of Germany's deindustrialisation on the wall. I do not share all of these fears.

However, the Ukraine war has shown us how dangerous unilateral dependencies are. Diversification is therefore the order of the day.

Germany must become more independent of individual states throughout its value creation chain, from procurement to production and sales. The guarantee instruments of the German federal government can support this. The German federal government already secures deliveries of goods and services to more than 150 countries with export credit guarantees. It not only gives German exporters access to new markets; guarantees also help reducing value creation dependencies and they make supply chains more resilient.

As with the export credit guarantees, we also support the diversification efforts of the German economy in direct investments. In the past year, the federal government has secured investment projects in 16 countries with investment guarantees. With improved guarantee conditions, we are laying the foundation for their number to increase in the coming years.

With global uncertainties, guarantees for unbound financial loans – a less used funding instrument in the past – became the focus of industry. Last year, the guarantees for unbound financial loans helped secure the supply of raw materials and energy in Germany and drive the transformation of the economy. The financing of a battery cell factory in Hungary and the purchase of liquid gas were secured last year.

While the Ukraine war is the dominant theme at present, we must not lose sight of life-threatening climate change and the measures to counter it. The federal government is aware of its obligation to contribute to greater climate protection and the ecological conversion of the economy with its guarantee instruments. For this reason, the federal government already takes environmental, social and human rights aspects into account in its coverage decisions. In addition, it promotes alternative energy projects in particular. Initial successes are visible. The portfolio of guarantee instruments is becoming increasingly green. In terms of the export credit guarantees, the share of renewable energy projects in the energy sector has risen continuously compared to previous years and is now around 75 percent. Last year alone, the federal government secured 25 transformation projects with export credit guarantees, including numerous wind turbines.

Nevertheless, the federal government has set itself the goal of aligning its coverage policy overall with the Paris 1.5 degree target. This means that green projects will be consistently promoted and transactions that are particularly harmful to the climate will no longer receive federal coverage.

In addition to the expansion of the transformative coverage policy, there will be further essential changes in the export credit guarantees of the federal government in 2023, which in this case are aimed at supporting German small and medium-sized enterprises (SMEs) in particular.

With the introduction of a forfaiting guarantee during the second quarter, the federal government will fulfil the promise from the coalition agreement "to improve the options of SMEs in financing low-volume transactions". Up until now, the banks have struggled to purchase receivables covered by the federal government because they are concerned that the purchased receivable could not be legally valid. With the forfaiting guarantee, these legal risks are secured by the federal government.

At present, the specific product design is being developed. I am extremely grateful to AKA for participating in this process and for participating in the development of this product in coordination with Euler Hermes, exporters and other banks engaged by the federal government to implement this. As a partner of medium-sized exporters, AKA is most familiar with the needs of SMEs and therefore an indispensable source of advice for us not only in the development of the forfaiting guarantee.

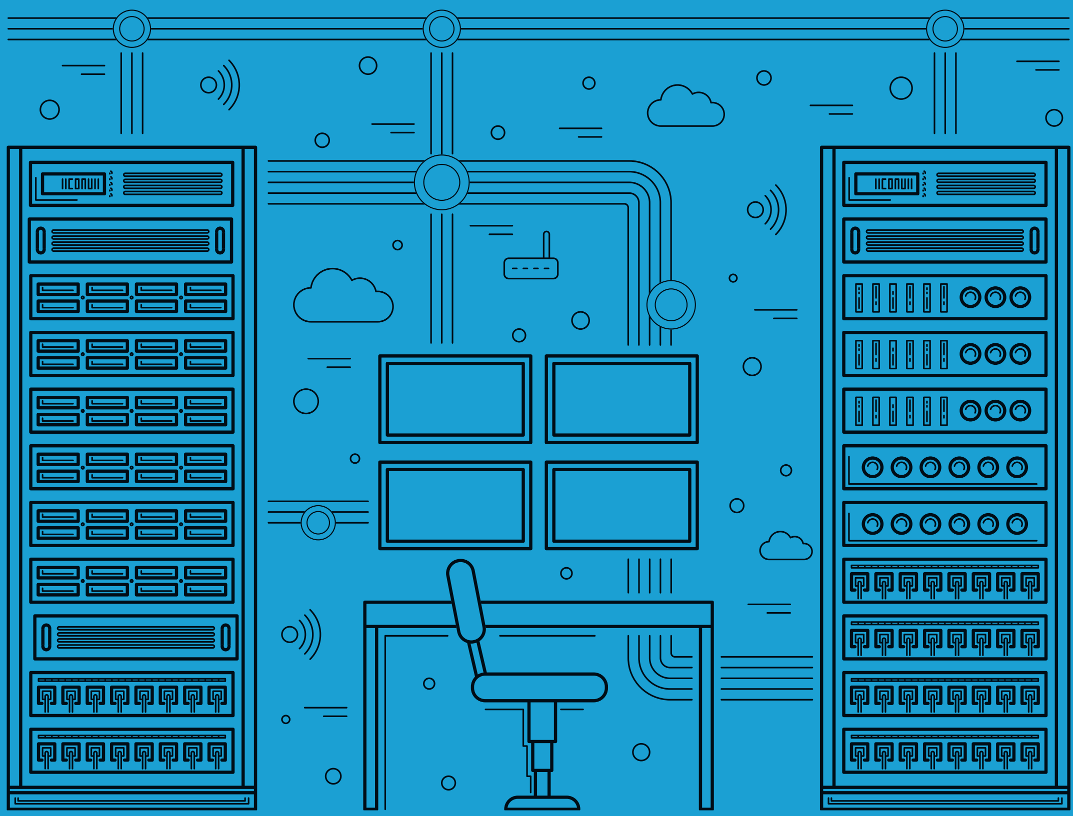
A product that has already been launched this year is digital supplier and financial credit cover with a price escalation clause. Due to inflation and the supply chain problems, exporters – especially SMEs in this case – are increasingly adding price escalation clauses to their contracts. They can be secured by the German federal government. Since this was previously only possible in connection with classic supplier or financial loan cover, we also included the price escalation clause in the digital supplier loan cover and digital financial loan cover at the beginning of the year.

Another project concerns modernisation of the OECD consensus. There is a good chance that negotiations can be successfully completed this year. Among other things, the rules establish the minimum requirements for loan terms, advance payments, the inclusion of local costs, repayment profiles as well as remuneration rates and minimum interest. In recent years, Germany has vehemently committed itself to making the financing conditions more flexible and, thus, improving the international competitive conditions for German and European SMEs.

Since the export credit guarantees were introduced 74 years ago, the instrument has continued to gain in importance among exporters and export-oriented banks and often plays an indispensable role in financing. The instrument has proved adaptable in the ever-changing economic environment. And in the future, we will continue to develop the guarantee instruments according to the needs of the German export industry, in particular SMEs.

1952

In 1952, data is still stored in analogue form with files and file cards. The first data centre with punch card operation is established at AKA after almost one year of development in 1971.



Today, data is stored on modern and high-performance servers that also enable CO_2-optimised operation.

2022

Michael Schmid,
Chairman of the Supervisory Board

Showing resilience – how crises have been managed

Answers and paths forward

Ladies and gentlemen,

On behalf of the entire AKA Supervisory Board, I provide you with this in-depth report on the work of the board and its committees: 2022 was an intense year marked by crisis, numerous external influences and necessary changes.

Showing resilience
The economic forecasts for the past year have not come to pass. The optimism after two years of the coronavirus was already lost at the beginning of the Russian-Ukrainian war. As a result of the military conflicts on European soil, the flows of goods have shifted worldwide, supply bottlenecks have increased and energy prices have multiplied. After a jump in inflation, the inflation rate is still high, driving costs and changing the position of the German export industry.

From February, AKA was confronted with increasing sanctions in former target markets. Their loan receivables from exports to Eastern Europe, which were largely insured, needed to be evaluated on an ongoing basis with involvement of the Supervisory Board. At the same time, we questioned the operating earnings opportunities and the growth target, and we regularly discussed them in the Risk Committee (RC) and in our board. Despite the crises, the Management did not bring any interim plan adjustments to the plan for the financial year to the Supervisory Board. In consultation with the board, AKA has become highly capable of responding.

As a result, AKA has **found answers and paths forward** to end 2022 with a satisfactory earnings situation, despite a diametrically changed interest landscape.

The Supervisory Board's report provides you with chronological and detailed information on the board's regular involvement, our other main areas of work, and concerning the scenarios we have analysed and discussed.

Ordinary and extraordinary meetings of the Supervisory Board

Five ordinary, pre-scheduled meetings and three extraordinary meetings of the Supervisory Board were held during the year. We alternated formats, with initial video conferencing, hybrid forms and in-person meetings towards the end of the year. The depth of information did not suffer from social distancing, but there is a predominant consensus on the Supervisory Board that in-person meetings are preferable.

The working year of the Supervisory Board commenced with an extraordinary meeting in January. The selection process for filling the positions of the expanded Management, which was decided in the previous year, was completed, with a decision being made on the prompt appointment of Dr Nadja Marschhausen to the Management after a successful search for candidates. The new organisational chart for the future three-person Management team was presented at the same time in this meeting and then decided in the circulation procedure. For the first time, the Nomination Committee (NC) was given the mandate to draft and submit to the Supervisory Board rules of procedure for the Management of AKA.

Dr Nadja Marschhausen took on her area of responsibility, Sales, Market and Treasury, and holds the English title of Chief Market Officer (CMO) – already effective from 1 July.

The first ordinary meeting of the Supervisory Board took place at the end of February.

Based on the reliable controlling tool, regular reports were made on compliance with the growth path, risk quality, profitability, liquidity management and risk-weighted equity capital use in ongoing business.

In the meeting, the Nomination Committee brought up the fact that evaluations were carried out in accordance with section 25d KWG *(Kreditwesengesetz/German Banking Act)* for the composition and technical expertise of the Supervisory Board and the Management. Two colleagues on the Supervisory Board took on special responsibility for topics in auditing financial statements and accounting, and thus complied with the requirements of the Financial Market Integrity Strengthening Act (*Finanzmarktintegritätsstärkungsgesetz*, FISG). The Remuneration Control Committee (RCC) determined the target achievement of the managing directors and finally decided on the bonus arrangement in accordance with the requirements of the Remuneration Regulation for Institutions *(Institutsvergütungsverordnung)*.

The expanded agenda contained three additional environmental topics that were intensively engaged by the board:

- Report on AKA's Eastern Europe exposure and the risk management options
- Surprising request by Beate Bischoff to release her from her role as managing director
- Refilling the back office responsibility for the risk management side within Management

By circular resolution, at the recommendation of the NC, Frank Zimmermann was elected to the Management as successor. The NC was tasked with negotiating a contract termination and severance arrangement with Beate Bischoff so that Frank Zimmermann could take on the responsibility as managing director for Finance, Risk and Governance, effective from 1 April.

Two extraordinary meetings of the Supervisory Board followed in March.

The management immediately informed the board that the relevant Eastern European country ratings had been significantly downgraded to non-investment grade. The exposures and credit ratings were also analysed and evaluated individually for each customer. The Supervisory Board subsequently supported the Management's amended proposal for the allocation of net profit – to propose to the shareholders' meeting the appropriation of the full net income for 2021 to retained earnings.

At the end of March, the NC submitted to the Supervisory Board a legally secured draft contract and an external valuation opinion of the severance arrangement for the departure of Beate Bischoff. The termination agreement and the conditions were drawn up using the business judgment rule, based on the German Corporate Governance Code. After a video conference, a decision was made by way of a circulation procedure. In coordination with the Federal Financial Services Authority (abbreviation in german is BaFin), Frank Zimmermann was able to take over the responsibility as the Chief Risk Officer (CRO), effective from 1 April.

In April, the second ordinary meeting of the Supervisory Board took place in person.

In addition to the standardised reporting obligations of the Management, the Council received additional information about the portfolio performance and Russian borrowers' willingness to pay. With the ongoing tightening of sanctions, the assessment of the Russian receivables also shifted to legal issues and compliance. The Supervisory Board considered the early pro rata loss allowance booked in the first quarter to be appropriate. The first tranche was posted with the complete reversal of the country risk provision created in previous periods.

In this meeting, we also discussed the turning force that was starting in the interest landscape. The Supervisory Board commented on the situationally stronger commitment to the money market and sees the growth of the associated derivatives as a fundamentally risk-avoidant path.

At the suggestion of the RCC, and with the consent of the Supervisory Board, the situational management of the current risks is subsequently included in the target agreement with the Management.

We held the third ordinary meeting of the Supervisory Board in June in the offices of AKA.

The focus was on an interim report that presented the extent to which AKA can maintain its planned growth course, along with what risk profile and what earnings forecast. The Supervisory Board had asked for this interim assessment of the situation.

It was reported that AKA was able to adapt to the changed economic environmental conditions and that the operational goals – in terms of volume growth and earnings performance – have so far been well achieved. The Management informed about stricter requirements for portfolio structure and equity development.

Expectations for the future pace of growth have increased. We discussed the future headwinds from the interest rate trend and the rise in costs induced by the high inflation rates. The board critically questioned whether growth speed and expected cost increases can be profitably controlled for AKA in the long term if the focus arranged with the Supervisory Board is placed on transaction-based Export and Trade Finance business, granularity and service. The discussion partners arranged a strategy dialogue in the fourth quarter.

During the summer, an exact projection of further necessary value adjustments to our risks in the critical countries of Eastern Europe was certainly not yet possible. An ad hoc, strictly conservative assessment of the relevant loan receivables at the end of the year was coordinated with the Supervisory Board.

In the meeting, we decided to adopt the final version of the rules of procedure for the Management, valid from 1 July, upon entry of Dr Nadja Marschhausen into the then fully established management team. At the same time, Marck Wengrzik's employment contract was extended for an additional six years, and he was appointed spokesperson with the function of CEO (Chief Executive Officer).

The fourth ordinary meeting of the Supervisory Board took place in September.

At the beginning of the meeting, the board was confronted with the sad news that our former managing director Beate Bischoff had passed away suddenly and unexpectedly. She had been successful in her work for AKA as a member of the Management team for around eight years. We remembered her with an obituary followed by a moment of reflection.

Normally, the risk-stress tests carried out were the main topic on the agenda for the September meeting. The discussion of the tiered tests from a content perspective had already taken place in the RC and was then continued in the Supervisory Board. In the committee and the board, the members of the Supervisory Board determined that both the timeliness and the appropriateness of the scenarios could be rationally and objectively justified. We also had an ESG stress test in the Supervisory Board for the first time. At the end of the discussion, the Supervisory Board determined that AKA was highly resilient. The results conveyed planning security for a continued growth trajectory.

In December, there was strategy dialogue, and the regular meeting of the Supervisory Board took place the next day.

During the Supervisory Board meeting at the end of the year, the dominant topics were: risk development in the portfolio, risk strategy, as well as AKA's business, equity and liquidity planning. Extensive documents and projections were available for all discussion points. The future prospects were discussed in detail.

We newly established the future obligations to notify the board in accordance with the EBA guidelines on money laundering and terrorist financing prevention. The report from Internal Audit department confirmed to the Supervisory Board that there were still no material deficiencies in the audit period and in the audit focus areas. The RCC contributed to the report on the implementation of the requirements of section 3 of the Remuneration Regulation for Institutions.

The board acknowledged that the risk strategy had been updated and that new ESG risks will be assessed in the future on a transaction-related basis. Overall, the portion of critical ESG scores in the overall portfolio is limited. In the board, we also had to assess further statements about the defined risk appetite – both generally as well as specifically in the derivatives book.

We also had an open-ended discussion on the issue of appropriate equity capital resources. One question in this context was what effects Russia's war in Ukraine could have on regulatory capital ratios. The board had been informed that an update to the SREP surcharge was pending within the normal cycle, and that a new, regulatory minimum equity ratio could be specified by the supervisory authority in 2023 on the basis of the LSI stress test in 2022. In a submission, the Supervisory Board was informed about the current market value of AKA's shareholding of Grundstücksverwaltung Kaiserstrasse 10 GmbH (GVK).

After an intensive examination of the planning approaches from 2023 in the Risk Committee and the Supervisory Board, the participants decided on medium-term business planning. The Supervisory Board recommended that the proposed growth rate be maintained, but accepted the cautious planning approach for the following year.

From the NC and the RCC, the updated employment contracts of the managing directors were brought to the board, as well as the recommendation of a partially reduced bonus budget, in keeping with the projected business success. The submitted report in implementation of the requirements of section 3 of the 2022 Remuneration Regulation for Institutions was acknowledged.

Strategy dialogue with the Supervisory Board: Open dialogue for securing the bank's future

In the strategy dialogue, we shifted fundamental questions that arise from the future earnings opportunities on the one hand and the expected cost developments on the other.

The format with the complete Supervisory Board has proven itself as a space for open dialogue in order to secure AKA's future. The Management asked my colleagues for professional comments and evaluation of their ideas and answers. This year, the focus was on the possible further development of the business model regarding the challenges and opportunities that arise from the transformation of the economy towards CO2 neutrality (AKA 5.0). Opportunities were proposed within the framework of the existing and proven business model and within a "workshop report" on a possible new product development on the digital platform.

As a result, the Supervisory Board continued to define the loan growth and net interest income as the relevant stability factor of a specialised service and transaction bank such as AKA. The need for a high, visible equity base adapted to the pace of growth and business was confirmed.

We analysed scenarios in which inflation-induced cost increases require a growth rate above the possible growth rates in the traditionally supported export business. We qualified the presented alternatives, outlined in an expansion of the business focus and digital products, as being attainable in terms of planning. The final request to the Management was that they explain proposals more precisely and pursue them as projects. We emphasise sustainability in the future with the equity story.

Other focus areas

Equity discussion: In each submitted risk report, AKA presents the equity base to the RC and the Supervisory Board in two different perspective.

In the normative calculation, the committees monitored the standardised compliance with the minimum capital ratios. From an economic perspective, we informed ourselves about the utilisation of the calculated risk cover amount, according to extended regulatory requirements over the course of the financial year. The Supervisory Board repeatedly discussed AKA's own claim to a high equity ratio, well above the regulatory minimum requirements. In the multi-year planning, the Supervisory Board continued to specify that an internally set reporting limit, far above the minimum specifications, should not be undercut in terms of planning.

Reporting/controlling tool: The complete standardised assessments of the previous quarter were available at every regular meeting of the RC and the Supervisory Board. The current liquidity situation was always reported in the period up to the current meeting date, in addition to current developments. Examples include portfolio analyses and rating shifts in the course of the shortage prices for energy or agricultural products in defined countries. The colleagues exercised their right to ask questions and the right to information.

The extension of the tool to include an ESG reporting section has supported us throughout all the sessions. The ESG reporting structure with schematic indicators has been established as suggested. In terms of content, we supplemented the valuation of the borrowers with a valuation of the respective transaction. The resulting transition from the influence of sustainability risks on AKA to the influence of AKA on a sustainable business is a success from a risk perspective.

2022 rating: AKA's rating is reviewed annually, most recently in September 2022, by GBB-Ratinggesellschaft für Bonitätsbeurteilung GmbH. The good investment grade rating of AKA was confirmed, as in previous years. Only the outlook was adjusted by one step down against the backdrop of generally increased credit risks as a result of the Russian-Ukrainian war and the worsening macroeconomic conditions. For the Supervisory Board, this did not result in any need for action.

Portfolio valuation: The RC and the Supervisory Board regularly questioned the analysed risks, the product quality, the risk-taking capacity and the available risk cover amount.

Late effects of the coronavirus pandemic were not detected in the Covid watchlist portfolio. AKA separated the relevant Eastern Europe portfolio in the reporting system immediately after the start of the war, and there were regular reports about the holdings, dismantling and repayment.

In the new business, the committees made a clear, intentional shift to the ECA-covered business and recorded a stable return on asset.

AKA set up a new, modular approach for the standardised calculation of risk provisioning in accordance with BFA 7 and introduced it in coordination with the Supervisory Board. In terms of methodology, the other political and compliance risks in sanctioned markets remained outside of the standardised calculation approach.

Overall, a stable valuation of existing and new business structures was possible with the controlling tool. For the RC and the Supervisory Board, volume and earnings developments were to be compared transparently with the risk developments.

Liquidity management: Regularly a separate point in the controlling tool. We received a report of well-planned, comfortable borrowings in the product mix. All regulatory requirements, such as NSFR and LCR, were comfortably met. The response to the interest rate development over the course of the year was appropriate. The derivatives book remains strictly transaction-based, but will continue to grow with the approval of the committees. We discussed the increasing structural requirements for liquidity management in order to continue to support volume growth with market-compliant purchasing conditions in the future.

Cost development: The key figure for the Supervisory Board was the performance of the CIR before and after pro rata, planned costs from the innovation and investment budget. Essentially, investments were made in external development costs and programming services under the heading AKA 4.0. Progress reports from the projects were explained to us by the Supervisory Board.

The reported development of the current personnel costs was covered by the plan budget.

The cost drivers with overruns were pension provisions and external expenses, such as the increased bank levy. We received an early report on this.

With the introduction of the new organisational chart, the Supervisory Board was notified of structural changes in the organisation and workflows of the market area. In the area of responsibility of Dr Nadja Marschhausen, process optimisation, automation and digitisation is planned for the Portfolio Management department and the interface management for origination and payment transactions. The first step was to move portfolio management to the market side. The segment is now expected to increase efficiencies in the use of resources and, at the same time, will ensure the handling of a business expansion and conversion, without affecting capacity, to further develop the bank's growth strategy with regard to products, customers, markets and industries.

IT strategy and structure: With the transfer of responsibility for AKA's IT to Marck Wengrzik, the IT structures were put to the test and an IT target structure was developed for 2023. Among other things, the goal is to further improve cost efficiency and thus create a modern and sustainable organisational structure. The establishment of the new target structure, in parallel with the ongoing development processes, will be a relevant target for 2023.

Management structure: The majority of the work was carried out in the NC and in special meetings of the Supervisory Board. With the discussion and adoption of the new organisational chart, the Supervisory Board initiated an equal distribution of the responsibilities to the three-person Management team newly established during the year.

The guideline for the development of the rules of procedure of the Management was the overall responsibility of the managing directors. We arranged the form of the co-operation, particularly in interdepartmental matters, and the involvement of the Supervisory Board in general or in specific cases.

With the early extension of Marck Wengrzik's contract and the two new appointments with Dr Nadja Marschhausen and Frank Zimmermann, the Supervisory Board considers the Management team stable in the long term.

Summary of the Supervisory Board's tasks

In the 2022 financial year, a total of eight meetings of the Supervisory Board took place, which involved special topics or had a comprehensive agenda. In addition, there was a precedent-setting strategy dialogue with all members of the board. Thus, the Supervisory Board duly carried out the tasks incumbent on it as set forth by law, the articles of association and the rules of procedure and monitored the Management of AKA Exportkredit-Gesellschaft mbH in a regular and timely manner.

The Supervisory Board included the following reports in its work:

- The regular risk and control reports, as well as submissions regarding current situations,
- The statements of the Internal Audit department, the Anti-Money Laundering Officer, the Compliance department, and the Central Office,
- Information from the Management on the results of the current credit rating assessment by GBB-Rating Gesellschaft für Bonitätsbeurteilung mbH, Cologne and
- The documents of the auditors (KPMG) as part of the annual financial statements.

At all times, all members of the Supervisory Board had sufficient opportunity to deal critically with the meeting documents. This also applies to the extraordinary meetings.

The presence of the voting members at the meetings of the Supervisory Board was 96 %. In addition, the chairman of the Supervisory Board was in regular dialogue and regularly exchanging information with the Management.

In 2022, the Supervisory Board also worked with committees, namely the Risk Committee (RC), the Remuneration Control Committee (RCC) and the Nomination Committee (NC).

The RC regularly met under the chairmanship of a deputy of the Chairman of the Supervisory Board before each ordinary meeting of the full Supervisory Board. The duties set forth in the articles of association were carried out intensively, and the discussion results and recommendations were brought forward at the Supervisory Board meeting. The RC produced its own minutes as an appendix to the minutes of the Supervisory Board.

The RCC and the NC intensively prepared the personnel changes for the Management in particular, and presented them to the board for a decision. There were a total of nine meetings. The minutes were archived internally with HR.

In 2022, AKA also invited the members of the Supervisory Board to a joint training course for an “Update on Regulatory Developments”, which was carried out by PwC.

Personnel changes: The Supervisory Board, with respect to its composition and the performance of its committee functions, was last appointed in April 2021 for the current period of three years. There was a vacancy at the end of the year. Effective from 1 February 2022, Jan-Peter Müller was newly appointed – also as a successor in the RC, RCC and NC.

Outlook and thanks to the Supervisory Board

At the end of an exceptional year, the finding remains that the Management can lead a resilient AKA into the 2023 “transition year”, dutifully monitored and enthusiastically supported by the Supervisory Board.

This is not an incidental outcome, but reflects the performance of the Management and all employees. The Supervisory Board would like to thank everyone for their willingness to adapt and their willingness to change. Together, we have found the right answers and paths forward.

Frankfurt/Main, April 2023

For the Supervisory Board of AKA Exportkredit-Gesellschaft mbH

Michael Schmid

1952 Payment transactions are mainly based on paper documents such as remittance slips, cheques and bills of exchange. Payments across borders are expensive and time-consuming.

AKA has continuously optimised its payment transactions. In 2022, it put into service its own payment application, akazv, and incorporated it into the core banking. **2022**

Management report

A special credit institution for international Trade and Export Financing

AKA is a special credit institution for international Export and Trade Finance. For 70 years, it has worked as a partner with various players in the market: banks, exporters, importers, investors and European export credit agencies. The focus of its business activities is on finance and risk assumption in emerging markets.

AKA's vision is to be the leading enabler in Europe for Export and Trade Finance with an open, digital ecosystem.

AKA offers its partner network a strong position in the Trade and Export Finance market. It does this with individual and standardised solutions, as well as with risk capacity, based on a powerful, digital platform and in-depth experience.

AKA considers itself as a product bank and acts as a complementary institution, i. e. in harmony with its business partners and not as a competitor. It primarily acts together with its 17 shareholder banks. These come from all three pillars of the German banking sector, as well as from the European environment. AKA is also involved in the financing of non-shareholder banks that are active in the international market for Export and Trade Finance.

AKA's business activities include products for short-, medium- and long-term Export and Trade Finance, which are grouped into the following divisions:
- ECA-covered financing: financing for foreign buyers with cover from state export credit insurers, for example, Hermes coverage for German exports
- Structured Finance (SF) with commodity or trade exposure
- Syndicated Trade Loans (STL): trade-related financing for banks and corporates
- FI desk business: mainly participations in letter of credit risks

In addition, AKA offers services in connection with Export Finance, for example, the assumption of agency functions.

With its digital strategy, AKA lays the foundation for further development of the business model towards a modern, digital platform. Thus, AKA develops solutions in the area of ECA-covered Export Finance. For the so-called small-ticket segment, i. e. small-volume, Hermes-covered buyer loans, AKA provides the German export economy with an additional sales financing instrument via its online portal SmaTiX.

AKA is a non-trading book institution. The bank's treasury activities are limited to the extent required to refinance its loan business and ensure liquidity or to meet regulatory requirements. It refinances itself via its own funds and refinancing lines of the shareholder banks, as well as via third parties, and can also absorb liquidity directly on the capital market. As a member institute in the Federal Association of German Banks, it is part of the voluntary Deposit Protection Fund of private banks.

The equity base has been continuously strengthened by the policy of profit appropriation in recent years. Exceeding the regulatory targets, it provides the basis for stability, sustainability and growth and thus supports the bank's solid business model.

AKA sees itself as a platform for discussion and development of relevant fundamental issues in the context of international Trade Finance and government instruments for foreign trade promotion. Through its own event formats as well as its involvement in committees such as Hermes-IMA and associations with national and foreign trade relations, AKA also plays its active part in the discussions.

2.1 Influencing framework conditions

World economy and world trade:
For AKA's business model, the development of global trade and the development of the global economy are among the influencing framework conditions. The latter, in addition to country-specific factors, has an impact on Germany and the eurozone, which is also important. The global economic development also influences the emerging markets relevant to AKA.

Several supply shocks hit the global economy in 2022. The World Bank reported the global real gross domestic product (GDP) growth for 2022 at 2.9 %, down from 5.9 % last year. The reduction of pandemic-related restrictions and fewer supply chain bottlenecks boosted the economy into the autumn. China's zero-Covid strategy in particular led to renewed economic disruptions. Over the course of the year, geopolitical tensions were felt due to Russia's war in Ukraine and climate change, combined with a significant increase in energy and agricultural prices. The resulting increase in inflation led to tighter monetary policy and more restrictive financing conditions. In some countries, monetary tightening was accompanied by the expiry of fiscal support measures. As a result, in the winter of 2022/23, one-third of the global economy should record two consecutive quarters of negative growth. Over the year as a whole, the aggregate expansion rate of the industrialised countries was 2.5 %; the emerging markets were able to grow somewhat at 3.4 %.[1]

The World Trade Organisation (WTO) reported a declining momentum in global trade in 2022 with a real increase of 3.5 %, after 9.7 % in the previous year. Taking into account price developments, particularly as a result of commodity prices, global trade has risen more sharply at a nominal rate of 10 %.[2] Supply chain relaxation, which fluctuated over the year, provided further impetus to import demand in industrialised countries. Nevertheless, global trade volume developed increasingly subdued over the course of the year due to the declining global economy and the effects of the war in Ukraine. In the Middle East and Africa, trade volumes posted the largest increases, driven by a change in demand for energy resources and the associated financial leeway for higher imports. Imports to Russia and the neighbouring countries fell sharply due to geopolitical factors. Asia showed little growth due to the strict zero-Covid strategy in China.[3]

Industrialised countries:
USA – Eurozone – Germany
Economic performance in the USA is of great importance to the global economy. The expiry of pandemic-related government support measures, remaining backlog in supply chains and an early increase in inflation weakened the US economy. Private consumer spending expanded moderately and was supported by the good labour market situation. Progressive monetary tightening has weighed on interest rate-sensitive areas, particularly the construction sector.[4] In 2022 as a whole, at 2.1 %, the economy grew less strongly than other industrialised countries.[5]

According to the projections of the EU Commission, the aggregate GDP of the 20 eurozone countries expanded by 3.2 % in 2022 – more strongly than in the USA. Firstly, the eurozone benefited from the removal of corona virus measures, which was accompanied by a recovery in tourism. In contrast, the largest losses from Russia's war in Ukraine were recorded by the Baltic countries – in light of the closer economic interdependence in the region. Over the course of the year, price increases became more noticeable, as well as a tighter monetary policy with higher interest rates, particularly in the energy- and capital-intensive sectors. Governments implemented measures to subsidise energy consumption and additional transfers. In autumn, signs of a slight recession for the winter of 2022/23 increased. With milder temperatures, the gas stores, which had decreased in the interim, returned to high storage levels, which contributed to a more relaxed economic sentiment.[6]

In Germany, the economy benefited from two developments up until the late summer: Firstly, the processing of backlogs in order inventories and secondly, a normalisation of the spending behaviour of private households, thanks to the tailing off of the pandemic in consumer-oriented service sectors. However, the economy has been increasingly exposed to supply shocks. Limited energy supply, disruptions in the recovery of supply chain bottlenecks and a tighter labour supply weighed on the production of goods and services in many areas of the economy. All of this also drove inflation to record highs, with associated decreases in purchasing power.[7] Production fell particularly in the energy-intensive sectors, such as the chemical sector. Nonetheless, the federal government's orders setting a price cap on gas and electricity prices could contribute to a slightly more positive business climate in late autumn. As a result, the gross domestic product grew 1.9 % in 2022, higher on average than the pre-pandemic decade.[8]

Emerging and developing countries
After the recovery from the pandemic in the emerging markets, economic growth has halved from 6.7 % in 2021 to an expected 3.4 % in 2022; a high degree of heterogeneity is postulated. Numerous commodity-exporting countries have expanded at an above-average rate. The impact on some countries' dynamics was due to production shortages and lower demand from China. In addition to high inflation, which particularly affected countries with low per capita incomes, other stress factors included the strength of the US dollar and the tightening of international monetary policy, with impacts on financing conditions.[9]

Asia
In Asia, growth slowed to expected 4.4 % in 2022 as forecasted, particularly due to a weaker performance in China. Numerous Covid-19 breakouts, combined with strict containment measures, and a weak real estate sector weighed on China's economy. Despite government action to stimulate the economy, growth in China amounted to 3.0 %, the smallest increase since 1976,

apart from the pandemic year 2020.[10] These issues also had an international impact, due to lower import demand and the internationally intertwined production chain. The Southeast Asian countries experienced appreciation as an alternative production chain element to China. India was once again one of the countries with the strongest growth in the world, given its strong orientation toward the domestic economy, with growth of just under 7 %.[11]

Latin America

In Latin American countries, the first half of the year was positive, thanks to normalisation in more contact-intensive sectors – in terms of the coronavirus pandemic and the commodity price increase, from which countries with corresponding resources benefited. In addition, the direct effects of the Ukraine war are weak due to moderate trade and financial relations with Eastern Europe. However, the positive effects were reduced by a weaker decline in commodities purchase from China, higher input costs and associated inflationary pressure, as well as an increase in international interest rates. In the more industrialised countries Brazil and Mexico, there was a weaker demand from the United States, their major trading partner, as well as political and regulatory uncertainties. Hence the economic growth for both countries was below average, with an expected 3.0 % and 2.6 % in the region. The growth rate across the entire Latin American region was 3.6 %.[12]

Eastern Europe and Central Asia

Economic growth in Eastern Europe was expected to be 0.2 %. This development mainly reflected the consequences of Russia's war in Ukraine. Regional growth was 4.2 %, excluding these two countries. Interruptions in energy and goods deliveries, higher prices and tighter monetary policy have weighed on economic activities. On the other hand, a partial reallocation of capital and trade flows regarding Russia was able to support domestic demand in some Eastern European economies. Regional energy exporters were able to benefit from higher prices. The Russian economy fell 2.1 %,[13] owing to eroding consumer spending and limited investment opportunities due to international sanctions. The country was buoyed by higher oil and gas prices combined with a deflection of energy exports to buyers outside Europe. The Ukrainian economy suffered a war-related decline of probably 35 %. Turkey (4.7 %) and Uzbekistan were among the countries with the most expansion.[14]

Africa and the Middle East

The World Bank forecasts growth of 3.4 % for Sub-Saharan Africa in 2022. Challenges were lower growth in main trading partners, tighter financial and monetary conditions, and a negative change in terms of trade in commodity import countries. In addition to climate change and rising fertiliser prices, the agricultural sector was temporarily burdened by significantly higher agricultural prices. The two oil exporting countries Nigeria and Angola were only able to make limited use of the tailwind of the energy price increase due to institutional deficits. They reported growth rates of 3.1 %, while South Africa (1.9 %) was affected by bottlenecks in the power sector. In North Africa and the Middle East (5.7 %), energy-exporting countries benefited from the tailwind of higher energy prices.[15]

International financing conditions

Global financing conditions became more restrictive in 2022. After central banks initially acted cautiously, increasing inflationary pressures led to an increasing tightening of monetary policy in industrialised countries. The rise in inflation was a result of the global economic recovery from the previous year, tight supply chains and tight labour markets. In addition, there were large increases in energy and agricultural prices.[16]

In the United States, the rise in inflation was earlier than in other industrialised countries, so the Federal Reserve Bank (Fed) responded sooner, and also with more rate increases than the European Central Bank (ECB). From March to December 2022, the federal funds rate was increased by 4.25 percentage points to 4.25–4.5 %, the highest level since 2007. At its end-of-year meeting, the Fed moved to a more moderate course, but at the same time signalled further interest rate hikes. At the same time, the Fed continued to reduce its central bank balance sheet with securities.[17] The ECB raised interest rates by a total of 2.5 percentage points to 2.5 % from July to year-end, also signalling further rate hikes. At the same time, it ended the net acquisition of assets in its purchase programmes. It only wanted to reduce its portfolio at a controlled, modest pace in the following year.[18]

In addition to tighter monetary policy, inflation led to a sharp rise in long-term interest rates in many countries. The 10-year US state and federal bonds reached their highest levels in the last decade in October 2022 at 4 % and 2 %, respectively. Anticipated easing inflationary pressure caused a lateral movement towards the end of the year and a slight decline in yields. Looking at the eurozone, borrowing became more expensive for companies. However, lending remained robust. Companies had to finance higher production and investment costs, as well as higher inventories via loans. They also replaced bonds with bank loans, as market-based financing was more expensive than bank financing.[19]

As in previous periods of monetary tightening in industrialised countries, interest rates and spreads in many emerging and developing economies also rose. Due to the strength of the US dollar, and also to prevent capital outflows and currency depreciation, central banks had to react with interest rate hikes or exchange rate interventions. Primarily weaker energy-importing countries registered high risk premiums on their government bonds, particularly in the summer. Towards the end of the year, many countries also experienced slight easing.[20]

Compared to the euro, the US dollar temporarily reached its highest level since the early 2000s. In the currency markets, the US dollar generally appreciated by 14 % on a GDP-weighted basis through October. This was driven by the earlier tightening of monetary policy and the energy crisis, in conjunction with the recourse to capital investments perceived as safe. Among emerging markets, the countries with higher budget deficits were particularly affected by larger US dollar depreciation.[21] Expectations that the pace of interest rate hikes in the US could slow again favoured a strengthening of the euro in the fourth quarter. In relation to the most important trading partners, on an aggregated basis, the euro again almost reached the level at the end of 2021 in December.[22]

Commodities

Commodity prices reached new highs in the first half of the year due to uncertainties and shortages in the wake of Russia's war in Ukraine. Against the background of the global economic slowdown, many raw material prices fell starting in the middle of the year. This was particularly true for industrial commodities and oil prices.[23] On average for the year, it was USD 100 per barrel of Brent. The price of natural gas diverged significantly between regions. After its all-time high in August, by the end of the year, the gas price fell to the level just before the invasion, favoured by stocked inventories and mild temperatures. Agricultural prices remained high overall, taking their historical trends into account. However, the large swings in grain products, which were mainly delivered from Ukraine and Russia, regressed.[24]

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24 Cf. World Bank 2023.

2.2 Business performance in 2022

In the 2022 financial year, AKA recorded new business transactions of EUR 2,123 million. This represents an increase of 1.7 % compared to 2021. The earnings generated from new business reached EUR 10.6 million.

At 41.8 %, the largest share of new business volume by individual product was the business with long-term ECA-covered buyer loans. At 28.9 %, risk sub-participations in letter of credit confirmations and related products ranked in second place. This is followed by participations in Structured Finance (SF) with a share of 16.9 %. The proportion of Syndicated Trade Loans (STL) was 12.4 %.

Overall, 58.2 % of the AKA new business volume was achieved in the Structured Finance & Syndication (SFS) segment (consisting of FI desk, SF, STL).

The main focus of AKA's activities continues to be in cooperation with the shareholder banks. AKA also works in all product segments with select international banks that have a good reputation. The proportion of these "non-shareholders" has increased over the reporting period across all product segments.

2.2.1 Development of new business in 2022

ECA-covered buyer loans – decline in large projects

AKA's business with ECA-covered buyer loans saw a significant increase in commitments over the previous year's turnover to EUR 849.9 million.

Most of the commitments were made again in cooperation with the German ECA Euler Hermes. In addition, financing was also conducted with other European ECAs.

During the reporting period, 48 % of the ECA-covered business was handled in cooperation with shareholder banks.

SFS – Increased new business volume

The SFS product segment, consisting of the individual products FI Desk, STL and SF, exceeded the target figure with new business volume of EUR 1,236.4 million. The analysis in detail:

FI desk

The transactions in this segment, which are essentially participations in bank risks in connection with LC transactions, have already reached a new business volume of EUR 614.4 million, clearly exceeding the target figure.

Syndicated Trade Loans (STL)

In STL financings, AKA joined financing syndicates for banks and corporates with a trading background. The target figure was not able to be reached with a total of EUR 263.3 million.

Structured Finance (SF)

Syndicated participations of AKA in Structured Finance always have a commodity or trade connection. This year, with a new business volume of EUR 358.8 million, the planning target was exceeded.

2.2.2 Total commitments

As of the reference date 31/12/2022, the business volume has fallen to around EUR 5.3 billion compared to the previous year (EUR 5.5 billion). In addition to the balance sheet total, this total also includes off-balance sheet items (contingent liabilities and irrevocable loan commitments). The reservation portfolio (loan contracts already committed but not yet concluded) amounted to EUR 1,374 million.

2.3 Earnings position

Various factors influenced the financial performance in the 2022 financial year.

The net interest income in the past financial year was EUR 50.0 million, 2.7 % above previous year's level (2021: EUR 48.7 million). The positive development in the area of net interest income continued from the previous year is attributable to a positively developed volume of loans. Both reference interest rates for LIBOR and EURIBOR rose during 2022, which led to an increase in interest income from credit and money market transactions. Thus, AKA was able to overcompensate for the increased interest expenses.

The net fee and commission income fell by 3.3 % to EUR 7.8 million, compared to the previous year. This results in particular from the reduced earnings from the management of trust loans, which are attributable to a lower volume. On the other hand, earnings from sub-participations in letters of credit and other risk sub-participations were at the same level as the previous year.

Overall, the result from the loan business amounted to EUR 57.8 million, compared to EUR 56.8 million in the previous year. The net income from the loan business as a relevant performance indicator is EUR 58.3 million, 4.0 % greater than the previous year. The planning expectation for 2022, which was EUR 58.1 million, was also exceeded as a result of the positive development. This means that the net income generated from the loan business is 0.3 % above the planned assumptions.

General administrative expenses (including depreciation) increased by EUR 3.9 million in 2022, mainly due to higher personnel and other administrative expenses. Other administrative expenses include items affecting expenses in the amount of EUR 3.6 million, which were incurred as part of the digital strategy innovation and investment budget approved by the Supervisory Board. Personnel expenses increased by 11.8 % compared to the previous year.

The operating result decreased by EUR 2.9 million to EUR 25.3 million compared to 2021.

The cost-income ratio (CIR) is a significant performance indicator of AKA. In the past year, the ratio of administrative expenses to net interest and net fee and commission income was 56.2 % and thus 5.9 percentage points above the previous year. The target figure for 2022 was 52.2 %.

The item “Other operating expenses”, mainly includes interest-induced expenses from the allocation to the provision for pensions, while other earnings mainly originate from the reimbursement of costs of affiliated companies, foreign currency valuation according to BFA 4 and the reversal of provisions.

The risks from the loan business were appropriately taken into account by means of risk provisioning. Overall, allocations to risk provisioning of EUR 54.9 million were offset by reversals of EUR 42.1 million. In the area of risk provisioning, AKA has taken into account the IDW standard IDW RS BFA 7 since the 2022 financial year. In addition, it made a management adjustment to a sub-portfolio in the amount of EUR 10.0 million. The sub-portfolio is made up of loan receivables from Russian, Belarusian and Ukrainian borrowers. The management adjustment was formed on this sub-portfolio due to future risks not depicted in the BFA 7 model. Further details can be found in the risk report. In the case of the securities portfolio, the bank used write-downs of EUR 3.1 million as a net position.

After deduction of profit-based taxes, AKA shows an net profit of EUR 10.2 million for the year. This result is below the business planning target value of EUR 15.6 million.

The return on investment, as a ratio of net profit and the balance sheet total, thus fell from 0.37 % in 2021 to 0.26 % in the past financial year.

The return on equity before taxes represents the third financial performance indicator of AKA. It fell from 8.5 % to 3.8 %. It is thus below the annual planning figure of 9.6 %. The performance indicator consists of the ratio between the net operating result before taxes and the equity available at the beginning of the year, less the profit distributable to shareholders.

Tabular overview of the earnings situation:

2.4 Financial position and cash flows

AKA's balance sheet total was EUR 3,928 billion for 2022. On the reporting date of 31 December, it dropped 1.8 % compared to the previous year (2021: EUR 4,002 billion). Taking into account contingent liabilities and other obligations, business volume decreased by 2.7 % to EUR 5,343 billion. The volume of transactions with risk participations in letters of credit, surety obligations and guarantees, included in contingent liabilities from guarantees, decreased by EUR 128.0 million to EUR 491.1 million. The irrevocable loan commitments reported under other obligations increased by EUR 53.8 million to EUR 923.8 million.

Receivables from banks and customers represent the main asset items and result from the bank's loan business. They increased in the past financial year by EUR 79.9 million to EUR 3.579 billion.

Overview of financial results	**2022**	**2021**	**Delta**	
	in EUR million	in EUR million	**absolute**	**in %**
Net interest income	50.0	48.7	1.3	2.8 %
Net fee and commission income	7.8	8.1	-0.3	-3.6 %
Administrative expenses (including depreciation)	-32.5	-28.6	-3.9	13.7 %
Operating result	25.3	28.2	-2.9	-10.2 %
Other earnings/expenses	1.9	0.5	1.4	276.9 %
Risk provisioning	-16.8	-6.8	-10.0	146.3 %
Income taxes	-0.3	-7.0	6.7	-96.3 %
Net profit for the year	10.2	14.9	-4.7	-31.6 %
Financial performance indicators	**2022**	**2021**	**Delta**	
Net income from the loan business	58.3	56.0	2.3	4.1 %
Cost-income ratio	56.2 %	50.3 %	5.9 %	11.7 %
Return on equity (before tax)	3.8 %	8.5 %	-4.7 %	-55.3 %

Debenture bonds and other fixed-interest securities are held in the amount of EUR 115.3 million (31 December 2021: EUR 133.1 million). Insofar as they are part of the liquidity reserve of AKA, these are short-term securities with a very good credit rating. As of the balance sheet date, this portion, measured by the book value, amounted to EUR 86.9 million (31 December, 2021: EUR 93.3 million). In addition, the company has acquired long-term government bonds with a book value of EUR 4.1 million as part of a debt rescheduling. Furthermore, it has securities with a book value of EUR 24.3 million in the portfolio, which were deposited as collateral with the German Central Bank within the framework of TLTRO (targeted longer-term refinancing operations) transactions.

The balance from the offsetting of pension provisions with assets from the cover fund is stated under the "asset difference from asset offsetting" item. The fund assets transferred to a trustee in the form of a CTA amount to EUR 30.0 million, as of the balance sheet date. The acquisition costs of the offset shares amounted to EUR 32.1 million. The settlement amount of the pension provision is EUR 30.7 million.

To refinance the business, there were liabilities to banks in the amount of EUR 2.641 billion and to customers in the amount of EUR 0.775 billion. Bank-funded loan volumes rose by EUR 1.9 million. The portion of the business financed by customer deposits also increased by EUR 19.0 million.

Balance sheet provisions declined by EUR 9.8 million in the past financial year to EUR 10.4 million. They consist mainly of provisions for anticipated losses from the loan business, tax provisions and provisions for year-end bonuses.

AKA's equity comprises subscribed, fully paid-up capital of EUR 20.5 million and retained earnings. After the retained earnings as of 1 January 2022 had increased to EUR 253.1 million, according to the proposal to the shareholders' meeting, the entire net profit for the year of EUR 10.2 million is to be used to further increase retained earnings to EUR 263.2 million. The increase in the bank's equity is also intended to cover potentially increased capital requirements of the supervisory authority in the following years.

Special events after the balance sheet date that have an influence on the financial position, cash flows and financial performance were taken into account in the annual financial statements. This concerns the receipt of outstanding loan receivables from the existing Russia/Belarus portfolio.

In February 2023, parts of Turkey were hit by a severe earthquake. Due to this event, AKA analysed the Turkey portfolio immediately. In the affected region, a regional net risk after cover and bank guarantees of 0.7 % of the AKA credit default risks was determined. An exact effect on the cash flows, financial position and financial performance of AKA cannot yet be estimated.

3.1 Aims, principles and structure of risk management

AKA corporate goals AKA's primary goal is to participate in the loan business offered by business partners after appropriate analysis; inappropriate risk concentrations should be avoided. AKA manages and monitors its risks with the aim of designing its risk and earnings profile optimally in the long term and ensuring the necessary risk-taking capacity at all times.

AKA

- is a non-trading book institution and does not conduct any "deposit and savings deposit business", in accordance with its authorisation,
- 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 refinancing its loan business and ensuring liquidity or complying with regulatory conditions,
- strives to minimise interest rate and currency risks through congruent refinancing or corresponding security transactions, and
- makes investments in securities as part of the management of regulatory requirements and liquidity management.

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

Risk strategy principles: The Management determines the risk policy guidelines for all identifiable risks, taking into account the risk-taking capacity. The basis is the analysis of the initial business situation and the assessment of the opportunities and risks associated with the loan business based on the "three-line model". The guidelines are documented in the risk strategy, which includes all types of risk that are essential for AKA. An annual review of the risk strategy is carried out by the Management and subsequently discussed with AKA's Supervisory Board. It is the overall responsibility of the Management that the risk concept is integrated consistently into the organisation and that the risk culture is firmly anchored in the corporate culture.

This is ensured by AKA through the organisational structure and workflows. The responsibility for the implementation of the risk policy defined by the Management lies primarily in the departments entrusted with the loan business: Credit Risk Management (CRM), Export & Agency Finance (EAF), Structured Finance & Syndication (SFS), Portfolio Management (PM) and Treasury (TSY).

Risk strategy: The risk strategy structured according to the principles of MaRisk and the specifications of the Supervisory Review and Evaluation Process (SREP) includes detailed rules on all key aspects of risk management. Examples: Risk-taking capacity, risk management, stress testing, early risk warning indicators, as well as principles for determining risk provisioning and risk inventory including all risks.

Risk organisation: Risk organisation forms the organisational framework for the implementation of the risk strategy and has effects on the internal control procedure. The design of this procedure is recorded in the "written regulations" of AKA, called the "Organisational Handbook" (OHB), and includes the following:
- organisational structure and workflows (including separation of front/back office functions)
- risk management and risk controlling processes (= risk management in the narrower sense)
- Internal Audit

The definition of tasks and areas of responsibility within the risk management system are described in the OHB.

Important components of the risk organisation at AKA are:
- Management,
- Credit Risk Management,
- Liquidity Management,
- Risk Controlling,
- Compliance,
- Information Security Management,
- Business Continuity Management,
- the Risk Committee,
- the Credit Committee,
- the Asset Liability Committee,
- the IT Steering Group and
- Internal Audit.

Management: The Management is responsible for AKA's risk strategy, which is based on the intended return/risk ratio. It also ensures the design of an appropriate risk infrastructure.

The Management has delegated the responsibility for coordinating an adequate risk management and controlling system that meets the internal and external standards to the department heads. Example: It delegated to the Internal Audit department the responsibility for an independent assessment of the appropriateness of the risk management and controlling system and compliance with the existing procedures.

Credit Risk Management: CRM as the operational specialist department is responsible for the individual risk management of all credit default risks. After in-depth analysis, CRM makes credit decisions, from a portfolio perspective and on an individual basis, within the scope of its own level of authority delegated by the Management. Credit decisions that concern the Management's level of authority for credit approval are voted by CRM for the Management.
In accordance with credit decisions, AKA pursues the goal of optimising the risk/return ratio (taking into account the implemented RAROC system). It also considers environmental, social and governance (ESG) and sustainability factors when assessing transactions and their associated risks. Based on an ESG criteria catalogue and an industry-based heat map for E&S factors, CRM analyses each (corporate) borrower for their potential exposure to ESG risks. Colleagues supplement the consideration of ESG risks at the borrower level with an ESG assessment at the level of the respec-

tive transaction (for corporates). Particular attention should be paid to the contribution of the respective transaction to the transition or transformation of the borrower's business model towards greater sustainability.

The credit risk management process as an integral part of the overall bank management is regularly subjected to quality assurance. It includes the credit analysis of countries, banks, corporates, insurance companies and commodities and trade finance risks, as well as the benchmarking of results with available rating information from external agencies. The responsibility of CRM also includes decisions on a portfolio-oriented reduction of risk, for example, through sales of receivables, as well as recommendations for decisions on appropriate risk provisioning.

CRM also cooperates in coordination with Risk Controlling in the further development of the bank's internal risk management systems for countries, banks, corporates, sectors, limits, etc.

Liquidity Management: The TSY department is responsible for liquidity management and the associated possible market-liquidity and refinancing risks. It is responsible for compliance with and management of the liquidity risk and market price risk limits defined within the framework of the risk strategy. The Finance (FI) department is responsible for determining and monitoring the liquidity risk and market price risk positions, as well as their forecast and reporting. Both departments (TSY and FI) are responsible for compliance with the regulatory requirements within the framework of the Internal Liquidity Adequacy Assessment Process (ILAAP).

Risk Controlling: As a second line and as part of the three-line model, it supports the Management and the functions responsible for the planning, managing and controlling of the intended business activities. Risk Controlling is located in the FI department.

The main sub-tasks of Risk Controlling at AKA are risk identification, risk classification, risk measurement, risk assessment and risk management in order to play a part in the planning and achievement of company goals. These tasks are carried out independently by Risk Controlling, i. e. objectively and neutrally. This includes coordinating an adequate risk management and controlling system that meets internal and external standards.

Risk controlling supports the Management in all risk-relevant questions, particularly in the development and implementation of the risk strategy, as well as in the design of a system to limit the risks. The head of the Finance department, as the holder of the Risk Controlling function, must be involved in important risk policy decisions of the Management.

Risk Controlling is responsible for developing risk methods, standards and the associated processes for all significant risks identified in the risk inventory, as well as for coordinating between the relevant units. Risk Controlling also measures and monitors the risk positions and analyses possible losses associated with risk positions. Its tasks include planning, developing and implementing risk management systems and procedures. Establishing and further developing procedures for early risk detection are also part of Risk Controlling's tasks. The methods used are regularly subjected by AKA to validation and back-testing to ensure conformity with the regulatory requirements.

Risk Controlling coordinates the management and controlling processes associated with the available risk capital, such as the limit allocation process and the management or monitoring of the risk/return profile.

It also ensures the ongoing monitoring of the risk situation, particularly with regard to the risk-taking capacity and compliance with the defined risk limits. The FI department ensures the establishment and review of the risk limits for all significant risks, in coordination with the departments responsible for the risks. The monitoring of the risk situation also includes the regular implementation of a risk inventory, the determination of the significant risks and the derivation of an overall risk profile.

Risk controlling monitors and measures the NPE-related risks and the progress towards achieving NPE target values in accordance with MaRisk requirements and the strategy for non-performing risk exposures. It uses the information of other departments (mainly CRM and PM) after checking the plausibility.

The results from risk identification, assessment, quantification and management are communicated to the Management, other responsible persons and Internal Audit as part of the reporting.

To perform controlling functions, Risk Controlling employees must be granted all necessary powers and unrestricted access to all information. If the management of the Risk Controlling function changes, the supervising body and all affected employees of AKA must be informed.

Compliance: The Management has appointed a Compliance Officer in accordance with MaRisk. The Compliance Officer is the head of the Compliance and Anti-Money Laundering department.

The performance of AKA's Compliance function is decentralised within the organisation and established with decentralised responsibilities.

The Compliance Officer has to work towards an effective implementation of procedures to comply with the legal provisions and requirements and corresponding controls that are essential for the institution. Furthermore, the Compliance Officer must support and advise the Management in complying with these legal provisions and requirements.

The Compliance Officer is also responsible further developing the Compliance Policy. Within the framework of the decentralised AKA Compliance Organisation, he/she coordinates the decentralised responsibilities of the bank by having the Risk Committee determine them.

In addition, the Compliance Officer maintains a legal inventory, an overview of the legal standards and provisions relevant to AKA. He/she compiles legal inventory by way of decentralised contributions. In addition, the Risk Committee determines who is responsible for recording a legal standard in the legal inventory. The corresponding responsible department head must then document a risk and materiality analysis.

The Compliance Officer monitors the implementation of the legal provisions applicable to AKA, based on a monitoring plan that corresponds to the materiality analysis. He/she regularly informs the AKA Risk Committee of the results of his/her work.

The Compliance Officer reports to the Management at least once a year and whenever needed. In doing so, he/she discusses the extent to which the provisions on compliance with the key legal requirements are appropriate and effective. In addition, the report must also contain information on possible shortcomings and measures to rectify them. All reports must also be forwarded to the supervising body and Internal Audit.

The Compliance Officer has an unlimited right of access and inspection to the relevant books and documents of the bank, the relevant personnel data and the corresponding IT systems in order to carry out his/her tasks, as well as a right to information vis-à-vis all employees, insofar as this is necessary for the fulfilment of his/her duties.

If the Compliance Officer changes person, the Supervisory Board and all affected employees of AKA must be informed.

In addition, AKA is clearly committed to guidelines arising from the applicable requirements regarding financial sanctions, money laundering and terrorist financing prevention, and the prevention of criminal acts. These requirements must be complied with; the internal guidelines given in this respect must be observed by each employee. At AKA, employees continuously review new requirements from relevant legal standards and their application within the bank, and they derive corresponding follow-up measures. There is a basic expectation that AKA employees will handle the following items vigilantly within the framework of their respective roles and responsibilities and in accordance with the associated guidelines: financial sanctions, money laundering, terrorist financing and criminal acts. The Management is also involved in these processes through appropriate reporting and decision-making channels.

Information Security Management (ISM): The Management has adopted an information security guideline and communicated it within the bank. This policy is consistent with the bank's strategies. AKA has set up the role of Information Security Officer. This function is responsible for handling all information security matters within the bank and with respect to third parties. In this way, AKA ensures that the goals and measures laid down in the IT strategy, the information security guideline and the information security policies are presented transparently, both internally and towards third parties. The bank ensures that compliance with them can be checked and monitored. Information Security Management includes information security requirements, defines processes and controls their implementation. Information Security Management follows an ongoing process that includes the following phases: planning, implementation, success monitoring, as well as optimisation and improvement. The content-related reporting obligations of the Information Security Officer to the Management and the frequency of reporting are based on BT 3.2 margin number 1 MaRisk. The procedural model within the framework of ISM is based on the BSI standards for information security and serves the goal of establishing a security level that is in line with the risk strategy of AKA. The tasks of information risk management and risk analysis are monitored by the FI department. The objective of this organisational structure is to comply with both the regulatory requirements (BAIT) and to centrally manage all risks of the company.

Business Continuity Management (BCM): BCM is the development of an emergency and crisis management system with the following objectives: In the event of a damage occuring, important business processes are not interrupted or are only temporarily interrupted; occurring losses are reduced to an acceptable minimum and, thus, the economic existence of the bank remains secured.

The basic principles of AKA emergency management are presented in the "Emergency Management Guideline", which also takes into account the special emergency situation of a pandemic. The guidelines and other emergency management documents form the AKA framework for emergency management. The documents are based on the implementation framework of BSI standard 100-4. They are created by the BCM team and updated regularly and as needed.

AKA has established a BCM officer and an emergency management/BCM team. As permanent participants, the team includes the Management (risk management side), the head of the IT department and the Information Security Officer (ISO). The BCM team is responsible for creating, implementing, maintaining and supporting the bank-wide emergency management system. The BCM Officer supervises and coordinates the work of the team and reports to the management on a quarterly basis, on the work that is carried out as part of the emergency management system. When needed, the BCM team can be supplemented by additional members. For example, in the event of a pandemic, the head of the HR department is involved.

As part of a business impact analysis (BIA), AKA determines which of its IT applications are essential on the basis of the requirements of business operations. A protection requirement analysis (PRA) also checks what protection applications and other resources require with regard to confidentiality, integrity (including authenticity) and availability.

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

At the level of the individual functional areas of AKA, as part of the emergency management system, there are also recovery plans for handling emergency situations, in addition to the business impact analyses (BIA).

As part of the precautionary measures, corresponding exercises are regularly carried out on the basis of a corresponding emergency test plan. The frequency of emergency drills, BIAs and BAs is at least once a year.

AT 7.3 MaRisk is taken into account with the measures described.

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 applicable, external units are involved in the crisis organisation. The chairman of the Supervisory Board is informed by the management of the crisis team (which is carried out by the first available manager).

Risk Committee: The Risk Committee (RC) is the overarching committee for all risk-relevant questions, particularly with a profile encompassing all risk types.

The RC meets regularly, at least four times a year. Permanent agenda items are the last available controlling respectively risk report, innovations in the area of compliance and regulatory controlling, as well as the status of audit findings being handled. In addition, it is the escalation committee in the event of discrepancies, particularly in the event of circumstances relevant to risk control, governance topics such as processes, guidelines or control actions, as well as in all matters relating to the internal control system.

The primary objectives of the RC are to monitor the risk situation of AKA from an economic and regulatory perspective, and to define risk-reducing measures and the parameters and methods necessary for risk management.

As part of monitoring the AKA risk situation, the RC discusses risk-relevant topics, as well as the results of the risk inventory to be carried out at least once a year, and decides on any risk-reducing measures to strengthen, for example, internal control structures and to reduce operational risks. The RC is also responsible for adopting of risk-relevant methods, models and parameters. Decisions to be made by the Management in accordance with MaRisk must be confirmed by the Management following an RC meeting.

The member of Management responsible for the risk management side chairs the RC. The head of the FI department is intended as the deputy. Participants in the RCs are also the managing director responsible for the middle office, the managing director responsible for the front office or market side, all department heads, as well as the ISM Officer. If necessary, additional persons can be added.

The RC has a quorum if a managing director (managing director market side or managing director risk management side – or their deputy) and the FI department head are present. Resolutions are passed by a simple majority. The managing directors and the TSY, CRM and FI department heads are authorised to vote. The managing director responsible for risk management side (or his/her deputy, if absent) cannot be overruled at any time, regardless of the voting rights present.

Credit Committee: The Credit Committee (CC) has an operational focus and deals with credit risk-relevant matters. The primary objective is to discuss business policy and methodological credit matters (lines, limits, products, countries, sectors). In addition, individual loan exposures with a special structure or high risk share are discussed. Portfolios are also regularly considered and monitored. The topics of large exposures, (pre-)watchlist, special country risks and risk concentrations are discussed in the CC as needed.

The managing director responsible for the risk management side, the back office, chairs the CC. The head of CRM is appointed as the deputy and, in his/her absence, the managing director responsible for the middle office. Other participants are the managing director responsible for the front office, market side, and the heads of the EAF, SFS, PM and TSY departments. For special topics, other departments may be brought in if necessary.

The CC as an organisational unit does not represent a separate level of authority for credit approval. However, if the authorised persons meet in the context of a Credit Committee meeting, individual transaction, line and limit approvals can be carried out and country strategies can be defined. The existing authorities apply, and each decision made in the CC must be documented in a comprehensible manner for third parties.

Asset Liability Committee (ALCO):
The ALCO is the AKA committee for the operational overall bank management of the financial resources, capital, liquidity and balance sheet structure, taking into account the regulatory requirements. The ALCO is responsible for operational management decisions to be made in accordance with the OHB so that the Treasury department can operate.

The ALCO is responsible for the strategic and operational aspects of liquidity, capital and balance sheet structure management, in particular interest risk management, currency risk management and maturity transformation management. It serves to provide transparency about current risks that develop as a result of the overall changes in the bank's assets side and liabilities side. A common line with regard to the risks to be entered into (liquidity, interest rate and currency risks) and periods, as well as regulatory guidelines, is determined between the participating representatives.

The head of the Treasury department chairs the ALCO. Other participants in the ALCO are the managing director responsible for the market side, the managing director responsible for the risk management side, the managing director responsible for the middle office, as well as the FI, EAF, SFS, PM and CRM department heads.

The ALCO has a quorum if the managing director and the head of the TSY department are present. Resolutions are passed by a simple majority. The aforementioned participants are entitled to vote; the managing directors have the right to veto.

IT Steering Group: In order to manage the challenges resulting from the business strategy and digital transformation, the bank has developed a governance structure (see Figure 6), which is used to institutionalise and professionally manage the IT measures portfolio. In addition to the business orientation of other committees and governing elements, the steering group for the IT portfolio of measures primarily serves to present technology-related matters, taking into account risks for AKA.

The steering group thus acts as an interface between the business and IT strategy, with the goal of evaluating and deciding the measures resulting from the respective strategy processes regarding IT, and managing the overall portfolio in the interests of the company. However, the steering group does not manage the specific measures from an operational, subject-matter or technical standpoint.

For the initiation of measures and projects and their introduction to the steering group, there is a profile process that ensures that requirements and project ideas of the requesting units are subjected to a documented procedure, which brings about a decision to implement or not to implement, based on defined criteria and with the involvement of the Management.

Internal Audit: Internal Audit (IA) performs an independent and objective function as the third line in the three-line model, is part of the bank's internal control procedure and audits the appropriateness and effectiveness of the ICS and the risk management system. The audit focus areas are systematically selected with a focus on risk and are aligned with the regulatory requirements.

Its responsibilities include, among other things, independently reviewing and assessing the OHB based on a target/actual comparison with the actual business processes and controls, identifying weak points in the ICS and assessing the effectiveness of the risk control instruments and early risk warning indicators. In addition, it takes into account the accuracy and completeness of the risk reporting to the Management in its audits.

In projects, IA is involved in supporting activities and participates in the steering committee meetings.

There is an obligation to inform the IA, if, in the opinion of the specialist departments, relevant defects can be identified from a risk perspective or significant loss events have occurred. The IA must also be informed in the event of a concrete suspicion of irregularities.

If the management of IA changes, the Supervisory Board and all affected employees must be informed.

3.2 Credit default risks

Due to the business purpose, the credit default risks primarily represent the most significant risks at AKA.

At AKA, credit default risks related to individual transactions are understood as the risk of possible losses or lost profits due to the loss of a business partner as a result of the

- unexpected, complete, partial or temporary insolvency or unwillingness to pay;
- an unexpected reduction in a debtor's credit rating, associated with a reduction in the value of a receivable or
- an unexpected reduction in the recoverability of securities or guarantees.

A "non-financial" but significant performance indicator for AKA is the portion of net risk with a rating class greater than 74. The target value of less than 6.3 % for the 2022 financial year was achieved at around 4.4 %. In the 2021 financial year, the performance indicator for the 2022 targets was adjusted: AKA now looks at the rating classes on a 10-point scale and excludes loan exposures associated with IVAs (individual value adjustments).

In addition to the credit default risks related to individual transactions, AKA considers the country risks as a special default risk due to its emerging market-oriented business structure.

Country risks: The country risk defines a country's ability to provide payments of principal and interest on foreign debts or those denominated in foreign currency in a timely manner and correctly. In addition to the political risk, the fundamental aspect here is the transfer risk, i. e. in the case of willingness to pay and solvency on the part of the individual debtor, a country could restrict or prevent payments abroad, for example, due to a shortage of foreign currencies. The national solvency of the government and economy can remain intact.

The AKA rating tool used to assess the probability of default includes a scale of 10–100. The rating results are comparable to the results of international rating agencies by means of corresponding mapping tables. Ratings of 10-50 are classified as investment grade and 60-100 as non-investment grade.

CRM determines the country ratings and their regular updates for countries in which AKA has a significant liability, based on the reports of the rating agencies (predominantly Fitch), international organisations, central banks and other known reliable sources.

For the main markets of AKA, CRM prepares additional reports or ad-hoc information in addition to the annual country risk analyses if necessary. Special crisis regions or countries with special problems are under increased observation by the credit analysts and the Management and are handled in the CC if necessary.

Country reporting is revised and further developed on a regular basis. The focus is on analysing political stability, the sensitivity of the economy to shocks, the progression of inflation and foreign trade, the state budget and its financing, as well as the banking system and its stability and regulation. In the emerging markets financed by AKA, the solvency of the individual borrowers also critically depends on the political and economic situation of the respective country. This greatly influences the creditworthiness of the borrower.

The country risk is taken into account in the form of a sovereign ceiling within the framework of risk provisioning pursuant to IDW RS BFA 7.

Corporate risks: Based on another AKA rating system, the last two financial statements are analysed to assess a borrower. Key indicators for assessing corporate creditworthiness include profitability over the last two years, leverage ratio, total capital profitability and liquidity, among others. In addition, cash flow is analysed, i. e. the debt serviceability as another important variable for the successful continuation of a company. In the first step, the assessment is based on a pure rating of key figures. For the calculation of the key figures, AKA uses a benchmarking system based on a division into several sectors and different geographical regions. These benchmarks are regularly reviewed and updated to ensure current comparisons in the national and international corporate business of AKA.

For the final assessment, qualitative features are also used that can lead to a change in the purely numerical probability of default. Essentially, the size class of the company and current information about the borrower are used here. In addition, the special features of local accounting and any qualifications in the auditor's opinion are included in the result of the base rating, if necessary. Group affiliation is assessed depending on the type of interrelationship, and ultimately the country rating – if weaker than the borrower rating – is considered an "overriding" factor.

The rating tool is technically developed and adapted in line with AKA's portfolio based on requirements. As part of an internal validation process, the forecasting power of individual key indicators is examined and, if necessary, adjusted both in regard to their accuracy and overall rating result.

Bank risks: AKA also analyses financial statements of banks on the basis of a rating system. In this case, the basis of each rating is the analyses of the two last sets of annual financial statements and, if applicable, a quarterly report. The quantitative data input includes, among other things, the areas of capitalisation, profitability, deposit coverage and liquidity. The individual key figures are assigned to the respective AKA rating classes using benchmarking. Qualitative aspects evaluate, for example, foreign currency risks, interest rate sensitivity and maturity congruence of the assets and liabilities, as well as asset quality in particular. Other rating-relevant information is included in the rating assessment by means of bonus or malus points.

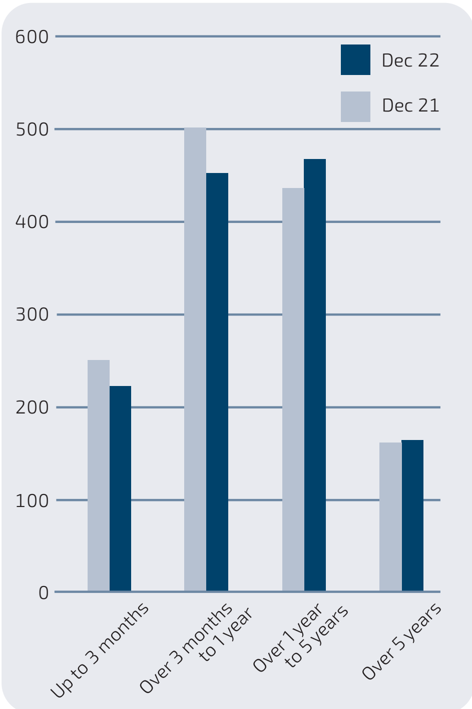
In addition, the country rating acts as an "overriding factor" similar to the corporate business. The assessment of possible state support is another component. The background is the experience with banks, according to which institutions with a systemic effect can expect the support of the state in an emergency.

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

Risks from structured and project financing: AKA uses a separate rating tool to assess project risks. Essential rating elements for the assessment of the project success to be expected are the sponsor, completion, operating and market risk. In addition, AKA evaluates the financing and planning risk. These credit rating factors are assessed quantitatively and qualitatively, in accordance with the other rating modules of AKA and result in the overall rating.

Insurance risks: AKA uses another rating tool for the insurance customer group, after the credit default risks are also minimised by private insurance companies. As part of its risk management AKA only accepts insurance companies with an internal investment grade rating to release its limits. The main focus of the ratings is on the areas of premium and earnings development, as well as the provision and premium ratio.

Structure of credit risks (net) according to remaining terms, in EUR million

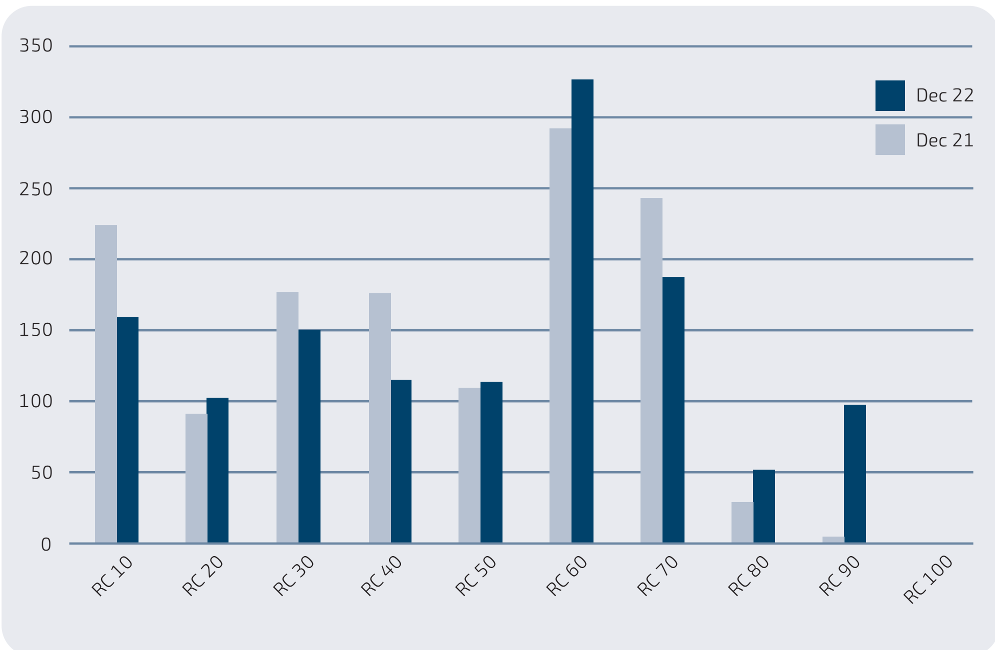


Sector risks: In the further structuring of corporate risks, AKA assigns concentration risks to individual sectors to be able to limit them. There are sector limits in place. Depending on the country rating, the country limit can be applied as a corrective.

Risk concentration: For risk limitation, monitoring and management of the portfolio or concentration risks, AKA uses a limit control system in which individual limits are installed for the risks at country, industry and address level. In addition, it observes the following criteria in the context of refinancing: Large exposures within the meaning of section 13 KWG or large exposures pursuant to section 387 et seqq. CRR Part IV and counterparty limitations.

The aforementioned regulations and criteria, which serve to limit and monitor risk concentrations, are recorded in the bank's work instructions and process descriptions and published in the Organisational Handbook (OHB).

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



They are regularly applied within the framework of controlling, continuously adjusted in accordance with changed requirements and conditions and checked for their appropriateness at least once a year as part of the review of the risk strategy.

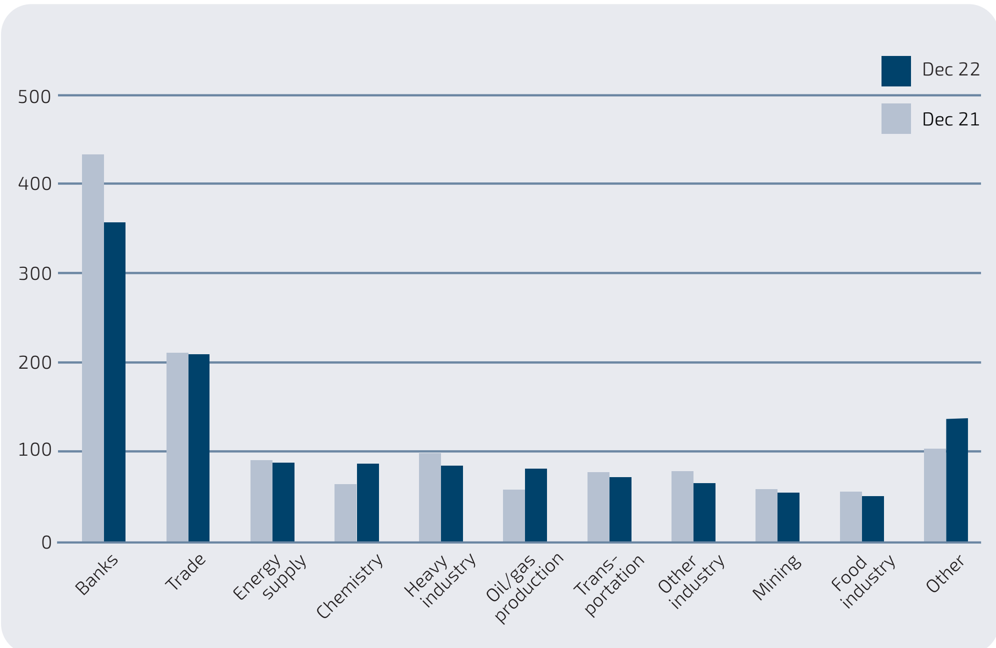
Limit framework for credit default risks and portfolio management: The limit framework used for portfolio management at AKA limits gross risks, taking into account accepted securities pursuant to CRR. These are non-valuated, financial securities from government export credit insurance providers. As part of its risk management process and to ensure limit headroom, the bank also accepts insurers, depending on their external rating. The limit framework is based on the maximum available equity capital for the credit default risk, in accordance with Pillar 1, whose use is calculated in the course of regular determinations of the risk-taking capacity. For all credit default risks, the bank has defined an equity limit as the upper limit of losses, which is regularly adjusted with regard to the equity capital requirements.

The net liability framework, the amount of which is determined by the bank's allocated own funds for credit default risks (EUR 2 billion as of December 2022), is structured with decreasing nominal limits, according to internal rating classes. The respective limit utilisations are reported to the Supervisory Board at regular meetings, at least once per quarter.

The limits provided for concentration, credit default, market price and operational risks are sufficient and were consistently complied with in 2022.

The CRM and FI departments continuously monitor compliance with all risk-relevant control parameters. The adequacy of the control parameters themselves is checked over the course of the review of the risk strategy, which is completed at least once a year. In the process, AKA compares the limit

Structure of credit risks (net) by sector, in EUR million



framework with the business policy objective, annually with regard to its amount and structure, and submits this to the Supervisory Board for information. The risk strategy with the limit framework anchored therein was discussed with the Supervisory Board on 15 December 2022.

An economic, internal monitoring and control component complements the aforementioned nominal limit framework and its equity use according to the standard credit approach (SCA).

Internal credit model for risk management: The internal risk measurement at portfolio level is based on the CreditMetrics (protected trademark) credit risk model. AKA takes into account important decision-making variables on the following basis: credit volumes, recovery factors according to the Foundation Internal Rating-based Approach (F-IRB: internal, rating-based approach based on self-determined probability of defaults [PDs]), as well as correlations. These include the "expected loss" and the "unexpected loss".

The set confidence level is 99.9 % and coincides with a target rating of A-. The bank uses the system as part of simulation calculations to estimate the economic risk capital consumption and to calculate stress tests for credit default risk. Furthermore, the data are used for the validation of the AKA-specific rating systems in the course of the precision analysis.

The data obtained, using the internal model, is also regularly compared with the regulatory SCA parameters applied to AKA. The capital backing value calculated according to the standard credit approach (SCA) remains the basis for risk management.

Credit decision process and allocation of authority within the framework of limit control: Each credit decision requires two positive votes from the EAF, SFS (together referred to as new business) and CRM departments within the meaning of the separation of functions according to MaRisk. AKA waives a distinction between risk-relevant and non-risk-relevant loan business in accordance with MaRisk BTO 1.1 margin no. 4. The New Business departments and CRM jointly have a net authority (i. e. after taking into account own funds-relieving collateral) in the amount of EUR 1 million per borrower unit/group of affiliated customers. Separate authorities exist for the FI desk.

If a credit transaction is voted negative by Credit Risk Management within the scope of its own authority, the loan application can be submitted to the Management for a final decision within the scope of escalation at the request of New Business. For loans with a certain net risk, the EAF or SFS departments and the member of the Management responsible for the market side prepare the initial votes. CRM and the managing director responsible for the risk management side or back office form the independent second vote. In case of a tie (2:2), the loan is deemed rejected. The back office cannot be overruled in risk issues.

The authorised persons can permit approved specific default, sector, or country limits to be exceeded for certain periods of time to control limits.

If necessary within the framework of business development, the Management can, based on demand and in keeping with the overall profile, request that the Supervisory Board sets up corresponding special limits.

Risk limitation/monitoring: The essential goal of AKA's credit risk management is to maintain a risk-adequate NPL (non-performing loans) ratio for AKA, to protect the bank's equity capital and to continue to ensure the risk-taking capacity of AKA. Measures to achieve these goals are essentially:

- early identification of negative developments,
- effective and efficient management of intensive and bad loans,
- support and granting of suitable forbearance measures and
- suitable sales or recovery measures.

The early detection of increased risks is based on defined, qualitative and quantitative (significant rating shifts) early warning indicators. In a pre-watchlist, the bank manages the exposures that become noticeable through qualitatively negative developments and changes of the borrower, whether in the country of domicile or in the borrower environment.

If there is a concrete need for action (if possible courses of action exist) resulting from (imminent) financial difficulties, the corresponding exposure is transferred to Intensive Care. It is then classified as an intensive loan.

After detailed analysis of the framework conditions and in particular the debt serviceability of the intensive loans and the bad loans (i. e. non-performing loans or NPLs), one of the following strategic options (or the combination of different options) is selected in close coordination with the accompanying bank or the respective bank consortium:

- Maintaining the unchanged risk position
- Active reduction (sale, value adjustment)
- Liquidation (realisation of collateral, insolvency proceedings or other judicial proceedings, out-of-court agreement, derecognition)
- Restructuring/initiation of forbearance measures

If forbearance measures are carried out, then it is mandatory to assign them as intensive loans or, if applicable, as bad loans.

During the coronavirus pandemic, ongoing since 2020, temporary financial bottlenecks or difficulties arose with various loan exposures, which AKA countered through suitable measures after detailed risk analysis (among other things, deferrals, suspension of testing of financial covenants). Loan exposures burdened by the coronavirus crisis are monitored and reported using the Covid-19 watchlist. In contrast to the borrower of the loan exposures of the regular watchlist, the Covid-19 watchlist was not in financial difficulties prior to the coronavirus crisis and is not expected to suffer any long-term financial difficulties. If temporary liquidity bottlenecks turn into sustainable financial difficulties in specific cases, they are transferred to the regular watchlist.

Due to Russia's war in Ukraine, the Russian, Ukrainian and Belarusian portfolio underwent an intensive review in 2022. Since the start of the war, new business has been suspended in those regions.

AKA monitored and reported the existing credit default risks as part of the watchlist. In order to make current developments and risk-reducing measures transparent in a timely manner, a weekly coordination meeting was set up with the involvement of relevant departments and the Management.

In 2022, the existing portfolio with Russia, Ukraine, Belarus was reduced by around 30 %.

In view of the counterparties' predominant willingness and ability to pay, a main focus is on the identification of possible payment methods for servicing the receivables, under strict compliance with all sanction-relevant requirements and in coordination with the partner banks involved.

Russia's war in Ukraine, started in 2022, had an impact on risk provisioning. AKA has formed a corresponding sub-portfolio and monitors it accordingly. As of the reference date, the following values emerge for the sub-portfolio:

Country of risk	Gross risks in EUR million	Collateral in EUR million	Net risks in EUR million	IVA in EUR million	LSP in EUR million	Total risk provision in EUR million
Belarus	75.8	68.5	7.3	0.7	3.4	4.1
Russia	313.0	236.8	76.2	7.7	20.0	27.7
Ukraine	16.8	16.0	0.8	0.8	0.0	0.8
Total	405.6	321.3	84.3	9.2	23.4	32.6

AKA forms a risk provision for credit default risks in accordance with commercial law. This is expressed either in the form of an individual value adjustment or a lump-sum provision. In 2022, the previous procedure for a country value adjustment based on the BMF tax tables was replaced by the IDW Standard IDW RS BFA 7. The risk provision as of the reference date is as follows:

Risk provisioning	Value at 1/1	Additions	Reversals	Reclassification	Use	Value at 31/12
IVA	11.9	19.0	6.6	0.0	0.0	24.3
LSP	2.2	35.1	2.2	0.0	0.0	35.1
CVA	32.6	0.0	32.6	0.0	0.0	0.0
Total	46.7	54.1	41.4	0.0	0.0	59.4

3.3 Market price risks

The market price risks to be considered at AKA result solely from the fact that the refinancing of the loan business does not match the maturities of the loan business or from the fact that too few instruments are held in the liquidity reserve. AKA considers interest rate risks (IRRBB), exchange rate risks (FX risks) from loans and refinancing issued in foreign currency, as well as credit spread risks in securities, as so-called sub-risks of market price risks. However, the latter are not significant, since AKA only acquires securities within the framework of the liquidity reserve and liquidity control and only holds securities of first-class creditworthiness (in particular HQLA, within the meaning of the CRR).

3.3.1 Foreign currency risks

Foreign currency risks (FX risks) arise from discrepancies in the amounts of receivables and liabilities in a currency that differs from the balance sheet currency (EUR). A change in the exchange rate thus has an effect that influences the result.

AKA strives to avoid currency risks. For this purpose, receivables from the loan business that are not denominated in EUR are fundamentally refinanced through conforming refinancing in the respective currency. If refinancing in the currency is not possible, a hedging transaction (cross-currency swap, forward exchange transaction) must be carried out.

As part of the CRR reporting, the foreign currency risks are calculated monthly by comparing the receivables converted into EUR with the liabilities. The sum of all foreign currencies (in absolute amounts) must be backed by own funds in the amount of the currently valid own funds requirements and is used as a measure for the foreign currency risk of AKA in the normative perspective of risk-taking capacity.
The economic determination of foreign currency risk is carried out using a value-at-risk model (VaR). The result from the model is determined using historical simulation as an empirical 99.9 % quantile with a holding period of more than one year.

3.3.2 Interest rate risks

Interest rate risk (IRR) is defined as the existing or future risk to an institution's earnings and economic value arising from adverse movements in interest rates affecting interest-rate-sensitive instruments.

The calculation of IRR using an economic calculation is carried out by using a VaR model. The result from the model is also an empirical 99.9 % quantile, but with a holding period of one day, that is scaled up to one year using the root t formula.

Present value changes in the interest rate risk in the banking book must be determined on the basis of the procedure specified by BaFin, in accordance with the currently valid circular.

In order to meet the requirements of MaRisk, the effect of an interest shock on interest income/interest expenses is investigated and the effect, based on the next twelve months, is determined.

Risk type	Risk indicator	31/12/2022 in EUR million	31/12/2021 in EUR million
Foreign currency risk	Own funds requirement according to CRR	1.0	0.9
	VaR model	5.8	4.9
Interest rate risk	VaR model	15.7	14.6
	Parallel shift +200bps	-9.7	-7.1
	Parallel shift -200bps	10.9	3.8
	Parallel shift upwards	-9.7	-7.1
	Parallel shift downwards	10.9	3.8
	Steppening	-2.8	-5.8
	Flattening	0.6	3.2
	Short-term shock upwards	-2.4	0.7
	Short-term shock downwards	2.2	-0.1

Russia's war in Ukraine, which started in 2022, has a major impact on the market price risk models – with respect to interest-bearing business – due to the progression of interest rates and exchange rates.

3.4 Liquidity risks

AKA includes insolvency risk and liquidity maturity transformation risk under liquidity risk.

Insolvency risk refers to the risk of not being able to meet current or future payment obligations in full or in a timely manner. It includes the risk that refinancing funds are not raised or are only raised at increased market rates (refinancing risk) or that assets can only be liquidated at discounts (market liquidity risk).

Liquidity maturity transformation risk is the risk that a loss can occur within a specified period of time at a certain confidence level, namely due to a change in the own refinancing curve (spread risk) from the liquidity maturity transformation.

Strategic liquidity management deals with the determination, planning and management of the refinancing needs of AKA (structural liquidity) and maturity transformations received. The observation horizon is in the range of more than one year. Forward liquidity exposures based on reporting dates and forecasts are prepared for analysis.

Liquidity risk measurement within the meaning of insolvency risk is carried out on the basis of forward liquidity exposures. These reflect, broken down by term bands, the cash flows from the loan business and the borrowed amounts required for their financing. Scenario analyses include different assumptions regarding the development of cash flows.

Borrowings to refinance loans granted by AKA should be made with different counterparties if possible, taking into account economic efficiency.

While operational liquidity risks can be minimised through precautionary measures (maintaining a liquidity reserve), the liquidity risk arising from maturity transformation must be quantified, monitored and taken into account as part of the risk-taking capacity.

A verifiable expression of the liquidity maturity transformation risk is the spread risk: There is a risk that, in the case of loans that are not fully funded, an additional refinancing expense may be incurred due to the fact that, at the time follow-up financing is required, the refinancing curve of AKA has shifted (upwards) and thus higher premiums have to be priced in.

A VaR model is used to quantify the liquidity risk. AKA's own spreads are determined on the basis of AKA's historical money market transactions. Spreads are multiplied by the identified funding gaps in the next 12 months from the forward liquidity exposure. The results represent a value-at-risk with a confidence level of 99.9 %.

The LCR (liquidity coverage ratio) and the NSFR (net stable funding ratio) are also calculated as liquidity indicators.

Risk type	Risk indicator	31/12/2022 in EUR million or in %	31/12/2021 in EUR million or in %
Liquidity risk	VaR model	3.6	5.8
	Liquidity reserve	348	170
	LCR	206	251
	NSFR	113	109

The Russian war, initiated in 2022 an impact on liquidity risks to the effect that AKA implemented a higher liquidity position. The relevant supervisory indicators were above the regulatory requirements during the reporting period.

Due to the special shareholder structure (17 banks are shareholders of AKA), AKA is able to ensure the necessary refinancing of the loan business via its shareholder banks even in difficult market phases. Loans from shareholders and non-shareholders represent an important source of financing. In addition, shareholder banks also provide funds for short-term refinancing within the framework of money market lines. To diversify the refinancing portfolio, AKA also uses refinancing funds from customers from the public and private sector. These will be accepted in the form of term deposits and promissory note loans. There are unconfirmed lines with individual customers for the regular trading of time deposits.

The refinancing structure of AKA is thus based on several pillars that were used in the following scope:

Refinancing	Source	31/12/2022 in EUR million or in %	31/12/2021 in EUR million or in %
Refinancing	Shareholders	529	510
	Non-shareholders	1,347	1,331
	Publicly accessible funds	1,459	1,504
	Overall borrowing	3,335	3,345

3.5 Operational Risks

AKA generally defines operational risk as the risk of loss resulting from the inadequacy or failure of internal processes, people and systems, or from external events or disasters. This definition includes legal, technology and reputational risks, but does not include strategic or business risks. As part of the management of operational risks, AKA also manages, controls and monitors the following risks in particular:

- Compliance risks
- Model risks
- Reputational risks
- IT risks
- Legal risks
- Behavioural risks
- Risks from outsourcing

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

Compliance risks as a sub-risk of operational risk

Compliance risks are those that result from non-compliance with statutory provisions. AKA takes into account and monitors compliance with the relevant statutory, regulatory and internal regulations, as well as the customary rules of conduct (compliance) within the framework of its global business activity.

Model risks as a sub-risk of operational risk

Model risks can result in the risk models used in the bank delivering incorrect or inaccurate results and then being used for business policy decisions. This can result in asset losses for the bank. In order to minimise model risks, AKA considers them during the model validation.

Reputational risk as a sub-risk of operational risk

Reputational risks can lead to the bank suffering a loss of the trust placed in it, not only with regard to the bank's shareholders but the general public as well. Reputational risks are usually the result of previous, known risks and can enhance them by becoming recognisable to the public. Against this background, all measures and activities of the bank are carefully assessed and decided with regard to their external impact and the relationship with the business partners and shareholder banks involved.

IT risks as a sub-risk of operational risk

IT risks are part of operational risk. They are reviewed on the basis of the business strategy and taking into account current developments in the business operations of AKA, in regular and, if necessary, ad hoc risk assessments, for operational adjustment needs and also for their materiality for the business operations.

Legal risks as a sub-risk of operational risk
Legal risk is also included under operational risk. It includes the following components: consultancy risks, risks from court proceedings, supervisory risks and those arising from unlawful, invalid or unenforceable loan or security contracts, as well as liability risks resulting from non-compliance with foreign or international legal provisions. In the narrower sense, the Legal department also checks, as far as possible, to what extent the bank would expose itself to contractual obligations that could not be fulfilled in the context of lawful contracts.

Behavioural risks as sub-risk of operational risk
Behavioural risks can be divided into risks of error, negligence risks and criminal risks. An error exists if AKA is harmed while internal guidelines and external laws are complied with. The risk of error is thus due to human error and primarily includes input errors, spelling errors and confusion. Negligence occurs when an employee does not receive a personal advantage from a damaging act, but has violated internal guidelines and external laws. Criminal risks include fraud, embezzlement and sabotage.

Risks from outsourcing as a sub-risk of operational risk
Outsourcing risks are already examined at AKA by means of a risk analysis before the decision to outsource.

The basis indicator approach (BIA) in accordance with CRR is used as the methodology for calculating the equity capital requirements in the normative perspective for operational risks. In the BIA, an amount of equity is to be kept for operational risks, the amount of which corresponds to the three-year average of the gross earnings achieved, multiplied by a defined percentage. Years with negative gross income are not taken into account.

From an economic perspective, AKA quantifies operational risks using scenario analyses (significant risk drivers + low frequency/high impact scenarios from the risk inventory), the results of which are aggregated to a value-at-risk. So-called Bayesian networks are used as a model.

Risk type	Risk indicator	31/12/2022 in EUR million	31/12/2021 in EUR million
Operational risk	Own funds requirement according to CRR	8.6	7.8
	VaR model	6.6	7.3

Russia's war in Ukraine started in 2022 and did not result in any loss events or increased risks in the area of operational risks.

3.6 Risk reporting

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

Internal reporting includes risk-specific communication to cover the need for information within AKA. The focuses of external reporting are the fulfilment of supervisory requirements and activities to safeguard the interests of the shareholder banks.

In addition to the general information on the risk profile of AKA, further analyses are carried out, which include the following aspects: corrective measures taken or planned, interrelations between different types of risk and the risks of the different departments, trends in risk activities, risk concentration, violations of the company principles and ineffectiveness of operational control. Corresponding precautions have been implemented at AKA.

The external reporting of risks is carried out vis-à-vis the Supervisory Board, the supervisory authorities and, within the framework of affiliation with the deposit protection fund of the private banking industry, vis-à-vis the Auditing Association of German Banks and GBB Rating.

In the process, all risks relevant to business operations are reported in the regularly prepared risk report. The aim of the reporting is to point out developments at an early stage and comprehensively that require consideration in risk and business management in the interest of achieving the company goals.

In accordance with MaRisk, the report serves as a continuous control and monitoring instrument at portfolio level, with a special focus on the significant risks relevant to AKA, in particular credit default risks, the progression of foreign exchange, refinancing and liquidity risk, as well as operating risk, as a basis for identifying and avoiding risk concentrations. The aim is to maintain a risk quality and risk diversification at all times, taking into account the risk-taking capacity of AKA.

The report itself is divided into the following topics:

1. New business development
2. Financial performance
3. Loan portfolio
   - Portfolio structure
   - Concentrations
   - Watchlist
   - Risk provisioning
4. Liquidity management
   - Current liquidity situation
   - Borrowing
   - Concentrations
   - Liquidity reserve and key figures
5. Risk management
   - Risk-taking capacity (normative and economic)
   - Definition and calculation of stress tests
   - Details on the material risk types
6. Non-financial risk reporting
   - Loan portfolio ESG score
   - Other non-financial risks
7. Attachments
   - Country limits
   - ECA limits
   - Key figures
   - Risk provisioning development
   - Status of external audit findings being addressed
   - Restructuring indicators
   - Early risk warning indicators
   - Shadow bank reporting
   - BCM status report

The risk report initially includes a summary of the most important findings and recommendations in the form of a cockpit. A traffic light system supports the statements.

The Management is informed on an ad-hoc basis about short-term, significant risk changes, for example, payment disruptions, violation of large loan limits, limit exceedances or imminent liquidity bottlenecks.

In the aforementioned cases, in accordance with the procedure agreed with the Supervisory Board, the Management first informs the chairperson of the board on an ad-hoc basis and in electronic form (for example by telephone or email). The further course of action and the notification of the Risk Committee and the Supervisory Board are then coordinated with the chairperson.

Russia's war in Ukraine, which started in 2022, led to several ad-hoc reports to the Management, the Supervisory Board and the banking supervisory authority. These included, among other things, a description of the impact on the loan portfolio, the performance of stress tests, an impact with regard to sanctions and the measures taken.

3.7 Internal Capital Adequacy Assessment Process (ICAAP)

Ensuring adequate equity base

In the normative perspective, the data from regulatory reporting are taken from the COREP reporting forms. The own funds under supervisory law, including Tier 2 capital, act as risk coverage potential. In accordance with CRR, AKA considers the following types of risk from a normative perspective:
- Credit default risk (SCA approach)
- Foreign currency risk (aggregate foreign currency position approach)
- Operational risk (BIA approach)

The risk positions determined in the reporting system in the form of risk-weighted assets (RWA) are multiplied by the capital requirements under supervisory law.

The values determined for the normative perspective of risk-taking capacity are shown in the monthly report or in the risk report. The calculated capital ratios are also shown, and the fulfilment of the minimum supervisory ratios is checked.

AKA uses a Pillar 1 Plus approach from an economic perspective. This means that it determines the risk coverage potential based on the balance sheet equity. This position is corrected, if available, for hidden reserves or encumbrances. The following items are considered additional risk coverage potential:
- operating result achieved as of the reference date,
- changes in risk provisioning in the current financial year,
- planned dividend distribution, and
- deduction of administrative costs (based on IDW RS BFA 3).

The book value of the shares in affiliated companies is also used as a deduction item.

The following material risks are taken into account when determining the risks, based on the risk inventory:

Risk type	Procedure
Credit default risk	Standard credit approach (SCA) from Pillar 1
Foreign currency risk	VaR model based on a historical simulation, according to FX balance sheet surpluses
Operational risk	VaR model according to scenarios, based on Bayesian networks
Interest rate risk	VaR model based on a historical simulation, according to excesses from interest rate gap analysis
Liquidity risk within the context of refi spread risks	VaR model based on historical spreads and refi gaps from forward liquidity exposures

In all VaR models, AKA uses an empirical quantile of 0.1 %. This corresponds to a confidence level of 99.9 %. The bank assumes a consideration horizon of twelve months.

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

The capital planning of AKA is carried out within the framework of the multi-year business planning of AKA, to be updated annually, taking into account the guidelines from the business and risk strategy. The FI Team Financial Reporting & Controlling department is responsible for this in coordination with the Management and the departments involved in the planning process.

In the basic scenario, the risk positions and own funds requirements are updated on the basis of multi-year business planning, and the corresponding compliance with the minimum capital ratios and other regulatory key figures are reviewed. In the adverse scenario, analogous to MaRisk AT 4.3.3. margin no. 2, an economic downturn is assumed and the effects on the risk positions and own funds are reviewed. When determining the risk positions and own funds, the AKA takes into account and integrates effects from an economic perspective.

The final capital planning is submitted to the Management for approval and discussed and adopted within the Risk Committee and Supervisory Board.

Perspective	**Risk indicator**	**31/12/2022** in EUR million or in %	**31/12/2021** in EUR million or in %
Normative perspective	Risk-weighted assets	1,664.3	1,741.3
	Tier 1 capital	287.7	272.1
	Tier 2 capital	0.0	0.0
	Own funds	287.7	272.1
	Common Equity Tier 1 ratio	17.3	15.6
	Tier 1 capital ratio	17.3	15.6
	Total capital ratio	17.3	15.6
Economic perspective	Risk cover amount	278.7	281.1
	Risk positions	154.5	162.3
	Utilisation of risk coverage amount	55.4	57.7

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 internal requirements based on them, from a normative perspective. These are, in particular, compliance with the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). The calculation of both ratios is based on the supervisory requirements.

In addition, AKA maintains a constant liquidity reserve in the form of central bank balances and highly liquid assets. It identifies and quantifies liquidity risks along the lines of the descriptions of liquidity risk.

AKA manages, monitors and reports compliance with the requirements on operational liquidity using the instruments that are mentioned 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 emergency. In addition, as part of the multi-year business and capital planning, a refinancing plan is carried out that covers aspects of the operational and strategic liquidity management. Compliance with regulatory liquidity requirements is also checked.

AKA differentiates between operational and strategic liquidity. Since AKA does not operate a deposit-taking business, it always refinances itself for its loan activities via the term money and capital markets, as well as various other AKA-specific refinancing sources. The special refinancing structure of AKA is part of its refinancing strategy.

Operational liquidity serves to ensure solvency at all times and covers a period of up to one year at AKA. This operational or short-term or even tactical liquidity is ensured in particular by money market lines and the holding of a liquidity reserve. In addition, the LCR is maintained and monitored at all times.

Long-term, strategic or structural liquidity serves to ensure the sustainable refinancing of AKA and compliance with regulatory requirements. Due to the specific structure of AKA activities, which are highly collateralised by state institutions, AKA has access to various refinancing channels, including public ones. AKA strives for long-term refinancing in line with maturities and monitors this through various key figures.

Based on the refinancing strategy and the multi-year business planning, AKA determines the expected refinancing requirement annually for a multi-year period, similarly to the business planning.

On the basis of already existing business and planned activities, AKA forecasts a liquidity profile that is to be covered and compares possible refinancing channels. In the planning, AKA takes into account both the perspective compliance with normative sizes and scenarios that can have an impact on AKA's liquidity position.

The assessment of the feasibility of refinancing must be taken into account in the business planning. This also includes a potentially necessary adjustment of the business planning.

Influencing parameters
The World Bank forecasts that the global economy will expand by 1.7 % in 2023 compared to the previous year (2.9 %). Growth thus fell below the average of the last decade of 2.9 % before it would gradually recover. Global themes, which have already become prevalent in the previous year, weigh on the outlook: heightened geopolitical uncertainties, tighter monetary policy to combat inflationary pressures and less favourable financing conditions. In addition, political issues and climate-related effects are likely to lead to volatility. Weak growth of 0.5 % is expected for industrialised countries. In the United States, the world's largest economy, growth was also expected to be at 0.5 %, as tight monetary policy leaves significant marks on the otherwise consumption-driven economy. The weak growth phase in the industrialised countries emanates to emerging and developing countries through international economic relations. Nevertheless, emerging markets are expected to grow at 3.4 %, as in the previous year, as a modest economic recovery in China should be supportive.[1]

Against the backdrop of global challenges for the global economy, global trade volume growth should continue to slow in 2023, but remain positive at 1.0 %. Import demand will remain weak given the lifeless economy in the US and other developed economies. The Middle East and Africa should remain on this plateau after strong commodity-driven exports last year and have the financial leeway for further increase in import demand.[2] The potential for stimulus could come from a recovery in China. Other factors influencing trade patterns include the development of global supply chains, as through supplier diversification, reshoring, nearshoring and friendshoring. The transition to a greener global economy should support demand for environmentally sound products.[3]

In the eurozone, after a short, mild recession in the winter of 2022/23, a successive economic recovery should begin. According to the European Commission, growth in 2023 should be slightly positive at 0.3 %. Disruptions come from the economic effects of Russia's war against Ukraine. Inflation erodes real incomes, and cost pressures weigh on production, particularly in energy-intensive industries. Higher interest rates will dampen private investment, particularly in the construction sector. Fiscal policy should partially cushion the negative impact. In some of the current 20 euro countries, support is expected from the Next Generation EU fund. The risk of disruptions to energy supply could revive at the end of 2023. In the medium term, the energy market should find its balance. Economic growth is likely to recover more and more as external demand gradually picks up again and remaining supply bottlenecks are lifted.[4]

According to the German Council of Economic Experts' forecast, real gross domestic product should decline slightly by 0.2 % in 2023 overall, but turn positive over the course of the year. The downturn is somewhat stronger than the eurozone average. This is where the greater focus of the energy-intensive industries that are hit by energy prices is important. By contrast, supply chain disruptions are likely to continue to decline gradually, allowing manufacturing to moderately expand production, also thanks to high order backlogs.[5] Companies rely on various measures to deal with bottlenecks and price increases. Example: Many of them are increasingly trying to establish new supply relationships and to diversify them from a geographical and resilience perspective.[6] The slowdown over the course of the year is likely to be further compensated by stimulus from the relief packages, in particular the gas price brake.

In emerging and developing countries, aggregate growth without China should be 2.7 % for 2023, but should continue to be higher than in industrialised countries.[7] Weak growth in the US and the eurozone, as well as uncertainties from fluctuating commodity prices, will have a negative impact. Investment activity will also be negatively impacted by the rise in global interest rates and restrictive domestic interest rates. This should also make it more difficult to achieve climate targets.

The development in the individual regions will nevertheless be heterogeneous. In international terms, Asia should once again be the fastest growing region. In China, economic growth should pick up to 4.3 %, with the biggest boost expected from lifting strict pandemic-related restrictions and government measures to consolidate the slumped real estate sector. India should benefit from restructuring supply chains, given a leading position in digital financial transactions. Weak US growth will be felt in Latin America due to tight trade relations. In addition, there is a slowing tailwind from the commodities sector. However, a potential pick-up in demand for commodities from China could provide support. In the Middle East, the relaxation of the energy sector will lead to a pivot towards the earlier moderate growth path. Africa is expected to continue to grow at a steady pace as in the previous year, although the forecasts for each country are very heterogeneous, depending on their resources. The Eastern Europe and Central Asia region will have the lowest growth, particularly due to the recession in Russia, while Uzbekistan should outperform thanks to opening up economically.[8]

In addition to the consideration of the economic situation, for AKA's business focus, it is important to assess the risks that arise from various international influencing factors. One of the biggest growth risks is monetary policy that is too tight to combat inflationary pressures. On the other hand, higher energy and agricultural prices, potentially caused by intensification of the war in Ukraine, could lead to a rise in inflation. In the World Bank's risk scenario, an interest rate that is one percentage point higher than expected could result in lower economic growth of 0.6 %, rather than the forecast with 1.7 %.[9] According to the WTO's calculations, stronger tightening of monetary policy and uncertainties in the Russian-Ukrainian war could trigger a 2.8 % decline in international trade volumes.[10]

For some emerging markets, the risks of higher interest rates and a stronger US dollar lie in excessive debt servicing. Expectations of curtailed growth can also result from the following developments: geopolitical uncertainty resulting from various issues, in particular an escalation in relation to Taiwan, a significant worsening of the real estate crisis in China, new hazardous coronavirus variants, climate change, natural disasters and social upheaval.[11]

On the other hand, a rapid conflict resolution in Russia's war against Ukraine would create positive stimulus. A larger expansion of the raw material production volumes can further dampen the price development. This could effectively weaken inflationary pressures, cut the interest rate hike cycle of central banks and thus lead to stronger economic growth than forecast. In its positive scenario, the WTO expects global trade volumes to rise by 4.6 %. Further positive effects would arise from productivity gains via transformational advances, partly accelerated by reconstruction funds, a strengthening of the international community, a relaxation of trade policy, stronger growth in China and the mitigation of further geopolitical conflicts.[12]

Opportunity report

The term "opportunities" is defined as the prospect of a possible future development or the occurrence of events that can lead to a positive forecast or deviation from targets for the company. In this respect, opportunities are to be understood as the opposite of risks.

Opportunities arise for AKA from the transition of sectors and companies towards a sustainable economy and CO2 neutrality. Financing climate-friendly exports and investments for a sustainable transformation will become increasingly important and offer growth potential for AKA.

Particularly due to the changed geopolitical situation, raw material protection is of particular importance for the German and European economy, since, without sufficient availability of necessary raw materials, among other things, no products for renewable energy generation can be produced and overall no transition of the economy can succeed. In the area of raw material protection, there are new and further business opportunities for AKA.

We further expanded the digitisation of the credit application route that started in 2019 via the bank's own online portal SmaTiX (Small Ticket Express) for small-scale ECA-covered buyer loans over the past three years. The positive trend channel of the 2022 credit requests submitted via SmaTiX opens up room for positive development, which will continue in 2023.

Forecast of developments

In summary, AKA is planning a new business volume of around EUR 2.0 billion across all product groups for 2023.

The financial KPIs will be adjusted by the Supervisory Board for 2023. The adjustments were made in order to now integrate the aspects of sustainability and equity base not previously considered in a financial performance indicator into the overall bank management. The adjustment thus extends the scope of the performance indicators and, in the opinion of the bank, better reflects the essential performance indicators with regard to the business model and future challenges. In addition to the previous KPIs of return on equity before taxes and cost-income ratio (before and with innovation and investment budget (IIB)), the target ratios of return on risk-weighted assets, total capital ratio, share of ESG score 4+5 in net risk, as well as the share of loans in the pre-watchlist and intensive care have now been introduced in net risk. The following table shows the target values for 2023:

KPI	2022	Target value 2023
Return on Equity (RoE)	3.8 %	7.2 %
Return on RWA	3.8 %	3.3 %
CIR (before IIB)	50.0 %	49.8 %
CIR (with IIB)	56.2 %	56.4 %
Proportion of ESG score 4 + 5	24.0 %	24.0 %
Proportion of pre-WL + intensive care	12.6 %	12.6 %
Total capital ratio	**16.4 %**	**16.4 %**

In February 2023, parts of Turkey were hit by a severe earthquake. Due to this terrible event, AKA analysed the Turkey portfolio immediately.

In the affected region, a regional financing volume of EUR 294.6 million was identified at the time of the analysis. After cover and bank guarantees, a net risk of EUR 10.6 million remains, which corresponds to a share of 0.7 % of the AKA net credit default risks.

The borrowers are closely monitored, and measures are adapted to the current findings. A negative deviation of the planned figures or performance indicators can therefore not be excluded.

At the time of preparation of the annual financial statements, there are uncertainties on the interbank market. AKA has no direct business relationships with the parties involved, but closely monitors the developments. The uncertainties also result in part from the insolvency or bail-out of three US banks and the acquisition of Credit Suisse by UBS announced on 19/3/2023, as well as the liquidity aids granted in this context.

1 Cf. The World Bank: Global Economic Prospects. Washington, DC: January 2023. URL: https://www.worldbank.org/en/publication/global-economic-prospects. Short reference: World Bank 2023.
2 Cf. World Trade Organization (WTO). Press Release / 909. 05/10/2022. URL: https://www.wto.org/english/news_e/pres22_e/pr909_e.htm. Short reference: WTO 2022.
3 Cf. UNCTAD. Global Trade Update. December 2022. URL: https://unctad.org/webflyer/global-trade-update-december-2022.
4 Cf. European Commission. European Economic Forecast – Autumn, 2022. Institutional Paper 187.
URL: https://economy-finance.ec.europa.eu/system/files/2022-11/ip187_en_3.pdf.
5 Cf. Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung [Council of Experts on the assessment of overall economic development]. Jahresgutachten 2022/23 [Annual report 2022/23].
November 2022. URL: https://www.sachverstaendigenrat-wirtschaft.de/jahresgutachten-2022.html.
6 Cf. DIHK-Umfrage zu Lieferengpässen und Rohstoffknappheit [DIHK survey on supply bottlenecks and commodity shortages]. 21/12/2022. URL: https://www.dihk.de/de/ themen-und-positionen/wirtschaftspolitik/konjunktur-und-wachstum/blitzumfrage-lieferengpaesse.
7 Cf. World Bank 2023.
8 Cf. ibid.
9 Cf. ibid.
10 Cf. WTO 2022.
11 Cf. World Bank 2023.
12 Cf. ibid.

Contents of annual financial statements

Balance sheet as at 31 December 2022

Assets	EUR	31/12/22 EUR	31/12/21 EUR thousand
1. Cash reserve			
a) Cash Balance	3,022.08		2
b) Balances at central banks,	1,810,106.63	1,813,128.71	70,548
including: EUR 1,810,106.63 at the Deutsche Bundesbank (2021: EUR 70,548,000)			
2. Loans and advances to banks			
a) payable on demand	290,528,681.45		60,177
b) other receivables	495,972,976.10	786,501,657.55	499,581
3. Loans and advances to customers		2,792,543,119.70	2,939,412
4. Debt securities and other fixed-interest securities			
a) money market securities			
aa) from public issuers, including: eligible as collateral at Deutsche Bundesbank EUR 0.00	0.00		10,014
ab) from other issuers, including: eligible as collateral at Deutsche Bundesbank EUR 0.00	0.00		30,009
b) bonds and debenture bonds			
ba) from public issuers, including: eligible as collateral at Deutsche Bundesbank EUR 0.00 (2021: EUR 0)	13,154,755.34		
bb) from other issuers, including: eligible as collateral at Deutsche Bundesbank EUR 62,836,522.36 (2021: EUR 35,178,000)	102,145,311.46	115,300,066.80	93,050
5. Shares in affiliated companies		8,335,978.43	8,336
6. Trust assets, including: trust loans EUR 196,049,905.04 (2021: EUR 283,958,000)		196,049,905.04	283,958
7. Intangible assets: concessions acquired against payment, industrial property rights and similar rights and assets as well as licenses to such rights and assets		851,078.69	953
8. Fixed assets		947,601.85	1,047
9. Other assets		20,951,729.40	1,886
10. Accrued and deferred items		3,125,261.13	1,823
11. Asset difference from asset offsetting		1,349,386.20	933
Total assets		**3,927,768,913.50**	**4,001,729**

Liabilities and equity	EUR	31/12/22 EUR	31/12/21 EUR thousand
1. Liabilities to banks			
a) payable on demand	21,346,204.31		2,069
b) with agreed term or notice period	2,619,689,020.96	2,641,035,225.27	2,637,086
2. Liabilities to customers other liabilities			
a) payable on demand	36,944,850.72		38,198
b) with agreed term or notice period	738,088,480.21	775,033,330.93	717,813
3. Trust liabilities, including: Trust loans EUR 196,049,905.04 (2021: EUR 283,958,000)		196,049,905.04	283,958
4. Other liabilities		207,472.03	7,437
5. Accrued and deferred items		5,150,578.01	5,293
6. Provisions			
a) Provisions for pensions and similar obligations	0.00		
a) Tax provisions	157,539.24		627
b) Other provisions	10,238,759.83	10,396,299.07	19,547
7. Fund for general banking risk		16,100,000.00	16,100
8. Equity			
a) Subscribed capital	20,500,000.00		20,500
b) Retained earnings other retained earnings	253,101,103.15		238,165
c) Retained earnings brought forward	0.00		0
d) Unappropriated surplus	10,195,000.00	283,796,103.15	14,936
Total liabilities and equity		**3,927,768,913.50**	**4,001,729**
Contingent liabilities			
1. Contingent liabilities from guarantees		491,116,610.93	619,082
2. Other obligations Irrevocable loan commitments		923,799,306.45	869,950

Income statement for the period from 1/1 to 31/12/2022

Expenses	EUR	EUR	1/1 to 31/12/22 EUR	1/1 to 31/12/21 EUR thousand
1. Interest expenses			44,859,540.70	23,597
2. General administrative expenses				
a) Personnel expenses				
aa) Wages and salaries	13,929,547.83			12,563
ab) Social security contributions and expenses for pensions and support, including: for pensions EUR 3,244,351.55 (2021: EUR 2,724,000)	5,248,766.69	19,178,314.52		4,681
b) Other administrative expenses		12,735,520.58	31,913,835.10	10,839
3. Depreciation, amortisation and value adjustments on intangible assets and fixed assets			604,293.91	524
4. Depreciation and value adjustments on receivables and certain securities, as well as allocations to provisions in the loan business			16,751,324.93	6,767
5. Other operating expenses			708,776.86	716
6. Taxes on income and earnings			256,444.43	7,031
7. Other taxes			13,434.08	14
8. Allocation to special items for general bank risks			0.00	0
9. Net profit for the year			10,195,000.00	14,936
Total expenses			**105,302,650.01**	**81,672**

1. Net profit/loss for the year	10,195,000.00	14,936
2. Allocations to other retained earnings	0.00	0
3. Unappropriated surplus	**10,195,000.00**	**14,936**

Income	EUR	1/1 to 31/12/22 EUR	1/1 to 31/12/21 EUR thousand
1. Interest income from			
a) Credit and money market transactions	93,864,420.32		71,374
b) Fixed-interest securities	1,038,016.19	94,902,436.51	972
2. Fee and commission income		7,806,810.09	8,075
3. Earnings from appreciation on receivables and certain securities as well as from the reversal of provisions in the loan business		0.00	0
4. Other operating income		2,593,403.41	1,249
Total income		**105,302,650.01**	**81,672**

General notes

AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung (AKA) has its registered office in Frankfurt am Main. The company is registered with the District Court of Frankfurt am Main under the commercial register number HRB 7955.

The annual financial statements of AKA for the financial year from 1 January to 31 December 2022 were prepared in accordance with the provisions of the German Commercial Code (HGB), the Limited Liability Company (GmbH) Act and the Regulation on Accounting for Banks (RechKredV).

Accounting policies and valuation methods

Cash reserves, receivables from banks and customers as well as other assets are recognised at their nominal amount or acquisition costs. Offset assets pursuant to section 246 paragraph 2 HGB must be valued at their fair value pursuant to section 253 paragraph 1 sentence 4 HGB. Acute risks in the loan business were taken into account by forming individual value adjustments and provisions for anticipated losses. In order to cover general banking risks, there is a reserve pursuant to section 340g HGB of EUR 16.1 million. For inherent credit risks, with regard to receivables from banks and customers as well as off-balance sheet positions, a lump-sum provision was created in accordance with IDW RS BFA 7. AKA applies the simplification procedure. Loan exposures without increased credit risks are provided with a lump-sum provision in the amount of the 12-month expected loss. If there are increased credit risks, a lump-sum provision is created on the basis of the lifetime expected loss. Increased credit risks are identified by assignment to the pre-watchlist or intensive care. Qualitative and quantitative inclusion criteria are defined for the pre-watchlist/intensive care. In order to take into account the country risks previously taken into account via the BMF tax tables, AKA integrates country risks when determining the lump-sum provision. Post-model adjustments are planned to reflect future effects that are not yet included in the model used. The previously applied methodology for country and lump-sum provisions was thus replaced by the standard IDW RS BFA 7. The initial application of IDW RS BFA 7 represents a change in valuation in accordance with section 284 paragraph 2 no. 2 HGB. Value recoveries required under section 253 para. 5 HGB were made. Compared to the model used in the tax balance sheet, which was also applied in commercial law in the previous year, there is a lower risk provision in commercial law. The effect is EUR 10.4 million.

Securities of the liquidity reserve are recognised by AKA in accordance with the provisions for current assets, taking into account the strict lowest value principle, with the lower of cost or market value.

The shares in affiliated companies are reduced by their acquisition costs, if applicable, in order to value write-downs in accordance with section 253 paragraph 3 HGB. Intangible assets and fixed assets are capitalised at their acquisition costs and valued taking into account depreciation and amortisation.

Accruals and deferrals include deferred interest and commission expenses that have already been incurred as of the balance sheet date in accordance with section 250 para. 1 HGB, but only represent expenses for a certain period after this day. Accrued income and deferred expenses are determined on a pro rata basis.

Liabilities are shown at their settlement amount.

Deferred income and accrued expenses include accrued interest and commission income that has already been collected at the balance sheet date pursuant to section 250 paragraph 2 HGB, but only represents income for a certain period after that date. Deferred income and accrued expenses are determined on a pro rata basis.

AKA forms pension obligations according to actuarial principles. They are calculated based on the projected unit credit method, using biometric data from Dr Klaus Heubeck's "2018 G mortality tables". The calculation is based on expected wage and salary increases of 2.5 % per annum and an annuity dynamic of 2.2 % per annum. Pursuant to section 253 paragraph 2 and paragraph 6 HGB, pension obligations with a remaining term of more than one year are discounted at the average market interest rate of the past ten financial years corresponding to their remaining term. The calculated interest rate for the 10-year average is 1.78 %. In comparison, the calculated interest rate for the 7-year average would be 1.44 %.

Tax provisions and other provisions are recognised in accordance with section 253 paragraph 1 sentence 2 HGB 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 of the past seven financial years corresponding to their term.

Currency conversion takes place in accordance with the provisions of section 256a HGB in conjunction with section 340h HGB. Income and expenses from currency conversion, taking into account special cover, are shown in other comprehensive income. Foreign currency receivables and liabilities have been converted at the reference rate of the European Central Bank on 31 December 2022. For forward transactions that are included in the special cover, a split of the forward rate was waived for the reporting date valuation for materiality reasons due to the short remaining term

For loss-free valuation of the banking book according to IDW RS BFA 3, AKA applies the cash value method. The banking book includes all on- and off-balance sheet financial instruments of the bank. Provisions pursuant to section 340a in conjunction with section 249 paragraph 1 sentence 1 alternative 2 HGB must be created for hidden charges resulting from the netting of the cash value in the banking book with the book value, taking into account administrative and risk costs. No provisions were created as of the balance sheet date.

Valuation units are formed in accordance with section 254 HGB. Basic transactions to be hedged (loan receivables or time deposits on the liabilities side) are transferred to a valuation unit with corresponding hedging transactions (interest rate swaps, interest rate/currency swaps). In doing so, market price risks should be hedged in accordance with the risk strategy. Valuation units can be formed on the basis of micro, macro or portfolio hedges. The hedging relationships are documented from the time of their establishment, and the effectiveness of the hedging measures is checked. The measurement of future efficacy (prospective effectiveness) is carried out using the critical terms match method or the fair value method in the simulation procedure. The efficacy in past periods (retrospective effectiveness) is proven using the critical terms match method or the dollar offset method. Effectiveness is given if the fundamental, value-determining factors of the transactions are exactly opposite or the ratio of the changes in the fair values of the cash flows is between 0.5 and 2.0. The freezing method is used to depict the effective parts of the valuation unit.

Deferred tax assets are not recognised in the exercise of the option under section 274 paragraph 1 sentence 2 HGB.

Notes to the balance sheet

ASSETS

Loans and advances to banks: Receivables from banks result primarily from the loan business. In addition, the item contains an overnight investment made at the Deutsche Bundesbank on the reference date.

The breakdown of the other receivables from banks by remaining term is as follows:

	31/12/2022 EUR thousand	31/12/2021 EUR thousand
up to three months	44,878	66,431
more than three months to one year	111,803	124,400
more than one year to five years	258,813	230,856
more than five years	80,479	77,894
	495,973	**499,581**

Receivables from banks include receivables from shareholders in the amount of EUR 55,739,000 (2021: EUR 21,813,000).
There are no receivables with an indefinite term.

Loans and advances to customers: Receivables from customers have the following remaining terms:

	31/12/2022 EUR thousand	31/12/2021 EUR thousand
up to three months	201,734	244,023
more than three months to one year	368,327	347,316
more than one year to five years	1,493,678	1,472,473
more than five years	728,804	875,601
	2,792,543	**2,939,413**

Debt securities: Securities of the liquidity reserve are mainly shown under debenture bonds and other fixed-interest securities. As of the balance sheet date, there was a loan-related security in the portfolio.

	marketable		listed		not listed on the stock exchange	
	31/12/2022 EUR thousand	31/12/2021 EUR thousand	31/12/2022 EUR thousand	31/12/2021 EUR thousand	31/12/2022 EUR thousand	31/12/2021 EUR thousand
Debt securities and other fixed-interest securities	115,300	103,042	111,245	103,042	4,055	30,030

This item includes securities in the amount of EUR 79,137,000 (2021: EUR 70,062,000) that become due in the year following the balance sheet date.

Shares in affiliated companies: AKA holds a 100 % stake in the share capital of EUR 31,000 in Grundstücksverwaltung Kaiserstrasse 10 GmbH, Frankfurt am Main (GVK GmbH). For the 2021 financial year, the company generated an annual net profit of EUR 283,000 (2020: EUR 7,000).

The preparation of consolidated financial statements is waived in accordance with section 290 paragraph 5 HGB due to the minor importance of the subsidiary within the meaning of section 296 HGB.

Trust assets: Trust assets include receivables managed for third parties from indemnified or rescheduled loans. In the previous year, trust loans that were issued by AKA for external account (banks) were also included. They are structured as follows:

	31/12/2022 EUR thousand	31/12/2021 EUR thousand
Receivables from banks		
a) Other receivables	2,436	2,436
Receivables from customers		
a) Payable on demand	0	325
b) Other receivables	193,614	281,197
	196,050	**283,958**

Fixed asset schedule: The fixed asset schedule was prepared using article 31 paragraph 3 of the Introductory Act to the German Commercial Code (EGHGB).

	Shares in affiliated companies	Intangible assets	Fixed assets
Historical acquisition costs			
As of 1/1/2022	8,336	2,982	3,195
Additions	0	79	324
Disposals	0	0	54
As of 31/12/2022	8,336	3,061	3,465
Accumulated depreciation			
As of 1/1/2022	0	2,029	2,148
Additions	0	181	423
Disposals	0	0	54
As of 31/12/2022	0	2,210	2,517
Book values as of 31/12/2022	**8,336**	**851**	**948**
Historical acquisition costs			
As of 1/1/2021	8,387	2,706	3,052
Additions	0	447	343
Disposals	51	171	200
As of 31/12/2021	8,336	2,982	3,195
Accumulated depreciation			
As of 01/01/2021	0	1,857	2,000
Additions	0	177	348
Disposals	0	5	200
As of 31/12/2021	0	2,029	2,148
Book values as of 31/12/2021	**8,336**	**953**	**1,047**

Tangible assets include office furniture and equipment with a book value as of 31 December 2022 of EUR 841,000 (2021: EUR 918,000).

Other assets: Other assets include the following receivables: from taxes in the amount of EUR 10,562,000 (2021: EUR 352,000), from affiliated companies in the amount of EUR 227,000 (2021: EUR 223,000), collateral provided for irrevocable payment obligations in the amount of EUR 1,540,000 (2021: EUR 1,120,000) and receivables from the valuation of currency swaps in the amount of EUR 8,611,000 (2021: EUR 172,000).

Asset difference from asset offsetting: The book value of the covering assets exceeding the settlement amount of the pension provisions is shown under the item of the asset difference from asset offsetting in the amount of EUR 1,349,000 (2021: EUR 933,000).

LIABILITIES

Liabilities to banks: Liabilities to banks with agreed term or notice period have the following remaining terms:

	31/12/2022 EUR thousand	31/12/2021 EUR thousand
Up to three months	275,056	227,066
More than three months to one year	394,787	444,447
More than one year to five years	1,221,607	1,177,198
More than five years	728,239	788,375
	2,619,689	**2,637,086**

Liabilities to banks with agreed term or notice period include liabilities to shareholders in the amount of EUR 474,516,000 (2021: EUR 468,519,000).

Assets in a total amount of EUR 2,328,118,000 (2021: EUR 2,329,522,000) are transferred as collateral for liabilities to banks.

Liabilities to customers: Other liabilities to customers with an agreed term or notice period have the following remaining terms:

	31/12/2022 EUR thousand	31/12/2021 EUR thousand
up to three months	53,188	72,545
More than three months to one year	298,238	189,256
More than one year to five years	285,655	337,993
More than five years	101,007	118,019
	738,088	**717,813**

Liabilities to customers do not include liabilities to affiliated companies (2021: EUR 5,153,000). There were no securitised liabilities to shareholders (2021: EUR 36,000).

No assets have been transferred as collateral for liabilities to customers.

Trust liabilities: The trust liabilities consist of:

	31/12/2022 EUR thousand	31/12/2021 EUR thousand
Liabilities to banks		
a) Payable on demand	0	325
b) With agreed term or period of notice	145,248	253,017
Liabilities to customers		
a) With agreed term or period of notice	50,802	30,616
	196,050	**283,958**

Other liabilities: Other liabilities mainly include liabilities from the valuation of currency swaps in the amount of EUR 134,000 (2021: EUR 6,748,000) and from trade payables in the amount of EUR 67,000 (2021: EUR 654,000).

Accrued and deferred items: Deferred income and accrued expenses are broken down as follows:

	31/12/2022 EUR thousand	31/12/2021 EUR thousand
Risk premium	4,361	4,223
Processing fee	720	970
Other	70	99
	5,151	**5,292**

Provisions for pensions and similar obligations: The pension provision is offset against the covering assets as follows:

	31/12/2022 EUR thousand	31/12/2021 EUR thousand
Settlement amount of pension provisions	30,664	29,103
Cover assets	32,013	30,036
Asset difference from asset offsetting	**1,349**	**933**

The settlement amount of the pension provisions was offset against the covering assets that were transferred to AKA Treuhand e. V., Frankfurt am Main, within the framework of a Contractual Trust Arrangement (CTA). The covering assets consist of cash balances with AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung and another credit institution. The contributions to the covering assets amounted to EUR 1,977,000 (2021: EUR 1,181,000). The asset exceeding the settlement amount is shown as an asset difference from the asset offsetting. The fair value of the covering assets corresponds to the market value and thus does not exceed it. In this respect, there is no distribution block.

On the basis of section 253 paragraph 2 and paragraph 6 HGB, the difference between the valuation of the pension provision with the 10-year average interest rate and the 7-year average interest rate must be stated on each balance sheet date. This is presented as follows:

	31/12/2022 EUR thousand	31/12/2021 EUR thousand
Pension provision valued at		
10-year average interest rate	30,664	29,103
7-year average interest rate	32,126	31,213
	-1,462	**-2,110**

Tax provisions: Tax provisions include provisions for current taxes in the amount of EUR 158,000 (2021: EUR 627,000).

Other provisions: Other provisions include provisions for impending risks from the loan business in the amount of EUR 5,098,000 (2021: EUR 14,687,000). The change in the portfolio took place on the one hand taking into account the compounding of provisions for impending risks from the loan business in the amount of EUR 95,000 (2021: EUR 69,000) on allocation, on the other hand taking into account the discounting of these provisions in the amount of EUR 0 (2021: EUR 108,000) on reversal.
In addition, personnel provisions amounting to EUR 3,403,000 (2021: EUR 3,157,000) were created.

Notes to the income statement

Interest expenses: Interest expenses include interest income from negative interest on time deposits from credit institutions, public households and companies in the amount of EUR 1,181,000 (2021: EUR 1,322,000).

Other operating expenses: Other operating expenses mainly include interest expenses from the discounting of provisions amounting to EUR 534,000 (2021: EUR 649,000).

Interest income from credit and money market transactions: Interest income from credit and money market transactions is broken down by geographic origin as follows:

	2022 EUR thousand	2021 EUR thousand
Near East	23,359	19,278
Africa	15,467	10,168
North and Central America	13,891	12,115
CIS and Russia	12,907	11,283
EU	7,051	3,849
Europe ex EU	6,834	6,745
Asia and Oceania	6,742	4,005
Middle East	5,616	3,167
South America	1,997	765
	93,864	**71,375**

Income from credit and money market transactions includes interest expenses from negative interest in the amount of EUR 262,000 (2021: EUR 595,000), which result from the balance exceeding the minimum reserve requirement at the Deutsche Bundesbank, from balances at other credit institutions and money market securities from other issuers.

Interest income from fixed-interest securities: Interest income from fixed-interest securities is allocated to the following geographic regions:

	2022 EUR thousand	2021 EUR thousand
EU	544	662
North and Central America	262	128
Asia and Oceania	232	182
	1,038	**972**

Fee and commission income: Fee and commission income results primarily from risk sub-participations, letters of credit confirmations and purchase commitments, as well as from the trust business with domestic banks. Fee and commission income is broken down by geographic origin as follows:

	2022 EUR thousand	2021 EUR thousand
Middle East	1,928	1,840
EU	1,503	1,378
Near East	1,307	1,495
CIS and Russia	1,044	1,500
Africa	641	613
Asia and Oceania	522	570
South America	473	315
Europe ex EU	222	128
North and Central America	167	237
	7,807	**8,076**

Other operating income: Other operating income was mainly due in 2022 from income from currency conversion, namely in the amount of EUR 2,093,000 (2021: EUR 837,000), from reimbursement of expenses from the subsidiary GVK GmbH in the amount of EUR 250,000 (2021: EUR 250,000) and also from the reversal of provisions (other period) in the amount of EUR 190,000 (2021: EUR 95,000). In the past financial year, interest-induced income from the discounting of provisions amounting to EUR 1,000 (2021: EUR 3,000).

Other disclosures

Foreign currency business: The total amount of assets denominated in foreign currency are broken down as follows, after the deduction of value adjustments:

	31/12/2022 EUR thousand	31/12/2021 EUR thousand
Central bank balances	10	79
Receivables from banks	220,938	219,107
Receivables from customers	776,102	823,383
Debenture bonds	71,170	57,871
Trust assets	5,378	5,304
Accrued income and deferred expenses	0	0
	1,073,598	**1,105,744**

The total amount of liabilities denominated in foreign currency comprises as follows:

	31/12/2022 EUR thousand	31/12/2021 EUR thousand
Liabilities to banks	801,009	801,246
Liabilities to customers	16,949	1,299
Trust liabilities	5,378	5,304
Provisions	156	94
Deferred income and accrued expenses	92	85
	823,585	**808,028**

As of the balance sheet date, there are irrevocable loan commitments of EUR 317,928,000 (2021: EUR 208,511,000) and contingent liabilities from guarantees of EUR 304,627,000 (2021: EUR 379,102,000) in foreign currency. Derivatives consist of off-balance sheet foreign currency positions amounting to EUR 284,851,000 (2021: EUR 333,431,000). Foreign currency receivables and liabilities generally correspond in currency, amount and due date.

Deferred taxes: The deferred tax assets not formed in the exercise of the option, pursuant to section 274 paragraph 1 sentence 2 HGB, are primarily based on anticipated loss provisions for credit risks that are not traceable for tax purposes and on temporary differences in the area of pension provisions. There are no tax losses carried forward. The valuation of deferred taxes was carried out on the basis of company-specific tax rates. 15.83 % was used for corporate tax, plus the solidarity surcharge, and 16.10 % was used as the basis for calculation for trade tax.

Loss-free valuation of the banking book: As part of the loss-free valuation of interest-related transactions in the banking book, there was no provision for anticipated loss to be created as of the balance sheet date.

Contingent liabilities: The contingent liabilities from guarantees are structured as follows:

	31/12/2022 EUR thousand	31/12/2021 EUR thousand
Credit guarantees	260,130	302,793
Letters of credit	201,880	282,260
Guarantee loans	29,107	34,029
	491,117	**619,082**

The risk of utilisation of contingent liabilities is estimated to be low, since these are letters of credit and guarantee loans within the framework of foreign trade financing. AKA has not transferred any assets as collateral.

Other obligations: The irrevocable loan commitments are structured as follows:

	31/12/2022 EUR thousand	31/12/2021 EUR thousand
Irrevocable loan commitments for the loan business	923,799	869,950
	923,799	**869,950**

Utilisation of the irrevocable loan commitments for the loan business is expected, since these are essentially outstanding disbursements of ECA-covered export financings, which, as soon as the disbursement conditions are met, reduce the irrevocable loan commitments accordingly.

Other financial obligations: Securitisation guarantees were concluded with the Federal Republic of Germany to secure refinancing loans. Within the framework of supplementary guarantee provision agreements, AKA undertakes to pay the guaranteed amount when claiming the securitisation guarantees. At the end of the year, there were possible payment claims from guarantee provision in connection with securitisation guarantees in the amount of EUR 1,235,137,000 (2021: EUR 1,199,034,000).

In the course of the annual contribution collection in 2022 to the uniform settlement fund, AKA made use of the option of providing 15 % of the contribution as secured payment claims. The obligation from this amounts to EUR 1,540,000 (2021: EUR 1,120,000).

Futures/valuation units: As of the balance sheet date, there are forward transactions with interest risks in the form of interest rate swaps, with currency risks in the form of currency swaps and with interest and foreign currency risks in the form of interest rate currency swaps. These transactions serve exclusively to hedge against the risk of a change in future cash flows from the loan and refinancing business. For the majority of transactions, valuation units were formed on the basis of micro-hedges with the associated underlying transactions.

The book values of the receivables included in the valuation units correspond to the nominal volume of the forward transactions. Volumes at nominal values, fair values and maturity dates of these transactions are as follows:

	Volume 31/12/2022 USD thousand	Volume 31/12/2022 EUR thousand	Fair value 31/12/2022 EUR thousand	Volume 31/12/2021 EUR thousand	Volume 31/12/2021 USD thousand
Interest rate risks					
Up to one year remaining term	822	142,200	-1,268	10,000	0
Up to five years remaining term	30,000	222,500	-15,887	208,400	31,644
Over five years remaining term	0	65,817	-13,887	67,417	0
Interest rate/currency risks					
Up to one year remaining term	13,000	10,927	-1,584	16,909	20,000
Up to five years remaining term	0	0	0	10,927	13,000
Over five years remaining term	0	0	0	0	0
	43,822	**441,444**	**-32,626**	**313,653**	**64,644**

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

	Volume 31/12/2022 USD thousand	Volume 31/12/2022 EUR thousand	Fair value 31/12/2022 EUR thousand	Volume 31/12/2021 EUR thousand	Volume 31/12/2021 USD thousand
Interest rate risks					
Up to one year remaining term	0	0	0	0	0
Up to five years remaining term	0	0	0	0	0
Over five years remaining term	0	453	1,085	225	0
Currency risks					
Up to one year remaining term	260,000	249,584	8,477	269,112	313,000
Up to five years remaining term	0	0	0	0	0
Over five years remaining term	0	0	0	0	0
Interest rate/currency risks					
Up to one year remaining term	0	0	0	0	0
Up to five years remaining term	0	0	0	0	0
Over five years remaining term	0	0	0	0	0
	260,000	**250,037**	**9,562**	**269,337**	**313,000**

Counterparties to the swaps are shareholders of AKA and a non-shareholder.

Remuneration: Remuneration for the members of the Supervisory Board is planned to be EUR 294,000 (2021: EUR 292,000), plus VAT if applicable.

As of 31 December 2022, EUR 7,742,000 (2021: EUR 7,778,000) was reserved for pension obligations to former members of the management and their surviving dependants. The remuneration in 2022 was EUR 1,181,000 (2021: EUR 679,000).

With regard to the remuneration of the Management, AKA makes use of the exemption of section 286 paragraph 4 HGB in conjunction with section 285 no. 9a HGB.

Auditor's fee: Fees for the auditors of the annual financial statements for fiscal year 2022 are broken down as follows:

	2022 EUR thousand
Audit of the annual financial statements	393
Other confirmation or valuation services	32
Tax consultancy services	0
Other services	10
	435

The services for the audit of the annual financial statements include expenses in the amount of EUR 53,000 that relate to the audit of the annual financial statements for 2021. The other confirmation or valuation services relate to the following: confirmation services within the framework of the audit of properly registered assignment notes for claims indemnified in the event of liability, the audit of the reporting of eligible loans for third series targeted, longer-term refinancing transactions of the euro system and the auditing in accordance with the General Terms and Conditions of the Deutsche Bundesbank within the framework of the use of credit claims to secure central bank loans (MACC). The other services relate to services within the framework of the implementation of IDW RS BFA 7.

Employees: AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung is managed in a personal union with its subsidiary, Grundstücksverwaltung Kaiserstrasse 10 GmbH, all based in Frankfurt/Main. In the past financial year, AKA employed on average:

	Male	Female	2022 Total	2021 Total
Full-time employees	77	39	116	115
Part-time employees	2	19	21	20
Parental leave	0	3	3	1
	79	**61**	**140**	**136**

Governing bodies:

The Supervisory Board of AKA in 2022 is composed as follows:

Ordinary members	Permanent representatives
Michael Schmid*/** Economist (Diplom-Volkswirt) Königstein/Taunus – Chairman –	**Roman Schmidt** Divisional Board Member Commerzbank AG, Frankfurt/Main
Werner Schmidt*/** Managing Director Deutsche Bank AG, Frankfurt/Main – 1st Deputy Chairman –	**Frank Schütz** Managing Director Deutsche Bank AG, Frankfurt/Main
Thomas Dusch*/** Senior Vice President UniCredit Bank AG, Munich – 2nd Deputy Chairman –	**Inés Lüdke** Managing Director UniCredit Bank AG, Munich
Jan-Peter Müller*/** Head of Energy and Mobility Bayerische Landesbank, Munich – 3rd Deputy Chairman – from 01/02/2022	**Matthias Öffner** Chapter Lead Trade & Export Finance Bayerische Landesbank, Munich

	Deputy members
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
Jens Thiele Managing Director Hamburg Commercial Bank AG, Hamburg	**Jutta Arlt** Department Director Hamburg Commercial Bank AG, Hamburg
Florian Witt Managing Director ODDO BHF SE, Frankfurt/Main	**Birgitta Heinze** Managing Director ODDO BHF SE, Frankfurt/Main
Georg Hansjürgens Member of the Board Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. Höhe	**Michael Sobl** Head of Export Finance Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. H.

* Member of the Risk Committee **Member of the Nomination and Compensation Control Committees

The Management of AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung is composed of the follows:

Beate Bischoff († 24/6/2022)
Managing Director
Frankfurt am Main

Dr Nadja Marschhausen (from 1/7/2022)
Managing Director
Bad Homburg v. d. H.

Marck Wengrzik
Spokesperson of the Management
Frankfurt/Main

Frank Zimmermann (from 1/4/2022)
Managing Director
Dreieich

Events after the balance sheet date: In February 2023, parts of Turkey were hit by a severe earthquake. Due to this event, AKA analysed the Turkey portfolio immediately. In the affected region, a regional net risk after cover and bank guarantees of 0.7 % of the AKA credit default risks was determined. An exact effect on the cash flows, financial position and financial performance of AKA cannot yet be estimated. A list of the identified portfolio is presented in the management report under chapter "4. Opportunities and Outlook Report – Forecast of Developments".

Appropriation of earnings: We propose to allocate the unappropriated surplus of EUR 10,195,000 to other retained earnings.

Frankfurt/Main, dated 20/3/2023

The Management of AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung

Dr. Nadja Marschhausen	Marck Wengrzik	Frank Zimmermann

Disclosures pursuant to section 26a KWG

Country-specific reporting: The requirements of article 89 of EU Directive 2013/36/EU (Capital Requirements Directive, CRD IV) were implemented into German law with section 26a KWG. In conjunction with section 64r paragraph 15 KWG, the latter requires "country-specific reporting".

The following required information is disclosed with this reporting:

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

Turnover was defined as the sum of interest and net fee and commission income, plus other operating income.

The information on the number of employees refers to full-time workers (pursuant to section 285 no. 7 HGB in conjunction with section 267 no. 5 HGB).

The information was determined on the basis of the HGB annual financial statements of AKA as of 31/12/2022.[1]

Company	Country	Location	Type of activity	Turnover (EUR million)	Employees (FTEs)	Profit before taxes (EUR million)	Taxes on profit (EUR million)	Public aid received (EUR million)
EU countries								
AKA Ausfuhrkredit-Gesellschaft mbH	Germany	Frankfurt am Main	Bank	105.3	140	10.55	0.3	0.0

Return on investment: Article 90 of EU Directive 2013/36/EU (Capital Requirements Directive, CRD IV) was also implemented into German law with section 26a KWG. As of 31/12/2022, the return on investment within the meaning of section 26a paragraph 1 sentence 4 KWG is 0.26 %.

1 Consolidated financial statements have not been prepared.

1952 The average workweek is 46 hours.
Employee representatives and trade unions demand a reduction to 40 hours.

The 39-hour week has been secured by collective agreement since 1989.
A large number of different working time models have been developed:
full-time, part-time, flexitime, trust-based working hours.
Mobile working is part of everyday life at AKA. **2022**

The English language text below is an indicative translation of our audit report, on the audit of the annual financial statements of AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung, Frankfurt/Main, for the year ended 31 December 2022. 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 the management report

Audit opinions

We have audited the annual financial statements of AKA Exportkredit-Gesellschaft mit beschränkter Haftung, Frankfurt am Main, consisting of the balance sheet as of 31 December 2022 and the income statement for the financial year from 1 January to 31 December 2022 as well as the notes to the financial statements, including the presentation of the accounting and valuation methods. In addition, we have audited the management report of the AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung for the financial year from 1 January to 31 December 2022.

According to our assessment based on the findings obtained during the audit

- the attached annual financial statements comply in all material respects with the provisions of German commercial law applicable to institutions and, in compliance with the German principles of proper accounting, provide a true and fair view of the financial position and cash flows of the company as of 31 December 2022 and its financial performance for the financial year from 1 January to 31 December 2022 and
- the attached management report provides an accurate picture of the company's situation. In all material respects, this management report is consistent with the annual financial statements, complies with German legal regulations and accurately presents the opportunities and risks of future development.

In accordance with section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

Basis for the audit opinions

We have carried out our audit of the annual financial statements and the management report in accordance with section 317 HGB and the EU Auditors Regulation (No. 537/2014; hereinafter referred to as "EU Auditors Regulation") in compliance with the German principles of proper auditing established by the Institute of Auditors (IDW). Our responsibility in accordance with these provisions and principles is described in more detail in the section "Responsibility of the auditor for the audit of the annual financial statements and the management report" of our audit report. We are independent of the company in accordance with European and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. In addition, we declare in accordance with article 10 paragraph 2 letter f) of the EU Auditors Regulation that we have not provided any prohibited non-audit services in accordance with article 5 paragraph 1 of the EU Auditors Regulation. We believe that the audit evidence we have obtained is sufficient and suitable to serve as the basis for our audit opinions on the annual financial statements and management report.

Particularly important audit issues in the audit of the annual financial statements

Particularly important audit matters are those circumstances that, based on our professional judgment, were most important in our audit of the annual financial statements for the financial year from 1 January to 31 December 2022. These circumstances were taken into account in connection with our audit of the annual financial statements as a whole and in the formation of our audit opinion; we do not issue a separate audit opinion on these circumstances.

Appropriateness of the individual value adjustments on receivables to customers
With regard to the explanation of the risk provisioning system, we refer to section 3.2 of the management report. We refer to the notes to the financial statements for the accounting and valuation methods used by the AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung.

The risk for the annual financial statements
In the annual financial statements as of 31 December 2022, AKA Exportkredit-Gesellschaft mit beschränkter Haftung refers to receivables from customers in the amount of EUR 2,792.5 million.

Individual value adjustments on customer receivables must be created based on the precautionary principle pursuant to section 252 paragraph 1 no. 4 HGB in order to take acute default risks into account. As a result of the coronavirus pandemic and the Russian-Ukrainian war, credit default risks in certain sectors and markets have increased sharply.

The identification and determination of the individual value adjustments for receivables from customers is discretionary. It requires assumptions about the contractual payment flows still to be expected or about the expected payment flows from the realisation of the loan collateral provided. The assumptions are made depending on the chosen restructuring or resolution strategy.

The risk for the financial statement consists in particular in the fact that required individual value adjustments are not recognised in a timely manner because no appropriate criteria have been established for identifying exposures with individual value adjustments, or an identification of these exposures is not ensured procedurally. In addition, the risk for the annual financial statements is that, when determining the individual value adjustment, no appropriate assumptions are made about the amount and times of the contractual payment streams still to be expected or about the amount of the payment streams to be expected from the realisation of the loan collateral provided. Incorrect assumptions about the amount of the expected cash flows and/or the realisation of loan collateral mean that the receivables are incorrectly valued and thus the credit default risks are not taken into account in an appropriate amount.

Our approach to the audit
Based on our risk assessment and the assessment of the risks of errors, we have based our audit opinion on both control-based audit procedures and on substantive audit procedures.

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

In addition, as part of process-oriented audit activities, we assessed the design and, based on random samples, the effectiveness of the controls in the loan valuation process, with regard to the identification of exposures with individual value adjustments, as well as compliance with the system for determining and recording individual value adjustments of the bank. This included, among other things, inspection of the relevant organisational guidelines and surveys of the employees responsible for the loan evaluation process. For the IT systems used, we reviewed the regulations and procedures that support the effectiveness of application controls.

Using a deliberate selection of individual exposures determined from a materiality and risk perspective, we carried out substantive audit procedures and assessed the recoverability of the receivables from customers. In particular, we checked whether the selected exposures met criteria that indicate a need for individual value adjustment and whether this was properly recognised. We have reassured ourselves that the risk provision created for these exposures is set up and appropriate for the period. In doing so, we have acknowledged assumptions about the contractual cash flows still to be expected. For the selected exposures, we also traced the calculation of the posted individual value adjustment.

Our conclusions

Appropriate criteria and precautions were applied to identify exposures with a need for individual value adjustment. The assumptions underlying the calculation of the individual value adjustments on receivables from customers regarding the amount of the expected cash inflows from borrowers' ability to perform or from the realisation of collateral were properly selected and are in accordance with the accounting principles to be applied for the assessment of individual value adjustments.

Determination of the lump-sum provision according to IDW RS BFA 7

With regard to the explanation of the risk provisioning system, we refer to section 3.2 of the management report. Regarding the accounting and valuation methods used by the AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung for lump-sum provisions, we refer to the section "Information on accounting and valuation methods" in the notes to the financial statements.

The risk for the annual financial statements

As of 31 December 2022, the bank reports in its annual financial statements receivables from banks in the amount of EUR 786.5 million and receivables from customers in the amount of EUR 2,792.5 million, as well as contingent liabilities of EUR 491 million and irrevocable loan commitments of EUR 924 million. These holdings form the basis for the creation of lump-sum provisions in accordance with the IDW statement on accounting: Risk provisioning for foreseeable credit default risks that have not yet been individually specified in the loan business of banks ("lump-sum provisions") (IDW RS BFA 7). The lump-sum provision (LSP) for inherent default risks in the loan business amounts to EUR 35.1 million as of the reference date.

The determination of the lump-sum provision to cover the inherent default risk of receivables from the loan business, as well as of contingent liabilities and irrevocable loan commitments is carried out according to a parameter-based approach on the basis of an expected loss model. The fundamental value-determining assumptions and parameters for the assessment of these credit default risks include in particular the borrower-specific default probability, the loss ratio upon occurrence of the default event, as well as assumptions about the expected call-off ratio for contingent liabilities and irrevocable loan commitments. Moreover, additions to the lump-sum provision were made for loan exposures that are affected by sanctions in connection with the Russia-Ukraine war; the additions were taken into account by way of a management adjustment of EUR 10.0 million.

Since the estimates or exercises of discretion are to be carried out under uncertainty and have a significant influence on the amount of the required lump-sum provision, it was of particular importance, as part of our audit, that the essential value-determining assumptions and parameters be properly derived and properly processed in the expected loss model, so that a cautious valuation, in accordance with the principles of commercial law, is taken into account for the inherent credit default risks.

Our approach to the audit

Based on our risk assessment and the assessment of the risks of errors, we have based our audit opinion on both control-based audit procedures and on substantive audit procedures. As a first step, we gained comprehensive insight into the development of the loan portfolio, the associated credit default risks, the methods and models used, as well as the internal control system with regard to the monitoring and assessment of the inherent credit default risks in the loan portfolio. For the assessment of the appropriateness of the internal control system with regard to the modelling and calibration of the value-determining assumptions and parameters, we conducted surveys and inspected the relevant documents in order to identify the relevant controls in this regard. We then checked the appropriateness, proper implementation and, using random samples, the effectiveness of these controls. Our audit activities included, among other things, controls with regard to the derivation, validation and approval of the parameters used as well as the proper application of the established rating procedures in order to enable a proper estimation of the individual borrower default probabilities from a commercial perspective. For the IT systems used, we have reviewed the appropriateness of the IT environment and the effectiveness of the general IT controls.

Based on this, in a second step we carried out substantive audit procedures, which included, among other things, the tracking of the validation results of the risk classification models used, the random review of the data quality of the parameters used for the LSP calculation, as well as the recalculation of the LSP calculation model. In addition, we have understood the basis and the calculation of the LSP additions made for the loan exposures affected by sanctions.

Finally, we checked the correct recording of the loan-sum provision in the accounting system and in the bank's financial statements.

Our conclusions

The assumptions and parameters underlying the valuation of the lump-sum provision according to IDW RS BFA 7 were properly derived and properly processed in the LSP calculation model, in accordance with the applicable accounting principles of a cautious valuation.

Other information

The legal representatives or the Supervisory Board are responsible for other information.

Other information include the annual report. Other information does not include the annual financial statements, the audited content of the management report disclosures or our associated audit report.

Our audit opinions on the annual financial statements and management report do not extend to other information, and accordingly, we do not submit an audit opinion or any other form of audit conclusion in this regard.

In connection with our audit, we have the responsibility to read the other information mentioned above and to acknowledge whether the other information

- has significant discrepancies with the annual financial statements, with the audited management report disclosures or with our knowledge gained during the audit or
- otherwise appears to be materially misstated.

If, on the basis of the work we have carried out, we conclude that there is a material misstatement of this other information, we are obliged to report on this fact. We have nothing to report in this regard.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report
The legal representatives are responsible for preparing annual financial statements that comply with the German commercial regulations applicable to institutions in all material respects, and for ensuring that the annual financial statements provide a true and fair view of the financial position, cash flows and financial performance of the company in accordance with the German principles of proper accounting. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with the German principles of proper accounting in order to enable the preparation of annual financial statements that are free from material misstatements due to fraudulent acts (i. e. manipulation of accounting and financial losses) or errors.

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. Furthermore, they have the responsibility to indicate facts in connection with the company's ability to continue as a going concern, if relevant. In addition, they are responsible for accounting on the basis of the going-concern accounting principle, unless this conflicts with actual or legal circumstances.

In addition, the legal representatives are responsible for preparing the management report, which provides an accurate picture of the company's situation overall and is consistent with the annual financial statements in all material respects, complies with German statutory provisions and accurately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for the precautions and measures (systems) that they have considered necessary to enable the preparation of a management report in accordance with the applicable German statutory provisions and to be able to provide sufficient suitable evidence for the statements in the management report.

The Supervisory Board is responsible for monitoring the company's accounting process for preparing the annual financial statements and management report.

Responsibility of the auditor for the audit of the annual financial statements and the management report
Our goal is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatements due to fraudulent acts or errors, and whether the management report as a whole provides an accurate picture of the company's situation and is consistent in all material respects with the annual financial statements and with the findings obtained during the audit, complies with German legal regulations and accurately presents the opportunities and risks of future development, and to issue an audit report, which includes our audit opinions on the annual financial statements and management report.

Reasonable assurance is a high degree of assurance, but no guarantee that an audit carried out in accordance with section 317 HGB and the EU Auditors Regulation in compliance with the German principles of proper auditing established by the Institute of Public Auditors (IDW) will always reveal a material misstatement. Misstatements may result from fraudulent acts or errors and are considered material if they could reasonably be expected to influence the economic decisions made by users on the basis of these annual financial statements and management reports.

During the audit, we exercise due discretion and maintain a critical mindset. In addition,

- we identify and assess the risks of material misstatements in the annual financial statements and management report due to fraudulent acts or errors, plan and conduct audit activities in response to these risks and obtain audit evidence that is sufficient and suitable to serve as the basis for our audit opinions. The risk that material misstatements resulting from fraudulent acts are not detected is higher than the risk that material misstatements resulting from errors are not detected, since fraudulent acts may include collusive interaction, falsification, intentional omissions, misleading statements or the bypassing of internal controls;
- we gain an understanding of the internal control system relevant for the audit of the annual financial statements and the precautions and measures relevant for the audit of the management report in order to plan audit activities that are appropriate under the given circumstances, but not with the goal of issuing an audit opinion on the effectiveness of these systems of the company;
- we assess the appropriateness of the accounting methods used by the legal representatives, as well as the justifiability of the estimated values and related disclosures presented by the legal representatives;
- we draw conclusions about the appropriateness of the going-concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is a material uncertainty in connection with events or circumstances that may cast significant doubt on the ability of the company to continue as a going concern. If we come to the conclusion that there is a material uncertainty, we are obliged to draw attention to the related disclosures in the annual financial statements and management report in the audit report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit report. However, future events or circumstances may result in the company no longer being able to continue as a going concern;
- we assess the presentation, structure and content of the annual financial statements as a whole, including the disclosures, and whether the annual financial statements present the underlying business transactions and events in such a way that the annual financial statements convey a true and fair view of the financial position, cash flows and financial performance of the company in compliance with the German principles of proper accounting;
- we assess the conformity of the management report with the annual financial statements, its compliance with the law and the picture conveyed by it of the situation of the company;
- we carry out audit activities on the forward-looking information presented by the legal representatives in the management report. On the basis of sufficient suitable audit evidence, we in particular follow up on the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the proper derivation of the forward-looking statements from these assumptions. We do not submit an independent audit opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking information.

Among other things, we discuss with the persons responsible for monitoring the audit the planned scope and scheduling of the audit, as well as significant audit findings, including any significant deficiencies in the internal control system that we find during our audit.

We make a declaration to those responsible for monitoring that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be assumed to affect our independence and, where relevant, the actions or protective measures taken to eliminate the risks to independence.

From the circumstances that we discussed with those responsible for monitoring, we determine those circumstances that were most important in the audit of the annual financial statements for the current reporting period and are therefore the particularly important audit matters. We describe these circumstances in the audit report, unless the disclosure of such circumstances is excluded by law or other legal provisions.

Other statutory and legal requirements

Other disclosures pursuant to article 10 of the EU Auditors Regulation
We were elected as auditors by the Annual General Meeting on 5 April 2022. We were engaged by the Supervisory Board on 18 October 2022. We have worked continuously since the 2017 financial year as auditors of AKA Exportkredit-Gesellschaft mit beschränkter Haftung.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Auditors Regulation (audit report).

Responsible auditor
The auditor responsible for the audit is Benedikt Sturm.

Frankfurt am Main, 20 March 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Sturm	Schück
Auditor	Auditor

1952 Good relationships come from personal contact and are the key to successful collaboration. The consortium idea is catching on.

Today, we also offer our partners a platform for the efficient handling of their digital transaction business. Because: Good relationships and partnership continue to form the basis of our success. **2022**

Consortium members

Bayerische Landesbank, Munich

Commerzbank AG, Frankfurt/Main

DekaBank Deutsche Girozentrale, Frankfurt/Main

Deutsche Bank AG, Frankfurt/Main

Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. H.

DZ BANK AG Deutsche Zentrale-Genossenschaftsbank, Frankfurt/Main

Hamburg Commercial Bank AG, Hamburg

IKB Deutsche Industriebank AG, Duesseldorf

ING-DiBa AG, Frankfurt/Main

KfW IPEX-Bank GmbH, Frankfurt/Main

Landesbank Baden-Württemberg, Stuttgart

Landesbank Hessen-Thüringen Girozentrale, Frankfurt/Main, Erfurt

Norddeutsche Landesbank Girozentrale, Magdeburg, Brunswick, Hanover

ODDO BHF SE, Frankfurt/Main

Oldenburgische Landesbank AG, Oldenburg

Skandinaviska Enskilda Bank AB (SEB AB), Stockholm

UniCredit Bank AG, Munich

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1952 Since 1952, the Federal Republic has exported more than it imports.
The value of German exports increases between 1950 and 1957 from DEM 8.4 billion to DEM 30.9 billion. Exports are an engine of the “economic miracle”.

Source: Rückkehr zur Weltwirtschaft, www.hdg.de

German electrical and digital industries achieved record export and import results in 2022. The imports of electrotechnical and electronic products to Germany amount to EUR 21.3 billion in December 2022.
This corresponds to an increase of 5.6 percent compared to the previous year.

Source: www.elektro-automatisierung-digital.de

2022

AKA
Ausfuhrkredit-
Gesellschaft mbH