



aka

EUROPEAN
EXPORT + TRADE
BANK

2018 Business figures

AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main

Topics

- » Facts, figures, data
- » Core competences
- » Our DNA
- » Global presence: AKA network
- » New business development
- » Loan portfolio
- » Allocation of business volume
- » Refinancing
- » Earning position
- » Regulatory capital requirements
- » Risk-bearing capacity
- » AKA and the digitisation
- » SmaTiX
- » Outlook: 2019 business planning
- » Capital ratios
- » Performance indicators

1952

Founded

120

Employees

Experience of over

6,500

Hermes-covered Export
Finance contracts

17

Banks are
shareholders



Frankfurt am Main

Location

Creating opportunities together

We put partnership into practice

Our core competences

- » In-depth Trade Finance know-how and a clear focus on Trade and Export Financing
- » Many years of experience in the credit business
- » Specialist expertise for emerging markets
- » Established network within the European Trade Finance market
- » Fast decision making and high cost efficiency

Mature association

- » AKA has been working in partnership with various market players since 1952
- » Collaboration with banks, exporters, importers, investors and the European Export Credit Agencies is an essential factor in ensuring the success of the AKA business model

Our DNA

- » Discretion and cooperation are top priorities at AKA
- » For more than 65 years, the bank has been living cooperation and partnership within a network of strong banks

Our common goal is the successful realisation of international Export and Trade Financing.

Global presence – a strong partner within a strong network

Network within the European Trade Finance market
and exposure in over 70 countries around the globe



**AKA as an optimal enabler for financing
and administrative handling of international
Trade Finance transactions**

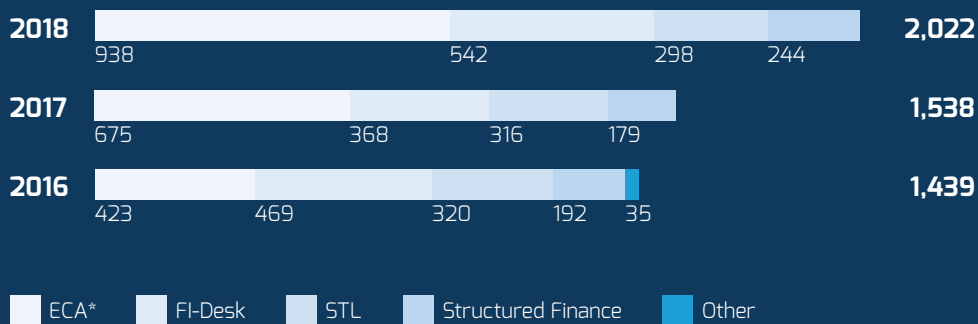
For 2018, new business volume amounts to EUR 2,022 million

Strong development in all product areas,
especially in the ECA Financing segment

New business development 2018

- » For 2018, new business volume amounts to EUR 2,022 million, meaning growth of 31 % compared to prior year
- » Strong growth in new business volume throughout the year 2018
- » Positive development with a volume of EUR 938 million in the ECA segment
- » Other product groups exceeding the results for the previous year (except STL)

Volume by products (in EUR million)



*Export Credit Agency = Government-guaranteed export credit insurance

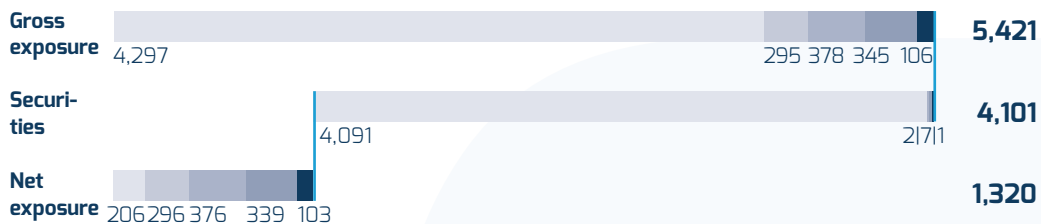
With gross exposure of EUR 5.4 billion, the AKA loan portfolio shows a net risk in the amount of EUR 1.3 billion

Securities in the form of ECA cover reduce the net risk and thus have a positive effect on equity

Loan portfolio

- » AKA comprises gross exposure (including reservations) in the amount of around EUR 5.4 billion
- » After deducting securities (mainly ECA cover), the remaining net risk amounts to around EUR 1.3 billion
- » In terms of the net risk, there is a low NPL ratio of 0.6 %
- » The net risk is primarily allocated amongst the product groups FI Desk, STL, Structured Finance and deductibles from ECA Financings
- » Utilisations in the loan portfolio amounted to about EUR 3.0 billion

Allocation of business volume gross/net (in EUR million)



ECA*
 FI-Desk
 STL
 Structured Finance
 Other

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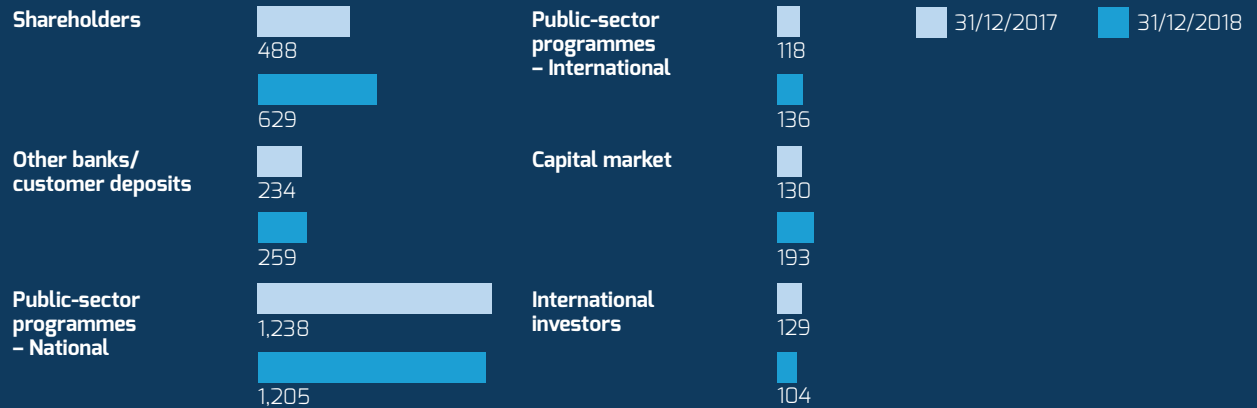
Growth in refinancing volume 2018

Collaboration with shareholders and expansion of refinancing sources on the capital markets

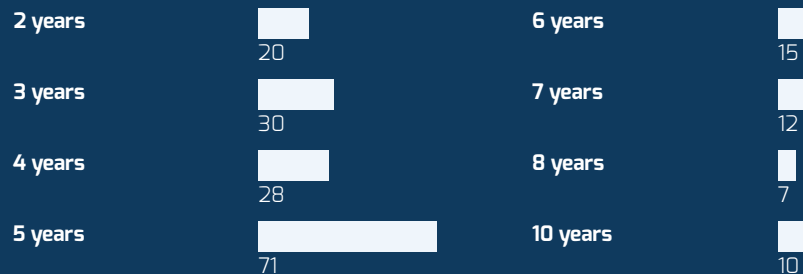
Refinancing

- » Refinancing volume in 2018 rose to more than EUR 2.5 billion
- » “EIB approved”: creating the enabling conditions for small ticket transactions by establishing a refinancing contract with the EIB (European Investment Bank)
- » Increasing importance of promissory notes (Schuldscheine) and acquisition of long-term loans with different maturities on the capital market
- » Introducing an infrastructure for derivatives to provide successful support for treasury activities

Development of refinancing sources (in EUR million)



Maturity structure capital market refinancing (in EUR million)



Increased net profits, in particular as a result of record profits from new business, at EUR 42.7 million

CIR and RoE remain at good levels

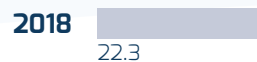
Earning position

- » Increase in net income from the loan business by 12 % compared to the previous year to EUR 42.7 million
- » Thereof new business contribution of EUR 13.5 million (record results in the history of AKA)
- » Operating profits 8 % higher than in the previous year
- » Despite higher regulatory costs and increased pension-related expenses, the Cost-Income-Ratio still remained at a positive level of 48.2 %
- » Annual net profit in the amount of EUR 12.0 million with RoE of 7.6 %

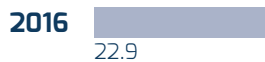
Development of earnings indicators (in EUR million or %)



Net income from the loan business



Operating profit



Annual net profit



Return on Equity

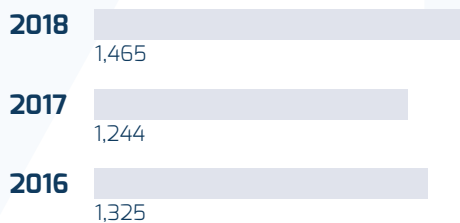
Regulatory capital requirements maintained comfortably at all times

Increased equity capital by means of consistently retaining earnings

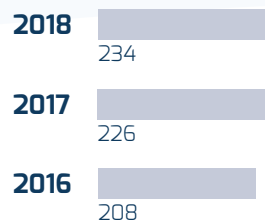
Regulatory capital requirements

- » Comfortable maintenance of regulatory capital requirements based on a strong equity foundation at AKA
- » Continual increases in Tier I capital or equity capital by means of consistently retaining earnings
- » RWAs increased in 2018 due to new business surpassing the AKA forecast
- » AKA is well-prepared for capital requirements expected in future (new CRS approach + Basel III Finalisation)

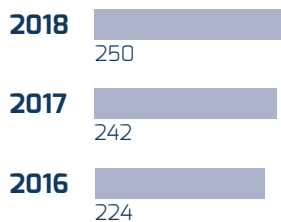
Development of capital ratios (in EUR million or %)



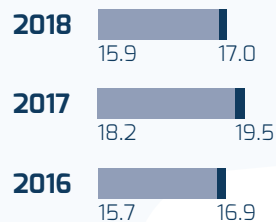
RWA



Tier I capital



Equity capital



Tier I ratio

Total capital ratio

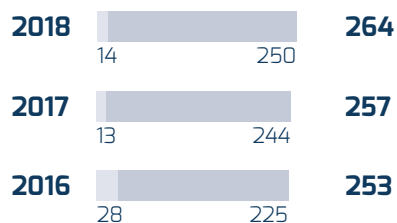
Risk-bearing capacity was ensured at all times during 2018

The limits for risk types were adequate and maintained at all times

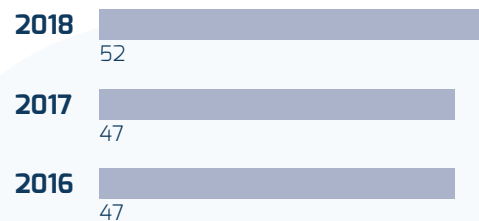
Risk-bearing capacity

- » AKA calculates its risk-bearing capacity from an economic perspective, using a Pillar 1 plus approach
- » In 2018, this was adjusted to the new RTF guidelines required by the supervisor
- » Risk-bearing capacity was ensured at all times
- » The utilisation of the risk cover values rose compared to the previous year

Development of risk-bearing capacity (in EUR million or %)



Primary RCA
 Secondary RCA

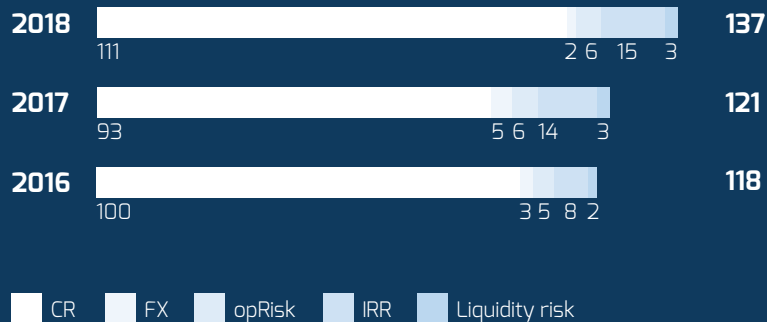


RCA utilization

Risk-bearing capacity was ensured at all times during 2018

The limits for risk types were adequate and maintained at all times

Development of risk-bearing capacity (in EUR million or %)



Risk type	Limit
■ Credit default risk (CR)	200.0
■ Foreign exchange risk (FX)	8.0
■ Operational risk (opRisk)	8.0
■ Interest rate risk (IRR)	25.0
■ Liquidity risk	8.0

Outlook: Digitisation 2019

The digitisation strategy forms part of the Multi-annual Business Plan for 2019-2021

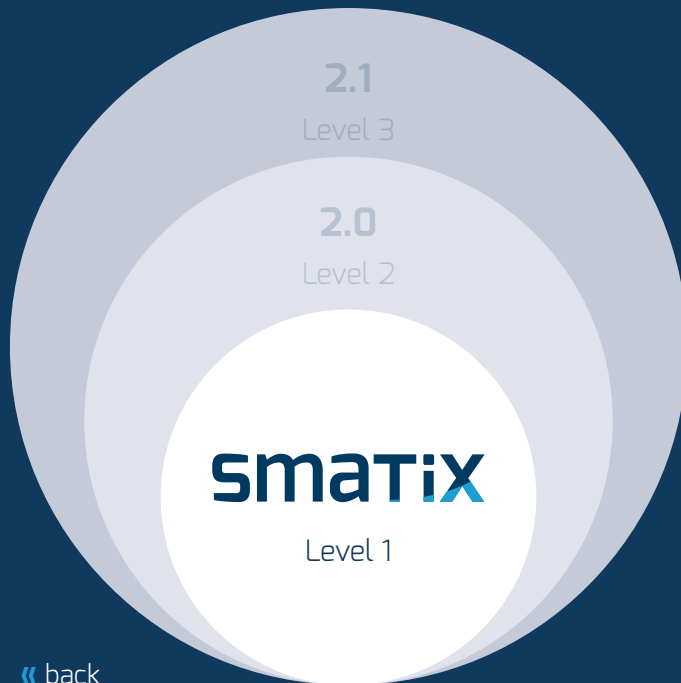
In order to further automate administrative capacity and processes, AKA has created a separate, multi-annual budget for innovations and investment.

AKA is already focussing on digitisation by expanding its range of services:

- » Already in 2018, AKA launched an IT-driven digital product solution to deliver sustainable products for small ticket buyer credits: SmaTiX (Small Ticket Express)
- » The vision: With SmaTiX, AKA is developing the core processing platform for Export Finance in the small-ticket segment
- » Further developments 2019: The interface solution, currently under development jointly with Euler Hermes, between the two digital application channels of Click&Cover and SmaTiX is an important first step for AKA towards the world of API banking (Application Programming Interface Banking)

SmaTiX as a core element of the AKA digital strategy

Possible extensions to the SmaTiX portal

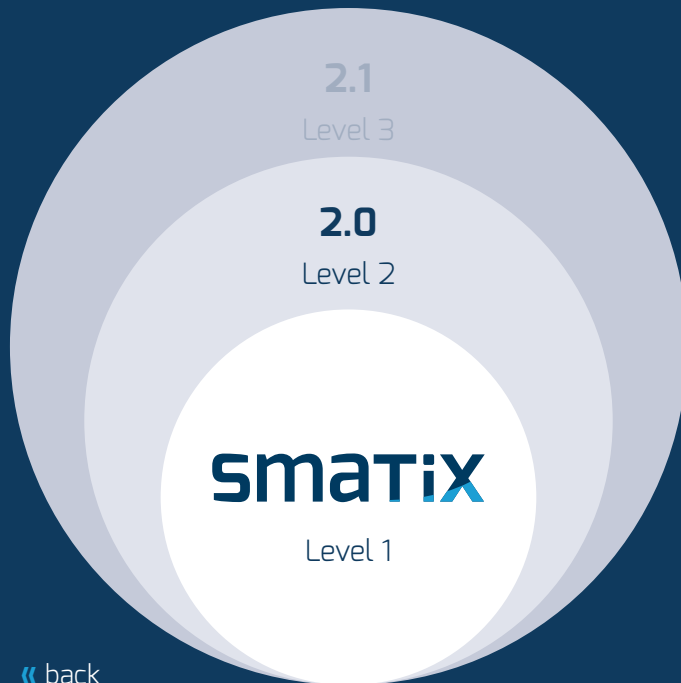


Level 1 – Integration

- » Digital process (workflow) support and onboarding of the first exporters
- » Integration of these processes into the AKA IT landscape
- » API functionality (video-identification, Euler Hermes interface)

SmaTiX as a core element of the AKA digital strategy

Possible extensions to the SmaTiX portal

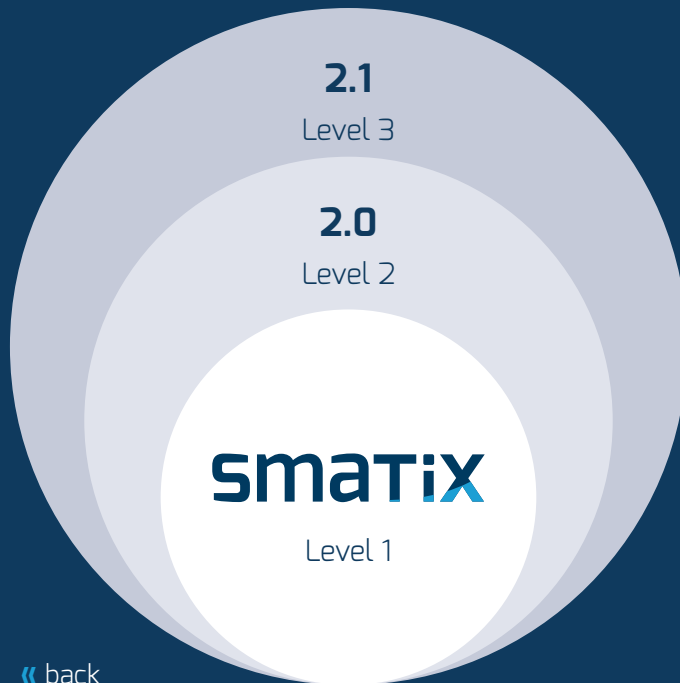


Level 2 – Deepening

- » Gold label products/API for shareholder banks
- » Connection via APIs to further value-added services (e.g. scoring, KYC)
- » Roll-out of SmaTiX features to other business processes

SmaTiX as a core element of the AKA digital strategy

Possible extensions to the SmaTiX portal



Level 3 – Expansion

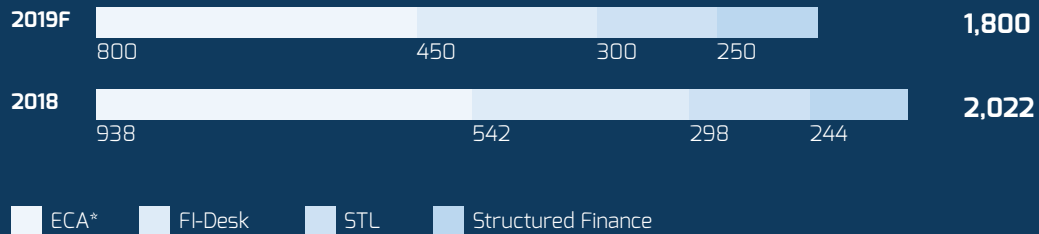
- » Extension of the ecosystem (portal ⇔ platform elements)
- » Additional productised solutions for shareholder banks (e.g. supplier credits)
- » Extension in terms of Europeanisation (buyer credits < 10 million)

Outlook for 2019 business planning

Planned business growth results in a rise in earnings indicators

New business volume

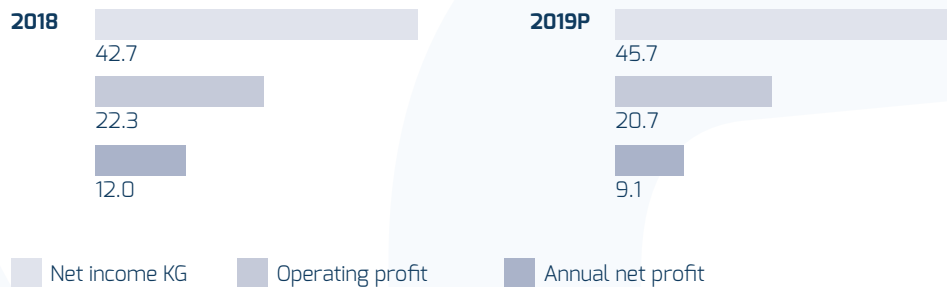
- » Planned new business volume for 2019 amounts to EUR 1,800 million
- » Focus on ECA core business



*Export Credit Agency = Government-guaranteed export credit insurance

Earning position

- » Planned increase in net income of approx. 7 %
- » Operating profit below previous year due to spending on innovations
- » Annual net profit after innovation spending below previous year

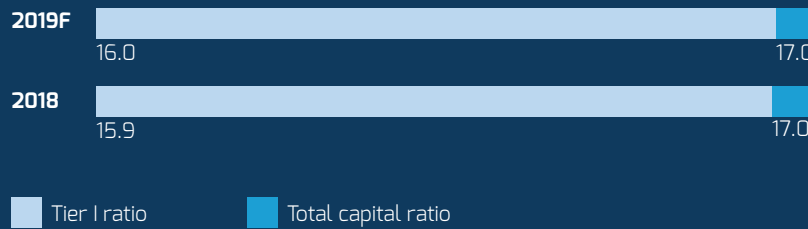


Outlook for 2019 business planning

Planned business growth results in a rise in earnings indicators

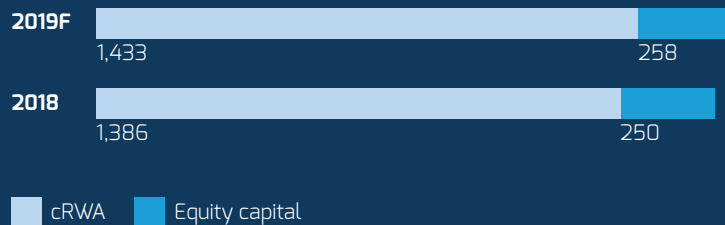
Capital ratios

- » Capital ratios constant with a slight increase in RWAs based on the planned business volume
- » Comfortable compliance with regulatory requirements nevertheless



cRWA and equity

- » Slight increase in cRWAs due to planned new business
- » Reinforcing equity by continuous retention of earnings



Selected AKA performance indicators

Development 2017-2018 plus 2019 business planning

Indicators	2017A	2018A	2019F
New business volume (in EUR million)	1,538	2,022	1,800
Net income from the loan business (in EUR million)	38.0	42.7	45.7
Administrative expenses (in EUR million incl. innovation budget)	17.9	20.7	25.1
Operating profit (in EUR million) before innovation	20.7	22.3	25.2
Operating profit (in EUR million) after innovation	20.7	22.3	20.7
Cost-Income-Ratio (in %) before innovation	46	48	45
Cost-Income-Ratio (in %) after innovation	46	48	55
Loan loss provisions (addition / + reversal in EUR million)	-3.5	-4.1	-6.1
Annual net profit (in EUR million) before innovation	11.1	12.0	12.2
Annual net profit (in EUR million) after innovation	11.1	12.0	9.1

Indicators

	2017A	2018A	2019F
RoE (in %)	7.4	7.6	5.8
cRWA (counter-party risks) (in EUR million)	1,166	1,386	1,433
CET1 capital (in EUR million)	226	234	242
Total capital ratio (according to CRR in %)	19.4	17.0	17.0
Total Assets	3,070	3,206	4,113
Business volume	4,226	4,864	5,935

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