

# Annual Report 2020

Funding tomorrow's prosperity



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OeEB

Oesterreichische Entwicklungsbank AG

# Quick facts and figures

Financial year ended 31 December 2020

## Oesterreichische Entwicklungsbank AG (OeEB)

The official development bank of the Austrian government

Member of the Association of European Development Finance Institutions (EDFI)

## Founded in 2008 in Vienna

Wholly owned subsidiary of Oesterreichische Kontrollbank AG

Share capital of EUR 5,000,000

71 active employees, plus 4 on parental leave (as of 31 Dec. 2020)

## Key financials

Total assets	EUR 1,092.9 million
Profit for the year	EUR 4,723,952
Unallocated profit for the year	EUR 100,655
Total portfolio as of 31 Dec. 2020	EUR 1.44 billion

## New projects signed in 2020

Investment Finance	EUR 299 million
Equity Investments	EUR 2.97 million
Business Advisory Services	EUR 0.448 million

## Contribution to development

OeEB's projects contribute towards the achievement of the Sustainable Development Goals (SDGs), particularly SDG 1 (fighting poverty in all its forms), 7 (access to sustainable energy), 8 (sustainable economic growth), 13 (combating climate change) and 17 (global partnership for sustainable development).

With its projects, OeEB helps create better work and income opportunities for people in developing and transition countries. Through the private sector investment financed by OeEB, countries also gain higher tax revenues. By its strategic focus on renewable energy and resource efficiency, OeEB ensures better and environmentally friendly energy supplies, and through its collaboration with local financial institutions it provides access to financial services.

The development performance indicators at portfolio level can be found at [www.oe-eb.at/en](http://www.oe-eb.at/en).

Standard & Poor's long-term issuer rating: AA+; S&P short-term issuer rating: A-1+

In the interest of readability, this report may in some cases use wording that is gender-specific. However, all references to positions, titles and people should be construed to include masculine, feminine and neuter as the context permits..

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# A. Management report

## I. Business and financial review

### i. Nature of business activities and terms of reference

Acting on behalf of the Austrian federal government, Oesterreichische Entwicklungsbank AG (OeEB) supports the development and expansion of private sector projects in developing and newly industrialised countries.

The legislative basis for the activities of OeEB was created by an amendment to Austria's Export Guarantees Act (in German: Ausfuhrförderungsgesetz, or AusfFG). OeEB is also committed to the goals and principles of the Development Cooperation Act.

On this legal foundation, OeEB backs projects in the private sector that require long-term financing and have the ability to repay such funding out of their own resources. Every project must also have a positive sustainable impact on local economic development.

OeEB provides solutions not offered by commercial banks in the respective developing countries; its role is thus complementary to that of commercial banks. OeEB offers the full range of financing options, from long-term credit finance to equity investments. Additionally, as project support, OeEB provides non-repayable grants that improve projects' development impacts in particular. In principle, any company based in an industrialised or developing country can become a client of OeEB.

Working with its clients, OeEB develops solutions that are tailored precisely to the specific project, the current financial and business situation and the risk profile of the country in question.

A key aspect of client selection is the application of responsible-finance principles. In this regard, OeEB bears in mind environmental and social criteria (such as compliance with the fundamental conventions of the International Labour Organization) as well as transparency and corporate governance standards.

Development transactions by their nature entail high project and country risks. Before individual deals are presented for approval to the full Executive Board and the Supervisory Board and to the panels specified for this purpose by law, the project risk and country risk are carefully analysed.

OeEB is currently operating on the basis of its strategy for 2019-2023, "Financing our Shared Future". With this strategy, OeEB positions itself as a thematically focused, specialised institution with a broad geographic reach. Besides many projects contracted on its own, OeEB also collaborates with institutions internationally, especially the European development banks (currently numbering 15 in total) – the so-called European Development Finance Institutions (EDFI) – whose goal is to jointly finance private sector projects in developing countries and transition economies. OeEB also works closely with multilateral development banks, like the World Bank's International Finance Corporation (IFC).

## ii. Business in the year

### Investment Finance segment

Overall in the 2020 financial year, 18 transactions with a total volume of EUR 299 million were signed. Sixteen of these deals were concluded bilaterally between OeEB and the respective clients, and two were transacted together with proven financing partners.

OeEB's strategic goals for new business under the strategy adopted in 2019 provide for the expansion of business activity in the areas of renewable energy, financial inclusion and infrastructure. Of the 2020 financing volume, 77% was extended in these focus areas.

EUR 92 million was invested in projects in Africa and EUR 64 million was employed in the poorest developing countries according to the OECD DAC list (Least Developed Countries, or LDCs). Consistent with the strategic direction, the use of funds in Africa and the LDCs was thus substantially boosted from the prior-year level (prior year: EUR 23 million in Africa and EUR 7 million in LDCs).

Five of the 18 deals, with a contract value of EUR 85 million, or 28% of the total transaction volume in 2020, were concluded in the real economy, i.e., with private sector businesses or project companies in developing countries. The other 72% of the transaction volume, worth EUR 214 million, was contracted in collaboration with local financial intermediaries (such as microfinance funds and financial institutions) which make loans into the real economy under OeEB guidelines. This was particularly important in order to support micro, small and medium enterprises (MSMEs) in OeEB's target countries during the COVID-19 crisis and funnel liquidity to them through the local financial intermediaries that OeEB works with, as the funds are allocated to these MSMEs in individually very small amounts that therefore cannot be directly financed by OeEB.

The local businesses and financial intermediaries receive a range of ongoing technical assistance from OeEB over the entire credit period, with continual support regarding expertise-building, environmental and social management, development issues and economic sustainability.

#### Cross-cutting themes of climate protection and gender

The OeEB strategy also attaches critical importance to the topics of climate protection and gender equality. Of the total of 18 transactions closed in the year by the Investment Finance segment, five deals with an aggregate volume of EUR 74 million were for renewable energy projects. A volume of EUR 72 million qualified to be counted as international climate finance by the Republic of Austria. This represented 24% of the total transaction volume in 2020. Two projects worth a combined EUR 29 million, or 10% of the total financing volume, had a gender dimension.

## Equity Investments segment

Under the Equity Investments mechanism, OeEB acts as a trustee for the Austrian Federal Ministry of Finance (the trustor), entering into equity investments by acquiring direct interests or by purchasing fund shares.

In the 2020 financial year, for the Ministry of Finance, an increase of about EUR 500,000 was made to an SME fund in Southeast Asia as a COVID-19 response. As well, the contracts for the first two projects of the African-Austrian SME Investment Facility (AAIF), which was initiated in 2019, were concluded on a fiduciary basis for the Ministry of Finance in a total amount of approximately EUR 2.4 million. These are an industrial park in Nigeria and a roof tile manufacturing company in Cameroon.

Overall since the 2012 financial year, 22 equity investment transactions with a total volume of EUR 127.8 million have been signed. Of these, two projects in the amount of EUR 9 million were funded by OeEB itself, backed by a capital preservation guarantee from the Austrian Ministry of Finance.

The Gutmann OeEB Impact Fund, a joint project between OeEB and Bank Gutmann, completed its second closing in April 2020 and is successfully continuing its investment programme.

Disbursements to the project partners are made incrementally for overheads at fund level, or for investee companies at portfolio level, and via capital increases in the case of direct equity investments. The project status and the general and development performance and financial results of the equity investments are regularly documented. In most equity projects, OeEB also takes an active role on the respective supervisory board or in a similar oversight function.

Approximately EUR 7.5 million was paid out in 2020, including disbursements to partners for projects signed in prior years. About EUR 7.1 million of this total represented the portfolio held in trust for the Ministry of Finance.

### Business Advisory Services segment: funding for technical assistance

Through the use of non-repayable grants for technical assistance (TA) under OeEB's Business Advisory Services (BAS), projects are prepared and refined to enhance their development effectiveness. Examples of measures eligible for support through these monies are studies, fees to hire specialists, project-related training and upgrading of qualifications, as well as the introduction of international standards.

In the 2020 financial year the funding for new TA measures came entirely from OeEB itself. The budget available for this is set at 10% of the prior year's profit for the year plus unused budget funds from the prior year, and amounted to EUR 0.578 million in the year under review. Owing to the impacts of the COVID-19 crisis, in 2020 only eight projects with a combined volume of EUR 0.303 million were able to be approved. The remaining approximately EUR 0.275 million is available for new projects in 2021.

In 2020, OeEB concluded contracts for eight TA projects totalling EUR 0.448 million. Of these, four were approved in 2019 and four in 2020.

Most of the TA projects newly approved and contracted in the year under review related directly to projects financed by OeEB's Investment Finance segment or supported by its Equity Investment segment. For example, under the African-Austrian SME Investment Facility, the companies to be financed are provided by OeEB with technical assistance in the form of project preparation and project support measures, such as in the areas of environmental and social risk management.

In 2020, OeEB disbursed EUR 0.504 million of its own TA monies to project partners. In addition, it paid out EUR 0.093 million of Ministry of Finance funds for projects from prior years (projects under so-called Advisory Programmes). All disbursements are tied to the progress of the respective projects in order to help ensure the achievement of development objectives.

## Financial results

Profit for the year was EUR 4,723,952 (prior year: EUR 5,756,174). After transfers to reserves and before distribution or retention, unallocated profit for the year was EUR 100,655 (prior year: EUR 103,174).

Despite an increase in net interest income, operating income declined from the prior year's EUR 20.01 million to EUR 18.98 million, as a result primarily of a reduction in the item "income from securities and share of profit of outside companies" due to lower rates of return. Net interest income rose by EUR 3.5 million in the financial year (prior year: by EUR 2.1 million) to a new total of EUR 21.0 million (prior year: EUR 17.5 million). This increase was driven by the fact that most credit agreements included an interest rate floor. As well, in its funding costs, OeEB benefited from declining benchmark rates and lower expenses thanks to negative interest rates. Net fee and commission expense amounted to approximately EUR 8.95 million (prior year: net expense of EUR 6.71 million). Fee and commission income, which was approximately EUR 5.91 million (prior year: EUR 6.83 million), includes various fees from financings and fees for OeEB's management services rendered as a trustee in the equity investment and lending projects for the Ministry of Finance. The decrease in fee and commission income resulted largely from a reduction in commissions from risk participation agreements, under which OeEB has issued guarantees to KfW and DEG. Fee and commission expense, amounting to about EUR 14.86 million in the financial year (prior year: EUR 13.53 million), consists mainly of the guarantee fees paid or accrued as payable to the Ministry of Finance for the guarantees for political and commercial risks (guarantees under section 9 (3) Export Guarantees Act).

The operating expenses of about EUR 12.62 million (prior year: EUR 11.61 million) reflected the bank's growth and consisted largely of staff costs of EUR 7.80 million (prior year: EUR 6.96 million) and other administrative expenses of EUR 4.76 million (prior year: EUR 4.60 million). The increase in personnel expenses resulted from a further rise in the number of employees and from higher provisions and social security expenses.

In the year under review there were eleven loss events with six clients; the claims for all of these were honoured by the Ministry of Finance under the above guarantees for political and commercial risks and were thus not charged to the results of the bank.

The average S&P rating of the portfolio covered by the federal government guarantees deteriorated from BB- to B+. The evolution of portfolio quality going forward depends heavily on external factors (such as the trend in coronavirus case counts and the imposition of further lockdowns, the availability of vaccines, etc). Among clients in the financial sector there was a rising number of breaches of financial covenants, notably in terms of portfolio quality/loan loss provisions. However, the claims experience under the federal government guarantees was better than the levels originally predicted, as some problem and at-risk clients showed positive trends in the final months of 2020. The write-downs on the current equity investment portfolio are smaller than initially expected. Through proactive portfolio management and proactive liquidity planning, OeEB maintained sufficient liquid assets at all times.



The resulting operating profit in the financial year was about EUR 6.36 million, compared with EUR 8.39 million in the prior year. After positive valuation effects of EUR 0.04 million (prior year: negative valuation effects of EUR 0.61 million) and taxes of EUR 1.67 million (prior year: EUR 2.02 million), profit for the year was approximately EUR 4.72 million (prior year: EUR 5.76 million). Based on a November 2016 agreement between the Ministry of Finance and OeEB on the use of OeEB's earnings, an amount equivalent to 10% of the 2020 and 2019 profit for the year was set aside for use in the implementation of Business Advisory Services projects. Due to the good profit result, EUR 4.56 million (prior year: EUR 5.68 million) was transferred to reserves.

Profit available for distribution was EUR 147,128 in the year under review (prior year: EUR 149,473).

### iii. Office locations

The registered office of OeEB is located at Strauchgasse 3, 1010 Vienna, Austria. OeEB has no branch offices in Austria or other countries.

### iv. Financial and non-financial performance indicators

#### Financial performance indicators

##### Earnings per share

As profit for the year was EUR 4,723,952 and the share capital is divided into 50,000 no par-value registered shares, earnings per share amounted to EUR 94.48.

##### Financial ratios

The increase in cost-income ratio (operating expenses as a percentage of operating income) to 66.50% (prior year: 58.05%) was driven mainly by the decrease in the item "income from securities and share of profit of outside companies" (due to lower returns), by higher guarantee fees, the further growth of the bank and the resulting higher operating expenses. This metric also includes OeEB's expenses for the internal funding it provides for Business Advisory Services projects, which leads to additional operating expenses that, in themselves, exert an upward effect on the cost-income ratio.

The Tier 1 capital ratio (CRR Tier 1 capital as a percentage of risk-weighted assets) in 2020 was 115.76% (prior year: 103.27%) and the leverage ratio (Tier 1 capital as a percentage of total exposure) was 86.07% (prior year: 85.18%).

Return on equity (profit for the year as a percentage of average equity), at 10.42%, was below the prior-year level of 13.37%.

## Non-financial performance indicators

### Staff

OeEB had 71 active employees at 31 December 2020 (prior year: 65), plus four employees on parental leave (prior year: four).

Motivated staff members who provide service to a high standard of quality and professionalism, and do so in a cost- and risk-conscious manner, are critical to OeEB's sustained success as Austria's official development bank.

OeEB's employees are responsible for developing new business (notably project acquisition, structuring, risk assessment, compliance tasks, negotiation and conclusion of new contracts, and processing of all transactions for these projects) and for the ongoing management of the existing portfolio of projects. Besides handling the banking and financing side of the transactions, the project lead personnel must also assess the development relevance of the projects.

OeEB has a service agreement with Oesterreichische Kontrollbank AG (OeKB) under which various services are procured from OeKB. This ensures access to proven know-how and raises synergies.

The outsourcing of services is approved by the Financial Market Authority and includes finance & planning, human resources, information technology services, internal audit and treasury. OeEB also outsources the compliance officer function for those business segments covered by the Standard Compliance Code (SCC) and the SCC's minimum standards (securities compliance), and the function of the anti-money laundering/anti-terrorism finance officer.

Many OeEB employees bring to their jobs a wealth of experience from their various previous work in Austria and abroad. Personal and professional qualifications are used as the sole evaluation criteria, and for all employees, pay is independent of gender. OeEB applies the collective agreement for the banking sector to all staff and offers every employee flextime without core hours, as well as various flexible work time models. For graduates of vocational schools and higher educational institutions, the salary scale starts above collective agreement levels.

In 2020, additionally, a flexible arrangement for remote work was introduced. Specifically, in July 2020, as a pilot stage effective until further notice, employees need only be in the bank's office for two days of the week. Staff may do their remote work from anywhere and thus not necessarily from their main place of residence. Remote work days need not be authorised in advance. However, managers may request employees' presence in the office on certain days when operationally necessary.

The bank's compensation policy uses both performance criteria and market benchmarks. Care is taken to ensure an appropriate relationship between fixed and variable pay. The variable component is based partly on individual performance as discussed in the performance appraisal interview, and partly on various corporate-level performance indicators. Appropriate controls ensure that variable compensation is paid only when the bank's earnings allow it. This approach is followed for all levels of the organisation, including senior management.

OeEB ensures that its staff receives regular and practice-oriented further training. In the year under review, in addition to in-house seminars delivered among other ways through the OeKB Academy, participation in external seminars in Austria and abroad was selectively offered, as well. Occasionally, training stays of several months at other development banks are also arranged.

Committed to being a responsible employer, OeEB uses appropriate staff development tools to help create the right conditions for employee satisfaction and productivity. The employee interview discusses performance against productivity objectives set in the prior period, as well as work quality and team relations. Performance objectives and the conditions required to achieve them are set anew each year.

In the year, the “Fit to Develop” staff development programme was successfully continued. A number of suggestions from the various working groups were already implemented (such as the elaboration of a set of values for working together, and improvements in service for business trips).

In 2019, OeEB and OeKB were jointly awarded the Work & Family Audit certificate. OeEB offers its employees a range of fringe benefits, such as the use of a medical centre or company doctor, a health budget, participation in vaccination campaigns and mass screenings, a wide range of sports courses, subsidised use of the company kindergarten and OeKB sports centre at low cost, group accident insurance, an external pension fund, preferential rates for supplementary health insurance, and employee assistance programmes.

#### Environmental responsibility

As it is OeEB’s mandate to contribute to sustainable development, consideration of the environmental dimension both in the project work and in the operation of the Strauchgasse office is integral to the bank’s activities. The credit financing projects and the equity investment projects undergo an environmental and social impact assessment. In line with its strategy, OeEB also specifically supports the use of renewable energy.

As part of the sustainability management system of the OeKB Group, environmental performance parameters for the Strauchgasse premises are carefully adhered to and monitored (EMAS, GRI). The resulting sustainable operations data can be found in the 2020 sustainability report of the OeKB Group.

In keeping with the international nature of OeEB’s activities, almost all of its business travel is by air. OeEB offsets the CO<sub>2</sub> emissions from its air travel by supporting climate protection projects conducted by Vienna’s University of Natural Resources and Applied Life Sciences (see <https://klimaneutralität.boku.ac.at/en/co2-kompensation/>). As a result of the travel restrictions in response to the COVID-19 pandemic, travel activity was drastically reduced in 2020.

## II. Outlook and risks for the bank

### i. Business outlook

OeEB is currently operating on the basis of its strategy for 2019-2023, “Financing our Shared Future”. With this strategy, OeEB positions itself as a thematically focused, specialised institution with a broad geographic reach. In the current strategy period, 80% of new business is to be concluded in the three thematic focus areas of “renewable energy”, “micro, small and medium-sized enterprises (MSMEs)/financial inclusion” and “infrastructure”. The two topics of climate protection and gender equality are being established as new cross-cutting themes.

At the Paris climate conference, Austria committed to providing at least half a billion euros for climate finance between 2015 and 2020. OeEB sees a comparative strength in its ability, through the instruments at its disposal, to contribute to this climate financing goal in a particularly efficient and effective manner. For the next five years, OeEB has therefore set itself the goal of investing at least 40% of new business in projects that qualify as climate financing.

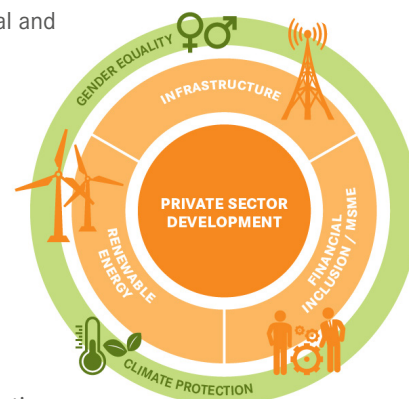
No quantitative targets have been set for the cross-cutting issue of gender for the time being. In a first step, gender mainstreaming will be implemented within the thematic priority “MSME/financial inclusion” and integrated into the social and environmental assessment. The gender action plan adopted in December 2019 sets out concrete steps and milestones for this.

Geographically speaking, OeEB can operate in all developing countries on the OECD DAC list. However, over the 2019-2023 strategy period it intends specifically to expand its involvement in the poorest countries (LDCs) to 25%, and in African countries to 20%, of new business. In early 2021, OeEB’s targets are being evaluated and adjusted as appropriate, in consultation with the stakeholders.

To assess development impacts, since 2019 the new DERA (Development Effectiveness Rating Tool) is used, which was developed by Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), the German development finance institution.

In 2020, OeEB responded to customer needs resulting from the COVID-19 pandemic by, for instance, extending short-term loans to fundamentally sound companies to maintain liquidity. In addition, OeEB, with a new contribution of EUR 30 million, participated in the COVID-19 emergency financing initiative of the European development banks (EDFIs) and the European Investment Bank through their joint venture, European Financing Partners.

OeEB regards itself as well equipped to meet the challenges arising from the global COVID-19 epidemic. For coronavirus reasons, in 2020 it proved challenging to build the pipeline for 2021 as a result of delays in, and some losses of, deals. OeEB therefore expects a reduction in new business in 2021 relative to 2020, but subsequently plans to return incrementally to the volume of new business recorded in the previous years.



## ii. Significant risks and uncertainties

The environment for the financing of projects remains challenging. The COVID-19 crisis and its ripple effects have constrained the financial latitude in developing countries, in some cases to a substantial extent. Moreover, commercial banks continue to be selective and restrictive in their lending both as a result of regulatory requirements and adjustments to their business models, and in the face of the heightened level of uncertainty. Yet carrying out development projects is important for growth in these countries and for strengthening their resilience to crises. In this situation more than ever, the role of development banks is to be stable and dependable partners and to go where the need is.

Although the growth outlook for the world economy in 2021 is positive again, the trajectory is very much dependent on how rapidly the COVID-19 pandemic can be contained and how broad the recovery will be. Many developing and transition countries face great challenges: The current crisis has exposed the deficiencies in health systems and aggravated the debt situation in most countries. Additionally, the consequences of climate change are raising the urgency to adapt economic structures more quickly to changing conditions. At the same time, the global political environment has seen a persistent deterioration in recent years. Protectionist tendencies that have already led to open trade conflicts, coupled with an increase in local conflict, are hampering the cross-border economic integration that is particularly important for developing countries. Against this backdrop, the business trend in OeEB's individual target countries will be challenging.

## iii. Risk management

### Introduction

OeEB is a specialised institution for the financing of commercially viable, developmentally effective private sector investment projects in developing and newly industrialised countries. It is Austria's official development bank.

The focus of risk management activities in the year under review was on control of the increased credit risks in OeEB's federally guaranteed portfolio and on intensified portfolio monitoring in response to the COVID-19 pandemic from March 2020. As well, the internal processes regarding credit risk assessment, disbursements, etc. were brought into line with the new circumstances.

## Strategic approach to risk management

In project risk assessment, environmental, social and economic risks are comprehensively examined in accordance with national and international standards and the EBA guidelines on loan origination and monitoring.

To cover the very high project and country risks, OeEB receives a full guarantee from the Austrian government under the Export Guarantees Act for every credit financing deal. Financing extended on behalf of the Austrian government represents the great majority of the bank's assets. For this portion of its total assets, OeEB, like its parent OeKB, is exempt from the provisions of relevant legislation such as the Capital Requirements Regulation (the CRR, or EU Regulation 575/2013) and the Capital Requirements Directive IV (CRD IV).

As a result of the backing by the Republic of Austria through government guarantees, OeEB's share capital of EUR 5 million represents and meets the minimum requirement under the Austrian Banking Act. Although the equity base was already strengthened in the past, equity investments without a federal guarantee are undertaken only in accordance with the investment policies approved by the Supervisory Board or – if exceeding the relevant threshold levels that trigger the need for Supervisory Board approval – are made on the basis of specific individual approvals by the Supervisory Board.

OeEB is a wholly-owned subsidiary of OeKB and follows a risk policy and strategy consistent with that of the OeKB Group. In addition to the Group-level risk assessment, OeEB's banking risks are also measured at the individual-institution level. Moreover, internal control systems under the Austrian Banking Act have been developed together with OeKB for OeEB's major business processes – Investment Finance, Equity Investments, Business Advisory Services, problem loans and the management of existing projects. These systems of internal control are reviewed annually and enable risk management at the level of the OeKB Group.

As OeKB is its sole owner, OeEB is covered by the Group ICAAP, or Internal Capital Adequacy Assessment Process. No ICAAP is performed at the level of OeEB. The key metric in the measurement and management of risk – the calculated economic capital required (for the going concern and gone concern views) – is compared against the economic capital available at different levels of scenario severity. At the individual-institution level, OeEB opts not to perform a Pillar II calculation of risk coverage. However, despite the relative insignificance of the risk, economic capital is determined for the investment risk arising from OeEB's own investment portfolio (the banking book), using the Value at Risk concept.

## Risk management organisation

Under the Austrian Banking Act, the full Executive Board is responsible for managing OeEB's risks relating to banking transactions and banking operations, for ensuring capital adequacy in respect of the risks taken, and for establishing the organisation that this requires. A basic principle of risk management at OeEB is the strict separation of risk origination and risk oversight. The risk management functions reside with the Executive Board member responsible for risk management. Taking into account the principle of proportionality, OeEB's risk management is appropriate to the business model, strategy, risk situation and internal operational requirements.

OeEB implements and adapts appropriate actions and processes for carrying out the risk policy and strategy set by the Executive Board and approved by the Supervisory Board.

Operational risk management by OeEB involves the monitoring and control of the operational risk profile, the development of strategies and processes for the control of operational risk, and business continuity management in collaboration with OeKB's operational risk manager.

For emergencies and various crisis scenarios, the operational risk management policy identifies emergency and crisis response teams and sets out responsibilities and procedures.

The role of assuring the compliance of the internal control system (ICS) with legal requirements is contractually outsourced to OeKB. The ICS compliance officer at OeKB works together with the ICS process owners at OeEB. Operational risk management is performed in close cooperation with the operational risk manager at OeKB.

Like the bank's risk management as a whole, the internal control system is subject to ongoing scrutiny by Internal Audit.

Under an agreement with OeKB, the functions of the securities compliance officer and of the anti-money laundering/anti-terrorism finance officer are outsourced to OeKB. However, there is a (separate) contact person at OeEB for each of these two functions. To mitigate the legal risk of business transactions, OeEB's Legal department usually works with local law firms.

## Risk types considered in bank-wide risk management

The most important financial risks are credit risk, market risk, liquidity risk and operational risk.

### Credit risk

Credit risk is defined as the risk of loss due to the unexpected non-performance of contractual payment obligations by counterparties. In view of its business structure, OeEB distinguishes the following types of credit risk:

- **Counterparty risk/default risk:** The risk of loss as a result of a borrower's failure to honour its payment obligations or of the default of a counterparty (such as a borrower). All loan exposures are covered by an Austrian government guarantee for commercial and political risk.
- **Investee risk:** The risk of loss from self-funded equity investments.
- **Concentration risk:** : The risk of loss as a result of high credit exposure to individual borrowers or groups of related borrowers. Country limits and customer limits are in place and are reviewed on an ongoing basis.
- **Foreign exchange risk from imperfect hedges:** The risk of loss as a result of currency translation differences arising from delayed compensation by the Ministry of Finance in credit events with US dollar exposures.

At the end of the year under review, OeEB's credit risk was measured at EUR 6.2 million (prior year: EUR 3.1 million).

The credit risk budget of EUR 12 million for the Group ICAAP was not exceeded in 2020.

### Market risk

Market risk is the risk of loss as a result of changes in market parameters. It can be subdivided into interest rate risk, currency risk, equity risk and other price risks. Credit financing extended by OeEB is as a rule funded at rates compliant with the OECD's Commercial Interest Reference Rate (CIRR). OeEB has no other significant exposure to market risks.

At the end of the year, OeEB's market risk was calculated at EUR 2.0 million (prior year: EUR 2.6 million).

The market risk budget of EUR 9 million for 2020 was not exceeded.

### Liquidity risk

Liquidity risk can be divided into term liquidity risk and withdrawal/call risk, as well as structural risk (funding liquidity risk).

Liquidity is currently managed and made available on a project basis in coordination between OeEB and OeKB. Term liquidity risk is the risk of change in the length of time for which capital is committed to or by OeEB. Withdrawal/call risk is the risk that deposits received are unexpectedly withdrawn or that loan commitments to borrowers are unexpectedly utilised. Both term liquidity risks and withdrawal/call risks are low as a result of OeEB's business structure and contractual arrangements. Liquidity is monitored and controlled with the aid of weekly cash flow projections.

As OeEB's funding is obtained largely through OeKB, the latter's standing in the market facilitates the availability of financing to OeEB at any time.

### Operational risk

Operational risk is the risk of loss resulting from the inadequacy or failure of internal processes, people or systems, or from external events. Operational risk includes legal risk.

The central integration of operational risk management (including information security) into the OeKB Group's bank-wide management of risk, as well as the corporate culture, business continuity plans, insurance cover and similar centrally manageable measures, together form the framework within which the individual staff members are required to exercise personal responsibility for everyday risk management in their sphere of accountability. In these areas, OeEB, which has its offices within OeKB's premises, works very closely with OeKB.

For emergencies and various crisis scenarios, the operational risk management policy identifies emergency and crisis response teams and sets out responsibilities and procedures; an emergency response manual is also in place.

### Other risks

Other risks include the following non-financial risks, among others:

- **Strategic risk:** The risk of negative impacts on capital or earnings as a result of strategic business decisions and/or changes in the business environment.
- **Reputation risk:** The risk of adverse consequences from how the organisation is perceived by stakeholders (the shareholder, staff, clients, the Austrian government, and others).
- **Business risk:** The risk of deterioration in earnings as a result of unexpected changes in business volume or margins.



Strategic and reputational risks to OeEB arise primarily from its special position. As a result of its mandate, OeEB's only principal is the Republic of Austria. A quantitative assessment of the risk associated with this would be difficult to perform and none is planned. OeEB continually monitors potential changes in its operating environment that have fundamental significance for its business activities and considers such developments in its business strategy.

### Key features of the internal control system in relation to the accounting process

OeEB outsources all accounting activities to its parent institution, Oesterreichische Kontrollbank Aktiengesellschaft (OeKB). The specific requirements are defined in a service agreement. In terms of the accounting process, the internal control system thus meets the same standard as does that of OeKB.

Within OeEB's Executive Board, Michael Wancata has responsibility for the accounting function and for the establishment and design of a system of internal control and of risk management in relation to the accounting processes that meets the bank's needs. The internal control system is implemented jointly with OeKB or by OeKB, according to the specific requirements of OeEB.

The key features of the internal control system can be described based on the definition of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO framework consists of five inter-related components: the control environment, risk assessment, control activities, information and communication, and monitoring.

The purpose of the internal control system is to support management so as to enable it to ensure effective and continually improving internal controls. The internal control system encompasses not only the accounting system but also extends to all major business processes, in order to safeguard the economic efficiency and effectiveness of business activities, the reliability of the business information (including non-financial reporting, such as on corporate responsibility aspects), and adherence to policies and regulations (compliance).

The Group-level Internal Audit function (performed by the OeKB Group's Internal Audit department) independently and regularly verifies the adherence to internal policies and procedures, including the accounting rules. The head of Group Internal Audit reports the findings directly to the Executive Board of OeEB. The Internal Audit activities are outsourced to OeKB under a service agreement.

#### Control environment

The most fundamental aspect of the control environment is the corporate culture in which management and employees operate. OeEB continually works to improve communication and the transmission of its basic corporate values.

The manner of implementation of the internal control system in respect of the accounting process is set out in the written internal policies and procedures of the accounting function. The responsibilities in relation to the internal control system have been adjusted to fit the company's organisational structure in order to ensure a satisfactory control environment that meets the requirements.

### Risk assessment

Risks related to the accounting process are identified and monitored by OeKB Group management and OeEB management, with a focus on material risks.

The preparation of the financial statements regularly requires the use of estimates. This involves the inherent risk that actual future developments will differ from these estimates. As all loans extended by OeEB are secured by guarantees of the Republic of Austria, this estimation risk is particularly relevant to matters/items in the financial statements relating, for example, to the stability of the value of equity interests.

### Control activities

In addition to the Supervisory Board and Executive Board, the general control environment also encompasses middle management, such as the department heads.

All control activities are applied “in-process” during the regular ongoing operation of the business processes in order to ensure that potential errors in financial and other reporting are detected and corrected.

The Executive Board, working with OeKB, is responsible for ensuring that the levels of the reporting hierarchy are structured such that a given activity and the controls on the activity are not performed by the same person (i.e., ensuring the strict separation of responsibilities).

IT-supported control activities represent a cornerstone of the internal control system. Thus, the segregation of sensitive responsibilities is supported by the restrictive assignment of IT privileges. SAP ERP software is used for accounting and financial reporting. The functioning and effectiveness of this accounting system is assured, among other ways, by automated IT controls installed in the system. OeEB’s IT function has been outsourced to OeKB; as a result, the same high security standards are applied as at the parent institution.

### Information and communication

The financial reporting requirements are regularly updated by management and communicated to all staff concerned.

As well, the (Group) accounting staff members involved receive frequent training regarding changes in international accounting practices in order to be able to detect risks of inadvertent reporting deficiencies at an early stage.

### Monitoring

Ultimate responsibility for the enterprise-wide ongoing monitoring of business processes rests with management and the Supervisory Board. The respective department heads are responsible for the monitoring of the relevant areas of activity; for example, checks and validations are conducted at regular intervals.

Group Internal Audit is also involved in the monitoring process. The system of internal control likewise performs a monitoring and oversight function.

The Audit Committee has the following responsibilities among others:

- Monitoring the effectiveness of the internal control system, the internal audit system and the risk management system
- Reviewing the annual financial statements and preparing their adoption, reviewing the proposal for the appropriation of profit and reviewing the management report
- Carrying out the procedure for selecting the external independent auditor and recommending the auditor for nomination by the Supervisory Board

In the 2020 financial year the Audit Committee met twice.

The findings of the monitoring activities are reported to management and the Supervisory Board. The Executive Board regularly receives summarised financial reports, such as monthly financial statements as well as risk reports. Financial statements intended for publication undergo a final review by accounting management staff (at Group and OeEB level) and by the OeEB Executive Board before being forwarded to the OeEB Supervisory Board.

### III. Research & development

As a result of its particular mandate, OeEB does not conduct research and development (R&D).

Vienna, 12 February 2021

Sabine Gaber  
Member of the Executive Board

Michael Wancata  
Member of the Executive Board

## B. Financial statements

### 1. Balance sheet at 31 December 2020

#### Assets

	2020 EUR	2019 EUR '000
<b>01 Balances at central banks</b>	1,390.11	2
<b>02 Loans and advances to banks</b>	473,777,979.10	408,421
a) Repayable on demand	41,558,493.57	35,115
b) Other loans and advances	432,219,485.53	373,306
<b>03 Loans and advances to customers</b>	383,378,203.63	378,603
<b>04 Bonds and other fixed income securities</b>	7,124,757.83	8,125
a) Of other issuers (i.e., non-public sector issuers)	7,124,757.83	8,125
<b>05 Equity shares and other variable income securities</b>	225,980,601.92	227,260
<b>06 Interests in outside companies</b>	19,986.64	32
<b>07 Interests in subsidiaries</b>	35,000.00	35
<b>08 Non-current intangible assets</b>	27,500.00	53
<b>09 Property and equipment</b>	37,702.50	0
<b>10 Other assets</b>	1,934,397.62	1,265
<b>11 Prepaid expenses</b>	282,337.45	301
<b>12 Deferred tax assets</b>	342,094.00	365
<b>Total assets</b>	<b>1,092,941,950.80</b>	<b>1,024,462</b>
<b>Off-balance sheet items</b>		
1. Foreign assets	1,049,302,069.94	988,195
2. Fiduciary assets	136,621,138.82	135,770

## Liabilities and equity

	2020 EUR	2019 EUR '000
<b>01 Deposits from banks</b>	<b>1,013,278,149.13</b>	<b>943,735</b>
a) With agreed maturity or notice period	1,013,278,149.13	943,735
<b>02 Deposits from customers</b>	<b>17,552,268.65</b>	<b>22,960</b>
a) Non-savings deposits	17,552,268.65	22,960
Of which aa) With agreed maturity or notice period	17,552,268.65	22,960
<b>03 Other financial liabilities</b>	<b>5,951,754.46</b>	<b>6,113</b>
<b>04 Accruals and deferred income</b>	<b>3,426,998.92</b>	<b>3,678</b>
<b>05 Provisions</b>	<b>2,254,674.26</b>	<b>2,119</b>
a) Termination benefit provisions	390,094.00	317
b) Other provisions	1,864,580.26	1,802
<b>06 Share capital</b>	<b>5,000,000.00</b>	<b>5,000</b>
<b>07 Retained earnings</b>	<b>45,314,000.00</b>	<b>40,691</b>
a) Statutory reserve	500,000.00	500
b) Other reserves	44,814,000.00	40,191
<b>08 Liability reserve under section 57 (5) Banking Act</b>	<b>16,977.29</b>	<b>17</b>
<b>09 Profit available for distribution</b>	<b>147,128.09</b>	<b>149</b>
<b>Total liabilities and equity</b>	<b>1,092,941,950.80</b>	<b>1,024,462</b>
<b>Off-balance sheet items</b>		
1. Contingent liabilities (guarantee obligations incurred and assets pledged as collateral security)	37,433,928.78	57,164
2. Off-balance sheet credit risks	225,884,740.86	211,860
3. Liabilities from fiduciary activities	136,621,138.82	135,770
4. Available regulatory capital under part 2 of Regulation (EU) No 575/2013	44,370,093.41	38,834
5. Regulatory capital requirement under article 92 of Regulation (EU) No 575/2013	38,034,352.92	37,113
Regulatory capital requirement under article 92 (1) (a) of Regulation (EU) No 575/2013 (Common Equity Tier 1 ratio in %)	115.76	103.27
Regulatory capital requirement under article 92 (1) (b) of Regulation (EU) No 575/2013 (Tier 1 capital ratio in %)	115.76	103.27
Regulatory capital requirement under article 92 (1) (c) of Regulation (EU) No 575/2013 (total capital ratio in %)	116.66	104.64
6. Foreign liabilities	39,584,858.76	42,266

## 2. Income statement for the year ended 31 December 2020

	2020 EUR	2019 EUR '000
1. Interest and similar income	33,030,135.35	36,244
Of which from fixed income securities	686,978.80	364
2. Interest and similar expense	-12,026,478.97	-18,746
<b>I. Net interest income</b>	<b>21,003,656.38</b>	<b>17,498</b>
3. Income from securities and share of profit of outside companies	7,106,049.75	8,575
a) Income from equity shares, other ownership interests and variable income securities	7,106,049.75	8,575
4. Fee and commission income	5,913,046.74	6,826
5. Fee and commission expense	-14,863,178.72	-13,535
6. Net income (+) or expense (-) from financial operations	-454,321.25	156
7. Other operating income	276,363.79	487
<b>II. Operating income</b>	<b>18,981,616.69</b>	<b>20,007</b>
8. Administrative expenses	-12,563,800.21	-11,562
a) Staff costs	-7,800,463.53	-6,960
Of which		
aa) Salaries	-5,875,348.09	-5,173
bb) Statutory social security costs, pay-based levies, and pay-based other compulsory contributions	-1,398,232.29	-1,228
cc) Other social expenses	-176,101.83	-226
dd) Expenses for retirement and other post-employment benefits	-137,380.06	-110
ee) Expenses for termination benefits and contributions to termination benefit funds	-213,401.26	-223
b) Other administrative expenses	-4,763,336.68	-4,602
9. Impairment on asset items 8 and 9	-30,037.41	-26
10. Other operating expenses	-29,225.07	-26
<b>III. Operating expenses</b>	<b>-12,623,062.69</b>	<b>-11,614</b>
<b>IV. Operating profit</b>	<b>6,358,554.00</b>	<b>8,393</b>

	2020 EUR	2019 EUR '000
11. Impairment losses on loans and advances and write-downs on securities classified as current assets	-49,510.16	-788
12. Gains on reversal of impairment losses on loans and advances and gains on write-ups of securities classified as current assets	187,471.55	170
13. Impairment and disposal losses on securities measured as non-current financial assets and impairment losses on interests in outside companies	-101,257.68	0
14. Gains on reversal of impairment losses on, and on disposal of, securities measured as non-current financial assets and reversal of impairment losses on interests in outside companies	764.83	4
<b>V. Profit before tax</b>	<b>6,396,022.54</b>	<b>7,779</b>
15. Income tax	-1,672,070.65	-2,023
<b>VI. Profit for the year</b>	<b>4,723,951.89</b>	<b>5,756</b>
16. Transfer to reserves	-4,623,296.81	-5,653
Of which transfer to liability reserve	-296.81	0
<b>VII. Unallocated profit for the year</b>	<b>100,655.08</b>	<b>103</b>
17. Profit brought forward from the prior year	46,473.01	46
<b>VIII. Profit available for distribution</b>	<b>147,128.09</b>	<b>149</b>

## 3. Notes to the financial statements

### 3.1 Legislative basis of operations

The Austrian Federal Minister of Finance is authorised by section 9 (1) Export Guarantees Act (German name of the Act: Ausfuhrförderungsgesetz, or AusffG) to grant to Oesterreichische Entwicklungsbank AG (OeEB), a subsidiary of Oesterreichische Kontrollbank Aktiengesellschaft (OeKB), the public mandate for establishing and providing the services of an Austrian development bank.

Principal activities of OeEB are the longer-term financing of sustainable investment in developing countries and the management of federal government activities for supporting the preparation and implementation of private sector projects in developing countries.

OeEB is bound by Austria's development aims and principles under the Development Cooperation Act, Federal Law Gazette I Vol. 49/2002, as amended (German name of the Act: Entwicklungszusammenarbeitsgesetz, or EZA-G) and is required to consider Austria's foreign trade objectives.

OeEB operates primarily in developing countries. A guide for the geographic scope of its activities is the respective current list of Official Development Assistance (ODA) Recipients published by the OECD Development Assistance Committee (DAC). OeEB mainly supports private sector projects in developing countries. These projects must meet development criteria, satisfy international environmental and social standards and conform with Austrian and international law.

To implement the projects, OeEB employs three mechanisms: Investment Finance transactions, project support measures under Business Advisory Services, as well as Equity Investments, which are federally funded or OeEB-funded equity and near-equity investments in funds and companies.

The Investment Finance transactions are reported primarily in the balance sheet items "other loans and advances" (to banks), "loans and advances to customers", and "equity shares and other variable income securities". At 31 December 2020, the Investment Finance transactions presented there amounted to EUR 1,033,298,428.34 (prior year: EUR 963,451,996.92). In addition, there are risk participations in the Investment Finance business segment that are recognised as contingent liabilities, and credit risks in the form of credit facilities and securities purchase obligations.

For every Investment Finance transaction conducted under the Export Guarantees Act, the Republic of Austria provides a guarantee for political and commercial risks (pursuant to section 9 (3) Export Guarantees Act).

The balance sheet item "equity securities and other variable income securities" also includes projects in the Equity Investments segment that are funded by OeEB itself. Information on the associated guarantee is provided in section 3.2.2 below.

The equity investments that are federally funded are recognised below the balance sheet (i.e., off-balance sheet) in the items "fiduciary assets" and "liabilities from fiduciary activities" (see section 3.2.10). In the federally funded Equity Investments mechanism, the Republic of Austria, acting as trustor, makes the investment funding available for the entire duration of the investment; the risk of loss is therefore borne directly by the Republic of Austria.



## 3.2 Accounting policies

### 3.2.1 Basis of presentation and general principles applied

The annual financial statements of Oesterreichische Entwicklungsbank AG (“OeEB”, “the bank”) at and for the year ended 31 December 2020 were prepared by the Executive Board of OeEB in accordance with the provisions of the Austrian Commercial Code (in German: Unternehmensgesetzbuch, or UGB), as amended, and the bank-specific provisions of the Austrian Banking Act (in German: Bankwesengesetz, or BWG), as amended. In accordance with Austrian publication regulations, the financial statements are filed with the commercial court of business registration and published in the official gazette “Amtsblatt zur Wiener Zeitung”. The structure of the balance sheet and income statement is as specified in Annex 2 to section 43 Austrian Banking Act.

OeEB is classified as a public interest entity under section 43 (1a) Austrian Banking Act in conjunction with section 189a Austrian Commercial Code.

The financial statements were drawn up in accordance with accounting principles generally accepted in Austria and with the guiding principle of presenting a true and fair view of the bank’s financial position, results of operations and cash flows. The financial statements were prepared in accordance with the principle of **completeness**.

In measuring the individual assets and liabilities, the principle of **individual measurement** was observed and the bank’s **continuing operation** was assumed.

The principle of prudence was observed by reporting only those profits realised at the balance sheet date. All identifiable risks and impending losses which arose by the balance sheet date were recognised.

According to the size classes defined in section 221 (3) Austrian Commercial Code, OeEB is categorized as a large corporation.

The same measurement and presentation methods continued to be applied as in the prior year.

Estimates are based on prudent judgement. To the extent that statistically determinable experience from comparable situations exists, it has been taken into account in arriving at estimates.

The financial year under review was the full calendar year.

### 3.2.2 Securities

**Bonds and other fixed income securities** used as liquid investments (classified as current assets) are measured using the conservative lower-of-cost-or-market approach, i.e., measured at the lower of cost or the quoted market price at the balance sheet date (section 207 Austrian Commercial Code). Impairment losses are reversed if the reasons for the impairment no longer apply.

The bank does not hold securities for trading and therefore does not maintain a trading book.

**Equity shares and other variable income securities** are measured using the modified lower-of-cost-or-market approach, i.e., are measured at cost or, if permanently impaired, at a lower quoted market price at the balance sheet date. They are classified as non-current assets.

In the case of the fund shares acquired for investment finance purposes, the guarantees (under section 9 (3) Export Guarantees Act) for political and commercial risks cover not just the principal amount underwritten by OeEB but also its target rate of return up to the documented funding costs plus the guarantee fee. As a result of the full government guarantee, the expected dividends and interest income for the year under these transactions are recognised in the balance sheet item “equity shares and other variable income securities” on an accrual basis up to the maximum amount guaranteed.

Within the Equity Investments segment, for OeEB’s self-funded investments in private equity funds, the guarantees (under section 9 (3) Export Guarantees Act) for political and commercial risks cover the capital invested by OeEB for the purchase of fund shares, up to a maximum amount, by way of a capital preservation guarantee. These transactions too are included in the balance sheet item “equity shares and other variable income securities”.

### 3.2.3 Interests in outside companies and interests in subsidiaries

**Interests in outside companies and in subsidiaries** are measured at cost, less any lasting material impairment losses. Impairment losses are reversed if the reasons for the impairment no longer apply.

### 3.2.4 Intangible assets

Intangible assets are recognised in the balance sheet only if they have been acquired by purchase. They are measured at cost less amortisation and impairment. In accordance with tax legislation, a full year’s amortisation is applied to additions made in the first half of the year, and half of a year’s amortisation is applied to additions made in the second half of the year. Intangible assets generated internally are expensed immediately.

**Amortisation** is provided on a straight-line basis over a useful life of 5 years, i.e., at a rate of 20% per year.

**Impairment losses** existing at the balance sheet date are recognised if the impairment is expected to be lasting in nature.

### 3.2.5 Property and equipment

Items of property and equipment are measured at cost, less depreciation and impairment. Low-value assets (i.e., with an individual acquisition cost of less than EUR 800) are expensed immediately. In accordance with tax legislation, a full year’s depreciation is applied to additions made in the first half of the year, and half of a year’s depreciation is applied to additions made in the second half of the year.

**Depreciation** is provided on a straight-line basis over the normal useful life of the assets, which is five to ten years.

**Impairment losses** existing at the balance sheet date are recognised if the impairment is expected to be lasting in nature.

### 3.2.6 Loans and advances and other assets

**Loans and advances** to banks and customers, and other assets, are recognised at face amounts. For identifiable credit risks in respect of borrowers, impairment losses are individually assessed. The valuation method under section 57 Austrian Banking Act is applied.

The expected interest income is recognised on an accrual basis and recorded in the respective balance sheet item.

### 3.2.7 Deferred taxes

In accordance with section 198 (9) and (10) Austrian Commercial Code, deferred taxes are recognised using the balance sheet-based temporary concept and without discounting, on the basis of the current corporate tax rate of 25%.

### 3.2.8 Deposits from banks and customers and other financial liabilities

Deposits from banks, deposits from customers and other financial liabilities are recognised at the amount required to settle the obligation (the higher of the face amount or repayable amount). Accrued interest is included in the respective balance sheet item.

### 3.2.9 Provisions

**Provisions for termination benefits** are determined on the basis of generally accepted actuarial principles, using the projected unit credit method in accordance with International Accounting Standard 19. The calculations assume a discount rate of 0.50% (prior year: 1.02%), a salary growth rate of 2.50% (prior year: 3.25%) and an age at retirement of 65 years for men (prior year: 65 years) and 65 years for women (prior year: 65 years), and are based on the computation tables “AVÖ 2018 P” by Pagler & Pagler. Actuarial gains and losses and changes in discount rate are reported in the income statement in staff costs.

The discount rate for termination benefit provisions is determined based on market yields of highly rated corporate bonds at the balance sheet date.

The item “**other provisions**” represents all risks, and all liabilities of uncertain amount or nature, identifiable at the time of preparation of the financial statements, measured as dictated by prudent business judgment.

Non-current provisions are recognised at the amount required to settle the obligation and are discounted if material.

For structuring fees (acquisition costs related to the structuring of funds), a provision was created in the 2018 financial statements that is utilised at the time of redemption of the respective investment at fund maturity. In 2020, none of the provision was used (prior year: EUR 44,533.46 used).

### 3.2.10 Fiduciary assets and liabilities

The item “fiduciary assets” contains the transactions overseen by OeEB as trustee which are covered in section 3 of the contract concluded pursuant to section 9 (1) Export Guarantees Act. In fulfilling its mandate, OeEB is authorised among other things to acquire interests in investment funds and companies through federally funded equity and near-equity investments. The monies held in trust for these Equity Investments are used by OeEB by investing them in its own name for the account of the Austrian Ministry of Finance. In addition, there is a co-financing with the Austrian Ministry of Climate Protection, Environment, Energy, Mobility, Innovation and Technology for one of the projects (in the prior, 2019 financial year, the branch of government responsible for this co-financing was still the Ministry of Sustainability and Tourism). Also reported under fiduciary assets are loans extended under the African-Austrian SME Investment Facility (AAIF) in OeEB’s capacity as trustee. The total for fiduciary assets additionally includes a separate account of the federal government (“trust account”).

Under section 48 (1) Austrian Banking Act, fiduciary assets can be reported off-balance sheet if there is a special arrangement which allows these assets to be segregated from the assets available for distribution in the event of a compulsory liquidation of the bank. Such a right of segregation exists for the fiduciary assets of the federal government reported in the annual financial statements of OeEB, and these assets are therefore disclosed off-balance sheet.

At the same time, the obligation to the Ministry of Finance (incurred by OeEB as a result of the right of segregation under section 48 (1) Austrian Banking Act) to surrender the funds is reported off-balance sheet on the liabilities side.

### 3.2.11 Foreign currency translation

The reporting currency is the euro. Foreign currency amounts are ordinarily translated at middle rates of exchange.

### 3.3 Notes to the balance sheet and income statement

#### 3.3.1 Supplementary disclosures

##### 3.3.1.1 Loans and advances

##### 3.3.1.1.1 Loans and advances to banks

LOANS AND ADVANCES TO BANKS REPAYABLE ON DEMAND	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Denominated in EUR	41,189,228.21	35,044,091.59
Denominated in USD	369,265.36	71,065.30
<b>Total</b>	<b>41,558,493.57</b>	<b>35,115,156.89</b>
OTHER LOANS AND ADVANCES TO BANKS	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Denominated in EUR	55,971,546.60	37,079,079.08
Denominated in USD	376,417,938.93	336,482,233.42
Less impairment charge under section 57 (1) Banking Act	-170,000.00	-255,000.00
<b>Total</b>	<b>432,219,485.53</b>	<b>373,306,312.50</b>

### 3.3.1.1.2 Loans and advances to customers

LOANS AND ADVANCES TO CUSTOMERS	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Denominated in EUR	159,813,778.83	139,865,925.35
Denominated in USD	223,734,424.80	238,992,303.72
Less impairment charge under section 57 (1) Banking Act	-170,000.00	-255,000.00
<b>Total</b>	<b>383,378,203.63</b>	<b>378,603,229.07</b>

This balance sheet item also includes subordinated unlisted debt securities from the Investment Finance segment in the amount of EUR 12,760,887.71 (prior year: EUR 12,203,299.55).

### 3.3.1.2 Securities

For the purposes of section 64 (1) 10 and 11 Austrian Banking Act, the analysis of securities holdings is as follows:

	31 DEC. 2020 EUR	31 DEC. 2019 EUR
<b>Bonds and other fixed income securities</b>		
Listed	7,124,757.83	8,125,428.91
<b>Total</b>	<b>7,124,757.83</b>	<b>8,125,428.91</b>
<b>Equity shares and other variable income securities</b>		
Denominated in EUR	87,665,923.45	87,358,137.66
Denominated in USD	138,314,678.47	139,901,654.99
<b>Total</b>	<b>225,980,601.92</b>	<b>227,259,792.65</b>

No bonds or other fixed income securities will be redeemed in the subsequent financial year, i.e., in 2021 (prior year's projection for the year under review: EUR 1,000,000.00). Also, interest in the amount of EUR 27,317.83 for 2020 will come due in the subsequent year (prior year's projection for the year under review: EUR 27,288.91).

#### Disclosures under section 56 Austrian Banking Act

- Section 56 (2) Austrian Banking Act: The difference between cost and repayable amount of securities admitted to trading and listed on an exchange that were held as current assets was EUR 97,440.00 (prior year: EUR 98,140.00).
- Section 56 (4) Austrian Banking Act: The difference between market value and cost was EUR 395,360.00 (prior year: EUR 149,470.00).

In the financial year, no write-ups to historical cost were performed (prior year: none).

The fund shares reported within “equity shares and other variable income securities” are classified as non-current assets; in an amount of EUR 223,465,229.78, these shares were acquired for the purpose of investment financing (prior year: EUR 225,081,087.33)

In a further amount of EUR 2,515,372.14 (prior year: EUR 2,178,705.32), they represented investments in private equity funds made under a November 2016 agreement between the Ministry of Finance and OeEB for the purposes of the Equity Investments segment. These projects internally funded by OeEB are to be implemented in its own name and for its own account using available free reserves.

In 2020 and 2019, none of the securities reported under “equity shares and other variable income securities” were admitted to trading on an exchange.

#### 3.3.1.3 Interests in outside companies

At the end of the financial year, OeEB held a 7.63% equity interest in European Financing Partners S.A. As well, OeEB held a 7.69% equity interest in Interact Climate Change Facility S.A.; both these outside companies are based in Luxembourg.

Since 2018, OeEB holds an equity interest of 0.1942% in Einlagensicherung AUSTRIA Ges.m.b.H., a deposit insurance entity. The liquidation of Einlagensicherung der Banken und Bankiers Gesellschaft m.b.H., a deposit insurance company in which OeEB had held a 0.1% stake, was completed in 2020.

#### 3.3.1.4 Interests in subsidiaries

In January 2019, OeEB founded a wholly owned subsidiary, OeEB Impact GmbH. The subsidiary's equity at 31 December 2020 was EUR 95,799.53 (prior year: EUR 26,796.96) and it had a profit for the year of EUR 69,002.57 (prior year: loss of EUR 8,203.04).

#### 3.3.1.5 Non-current assets

The changes in the individual non-current asset items and the breakdown of depreciation, amortisation and impairment by asset item are presented in the table “Movements in non-current assets” at the end of the notes to the financial statements.

### 3.3.1.6 Other assets

2020	REMAINING MATURITY		CARRYING AMOUNT EUR
	UP TO 1 YEAR EUR	OVER 1 YEAR EUR	
Other assets outside Austria	190,034.39	50,000.00	240,034.39
Receivables from tax authority	1,497,205.79	–	1,497,205.79
Sundry assets	197,157.44	–	197,157.44
<b>Total</b>	<b>1,884,397.62</b>	<b>50,000.00</b>	<b>1,934,397.62</b>

2019	REMAINING MATURITY		CARRYING AMOUNT EUR
	UP TO 1 YEAR EUR	OVER 1 YEAR EUR	
Other assets outside Austria	309,530.79	50,000.00	359,530.79
Receivables from tax authority	879,585.93	–	879,585.93
Sundry assets	26,360.00	–	26,360.00
<b>Total</b>	<b>1,215,476.72</b>	<b>50,000.00</b>	<b>1,265,476.72</b>

“Other assets” included accrued income of EUR 330,209.06 for 2020 (prior year: EUR 309,567.15) to be received after the balance sheet date.



### 3.3.1.7 Deferred tax assets

The deferred taxes at the balance sheet date consisted only of deferred tax assets and were recognised for temporary differences between the carrying amounts in the financial statements and their tax base, for the following items:

DEFERRED TAXES	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Impairment under section 57 Banking Act	85,000.00	127,500.00
Non-current provisions for employee benefits	105,474.64	88,383.74
Interests in outside companies	2,595.72	0.00
Provision for structuring fee for investment fund	149,023.64	149,023.64
<b>Total</b>	<b>342,094.00</b>	<b>364,907.38</b>

The movement in deferred taxes was as follows:

DEFERRED TAXES	2020 EUR	2019 EUR
At 1 January	364,907.38	384,942.05
Change recognised in profit or loss	-22,813.38	-20,034.67
<b>At 31 December</b>	<b>342,094.00</b>	<b>364,907.38</b>

The dividend payout restriction under section 235 (2) Austrian Commercial Code (deferred tax assets) does not apply, thanks to sufficient free reserves.

### 3.3.1.8 Fiduciary assets

The following table presents the fiduciary assets held in connection with Business Advisory Services and with federally funded Equity Investments, which are undertaken pursuant to section 3 of the contract concluded on the basis of section 9 (1) Export Guarantees Act. Also shown is the trust account of the federal government. In addition, in 2019 the federal government acquired an equity interest in connection with a restructuring event in the Investment Financing segment; this stake is also held in trust by OeEB. Since the 2020 financial year, OeEB, on behalf of the Ministry of Finance and using funds under section 7 (3) Export Guarantees Act, invests in a new facility, the African-Austrian SME Investment Facility.

		31 DEC. 2020 EUR	31 DEC. 2019 EUR '000
<b>FIDUCIARY ASSETS</b>			
EUROPEAN FUND FOR SOUTHEAST EUROPE SA, SICAV-SIF	Luxembourg	6,000,000,00	6,000
MICROFINANCE ENHANCEMENT FACILITY SA, SICAV-SIF	Luxembourg	3,000,000,00	3,000
REGIONAL MSME INVESTMENT FUND FOR SUB-SAHARAN AFRICA S.A., SICAV-SIF	Luxembourg	3,000,000,00	3,000
CGFT CAPITAL POOLING GMBH & CO. KG	Germany	2,708,009,18	3,714
<b>Total under Business Advisory Services</b>		<b>14,708,009,18</b>	<b>15,714</b>
CEE SPECIAL SITUATIONS FUND, L.P.	Jersey	21,796,884,74	21,299
AFRICA RENEWABLE ENERGY FUND L.P.	Mauritius	7,074,094,78	6,822
CAMBODIA LAOS MYANMAR DEVELOPMENT FUND II L.P.	Singapore	5,408,809,31	4,868
DWM FUNDS S.C.A. SICAV-SIF	Luxembourg	5,293,735,06	5,294
WOMEN'S WORLD BANKING CAPITAL PARTNERS, L.P.	USA	3,760,434,14	3,660
ASCENT RIFT VALLEY FUND LTD.	Mauritius	3,437,107,11	3,330
CAUCASUS CLEAN ENERGY FUND I	Guernsey	3,232,062,72	1,933
DOLMA IMPACT FUND I	Mauritius	3,147,260,79	3,048
ADENIA CAPITAL IV LP	Mauritius	2,811,396,00	2,580
THE ENTERPRISE EXPANSION FUND S.A.(ENEF) SICAV-SIF	Luxembourg	2,748,488,57	1,773
SEAF CAUCASUS GROWTH FUND L.P.	Cayman Islands	2,714,544,89	2,633
CATALYST MENA CLEAN ENERGY FUND L.P.	Guernsey	2,141,580,49	2,111
FRONTIER ENERGY II ALPHA K/S	Denmark	2,044,662,58	1,755
EUROPEAN INVESTMENT FUND CENTRAL EUROPEAN FUND OF FUNDS	Luxembourg	1,954,092,33	1,387
SHORECAP III, LP	Mauritius	1,056,851,17	690
RENDCOR GMBH	Austria	832,500,00	823
SHORECAP II LIMITED	Mauritius	669,051,44	651
<b>Total under Equity Investments</b>		<b>70,123,556,12</b>	<b>64,658</b>
CJSC ACCESSBANK	Azerbaijan	4,031,571,74	4,032
<b>Total equity interests from restructurings of Investment Finance facilities</b>		<b>4,031,571,74</b>	<b>4,032</b>
AMABO GmbH	Austria	330,000,00	0
ESME GmbH	Austria	455,000,00	0
<b>Total under the African Austrian SME Investment Facility</b>		<b>785,000,00</b>	<b>0</b>
<b>Trust account balance</b>		<b>46,973,001,78</b>	<b>51,367</b>
<b>Total fiduciary assets</b>		<b>136,621,138,82</b>	<b>135,770</b>

### 3.3.1.9 Deposits from banks and customers and other financial liabilities

#### 3.3.1.9.1 Deposits from banks

DEPOSITS FROM BANKS	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Denominated in EUR	282,166,737.22	235,898,011.07
Denominated in USD	731,111,411.91	707,837,555.06
<b>Total</b>	<b>1,013,278,149.13</b>	<b>943,735,566.13</b>

#### 3.3.1.9.2 Deposits from customers

DEPOSITS FROM CUSTOMERS	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Denominated in EUR	17,552,268.65	22,960,480.65
Denominated in USD	0.00	0.00
<b>Total</b>	<b>17,552,268.65</b>	<b>22,960,480.65</b>

#### 3.3.1.9.3 Other financial liabilities

OTHER FINANCIAL LIABILITIES	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Other financial liabilities in Austria	297,764.42	251,579.86
Liabilities to Ministry of Finance for guarantee fees	5,544,639.00	5,240,493.00
Liabilities to Ministry of Finance from Advisory Programmes	101,222.93	459,355.68
Sundry liabilities	8,128.11	161,420.07
<b>Total</b>	<b>5,951,754.46</b>	<b>6,112,848.61</b>

Other financial liabilities included accrued expenses for 2020 of EUR 5,692,975.01 (prior year: EUR 5,616,673.11) that will be paid after the balance sheet date.

Other financial liabilities were all current in nature.

### 3.3.1.10 Provisions

Termination benefit provisions changed by EUR 72,875.00 in the financial year, from EUR 317,219.00 to a new total of EUR 390,094.00. Termination benefit provisions include the provisions for the period of approximately three months after the death of pension plan participants during which a surviving spouse receives a higher pension than the subsequent survivor's pension.

The item "other provisions" had the following composition:

OTHER PROVISIONS	1 JAN. 2020 EUR	ADDED EUR	USED EUR	RELEASED EUR	31 DEC. 2020 EUR
Provision for vacation pay	347,104.23	387,280.04	347,104.23	0.00	387,280.04
Provision for legal, audit and consulting expenses	39,500.00	42,600.00	38,670.25	829.75	42,600.00
Provision for structuring fees	596,094.56	0.00	0.00	0.00	596,094.56
Sundry provisions	819,036.16	659,250.10	594,075.77	45,604.83	838,605.66
<b>Total</b>	<b>1,801,734.95</b>	<b>1,089,130.14</b>	<b>979,850.25</b>	<b>46,434.58</b>	<b>1,864,580.26</b>

### 3.3.1.11 Equity

The **share capital** of Oesterreichische Entwicklungsbank AG of EUR 5 million is divided into 50,000 no-par value registered shares, each representing an equal portion of the share capital. The proposed dividend to be paid in the subsequent year for the 2020 financial year is EUR 100,000.00 in total, or EUR 2 per share. The **return on assets** in 2020 was 0.43% (prior year: 0.56%).

The composition and movements in **retained earnings** in the 2020 financial year are shown in the following table:

	STATUTORY RESERVE	OTHER RESERVES		TOTAL EUR
	EUR	FOR TECHNICAL ASSISTANCE (TA) EUR	NON-TA EUR	
At 1 Jan. 2020	500,000.00	1,650,383.88	39,040,616.12	41,191,000.00
Released	0.00	-409,389.07	0.00	-409,389.07
Added	0.00	472,395.19	4,559,993.88	5,032,389.07
<b>At 31 Dec. 2020</b>	<b>500,000.00</b>	<b>1,713,390.00</b>	<b>43,600,610.00</b>	<b>45,814,000.00</b>

Since 1 January 2017, under an agreement between the Austrian Ministry of Finance and OeEB of 17 November 2016, the funding for Business Advisory Services (BAS) is provided by OeEB itself. Annually, under the agreement, 10% of OeEB's respective prior year's profit for the year is to be newly made available for BAS projects. In these financial statements, a portion of other (uncommitted) retained earnings was thus set aside as a reserve for technical assistance (TA) activities offered under BAS, in the amount of EUR 472,395.19 (prior year: EUR 575,617.35).

If the budgeted amount for new BAS projects is not fully utilised in a given year, the unused amount remains available for the subsequent years.

Conversely, the release of EUR 409,389.07 in 2020 from the reserve for technical assistance (prior year: EUR 602,698.78) represents the TA expenses for the financial year, which are reported in other administrative expenses. These expenses serve to enhance development effectiveness through project preparation, project support and studies.

As well, out of the 2020 profit for the year, EUR 4,559,993.88 (prior year: EUR 5,680,081.43) was transferred to the free non-TA reserve. Under section 8 item 2 of the contract concluded on the basis of section 9 (1) Export Guarantees Act, the free non-TA reserve must be used for OeEB's purposes in subsequent years.

**Retained earnings** also include the statutory reserve, which at EUR 500,000.00 (prior year: EUR 500,000.00) fulfils the requirement under section 229 (6) Austrian Commercial Code that the statutory reserve, when fully accumulated, shall amount to 10% of share capital.

At 31 December 2020, EUR 296.81 was transferred to the **liability reserve under section 57 (5) Austrian Banking Act**, bringing its total to EUR 16,977.29.

### 3.3.1.12 Information on off-balance sheet transactions

The item “contingent liabilities” relates entirely to risk participations of OeEB in loans issued by Kreditanstalt für Wiederaufbau (KfW), Frankfurt am Main, and Deutsche Investitions- und Entwicklungsgesellschaft (DEG), Cologne. Through these facilities, OeEB shares risk internally with KfW and DEG to the extent of its contractual portion of the exposure by guaranteeing the respective outstanding loan principal and interest.

CONTINGENT LIABILITIES	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Risk participation facilities of Kreditanstalt für Wiederaufbau (KfW), Frankfurt am Main	16,166,075.27	26,001,563.31
Risk participation facilities of Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), Cologne	21,267,853.51	31,162,668.92
<b>Total</b>	<b>37,433,928.78</b>	<b>57,164,232.23</b>

These risk participation agreements are backed by **guarantees** for political and commercial risks (received under section 9 (3) Export Guarantees Act) that cover the contractual interest up to the contractual maturity date of the underlying loan, including OeEB’s risk compensation fee under the risk participation agreement.

The **credit risk** recognised below the balance sheet (i.e., off-balance sheet) was related to undrawn commitments to lend (unused limits on credit facilities, and securities purchase obligations). Under section 9 (3) Export Guarantees Act, to secure the risks, OeEB receives a guarantee of the Republic of Austria for political and commercial risks on every transaction.

OFF-BALANCE SHEET CREDIT RISKS	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Credit facilities	155,572,642.82	156,657,745.86
Securities purchase obligations	70,312,098.04	55,202,315.29
<b>Total</b>	<b>225,884,740.86</b>	<b>211,860,061.15</b>

#### Liabilities from fiduciary activities

This item represents the obligation to the Ministry of Finance to surrender the fiduciary assets (an obligation incurred by OeEB as a result of the right of segregation of these assets under section 48 (1) Austrian Banking Act).

### 3.3.1.13 Regulatory capital under part 2 of Regulation (EU) No 575/2013

The regulatory capital under part 2 of Regulation (EU) No 575/2013 was as follows:

	31 DEC. 2020 EUR	31 DEC. 2019 EUR
<b>Regulatory capital under part 2 of Regulation (EU) No 575/2013</b>		
Share capital	5,000,000.00	5,000,000.00
Retained earnings	45,314,000.00	40,691,000.00
Less reserve for technical assistance (TA) <sup>1</sup>	-1,713,390.00	-1,650,383.88
Less transfer to retained earnings <sup>2</sup>	-4,559,993.88	-5,680,081.43
Liability reserve	16,977.29	16,680.48
<b>Total reserves</b>	<b>39,057,593.41</b>	<b>33,377,215.17</b>
Intangible assets	-27,500.00	-52,900.00
<b>Tier 1 capital</b>	<b>44,030,093.41</b>	<b>38,324,315.17</b>
Tier 2 capital (impairment under section 57 Banking Act in the version of 2013), weighted at 20% (prior year: 30%) <sup>3</sup>	340,000.00	510,000.00
<b>Total available regulatory capital</b>	<b>44,370,093.41</b>	<b>38,834,315.17</b>
<b>Regulatory capital requirement under article 92 of Regulation (EU) No 575/2013</b>		
Loans and advances to banks	50,555.39	50,695.72
Other loans and advances	1,486,484.67	1,418,846.38
<b>Risk-weighted exposure amounts for credit risk</b>	<b>1,537,040.06</b>	<b>1,469,542.10</b>
<b>Risk-weighted exposure amounts for market risk</b>	<b>0.00</b>	<b>0.00</b>
<b>Total regulatory capital requirement for operational risk (Basic Indicator approach)</b>	<b>36,497,312.86</b>	<b>35,642,969.19</b>
<b>Total exposure amount</b>	<b>38,034,352.92</b>	<b>37,112,511.29</b>

<sup>1</sup> See section 3.3.1.11, "Equity", in this report.

<sup>2</sup> Under article 26 (2) CRR (Regulation (EU) No 575/2013), earnings for the year are included in Common Equity Tier 1 capital only after the official adoption of the final annual financial results.

<sup>3</sup> Under article 486 (4) of Regulation (EU) No 575/2013 in conjunction with section 20 of the Austrian CRR Companion Regulation.

At 31 December 2020 and 2019, the above values yielded the following ratios under section 92 (1) (a) to (c) of Regulation (EU) No 575/2013, which are compared with the respective minimum ratios applicable to the bank:

	31 DEC. 2020		31 DEC. 2019	
	MINIMUM RATIO	ACTUAL RATIO	MINIMUM RATIO	ACTUAL RATIO
Common Equity Tier 1 capital ratio	7.000	115.764	7.000	103.265
Tier 1 capital ratio	8.500	115.764	8.500	103.265
Total capital ratio	10.500	116.657	10.500	104.639

The bank's minimum ratios had the following composition:

	31 DEC. 2020	31 DEC. 2019
	%	%
Common Equity Tier 1 ratio under article 92 (1) (a) of Regulation (EU) No 575/2013	4.500	4.500
Capital conservation buffer under section 23 Banking Act in conjunction with section 103q (11) Banking Act	2.500	2.500
Common Equity Tier 1 ratio under article 92 (1) (a) of Regulation (EU) No 575/2013, including buffer requirements	7.000	7.000
Tier 1 capital ratio under article 92 (1) (b) of Regulation (EU) No 575/2013, including buffer requirements	8.500	8.500
Total capital ratio under article 92 (1) (c) of Regulation (EU) No 575/2013, including buffer requirements	10.500	10.500



As in the prior year, the minimum ratios required at 31 December 2020 arise from article 92 (1) of Regulation (EU) No 575/2013, from the additional capital buffer requirements of the Austrian Banking Act and from the capital buffer regulation of the Austrian Financial Market Authority (FMA).

Section 3 (1) 7 Austrian Banking Act provides that Regulation (EU) No 575/2013 and section 39 (3) and (4) Austrian Banking Act do not apply to transactions of Oesterreichische Kontrollbank Aktiengesellschaft (OeKB) related to export promotion under the Export Guarantees Act 1981 and the Export Financing Guarantees Act 1981. As determined by the Financial Market Authority (FMA) in a pronouncement of 7 August 2008, this exemption also covers Oesterreichische Entwicklungsbank AG inasmuch as OeEB engages in transactions related to export promotion under the Export Guarantees Act and the Export Financing Guarantees Act. As well, under section 3 (2) 1 Austrian Banking Act, the following legal provisions are not applicable: part 6 of Regulation (EU) No 575/2013, and the Austrian Banking Act's section 27a; section 39 (2b) 7 in conjunction with 39 (4); section 39 (3); and section 74 (6) 3a in conjunction with 74 (1).

### 3.3.1.14 Total amounts of assets and liabilities denominated in foreign currencies

The foreign currency positions at the balance sheet date had the following values in euros:

**Assets:** EUR 739,017,276.31 (prior year: EUR 715,671,513.01)

**Liabilities:** EUR 731,111,411.91 (prior year: EUR 707,841,350.68)

The difference in amounts between these assets and liabilities resulted in part from differences in interest rates between the project investments made and the related borrowing. These interest rate differences in turn are explained by the fact that the income guaranteed by the federal government was higher than the borrowing costs. There also were a US dollar bank account and USD-denominated receivables in connection with project investments.

### 3.3.1.15 Information on derivative financial instruments

At the balance sheet dates of 31 December 2020 and 2019, OeEB did not hold derivative financial instruments.

### 3.3.1.16 Amounts due from and to Group entities

The amounts of the (uncertificated) receivables from and liabilities to intra-Group companies (i.e., companies in the OeKB Group) included in the following asset and liability items at the balance sheet date were as follows:

	31 DEC. 2020 EUR	31 DEC. 2019 EUR
<b>ASSETS</b>		
Loans and advances to banks	41,311,710.49	34,867,671.45
Other assets	168,124.19	0.00
<b>LIABILITIES</b>		
Deposits from banks	973,701,418.48	901,630,957.41
Trade payables	0.00	66,985.99

The security for the deposits from banks consists of the assets recorded in loans and advances to banks and customers, and the shares recorded in “equity shares and other variable income securities”, totalling EUR 973,393,419.90 at the balance sheet date (prior year: EUR 898,495,681.53), as well as the assignment of any relevant claims under the guarantees issued by the Ministry of Finance for political and commercial risks (guarantees based on section 9 (3) Export Guarantees Act).

### 3.3.1.17 Maturity analysis as per section 64 (1) 4 Austrian Banking Act

Loans and advances to banks not repayable on demand had the following maturity profile:

LOANS AND ADVANCES TO BANKS NOT REPAYABLE ON DEMAND	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Up to 3 months	13,662,182.27	16,379,398.55
More than 3 months and up to one 1 year	62,817,089.71	58,070,165.18
More than 1 year and up to 5 years	277,465,053.01	249,065,341.34
More than 5 years	78,445,160.54	50,046,407.43
	<b>432,389,485.53</b>	<b>373,561,312.50</b>
Less impairment under section 57 Banking Act	- 170,000.00	- 255,000.00
<b>Total</b>	<b>432,219,485.53</b>	<b>373,306,312.50</b>

Accrued interest of EUR 2,502,772.53 (prior year: EUR 3,784,146.41) was recognised within the maturity band of up to 3 months.

Loans and advances to customers not repayable on demand had the following maturity profile:

LOANS AND ADVANCES TO CUSTOMERS NOT REPAYABLE ON DEMAND	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Up to 3 months	15,599,950.45	13,136,521.23
More than 3 months and up to one 1 year	49,191,824.41	42,067,068.20
More than 1 year and up to 5 years	234,365,486.91	217,065,177.64
More than 5 years	84,390,941.86	106,589,462.00
	<b>383,548,203.63</b>	<b>378,858,229.07</b>
Less impairment under section 57 Banking Act	-170,000.00	-255,000.00
<b>Total</b>	<b>383,378,203.63</b>	<b>378,603,229.07</b>

Accrued interest of EUR 2,289,579.16 (prior year: EUR 3,694,849.72) was recognised within the maturity band of up to 3 months.

Deposits from banks not repayable on demand had the following maturity profile:

DEPOSITS FROM BANKS NOT REPAYABLE ON DEMAND	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Up to 3 months	29,128,118.96	24,220,121.73
More than 3 months and up to one 1 year	123,372,834.34	94,561,751.52
More than 1 year and up to 5 years	643,062,259.54	546,356,894.94
More than 5 years	217,714,936.29	278,596,797.94
<b>Total</b>	<b>1,013,278,149.13</b>	<b>943,735,566.13</b>

Accrued interest of EUR 1,529,699.05 (prior year: EUR 4,645,477.42) was recognised within the maturity band of up to 3 months.

Deposits from customers not repayable on demand had the following maturity profile:

DEPOSITS FROM CUSTOMERS NOT REPAYABLE ON DEMAND	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Up to 3 months	113,218.17	102,923.70
More than 3 months and up to one 1 year	5,337,610.31	5,305,969.70
More than 1 year and up to 5 years	6,761,728.04	11,655,992.76
More than 5 years	5,339,712.13	5,895,594.49
<b>Total</b>	<b>17,552,268.65</b>	<b>22,960,480.65</b>

Accrued interest of EUR 681.40 (prior year: EUR 933.80) was recognised within the maturity band of up to 3 months.

### 3.3.1.18 Obligations from the use of off-balance sheet property and equipment

The future lease obligations from the use of off-balance sheet property and equipment are currently forecast at approximately EUR 347,810.40 for the year 2021 (prior year forecast for 2020: about EUR 304,534.00) and at about EUR 1,820,360.76 for the five-year period from 2021 to 2025 (prior year forecast for the five-year period from 2020 to 2024: about EUR 1,646,620.00).

### 3.3.2 Notes to the income statement

#### 3.3.2.1 Interest income

INTEREST INCOME	31 DEC. 2020 EUR	31 DEC. 2019 EUR
<b>Interest and similar income from lendings and investments</b>		
From loans and advances to banks	15,942,653.58	18,604,018.54
From loans and advances to customers	16,400,502.97	17,276,254.47
From bonds and other fixed income securities	686,978.80	363,987.29
<b>Total</b>	<b>33,030,135.35</b>	<b>36,244,260.30</b>

Interest income included income reductions of EUR 147,588.32 (prior year: EUR 115,712.05) resulting from negative interest rates on loans and advances to banks repayable on demand.

The following table shows an analysis of interest income by geographic market, in accordance with section 64 (1) 9 Austrian Banking Act:

INTEREST INCOME	31 DEC. 2020 EUR	31 DEC. 2019 EUR
<b>Interest and similar income from lendings and investments</b>		
Africa	3,859,816.95	5,325,041.10
Central America and Caribbean	11,251,235.50	13,160,902.07
Asia	11,811,418.11	13,553,591.67
Southeastern and Eastern Europe	4,573,719.63	2,978,576.28
Supraregional	1,533,945.16	1,226,149.18
<b>Total</b>	<b>33,030,135.35</b>	<b>36,244,260.30</b>

### 3.3.2.2 Interest expense

INTEREST AND SIMILAR EXPENSE	31 DEC. 2020 EUR	31 DEC. 2019 EUR
<b>Interest and similar expense</b>		
For deposits from banks	12,012,430.37	18,729,051.98
For deposits from customers	14,048.60	17,036.73
<b>Total</b>	<b>12,026,478.97</b>	<b>18,746,088.71</b>

Interest expense included expense reductions of EUR 377,135.48 (prior year: EUR 327,034.37) resulting from negative interest rates on loans and advances to banks repayable on demand.

### 3.3.2.3 Income from securities and share of profit of outside companies

This item in the amount of EUR 7,106,049.75 (prior year: EUR 8,574,854.69) consisted primarily of the income from securities classified as non-current assets that is collected on an accrual basis up to the maximum guaranteed amount, as a result of the guarantees for political and commercial risks based on section 9 (3) Export Guarantees Act.

The following table shows an analysis of the item “income from securities and share of profit of outside companies” by geographic market, in accordance with section 64 (1) 9 Austrian Banking Act:

INCOME FROM SECURITIES AND SHARE OF PROFIT OF OUTSIDE COMPANIES	2020 EUR	2019 EUR
Africa	929,706.23	1,354,304.53
Central America and Caribbean	1,564,216.31	1,305,210.78
Southeastern and Eastern Europe	0.00	500.00
Supraregional	4,612,127.21	5,914,839.38
<b>Total</b>	<b>7,106,049.75</b>	<b>8,574,854.69</b>

### 3.3.2.4 Fee and commission income and expense

FEE AND COMMISSION INCOME	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Guarantee commissions	1,648,105.39	2,210,559.65
Commitment and monitoring fees	1,206,915.69	954,393.86
Management fees	1,547,499.11	2,208,441.80
Administration fee for federal equity investments in funds and companies	1,510,526.55	1,452,778.45
<b>Total</b>	<b>5,913,046.74</b>	<b>6,826,173.76</b>

Fee and commission income was related principally to the reimbursement of expenses incurred in the course of (partly fiduciary) services rendered by OeEB to the Austrian Ministry of Finance, and to various fees received in connection with credit commitments.

The following table presents an analysis of fee and commission income by geographic market, in accordance with section 64 (1) 9 Austrian Banking Act:

FEE AND COMMISSION INCOME	2020 EUR	2019 EUR
Africa	418,090.40	189,444.07
Central America and Caribbean	854,670.24	1,240,619.54
Asia	1,687,849.41	2,419,366.69
Southeastern and Eastern Europe	2,645,496.79	2,929,417.28
Supraregional	306,939.90	47,326.18
<b>Total</b>	<b>5,913,046.74</b>	<b>6,826,173.76</b>

Fee and commission expense was as follows:

FEE AND COMMISSION EXPENSE	31 DEC. 2020 EUR	31 DEC. 2019 EUR
Guarantee fees (section 9 (3) Export Guarantees Act)	14,704,889.00	13,469,513.00
Other fees and commissions	158,289.72	65,048.14
<b>Total</b>	<b>14,863,178.72</b>	<b>13,534,561.14</b>

Fee and commission expense consisted largely of the accrued guarantee fees payable to the Austrian Ministry of Finance for the guarantees for political and commercial risks (guarantees under section 9 (3) Export Guarantees Act).



### 3.3.2.5 Other operating income

Other operating income amounted to EUR 276,363.79 (prior year: EUR 487,134.30) and was from two main sources: the pass-through of expenses, and fiduciary services rendered and billed by OeEB.

### 3.3.2.6 Expenses for termination benefits and contributions to termination benefit funds

The amounts in this item consisted primarily of EUR 64,957.00 (prior year: EUR 55,903.00) for an addition to the termination benefit provision, and an expense of EUR 89,044.13 (prior year: EUR 76,991.07) for contributions to the employer-funded termination benefit fund. In addition, an expense of EUR 7,918.00 (prior year: EUR 77,259.00) was recognised for additions to provisions for the period of approximately three months after the death of pension plan participants during which a surviving spouse receives a higher pension than the subsequent survivor's pension (in accordance with the collective bargaining agreement for banks).

In reliance on section 242 (4) Austrian Commercial Code, no analysis of the amounts in terms of salaried employees, managers and Executive Board is presented.

### 3.3.2.7 Other administrative expenses

Other administrative expenses (i.e., non-staff costs) consisted largely of costs for leases, travel, purchased services, and auditing and consulting.

The following table presents the expenses for the external independent auditor and the firms in its network.

EXPENSES FOR THE INDEPENDENT AUDITOR AND FIRMS IN ITS NETWORK	2020 EUR	2019 EUR
Audit of the annual financial statements	66,000.00	64,500.00
Audit-related activities	5,500.00	3,547.50
<b>Expenses for the independent auditor</b>	<b>71,500.00</b>	<b>68,047.50</b>
Tax consulting	8,112.50	8,398.75
<b>Expenses for firms in the network of the independent auditor</b>	<b>8,112.50</b>	<b>8,398.75</b>

### 3.3.2.8 Staff count

In the year under review, OeEB had an average of 69.17 employees (prior year: 62.17).

### 3.3.2.9 Impairment losses on loans and advances and write-downs on securities classified as current assets

This item represents write-downs on expenses that had been passed through, and additions to impairment charges for credit losses and overdue credit-related receivables, totalling EUR 49,510.16 (prior year: EUR 787,821.85). Impairment of overdue receivables is recognised where these are not covered by the federal government guarantees, such as arrears interest and various fees in connection with lending.

### 3.3.2.10 Impairment and disposal losses on securities measured as non-current financial assets and impairment losses on interests in outside companies

Impairment and disposal losses on securities measured as non-current financial assets and impairment losses on interests in outside companies were as follows:

	2020 EUR	2019 EUR
Disposal loss for structuring fees (at fund redemption)	0.00	53.71
Impairment loss for structuring fees (at inception of fund investment)	89,144.32	0.00
Impairment loss on interests in outside companies	12,113.36	0.00
<b>Total</b>	<b>101,257.68</b>	<b>53.71</b>

As the federal government guarantee no longer covers the full amount paid on subscription of fund shares (the subscription amount and the structuring fee), the structuring fee is written off at the time of acquisition. In 2020 the impairment charge for this was EUR 89,144.32 (prior year: EUR 0.00).

### 3.3.2.11 Analysis of income tax

The item “income tax” can be analysed as follows:

	2020 EUR	2019 EUR
Current tax	1,649,257.27	2,002,547.37
Increase (+) or decrease (-) in deferred taxes	22,813.38	20,034.67
<b>Total</b>	<b>1,672,070.65</b>	<b>2,022,582.04</b>

## 3.4 Additional information

### 3.4.1 Boards

#### **Members of the Executive Board**

Sabine Gaber  
Michael Wancata

The two Executive Board members jointly represent the bank. In reliance on section 242 (4) Austrian Commercial Code, no analysis of the Executive Board's compensation is presented.

#### **Members of the Supervisory Board**

Helmut Bernkopf (Chairman)  
Ferdinand Schipfer (Vice-chairman)  
Maria-Christine Dangl  
Monika Weber-Fahr

The total expense for compensation of the Supervisory Board for the year under review was EUR 31,190.00 (prior year: EUR 27,500.00).

#### **Employee Representatives on the Supervisory Board**

Caroline Gützer  
Josef Straninger

The **Audit Committee** consists of all members of the Supervisory Board:

Ferdinand Schipfer (committee chairman)  
Helmut Bernkopf (committee vice-chairman)  
Maria-Christine Dangl  
Monika Weber-Fahr  
Caroline Gützer  
Josef Straninger

The **Nomination and Remuneration Committee** had the following members:

Helmut Bernkopf (committee chairman)  
Ferdinand Schipfer (committee vice-chairman)  
Josef Straninger

#### **Government commissioners**

Elisabeth Gruber, Commissioner  
Johann Kinast, Deputy Commissioner

These government commissioners under section 76 Austrian Banking Act are also representatives of the Austrian Minister of Finance under section 9 Export Guarantees Act.

### 3.4.2 Related party transactions

Oesterreichische Entwicklungsbank AG, which has its registered office in Vienna (OeEB, business register number 304601v, Vienna Commercial Court), is a wholly-owned subsidiary of Oesterreichische Kontrollbank Aktiengesellschaft (OeKB, business register number 85749b, Vienna Commercial Court) and is fully consolidated in the OeKB Group financial statements. The IFRS consolidated financial statements are published on the OeKB website ([www.oekb.at/en](http://www.oekb.at/en)).

OeEB Impact GmbH, with its registered office in Vienna (business register number 505139b, Vienna Commercial Court), is a wholly owned subsidiary of OeEB and was entered in the business register on 19 January 2019.

The disclosures under part 8 of the CRR (the Capital Requirements Regulation (EU) No. 575/2013) are presented in the disclosure report prepared by OeKB, which can be found on the OeKB website ([www.oekb.at/en](http://www.oekb.at/en)).

Transactions with related parties were effected only at arm's length.

OeKB provides services to OeEB, under a service agreement between the two institutions. The service agreement covers accounting, human resources management, information technology, internal audit and other services.

OeEB's transactions are financed largely by OeKB (at market rates) in order to ensure the availability of funding at all times.

A service agreement concluded between OeEB and OeEB Impact GmbH in the second quarter of 2020 governs the provision of services by OeEB.

### 3.4.3 Events after the balance sheet date

There were no significant events after the balance sheet date.

### 3.4.4 Impacts of COVID-19

OeEB successfully dealt with the challenges of the COVID-19 pandemic in 2020. The bank experienced delays in deals and some deals were lost, but these effects are expected to be recouped in the years ahead. Thanks to intensified portfolio management, credit losses were relatively small in amount. OeEB also participated in the COVID-19 emergency financing initiative of the European development banks (EDFIs) and the EIB through the European Financing Partners, by contributing a financing volume of EUR 30 million.

Vienna, 12 February 2021

Oesterreichische Entwicklungsbank AG

The Executive Board  
Sabine Gaber  
Michael Wancata

## Movements in non-current assets in 2020

AT COST EUR	1 JAN. 2020	CURRENCY TRANSLATION DIFFERENCES	ADDITIONS	DISPOSALS	31 DEC. 2020
Software	134,500.00	0.00	0.00	0.00	134,500.00
<b>Non-current intangible assets</b>	<b>134,500.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>134,500.00</b>
Fixtures, fittings and equipment	460.00	0.00	0.00	0.00	460.00
Fleet vehicles	0.00	0.00	40,854.00	0.00	40,854.00
Low-value assets	0.00	0.00	1,186.91	-1,186.91	0.00
<b>Property and equipment</b>	<b>460.00</b>	<b>0.00</b>	<b>42,040.91</b>	<b>-1,186.91</b>	<b>41,314.00</b>
Interests in out- side companies	32,170.00	0.00	0.00	-70.00	32,100.00
Interests in subsidiaries	35,000.00	0.00	0.00	0.00	35,000.00
Securities classified as non- current assets	239,945,551.59	-12,127,822.23	15,770,683.68	-4,303,294.40	239,285,118.64
<b>Non-current financial assets</b>	<b>240,012,721.59</b>	<b>-12,127,822.23</b>	<b>15,770,683.68</b>	<b>-4,303,364.40</b>	<b>239,352,218.64</b>

AMORTISATION, DEPRECIATION AND IMPAIRMENT EUR	1 JAN. 2020	CURRENCY TRANSLATION DIFFERENCES	ADDITIONS	DISPOSALS	31 DEC. 2020
Software	81,600.00	0.00	25,400.00	0.00	107,000.00
<b>Non-current intangible assets</b>	<b>81,600.00</b>	<b>0.00</b>	<b>25,400.00</b>	<b>0.00</b>	<b>107,000.00</b>
Fixtures, fittings and equipment	161.00	0.00	46.00	0.00	207.00
Fleet vehicles	0.00	0.00	3,404.50	0.00	3,404.50
Low-value assets	0.00	0.00	1,186.91	-1,186.91	0.00
<b>Property and equipment</b>	<b>161.00</b>	<b>0.00</b>	<b>4,637.41</b>	<b>-1,186.91</b>	<b>3,611.50</b>
Interests in out- side companies	0.00	0.00	12,113.36	0.00	12,113.36
Interests in subsidiaries	0.00	0.00	0.00	0.00	0.00
Securities classified as non- current assets	482,459.40	-27,974.71	89,144.32	0.00	543,629.01
<b>Non-current financial assets</b>	<b>482,459.40</b>	<b>-27,974.71</b>	<b>101,257.68</b>	<b>0.00</b>	<b>555,742.37</b>

## Movements in non-current assets in 2020 (continued from previous page)

CARRYING AMOUNT EUR	1 JAN. 2020	31 DEC. 2020
Software	52,900.00	27,500.00
<b>Non-current intangible assets</b>	<b>52,900.00</b>	<b>27,500.00</b>
Fixtures, fittings and equipment	299.00	253.00
Fleet vehicles	0.00	37,449.50
Low-value assets	0.00	0.00
<b>Property and equipment</b>	<b>299.00</b>	<b>37,702.50</b>
Interests in out- side companies	32,170.00	19,986.64
Interests in subsidiaries	35,000.00	35,000.00
Securities classified as non- current assets	239,463,092.19	238,741,489.63
<b>Non-current financial assets</b>	<b>239,530,262.19</b>	<b>238,796,476.27</b>



## C. Auditor's Report

### Report on the Financial Statements

#### Audit Opinion

We have audited the financial statements of **Oesterreichische Entwicklungsbank AG, Vienna** which comprise the Balance sheet as of 31 December 2020, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements comply with the legal requirements and present fairly, in all material respects, the financial position of the Company as of 31 December 2020 and its financial performance for the year then ended, in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

#### Basis for our Opinion

We conducted our audit in accordance with EU Regulation 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian company and banking law as well as professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole. However, we do not provide a separate opinion thereon.

#### Recognition and Valuation of Assets in the Investment Finance Division

Refer to notes section 3.1 Legislative basis of operations

##### **Risk for the Financial Statements**

As of 31 December 2020, the assets in the Investment Finance Division amount to EUR 1,033 million, which is 95 % of total assets.

Investment Finance facilities are provided by OeEB, taking into account the objectives and principles of Austrian Development Policy and subject to the existence of a guarantee from the Austrian federal government that sufficiently covers political and commercial risks (section 9 para 3 Export Guarantees Act).

A key criterion for the recognition and valuation of the assets in the Investment Finance Division is therefore that OeEB ensures that for each business transaction, there is a federal government guarantee providing sufficient cover for political and commercial risks. For this purpose, management has established processes and internal controls as part of managing these financings. The risk to the financial statements is that failures of the controls in place may have an impact especially on the valuation of the assets of the Investment Finance Division in OeEB's financial statements.

### **Our Audit Approach**

We have performed the following audit procedures in respect to the recognition and valuation of assets in the Investment Finance Division:

- We evaluated the processes in the respective specialist departments which ensure the existence of a federal government guarantee with sufficient coverage for political and commercial risks. We analyzed whether these processes and the controls implemented within them are suitable for ascertaining the existence of sufficient cover under the federal government guarantee in order to validate the valuation of the assets of the Investment Finance Division in OeEB's financial statements.
- Furthermore, we tested the key controls implemented in these areas that are relevant to the preparation of the financial statements. We assessed their design and implementation as well as, on a sampling basis, their effectiveness, particularly with regard to the necessary contract elements, the existence of the disbursement conditions and the proper management during the term of the contract.
- The sample of newly concluded financings was selected using professional judgment, while the sample of existing business was selected using a random approach.
- Furthermore, in test cases, we assessed whether the recording of the business transactions of the Investment Finance Division in OeEB's financial statements was consistent with the contracts.

## **Responsibilities of Management and the Audit Committee for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure, and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit, i.e., key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

# Report on Other Legal Requirements

## Management Report

In accordance with Austrian company law, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports.

### **Opinion**

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements.

### **Statement**

Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

## Additional Information under Article 10 AP Regulation

At the Annual General Meeting dated 26 March 2019, we were elected as auditors for the financial statements of the year ended 31 December 2020. We were appointed by the Supervisory Board on 26 March 2019.

Furthermore, at the Annual General Meeting held on 12 March 2020 we were elected as auditors for the financial statements of the year ending 31 December 2021. We were appointed by the Supervisory Board on 31 March 2020.

We have been auditors of the Company, without interruption, since the year ended 31 December 2008.

We declare that our opinion expressed in the “Report on the Financial Statements” section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence from the audited company throughout the course of the audit.

## Engagement Partner

The engagement partner is Mr. Wilhelm Kovsca.

Vienna, 15 February 2021

**KPMG Austria GmbH**  
**Wirtschaftsprüfungs- und Steuerberatungsgesellschaft**

signed by  
Wilhelm Kovsca  
Wirtschaftsprüfer  
(Austrian Chartered Accountant)

The financial statements, together with our auditor's opinion, may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 (1) of the Austrian Commercial Code (UGB) applies.

This report is a translation of the original report in German, which is solely valid.



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