

Topics

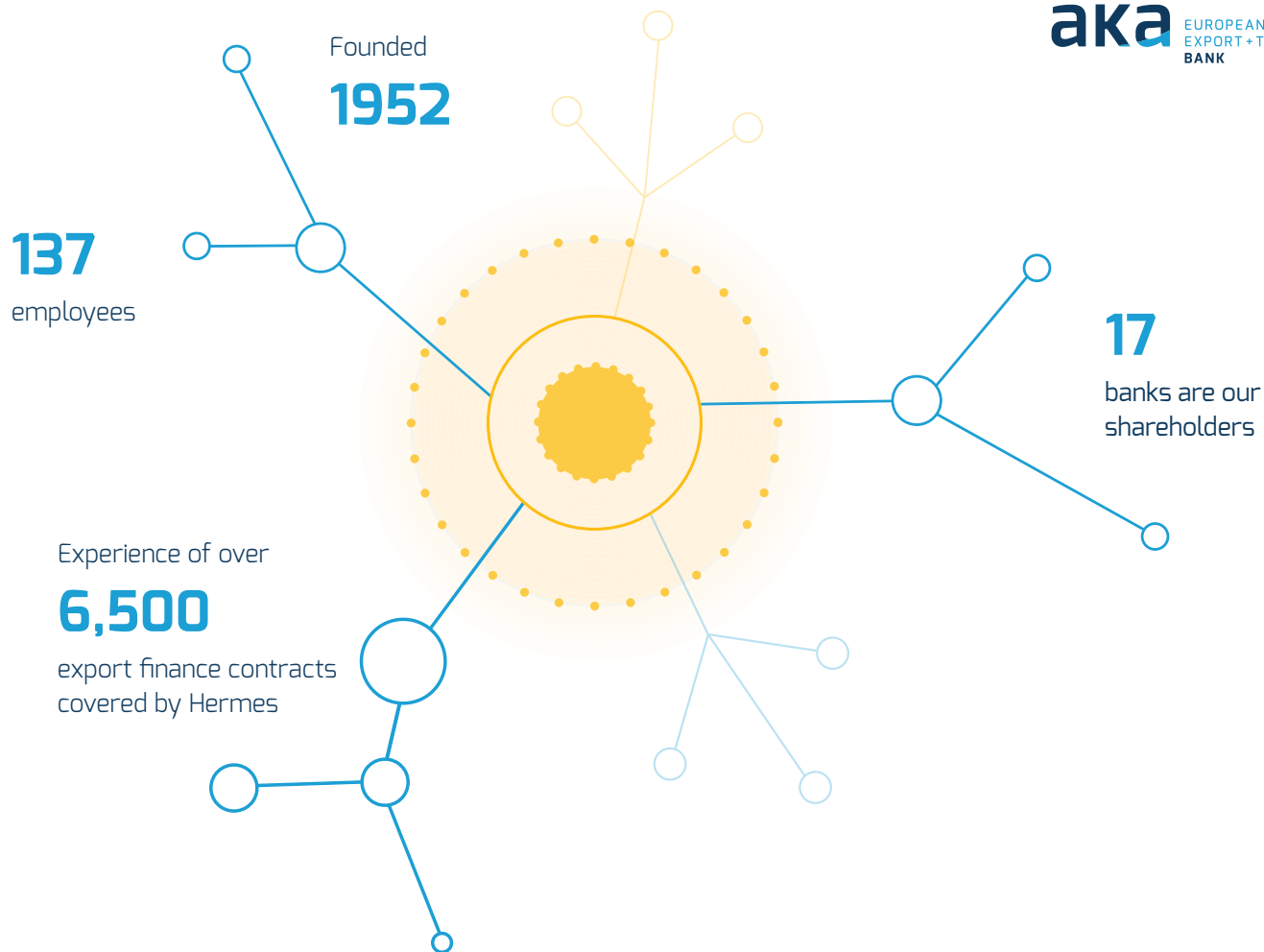
- Facts, figures, data
- Our core competences and DNA
- Global presence: AKA network
- New business development
- Loan portfolio
- Allocation of business volume
- Refinancing
- Earning position
- Regulatory capital requirements
- Risk-bearing capacity
- Strategic areas: AKA is changing
- Digitisation and further development of our business model
- SmaTiX as a core element of AKA's digital strategy
- Outlook: 2020 business planning
- Capital ratios
- Selected AKA performance indicators

Frankfurt am Main

Location

« back





Creating opportunities together

We put partnership into practice

Our core competences

- In-depth Trade Finance expertise and a clear focus on Export and Trade Financing
- Many years of experience in the international loan business
- Specialist expertise for emerging markets
- Established network within the European Trade Finance market
- Efficiency and quality: fast decision making and high cost efficiency in business transaction processing thanks to lean structures
- Speed to market: speed in the successful implementation and introduction of new products and services

Mature collaboration

- 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 AKA's business model
- Continuous broadening of our shareholder base: since 2019, AKA has also been working alongside ING, and 2020, Deutsche Leasing will become a shareholder

Our DNA

- Discretion and cooperation are top priorities at AKA, and we have worked this way for over 65 years within a network of strong banks
- In doing so, there is a clear focus on collaboration with the various shareholder banks
- AKA believes that the close relationships, integrity and trustful cooperation are the essential foundations for its role as an enabler in the financing and administrative processing of international Export and Trade transactions

**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**

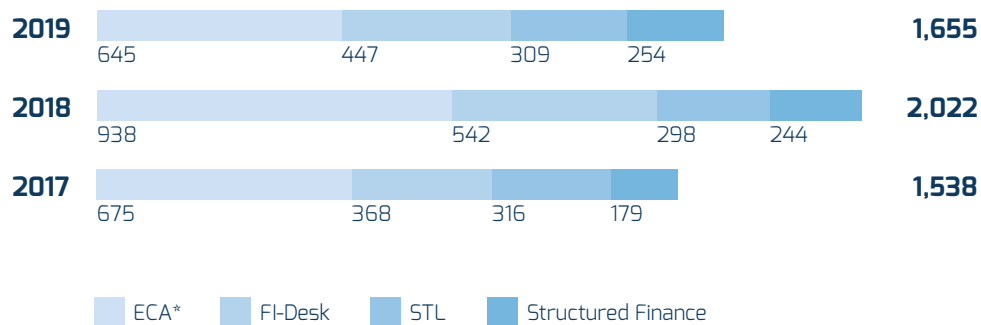
For 2019, new business volume amounts to EUR 1,655 million

Strong development in the uncovered product areas, shifting individual ECA-covered large-scale financings into the following year

2019 new business development

- For 2019, new business volume amounts to EUR 1,655 million
- Strong growth in new business volume throughout the year in 2019
- STL and SFS were able to hit their targets by achieving the same high levels as within the previous year
- The FI-Desk also achieved its target, but ended up below the prior year level
- Despite cancellation or postponement of major projects, the ECA segment continues to be the largest individual product (38 % of final volume)
- Lively demand and first transactions for new products offered for buyer loans covered by EH between EUR 1-10 million via SmaTiX portal

Volume by products (in EUR million)



*Export Credit Agency = government-guaranteed export credit insurance

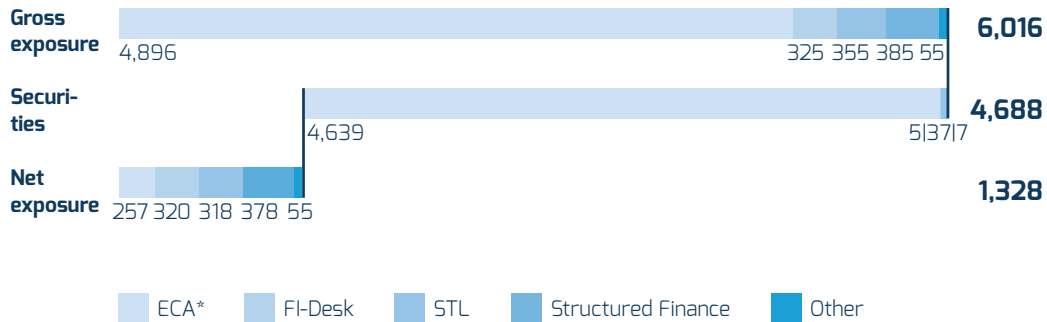
With gross exposure of EUR 6.0 billion, the AKA loan portfolio shows a net risk of EUR 1.3 billion

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

Loan portfolio

- AKA comprises gross exposure (including reservations) in the amount of around EUR 6.0 billion
- After deducting securities (mainly ECA cover), the remaining net risk amounts to around EUR 1.3 billion
- The net risk is primarily spread across the following product groups: FI-Desk, STL, Structured Finance and deductibles from ECA Financings
- Utilisations within the loan portfolio amounted to about EUR 3.4 billion
- The (net) NPL ratio of 0.6 % continues at a low level and underlines the quality of the loan portfolio

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



*Export Credit Agency = government-guaranteed export credit insurance

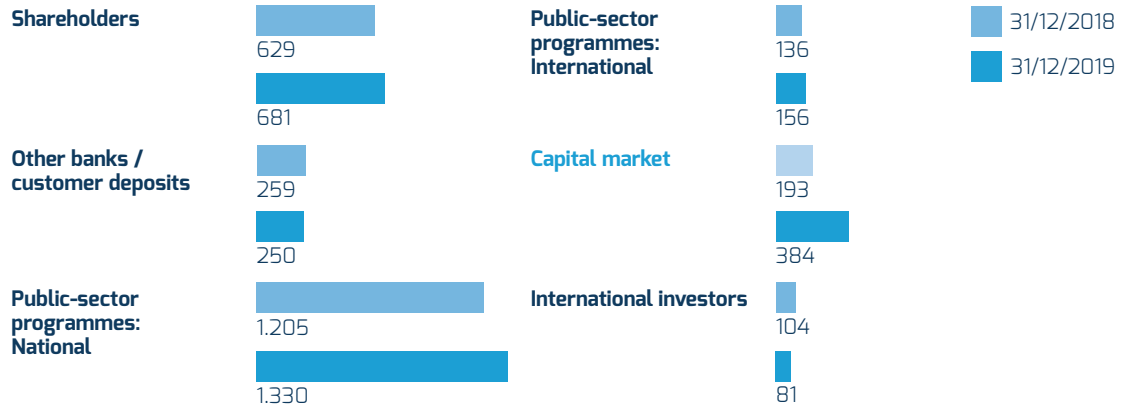
Further diversification of the refinancing volume in 2019

AKA establishes itself on the capital market

Refinancing

- Development demonstrates strong confidence placed by capital market players towards AKA
- Refinancing volume 2019 increased by 14 % to almost EUR 2.9 billion
- Largest expansion of refinancing activities at AKA so far, in particular by new capital market borrowing of more than EUR 220 million
- Further expansion of national and international programmes, consistent with the growth in assets
- Active use of the derivative infrastructure introduced in late 2018 to reduce market risks

Development of refinancing sources (in EUR million)



Maturity structure capital market refinancing (in EUR million)



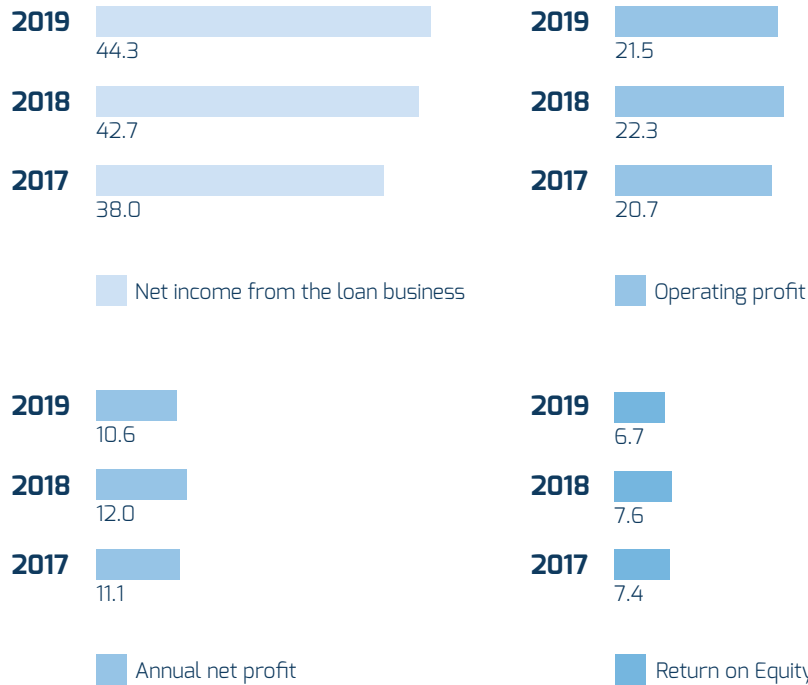
Increased net profits, in particular as a result of record profits from new business, at EUR 44.3 million

CIR and RoE remain at good levels

Earning position

- Net income from credit business is a relevant performance indicator
- Revenues at EUR 44.3 million were 3.9 % higher compared to prior year
- Thereof new business contribution of EUR 12.4 million
 - › Operating profit down by 3.7 % compared to prior year
 - › Annual net profit in the amount of EUR 10.6 million with an RoE of 6.7 %

Development of earnings indicators (in EUR million or %)



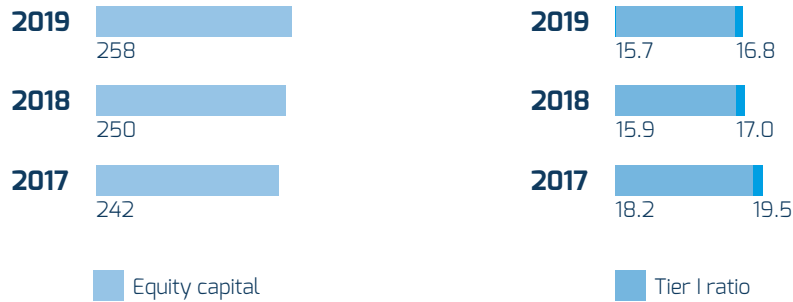
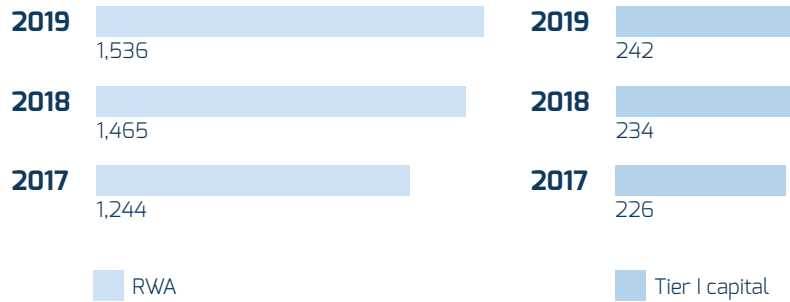
Regulatory capital requirements maintained comfortably at all times

Increased equity capital by 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
- 2019 slightly rising RWA thanks to business growth
- AKA is well equipped for expected future capital requirements

Development of capital ratios (in EUR million or %)



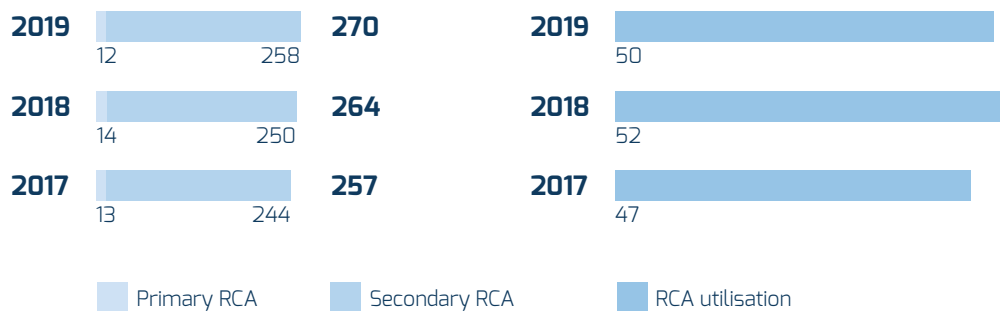
Risk-bearing capacity was ensured at all times during 2019

The limits per risk type were adequate and maintained at all times

Risk-bearing capacity

- AKA determined the risk-bearing capacity using the economic perspective by using a Pillar 1 plus approach
- The risk-bearing capacity was ensured at all times
- Risk positions at prior year levels
- The utilisation of risk coverage has declined slightly compared to the prior year, explained by increased risk cover potential through earnings retentions

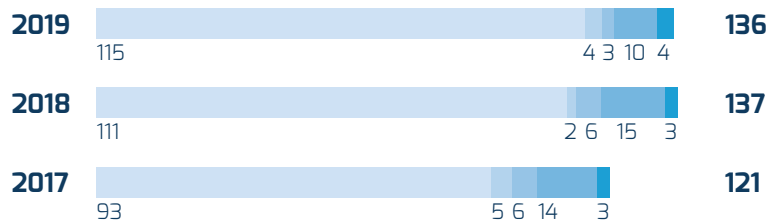
Development of risk-bearing capacity (in EUR million or %)



Risk-bearing capacity was ensured at all times during 2019

The limits per risk type were adequate and maintained at all times

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



Presentation of derived risks



Risk type	Limit (for each individual risk)
■ Credit default risk (CR)	200.0
■ Foreign exchange risk (FX)	10.0
■ Operational risk (opRisk)	10.0
■ Interest rate risk (IRR)	27.5
■ Liquidity risk	10.0

Strategic areas: AKA is changing

Three strategic areas are in focus: digitisation, Europeanisation and diversification of the service portfolio

Digitisation

- Development of the SmaTiX online portal (Small Ticket Express) for small ticket buyer credits – within one year only, AKA pushed it from pilot phase to go-live
- Go-live of the portal in 2019
- With this digital financing solution AKA is filling a gap in the market, and contributing to strengthening small and medium-sized enterprises (SMEs)
- SmaTiX lifts buyer credit supply from being a complex financing product with voluminous contractual documents to the next, modern level: highly standardised, digital application route with indicative offers in real time and a slimline financial loan contract
- Functional expansion of bank access at the start of 2020, which reinforces the sales activities of shareholders and partners and indirectly creates better access to the German and European corporate customers market

Europeanisation

- AKA has already been building up its collaboration with European Export Credit Agencies (ECAs) for years, and is intensifying its strategic expansion to become a European Trade Finance institution
- Continuous broadening of the shareholder base: strengthened in 2019 and even more positioned as European. Since then, AKA has also been working alongside ING, which is very well established in the European market and has a worldwide network
- By using SmaTiX, connections to other ECAs become possible as well as expanding market cover in a cost effective and sustainable manner

Diversification

- The main priority of business activities in more than 70 countries worldwide with emerging markets continues to be a focus at AKA. Together with a high quality balanced loan portfolio, the current range of services is already outlining a very good diversification
- Progress in diversification within the AKA service portfolio:
 - › Expansion of the countries available for selection through SmaTiX (to increase the auto-quotation ratio)
 - › New functionality in the online portal: bank access for shareholders

Digitisation and further development of our business model

AKA is developing into a modern, digital platform for Export and Trade Financing by preserving and updating its historical role. In addition to Trade Financing, there will be other areas, where AKA can step forward with the benefit of its neutrality and broad group of shareholders offering a platform.



SmaTiX as a core element of AKA's digital strategy

The expansion of SmaTiX as a platform to become a starting point for a digital ecosystem

Current developments

Go-live 2019

- Within just one year from pilot phase to live operation
- The starting point for further services and new features on the platform

Connection OeKB

- SmaTiX is now also available for Austrian exporters
- As part of the Europeanisation of the portal, Österreichische Kontrollbank AG (OeKB) is now connected to SmaTiX

Interface to Euler Hermes

- A bi-directional interface between the two application paths, SmaTiX and click&cover, creates an integrated buying experience for the exporter and speeds up decision making

Bank access

- A broad base of medium-sized private companies can use all the active consultation resources of the 17 AKA shareholder banks
- Intensive support for the "ECA-newbies" among exporters from trusted account managers and product specialists in their own banks

SmaTiX as a core element of AKA's digital strategy

Key figures at a glance



132

Small Ticket
credit enquiries

93

exporters use
SmaTiX

47

different
countries

Quotation in
real-time

408

EUR million volume
of requests

17

shareholder banks
can advise their
customers via SmaTiX

2

languages
for the portal

1 new ECA

now available

Own

bank access

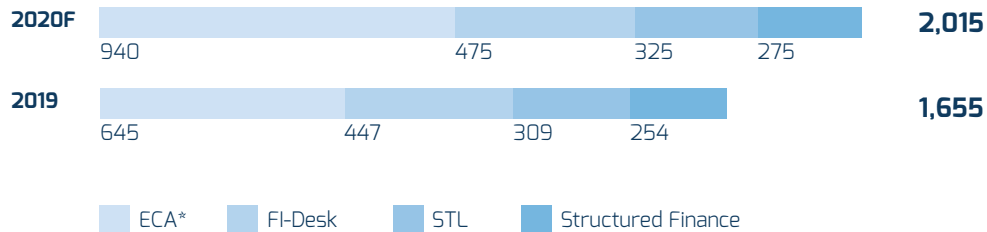
to the portal for shareholders

Outlook for 2020 business planning

Planned business growth results in a rise in earnings indicators

New business volume

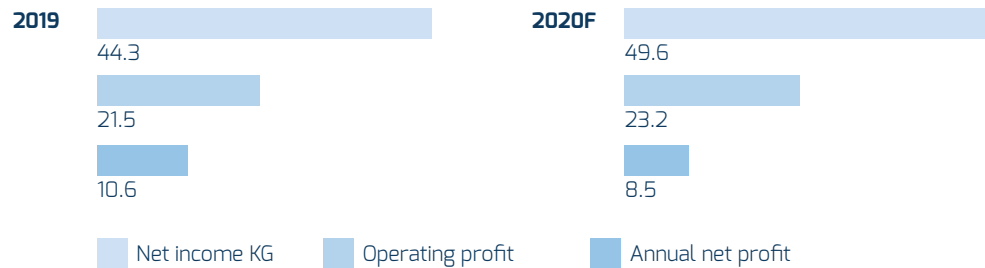
Planned new business volume for 2020 amounts to EUR 2,015 million



*Export Credit Agency = government-guaranteed export credit insurance

Earnings position

- Forecast for the development of financial KPIs: Net income from loan business totals about EUR 49 million
- Deviations from the plan figures can now be expected in light of the Corona pandemic

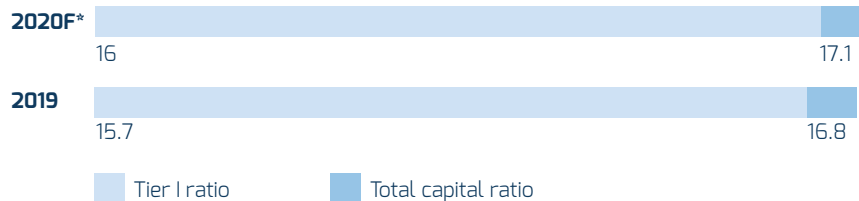


Outlook for 2020 business planning

Planned business growth results in a rise in earnings indicators

Capital ratios

- Capital ratios remain at a stable level with a slight increase in RWAs based on the planned business growth
- Nevertheless, comfortable compliance with the regulatory requirements
- In 2020, there will be another reduction in the SREP surcharge thanks to improved risk governance and a balanced risk profile



*through fully retained earnings

cRWA and equity

- Slight increase in RWAs due to planned new business
- Growth in equity thanks to ongoing retention of earnings
- In view of the ongoing Corona pandemic, AKA goes along with the general waiver of dividends for banks in order to strengthen the equity base in 2020



Selected AKA performance indicators

Development 2017-2019 plus 2020 business planning

Indicators	2017A	2018A	2019A	2020F
New business volume (in EUR million)	1,538	2,022	1,655	2,015
Net income from the loan business (in EUR million)	38.0	42.7	44.3	49.6
Administrative expenses (in EUR million incl. innovation budget)	17.9	20.7	23.3	26.4
Operating profit (in EUR million) before innovation	20.7	22.3	23.2	27.4
Operating profit (in EUR million) after innovation	20.7	22.3	21.5	23.2
Cost Income Ratio (in %) before innovation	46	48	48	45
Cost Income Ratio (in %) after innovation	46	48	52	53
Loan loss provisions (addition / + reversal in EUR million)	-3.5	-4.1	-5.1	-8.5
Annual net profit (in EUR million) before innovation	11.1	12.0	11.7	11.3
Annual net profit (in EUR million) after innovation	11.1	12.0	10.6	8.5

Indicators	2017A	2018A	2019A	2020F
RoE (in %)	7.4	7.6	6.7	5.7
cRWA (counter-party risks) (in EUR million)	1,166	1,386	1,438	1,450
CET1 capital (in EUR million)	226	234	242	252
Total capital ratio (according to CRR in %)	19.4	17.0	16.8	17.1
Total assets	3,070	3,206	3,516	3,675
Business volume	4,226	4,864	5,010	6,043

www.akabank.de/en