Annual Financial Report

2020

Seeing new perspectives

OeKB

Contents

Totals may not add up due to rounding.
- indicates zero. 0 means the amount is smaller than half of the stated unit.

OeKB Group consolidated financial statements

Group management report 2020

Economic conditions in 2020 driven largely by COVID-19

The development of economies around the world was shaped by the impacts of the coronavirus pandemic in 2020. According to current projections of the International Monetary Fund (IMF), the global economy retreated by 4.4% (2019: growth of 2.8%) in the wake of the most severe health and economic crisis in decades. The GDP contraction in the export-driven economies of the Eurozone was especially dramatic at 7.8% (2019: expansion of 1.3%) while the decline recorded in the USA, which has a stronger domestic focus, was 4.3% (2019: growth of 2.2%). The overall balance for 2020 is negative despite the resurgence in global goods movements in the second half of the year. According to its most recent estimate, the World Trade Organization (WTO) sees a more than 9% decrease in international trade. In addition to COVID-19, the unresolved trade dispute between the USA and China and the future of trade relations between the EU and Great Britain were sources of uncertainty.

Emerging and developing countries facing major challenges

The crisis year 2020 confronted many emerging and developing countries with substantial challenges due to their structural deficits and limited capacities. The 3.3% contraction (2019: expansion of 3.7%) in economic output projected by the IMF also includes a substantial increase of aggregate debt. Comprehensive emergency assistance from multilateral institutions and forbearance initiatives from international lenders helped to stabilise the situation. However, there were marked differences from region to region during the reporting period. The emerging economies in Asia posted a relatively moderate retreat of 1.7%. Thanks to strict measures to contain the pandemic, the regional heavyweight China was one of the few countries to report growth in economic output in 2020, at 1.9% (2019: 6.1%). The crisis-plagued region of Latin America was at the other end of the spectrum with an economic contraction of over 8%. Despite the considerable downside risks, the IMF is expecting a broad recovery in the emerging and developing countries in 2021.

Slower convergence in Central, Eastern, and Southeastern Europe

After a long period of robust growth, economic conditions also deteriorated noticeably in Central, Eastern, and Southeastern Europe in 2020. The disruption of the international supply chains led to GDP contraction for Austria's eastern neighbours, with Hungary posting a retreat of 6.5% and Slovakia a decline of 7.3% according to the Vienna Institute for International Economic Studies (wiiw). The crisis had an even more severe impact on countries that depend on tourism, especially Croatia, while Serbia came through in relatively good shape with a decline of 2%. Over the medium term, the lessons from the coronavirus crisis could also open up new opportunities for the region, especially through shifting some production processes back from Asia (so-called nearshoring).

Austria pushing back against the global crisis

As an open, export-oriented economy, Austria was also not spared the far-reaching impacts of the crisis. A recent projection from the Austrian Institute of Economic Research (WIFO) estimates a growth decline of 7.3% in 2020 (2019: growth of 1.4%). This was driven above all by the decreased export activity under the challenging global conditions and a precipitous decline in household consumption, in part due to the three strict lockdowns during the reporting period. From a financing perspective, the negative impacts were somewhat mitigated by extensive government assistance and the stabilisation of the capital markets in the second half of the year. Issuance of corporate bonds on the domestic market came to € 10.5 billion, less than in 2019 (€ 14.6 billion), while the Republic profited from its status as a safe haven for investors in the placement of its bonds.

Business development in 2020

As part of the export promotion programme, operating financing was extended to exporters in the form of special Kontrollbank refinancing facilities. The original budget that was allocated in the amount of € 2 billion was increased to € 3 billion due to the high demand. OeKB also collaborated with the Federal Ministry of Finance to set up a fast-line facility in the amount of € 100 million for new contracts in the sectors of health care, civil protection and disaster response, water and sewage treatment, and waste management. This facility can be used to finance projects aimed at the prevention and mitigation of the impacts of the COVID-19 pandemic in the target countries of Austrian exporters.

Since the onset of the coronavirus crisis in March 2020, OeKB has also been supporting the federal COVID-19 Financing Agency COFAG (COVID-19-Finanzierungsagentur des Bundes GmbH) in processing applications and issuing guarantees to maintain solvency and bridge liquidity gaps for major enterprises. ÖHT is also assisting the Austrian federal government in its efforts to support tourism and leisure companies and is managing these COVID-19 aid packages. ÖHT also helped its borrowers by offering debt service deferrals during this crisis.

Loans and advances to banks rose from € 22,249 million to € 23,588 million during the financial year, which represents an increase of 6.0%. This resulted primarily from the increase in the financing volume in the Export Financing Scheme (EFS) following the issue of the special Kontrollbank refinancing facility. OeKB once again supported the growth in export activity by Austrian companies with suitable financing products and very attractive interest rates in 2020.

Loans and advances to customers advanced by 2.3%, going from € 1,545 million to € 1,579 million due to the tourism financing commitments.

The total comprehensive income for the year of € 46.2 million (2019: € 38.7 million) increased by 19.4% against the previous year. This encouraging increase is predominantly due to the positive development of the operating result thanks to the expansion of the financing volume in the EFS and in tourism financing as well as the net fee and commission income.

Consolidated statement of comprehensive income

Overall, it can be said that the Group’s operating result for 2020 surpassed the expectations. Net interest income and net fee and commission income came in well above the projections. Interest income retreated to € 350.1 million (2019: € 366.7 million) due to the further decline in interest rates. OeKB Group was also able to profit from the budget underruns stemming from negative interest rates on funding operations in 2020 and posted income of € 107.2 million (2019: € 104.2 million). Interest expenses came to minus € 241.6 million (2019: minus € 271.7 million).

Taking these results, the Group’s net interest income was € 108.4 million (2019: € 95.0 million).

Overall net fee and commission income came in at € 44.0 million (2019: € 39.2 million).

The net fee and commission income from credit operations decreased by € 0.4 million to minus € 11.0 million (2019: minus € 10.6 million), primarily due to higher fee and commission expenses from the activities of the development bank.

The net fee and commission income from securities services was relatively stable at € 28.5 million (2019: € 29.0 million).

Fees for the administration of export guarantees on behalf of the Republic of Austria rose in annual comparison. The net fee and commission income from the development aid financing operations declined in annual comparison. The net fee and commission income from tourism promotion guarantees increased substantially due to the administration of the COVID-19 measures. OeKB Group generated total net fee and commission income from its guarantee business in the amount of € 21.2 million compared with € 15.6 million in the previous year.

The loan loss provisions (expected credit loss according to IFRS 9) increased by € 2.7 million (2019: € 1.0 million) during the financial year. The change resulted primarily from an increase in loan loss provisions for tourism financing commitments made necessary by the COVID-19 crisis.

OeKB Group posted a net loss on financial instruments measured at fair value through profit or loss of minus € 8.4 million for the financial year (2019: profit of € 9.5 million). This stemmed from the result of the fair value measurement of the other financial assets in the amount of minus € 8.5 million (2019: +€ 9.4 million) and the result from foreign exchange differences in the amount of +€ 0.1 million (2019: +€ 0.1 million).

The gain from the derecognition of financial instruments measured at amortised cost came to minus € 0.1 million for the financial year (2019: +€ 0.3 million).

Current income from investments in other unconsolidated companies increased by 13.6% to € 2.2 million (2019: € 1.9 million), primarily due to a higher dividend from the stake held in Wiener Börse AG.

The share of profit or loss of equity-accounted investments decreased from € 5.0 million in 2019 to € 4.3 million in 2020. This was due largely to a decrease in premiums received by the loan insurance subsidiary Acredia. The claims ratio was good as in the previous year despite COVID-19.

The administrative expenses came to € 89.4 million (2019: € 89.0 million) and included higher staff costs (€ 60.7 million; 2019: € 59.4 million). Other administrative expenses came in at € 23.7 million (2019: € 23.3 million), and were thus more or less stable. Within the other administrative expenses, it is worth noting that OeKB Group held the expenditures at the same level as in the previous year despite the launch of the digitalisation offensive. Depreciation and amortisation decreased to € 5.1 million (2019: € 6.3 million).

The other operating income amounted to € 4.4 million, lower than the € 5.8 million reported in the previous year. This can be attributed primarily to income from services, income from the letting of business premises, and expenses for the stability tax.

Profit before tax in 2020 amounted to € 62.7 million (2019: € 66.9 million). The profit for the year was € 47.7 million (2019: € 51.4 million).

Other comprehensive income came to minus € 1.5 million (2019: minus € 12.7 million). This item was negative in both years primarily due to actuarial losses on defined-benefit plans stemming largely from the reduction in the discount rate.

The total comprehensive income for the year was € 46.2 million (2019: € 38.7 million).

Segment performance

The net interest income in the **Export Services segment** improved to € 93.9 million in annual comparison (2019: € 87.1 million) primarily thanks to the growth in loans and advances to banks but also due to the special Kontrollbank refinancing facility.

The net fee and commission income came in below the prior-year level at € 4.2 million (2019: € 4.6 million) and stemmed mainly from an increase in fee and commission income from the administration of export guarantees and from guarantee fees paid to the Republic of Austria for development aid financing operations. By contrast, the financing extended under the activities of the development bank generated lower fee and commission income than in the previous year. Fee and commission expenses were increasing due to higher guarantee fees paid to the Republic of Austria for the development bank's financing arrangements.

The result on financial instruments measured at fair value through profit or loss was a profit of € 1.0 million (2019: a loss of € 0.4 million). The administrative expenses of the segment decreased to € 50.9 million (2019: € 53.5 million).

The net other operating income in the amount of minus € 1.6 million (2019: minus € 0.9 million) mainly resulted from the stability tax expenses and the income from service agreements.

The profit after tax amounted to € 34.5 million (2019: € 27.0 million).

The net interest income in the **Capital Market Services segment** amounted to minus € 0.3 million, and was therefore lower in annual comparison (2019: minus € 0.2 million).

The net fee and commission income from the segment came in at € 31.9 million, slightly lower in annual comparison (2019: € 32.1 million). The decline was driven above all by lower fee and commission income from securities account management services.

Current income from investments in other unconsolidated companies rose to € 2.0 million in annual comparison (2019: € 1.7 million).

The share of profits of equity-accounted investments increased in annual comparison, coming to € 0.2 million (2019: € 0.1 million), and stemmed from the result achieved by CCP.A.

The administrative expenses decreased slightly to € 25.6 million (2019: € 26.3 million).

The net other operating income in the amount of € 0.5 million (2019: € 0.4 million) was generated by income from service agreements.

The profit after tax from the segment amounted to € 7.0 million (2019: € 6.1 million).

In April 2019, the **Tourism Services segment** was added to the management reporting following the acquisition of the majority stake in ÖHT. This limits comparability with the previous year's figures. The net interest income amounted to € 11.8 million (2019: € 5.9 million).

The net fee and commission income stemmed primarily from the settlement of tourism promotion funding measures and guarantee fees from the business activities of ÖHT. Overall net fee and commission income came in at € 7.3 million (2019: € 1.9 million) due to the administration of measures to combat the COVID-19 crisis.

The net credit risk provisions came to minus € 2.8 million (2019: minus € 0.7 million) due to the parameter adaptations made to account for COVID-19.

The administrative expenses for the segment totalled € 6.8 million (2019: € 4.9 million).

The net other operating income in the amount of € 0.6 million (2019: € 1.0 million) was generated by income from service agreements.

The profit after tax from the segment amounted to € 7.7 million (2019: € 2.7 million).

The net interest income in the **Other Services segment** increased from € 2.3 million to € 3.1 million due to lower interest expenses resulting from the low interest rate level.

Net fee and commission income remained stable in annual comparison at € 0.6 million (2019: € 0.6 million).

The net gain or loss on financial instruments measured at fair value through profit or loss amounted to minus € 9.4 million (2019: +€ 9.9 million). These measurement losses were caused by the volatile equity markets and the lower interest rate level. These substantial market movements triggered our hedging mechanisms and locked in the negative result.

The share of profit or loss of equity-accounted investments decreased from € 4.9 million in 2019 to € 4.1 million in 2020. This was due largely to a lower volume of premiums received by the loan insurance subsidiary Acredia combined with a sustained good claims ratio.

The administrative expenses increased to € 6.0 million (2019: € 4.3 million).

The other operating income of € 5.0 million (2019: € 5.3 million) resulted from income from service agreements and rental income as well as from income related to the input tax adjustment for previous years.

The loss after tax from the segment amounted to minus € 1.4 million (2019: profit of € 15.6 million).

Balance sheet

At 31 December 2020, cash and cash equivalents (liquid assets in the form of balances at central banks) stood at € 1,605.6 million (2019: € 809.8 million).

Loans and advances to banks increased to € 23,588.4 million (2019: € 22,248.8 million) primarily due to the higher volume of lending under the Export Financing Scheme. Loans and advances to customers increased from € 1,544.5 million to € 1,579.3 million.

The other financial assets came in at € 2,957.1 million, which is slightly below the prior-year level (2019: € 2,967.0 million).

The deposits from banks declined as a result of a lower level of repurchase transactions and loans (2020: € 1,355.1 million; 2019: € 1,706.1 million). Deposits from customers totalled € 770.7 million, which is close to the prior-year level (2019: € 748.8 million).

The debt securities issued increased by € 1,513.0 million from € 27,922.4 million to € 29,435.4 million due to the higher refinancing needs from the EFS.

Total assets at 31 December 2020 amounted to € 35,515.6 million (2019: € 33,352.3 million), an increase of € 2,163.3 million or 6.5%.

Financial performance indicators

The cost/income ratio* for 2020 came to 55.7% on the reporting date, which represents a decrease in annual comparison (2019: 61.0%).

The Group's equity capital totalled € 820.6 million as at 31 December 2020, which is higher in annual comparison (31 Dec 2019: € 807.5 million).

At the balance sheet date, OeKB Group had € 766.0 million in available consolidated regulatory capital pursuant to Regulation (EU) No. 575/2013. This capital amounted to € 750.3 million at 31 December 2019.

The tier 1 capital ratio (tier 1 capital/[minimum regulatory capital requirement/8%]) at the balance sheet date was 77.4%. The ratio came to 78.2% in the previous year. Further ratios can be found in Note 25.

The return on equity (total comprehensive income attributable to owners of the parent/average equity attributable to owners of the parent) increased from 4.8% to 5.5% in 2020.

* Calculation of the cost/income ratio: administrative expense/(profit before tax – administrative expense – net gain or loss on financial instruments measured at fair value through profit or loss – net gain or loss on the derecognition of financial instruments not measured at fair value through profit or loss)

Research and development

No research and development activities are conducted due to the specialised business model and specific task of OeKB Group.

Risk management system

Internal control management

The aim of the internal control system is to support the management in such a way that it is in a position to ensure ever better and more effective internal checks. This aim should not be limited solely to the accounting system, but should also include all important business processes so that the economic efficiency and effectiveness of business activities, the reliability of the business information (including non-financial reporting, e.g. corporate responsibility), and adherence to guidelines and regulations (compliance) can be guaranteed.

OeKB Group's internal control system (ICS) draws on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework, which has five components: the control environment, risk assessment, control activities, information and communication, and monitoring activities.

Control environment

The most fundamental aspect of the control environment is the corporate culture in which management and employees operate. Central organisational principles are the avoidance of conflicts of interest through strict separation of risk origination and risk oversight, the transparent documentation of core processes and control activities, and rigorous segregation of duties and application of the principle of dual control. The Internal Audit/Group Internal Audit department independently and regularly verifies adherence to the internal regulations, including the accounting and financial control rules. The management of Internal Audit/Group Internal Audit reports directly to the Executive Board and Supervisory Board.

Risk assessment

The goal of risk management at OeKB Group is to identify all risks and take measures to avert or mitigate these risks. This also includes the risk of material misstatement of transactions. The risk management system includes all processes that serve to identify, analyse, and evaluate risks. They are identified and monitored by management, with a focus on risks that are deemed to be material. The internal control activities performed by the responsible departments are evaluated regularly.

Control activities

OeKB Group has a governance system that sets out structures, processes, functions, and responsibilities within the bank. Care is taken to implement all control activities in such a way as to ensure that potential errors or discrepancies in financial reporting are avoided or discovered and corrected.

IT-based control activities are a key component of the internal control system. Thus, the compartmentalisation of sensitive responsibilities is supported by the restrictive assignment of access permissions in the computer systems (need-to-know basis). The SAP enterprise management system is used for accounting and financial reporting except for in ÖHT, which uses Mesonic. Consolidation takes place in SAP. The functioning and effectiveness of this accounting system is ensured by means including integrated, automated control mechanisms.

In subsidiaries, the respective management bears ultimate responsibility for the internal control and risk management system. This system must fulfil the respective company's requirements with regards to the accounting process and compliance with the associated Group-wide policies and rules.

Information and communication

The Supervisory Board is briefed at least every quarter with a comprehensive report on the balance sheet, income statement, and other controlling and risk data. The Executive Board receives this information in regular, significantly more detailed reports prepared on a monthly or more frequent basis. The Executive Board monitors the appropriateness and effectiveness of the internal control system. The Executive Board also established an Asset and Liability Management Committee and a Risk Management Committee that receive, analyse, and monitor these data.

Monitoring

Financial statements intended for publication undergo a final review by management and staff of the Accounting & Financial Control department and by the Executive Board before being forwarded to the Audit Committee of the Supervisory Board. The Executive Board is responsible for company-wide monitoring. We have established three lines of defence. The first line of defence (control procedures) is located in the operating segments. The second line of defence, including Risk Management, Compliance, and Legal, implements and monitors the application of and compliance with the controls. The third line of defence is the Internal Audit/Group Internal Audit with its auditing and monitoring functions.

By monitoring compliance with all rules and regulations, OeKB Group aims to make all business processes as reliable as possible and ensure Group-wide conformity with policies and procedures. The staff members responsible manage identified risks and shortcomings in controls through prompt mitigative and preventative measures. The implementation of these measures is monitored. The Internal Audit/Group Internal Audit department evaluates compliance with the requirements in accordance with the annual audit plan.

Risk management

Risk management and risk controlling are key processes that are integral to the business strategy and are designed to ensure the lasting stability and profitability of the company and the entire bank group. Every risk assumed by OeKB Group is accepted consciously and is consistent with the Executive Board's risk policy and strategy, which aims to ensure a stable return on equity through a conservative approach to all business and operational risks. The risk policy and strategy set out the risk management principles, the risk appetite, and the principles for the measurement, control, and limitation of the defined risk categories.

As the parent company of OeKB bank group, OeKB acts as Austria's official export credit agency and is a central provider of services to the capital market. Fully consolidated subsidiaries in the bank group supplement these functions: Oesterreichische Entwicklungsbank AG is the official development bank of the Republic of Austria, OeKB CSD GmbH is the central depository in Austria pursuant to the EU's CSD Regulation, and Österreichische Hotel- und Tourismusbank acts as the principal promotion agency for tourism in Austria. This special position of the Bank and its subsidiaries and the associated responsibility for supporting the Austrian economy shape the business strategy and risk policy of the bank group.

The Export Financing Scheme represents the great majority of assets on the balance sheet. In this respect, OeKB Group is exempt from key bank supervision laws such as the Capital Requirements Regulation or CRR (Regulation [EU] No. 575/2013). In OeKB Group's process for assessing risk coverage, the Export Financing Scheme is treated as investment risk for which risk coverage is calculated separately. Further major exemptions for OeKB Group apply in connection with liquidity regulations and the European and national provisions for the banking union (such as the Bank Recovery and Resolution Directive or BRRD).

Holistic risk management

The Executive Board of OeKB Group employs a comprehensive management system to ensure the long-term success of the company, transparent management, and compliance with the due diligence obligations. In addition to maintaining a suitable organisation, the OeKB Group has a comprehensive system of internal guidelines that enables the Executive Board to manage Group-level risks.

One central guideline under the risk management framework is the risk policy and strategy, which is discussed with the Risk Committee of the Supervisory Board every year. Each risk exposure that is accepted must conform with the risk policy and strategy of OeKB Group. The principles and standards for ethical business practices are set forth in the Code of Conduct, and are binding. These especially govern the handling of data, complaints, and conflicts of interest as well as compliance, whistleblowing, the prevention of corruption and money laundering, and the fit and proper policy for key personnel. The remuneration policy contains the principles for pay pursuant to the BWG and takes account of the relevant risks. An effective internal control system is in place to ensure proper processes and correct financial reporting. Internal Audit and Group Internal Audit serve as the third line of defence.

ICAAP and ILAAP

Despite the exemptions referred to above, the OeKB Group employs a risk management system that is based on the Internal Capital Adequacy Assessment Process (ICAAP) of OeKB Group. As a controlling and steering instrument, the ICAAP is an integral part of the management process. The process accounts for a going concern and gone concern approach. In addition to managing credit risk, market risk, and the operational risks, the management of liquidity and business risk are key aspects of the risk management process.

Key risk management metrics and risk coverage calculation

The key variable in the measurement and management of OeKB Group's risk is economic capital, which is calculated using the concept of value at risk (VaR) as well as credit value at risk (CVaR) over a one-year observation period. Key components of aggregate risk are market risk, credit risk, and operational risk. Business risk is determined on the basis of statistical analyses of deviations between the target and actual situation.

The economic capital is compared against the risk coverage potential from both a going concern and gone concern perspective in the risk coverage calculation. The limits that are derived from this calculation and that are adopted by the Executive Board are continuously monitored.

Risk appetite

OeKB Group defines risk appetite primarily in relation to the confidence levels at which the economic capital is determined. In the gone concern approach, the confidence level for unexpected losses is set at 99.98%, which on the internal master rating scale corresponds to OeKB's current rating (S&P: AA+/Moody's: Aa1).

Liquidity risk is managed primarily using the specified survival period, which is determined by means of liquidity gap analyses under stress scenarios. The specified minimum survival period under stress is set at one month.

Unlike financial risks, non-financial risks can only be measured and managed through key figures to a limited extent, so the risk appetite is defined primarily on a qualitative basis. Regular assessments are depicted in risk maps that facilitate effective monitoring and control by management. The successful introduction of a GRC tool has enabled the quarterly, workflow-based assessment of the non-financial risk situation across the company since 2020.

Sustainability and climate risks

OeKB Group has been applying an effective sustainability management system for many years. OeKB's sustainability policy reflects the responsibility of the company for the positive development of the economy over the long term and for the stakeholders within and outside of the Group. It is submitted to the Executive Board once per year as part of the management review and is adapted when needed. The environmental and social impacts are analysed separately per business segment during the annual environmental aspect evaluation. The sustainability report also describes the business model of the OeKB bank group and its effects on environmental and social issues in detail in the form of an income statement. Broken down by the business segments of the bank, any material direct, indirect, and positive effects are shown and where there are connections to the Sustainable Development Goals (SDGs) on which the OeKB bank group concentrates. The possible negative impacts in the form of the gross risks are also shown. The implemented management approaches show how the OeKB bank group addresses and mitigates these risks. The business segments that are subject to ESG criteria are identified not only on the basis of environmental and social criteria, but also based on governance aspects such as transparency, security, and compliance.

The certified environmental management system that was implemented according to the EMAS Regulation in 2001 and the annual sustainability reporting according to the Global Reporting Initiative (GRI) that was launched in 2003 ensure the continuous improvement of our sustainability management system. A sustainability programme is defined, published, and implemented every year. Specific measures included the issue of sustainability bonds for refinancing in the Export Financing Scheme and the "Export Invest Green" instrument that was created in conjunction with the Federal Ministry of Finance.

The growing importance of the ESG (environmental, social, and governance) factors and especially of climate change and the associated social and political reactions are a source of rising reputation and business model risks. At the same time, this harbours opportunities for future growth. Thus, OeKB has increased its focus on climate risks in its risk management and business strategy. The topic of climate-based risks and opportunities was explicitly added to the risk policy and strategy of OeKB Group in 2020, including a comprehensive causal chain analysis of global warming as it relates to the different risk types and a gap analysis relating to the TCFD (Task Force on Climate-related Financial Disclosure) recommendations. OeKB, OeEB, and OeKB CSD became supporter of the TCFD in December 2020. The 2020 sustainability report also contains the first climate reporting according to the TCFD recommendations. More detailed analyses and steps for the implementation of the TCFD recommendations are planned for 2021.

Non-financial performance indicators

Highly qualified and motivated staff are of key importance for OeKB and its subsidiaries. Given the central role that these institutions play for Austria's export industry and tourism as well as the capital and energy market, service quality and expertise combined with awareness for the importance of sustained earnings, controlling costs, and mitigating and managing risk are key success factors.

The complex combination of needs resulting from different generations in the company, a lack of qualified specialists on the labour market, and advancing digitalisation make a flexible personnel strategy indispensable. This makes knowledge management and transfer just as crucial as the promotion of digital competency, which was especially needed during the reporting period due to the coronavirus crisis. Management in a remote working constellation also accelerated the implementation of the new "leading from the middle" paradigm with its broadly distributed leadership roles and high degree of self-responsibility. This leadership paradigm was also evaluated and quantified in a 270° feedback process.

In addition to management career paths, particular importance is attached to expert career paths to remain attractive as an employer for highly qualified personnel. In OeKB Group's flat management hierarchy, our experts play a critical role in the success of the Bank. We have also appointed "team leads" as technical managers in addition to the traditional expert career path.

OeKB Group's long-term success depends on the commitment of the people working for it. Family-friendly measures such as flexible working hours, many years of experience with remote working, and a Bank childrens' daycare center address the needs of every employee who values the compatibility of work and family life. Full- and part-time educational leave is actively supported. All of this is intended to ensure a good balance between professional and non-professional activities in every career stage. Company health management with numerous initiatives and measures has a positive impact on the aspects of exercise, good nutrition, and mental fitness.

In addition to orientation towards the market benchmarks, compensation at OeKB is based on personal performance, risk behaviour, and the corporate results. Oesterreichische Entwicklungsbank, Österreichische Hotel- und Tourismusbank and OeKB CSD also apply remuneration models that are based on the remuneration policy at OeKB as parent company.

The Group's headcount at the end of 2020 was 479 full-time equivalents (2019: 458). The Group generated a profit before tax of € 131 thousand per full-time equivalent (2019: € 146 thousand).

Employees of OeKB Group [1]

As at	31 Dec 2020	31 Dec 2019
Total as at 31 December	**523**	**505**
Of whom part-time employees	*126*	*139*
Part-time employees in %	*24.1%*	*27.5%*
Total employees in full-time equivalents	479	458
Average number of employees pursuant to the UGB	472	442
Average age	45.6	46.1
Average length of service	15.9	16.4
Sick days per year and full-time employee	6.9	8.7
Proportion of total positions held by women	55.3%	55.8%
Proportion of management positions held by women	35.5%	35.6%
Turnover rate [2]	4.8%	6.3%

[1] Incl. the fully consolidated companies Oesterreichische Entwicklungsbank AG, Österreichische Hotel- und Tourismusbank GmbH, and OeKB CSD GmbH; incl. employees assigned to Acredia AG.

[2] The turnover rate is calculated as follows: The number of people leaving during the year (excl. retirement) x 100 divided by the number of employees as at 31 Dec. Because of the low turnover rate, a breakdown by gender and age group is not sensible.

Outlook for 2021

We expect business with export guarantees and aval endorsements to be weaker in 2021 than in 2020. Global economic growth slowed considerably in the wake of the coronavirus crisis. The economic outlook and global economic momentum are expected to be below average in 2021. The level of infections in the various countries will be a key determiner of the course of the economic recovery. The political uncertainty will persist at varying levels from region to region. This poses significant challenges for the Austrian export industry. Against this backdrop, OeKB continues to provide exporters with extensive assistance, both through export loans and with guarantees for the financing of business acquisitions and new investments. We expect our lending volume for export financing operations to increase again in 2021, but at a significantly lower rate than in recent years due to the slowdown in export and foreign investment activity by Austrian companies. OeKB Group will continue to offer attractive financing conditions and products in the coming year despite the exceptionally low interest rate levels.

We expect our securities investments to continue delivering marginal earnings in 2020 due to the low interest from re-investments. USD interest rates will rise again, as announced by the Federal Reserve System (Fed). Interest rates in the Eurozone will remain low in 2021 due to the various measures in the coronavirus emergency response programme. The risk premiums on Austrian government bonds are still low, which means that the terms of access to the international capital markets should remain attractive for OeKB (due to the AFFG guarantees of the Republic of Austria).

We are planning further digitalisation projects in 2021 to meet the needs of our customers more rapidly and in a simpler manner and to make our internal processes better and above all faster.

Overall, OeKB Group is well prepared to meet the challenges ahead, and we are expecting sustained growing operating income. We expect an increase in net interest income in 2021 due to the higher financing volumes. By contrast, net fee and commission income will likely decline due to higher guarantee fees paid to the Republic of Austria for the development bank's financing arrangements. Administrative expenses will increase as a result of the challenges in connection with the other administrative expenses for the digitalisation of business processes. OeKB Group's total comprehensive income will rise. The cost/income ratio will increase slightly for the 2021 and 2022 financial years and then decline again.

We wholeheartedly thank all our employees for their commitment and their contribution to our success. Our sincere thanks also go to the Staff Council, whose members continued their long tradition of representing the interests of the employees and of the Bank.

Vienna, 3 March 2021

Oesterreichische Kontrollbank Aktiengesellschaft

Signed by the Executive Board

HELMUT BERNKOPF ANGELIKA SOMMER-HEMETSBERGER

OeKB Group 2020 consolidated financial statements

The Notes are an integral part of the total comprehensive income for the year, the balance sheet, the consolidated statement of changes in equity, and the cash flow.

Income Statement

€ thousand	Notes		2020		2019	Change in %
Interest income calculated using the effective interest method		204,443		227,445		(10.1) %
Plus budget underruns from negative interest calculated using the effective interest method		15,873		9,301		70.7%
Other interest income		22,541		25,794		(12.6) %
Plus budget underruns from other negative interest		107,209		104,160		2.9%
Interest income			350,066		366,700	(4.5) %
Interest expenses calculated using the effective interest method		(98,790)		(134,468)		26.5%
Plus losses from negative interest calculated using the effective interest method		(24,590)		(15,819)		(55.4) %
Other interest expenses		(108,461)		(113,667)		4.6%
Plus losses from other negative interest		(9,801)		(7,712)		(27.1) %
Interest expenses			(241,642)		(271,665)	11.1%
Net interest income	**6**		**108,424**		**95,035**	**14.1%**
Fee and commission income		62,839		56,869		10.5%
Fee and commission expenses		(18,810)		(17,634)		(6.7) %
Net fee and commission income	**7**		**44,029**		**39,235**	**12.2%**
Net credit risk provisions	36		(2,675)		(954)	(180.4) %
Net gain or loss on financial instruments measured at fair value through profit or loss	8		(8,428)		9,533	(188.4) %
Net gain or loss on the derecognition of financial instruments not measured at fair value through profit or loss	9		(77)		318	(124.2) %
Current income from investments in other unconsolidated companies			2,159		1,901	13.6%
Share of profit or loss of equity-accounted investments, net of tax	18		4,304		4,990	(13.7) %
Administrative expenses	10		(89,434)		(88,986)	0.5%
Other operating income		7,689		8,872		(13.3) %
Other operating expenses		(3,276)		(3,087)		(6.1) %
Other operating income	11		4,413		5,785	(23.7) %
Profit before tax			**62,715**		**66,857**	**(6.2) %**
Income tax	12		(14,986)		(15,412)	(2.8) %
Profit for the year			**47,729**		**51,446**	**(7.2) %**

Other comprehensive income/(expense)

€ thousand	Notes	2020	2019	Change in %
Items that will not be reclassified into the income statement in future				
Actuarial gains/losses from defined benefit plans	22	(2,161)	(16,828)	87.2%
Equity-accounted investments - Share of net other comprehensive income	18	(100)	(298)	66.4%
Net gain or loss from the fair value measurement of investments in other unconsolidated companies (FVOCI)		304	247	23.1%
Tax effects	12	464	4,145	(88.8) %
Total other comprehensive income, net of tax		**(1,493)**	**(12,734)**	**88.3%**
Total comprehensive income for the year		**46,236**	**38,712**	**19.4%**

Breakdown of profit for the year				
Attributable to owners of the parent		45,535	50,512	(9.9) %
Attributable to non-controlling interests		2,194	933	135.2%
Total		**47,729**	**51,446**	**(7.2) %**

Breakdown of total comprehensive income				
Attributable to owners of the parent		44,081	37,906	16.3%
Attributable to non-controlling interests		2,155	806	167.4%
Total		**46,236**	**38,712**	**19.4%**

Earnings per share

	2020	2019
Profit for the year attributable to owners of the parent, in € thousand	45,535	50,512
Average number of shares outstanding	880,000	880,000
Earnings per share, in €	**51.74**	**57.40**

As in the previous year, there were no exercisable conversion or option rights at 31 December 2020. The diluted earnings per share correspond to the undiluted earnings per share (see Note 2).

Consolidated balance sheet of OeKB Group

Assets

€ thousand	Notes	31 Dec 2020	31 Dec 2019	Change in %
Cash and cash equivalents	14	1,605,579	809,838	98.3%
Loans and advances to banks	15	23,588,352	22,248,771	6.0%
Loans and advances to customers	15	1,579,313	1,544,519	2.3%
Other financial assets	16	2,957,074	2,966,988	(0.3) %
Derivative financial instruments	17	831,544	684,120	21.5%
Guarantees pursuant to § 1(2b) AFFG	17	4,794,818	4,930,431	(2.8) %
Equity-accounted investments	18	67,793	67,738	0.1%
Property, equipment, and intangible assets	19	27,805	28,525	(2.5) %
Current tax assets		35	6,078	(99.4) %
Deferred tax assets	23	55,053	59,349	(7.2) %
Other assets		8,267	5,964	38.6%
Total assets		**35,515,633**	**33,352,322**	**6.5%**

Liabilities and equity

€ thousand	Notes	31 Dec 2020	31 Dec 2019	Change in %
Deposits from banks	20	1,355,142	1,706,105	(20.6) %
Deposits from customers	20	770,733	748,829	2.9%
Debt securities issued	21	29,435,429	27,922,413	5.4%
Derivative financial instruments	17	1,675,711	545,116	207.4%
Provisions	22	160,065	162,042	(1.2) %
Current tax liabilities		2,515	1,468	71.3%
Other liabilities		44,646	37,344	19.6%
EFS interest rate stabilisation provision	24	1,250,800	1,421,462	(12.0) %
Equity	25	820,592	807,543	1.6%
Of which attributable to non-controlling interests		*13,374*	*11,687*	*14.4%*
Total liabilities and equity		**35,515,633**	**33,352,322**	**6.5%**

Consolidated statement of changes in equity of OeKB Group

The amounts of subscribed share capital and capital reserves shown in the following tables are the same as those reported in the financial statements of Oesterreichische Kontrollbank Aktiengesellschaft.

More information on equity is provided in Note 25.

Consolidated statement of changes in equity 2020

€ thousand	Notes	Subscribed capital	Capital reserves	Retained earnings	IAS 19 - Reserve	FVOCI - Reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
As at 1 Jan 2020	**25**	**130,000**	**3,347**	**680,898**	**(37,512)**	**19,123**	**795,856**	**11,687**	**807,543**
Profit for the year		-	-	45,535	-	-	45,535	2,194	47,729
Other comprehensive income/(expense)		-	-	-	(1,683)	229	(1,454)	(39)	(1,493)
Total comprehensive income for the year		**-**	**-**	**45,535**	**(1,683)**	**229**	**44,081**	**2,155**	**46,236**
Dividend payments	25	-	-	(32,718)	-	-	(32,718)	(468)	(33,186)
As at 31 Dec 2020		**130,000**	**3,347**	**693,715**	**(39,195)**	**19,352**	**807,219**	**13,374**	**820,592**

Consolidated statement of changes in equity 2019

€ thousand	Notes	Subscribed capital	Capital reserves	Retained earnings	IAS 19 - Reserve	FVOCI - Reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
As at 1 Jan 2019	**25**	**130,000**	**3,347**	**663,104**	**(24,720)**	**18,938**	**790,668**	**-**	**790,668**
Profit for the year		-	-	50,512	-	-	50,512	933	51,446
Other comprehensive income/(expense)		-	-	-	(12,792)	185	(12,607)	(127)	(12,734)
Total comprehensive income for the year		**-**	**-**	**50,512**	**(12,792)**	**185**	**37,906**	**806**	**38,712**
Acquisition of a subsidiary with non-controlling interests		-	-	-	-	-	-	11,350	11,350
Dividend payments	25	-	-	(32,718)	-	-	(32,718)	(469)	(33,187)
As at 31 Dec 2019		**130,000**	**3,347**	**680,898**	**(37,512)**	**19,123**	**795,856**	**11,687**	**807,543**

Consolidated statement of cash flows of OeKB Group

€ thousand	Notes	2020	2019
Profit (before tax)		**62,715**	**66,857**
Non-cash items included in profit, and adjustments to reconcile profit with cash flows from operating activities			
Depreciation on property and equipment	19	3,800	5,039
Amortisation on intangible assets	19	1,295	1,222
Change in provisions	22	12,674	(6,081)
Change in loan loss provisions (ECL)	36	2,996	954
Change in the EFS interest rate stabilisation provision	24	(170,662)	(131,756)
Change in guarantees pursuant to § 1(2b) AFFG	17	135,613	(409,093)
Unrealised gains/losses from the measurement of other financial assets measured at fair value through profit or loss and not assigned to the EFS	8	8,462	(9,464)
Net gain or loss from the derecognition of loans and advances measured at amortised cost	9	77	4
Share of profit or loss of equity-accounted investments, net of tax	18	(4,304)	(4,990)
Unrealised gains/losses from foreign currency differences on financial instruments assigned to the Export Financing Scheme	8	(34)	(69)
Other non-cash items		(63,698)	400,954
Subtotal for non-cash adjustments		**(11,066)**	**(86,423)**
Change in operating assets and liabilities after adjustment for non-cash components			
Proceeds from the redemption of			
Loans and advances to banks	15	26,107,078	15,386,861
Loans and advances to customers	15	1,619,290	1,298,502
Payments for the purchase of			
Loans and advances to banks	15	(27,399,447)	(18,060,465)
Loans and advances to customers	15	(1,658,359)	(2,374,007)
Proceeds from			
Deposits from banks	20	38,447,848	22,307,010
Deposits from customers	20	1,515,728	3,056,869
Debt securities issued	21	33,690,575	28,755,450
Repayments from the redemption of			
Deposits from banks	20	(38,815,601)	(21,109,025)
Deposits from customers	20	(1,493,825)	(3,012,636)
Debt securities issued	21	(31,231,169)	(25,794,636)
Lease liabilities	19	(975)	(1,192)
Other assets from operating activities		8,036	18,509
Other liabilities from operating activities		8,348	11,725
Interest received		285,893	308,421
Interest paid		(256,456)	(272,867)
Dividends received from investments in other unconsolidated companies		2,159	1,901
Dividends received from equity-accounted investments	18	4,150	4,880
Income tax paid		(5,743)	(11,057)
Net cash from operating activities		**816,465**	**427,821**

€ thousand	Notes	2020	2019
Proceeds from the redemption and disposal of			
Other financial assets	16	1,527,003	1,876,982
Payments for the purchase			
of a subsidiary, less liquid assets acquired		-	(24,239)
of other financial assets - other unconsolidated companies	16	-	(35)
of other financial assets	16	(1,510,196)	(1,757,957)
of property, equipment, and intangible assets	19	(4,346)	(2,959)
Net cash from investing activities		**12,461**	**91,792**
Dividend payments	25	(33,186)	(33,187)
Net cash from financing activities		**(33,186)**	**(33,187)**

Consolidated statement of cash flows of OeKB Group

€ thousand	31 Dec 2020	31 Dec 2019
Cash and cash equivalents at beginning of period	**809,838**	**323,412**
Net cash from operating activities	816,465	427,821
Net cash from investing activities	12,461	91,792
Net cash from financing activities	(33,186)	(33,187)
Cash and cash equivalents at end of period	**1,605,579**	**809,838**

Further details on cash and cash equivalents and additional information on the change in the presentation of the cash flows are provided in Note 27 and Note 1.

Notes to the consolidated financial statements of OeKB Group

Note 1 General information

Oesterreichische Kontrollbank Aktiengesellschaft (OeKB) is a special-purpose bank with its registered office in 1010 Vienna, Austria, and was founded in 1946. OeKB is a public interest entity pursuant to § 189a 1 lit. a UGB (Uniform Commercial Code).

OeKB Group comprises Oesterreichische Kontrollbank Aktiengesellschaft, Oesterreichische Entwicklungsbank AG (OeEB), OeKB CSD GmbH (OeKB CSD), Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H. (ÖHT), CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH (CCP.A), and OeKB EH Beteiligungs- und Management AG (Acredia Versicherung AG), see also Note 37.

Because of the unique nature of the business model of OeKB, the operating principles and relevant legal regulations are explained in this section to allow a better understanding of these consolidated financial statements.

The consolidated financial statements of OeKB Group were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union on the basis of IAS Regulation (EC) No. 1606/2002. The requirements of § 59a BWG and § 245a UGB were met.

OeKB is a special-purpose bank acting as a service provider for exporters and for the capital market (incl. energy market).

The OeKB Group business model has four core segments:

- Export guarantees and guarantees by aval
- Export financing and financing as the development bank of the Republic of Austria
- Capital Market Services
- Tourism promotion and financing.

Export guarantees/Guarantees by aval

In this segment, OeKB acts as an agent in the name of and for the account of the Republic of Austria. OeKB is responsible here for the bank-specific handling of guarantee applications, the administrative and technical processing of the guarantee agreements, and for enforcing the rights of the Republic from guarantee claims. OeKB receives a processing commission for this off-balance-sheet business segment.

Legal basis: Liability according to the Export Guarantees Act (AusfFG)

According to the AusfFG, the Federal Minister of Finance is authorised until 31 December 2022 to assume guarantees in the name of the Republic of Austria for the proper fulfilment of transactions by foreign counterparties and for the enforcement of the rights of export companies that directly or indirectly improve Austria's current account. These transactions and rights relate to projects abroad – especially in the areas of environmental protection, waste disposal, and infrastructure – whose realisation by domestic or foreign companies is in Austria's interests. According to § 7 AusfFG, the guarantee fee and all claims paid shall be collected by the agent of the federal government (OeKB) and credited regularly to an account of the federal government opened at the authorised agent of the federal government. Pursuant to § 8a AusfFG, OeKB will remain responsible for the processing of these export guarantees/guarantees by aval until the conclusion of a new agency contract.

OeKB is entitled to an adequate fee for the administration of these export guarantees (shown in fee and commission income from guarantee business, Note 7).

The tasks of the Austrian development bank are specified in § 9 AusfFG. Oesterreichische Entwicklungsbank AG (100% subsidiary of OeKB) has been commissioned to fulfil these responsibilities, and is obligated to follow the objectives and principles of Austria's development policy as set forth in the Development Cooperation Act. OeEB's business activities are also oriented towards the provisions of the Development Cooperation Act (EZA-G).

Bridging guarantees (§ 2[2]7 in conjunction with § 6a[2] ABBAG-G) for large enterprises

OeKB is handling the processing of bridging guarantees for large enterprises under the government's € 15 billion coronavirus aid fund as an agent of COVID-19-Finanzierungsagentur des Bundes GmbH (COFAG). The coronavirus aid fund is part of the € 50 billion in coronavirus support measures enacted by the federal government to ensure the survival of Austrian businesses. The goal is to rapidly provide financing for Austrian companies suffering serious liquidity bottlenecks due to the COVID-19 crisis. The COFAG bridging guarantee is one of the measures that is being financed from the coronavirus aid fund. It is issued for bullet loans extended by banks to companies to bridge their liquidity gaps. The guarantee from the Republic covers 90% of the loan amount. An appropriate fee is paid for the administration of these bridging guarantees (shown in fee and commission income from guarantee business, Note 7).

Export Financing Scheme (EFS)

OeKB Group acts as a contractor to the Republic of Austria in significant business segments. The Republic of Austria also issues extensive guarantees for the protection of OeKB and its creditors. OeKB Group engages in no retail business and accepts no savings deposits. As an agent of the Republic of Austria, it provides refinancing to banks and financial institutions at attractive terms, and these institutions then extend this financing to their customers as export loans (delivery, purchase, and investment financing and export acceptance credit, financing of export induced domestic investments, and financing of lease arrangements of domestic exporters).

The majority of the loans and advances to banks and customers in the EFS feature a guarantee from the Republic of Austria pursuant to the AusfFG. Because of this, OeKB Group is not exposed to significant credit risk, and only minor loan loss provisions need to be formed in connection with the EFS. Because of these guarantees, the claims are subject to uniform conditions depending on the time at which the refinancing agreements were concluded. These uniform refinancing interest rates, which are published on the OeKB web site, are derived from the OeKB's credit spreads. The credit spreads of the OeKB are in turn dependent on the credit spreads of the Republic of Austria due to the creditor guarantee pursuant to § 1(2a) AFFG. The Export Financing Guarantees Act also permits export financing based on other guarantees and insurance policies.

Aside from this scheme, OeKB Group only engages in significant lending activities in connection with tourism financing and thus only generates significant interest income in these business segments. This means that the income of OeKB Group aside from the income generated by proprietary investments results primarily from fees and commissions for the services rendered to customers and clients.

The majority of the refinancing needed for the Export Financing Scheme is raised on the international money and capital markets, where OeKB is a respected and established issuer thanks to the guarantees provided by the federal government. Exchange rate risks exist for the most part only in connection with these long- and short-term debt securities issued. The risks are largely secured by the exchange rate guarantees of the Republic of Austria pursuant to § 1(2b) AFFG on an individual transaction basis. This means that OeKB Group bears no significant exchange rate risk from the EFS. The calculation and settlement of these exchange rate positions is conducted in agreement with the Federal Ministry of Finance (BMF) for each individual transaction. The foreign currency strategy is implemented in coordination with the BMF as part of an ongoing portfolio strategy. In some cases, the transactions are refinanced in the same currency and the exchange rates that apply to maturing liabilities are immediately applied to newly issued debt. Because of the importance and relevance of this item for all parties, it is being reported in a separate item (Guarantees pursuant to § 1[2b] AFFG).

In order to assist Austrian companies in overcoming the COVID-19 crisis, operating financing was extended to exporters in collaboration with the BMF in the form of special Kontrollbank refinancing facilities. The original budget that was allocated in the amount of € 2 billion was increased to € 3 billion due to the high demand. The income generated in this context is recognised in net interest income (Note 6) and in fee and commission income from guarantee business (Note 7).

Legal basis: Federal law on the financing of transactions and rights (Export Financing Guarantees Act – AFFG)

Pursuant to § 1 AFFG, the Federal Minister of Finance is authorised until 31 December 2023 to issue guarantees in the name of the Republic of Austria for credit operations (bonds, loans, lines of credit, and other obligations) conducted by the authorised agent of the federal government pursuant to § 5(1) AusfFG (OeKB).

The guarantees are issued:

- to the benefit of the creditor of the agent authorised by the federal government (OeKB) for the fulfilment of its obligations under credit operations (§ 1[2a] AFFG);
- to the benefit of the authorised agent of the federal government (OeKB) to guarantee a specific exchange rate between the euro and another currency (exchange rate risk) for the fulfilment of obligations under credit operations for the period of time during which the proceeds from the credit operation are used for financing in euros (§ 1[2b] AFFG).

The fee provisions for the issue of guarantees by the Republic of Austria pursuant to the AFFG specify a (minimum) guarantee fee that depends on the volume of the outstanding borrowings in the Export Financing Scheme.

The interest rate stabilisation provision for the Export Financing Scheme is based on the specific purpose of the EFS and the risk associated with this programme. It contains the surpluses from charged interest (interest income) and the net gains or losses from the measurement of the financial instruments in the EFS at fair value (net gain or loss on financial instruments measured at fair value through profit or loss). OeKB was commissioned by the Federal Ministry of Finance in 1968 to collect proceeds generated under the EFS in a separate account and to use them solely for finan¬cing the EFS as needed. This was implemented through the formation of the EFS interest rate stabilisation provision and through the annual resolutions of OeKB's Supervisory Board. The proceeds generated under the EFS cannot be accessed by the owners now or in future and may only be used by management for the purposes of the EFS. This provision reflects the fact that the proceeds from the EFS do not accrue to OeKB but are instead to be kept in the EFS for the covering of risks (including in relation to the obligation to continue operating in the event that the agency agreement pursuant to § 8a AusfFG is terminated). The federal tax office for corporations in Vienna has acknowledged the EFS interest rate stabilisation provision as a deductible debt item in so far as it is used for decreasing the effective refinancing interest rate for the EFS.

Since the inception of the internationally unique Export Financing Scheme in 1960, the EFS interest rate stabilisation provision has been built up from the ongoing surpluses. In coordination with the Federal Ministry of Finance, OeKB Group has decided to report this item separately due to its specific nature (see Note 24).

Services for the capital market and energy market

OeKB Group offers a wide range of services for the Austrian capital market. These include the office for the issue of government bonds of the Republic of Austria through auction, the payment and calculation office for government bonds of the Republic of Austria, the notification office pursuant to the KMG, OAM Issuer Info (storage medium for securities exchange information), ISIN code assignment, and financial data service - the collection and sale of master, schedule, and price data for financial instruments, fund services (platform for data exchange), and a LEI service partnership. As part of the business activities of OeKB CSD, central depository services are offered pursuant to the EU CSD Regulation (Regulation [EU] No. 909/2014). These services include the acceptance of securities from issuers for safekeeping and administration, the execution of booking orders to settle securities transactions, and the handling of payments from issuers to satisfy the claims evidenced in the securities.

Related to the core competencies in the capital market, services are also provided for the Austrian energy market. This segment includes financial clearing and risk management services for the settlement agents in the Austrian gas and electricity market and for the EXAA electricity exchange. OeKB is also active as a general clearing member (GCM) on European Commodity Clearing AG (ECC), and in this capacity handles collateral management and financial processing for non-clearing members.

Services as a development bank

OeEB works on behalf of the Federal Ministry of Finance to improve living conditions for people in developing and emerging countries. The legal basis for these activities is largely defined in the Export Guarantees Act (see also Legal basis: Liability according to the Export Guarantees Act [AusfFG]). As a public agent, OeEB provides financing at near-market terms but can assume a higher degree of economic risk than commercial banks thanks to comprehensive guarantees from the Republic of Austria. OeEB acquires stakes in companies in developing and emerging countries on a fiduciary basis using federal funds and reinforces the resulting development policy effects with flanking measures. In the field of Business Advisory Services, OeEB provides special financing to strengthen the development policy effects, in particular to lay the groundwork for and accompany equity investments with federal funds and investment financing from the development bank.

Services for the tourism financing and promotion services

ÖHT acts as a tourism and leisure industry agency that is an Austrian funding entity and a bank. The funding awarded by ÖHT is provided by public authorities. The core task of ÖHT is financing investment projects by SMEs in the Austrian tourism and leisure industry. The unique feature of financing through ÖHT is the federal promotion measures that are part of every offered financing product. It handles the tourism promotion operations of the federal government on behalf of the Federal Ministry for Agriculture, Regions and Tourism. These promotion measures can take the form of guarantees, cash contributions, or subsidised interest rates. ÖHT is a partner institution of the European Investment Bank (EIB), which is headquartered in Luxembourg. As part of the ERDF (European Regional Development Fund), ÖHT acts as the intermediary for several provinces in connection with the award of subsidised loans for tourism promotion projects. Since the onset of the COVID-19 crisis in 2020, ÖHT has also been administering the Austrian promotion programmes for tourism, restaurants, and leisure companies. An appropriate fee is paid for the administration of these promotion programmes (shown in fee and commission income from guarantee business, Note 7).

Accounting principles

The Executive Board of OeKB is responsible for preparing the consolidated financial statements and group management report; these are acknowledged by the Supervisory Board of OeKB based on the Audit Committee's recommendation. No material events occurred after the reporting date of 31 December 2020 (as of 3 March 2021).

Details about the recognition and measurement principles of OeKB Group (aside from the explanations in chapter Export Financing Scheme), including the changes made to these during the year, can be found in Note 2.

The reporting currency and functional currency of these consolidated financial statements and of OeKB Group is the euro. All amounts are indicated in thousands of euros unless specified otherwise. The tables may contain rounding differences.

In preparing its consolidated financial statements, OeKB Group orients itself towards the presentations of its peer organisations and towards the proposals of major, internationally active financial auditors on the preparation of consolidated financial statements for banks according to IFRS, which makes the consolidated financial statements easier for investors to compare.

Uncertainty in judgements and assumptions

The preparation of consolidated financial statements in accordance with the IFRS requires the Executive Board to make judgements and assumptions about future developments that can have a material impact on the reported value of assets and liabilities, the disclosure of other obligations at the balance sheet date, and the reporting of earnings and expenses during the financial year.

The following assumptions entail a more than insignificant risk of substantial changes in asset values and liabilities in the coming financial year:

- The assessment of the business model in which the assets are held and the assessment of whether the contractual terms of the financial asset solely represent capital payments and interest on the outstanding principal. Note 2

- The parameters that are used for fair value measurement are based in part on forward-looking assumptions that may fluctuate. Note 3

- Specifying the term of a lease: determining whether the ability to exercise termination options is sufficiently assured. Note 19

- The assessment of whether the credit risk of the financial asset has increased significantly since the first-time recognition and inclusion of forward-looking information for the determination of the expected credit loss as used to identify the impairment of financial assets. The determination of the LGD (loss given default) and the PD (probability of default) in the calculation of the impairment. Note 36

- Assumptions are made about the discount rate, retirement age, life expectancy, staff turnover, and future remuneration growth for the measurement of the existing pension and termination benefit obligations. Note 22

- The recognised amount of deferred tax assets is based on the assumption that sufficient taxable revenue will be generated in future. Note 23

- Assessment are made regularly as to whether obligations that are not reported on the balance sheet arising from guarantees and other commitments must be reported on the balance sheet. Note 31

The estimates and assumptions upon which they are based are assessed on a regular basis and conform with the respecttive standards. The estimates are based on past experience and other factors such as plans, likely developments stemming from current conditions, and projections of future events as at the reporting date. The actual results can deviate from the assumptions and estimates when the actual conditions develop differently than was expected on the reporting date. Changes are taken into account as they occur.

Changes in recognition and measurement principles

A regular audit of the consolidated financial statements for 2019 by the Austrian Financial Reporting Enforcement Panel (AFREP) discovered a presentation error in the operating cash flow which, however, did not result in a factual error. The algebraic sign placed before the subtotal for taxes, interest, and dividends was incorrect. The correct amount would have been € 31,278 thousand instead of -€ 31,278 thousand. As a result, the non-cash adjustments were reported at € 432,233 thousand, which was € 31,278 too high. We corrected the presentation of the subtotals and changed the comparison figures from the previous year accordingly.

Note 2 Recognition and measurement principles

New standards and amendments to be applied for the first time in 2020

With regards to new or amended standards and interpretations, only those that are relevant for the business activities of OeKB Group are listed with explanations.

Standards and amendments to be applied for the first time in 2020		First-time application
Changes in the conceptual framework	Changes in the references to the conceptual framework in the IFRS	1 Jan 2020
Amendments to IAS 1 and IAS 8	Definition of "material"	1 Jan 2020
Amendments to IFRS 3	Definition of a business	1 Jan 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate benchmark reform	1 Jan 2020
Amendments to IFRS 16	COVID-19 related rent relief	1 June 2020

Interest rate benchmark reform

The changes pertain especially to certain eased hedge accounting rules and are mandatory for all hedging relationships that are affected by the interest rate benchmark reform. Additional disclosures about to what extent the hedging relationships of the company are affected by the changes are also required. The hedge accounting rules do not apply to the interest rate hedging relationships at OeKB Group, so no accounting effects are expected for OeKB Group in this regard.

In 2020, OeKB Group successfully concluded a project to evaluate the effects on the products, contractual relationships, and earnings and to evaluate the technical changes that need to be made. A follow-up project is now under way to lay the technical groundwork for the interest rate benchmark reform in 2021. All IT systems used to process financial instruments will be adapted.

We anticipate that this will have no material effects on the consolidated financial statements.

The other standards and amendments to be applied for the first time in 2020 presented in the table will result in no material changes for OeKB Group.

New standards and interpretations that are not yet being applied

A number of new standards and amendments to standards that were adopted by the EU are to be applied in the first financial year beginning after 31 December 2020, though earlier application is possible. The Group did not apply the following new or amended standards earlier than required when preparing these consolidated financial statements.

Interest rate benchmark reform – phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)

The amendments deal with questions that may impact financial reporting following the interest rate benchmark reform, including the effects of changes in contractual payment flows or in hedging relationships resulting from the replacement of an interest rate benchmark with an alternative benchmark. The amendments offer practical expedients relating to certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16:

- changes in the basis for determining the contractual cash flows from financial assets, financial liabilities, and lease liabilities and
- hedge accounting.

Changes in the basis for determining the cash flows

The changes clarify that a company should account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability made necessary by the interest rate benchmark reform by revising the effective interest rate of the financial asset or financial liability.

As at 31 December 2020, OeKB Group had a large number of financial instruments employing the EONIA, USD LIBOR, and CHF LIBOR as benchmarks and that will be affected by the IBOR reform. OeKB Group anticipates that the benchmark rates for these financial instruments will be replaced with the ESTR (instead of the EONIA), SOFR (instead of the USD LIBOR), and SARON (instead of the CHF LIBOR) in 2021, and that the application of the change will result in no material gain or loss.

Hedge accounting

The amendments offer exceptions from the hedge accounting rules in the following areas:

- The amendments permit the designation of a hedging relationship to be revised to account for changes made necessary by the reform.

- If a hedged item is changed in terms of a cash flow hedge to take into account changes made necessary by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark interest rate used to determine the hedged future cash flows.

- If a group of underlying transactions is designated as a hedged item and an underlying transaction in the group is amended to reflect changes made necessary by the reform, the hedged items shall be divided into sub-groups based on the benchmark rates being hedged.

- If a company reasonably expects that an alternative benchmark will be separately identifiable within a period of 24 months but is not separately identifiable at the time of designation, it is not prohibited to designate the interest rate as a non-contractually specified risk component.

OeKB Group does not apply the hedge accounting rules.

Disclosures in the Notes

The amendments require OeKB Group to disclose additional information about the risks to which it is exposed as a consequence of the interest rate benchmark reform and about the associated risk management activities.

Transitional provisions

OeKB Group will apply the changes starting on 1 January 2021. The application will have no effect on figures reported in 2020 or prior years.

The following new or amended standards are not expected to have a material impact on the consolidated financial statements.

Amended standards and interpretations		EU adoption	Effective date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest rate benchmark reform - Phase 2		1 Jan 2021
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract		1 Jan 2022
Amendments to IFRS	Annual improvements (2018-2020) to IFRS 1, IFRS 9, IFRS 16 , IAS 41		1 Jan 2022
Amendments to IAS 16	Property, plant and equipment: Proceeds before intended use		1 Jan 2022
Amendments to IFRS 3	Reference to the conceptual framework		1 Jan 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current		1Jan 2023
Amendments to IFRS 17	Insurance Contracts and Changes to Insurance Contracts		1 Jan 2023

Material recognition and measurement principles

OeKB Group consistently applied the following accounting methods to all periods shown in these consolidated financial statements unless indicated otherwise.

A. Consolidation principles

- **Business combinations**
  The Group elected to exercise the option under IFRS 1 on the transition date of 1 January 2004, which means that the book values from first-time consolidation pursuant to UGB were used. Therefore capital consolidation takes place according to the book value method. Under this method, the cost of the acquired ownership interest is offset against the Group's share of the subsidiary's net assets at the time that control passes to the Group. In the case of business combinations as defined in IFRS 3, all identifiable tangible and intangible assets, liabilities, and contingent liabilities of the subsidiary are remeasured at the time of the acquisition for capital consolidation. The acquisition costs are settled with the proportionate share of the net assets at the time of the transfer of control. Non-controlling interests are calculated on the basis of the assets and liabilities measured at fair value.

- **Subsidiaries**
  Subsidiaries are companies controlled by OeKB. OeKB Group controls a company when it is subject to fluctuating returns from the company and has a right to returns from the company, and when it has the ability to influence these returns by means of the control that it exercises over the company. The assets, liabilities and equity, and income of subsidiaries are included in the consolidated financial statements from the point in time at which control begins and until the point in time at which control ends.

  - **Non-controlling interests**
    Non-controlling interests are measured at the proportionate value of the identifiable net assets of the acquired company at the time of acquisition.

    Changes in a share held by the Group in a subsidiary that do not lead to a loss of control are recognised as equity transactions.

  - **Loss of control**
    If OeKB Group loses control over a subsidiary, it moves the assets and liabilities of the subsidiary and all associated non-controlling interests and other components out of equity. Any profit or loss is recognised in the income statement. Every retained share in the former subsidiary is measured at fair value at the time that control is lost.

- **Equity-accounted investments**
  Equity-accounted investments consist of shares in joint ventures.

  A joint venture is a company over which OeKB Group exercises joint control through an agreement. These are recognised according to the equity method, and are initially measured at the cost of acquisition including transaction costs. After initial recognition, the consolidated financial statements contain the share in the overall net gain or loss of the equity-accounted investments up to the point in time at which the significant influence or joint control ends. The relevant share of the total comprehensive income is recognised in the income statement in the item "Share of profit or loss of equity-accounted investments". Dividends received are recognised as a reduction of the net book value measured according to the equity method (asset swap). The possible need for impairment is reviewed and recognised annually on the basis of planning projections.

- **Transactions eliminated during consolidation**
  Internal receivables and payables and all recognised income and expenses from internal transactions within the Group are eliminated during the preparation of the consolidated financial statements. There are no grounds for the elimination of intercompany profits in OeKB Group. Unrealised gains from transactions with equity-accounted investments are written off against the Group's share in the company in question. Unrealised losses are eliminated in the same manner as unrealised gains, but only if there is no evidence of impairment.

B. Foreign currency translation

Transactions in foreign currencies are translated into the functional currency at the spot rate on the date of the transaction.

Monetary assets and debts denominated in a foreign currency on the reporting date are translated into the functional currency at the reference exchange rates published by the European Central Bank for the reporting date.

Indicative exchange rates as at 31 December 2020

Mid rate	Currency	Mid rate	Currency	Mid rate	Currency	Mid rate	Currency
1.5896	AUD	9.5142	HKD	1.6984	NZD	9.1131	TRY
1.5633	CAD	7.5519	HRK	4.5597	PLN	1.2271	USD
1.0802	CHF	363.8900	HUF	4.8683	RON	18.0219	ZAR
26.2420	CZK	126.4900	JPY	91.4671	RUB		
0.8990	GBP	10.4703	NOK	10.0343	SEK		

Indicative exchange rates as at 31 December 2019

Mid rate	Currency	Mid rate	Currency	Mid rate	Currency	Mid rate	Currency
1.5995	AUD	8.7473	HKD	1.6653	NZD	6.6843	TRY
1.4598	CAD	7.4395	HRK	4.2568	PLN	1.1234	USD
1.0854	CHF	330.5300	HUF	4.7830	RON	15.7773	ZAR
25.4080	CZK	121.9400	JPY	69.9563	RUB		
0.8508	GBP	9.8638	NOK	10.4468	SEK		

Non-monetary assets and debts that are measured at fair value in a foreign currency are translated at the rate valid on the date that the fair value is determined. Non-monetary items measured at the cost of acquisition or production in a foreign currency are translated at the exchange rate on the date of the transaction.

Currency translation differences are generally recognised in the profit or loss for the period.

C. Net interest income

- **Effective interest method**

  Interest income and interest expenses of financial instruments measured at amortised cost are recognised through profit or loss using the effective interest method. The effective interest rate is calculated on the basis of the estimated future cash flows (incl. transaction costs) over the expected term of a financial asset or financial liability. When calculating the effective interest rate for financial assets that were not impaired at the time of acquisition, OeKB Group estimates the future cash flows taking all contractual provisions of the financial instrument but not expected credit losses (credit risks) into account. For financial assets that were impaired at the time of acquisition, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses (credit risks).

  The calculation of the effective interest rate includes the transaction costs and the paid or received fees, which are an integral part of the effective interest rate. The transaction costs include additional costs that are directly related to the purchase or issue of a financial asset or financial liability.

- **Amortised cost**

  The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability was measured upon initial recognition less repayments and plus or less the accumulated amortisation using the effective interest method, adjusted for any credit risk provisions.

  The gross book value of a financial asset is the amortised cost of the financial asset before adjustment for credit risk provisions.

- **Calculation of the “Interest income and expenses calculated using the effective interest method”**

  In this case, the effective interest rate is applied to the gross book value of the asset (when the asset is not impaired) or to the amortised cost of the debt.

  For financial assets whose credit rating was not impaired upon initial recognition but is impaired on the reporting date (level 3), the interest income is calculated using the effective interest rate based on the amortised cost (net basis). If the credit rating of the asset is no longer impaired, the interest income is again calculated using the gross basis.

  For financial assets already impaired at the time of acquisition, the interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of the interest income does not revert to the gross basis, even when the credit risk of the asset improves.

  See Note 36 for information about when the credit rating of assets is impaired.

- **Presentation on the income statement**

  The interest income and expenses for financial assets and financial liabilities calculated using the effective interest method are shown on the income statement under “Interest income and expenses calculated using the effective interest method”.

  The other interest income and expenses shown on the income statement include interest from financial assets and financial liabilities designated at fair value (FV option) and those that must be measured at fair value through profit or loss (FVTPL). The other interest income also includes budget underruns from other negative interest, and the other interest expenses losses from other negative interest.

- **Charged interest and the Export Financing Scheme interest rate stabilisation provision**

  If interest charged under the EFS leads to surpluses, these are transferred to the EFS interest rate stabilisation provision according to the resolutions of the governing bodies of OeKB (allocation to the EFS interest rate stabilisation provision). Measures taken to reduce the effective refinancing rate in the scheme are charged against the EFS interest rate stabilisation provision (use of the interest rate stabilisation provision). The interest allocation and use through the EFS interest rate stabilisation provision is recognised accordingly in the items “Interest income calculated using the effective interest method” and “Other interest income” (see Note 6 or Note 24).

- **Guarantee fees pursuant to § 1(2) AFFG**
  The guarantee fees pursuant to § 1(2) AFFG are directly related to the debt securities issued by OeKB. The expenses are calculated for each guarantee and period and recognised under "Interest expenses calculated using the effective interest method". If the FV option is applied to guaranteed financial liabilities, the guarantee fees are calculated for the period in question and reported in the item "Other interest expenses".

D. Net fee and commission income

Fee and commission income and expenses, which are an integral part of the effective interest rate of a financial asset or financial liability, are included in the effective interest rate and are thus presented in the interest income. If a loan commitment is not expected to result in the payout of a loan, the associated loan commitment fee is recognised through profit or loss.

Fee and commission income is recognised in the period in which the associated service is rendered. Fee and commission expenses are recognised as an expense when the service is received.

The guarantee fees paid to the Republic of Austria pursuant to § 9 AusfFG in connection with the financing arrangements provided by the development bank are directly related to the individual financial assets and are reported under the fee and commission expenses (see Note 7).

E. Current income from investments in other unconsolidated companies

Dividend income is recognised at the time of the decision to pay the dividend.

F. Net gain or loss on financial instruments measured at fair value through profit or loss (FVTPL)

The net gain or loss on financial instruments pertains to

- derivative financial instruments and guarantees pursuant to § 1(2b) AFFG that are held for hedging purposes,
- financial assets that must be measured at FVTPL, and
- financial assets and financial liabilities to which the FV option has been applied.

This item contains the changes in the fair value and all currency translation differences.

G. Income taxes

The tax expenses consist of actual and deferred taxes. Actual taxes and deferred taxes are recognised on the income statement unless they are related to a business combination or to an item recognised directly in equity or in other comprehensive income.

Interest and penalties on income taxes, including on uncertain tax positions, are recognised according to IAS 37.

- **Actual taxes**
  Actual taxes pertain to the expected tax obligation or tax receivable on the taxable income for the financial year or to the tax loss, both based on the tax rates that apply on the reporting date or that will soon apply, plus all changes to the tax obligations for previous years. The amount of the expected tax obligation or tax receivable represents the best estimate taking tax uncertainties into account, if any apply. Actual tax obligations also include all tax obligations resulting from resolutions to disburse dividends. Actual tax assets and obligations are only offset according to the provisions of IAS 12.71 ff.

- **Deferred taxes**
  Deferred taxes are recognised for temporary differences between the book values of the assets and debts for group accounting purposes and the amounts used for tax purposes. Deferred taxes are not recognised for

  - temporary differences arising during the initial recognition of assets or liabilities from transactions not involving business combinations and that have no impact on the earnings before taxes or the taxable income;

  - temporary differences related to shares in subsidiaries, associated companies, and joint ventures, provided that OeKB Group is in a position to control the timing of the elimination of the temporary differences and it is probable that these will not be eliminated in the foreseeable future;

  - taxable temporary differences arising during the initial recognition of goodwill.

There are no deferred tax assets for as of yet unused tax losses.

Unrecognised deferred tax assets are re-evaluated on every reporting date and are recognised to the extent that it is probable that future taxable income will permit the realisation of these deferred tax assets.

Deferred taxes are measured on the basis of the tax rates that are expected to apply to temporary differences once they are reversed, using the tax rates that apply or are announced on the reporting date.

The measurement of deferred taxes reflects the tax consequences expected by OeKB Group based on the manner of the realisation of the net book values of the assets and the repayment of the debts at the reporting date.

Deferred tax assets and deferred tax obligations are offset when the requirements for this according to IAS 12.74 ff are met.

H. Financial assets and financial liabilities

H1 – Initial recognition

OeKB Group recognises the cash and cash equivalents, loans and advances to banks and customers, deposits from banks and customers, and debt securities issued for the first time upon their origination. All other financial instruments (including the purchase of financial assets) are initially recognised on the trade date, i.e. on the date on which OeKB Group becomes a contractual party to the instrument. A financial asset and financial liability are initially recognised at their fair value. If an instrument must be measured at amortised cost, it is initially recognised at the fair value plus transaction costs.

The current income from the financial assets measured at amortised cost is recognised under “Interest income calculated using the effective interest method”. All other current income (except for current income from investments in other unconsolidated companies) is recognised under “Other interest income”. If losses are incurred from negative interest, these are recognised under “Losses from negative interest calculated using the effective interest method” and “Losses from other negative interest” in interest expenses. OeKB Group holds no financial assets for trading purposes as in the previous year.

The current expenses from the financial liabilities measured at amortised cost are recognised under “Interest expenses calculated using the effective interest method”. All other current expenses are recognised under “Other interest expenses”. If budget underruns are incurred from negative interest, these are recognised under “Budget underruns from negative interest calculated using the effective interest method” and “Budget underruns from other negative interest” in interest income.

H2 – Classification of financial assets

Upon initial recognition, a financial asset is classified as at amortised cost (AC), at fair value through other comprehensive income (FVOCI), or at fair value through profit or loss (FVTPL). This classification is made on the basis of

- the business model of OeKB Group for managing financial assets and
- the characteristics of the contractual payment flows of the financial asset.

A financial asset must be measured at amortised cost when the following conditions are met:

- The financial asset is held under a business model with the objective of holding these assets to receive the contractual payment flows, and

- The contractual provisions of the asset lead to payment flows at set times and that solely represent the repayment of and interest payments on the outstanding principal.

A financial asset is measured at FVOCI when the following conditions are met:

- The financial asset is held under a business model with the objective of receiving the contractual payment flows as well as of selling the assets, and
- The contractual provisions of the asset lead to payment flows at set times and that solely represent the repayment of and interest payments on the outstanding principal.

AC and FVOCI financial assets are initially recognised at their fair value, taking transaction costs into account.

A financial asset that is neither measured at AC nor at FVOCI must be measured at fair value through profit or loss (FVTPL).

Equity instruments must generally be measured at fair value through profit or loss. Equity instruments not held for trading purposes may also be measured at fair value through other comprehensive income. OeKB Group elected to exercise this option for all of the equity instruments it holds because they are strategic, long-term investments in other unconsolidated companies. All changes in the fair value of these equity instruments are recognised in other comprehensive income, and these cumulatively recognised value changes cannot be recycled to the income statement. Only dividend income from these equity instruments is recognised on the income statement in the item "Income from investments in other unconsolidated companies".

A financial asset can be irrevocably designated as measured at fair value through profit or loss (FV option) upon initial recognition when this eliminates or significantly reduces an accounting mismatch.

Business model

OeKB Group assesses the objective of a business model under which an asset is held at the portfolio level on the basis of the manner in which the instrument is managed and how information is reported to management. The information that is taken into account includes:

- the specified strategy and objectives for the portfolio. Especially whether the strategy aims to generate interest income, maintain a certain interest rate profile, adapt the duration of the financial assets to the term of the associated financial liabilities, or to realise the payment flows through the sale of the assets;

- how the performance of the portfolio is assessed and reported to management;

- the risks that influence the net gain or loss of the business model and how these risks are managed;

- whether the management remuneration is based on the change in the fair value of the managed assets or the received payment flows; and

- the frequency, volume, and timing of sales in previous periods and the reasons for such sales and the expectations for future selling activity. Information about selling activity is not considered in isolation, however, but as part of an overall assessment of how the express goal of OeKB Group is achieved and how the payment flows are realised.

Assessment as to whether contractual payment flows consist solely of principal and interest payments

For the purposes of this assessment, the principal is defined as the fair value of the financial asset upon initial recognition. Interest is defined as consideration for the fair value of the money and for the credit risk relating to the outstanding principal sum over a specific period of time and for other fundamental credit risks and costs (such as liquidity risk and administrative costs) plus the profit margin.

In assessing whether the contractual payment flows consist solely of repayment and interest, OeKB Group takes all contractual provisions of the instrument into account. This includes an assessment of whether the financial asset includes contractual provisions that could change the timing or amount of the agreed payment flows in such a manner that they no longer meet this requirement.

Reclassification

Financial assets are not reclassified after their initial recognition except during the period after OeKB Group changed its business model for the management of financial assets. No reclassifications took place during the current or previous year.

Classification of financial liabilities

Upon initial recognition, financial liabilities are generally classified as at amortised cost, except for financial guarantees and loan commitments.

A financial liability can be irrevocably designated as measured at fair value through profit or loss (FV option) upon initial recognition when this eliminates or significantly reduces an accounting mismatch. For the liabilities measured at fair value, IFRS 9 stipulates that the part of the measurement that pertains to the own credit risk must be recognised in other comprehensive income. Because all results from the fair value measurement of financial instruments that fall under the Export Financing Scheme are reconciled under "EFS interest rate stabilisation provision", this approach would lead to an accountting mismatch. For this reason, the exception allowed under IFRS 9.5.7.7 and IFRS 9.5.7.8 is used and the entire result from fair value measurement is still recognised through profit or loss on the income statement.

Derecognition of a financial asset

OeKB Group derecognises a financial asset when its contractual entitlement to the payment flows from the financial asset expires, or when it transfers the rights to receive the contractual payment flows into a transaction under which all risks and opportunities associated with the ownership of the financial asset are materially transferred.

When derecognising a financial asset, the difference between the net book value of the asset and the amount of received consideration (including a newly acquired asset less a new liability) plus any accumulated profit or loss, if such is recognised in OCI, is recognised on the income statement.

Any accumulated profit or loss that is recognised in OCI for equity instruments designated at FVOCI (investments in other unconsolidated companies) is not recognised on the income statement when such instruments are derecognised.

All rights and obligations arising from or retained for each share of transferred financial assets that qualifies for derecognition will be recognised as a separate asset or liability upon this transfer.

OeKB Group conducts transactions under which assets are transferred but all material risks and opportunities of the transferred assets remain with OeKB Group (such as repurchase transactions). In these cases, the transferred assets are not derecognised.

Derecognition of a financial liability

OeKB Group decrecognises a financial liability when its contractual obligations have been fulfilled or waived or have expired.

Modification of financial assets

When the contractual terms of a financial asset are changed, OeKB Group assesses whether the payment flows of the modified asset differ. If the difference is material, the original financial asset is derecognised and a new financial asset is recognised at fair value.

When the payment flows of the modified assets measured at amortised cost do not differ materially, the change does not lead to the derecognition of the financial asset. In this case, OeKB Group recalculates the gross book value of the financial asset and recognises the amount resulting from the change in the gross book value on the income statement as a modification profit or loss. If such a change is made due to financial difficulties of the borrower, the profit or loss is reported together with the impairment.

Modification of financial liabilities

OeKB Group derecognises a financial liability when its terms are changed and the payment flows of the modified liability are materially different. In this case, a new financial liability is recognised at fair value based on the changed terms. The difference between the net book value of the derecognised financial liability and the new financial liability with modified conditions is recognised on the income statement. The materiality of modifications is also evaluated for financial liabilities, and modifications that are deemed not to be material do not lead to the derecognition of the corresponding liability. Any modification gains or losses are recognised in the income statement.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the resulting net amount reported on the balance sheet when OeKB Group has an enforceable entitlement to offset the amounts and intends to fulfil them on a net basis or to simultaneously realise the asset and pay the debt.

Income and expenses are only reported on a net basis when this is permitted by IFRS or these gains and losses result from a group of similar transactions (such as the net credit risk provisions).

H3 – Measuring the fair value

The fair value (FV) is the price at which a financial asset can be sold or a financial liability can be transferred between market participants at arm’s length terms on the reporting date.

A number of accounting methods and disclosures require the determination of the fair values of financial assets and financial liabilities (debts). A valuation team consisting of members of the Accounting and Financial Control, Risk Controlling, and Treasury departments measures the fair values. The monitoring of the measurement of fair values is centralised. Significant valuation results are reported to the Audit Committee.

OeKB Group uses market data that can be observed on active markets when possible to determine the fair values of financial assets or financial liabilities. A market is considered to be active when transactions for the financial asset or financial liability occur with sufficient frequency and volume to continuously provide price information.

When there is no listed price on an active market, OeKB Group uses valuation methods that maximise the use of relevant observable inputs and minimise the use of non-observable inputs. The selected valuation technique takes into account all factors that market participants would consider in determining a price for a transaction.

When a financial asset or financial liability that is measured at fair value has a bid rate and ask rate, the financial asset is measured at the bid rate and the financial liability at the ask rate.

OeKB Group recognises reclassifications between levels in the fair value hierarchy at the end of the reporting period in which the change occurred. No reclassifications took place during the current year (as in the previous year).

H4 - Impairment

OeKB Group recognises impairment charges for the expected credit loss (ECL) for the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- outstanding guarantee commitments;
- loan commitments.

No impairment charges are recognised for the financial instruments classified as investments in other unconsolidated companies.

OeKB Group measures the impairment in the amount of the ECL calculated over the lifetime of the financial instruments, except for the following financial instruments for which a 12-month ECL is calculated:

- debt instruments that have a low level of credit risk at the reporting date;
- financial instruments for which the credit risk has not risen substantially since initial recognition.

OeKB Group considers a bond to have a low credit risk when its credit risk rating is equivalent to the generally recognised definition of investment grade.

The 12-month ECL is the portion of the ECL resulting from a default event of a financial instrument that is possible in the next 12 months after the reporting date. The lifetime ECL corresponds to the overall expectation of default.

Determining the ECL

The ECL is a probability-weighted estimation of the credit losses. It is calculated as follows:

- Financial assets that are not impaired on the reporting date: as the present value of all expected defaults (i.e. the difference between the contractually owed payment flows and the payment flows that OeKB Group expects to receive from the financial instruments);

- Financial assets that are impaired on the reporting date or that had a rating below investment grade upon initial recognition: as the difference between the net book value and the present value of the estimated future payment flows;

- Unused loan commitments/credit facilities: as the present value of the difference between the contractual payment flows owed to OeKB Group when the payout of the credit amount is demanded and the payment flows that OeKB Group expects from the financial instruments;

- Financial guarantees: the expected payments less the amounts that OeKB Group is expected to retain.

Restructured financial assets

When the terms of a financial asset are renegotiated or amended or when a financial asset is replaced with a new asset because of financial difficulties of the borrower, an evaluation is conducted to determine whether the financial asset is to be derecognised.

The ECL is then calculated as follows:

- If the expected restructuring does not lead to the derecognition of the existing asset, the expected payment flows from the modified financial asset are included in the calculation of the defaults from the existing asset.

- If the expected restructuring leads to the derecognition of the existing asset, the expected fair value of the new asset is used as the derecognition value of the existing financial asset at the time of its retirement. The nominal lost payments from the existing financial asset are included in the calculation of this amount and are discounted with the original effective interest rate on the reporting date starting at the expected time of derecognition.

Impaired financial assets

OeKB Group assesses every financial asset recognised at amortised cost on the reporting date to identify any impairment. A financial asset is considered to be impaired when one or more events have occurred that have a negative impact on the estimated future payment flows of the financial asset.

OeKB Group employs a rating assessment system and an internal borrower assessment process for the purposes of credit risk management. Counterparties are classified into 22 internal credit rating categories based on an internal rating and mapping system that draws both on external ratings from internationally recognised rating agencies (Standard & Poor's, Moody's) and on internal credit assessments. Credit ratings are monitored on an ongoing basis.

The majority of loans and advances to banks and customers is assigned to the EFS described in Note 1. No losses have been incurred in this business model since its inception.

The criteria that a financial asset is impaired consists of the following observable data:

- substantial financial difficulties of the borrower or issuer;
- a contractual violation such as a default or an event in the past;
- the restructuring of a loan by OeKB Group;
- it is likely that the borrower will file for bankruptcy or undergo some other form of financial reorganisation (i.e. restructruring measures);
- the loss of an active market for an item of collateral because of financial difficulties.

A loan that is renegotiated because of a worsening in borrower status is usually classified as credit-impaired unless there is evidence that the risk of receiving no contractual payment flows has diminished substantially and there are no further indications of impairment. The rating of a loan that is more than 30 days past due is also indication of impairment.

OeKB Group deviates from this practice when assessing whether an investment in government bonds is creditworthy and observes the following external factors:

- The rating assessment of the market is reflected in the bond yields.
- Rating assessments of the rating agencies.
- The ability of the country to access the capital markets for the issue of new debt instruments.
- The probability that debts will be restructured leads to voluntary or mandatory haircuts and thus losses for the creditors.
- The international support mechanisms that give this country the necessary assistance as the lender of last resort, and the intention of governments and agencies to make use of these mechanisms as stated in public declarations. This includes an assessment of the effect of these mechanisms and of whether the country has the ability and political intention to meet the required criteria.

Presentation of the impairment charges for expected credit losses on the balance sheet

- Financial assets measured at amortised cost: as a deduction from the gross book value of the assets;
- Loan commitments and open credit facilities, financial guarantees: generally as a provision;
- When a financial instrument contains a drawn and also an undrawn component and OeKB Group cannot calculate the ECL of the loan commitment component separately from the drawn component: reporting of a combined impairment charge for both components. The total amount is reported as a deduction from the gross book value of the drawn component. If the total of the impairment losses exceeds the gross book value of a financial instrument, the excess portion of the impairment losses is reported in the provisions.

Write-offs

Loans and bonds are (partially or fully) derecognised when there are no realistic prospects of recovery. This is generally the case when OeKB Group determines that the borrower has no assets or income sources that can generate sufficient payment flows to repay the outstanding amounts. Retired financial assets may still be subject to enforcement measures that can generate repayments to OeKB Group. Such repayments are recognised on the income statement on the date of receipt.

H5 – Designation at fair value on the income statement (FVTPL) – Fair value option

Financial assets

OeKB Group designated certain financial assets for recognition at FVTPL upon initial recognition because these financial assets are transactions underlying contracts with derivative financial instruments. For this reason, they are measured at fair value through profit or loss (FVTPL) in the income statement to avoid an accounting mismatch.

Financial liabilities

In those cases where financial liabilities are hedged against interest or currency risks at the time of acquisition, the financial liability is designated at fair value to avoid an accounting mismatch. The net profits or losses from the fair value measurement are recognised on the income statement in the same manner as the hedging instruments.

I. Cash and cash equivalents

This item consists of cash on hand in Euros and claims against central banks (deposits) that are payable on demand. This means unlimited availability without prior notice or availability with a period of notice of no more than one business day or 24 hours. The required minimum reserves are also reported in this item. The item is recognised at amortised cost.

J. Loans and advances to banks and customers

The balance sheet items “Loans and advances to banks” and “Loans and advances to customers” contain:

- Loans at amortised cost; these are reported at fair value plus incremental direct transaction costs upon initial recognition and are then measured at amortised cost applying the effective interest method over the term of the financial instrument;
- Loans and advances that must be measured at FVTPL or that are designated at FVTPL (to avoid an accounting mismatch), with changes being recognised immediately through profit or loss on the income statement.

The majority of the loans and advances to banks and a part of the loans and advances to customers that are assigned to the EFS and the development bank are subject to guarantees from the Republic of Austria pursuant to the AusFG (see also Note 1).

The majority of the loans and advances to customers relating to tourism financing and promotion are covered by guarantees from Austrian commercial banks. The remainder of these loans and advances to customers are secured by mortgages or by the Republic of Austria.

K. Other financial assets

The balance sheet item "Other financial assets" contains:

- Debt instruments measured at amortised cost; these are reported at fair value plus incremental direct transaction costs upon initial recognition and are then measured at amortised cost applying the effective interest method over the term of the financial instrument.

- Debt and equity instruments that must be measured at FVTPL or that are designated at FVTPL (to avoid an accounting mismatch), with changes being recognised immediately through profit or loss on the income statement.

- Equity instruments (investments in unconsolidated companies and investments in other unconsolidated companies) that are measured at FVOCI, with changes being recognised in other comprehensive income (no recycling through the income statement), and current income (dividend payments) are recognised in "Current income from investments in other unconsolidated companies" on the income statement.

L. Hedging instruments

General

Derivative financial instruments and the guarantees pursuant to § 1(2b) AFFG (see Note 1) are used to hedge market risks. These instruments primarily protect future cash flows against changes in interest rates and foreign exchange rates. The derivatives involved are mostly OTC interest rate swaps and OTC cross-currency interest rate swaps, which are employed as hedging instruments for loans and advances to banks, other financial assets, and debt securities issued.

Hedged financial assets and financial liabilities are measured at fair value through profit or loss to prevent an accounting mismatch. This means that the fluctuations in the value of the hedging instruments and the hedged financial assets and financial liabilities are recognised directly on the income statement (net gain or loss on financial instruments measured at fair value through profit or loss). No derivative financial instruments are held for trading purposes.

The hedge accounting provisions were not applied at OeKB Group in the financial year or in the previous year.

Derivative financial instruments

The fair value of derivative financial instruments is calculated using recognised methods. Derivatives are recognised at the trade date. Derivative financial instruments are recognised at their present values in a separate asset and liability item.

Credit exposures arising from fluctuations in value are secured with collateral. As required by the EMIR (Regulation [EU] No. 648/2012), the clearing of interest rate swaps has been shifted to a central counterparty (LCH – London Clearing House) since the fourth quarter of 2016.

Guarantees pursuant to § 1(2b) AFFG

Guarantees of the Republic of Austria pursuant to § 1(2b) AFFG (Federal Law Gazette No. 216/1981 as amended) that serve as hedges against exchange rate risks in the EFS (see also Note 1) are measured at fair value and are reported in a separate asset item because of their unique nature (based on the legal regulations).

M. Property, equipment, and intangible assets

Property and equipment

Property and equipment comprises land and buildings used by the Group and fixtures, fittings, and equipment. Property and buildings used by the Group are those which are used primarily for the Group's own business operations. Purchased software that is an integral part of the functionality of the associated system is capitalised as part of this system.

Property and equipment are recognised at cost less scheduled straight-line depreciation and accumulated impairment charges. A gain or loss from the retirement of property or equipment is recognised in the "Other operating income" on the income statement.

Subsequent expenses are only capitalised when it is likely that the future economic benefit of the expenses will flow to OeKB Group. Ongoing repairs and maintenance are recognised as expenses.

The equipment depreciation rates are calculated so that the cost of acquisition or production less the estimated residual value will be written off over the estimated useful life on a straight-line basis. Depreciation is not recognised on properties.

Depreciation methods, useful lives, and residual values are reviewed on every reporting date and adapted as necessary.

The estimated useful lives of the key equipment items for the current and comparison period are as follows:

- • Buildings 40 years
- • Fixtures, fittings, and equipment 3 to 10 years
- • IT hardware 3 to 5 years.

Intangible assets

Software and other intangible assets with a foreseeable useful life purchased by OeKB Group are recognised at cost less scheduled straight-line depreciation and accumulated impairment charges. Costs for internally produced software are not capitalised as the capitalisation requirements in IAS 38 are not met.

Subsequent expenditures for software are only capitalised when they increase the future economic benefits of the asset in question. All other expenditures are recognised as expenses.

Depreciation methods, useful lives, and residual values are reviewed on every reporting date and adapted as necessary.

Software is written off over the estimated useful life on a straight-line basis once its use begins. The estimated useful life of software for the current and comparison period is three to five years. The loan management system that was developed specifically for the purposes of ÖHT in 2019 is being measured on the basis of a useful life of 6 years.

N. Deposits from banks and customers

The items “Deposits from banks” and “Deposits from customers” include:

- liabilities from cash and deposit accounts,
- money market business,
- repurchase agreements,
- borrowing.

These financial liabilities are measured at amortised cost; they are reported at fair value plus incremental direct transaction costs upon initial recognition and are then measured at amortised cost applying the effective interest method over the term of the financial instrument.

OeKB Group engages in no traditional deposit-taking business and thus offers no savings accounts. This means that all accounts held by OeKB Group are related to the settlement of or holding of collateral for underlying transactions as described in Note 1.

O. Debt securities issued

Debt securities issued are generally measured at amortised cost; they are reported at fair value plus incremental direct transaction costs upon initial recognition and are then measured at amortised cost applying the effective interest method over the term of the financial instrument.

Debt securities issued are in most cases hedged against interest rate and currency risks upon origination. To avoid an accounting mismatch, these hedged debt securities issued are designated at FVTPL and the net profit or loss from measurement is recognised on the income statement in the same manner as the hedging instruments.

The majority of the debt securities issued at the reporting date feature guarantees pursuant to § 1(2a) and (2b) AFFG of the Republic of Austria (as in the previous year).

P. Provisions

Non-current employee benefit provisions

The provisions for pensions and similar obligations (termination benefits) represent post-employment benefits falling within the scope of IAS 19.

The obligations under defined-benefit plans are measured using the projected unit credit method. Under this method, dynamic parameters are taken into account in calculating the expected benefit payments after the payable event occurs; these payments are spread over the entire average remaining years of service of the beneficiary employees. The method differentiates between interest costs (which is the amount by which the obligation increases over a given year because benefits have moved closer to payment) and service cost (benefits newly accrued by employees in the year through their employment). The service cost and interest cost are recognised in staff costs and therefore in the operating profit. By contrast, actuarial gains and losses are recognised in other comprehensive income under items that will not be reclassified into the income statement.

The calculation of the defined-benefit obligation involves actuarial assumptions regarding discount rates, salary growth rates, and pension trends as well as employee turnover, which are determined in accordance with the economic conditions. The respective discount rates are selected based on the yields of high-quality corporate bonds of an appropriate maturity and currency. The present value of the defined-benefit obligation (DBO) is recognised at its value at the balance sheet date. There are no plan assets (i.e. assets held by a fund against which to offset the DBO).

The pension obligations relate to both defined-benefit and defined-contribution plans. Defined-benefit plans consist of obligations for current and future pensions.

For a small number of senior managers, the Group still maintains defined-benefit plans that are generally based on length of service and on salary level. These defined-benefit pension plans are funded entirely through provisions.

The provisions for termination benefits relate to statutory and contractual obligations to pay the employee a specified amount on termination if certain conditions are met.

The current version of the computation tables by AVÖ 2018-P for employees are used as the biometric basis for the calculations.

Principal assumptions are the rate of salary increases taking into the changes in the collective bargaining agreement and periodic and extraordinary increases into account as well as the retirement age according to the ASVG transitional provisions pursuant to the Budget Implementation Act 2003.

Principal assumptions

	2020	2019
Discount rate	**0.50%**	**1.02%**
Career trend (for termination benefits and pensions)	0.50%	1.00%
Collective bargaining agreement trend (for pensions)	2.00%	2.25%
Rate of salary increases	**2.50%**	**3.25%**
Retirement age		
Women	65 years	65 years
Men	65 years	65 years

OeKB Group offers most of its eligible employees the opportunity to participate in defined-contribution plans. OeKB Group is obligated to transfer a set percentage of the annual salaries to the pension institution (pension fund). Defined contribution plans do not involve any obligations beyond the payment of contributions to dedicated pension institutions. The contributions are recognised in staff costs for the period.

Other provisions

Other provisions are formed when:

- • OeKB Group has a legal or real obligation to a third party as a result of a past event,
- • the obligation is likely to lead to an outflow of resources, and
- • the amount of the obligation can be reliably estimated.

Provisions are formed in the amount representing the best estimate of the expenditure required to settle the obligation. If the present value of the obligation determined on the basis of a market interest rate differs materially from its nominal amount, the present value of the obligation is used.

Q. Earnings per share

The calculation of the undiluted earnings per share is based on the profit for the year attributable to the ordinary shareholders and a weighted average of the number of outstanding shares.

The calculation of the diluted earnings per share is based on the profit for the year attributable to the ordinary shareholders and a weighted average of the number of outstanding shares after correction for all potential dilution effects from potential ordinary shares.

Note 3 Determining fair value

A number of accounting methods and disclosures of OeKB Group require the determination of the fair values of financial assets and liabilities. A valuation team consisting of members of the Accounting & Financial Control, Risk Controlling, and Treasury departments measures the fair values. The monitoring of the measurement of fair values is centralised and is reported to the Executive Board.

OeKB Group maintains an established control framework for the determination of the fair values. Responsibility for measuring financial instruments at fair value is separate from the trading units. Specific controls cover:

- verification of the observable prices;
- validation and calibration of the valuation models;
- review and approval process for new models and changes to existing models.

The valuation team regularly reviews the significant non-observable input factors and the remeasurement gains and losses. Where information from third parties (such as quotations from brokers or from pricing services) is used to determine fair values, the valuation team reviews the inputs obtained from the third parties. This review includes

- whether the values obtained from a broker or price information service are generally recognised by OeKB Group;

- the understanding of the determination of the fair value; to what extent this represents actual market transactions and whether the fair value represents a listed price for an identical instrument on an active market;

- the understanding of how prices for similar instruments were used to measure the fair value and how these prices were adapted to account for the features of the instrument being measured;

- if a number of price quotes were received for the same financial instrument, that the fair value was determined on the basis of these quotes.

This supports the conclusion that such measurements meet the IFRS requirements, including the level in the fair value hierarchy to which these measurements are to be assigned.

Significant valuation results are reported to the Audit Committee.

OeKB Group uses available market data when possible to determine the fair values of assets and liabilities. Based on the input factors employed in the valuation techniques, the fair values are assigned to different levels in the fair value hierarchy:

- Level 1: Quoted prices (unadjusted) on active markets for identical assets and liabilites.
- Level 2: Valuation parameters other than quoted prices considered in Level 1 that can be observed for the asset or the liability directly (i.e. a price) or indirectly (i.e. a value derived from prices).
- Level 3: Valuation parameters for assets and liabilities that are not based on observable market data.

For items repayable on demand, the fair value equals the net book value; this applies expecially cash and cash equivalents.

The relevant market prices and interest rates observed at the balance sheet date and obtained from widely accepted external sources are used as far as possible as an initial parameter for determining the fair value of loans and advances to banks and customers, deposits from banks and customers as well as debt securities issued. The present value of the discounted contractual payment flows is calculated using this data. Financial instruments that are measured in this manner are assigned to Level 2 in the IFRS 13 fair value hierarchy.

- The majority of the loans of the EFS in the items “Loans and advances to banks” and “Loans and advances to customers” are subject to AusfFG guarantees from the Republic of Austria (see also Note 1). Because of the guarantees, the claims are subject to uniform conditions depending on the time at which they were concluded. These uniform interest rates, which are published on the OeKB web site, are derived from OeKB’s credit spreads. OeKB’s credit spreads are in turn dependent on the credit spreads of the Republic of Austria due to the creditor guarantee pursuant to § 1(2a) AFFG. In the valuation of these assets, the contractually agreed cash flows are therefore discounted using a yield curve that is observable on the market and adjusted by the credit spreads of the Republic of Austria.

- •The majority of the “Loans and advances to customers” that relate to tourism financing are subject to guarantees from Austrian banks or guarantees from the Republic of Austria pursuant to the AusfFG (see also Note 1). Mortgages are in place for a small portion of the loans with an especially low level of default risk.

  The guarantees received has a material effect on the credit rating of the borrowers, for which reason a yield curve that is based on the credit spreads of the guarantor and that can be observed on the market is used to discount the contractually agreed cash flows when measuring the fair value of these receivables. For measuring the fair value of loans with mortgage collateral, a yield curve that is based on the credit spreads of the Republic of Austria and that can be observed on the market is used to discount the contractually agreed cash flows. This approach is in line with the business practices for loan extension, which apply stringent requirements to the acceptance of mortgage collateral and which are reflected in low customer default risk. This extremely low credit risk is approximated by using the credit spreads of the Republic of Austria.

  A margin of 74 bp (2019: 72 bp) is added to the applied yield curves for these loans and is derived from the administrative expenses for tourism financing.

- A yield curve observable on the market is used to discount the contractually agreed cash flows when determining the fair values of payables to banks and customers and of debt securities issued that are related to the EFS. For this, the credit spreads observable for OeKB on the market at the valuation date are taken into account. A yield curve observable on the market is used to discount the contractually agreed cash flows when determining the fair values of payables to banks and customers that are related to tourism financing. For this, the credit spreads derived from ÖHT and observable on the market at the valuation date are taken into account.

Other financial assets that do not fall under the hold-to-collect business model and do not meet the SPPI criterion are recognised at the fair value determined on the basis of quoted market prices or, in the case of the special purpose fund units, on the basis of the net asset values calculated in accordance with the Investment Fund Act (InvFG). The special purpose fund was launched solely for OeKB (though the current fund rules permit other investors to purchase units with the permission of OeKB), and is managed by OeKB as the current sole investor on the basis of a look-through approach in accordance with the investment guidelines. The fund portfolio consists primarily of financial instruments whose fair values are based on quoted prices. For this reason, the calculated value of the special purpose fund corresponds to its fair value. These financial instruments are assigned to Level 1 in the IFRS 13 fair value hierarchy.

Investments were also made in a private equity fund that focuses on equity investments in African emerging countries. The fair value of this fund is determined according to the IPEV valuation standards and stems primarily from valuation methods based on market price, which are assigned to Level 3. The valuation is based largely on EBITDA and P/E multipliers derived from a group of listed and comparable companies. The measurement methods used take into account company-specific information and conditions, as well as any applicable discounts for impaired marketability and control. Thus, the fair value depends largely on input factors, multipliers, and corresponding income statement figures.

Derivative financial instruments held solely for hedging purposes are measured using a standard model. This model is based on the discounted cash flow method. Under this model, the fair value is determined by discounting the contractually agreed payment flows by the current swap curve including adjustment of the credit valuation (CVA and DVA). A credit valuation adjustment (CVA) is a price estimate of the default risk of the counterparty in a financial transaction. A debt valuation adjustment (DVA) estimates the risk of an entity’s own default.

In determining the CVA/DVA, OeKB Group uses the Basel method for regulatory capital from credit losses, which is based on the path-dependent multiplication of the following variables and their subsequent aggregation:

- Exposure at default: Fair values at specific future points in time; calculated using a Monte Carlo simulation.

- Probability of default: Default probabilities at these points in time are calculated from the counterparty's CDS spreads or the company's own CDS spreads.

- Loss given default: Estimate of the expected recovery in the case of counterparty default or own default.

The CVA value adjustment at the reporting date was € 0.3 million (2019: € 0.4 million), the DVA value adjustment was € 0.1 million (2019: € 0.2 million).

The fair value of the guarantees pursuant to § 1(2b) AFFG (see also Note 1) is based on all future interest and principal cash flows of the debt securities issued with rate guarantees (ultimate obligations = after derivative financial instruments), which are issued in the currency of the financing and translated into Euros at the rate guaranteed by the AFFG (taking the AFFG rate guarantee into account) as well as at the forward FX rate (without taking the AFFG rate guarantee into account). The difference between the euro amounts taking the AFFG rate guarantee into account and the euro amounts without taking the AFFG guarantee into account is calculated on a daily basis for each ultimate obligation and represents the potential rate difference that is covered by the guarantee of the Republic of Austria (future decisions for). the application of existing exchange rates to new liabilities are handled as new agreements). The fair value of the guarantee is calculated by discounting the previously calculated time series of the potential rate differences taking the refinancing spreads of the Republic of Austria into account for negative rate differences and the refinancing curve of OeKB for positive rate differences and is recognised in the item "Guarantees pursuant to § 1(2b) AFFG". The CVA value adjustment for the guarantees pursuant to § 1(2b) AFFG was € 0.1 million (2019: € 0.1 million) and the DVA value adjustment € 24.6 million as of the reporting date (2019: € 29.2 million).

Financial instruments falling neither under Level 1 nor Level 2 must be assigned to a separate category (Level 3) within which the fair value is determined using special quantitative and qualitative information. OeKB Group recognises its investments in other unconsolidated companies at their fair values. The fair value of Wiener Börse AG (former CEESEG AG) was determined using the discounted cash flow method. The parameters used to determine the fair value and the sensitivity can be found in Note 16.

The following table shows the financial instruments that are measured at fair value as at the reporting date broken down by fair value hierarchy level and the fair values of the financial instruments that are not measured at fair value. The amounts are based on the figures reported on the balance sheet.

Fair value hierarchy 2020

€ thousand	Notes	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Loans and advances to banks	15	2,185,622	2,185,622	-	2,185,622	-
Bonds and other fixed-income securities		2,097,526	2,097,526	2,097,526	-	-
Equity shares and other variable income securities		531,240	531,240	529,082	-	2,159
Investments in other unconsolidated companies		35,512	35,512	-	-	35,512
Other financial assets	16	2,664,279	2,664,279	2,626,608	-	37,671
Derivative financial instruments	17	831,544	831,544	-	831,544	-
Guarantees pursuant to § 1(2b) AFFG	17	4,794,818	4,794,818	-	4,794,818	-
Financial assets not measured at fair value						
Cash and cash equivalents	14, 27	1,605,579	1,605,579	-	1,605,579	-
Loans and advances to banks	15	21,402,729	23,115,211	-	23,115,211	-
Loans and advances to customers	15	1,579,313	1,695,403	-	1,695,403	-
Other financial assets	16	292,795	303,114	303,114	-	-
Financial liabilities measured at fair value						
Debt securities issued	21	22,770,554	22,770,554	-	22,770,554	-
Derivative financial instruments	17	1,675,711	1,675,711	-	1,675,711	-
Financial liabilities not measured at fair value						
Deposits from banks	20	1,355,142	1,362,231	-	1,362,231	-
Deposits from customers	20	770,733	770,990	-	770,990	-
Debt securities issued	21	6,664,875	7,161,332	-	7,161,332	-

Fair value hierarchy 2019

€ thousand	Notes	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Loans and advances to banks	15	1,399,128	1,399,128	–	1,399,128	–
Bonds and other fixed-income securities		2,062,878	2,062,878	2,062,878	–	–
Equity shares and other variable income securities		519,337	519,337	517,656	–	1,681
Investments in other unconsolidated companies		35,222	35,222	–	–	35,222
Other financial assets	16	2,617,437	2,617,437	2,580,534	–	36,903
Derivative financial instruments	17	684,120	684,120	–	684,120	–
Guarantees pursuant to § 1(2b) AFFG	17	4,930,431	4,930,431	–	4,930,431	–
Financial assets not measured at fair value						
Cash and cash equivalents	14, 27	809,838	809,838	–	809,838	–
Loans and advances to banks	15	20,849,643	21,167,331	–	21,167,331	–
Loans and advances to customers	15	1,544,519	1,629,337	–	1,629,337	–
Other financial assets	16	349,552	357,631	357,631	–	–
Financial liabilities measured at fair value						
Debt securities issued	21	21,086,003	21,086,003	–	21,086,003	–
Derivative financial instruments	17	545,116	545,116	–	545,116	–
Financial liabilities not measured at fair value						
Deposits from banks	20	1,706,105	1,718,908	–	1,718,908	–
Deposits from customers	20	748,829	749,034	–	749,034	–
Debt securities issued	21	6,836,410	7,399,266	–	7,399,266	–

OeKB Group recognises reclassifications between levels in the fair value hierarchy at the end of the reporting period in which the change occurred. No reclassifications took place during the business year.

Note 4 Segment information

The activities of OeKB Group are presented by business segment in the following. The delineation of these four segments – Export Services, Capital Market Services, Tourism Services, and Other Services – is based on the business model, the internal control structure, and the additional internal financial reporting to the Executive Board as the chief operating decision-making body. The definition of these segments is regularly reviewed to allocate resources to the segments and judge their performance. Key figures are profit for the year (in all segments), net interest income in Export Services and Tourism Services, and net fee and commission income in Capital Market Services.

The Export Services segment covers the Export Financing Scheme of OeKB, the business activities of Oesterreichische Entwicklungsbank AG, and the administration of guarantees of the Republic of Austria by OeKB as authorised agent pursuant to the Export Guarantees Act. Due to the legal basis for the EFS, the regional focus of OeKB Group's business activities lies in Austria. If foreign banks fulfil the EFS criteria, they are eligible to participate in the EFS. To be eligible for financing, the goods deliveries or services in question must result in a direct or indirect improvement to Austria's current account. For a regional breakdown, see Note 36.

The Capital Market Services segment covers all services of Oesterreichische Kontrollbank Aktiengesellschaft for the capital market (securities data, point of contact for the fund capital gains tax reporting service, notification office pursuant to the KMG, office for the issue of government bonds) and clearing services for the energy market as well as the operations of the interests in OeKB CSD GmbH and CCP.A. The current income from the investments in other unconsolidated companies is assigned to the segment when the activities of the companies in question also fall under this segment.

The Tourism Services segment contains the business activities (promotion and financing for the tourism and leisure industry) of Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H. These business activities are limited to Austrian companies.

The Other Services segment consists of the proprietary trading portfolio, the income from rental, and the income from the investments in other unconsolidated companies that cannot be assigned to a different segment. The segment also contains the private credit insurance activities of OeKB Group and the administration of the COFAG COVID-19 bridging guarantees by OeKB (see also Note 1).

In 2020, In the Export Services segment was no important customer of OeKB Group in 2020 (2019: a key customer was identified that accounted for more 10% of the interest income in the amount of € 37.7 million).

Segment performance

Amounts charged for intersegmental services represent services rendered, which are provided at cost. No reconciliation of the amounts for the reportable segments to the amounts recorded in the consolidated balance sheet and consolidated statement of comprehensive income is necessary because the consolidation items are assigned directly to the segments.

Results by business segment in 2020

€ thousand	Export Services	Capital Market Services	Tourism Services	Other Services	Total
Interest income	325,536	(153)	21,304	3,379	350,066
Interest expenses	(231,678)	(141)	(9,506)	(317)	(241,642)
Net interest income	**93,858**	**(294)**	**11,798**	**3,062**	**108,424**
Fee and commission income	20,141	33,434	8,566	699	62,839
Fee and commission expenses	(15,946)	(1,496)	(1,232)	(136)	(18,810)
Net fee and commission income	**4,195**	**31,938**	**7,334**	**563**	**44,029**
Net credit risk provisions	(23)	-	(2,803)	151	(2,675)
Net gain or loss on financial instruments measured at fair value through profit or loss	990	(1)	-	(9,418)	(8,428)
Net gain or loss on the derecognition of financial instruments not measured at fair value through profit or loss	(8)	-	(11)	(58)	(77)
Current income from investments in other unconsolidated companies	-	1,959	-	200	2,159
Share of profit or loss of equity-accounted investments, net of tax	-	201	-	4,103	4,304
Administrative expenses	(50,949)	(25,629)	(6,839)	(6,017)	(89,434)
Other operating income	(1,622)	498	559	4,978	4,413
Profit before tax	**46,441**	**8,672**	**10,038**	**(2,436)**	**62,715**
Income tax	(11,989)	(1,670)	(2,366)	1,039	(14,986)
Profit of the reportable segments	**34,452**	**7,002**	**7,672**	**(1,396)**	**47,729**
Attributable to owners of the parent	*34,452*	*7,002*	*5,478*	*(1,396)*	*45,536*
Attributable to non-controlling interests	*-*	*-*	*2,194*	*-*	*2,194*
Segment assets	33,728,200	36,456	1,114,688	636,289	35,515,633
Segment liabilities	33,426,999	4,637	799,205	464,200	34,695,041

The profit of the **reportable segments** is identical to the profit reported on the income statement.

Results by business segment in 2019

€ thousand	Export Services	Capital Market Services	Tourism Services	Other Services	Total
Interest income	350,420	(125)	13,367	3,038	366,700
Interest expenses	(263,349)	(81)	(7,477)	(759)	(271,665)
Net interest income	**87,070**	**(207)**	**5,890**	**2,279**	**95,035**
Fee and commission income	19,284	33,601	3,224	760	56,869
Fee and commission expenses	(14,672)	(1,538)	(1,302)	(122)	(17,634)
Net fee and commission income	**4,612**	**32,063**	**1,922**	**638**	**39,235**
Net credit risk provisions	(243)	-	(700)	(11)	(954)
Net gain or loss on financial instruments measured at fair value through profit or loss	(395)	0	40	9,887	9,533
Net gain or loss on the derecognition of financial instruments not measured at fair value through profit or loss	(10)	-	-	328	318
Current income from investments in other unconsolidated companies	-	1,701	-	200	1,901
Share of profit or loss of equity-accounted investments, net of tax	-	54	-	4,936	4,990
Administrative expenses	(53,467)	(26,298)	(4,886)	(4,335)	(88,986)
Other operating income	(943)	399	1,046	5,283	5,785
Profit before tax	**36,625**	**7,714**	**3,312**	**19,206**	**66,857**
Income tax	(9,588)	(1,586)	(632)	(3,605)	(15,412)
Profit of the reportable segments	**27,037**	**6,128**	**2,680**	**15,600**	**51,446**
Attributable to owners of the parent	*27,037*	*6,128*	*1,747*	*15,600*	*50,512*
Attributable to non-controlling interests	-	-	*933*	-	*933*
Segment assets	31,600,184	31,377	1,032,887	687,874	33,352,322
Segment liabilities	31,206,162	4,349	918,488	415,780	32,544,779

The profit of the **reportable segments** is identical to the profit reported on the income statement. The 2019 comparison figures for the Tourism Services segment only contain nine months due to the acquisition effective 1 April 2019.

Notes on the consolidated statement of comprehensive income of OeKB Group

Note 5 Consolidated statement of comprehensive income

Income and expenses are essentially recognised as they accrue.

Gains and losses are influenced by fair value changes recognised through profit or loss, by impairment losses, reversal of impairment through profit or loss, exchange rate fluctuation, and derecognition.

Note 6 Net interest income

€ thousand	Amortised cost 2020	Fair value option 2020	FVTPL 2020	Total 2020	Amortised cost 2019	Fair value option 2019	FVTPL 2019	Total 2019
Money market instruments	7,305	5,399	-	12,704	10,821	-	-	10,821
Credit operations	123,526	9,807	-	133,333	146,634	18,547	-	165,181
Securities	2,497	-	7,335	9,832	2,209	-	9,554	11,763
Debt securities issued	11,506	107,209	-	118,715	6,185	104,160	-	110,345
Allocation to or use of the EFS interest rate stabilisation provision relating to charged interest	79,864	(4,153)	(229)	75,482	70,897	(1,328)	(979)	68,590
Interest income	**224,698**	**118,262**	**7,106**	**350,066**	**236,746**	**121,379**	**8,575**	**366,700**
Money market instruments	(11,427)	(1,607)	-	(13,034)	(5,764)	-	-	(5,764)
Credit operations	(27,902)	(3,684)	-	(31,586)	(23,161)	(3,009)	-	(26,170)
Securities	-	(6,116)	-	(6,116)	-	(4,703)	-	(4,703)
Debt securities issued	(60,948)	(32,895)	-	(93,843)	(94,520)	(45,904)	-	(140,423)
Guarantee fees relating to debt securities issued for guarantees pursuant to § 1(2) AFFG (see Note 1)	(23,103)	(73,960)	-	(97,063)	(26,842)	(67,763)	-	(94,605)
Interest expenses	**(123,380)**	**(118,262)**	**-**	**(241,642)**	**(150,286)**	**(121,379)**	**-**	**(271,665)**
Net interest income	**101,318**	**-**	**7,106**	**108,424**	**86,459**	**-**	**8,575**	**95,035**

The interest income included income of € 2.1 million (2019: zero) stemming from the special Kontrollbank refinancing facility launched in response to the COVID-19 crisis.

The interest income from credit operations recognised at amortised cost included modification effects from contractual amendments made for reasons other than creditworthiness in the amount of € 1.9 million (2019: zero).

Note 7 Net fee and commission income

€ thousand	2020	2019
Income from credit operations	5,078	4,646
Expenses from credit operations	(16,033)	(15,232)
Credit operations	**(10,955)**	**(10,586)**
Income from securities services	30,378	30,858
Expenses from securities services	(1,910)	(1,810)
Securities services	**28,468**	**29,048**
Income from export guarantees	22,015	16,073
Expenses from export guarantees	(769)	(478)
Export guarantees	**21,246**	**15,595**
Income from energy clearing	2,603	2,489
Expenses from energy clearing	-	-
Energy clearing	**2,603**	**2,489**
Income from other services	2,765	2,802
Expenses from other services	(98)	(114)
Other services	**2,667**	**2,688**
Net fee and commission income	**44,029**	**39,235**
Of which income	*62,839*	*56,869*
Of which expenses	*(18,810)*	*(17,634)*

The fee and commission income from credit operations resulted primarily from the activities of the development bank, the servicing of the development aid loans of the Republic of Austria, and the servicing of the ERP loans through ÖHT. Fee and commission expenses from credit operations resulted primarily from the guarantee fees paid to the Republic of Austria pursuant to the AusfFG in connection with the operations of the development bank and the financing of tourism. The Republic of Austria assumed the default risk for these transactions under these guarantees. The income and expenses stemmed entirely from financial instruments that are measured at amortised cost.

The net fee and commission income from securities services resulted from the services rendered by OeKB Group for the Austrian capital market. These services pertained primarily to securities account management and the acquisition of securities transactions as well as the servicing of government bond auctions, the management of the technical infrastructure for legally required reporting relating to securities, the assignment of ISIN codes for Austrian securities, and the securities data service for master and maturity data.

The guarantee activities represent primarily services of the export guarantees activities provided by OeKB on behalf of the Republic of Austria (see also Note 1). The processing fees charged by OeKB are based on the guarantee fees collected for the Republic of Austria. The processing fee is recognised on an accrual basis. The guarantee business of OeKB Group also includes services related to the administration of federal government guarantees in connection with tourism financing arrangements.

At the onset of the COVID-19 crisis, the responsible ministries engaged OeKB Group to conduct measures to combat the crisis (see also Note 1). Fee and commission income of € 0.4 million (2019: zero) was recognised for these services and relates to the processing of the guarantees for the special Kontrollbank refinancing facility. Fee and commission income of € 0.2 million (2019: zero) was generated through the processing of the COFAG bridging guarantees. The fee and commission income for the ÖHT services relating to processing COVID-19 assistance for tourism operations, restaurants, and leisure companies came to € 4.1 million (2019: zero).

OeKB offers energy clearing services in connection with credit rating services, financial clearing, and risk management as a central and independent provider.

The net fee and commission income from the other services operations were primarily the result of collected account management fees and the remuneration for the fiduciary services relating to the development aid measures of the Republic of Austria (see also Note 33).

Note 8 Net gain or loss on financial instruments measured at fair value through profit or loss

Net gain or loss from the fair value measurement of financial instruments in 2020

	Financial instruments assigned to the EFS				Financial instruments not assigned to the EFS		
€ thousand	Fair value option	FVTPL	Hedging transactions	Total	FVTPL	Total	Total 2020
Change in the fair value of the							
Loans and advances to banks	55,708	-	-	55,708	-	-	55,708
Other financial assets	7,755	-	-	7,755	(8,462)	(8,462)	(707)
Derivative financial instruments	-	-	(964,796)	(964,796)	-	-	(964,796)
Guarantees pursuant to § 1(2b) AFFG	-	-	1,094,297	1,094,297	-	-	1,094,297
Debt securities issued	(288,362)	-	-	(288,362)	-	-	(288,362)
Change in the fair value	**(224,899)**	**-**	**129,501**	**(95,398)**	**(8,462)**	**(8,462)**	**(103,860)**
Transfer of the net gain or loss on financial instruments assigned to EFS to the EFS interest rate stabilisation provision	224,899	-	(129,501)	95,398	-	-	95,398
Net gain or loss from fair value measurement	**-**	**-**	**-**	**-**	**(8,462)**	**(8,462)**	**(8,462)**
Net gain or loss from foreign exchange differences	-	-	-	-	-	34	34
Net gain or loss from fair value measurement	-	-	-	-	-	(8,462)	(8,462)
Net gain or loss on financial instruments	**-**	**-**	**-**	**-**	**-**	**(8,428)**	**(8,428)**

The share of the changes in the fair value of loans and advances to banks that stems from changes in the credit spreads came to minus € 3.3 million in the period (2019: minus € 4.5 million) and to minus € 14.9 million in total (2019: minus € 11.5 million). There was no default risk for these claims because of the extensive guarantees provided by the Republic of Austria (see Note 1).

The share of the changes in the fair value of debt securities issued that stems from changes in the credit spreads came to minus € 30.5 million in the period (2019: minus € 16.8 million) and to minus € 71.8 million in total (2019: minus € 41.4 million).

Net gain or loss from foreign exchange differences on financial instruments in 2020

€ thousand	Financial instruments assigned to the EFS	Financial instruments not assigned to the EFS	Total 2020
Gains from foreign exchange differences	1,658,994	190,126	1,849,120
Losses from foreign exchange differences	(428,807)	(190,092)	(618,899)
Subtotal	**1,230,187**	**34**	**1,230,221**
Foreign exchange differences on guarantees pursuant to § 1(2b) AFFG	(1,229,910)	-	(1,229,910)
Transfer of the net gain or loss on financial instruments assigned to EFS to the EFS interest rate stabilisation provision	(277)	-	(277)
Net gain or loss from foreign exchange differences	**-**	**34**	**34**

The result from foreign exchange differences stems predominantly from changes in the USD exchange rate and to a lesser degree from changes in the CHF exchange rate. Because the exchange rates are hedged with guarantees pursuant to § 1(2b) AFFG, they were largely offset through the foreign exchange differences.

Net gain or loss from the fair value measurement of financial instruments in 2019

	Financial instruments assigned to the EFS				Financial instruments not assigned to the EFS		
€ thousand	Fair value option	FVTPL	Hedging transactions	Total	FVTPL	Total	Total 2019
Change in the fair value of the							
Loans and advances to banks	28,728	-	-	28,728	-	-	28,728
Other financial assets	(1,760)	-	-	(1,760)	9,464	9,464	7,704
Derivative financial instruments	-	-	(44,423)	(44,423)	-	-	(44,423)
Guarantees pursuant to § 1(2b) AFFG	-	-	237,753	237,753	-	-	237,753
Debt securities issued	(284,131)	-	-	(284,131)	-	-	(284,131)
Change in the fair value	**(257,163)**	**-**	**193,330**	**(63,833)**	**9,464**	**9,464**	**(54,369)**
Transfer of the net gain or loss on financial instruments assigned to EFS to the EFS interest rate stabilisation provision	257,163	-	(193,330)	63,833	-	-	63,833
Net gain or loss from fair value measurement	**-**	**-**	**-**	**-**	**9,464**	**9,464**	**9,464**
Net gain or loss from foreign exchange differences	-	-	-	-	-	69	69
Net gain or loss from fair value measurement	-	-	-	-	-	9,464	9,464
Net gain or loss on financial instruments	**-**	**-**	**-**	**-**	**-**	**9,533**	**9,533**

Net gain or loss from foreign exchange differences on financial instruments in 2019

€ thousand	Financial instruments assigned to the EFS	Financial instruments not assigned to the EFS	Total 2019
Gains from foreign exchange differences	188,673	149,738	338,411
Losses from foreign exchange differences	(359,439)	(149,669)	(509,108)
Subtotal	**(170,766)**	**69**	**(170,697)**
Foreign exchange differences on guarantees pursuant to § 1(2b) AFFG	171,340	-	171,340
Transfer of the net gain or loss on financial instruments assigned to EFS to the EFS interest rate stabilisation provision	(574)	-	(574)
Net gain or loss from foreign exchange differences	**-**	**69**	**69**

Note 9 Net gain or loss on the derecognition of financial instruments not measured at fair value through profit or loss

The loss on the derecognition of financial instruments of € 0.1 million (2019: gain of € 0.3 million) relates to writedowns on receivables from services.

Note 10 Administrative expenses

€ thousand	2020	2019
Salaries	(44,576)	(41,383)
Social security costs	(10,372)	(9,830)
Pension and other employee benefit costs	(5,735)	(8,182)
Staff costs	**(60,683)**	**(59,395)**
Other administrative expenses	(23,655)	(23,331)
Depreciation and amortisation of property, equipment, and intangible assets	(5,096)	(6,261)
Administrative expenses	**(89,434)**	**(88,986)**

The increase in wages resulted from a higher staff level required to render the services for COVID-19 assistance measures and the fact that the acquisition of ÖHT in the prior year is only reflected in the expenses of OeKB Group for nine months of that year.

The increase in other administrative expenses resulted from higher project expenses relating to digitalisation projects (document, customer, and data management).

The decline in depreciation and amortisation of property, equipment, and intangible assets was caused by a substantially lower level of write-downs on property and buildings.

Expenses for the auditor and affiliated companies

€ thousand	2020	2019
Audit of the consolidated and annual financial statements	(422)	(384)
Audit-related activities	(282)	(254)
Expenses for the auditor	**(704)**	**(638)**
Tax consulting	(74)	(55)
Other consulting	(156)	(117)
Expenses for companies affiliated with the auditor	**(230)**	**(172)**

The expenses for audit-related activities pertained to the issuance activities of OeKB. The increase in other consulting expenses resulted primarily from enforcement consulting.

Note 11 Other operating income

The item „Other operating income“ related largely to service fees received by OeKB for providing outsourced services (such as accounting and financial control, information technology, human resources, and other services) and income from the rental of business space. Other operating income was also generated through the administration of funding programmes in the tourism field by ÖHT. The other operating expenses related mainly to the bank stability tax paid to the Republic of Austria. The negative goodwill incurred in the acquisition of ÖHT was reported in this item in the previous year.

Note 12 Income taxes

Income taxes are recognised and calculated in accordance with IAS 12. Current income tax assets and liabilities are determined on the basis of the local tax rates. Deferred taxes are calculated using the liability concept. Under this approach, the book values of the assets and liabilities in the IFRS balance sheet are compared with the respective values that are relevant for the taxation of the respective group company. Differences in these values lead to temporary differences that are recognised as deferred tax assets or liabilities (see also Note 23).

Tax recognised in profit or loss

€ thousand	2020	2019
Current year	(9,954)	(11,829)
Adjustment for previous years	(91)	12
Total current tax expenses	**(10,045)**	**(11,817)**
Change in recognised deductible temporary differences	(4,761)	(3,417)
Net deferred taxes/tax income	**(4,761)**	**(3,417)**
Income tax	**(14,806)**	**(15,234)**
Other taxes	(180)	(178)
Total	**(14,986)**	**(15,412)**

Tax recognised in other comprehensive income

€ thousand	2020	2019
Actuarial gains/losses on defined benefit plans	541	4,207
Net gain or loss from the fair value measurement of investments in other unconsolidated companies (FVOCI)	(76)	(62)
Total	**465**	**4,145**

Change in deferred taxes

€ thousand	2020	2019
Assumed in the course of a business combination	-	630
Change in deferred taxes on the income statement	(4,761)	(3,417)
Change in deferred taxes in other comprehensive income	465	4,145
Total	**(4,296)**	**1,358**

The actual taxes are calculated on the tax base for the financial year at the local tax rates applicable to the respective group company.

The taxation at the standard local rates is reconciled with the reported actual income taxes in the table. OeKB Group believes that its provisions for taxes are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and previous experience.

Effective tax rate reconciliation

€ thousand		2020		2019
Profit before tax	**62,715**	**100.0%**	**66,857**	**100.0%**
Tax expenses at the domestic tax rate of the company	(15,679)	(25.0) %	(16,714)	(25.0) %
Non-deductible expenses	(489)	(0.8) %	(433)	(0.6) %
Tax-exempt income	1,577	2.5%	1,695	2.5%
Change in recognised deductible temporary differences	-	-	291	0.4%
Ineligible input taxes	(123)	(0.2) %	(85)	(0.1) %
Income tax payments for previous years	(91)	(0.1) %	12	0.0%
Total	**(14,805)**	**(23.6) %**	**(15,234)**	**(22.8) %**

Notes on the consolidated balance sheet of OeKB Group

Note 13 Financial instruments

Classification of financial assets and financial liabilities

The following tables show a breakdown of the financial assets and financial liabilities by category according to IFRS 9. The methods and results of the ECL calculation are explained in Note 36.

Financial instruments by IFRS 9 category as at 31 December 2020

€ thousand	Notes	At amortised cost	FVOCI (designated)	FVTPL (mandatory)	FVTPL (designated)	Total
Assets						
Cash and cash equivalents	14	1,605,579	-	-	-	1,605,579
Loans and advances to banks	15	21,402,729	-	-	2,185,622	23,588,352
Loans and advances to customers	15	1,579,313	-	-	-	1,579,313
Other financial assets	16	292,795	35,512	531,240	2,097,526	2,957,074
Derivative financial instruments	17	-	-	831,544	-	831,544
Guarantees pursuant to § 1(2b) AFFG	17	-	-	4,794,818	-	4,794,818
Total		**24,880,416**	**35,512**	**6,157,603**	**4,283,149**	**35,356,680**
Liabilities						
Deposits from banks	20	1,355,142	-	-	-	1,355,142
Deposits from customers	20	770,733	-	-	-	770,733
Debt securities issued	21	6,664,875	-	-	22,770,554	29,435,429
Derivative financial instruments	17	-	-	1,675,711	-	1,675,711
Total		**8,790,750**	**-**	**1,675,711**	**22,770,554**	**33,237,015**

Financial instruments by IFRS 9 category as at 31 December 2019

€ thousand	Notes	At amortised cost	FVOCI (designated)	FVTPL (mandatory)	FVTPL (designated)	Total
Assets						
Cash and cash equivalents	14	809,838	-	-	-	809,838
Loans and advances to banks	15	20,849,643	-	-	1,399,128	22,248,771
Loans and advances to customers	15	1,544,519	-	-	-	1,544,519
Other financial assets	16	349,552	35,222	519,337	2,062,878	2,966,988
Derivative financial instruments	17	-	-	684,120	-	684,120
Guarantees pursuant to § 1(2b) AFFG	17	-	-	4,930,431	-	4,930,431
Total		**23,553,552**	**35,222**	**6,133,888**	**3,462,006**	**33,184,667**
Liabilities						
Deposits from banks	20	1,706,105	-	-	-	1,706,105
Deposits from customers	20	748,829	-	-	-	748,829
Debt securities issued	21	6,836,410	-	-	21,086,003	27,922,413
Derivative financial instruments	17	-	-	545,116	-	545,116
Total		**9,291,344**	**-**	**545,116**	**21,086,003**	**30,922,463**

Note 14 Cash and cash equivalents

The recognition and measurement principles are shown in Note 2.

€ thousand	31 Dec 2020	31 Dec 2019
Balances at central banks	1,605,576	809,835
Cash	3	3
Cash and cash equivalents	**1,605,579**	**809,838**

The minimum reserves amounted to € 62.4 million as at 31 December 2020 (31 Dec 2019: € 38.1 million) and were included in the balances at central banks.

The cash and cash equivalents were increased substantially at the onset of the COVID-19 crisis. This serves to ensure sufficient liquidity for OeKB Group during this crisis.

Note 15 Loans and advances to banks and customers

The recognition and measurement principles are shown in Note 2. The classification according to IFRS 9 is indicated in Note 13. The breakdown by rating category is presented in Note 36.

Loans and advances to banks

	Repayable on demand		Other maturities		Total	
€ thousand	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Domestic banks	21,793	18,101	20,172,150	19,110,807	20,193,943	19,128,908
Foreign banks	1,333,713	296,734	2,060,696	2,823,129	3,394,409	3,119,863
Loans and advances to banks	**1,355,506**	**314,834**	**22,232,846**	**21,933,937**	**23,588,352**	**22,248,771**

At the reporting date, € 1.3 billion (2019: zero) had been tapped under the special Kontrollbank refinancing facility launched as part of the efforts to combat the COVID-19 crisis (see also Note 1). The average utilisation of the volume in the financial year was € 1.1 billion (2019: zero).

Loans and advances to customers

	Domestic customers		Foreign customers		Total	
€ thousand	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
States or government-affiliated organisations	1,060	2,245	117,414	153,381	118,474	155,626
Others	1,090,409	1,022,850	370,430	366,044	1,460,839	1,388,893
Loans and advances to customers	**1,091,469**	**1,025,095**	**487,844**	**519,424**	**1,579,313**	**1,544,519**

Note 16 Other financial assets

The recognition and measurement principles are shown in Note 2. The classification according to IFRS 9 is indicated in Note 13.

Other financial assets

€ thousand	31 Dec 2020	31 Dec 2019
Treasury bills and similar securities	1,617,564	1,507,608
Fixed-income securities from public-sector issuers	1,514	1,513
Bonds	771,244	903,309
Bonds and other fixed-income securities	**2,390,322**	**2,412,429**
Of which listed bonds	*2,390,322*	*2,412,429*
Investment certificates	531,240	519,337
Equity shares and other variable income securities	**531,240**	**519,337**
Of which listed equity shares and other variable income securities	*126*	*144*
Investments in unconsolidated subsidiaries	5,571	5,628
Investments in other unconsolidated companies	29,941	29,594
Subtotal	**35,512**	**35,222**
Total	**2,957,074**	**2,966,988**

Of the bonds and other fixed-income securities, € 196.5 million will come due in the following year (2019 for 2020: € 304.4 million).

The other financial assets (investment certificates) included units in a private equity fund in the amount of € 2.2 million (2019: € 1.7 million). As the fair value is particularly dependent on unobservable parameters, a change in these parameters may lead to different valuation results. Parameters that reflect the actual market conditions at the reporting date were used for the recognition. Changes in the applied EBITDA and P/E multipliers were primarily assessed to determine possible effects. A decrease (increase) in these market multipliers would cause lower (higher) fair values. This private equity fund is secured by a guarantee from the Republic of Austria, which means that potential losses of value are covered.

The investments in other unconsolidated companies included Wiener Börse AG (WBAG; former CEESEG AG) at € 27.2 million (2019: € 26.7 million). Wiener Börse AG, Vienna, (the Vienna Stock Exchange) helds 99.54% on Burza cenných papírů Praha, a.s., Prague (the Prague Stock Exchange). The recognised value of Wiener Börse is based on a valuation conducted on 31 December 2020 using the discounted cash flow method. The most important assumptions in the valuation were:

	2020		2019	
	Vienna Stock Exchange	Prague Stock Exchange	Vienna Stock Exchange	Prague Stock Exchange
Free cash flows	4 years	4 years	4 years	4 years
WACC	8.23%	8.55%	7.43%	9.03%

Sensitivity analyses

€ thousand	2020 Vienna Stock Exchange	2020 Prague Stock Exchange	2019 Vienna Stock Exchange	2019 Prague Stock Exchange
Change in WACC (WACC increases)	1.00%	1.00%	1.00%	1.00%
Change in the total value (fair value) of WBAG		(40,200)		(39,100)
Effect on the fair value of OeKB Group in WBAG		(2,655)		(2,581)

Details about the individual interests in investments other than subsidiaries can be found in Note 37.

Note 17 Hedging instruments

The recognition and measurement principles are shown in Note 2. The classification according to IFRS 9 is indicated in Note 13.

Derivative financial instruments

€ thousand	2020 Nominal amount	2020 Fair value positive	2020 Fair value negative	2019 Nominal amount	2019 Fair value positive	2019 Fair value negative
Interest rate derivatives						
Interest rate swaps	23,110,650	574,436	287,022	21,120,894	392,037	254,945
Currency derivatives						
Currency swaps	19,367,502	257,109	1,388,690	20,302,243	292,082	290,171
Total	**42,478,152**	**831,544**	**1,675,711**	**41,423,137**	**684,120**	**545,116**

The changes in the fair values of the currency-related transactions are the result of a volume increase and the movements in the exchange rates to the US dollar and Swiss franc.

Information on global netting arrangements

Derivative financial instruments are agreed in accordance with the global netting arrangements (framework contract) of the International Swaps and Derivatives Association (ISDA). The amounts owed under such an agreement are generally settled and paid on an individual transaction basis. In certain cases, for example if a credit event occurs, all outstanding transactions under the agreement are terminated, the termination value is determined, and a single net amount is paid to settle all transactions.

In addition, this net amount is calculated daily as per the ISDA contract and is furnished to or received from the given business partner as collateral. Therefore, the default risk is limited to the performance of one to two days (calculation of the previous day's value and transfer of the difference to the previous collateral).

The ISDA agreements do not fulfil the criteria for netting on the balance sheet. This is due to the fact that no legal claim to the netting of the covered amounts because the right to netting is enforceable only in the case of certain future events such as a credit event.

The following table shows the book values of the derivative financial instruments covered by the reported agreements.

Global netting agreements

			2020			2019
€ thousand	Derivative financial instruments on the balance sheet	Gross and net amounts of derivative financial instruments that are not netted	Net amount	Derivative financial instruments on the balance sheet	Gross and net amounts of derivative financial instruments that are not netted	Net amount
Derivative financial instruments with positive fair value						
Interest rate derivatives - Interest rate swaps	574,436	(234,677)	339,759	392,037	(79,289)	312,749
Currency derivatives - Currency swaps	257,109	(229,453)	27,656	292,082	(223,371)	68,711
Total	**831,544**	**(464,129)**	**367,415**	**684,120**	**(302,660)**	**381,460**
Derivative financial instruments with negative fair value						
Interest rate derivatives - Interest rate swaps	287,022	(140,747)	146,275	254,945	(103,428)	151,517
Currency derivatives - Currency swaps	1,388,690	(323,383)	1,065,307	290,171	(199,232)	90,939
Total	**1,675,711**	**(464,129)**	**1,211,582**	**545,116**	**(302,660)**	**242,456**

Guarantees pursuant to § 1(2b) AFFG

€ thousand	31 Dec 2020	31 Dec 2019
Fair value at the beginning of the period	4,930,431	4,521,338
Change resulting from foreign exchange differences	(1,229,910)	171,340
Change resulting from fair value measurement	1,094,297	237,753
Net profit for the period	(135,613)	409,093
Fair value at the end of the period	**4,794,818**	**4,930,431**

The change from foreign exchange differences resulted primarily from the exchange rate of the Euro to the US dollar and Swiss franc (see the indicative exchange rates on the reporting dates – Note 2) as well as from a reduction of the positions in Swiss francs.

Note 18 Composition of the net profit or loss of equity-accounted investments

Equity-accounted investments

€ thousand	2020	2019
OeKB EH Beteiligungs- und Management AG, Vienna	61,490	61,636
CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH, Vienna	6,302	6,101
Equity-accounted investments	**67,793**	**67,738**

Net profit or loss of equity-accounted investments

Income statement

€ thousand	2020	2019
OeKB EH Beteiligungs- und Management AG, Vienna	4,103	4,936
CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH, Vienna	201	54
Share of profit or loss of equity-accounted investments, net of tax	**4,304**	**4,990**

Other comprehensive income

€ thousand	2020	2019
OeKB EH Beteiligungs- und Management AG, Vienna	(99)	(298)
CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH, Vienna	-	-
Equity-accounted investments - Share of other comprehensive income	**(99)**	**(298)**

Net profit

€ thousand	2020	2019
OeKB EH Beteiligungs- und Management AG, Vienna	4,004	4,637
CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH, Vienna	201	54
Net profit for the period	**4,205**	**4,691**

There were no contingent liabilities for the equity-accounted investments.

OeKB EH Beteiligungs- und Management AG, Vienna, Austria

Other Services segment	2020	2019
Shareholding	51%	51%
Share of voting rights	51%	51%

OeKB EH Beteiligungs- und Management AG is an unlisted holding company. It is the sole owner of Acredia Versicherung AG. It offers a complete range of credit insurance to Austrian businesses.

OeKB EH Beteiligungs- und Management AG is operated as a joint venture with Euler Hermes Aktiengesellschaft, Hamburg, and is included in the consolidated financial statements according to the equity method. OeKB does not have the power of decision through voting rights or other rights that would allow it to influence the returns from the affiliated company.

Insurance contracts were accounted for according to IFRS 4 taking into account the provisions of the Insurance Supervision Act (VAG). In accordance with IFRS 4, the claims equalisation reserve under the VAG (after deduction of deferred taxes) was reported in IFRS equity. The company exercised the option to apply IFRS 9 together with IFRS 17.

€ thousand	2020	2019
Earned premiums	21,196	23,934
Actuarial result	6,070	8,011
Profit before tax	9,579	11,871
Of which depreciation and amortisation	*(220)*	*(344)*
Of which interest income	*698*	*751*
Of which interest expense	*(113)*	*(69)*
Profit for the year	8,046	9,678
Other comprehensive income	(195)	(585)
Total comprehensive income	**7,851**	**9,093**
Current assets	38,237	30,852
Of which cash and cash equivalents	*27,225*	*17,036*
Non-current assets	141,091	151,502
Current liabilities	15,913	18,711
Non-current liabilities	42,845	42,786
Equity	**120,570**	**120,857**
Proportionate share of equity at the beginning of the period	61,636	61,679
Proportionate share of total comprehensive income for the period	4,004	4,637
Dividend payments received	(4,150)	(4,680)
Proportionate share of equity at the end of the period	**61,490**	**61,636**

CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH, Vienna, Austria

Capital Market Services segment	2020	2019
Shareholding	50%	50%
Share of voting rights	50%	50%

CCP.A is operated as a joint venture with Wiener Börse AG, Vienna, and is recognised in the consolidated financial statements according to the equity method.

CCP.A is not a listed company. It acts as the clearing agent for the Vienna Stock Exchange and as the central counterparty for all trades concluded on the Vienna Stock Exchange. CCP Austria was licensed pursuant to Art. 14(1) of Regulation (EU) No. 648/2012 (European Market Infrastructure Regulation, EMIR) in 2014.

€ thousand	2020	2019
Revenue	4,164	3,545
Operating profit	665	207
Profit before tax	539	145
Of which depreciation and amortisation	*(214)*	*(214)*
Of which interest income	*173*	*176*
Of which interest expense	*(299)*	*(238)*
Profit for the year	401	108
Other comprehensive income	–	–
Total comprehensive income	**401**	**108**
Current assets	45,940	52,438
Of which cash and cash equivalents	*45,525*	*51,961*
Non-current assets	–	214
Current liabilities	33,336	40,449
Non-current liabilities	–	–
Equity	**12,604**	**12,203**
Proportionate share of equity at the beginning of the period	6,101	6,247
Proportionate share of total comprehensive income for the period	201	54
Dividend payments received	–	(200)
Proportionate share of equity at the end of the period	**6,302**	**6,101**

Note 19 Property, equipment, and intangible assets

Non-current assets in 2020 - Costs

€ thousand	31 Dec 2019	Additions	Transfers	Disposals	31 Dec 2020
Land and buildings	81,919	-	-	-	81,919
Right of use - buildings	8,463	26	-	-	8,489
Fixtures, fittings, and equipment	14,169	2,028	-	(242)	15,955
Right of use - vehicle fleet	153	9	-	(81)	81
Property and equipment	**104,704**	**2,063**	**-**	**(323)**	**106,444**
Software	9,907	1,117	1,151	-	12,175
Advanced payments on software	494	1,201	(1,151)	-	544
Customer relationships	517	-	-	-	517
Intangible assets	**10,918**	**2,318**	**-**	**-**	**13,236**
Total	**115,622**	**4,381**	**-**	**(323)**	**119,680**

Non-current assets in 2020 – Depreciation, amortisation, and net book values

	Accumulated depreciation and amortisation				Net book values	
€ thousand	31 Dec 2019	Additions	Disposals	31 Dec 2020	31 Dec 2019	31 Dec 2020
Land and buildings	69,316	978		70,294	12,603	11,625
Right of use - buildings	948	957	-	1,905	7,515	6,584
Fixtures, fittings, and equipment	9,966	1,802	(237)	11,531	4,203	4,424
Right of use - vehicle fleet	75	63	(81)	57	78	24
Property and equipment	**80,305**	**3,800**	**(318)**	**83,787**	**24,399**	**22,657**
Software	6,706	1,209		7,915	3,201	4,260
Advanced payments on software	-	-	-	-	494	544
Customer relationships	86	86	-	172	431	345
Intangible assets	**6,792**	**1,295**	**-**	**8,087**	**4,126**	**5,149**
Total	**87,097**	**5,095**	**(318)**	**91,874**	**28,525**	**27,805**

Non-current assets in 2019 - Costs

€ thousand	31 Dec 2018	First-time application of IFRS 16	1 Jan 2019	Additions	Assumed in the course of a business combination	Transfers	Disposals	31 Dec 2019
Land and buildings	74,418	-	74,418	20	7,491	-	(10)	81,919
Right of use - buildings	-	8,463	8,463	-	-	-	-	8,463
Fixtures, fittings, and equipment	13,449	-	13,449	1,412	106	-	(798)	14,169
Right of use - vehicle fleet	-	137	137	-	16	-	-	153
Property and equipment	**87,867**	**8,600**	**96,467**	**1,432**	**7,613**	**-**	**(808)**	**104,704**
Software	7,251	-	7,251	1,064	1,456	219	(83)	9,907
Advanced payments on software	250	-	250	463	-	(219)	-	494
Customer relationships	-	-	-	-	517	-	-	517
Intangible assets	**7,501**	**-**	**7,501**	**1,527**	**1,973**	**-**	**(83)**	**10,918**
Total	**95,368**	**8,600**	**103,968**	**2,959**	**9,586**	**-**	**(891)**	**115,622**

Non-current assets in 2019 – Depreciation, amortisation, and net book values

	Accumulated depreciation and amortisation				Net book values	
€ thousand	31 Dec 2018	Additions	Disposals	31 Dec 2019	31 Dec 2018	31 Dec 2019
Land and buildings	66,874	2,432	10	69,316	7,544	12,603
Right of use - buildings	-	948	-	948	-	7,515
Fixtures, fittings, and equipment	9,135	1,584	(753)	9,966	4,314	4,203
Right of use - vehicle fleet	-	75	-	75	-	78
Property and equipment	**76,009**	**5,039**	**(743)**	**80,305**	**11,858**	**24,399**
Software	5,527	1,136	43	6,706	1,724	3,201
Advanced payments on software	-	-	-	-	250	494
Customer relationships	-	86	-	86	-	431
Intangible assets	**5,527**	**1,222**	**43**	**6,792**	**1,974**	**4,126**
Total	**81,536**	**6,261**	**(700)**	**87,097**	**13,832**	**28,525**

The value of the property itself was € 6.4 million (2019: € 6.4 million).

There were no additions from capitalised interest in the current financial year or the previous year. There were no writeups or transfers in the accumulated amortisation and depreciation in the current financial year or previous year.

Lease liabilities in the amount of € 6.6 million (2019: € 7.6 million; recognition in “Other liabilities”) were connected to the rights of use pursuant to IFRS 16 mentioned above. The interest expense for lease liabilities totalled € 0.1 thousand in the financial year (2019: € 0.2 thousand). The expenses for current lease liabilities (the accounting option is not being exercised) came to € 18.5 thousand in the financial year (2019: € 28.9 thousand). The additions include the reassessment of rights of use in the amount of € 36 thousand (2019: zero).

Note 20 Deposits from banks and customers

The recognition and measurement principles are shown in Note 2. The classification according to IFRS 9 is indicated in Note 13.

Deposits from banks

	Repayable on demand		Other deposits		Total	
€ thousand	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Domestic banks	153,118	136,294	571,149	689,407	724,267	825,701
Foreign banks	458,177	483,664	172,698	396,739	630,875	880,403
Total	**611,295**	**619,958**	**743,847**	**1,086,146**	**1,355,142**	**1,706,105**

The reduction in deposits from banks resulted from a lower volume of repurchase transactions and loans.

Deposits from customers

	Domestic customers		Foreign customers		Total	
€ thousand	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
States or government-affiliated organisations	723,722	674,753	377	86	724,099	674,840
Others	17,561	48,226	29,073	25,764	46,634	73,990
Total	**741,283**	**722,979**	**29,450**	**25,850**	**770,733**	**748,829**

Note 21 Debt securities issued

The recognition and measurement principles are shown in Note 2. The classification according to IFRS 9 is indicated in Note 13.

	Net book value		Of which listed	
€ thousand	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Bonds issued	21,985,544	22,300,103	21,985,544	22,300,103
Other debt securities issued	7,449,885	5,622,310	-	-
Total	**29,435,429**	**27,922,413**	**21,985,544**	**22,300,103**

The amount repayable on maturity for debt securities issued that were measured at fair value option was € 22,099.8 million (2019: € 20,680.5 million).

Of the debt securities issued, € 10,901.8 million will come due in the following year (2019 maturing in 2020: € 9,857.9 million).

The other debt securities issued contain subordinated liabilities in the amount of € 2.1 million (2019: € 2.0 million).

Note 22 Provisions

Changes in provisions

€ thousand	Start of period	Assumed in the course of a business combination	Use	Release	Addition	End of the period
Non-current employee benefit provisions	154,625	-	(6,472)	(1,441)	6,190	152,902
Other provisions	7,417	-	(5,818)	(112)	5,676	7,163
Total provisions 2020	**162,042**	**-**	**(12,290)**	**(1,553)**	**11,866**	**160,065**
Total provisions 2019	150,969	4,448	(16,284)	(207)	23,116	162,042

Changes in non-current employee benefit provisions

€ thousand	Pensions	Termination benefits	Total 2020	Total 2019
Present value of defined-benefit obligations (DBO) = employee benefit provisions at 1 January	124,247	30,378	154,625	134,389
Assumed in the course of a business combination	-	-	-	4,131
Service cost	311	723	1,034	2,917
Interest cost	1,238	316	1,554	2,646
Payments	(5,449)	(1,023)	(6,472)	(6,286)
Actuarial gain/loss	2,932	(771)	2,161	16,828
Of which actuarial gain/loss arising from changes in parameters	*4,213*	*(611)*	*3,602*	*16,455*
Of which actuarial gain/loss arising from experience adjustments	*(1,281)*	*(160)*	*(1,441)*	*373*
Employee benefit provisions at 31 December (DBO)	**123,279**	**29,623**	**152,902**	**154,625**

The actuarial result stemmed from the change in the discount rate from 1.02% to 0.50% (2019: from 1.92% to 1.02%), the change in the career trend from 1.00% to 0.50% (2019: unchanged at 1.00%), and the change in the trend for collective bargaining agreement adjustments from 2.25% to 2.00% (2019: unchanged at 2.25%). The year-on-year change in the result can be attributed largely to the change in the discount rate.

Historical information on defined-benefit obligations

€ thousand	2015	2016	2017	2018	2019
Pension provisions	103,841	106,136	105,306	107,495	124,247
Termination benefit provisions	26,262	25,229	23,168	26,894	30,378
Non-current employee benefit provisions	**130,103**	**131,365**	**128,474**	**134,389**	**154,625**

The pension obligations for most of the staff have been transferred to a pension fund under a defined-contribution plan. In connection with this plan, contributions of € 1.1 million were paid to the pension fund in 2020 (2019: € 1.1 million).

Staff costs also included the contributions of € 0.4 million to the termination benefit fund (2019: € 0.3 million).

The following table presents the sensitivity of the obligations to key actuarial assumptions. It showed the respective absolute change in the amount of the provision recognised at 31 December 2020 when varying a single assumption at a time. The other assumptions are unchanged in each case.

Sensitivity analyses - Changes in expenses (-)/earnings (+)

€ thousand	Pensions	Termination benefits	Total 2020	Total 2019
Increase in the discount rate by 0.50%	8,069	1,373	9,442	9,664
Decrease in the discount rate by 0.50%	(9,010)	(1,481)	(10,491)	(10,742)
Increase in expected salary growth by 0.50%	(438)	(1,436)	(1,874)	(2,041)
Decrease in expected salary growth by 0.50%	418	1,346	1,764	1,917
Increase in the pension trend by 0.50%	(8,112)	-	(8,112)	(8,225)
Decrease in the pension trend by 0.50%	7,401	-	7,401	7,497
Increase in life expectancy by 10% (corresponds to 1 year)	(7,712)	-	(7,712)	(7,537)

The sensitivity analysis was performed by an independent actuary using the projected unit credit method.

Maturity profile of the non-current employee benefit provisions

	Pensions		Termination benefits	
€ thousand	DBO 31 Dec 2020	DBO 31 Dec 2019	DBO 31 Dec 2020	DBO 31 Dec 2019
1 year	5,413	5,616	2,401	1,199
2 up to 3 years	10,646	10,687	4,331	2,618
4 up to 5 years	10,279	10,381	2,551	4,285
Over 5 years	96,941	97,563	20,340	22,276
Total	**123,279**	**124,247**	**29,623**	**30,378**
Duration	14.1 years	14.1 years	9.8 years	10.6 years

Other provisions

€ thousand	2020	2019
Staff-related provisions	7,004	7,252
Other provisions	159	165
Total	**7,163**	**7,417**

Note 23 Tax assets and tax liabilities

Tax assets and liabilities each include deferred tax assets and deferred tax liabilities arising from temporary differences between the IFRS carrying amounts and the corresponding tax base in Group companies (see also Note 12).

OeKB Group had no (unused) loss carryforwards at the reporting date.

Deferred taxes

	Deferred tax assets		Deferred tax liabilities	
€ thousand	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Loans and advances to banks	-	-	25,764	8,057
Loans and advances to customers	-	-	1,655	2,270
Other financial assets	-	-	63,329	61,322
Derivative financial instruments	418,928	136,279	207,886	171,030
Guarantees pursuant to § 1(2b) AFFG	-	-	1,198,705	1,232,608
Property, equipment, and intangible assets	-	-	1,636	1,672
Other assets	371	498	-	-
Deposits from banks	3,231	8,451	-	-
Debt securities issued	1,004,509	1,237,139	-	-
Provisions	22,726	22,906	-	-
Other liabilites	-	-	333	323
EFS interest rate stabilisation provision	104,596	131,358	-	-
Total	**1,554,361**	**1,536,631**	**1,499,308**	**1,477,282**
Tax settlement	(1,499,308)	(1,477,282)		
Tax claims (liabilities), net	**55,053**	**59,349**		

€ thousand	2020	2019
Change	**(4,296)**	**1,358**
Of which assumed in the course of a business combination	*-*	*630*
Of which in the income statement	*(4,761)*	*(3,417)*
Of which in the net other comprehensive income	*465*	*4,145*

Unrecognised deferred taxes payable

As in the previous year, there were no deferred taxes payable for temporary differences relating to shares in subsidiaries and joint ventures on 31 December 2020.

Note 24 EFS interest rate stabilisation provision

The EFS interest rate stabilisation provision is formed for the Export Financing Scheme. The provision is based on the actual obligation regarding the use of surpluses from the Export Financing Scheme. This obligation arises from the rules for the fixing of interest rates in the Export Financing Scheme, which specify fixed margins for OeKB, and from a directive from the Austrian Ministry of Finance on the use of surpluses from the scheme (see also Note 1).

The additions to and utilisation of the EFS interest rate stabilisation provision result from the net interest income from the Export Financing Scheme less OeKB's fixed margin for the operation of the scheme and less the costs directly related to the refinancing of the scheme. The net effects from the measurement of the derivative financial instruments, guarantees pursuant to § 1(2b) AFFG, and the receivables and payables of the EFS are also included in this item. In accordance with the associated decisions, the provision is used to stabilise the terms of export financing loans.

Change in the EFS interest rate stabilisation provision

€ thousand	2020	2019
At the beginning of the period	**1,421,462**	**1,553,218**
Release/allocation from the net interest income	(75,482)	(68,590)
Release/allocation from the net credit risk provisions	(59)	(31)
Release/allocation from the net gain or loss on financial instruments measured at fair value through profit or loss	(95,122)	(63,259)
Release/allocation from the net other operating income	-	124
Change in the EFS interest rate stabilisation provision	**(170,662)**	**(131,756)**
At the end of the period	**1,250,800**	**1,421,462**

Note 25 Capital management

Equity disclosures

The subscribed capital of € 130.0 million (2019: € 130.0 million) is divided into 880,000 no-par value shares. These registered ordinary shares with restricted transferability are represented by global certificates registered in the name of each individual shareholder.

The capital reserve remained unchanged at € 3.3 million and is restricted pursuant to § 229(4) UGB.

The retained earnings attributable to owners of the parent increased by € 12.8 million to € 693.7 million (2019: € 680.9 million). The retained earnings contained an amount of € 10.6 million (2019: € 10.6 million) as a legal reserve pursuant to § 229(4) UGB.

The IAS 19 reserve is the result of actuarial gains and losses on defined-benefit pension plans and increased by minus € 1.7 million to minus € 39.2 million in annual comparison. The FVOCI reserve resulted from the fair value measurement of investments in other unconsolidated companies and came to € 19.4 million.

The Executive Board will propose to the 75th Annual General Meeting on 20 May 2021 that the profit available for distribution reported in Oesterreichische Kontrollbank Aktiengesellschaft's financial statements for the year 2020 in the amount of € 32.9 million be used to pay a dividend of € 22.75 per share plus a bonus of € 14.43 per share. In total, the proposed dividend will be € 32.7 million. This represents approximately 25% of the participating share capital for 2020. After payment of the compensation to the Supervisory Board members, the remaining balance is to be carried forward.

The dividend payment for the 2019 financial year, which was made in May 2020, amounted to € 22.75 per share plus a bonus of € 14.43 per share or a total of € 32.7 million. The return on assets pursuant to § 64(1)19 BWG attributable to the owners of the parent was 0.1% in 2020 (2019: 0.1%).

Capital management

Pursuant to § 3(1)7 BWG, Regulation (EU) No. 575/2013 and § 39(3) and (4) BWG do not apply to transactions of Oesterreichische Kontrollbank Aktiengesellschaft related to export promotion under the Export Guarantees Act and the Export Financing Guarantees Act. Pursuant to § 3(2)1 BWG, the following legal provisions also do not apply: Part 6 of Regulation (EU) No. 575/2013 and §§ 27a, 39(2b)7 in conjunction with 39(4), 39(3), and 74(6)3a in conjunction with § 74(1) BWG. Pursuant to § 3(1)11 BWG, the provisions of the BWG and Regulation (EU) No. 575/2013 do not apply to the business activities of ÖHT (though § 5[1]1 to 4a and 6 to 14, §§ 39 to 39b, §§ 40 to 42, § 65, §§ 69 to 73a, and §§ 98 to 99e BWG do apply).

The bank group pursuant to § 30 BWG consists of Oesterreichische Kontrollbank Aktiengesellschaft, OeKB CSD GmbH, Oesterreichische Entwicklungsbank AG, and Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H. The strategy of OeKB Group aims to maintain a stable capital base over the long term. There were no material changes in capital management. The Group satisfied the capital requirements of the national supervisory authority at all times during the reporting period.

The minimum regulatory capital requirement for credit risk was determined in accordance with the provisions of Regulation (EU) No. 575/2013. The capital required to be held for operational risk was determined according to the Basic Indicator Approach. The credit risk was significantly lower due to the exemptions from the supervisory regulations described above. The bank group did not hold a trading book at any time. At Group level, the risks were aggregated in accordance with the concept of economic capital. Through the analysis of risk-bearing capacity, the economic capital required was compared with the economic capital available, and both metrics are monitored.

OeKB is the parent institution of the OeKB bank group for the purposes of § 30 BWG. OeKB Group's regulatory capital determined in accordance with Regulation (EU) No. 575/2013 showed the following composition and development:

€ thousand	2020	2019
Risk-weighted assets (standardised approach to credit risk)	650,900	643,450
Total risk exposure amount (total regulatory capital requirement/8%)	**989,225**	**960,000**
Minimum regulatory capital requirement for		
Credit risk	52,072	51,476
Foreign exchange risk	4,556	4,294
Operational risk (Basic Indicator Approach)	22,510	21,030
Total regulatory capital requirement	**79,138**	**76,800**
Consolidated regulatory capital pursuant to Part 2 CRR		
Paid-up share capital	130,000	130,000
Reserves *	641,149	624,447
Less deductions		
Intangible assets	(5,148)	(4,125)
Common equity tier 1 capital	**766,001**	**750,322**
Tier 1 capital	**766,001**	**750,322**
Available regulatory capital pursuant to Part 2 CRR	**766,001**	**750,322**
Surplus regulatory capital	686,863	673,522
Consolidated capital adequacy ratio (regulatory capital as a percentage of total risk-weighted assets)	77.4%	78.2%
Consolidated tier 1 ratio	77.4%	78.2%
Cover ratio (regulatory capital as a percentage of the capital requirement)	967.9%	977.0%

* Pursuant to Art. 26(2) CRR, earnings for the year are included in common equity tier 1 only after the official adoption of the final annual financial results. The dedicated reserve for technical assistance is deducted from the reserves.

This results in the following ratios pursuant to Art. 92(1) lit. a to c of Regulation (EU) No. 575/2013 at the reporting date, which are compared with the minimum ratios for the Group:

Minimum ratios pursuant to Article 92 of Regulation (EU) No. 575/2013

		2020		2019
In %	Minimum ratio	Actual ratio	Minimum ratio	Actual ratio
Core tier 1 ratio	7.035	77.434	7.372	78.200
Tier 1 ratio	8.535	77.434	8.872	78.200
Total capital ratio	10.535	77.434	10.872	78.200

Calculation of the actual ratio

Core tier 1 ratio = $\dfrac{\text{Common equity tier 1 capital purs. to Part 2 CRR * 100}}{\text{Minimum regulatory capital requirement purs. to Art. 92 CRR}}$

Tier 1 ratio = $\dfrac{\text{Tier 1 capital purs. to Part 2 CRR * 100}}{\text{Minimum regulatory capital requirement purs. to Art. 92 CRR}}$

Total capital ratio = $\dfrac{\text{Available regulatory capital purs. to Part 2 CRR * 100}}{\text{Minimum regulatory capital requirement purs. to Art. 92 CRR}}$

Minimum ratio for OeKB Group

In %	2020	2019
Core tier 1 ratio pursuant to Art. 92(1) lit. a of Regulation (EU) No. 575/2013	4.500	4.500
Capital conservation buffer pursuant to § 23 BWG in conjunction with § 103q line 11 BWG	2.500	2.500
Anti-cyclical capital buffer pursuant to § 23a BWG in conjunction with § 103q line 11 BWG	0.035	0.372
Core tier 1 ratio pursuant to Art. 92(1) lit. a of Regulation (EU) No. 575/2013 incl. buffer requirements	7.035	7.372
Tier 1 ratio pursuant to Art. 92(1) lit. b of Regulation (EU) No. 575/2013 incl. buffer requirements	8.535	8.872
Total capital ratio pursuant to Art. 92(1) lit. c of Regulation (EU) No. 575/2013 incl. buffer requirements	10.535	10.872

The required ratios resulted from Art. 92(1) of Regulation (EU) No. 575/2013, the additional capital buffer requirements of the BWG, and the capital buffer regulation of the FMA.

Other disclosures and risk report

Note 26 Revenue

OeKB Group primarily generated revenue from contracts with customers from the sale of banking services (fee and commission income). Other income sources (other revenue) were revenue from assigned staff and service agreements. The following table shows a breakdown of the revenue from contracts with customers by the most important types of service and of the other revenue by the time of realisation. The table also shows the assignment of the broken down revenue to the reportable segments of OeKB Group.

Revenue flows in 2020

€ thousand	Export Services	Capital Market Services	Tourism Services	Other Services	2020
Income from					
Credit operations	2,743	-	2,335	-	5,078
Securities services	-	30,378	-	-	30,378
Export guarantees	15,785	-	6,230	-	22,015
Energy clearing	38	2,564	-	-	2,603
Other services	1,782	489	-	493	2,765
Revenue from contracts with customers	**20,349**	**33,432**	**8,565**	**493**	**62,839**
Assigned staff	-	5	-	213	219
Billed services	51	610	511	1,583	2,756
Other revenue	**51**	**616**	**511**	**1,796**	**2,974**
Total revenue	**20,400**	**34,048**	**9,076**	**2,290**	**65,813**
Services rendered at a specific point in time	6,469	16,562	-	18	23,049
Services rendered over a period of time	13,931	17,485	9,076	2,271	42,764
Total revenue	**20,400**	**34,048**	**9,076**	**2,290**	**65,813**

Revenue flows in 2019

€ thousand	Export Services	Capital Market Services	Tourism Services	Other Services	2019
Income from					
Credit operations	2,858	-	1,788	-	4,646
Securities services	-	30,858	-	-	30,858
Export guarantees	14,636	-	1,437	-	16,073
Energy clearing	39	2,451	-	-	2,489
Other services	1,750	292	-	760	2,802
Revenue from contracts with customers	**19,284**	**33,601**	**3,224**	**760**	**56,869**
Assigned staff	-	7	-	344	351
Billed services	152	654	528	1,705	3,039
Other revenue	**152**	**661**	**528**	**2,049**	**3,390**
Total revenue	**19,436**	**34,262**	**3,752**	**2,809**	**60,259**
Services rendered at a specific point in time	5,862	16,801	-	13	22,676
Services rendered over a period of time	13,574	17,461	3,752	2,795	37,583
Total revenue	**19,436**	**34,262**	**3,752**	**2,809**	**60,259**

The “Other liabilities” contained deferred liabilities relating to revenue from service contracts with customers in the amount of € 18.7 million (2019: € 10.1 million). These liabilities resulted mostly to fees and commissions already received in relation to export and tourism guarantees. These fees were recorded over a specific period of time in the cases where the terms of the guarantees from the Republic of Austria to be managed by OeKB Group were more than 1 year.

The revenues recognised in financial year 2020 from fees and commissions received in previous periods came to € 1.9 million (2019: € 1.6 million).

As permitted by IFRS 15, no disclosures were made about remaining service obligations that had an expected residual term of 1 year or less as at 31 December 2020.

Note 27 Information regarding the consolidated statement of cash flows

The consolidated statement of cash flows shows the state and development of the cash and cash equivalents of OeKB Group. The reported cash position consisted largely of cash and balances at central banks and corresponds to the item cash and cash equivalents on the balance sheet. The Group had additional liquidity reserves (see Note 35), but these were not included in the definition of cash and cash equivalents. This additional liquidity buffer was formed in the EFS and was only used in stress scenarios. The reported cash and cash equivalents were denominated exclusively in Euros.

The cash flow from operating activities included the changes in loans and advances to banks and customers, the changes in deposits from banks and customers, and the changes in debt securities issued. In net cash from operating activities, all income and expense components were adjusted for non-cash items, especially depreciation, amortisation, and impairment; changes in provisions and loan loss provisions; deferred taxes; and unrealised currency translation gains and losses; as well as all other items the cash effects of which represent cash flows from investing or financing activities. Foreign currentcy losses and gains were incurred primarily in connection with the issue of long- and shortterm debt securities issued for the EFS. The exchange rate risks were mostly covered by the guarantees pursuant to § 1(2b) AFFG. OeKB Group thus did not bear any exchange rate risk from the Export Financing Scheme. Fluctuations in exchange rates had little or no impact on cash and cash equivalents held or due in foreign currency.

The cash flow from investing activities reflected changes in the other financial assets in the investment portfolio, in the property, equipment, and intangible assets. The cash flow from financing activities reflected changes in equity transactions with the owners.

Reconciliation of the changes in equity to the cash flows from financing activities

€ thousand	Notes	Retained earnings 2020	Non-controlling interests 2020	Net cash from financing activities 2020	Retained earnings 2019	Non-controlling interests 2019	Net cash from financing activities 2019
Balance sheet at 1 Jan		680,899	-		663,104	-	
Dividends paid	25	(32,718)	(468)	(33,186)	(32,718)	(469)	(33,187)
Total change in cash flows from financing activities		**(32,718)**	**(468)**	**(33,186)**	**(32,718)**	**(469)**	**(33,187)**
Profit for the year		**45,535**	**2,194**		**50,513**	**933**	
Balance sheet at 31 Dec		693,715			680,899		

Most important developments during the financial year

The cash flow from operating activities in the amount of € 816.5 million (2019: € 427.8 million) changed by € 388.7 million compared with the previous year. The change was due to primarily the change of loans and advances to banks and customers, the change in the deposits from banks, and the change in the debt securities issued. The payments for the purchase of loans and advances to banks and customers exceeded the repayments from redemptions by € 1,331.4 million (2019: € 3,749.1 million). Corresponding to the loans and advances to banks and customers, proceeds from deposits from banks and customers and debt securities issued rose by € 2,113.6 million (2019: € 4,203.0 million).

The cash flow from investing activities in the amount of +€ 12.5 million (2019: +€ 91.8 million) changed by -€ 79.3 million compared with the previous year. Payments received exceeded payments made during the financial year primarily due to redemptions of bonds in the proprietary portfolio (financial assets at amortised cost).

Note 28 Analysis of remaining maturities

The remaining maturity is the period from the balance sheet date to the contractual maturity date of the asset or liability; in the case of instalments, the remaining maturity is determined separately for each instalment.

Remaining maturities pursuant to § 64(1) BWG at 31 Dec 2020

€ thousand	Repayable on demand	Up to 3 months	3 months up to 1 year	1 up to 5 years	More than 5 years	Total
Loans and advances to banks	1,355,506	525,954	7,720,822	10,308,532	3,677,538	23,588,352
Loans and advances to customers	7,934	59,165	197,947	756,792	557,475	1,579,313
Other financial assets	342,702	44,949	165,940	1,709,120	694,363	2,957,074
Total	**1,706,142**	**630,068**	**8,084,709**	**12,774,444**	**4,929,376**	**28,124,739**
Deposits from banks	611,295	46,955	136,574	414,048	146,270	1,355,142
Deposits from customers	678,131	2,671	77,829	6,762	5,340	770,733
Debt securities issued	-	6,908,245	4,113,669	16,073,585	2,339,930	29,435,429
Total	**1,289,426**	**6,957,871**	**4,328,072**	**16,494,395**	**2,491,540**	**31,561,304**

Remaining maturities pursuant to § 64(1) BWG at 31 Dec 2019

€ thousand	Repayable on demand	Up to 3 months	3 months up to 1 year	1 up to 5 years	More than 5 years	Total
Loans and advances to banks	17,855	2,016,521	6,495,528	9,583,340	4,135,527	22,248,771
Loans and advances to customers	8,563	56,680	195,107	724,803	559,366	1,544,519
Other financial assets	329,478	39,328	281,404	1,320,598	996,180	2,966,988
Total	**355,896**	**2,112,529**	**6,972,039**	**11,628,741**	**5,691,073**	**26,760,278**
Deposits from banks	169,458	670,943	166,065	501,505	198,134	1,706,105
Deposits from customers	659,462	2,943	20,667	50,041	15,716	748,829
Debt securities issued	-	6,593,716	3,264,168	15,453,573	2,610,956	27,922,413
Total	**828,920**	**7,267,602**	**3,450,900**	**16,005,119**	**2,824,806**	**30,377,347**

Note 29 Subordinated assets

The balance sheet contained no subordinated assets as in the previous year.

Note 30 Assets pledged as collateral

€ thousand	2020	2019
Collateral for credit risks in derivative financial instruments		
Collateral pledged	1,321,776	294,479
Collateral received	403,685	450,643

The change in the assets and liabilities pledged as collateral was due to the changes in the collateral furnished and received pursuant to ISDA contracts with derivatives partners (see Note 17).

Note 31 Contingent liabilities and other off-balance sheet commitments

The contingent liabilities not reported on the balance sheet in the amount of € 1,256.1 million (2019: € 295.4 million) pertained to guarantees issued by OeEB in the amount of € 37.4 million (2019: € 57.2 million) that were in turn backed by guarantees from the Republic of Austria pursuant to the AusfFG and guarantees issued by ÖHT in the amount of € 1,218.6 million (2019: € 238.3 million) that were backed by an indemnity from the Republic of Austria. Information about the undrawn credit facilities and commitments to lend in the amount of € 4,724.4 million (2019: € 3,898.2 million) is provided in Note 36.

Note 32 Other off-balance sheet commitments

Pursuant to § 2(3) ESAEG, the fully consolidated companies of OeKB Group are required to guarantee a proportionate amount of deposits under the deposit insurance system operated by the Vienna-based Einlagensicherung AUSTRIA Ges.m.b.H. OeKB, OeEB, OeKB CSD, and ÖHT are members of this institution.

Note 33 Fiduciary assets and liabilities

Off-balance sheet fiduciary transactions from export financing amounted to € 150.2 million (2019: € 135.8 million). The fiduciary transactions for the Republic of Austria pertain mostly to the operations of the development bank that were entered into under the advisory programme and the “Holdings financed by federal funds” according to § 3 of the contract pursuant to § 9(1) AusfFG, as well as to the fiduciary account of the federal government.

Off-balance sheet fiduciary transactions from the tourism financing amounted to € 511.1 million (2019: € 467.6 million). The fiduciary transactions under the ERP fund pertain largely to the business activities of Österreichische Hotel- und Tourismusbank that were commenced under the aws erp tourism programme (legal basis: ERP Fund Act, general provisions for the aws erp programme, Regulation [EU] No. 651/2014 Article 14 and Article 17, and Regulation [EU] No. 1407/2013).

Note 34 Supplementary disclosures on assets and liabilities pursuant to the BWG

Supplementary disclosures pursuant to § 43 and § 64 BWG

		31 December 2020		31 December 2019
€ thousand	Assets	Liabilities	Assets	Liabilities
Denominated in foreign currency	2,439,586	21,605,858	3,673,544	24,315,713
Issued or originated outside Austria	4,352,891	29,518,716	4,110,538	28,509,531

Note 35 Financial risk management

Overview and special features of OeKB Group

In significant business segments, the OeKB bank group acts as a contractor to the Republic of Austria. It engages in no retail or deposit-taking business. As the parent company, OeKB is a special-purpose bank for capital and energy market services, and the Austrian export industry. The bank subsidiary Oesterreichische Entwicklungsbank AG supplements the Export Services, and the bank subsidiary OeKB CSD GmbH the Capital Market Services. Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., which finances investment projects in the Austrian tourism and leisure industry, is managed as the separate Tourism Services segment.

Risk management and risk controlling are key processes that are integral to the business strategy and are designed to ensure the lasting stability and profitability of the company and the entire bank group. Each risk exposure is accepted after careful consideration and must conform with the risk policy and strategy defined by the Executive Board. The policy and strategy are intended to ensure a stable return on equity on the basis of a conservative approach to business and operational risks. The risk policy and strategy set out the risk management principles, the risk appetite, and the principles for the measurement, control, and limitation of the defined risk categories.

The Export Financing Scheme represents the majority the business model and thus of the assets on the balance sheet – see also Note 1.

The risks of the Export Financing Scheme that is administered for the Republic of Austria were mitigated by extensive collateral and guarantees, especially from the Austrian government. The Export Financing Guarantees Act sets out the requirements for guarantees for export lending and thus the conditions for customer access to credit under the scheme, as well as the rules for the Austrian government guarantees protecting creditors in refinancing operations (creditor guarantees) and the government guarantees for exchange rate risk (exchange rate guarantees).

Exemptions from regulatory requirements are highly important for the business model. OeKB Group is not subject to the liquidity regulations (LCR, NSFR) or European and national provisions for the banking union (such as the BRRD). Further exemptions exist regarding export financing (i.e. the EFS), in particular the exemption from the CRR (Regulation [EU] No. 575/2013). These exemptions apply to OeKB as the parent company of OeKB Group as well as to the fully consolidated banking subsidiary Oesterreichische Entwicklungsbank AG. Similar exceptions apply to the Group member bank OeKB CSD GmbH, which is authorised as a central depository under the CSD Regulation (see § 3[1]12 BWG) and for Österreichische Hotel- und Tourismusbank GmbH (see § 3[1]11 BWG).

OeKB as the parent bank runs the Internal Capital Adequacy Assessment Process (ICAAP) pursuant to § 39a(1) BWG on a consolidated basis as the Group ICAAP. Since 2020, the material risks (credit risk) of ÖHT, the majority of which was acquired in 2019, has been calculated at the individual loan level as part of the group ICAAP. Further data integration steps are in planning. The risks of the bank group subsidiaries are managed in part by setting risk budgets and monitoring compliance with these budgets on a quarterly basis.

Because of the special importance of the Export Financing Scheme and based on the management principles of OeKB Group, the EFS is treated as a separate investment risk entity (part of credit risk) in the Group ICAAP. For this purpose, a separate risk coverage calculation is performed for the EFS. The EFS poses no risks for the OeKB Group so long as it can bear its own risks. Any risk exceeding the Export Financing Scheme's risk coverage capital would become part of the Group's credit risk. For details, see Chapter "ICAAP EFS and its integration in the Group ICAAP".

The following contents of this note specify the risk management objectives, policies, and processes of OeKB Group with regard to market, credit, business, and liquidity risk as well as with regard to operational risk and other non-financial risks.

Aside from the sub-ICAAP for the EFS (see above) and the allocation of risk budgets for the bank subsidiaries, no other risk capital is assigned to the individual segments of OeKB Group. Because of the far-reaching exceptions (see above), risk management is not conducted according to the CRR regulations for the most part, but according to the pillar 2 concepts of ICAAP and ILAAP.

Risk management framework

The Executive Board bears overall responsibility for the establishment of an adequate, functional, and holistic risk management system that covers all material operational and business risks of OeKB bank group. It meets this obligation by enacting suitable organisational measures as well as by providing a suitable guideline structure.

Guideline structure

One central guideline of the risk management framework is the risk policy and strategy of OeKB Group, which the Executive Board formulates and adopts in coordination with the Chief Risk Officer (CRO) and in consultation with the Risk Committee of the Supervisory Board on an annual basis in line with the business strategy.

The Risk Policy and Strategy sets out the risk management principles, the key features of the risk management organisation, the risk appetite, and the principles for the measurement, control, and limitation of the defined risk categories. In this manner, the Executive Board ensures the uniform management of risks throughout the bank group.

Each risk exposure that is accepted must conform with the Risk Policy and Strategy of OeKB Group. This is the foundation for a comprehensive system of internal guidelines for the management of group risks.

This guideline framework has a cascading structure. The policies and guidelines adopted by the Executive Board form the uppermost level. The downstream organisational units that are responsible for risk management create more detailed, concrete guidelines as needed on the basis of these executive policies and guidelines (level 2, etc.). The work instructions, standard operating procedures, and method and process documentation that are derived from the adopted guidelines and policies form the bottom level and are generally under the responsibility of the department heads. Aside from this risk policy and strategy, the level 1 guidelines include the business policy and strategy, the ICS guideline, the Code of Conduct, the Fit and Proper Policy, and the Remuneration Policy principles. Typical level 2 guidelines that are derived from this risk policy and strategy are the ICAAP manual, the ORM manual, and the liquidity risk manual, which are adopted by the OeKB Risk Management Committee.

Organisation

Given OeKB Group's key business activities and its specific business and risk structure, the Bank has adopted a clear functional organisation for its risk management process with well defined roles. In line with proportionality rules, there is no separation between risk origination and risk oversight in the Executive Board.

The Risk Management Committee (RMC) plays a central role in risk management, and the majority of the committee members are appointed by the risk-controlling units. The function of the Risk Management Committee consists of strategic risk management and risk controlling in accordance with the valid risk policy and risk strategy. The Committee is the primary recipient of the risk reports, monitors and manages the risk profiles for the individual risk types, and decides what action to take based on the risk reports. The Risk Management Committee set up a Non-Financial Risk Committee (NFRC) as a sub-committee in 2019 to enhance its ability to control non-financial risks, especially operational and ICT (information and communication technology) risks. As part of overall bank risk management, the RMC proposes limits to the Executive Board based on the risk coverage calculation as well as procedures for risk monitoring. The RMC also adopts guidelines to implement the principles set forth in the risk policy and strategy, including the ICAAP manual and the liquidity risk management manual.

The implementation of the measures decided by the Risk Management Committee is overseen by the Chief Risk Officer (CRO), supported by the Financial Risk Manager, the Operational Risk Manager, and the Chief Information Security Officer (CISO). The CRO reports directly to the Executive Board and, once a year, to the Risk Committee of the Supervisory Board. The CRO directs the Risk Controlling department, which is responsible for the measurement and assessment of financial risks, operating-level financial risk controlling including monitoring the internal limits, and the practical implementation of the Internal Capital Adequacy Assessment Process.

The standards for the Operational Risk Management are implemented in OeKB's business operations by the "Organisation, Construction, Environmental Issues, and Security" department with the exception of information security matters, which are the responsibility of the CISO. The activities relating to Operational Risk Management and Information Security and those coming under the remit of the Internal Control System Officer are subject to ongoing coordination.

Other key functions of the governance structure are the officers for preventing money laundering, for compliance (WAG and § 39 [6] BWG), and for outsourcing – all of whom report directly to the Executive Board.

A comprehensive risk assessment is conducted every year to ensure that all material risks have been identified and that they can be measured and controlled. New products and services are subject to a product introduction process, which includes a risk assessment.

Risk management is supplemented by the Internal Control System (ICS), which ensures compliance with guidelines and risk-mitigation measures. An Internal Control System Officer was nominated to ensure that the ICS complies with the legal requirements and to implement and continuously refine the ICS guideline enacted by the Executive Board. Largely automated IT general controls and audits conducted by the Internal Audit department ensure its effectiveness.

Internal Audit and Group Internal Audit serve as a third line of defence and conduct regular audits on operational management (the first line of defence) and on the organisational units involved in the risk management processes (second line of defence) and on the employed procedures.

The Supervisory Board oversees all risk management arrangements at OeKB and receives quarterly reports on OeKB Group's risk situation. These risk reports present a detailed view of OeKB Group's risk situation. The Supervisory Board also maintains a Risk Committee pursuant to § 39d BWG, which convened for one meeting in 2020. The Audit Committee of the Supervisory Board also monitors the effectiveness of the Internal Control System. The Supervisory Board has also set up a Nomination Committee and a Remuneration Committee.

OeKB Group has implemented a comprehensive and risk-oriented reporting and limit system to ensure that the senior management responsible for managing and monitoring financial and operational risks are informed adequately and in good time. This reporting includes the quarterly risk reports by the Executive Board to the Supervisory Board and annual coordination and consultation within the Risk Committee of the Supervisory Board pursuant to § 39d BWG.

As part of the operational risk management strategy, organisational structures have been defined for various emergency and crisis scenarios.

Internal Capital Adequacy Assessment Process (ICAAP)

Risk appetite and approaches to risk control

The ICAAP is conducted at the group level and serves to ensure the maintenance of the defined bank-specific level of capital adequacy and forms an integral part of the management process as a controlling and measurement tool. The risk appetite is set annually by the Executive Board in coordination with the Risk Committee of the Supervisory Board.

The process accounts for the going concern approach and the gone concern approach. The key difference between the two approaches lies in the definition of the economic capital available to cover risk and the choice of the confidence level for the risk (99.9% for the going concern approach and 99.98% for the gone concern approach).

Risk coverage calculation and limitation

The risk coverage calculation is performed quarterly by the Risk Controlling department – which as a risk oversight function is independent from risk origination – and is reported both to the Risk Management Committee and the Supervisory Board. In the risk coverage calculation, the economic capital requirement is compared with the risk coverage capital (internal or business capital). This is done in consideration of different coverage objectives and approaches (going concern and gone concern).

The key variable in the measurement and management of risk is economic capital. Risk is defined by OeKB as the danger that the actual outcome will be less favourable than the expected outcome (unexpected loss). The economic capital is calculated on the basis of a one-year horizon at the confidence levels defined in the steering principles.

The risk coverage calculation especially takes all defined material risk categories into account, namely credit risk, market risk, operational risk, and business risk. Credit risks are measured using the credit value at risk (CVaR) approach and market risks using the VaR approach. Business risk is determined on the basis of a statistical analysis of empirical target deviations in the operating profit.

Based on the results of the risk coverage calculation and the recommendations by the Risk Management Committee, the Executive Board defines the limits for market and credit risk for OeKB Group as a whole as well as risk budgets for the bank subsidiaries. Compliance with these limits and risk budgets is monitored by the Risk Controlling department and reported to the Risk Management Committee and the Executive Board on a quarterly basis. There is no steering of individual business divisions or segments in the economic capital within OeKB Group, as this is of limited relevance; a separate ICAAP is conducted for the EFS.

Additional operational limits are also in place in key areas. These also cover the monitoring of risk concentrations.

In the risk coverage calculation, concentrations of risk between risk types are taken into consideration by determining the aggregate risk by adding up the individual type-specific risk capital amounts and thus assuming a perfectly positive correlation.

The measurement of operational risk is based on the Basic Indicator Approach expanded by a distribution for scaling to the respective confidence level of the specific approach.

The following table shows the high risk-bearing capability of OeKB Group in the going concern and gone concern approach.

Risk coverage calculation for OeKB Group

	31 December 2020		31 December 2019	
€ thousand	Economic capital	Available risk coverage capital	Economic capital	Available risk coverage capital
Going concern	94,073	716,657	85,274	696,448
Gone concern	136,386	877,240	126,598	856,731

The economic capital calculations are supplemented with stress tests. This involves both univariate tests for key risk drivers and multivariate market-specific tests. To assess the sustainability of the risk-bearing capacity under adverse market conditions (this test was shaped by the COVID-19 pandemic in 2020), input parameters such as volatilities, correlations, and probabilities of default are subject to stress on the basis of a macroeconomic scenario and then evaluated on the basis of this risk-bearing capacity.

Comparison of risk pursuant to ICAAP with minimum regulatory capital requirements pursuant to Article 92 of Regulation (EU) No. 575/2013

	Value at Risk pursuant to ICAAP (confidence level 99.98%)		Regulatory capital requirement purs. to Reg. (EU) No. 575/2013 (see Note 25)	
€ thousand	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Credit risk	78,663	71,096	52,072	51,476
Commodity and foreign exchange risk	1,434	5,607	4,556	4,295
Other market risk in the banking book	21,271	15,387	-	-
Other risks	6,495	6,028	-	-
Operational risk	28,523	28,481	22,510	21,030
Total	**136,386**	**126,598**	**79,138**	**76,801**

The risk in the ICAAP exceeded the regulatory capital requirement pursuant to CRR. This resulted primarily from the fact that ÖHT does not fall under the CRR and that the market risk in the banking book is not covered by the CRR. The overall market risk in the ICAAP is virtually unchanged. While the specific interest rate risk has increased, the majority of the equity and foreign exchange risk in the investment portfolio was hedged immediately after the onset of the COVID-19 pandemic.

Market risk – banking book

Market risk is the risk of losses due to changes in market parameters. OeKB distinguished between specific and general interest rate risk, foreign exchange risk, and equity price risk. As no trading book is maintained, OeKB Group's market risks relate only to banking book positions.

The risk amounts for market risk are assessed in the Group ICAAP (see previous table) using the value at risk (VaR) concept to estimate maximum potential losses within a single year (holding period). According to the steering principles, the calculation is carried out at the two confidence levels of 99.9% and 99.98% by means of Monte Carlo simulations.

The volatilities and correlations needed for the Monte Carlo simulation are derived on the basis of a three-year historical reference period and a one-year current reference period. The higher of the VaR values calculated in this manner is used in the risk coverage calculation. This ensures that the calculated level of risk reacts rapidly to rising volatility and correlations, and that the calculated value is not misleadingly low in phases of very low volatility and correlations.

The market risk limit is set by the Executive Board based on the proposal of the Risk Management Committee. This is managed in operational terms on the basis of these requirements by the Treasury department, which administers the proprietary portfolio that makes the most significant VaR contribution. This proprietary portfolio consists of bonds held directly as well as of a special purpose fund. The value at risk is calculated on an overall basis by including the fund metrics in the risk calculation, and covers equity and exchange rate risks as well as general and specific interest rate risks.

The effects of extreme market changes are also determined by means of stress tests, which also serve to assess the plausibility of the VaR values. These tests comprise both the determination of the value at risk under stress conditions (such as credit migration and correlations) and multivariate stress tests based on specific historical scenarios (such as Black Monday, 11 September, the 2007/08 financial crisis, and COVID-19). The effects of interest rate shifts and twists as defined by the EBA Guidelines on interest rate risk in the banking book are also calculated in present-value and the outlier tests are performed pursuant to the listed EBA Guidelines on a quarterly basis.

Credit risk

OeKB Group differentiates between the following types of credit risk: counterparty risk/default risk, investment risk, and concentration risk.

Beyond the EFS, the only entity in OeKB Group that engages in significant credit operations is ÖHT (tourism financing). The overall low credit risks compared with the risk coverage capital of the bank group therefore stem primarily from the proprietary portfolio (bonds), the non-consolidated holdings, and the tourism financing extended by ÖHT. The latter is subject to high collateral standards. The majority of the loans are secured by banks, public sector entities, or mortgages.

Credit risks are assessed using the credit value at risk (CVaR). This is the difference between the maximum loss at a given confidence level (for example 99.98% in the gone concern approach) and the expected loss associated with the respective default. The CVaR is calculated by means of the Vasicek distribution assuming a one-year holding period. The CVaR amounted to € 78.7 million as at 31 December 2020 (31 Dec 2019: € 71.1 million).

Concentration risks are low because of the broad diversification of the proprietary portfolio and in terms of counterparties and sectors of industry. The major loan limits must also be followed in this, and reports are submitted regularly to the RMC and the Executive Board. Segment Tourism services concentration on the tourism and leisure industry in Austria is inherent to the company’s business model, so loans are only provided under stringent collateral requirements.

The credit risk limits are set by the Executive Board according to the proposal of the RMC, which is based on the risk coverage calculation; compliance is monitored by the RCO. Credit derivatives are not used.

The creditworthiness of counterparties is assessed using a clear rating and mapping system. This rating is based on a detailed 22-part internal master scale that differentiates between sovereign and other counterparties in the very good rating segment in assessing the probability of default. The PDs are derived taking migration risks into account. This rating and mapping system is adopted by the RMC and is reviewed annually by the RCO.

EFS ICAAP and its integration in the Group ICAAP

The EFS, which OeKB manages as an agent of the Republic of Austria, accounts for the vast majority of the total assets and is managed as a separate accounting entity from the other business activities. In line with OeKB Group’s steering principles, OeKB performs a separate risk coverage calculation for the EFS. Risks within the EFS that are not covered by the guarantees from the Republic of Austria (guarantees and avals according to AusfFG and AFFG) are evaluated and compared with the EFS interest rate stabilisation provision pursuant to UGB, which serves as risk coverage capital for the EFS.

This interest rate stabilisation provision results from surpluses generated in the EFS, which are to be retained in the EFS in accordance with the decree of the Ministry of Finance from 1968 (non-interest liability). As the tax office only treats the EFS interest rate stabilisation provision as a “deductible debt item” if the funds are used to lower the effective refinancing interest rate, a tax provision is added to the economic capital for credit risk when calculating the risk-bearing capacity.

The EFS is taken into account as investment risk within OeKB Group’s Internal Capital Adequacy Assessment Process (ICAAP). Any risk exceeding the risk coverage capital of the EFS thus becomes part of the OeKB Group’s credit risk and is included in the calculation of risk coverage for OeKB Group.

The EFS has always had an unimpaired risk-bearing capacity to date, and there has never been a spillover of risks. The total of the risks in the EFS described below is less than the risk coverage capital in the EFS again in 2020, meaning that no risk from the EFS is accounted for in the group ICAAP.

The most substantial risk types by far are credit and interest rate risk. Other relevant risk positions are CVA risk in connection with swap transactions and the refinancing risk.

Credit risk in the Export Financing Scheme

OeKB Group’s credit exposure consists primarily of financial instruments in the Export Financing Scheme (loans and advances to banks and customers). These loans are extended according to strict principles and high collateral requirements (mainly by guarantees of the Republic of Austria). To secure credit risks in connection with derivative financial instruments, collateral agreements are concluded with all counterparties. Credit derivatives are not used.

The extensive collateral and guarantees provided by the Republic of Austria result in a high level of risk concentration vis-à-vis the Republic of Austria, which is not measured due to the high quality of the collateral.

Credit risks above and beyond this are assessed using the credit value at risk (CVaR) method. This is the difference between absolute VaR at a given confidence level (99.9% in the going concern approach and 99.98% in the gone concern approach) and the expected loss associated with the respective default. The CVaR is calculated by means of a Monte Carlo simulation assuming a one-year holding period.

In addition to the risk concentration vis-à-vis the Republic of Austria, there are also significant concentrations vis-à-vis banks and other guarantors. These concentrations are inherent to the business model, and scope for diversification in this regard is limited. Due to the use of the Monte Carlo simulation, the calculated CVaR contains both business partner concentration risks as well as concentrations relating to guarantors and the probability of impairment as based on their credit ratings and correlation with the borrowers.

Credit risk is managed on the basis of the risk coverage calculation and the limits defined on this basis, and in day-today operations through a business partner limit system in which business partners and guarantors as well as combinations thereof are assigned limits. The concrete limits are assigned by the Executive Board based on the recommendations of the Credit Committee. Compliance is monitored by the Risk Controlling department.

See Note 36 for rating assignments and impairment calculations.

Market risk in the EFS

In accordance with the primary steering principle, market risk is measured by means of the earnings at risk (EaR) and includes interest rate risks and, to the extent not guaranteed by the Republic of Austria, a limited level of exchange rate risks. As is the case for the measurement of credit risk, market risk is measured by means of a Monte Carlo simulation with the confidence levels specified above and a planning period of one year.

The Treasury department is responsible for the operational management of market risk based on the requirements from the EFS ICAAP and, in particular, in coordination with the Asset Liability Management Committee (ALCO), to which the

Treasury department submits regular reports. The ALCO, which includes the Executive Board, is also responsible for defining the EFS asset rates and for designing the EFS products.

The effects of interest rate shifts and twists as defined by the EBA Guidelines on interest rate risk in the banking book are also calculated in present-value and net-result terms on a quarterly basis and are reported to the Risk Management Committee and the Executive Board (see Note 36).

Business risk

OeKB Group primarily understands business risks to mean declines in profits caused by unexpected changes in business volume or margins or unexpected operating costs and expenses. Unexpected refers to deviations from the Group's planning. To the extent that they have materialised in the past, these risks also include business model risks and strategic risks arising from business policy decisions and changes in economic or legal conditions as well as reputation risks as negative consequences of stakeholder perceptions.

Business risk is initially determined on a quantitative basis and then subject to expert review so that concrete limits can be set annually by the Risk Management Committee. As this risk category is a profit risk, it is accounted for in the risk coverage calculation by being deducted from the risk coverage capital.

Aside from quantitative inclusion in the ICAAP, the Group is aware of the relevance of these risks in particular in its role as a special-purpose bank group, due to the high importance of the Export Financing Scheme, and in light of the associated legal exceptions. The active monitoring of legislative changes, stakeholder dialogue, adherence to a conservative risk policy, and a proactive reputation policy (including a Code of Conduct) are central factors in mitigating these risks.

Other risks in the ICAAP

Model risks and risks from risk types that are not separately measured are taken into account in the risk coverage calculation by the application of percentage surcharges to the determined economic capital.

OeKB Group faces various risk concentrations. Two of the most significant concentrations are the business field concentration as a special-purpose bank group and the dependence on the guarantees provided by the Republic of Austria in connection with the EFS. These concentrations are inherent to the business model and scope for diversification in this regard is limited.

Inter-concentration risks that arise from interdependences between different risk types are factored into the Group ICAAP as well as into the EFS ICAAP by aggregating the economic capital values for each risk type (credit risk, market risk, etc.). Multivariate stress tests are also performed to evaluate these risks.

The risk of excessive leverage, and hence the leverage ratio, are of minor significance for OeKB Group as most of its assets stem from the Export Financing Scheme. The EFS exposure is secured by the guarantees of the Republic of Austria to a large extent, and the debt financing is part of the business model.

Non-financial risks and operational risks

Unlike market and credit risks, for example, non-financial risks can only be managed through key figures to a limited extent, so the definition of the risk appetite and the management of these risks primarily occur on a qualitative basis. In 2019, the RMC established the Non-Financial Risk Committee (NFRC) as a sub-committee in order to keep pace with the diversity and increasing relevance of these risks.

OeKB Group includes the following risks in this category: systemic risk, business model risk, strategic risk, reputation and conduct risk, compliance risk, and operational risk.

Standards, rules, and processes are derived from the risk policy and documented in manuals. This also includes emergency management manuals, contingency plans, and crisis scenarios, all of which are reviewed annually. The effectiveness of plans and concepts is checked using tests and exercises. The ongoing maintenance and evaluation of the central loss incident database, in which near losses are also documented, helps to ensure the continuous optimisation of operational risks.

In order to complete the tasks outlined above, the Executive Board has appointed an Operational Risk Manager who reports to the RMC and coordinates group-wide implementation.

Given the high importance of information security, the Group has a separate Information Security Officer. Legal risks are minimised through continuous monitoring by the respective business segments and the Legal & Compliance department, and by the appointment of Compliance Officers pursuant to the WAG and § 39(6) BWG.

Operational risk is dictated by the corporate culture and the behaviour of each individual more strongly than market risk and credit risk. With this in mind, the Executive Board has established a Code of Conduct with rules, as such as for corruption prevention, the whistle-blower system, and the complaint handling system.

Regular checks conducted by Internal Audit and Group Internal Audit and an effective internal control system contribute to the further mitigation of operational risks.

Operational risk is the risk of losses resulting from the inadequacy or failure of internal processes, people, or systems or from external events including legal risks. The economic capital requirement for the Group ICAAP is determined by scaling the regulatory capital requirement according to the Basic Indicator Approach to the respective confidence level.

Liquidity risk (ILAAP)

OeKB bank group differentiates between the following types of liquidity risk:

- the risk of not being able to fully meet present or future payment obligations as they fall due;
- refinancing risk, in other words the risk that funding can only be obtained at unfavourable market terms; and
- market liquidity risk, in other words the risk that assets can only be sold at a discount.

Liquidity risk management is performed for OeKB Group as a unit, including the Export Financing Scheme.

The Executive Board defines the principles for liquidity risk management and the risk appetite in the Risk Policy and Strategy that is coordinated with the Supervisory Board's Risk Committee on an annual basis. This refers to liquidity risk as insolvency risk. This is the short-term risk of not being able to meet present or future payment obligations fully as they come due. A minimum survival period of at least one month and a target survival period of at least two months have been set for OeKB Group.

The goal of the liquidity strategy is to ensure sufficient access to required liquidity on acceptable terms even in difficult market situations. OeKB's excellent standing on the international financial markets as OeKB's excellent standing for decades as an issuer for decades coupled with the high diversification of its financial instruments, markets, and maturities, and most importantly of all the Austrian government guarantee protecting the lenders pursuant to § 1(2a) AFFG combine to facilitate market access for the Group even when markets are under special stress. The processes used to measure and manage liquidity risk are documented in the liquidity risk management manual that is adopted by the RMC.

As the overwhelming need for liquidity results from the Export Financing Scheme, the refinancing risk is factored into the risk coverage calculation for the EFS.

The central tool for the measurement of liquidity risk in the narrower sense is a monthly liquidity gap analysis. This is done using one-day time buckets for the next twelve-month period and is based on cash flow and funding projections – under both idiosyncratic and systemic stress assumptions – that are set against the liquidity buffer (consisting primarily of securities eligible for rediscounting by the ECB). Market liquidity risk is taken into account through corresponding haircuts for liquid assets.

The average survival period determined by this methodology was roughly nine months in 2020. OeKB Group defines the survival period as that period for which the current liquidity buffer is sufficient under an assumed combination of simultaneous idiosyncratic and systemic stresses to meet all payment obligations without having to raise additional capital on the financial markets (although the full faith and credit of the Republic of Austria supports such borrowing by OeKB). In a stress period, the survival period is thus the time available to take any strategic corrective action necessary. A liquidity contingency plan is in place for crisis situations.

OeKB Group's survival period

Days	2020	2019
Annual average	276	203
Yearly maximum	365	290
Yearly minimum	167	101

The unencumbered liquidity buffer of OeKB Group has the following composition:

Liquidity buffer of OeKB Group

€ thousand	Fair values 2020	Fair values 2019
Cash and cash equivalents	1,605,579	809,838
Less minimum reserves	(62,430)	(38,083)
Cash and cash equivalents at central banks	**1,543,149**	**771,755**
Securities deposited at the central bank	9,164,674	6,876,112
Treasury bills and similar securities eligible for rediscounting	1,246,693	861,615
Bonds from other issuers eligible for rediscounting	56,900	23,151
Total	**12,011,416**	**8,532,632**

Daily liquidity is ensured on the basis of the needs and coverage calculation, and long-term liquidity is assessed on the basis of the gap analysis. Operational liquidity management is handled by the Treasury department, which reports to the ALCO. Compliance with the survival period requirements is monitored by the Risk Controlling department and reported to the RMC.

OeKB does not manage its liquidity according to the liquidity coverage ratio (LCR) or net stable funding ratio (NSFR). Pursuant to § 3(2)1 BWG, the following legal provisions do not apply: Part 6 of Regulation (EU) No. 575/2013 and §§ 27a, 39(2b)7 in conjunction with 39(4), 39(3), and 74(6)3a in conjunction with § 74(1) BWG.

Sustainability risks

The OeKB bank group understands sustainability risks to mean environmental, social, or governance events or conditions (ESG risks) that could have a material negative effect on the bank's asset, financial, or earnings position or reputation. This especially includes climate-related risks in the form of physical and transition risks.

The management and employees of the OeKB bank group are aware of their responsibility to conduct business in a sustainable manner. This applies both to the sustainability policy in terms of the impacts that business activities have on environmental and social issues as well as to the risks and opportunities that could arise for the business model from changing environmental conditions, such as climate change.

Especially the issue of climate change and potential social and political reactions are a source of rising risks, above all relating to reputation and the business model. For OeKB Group, the direct physical risks are less relevant than the transition risks. At the same time, this harbours opportunities for future growth. For this reason, OeKB is continuing to place a clear focus on the increased consideration of climate risks in its risk management.

In multiple company-wide workshops, a causal chain analysis of the effects of global warming on the various risk types was conducted and discussed in the RMC. The salient conclusion is that no adjustment of the risk modelling or in the risk coverage calculation is required at this time.

Note 36 Details on the risk types

Credit risk

The maximum credit risk essentially encompasses all of OeKB Group's assets (with the exception of property, equipment, and intangible assets). The maximum credit risk is significantly reduced by the extensive guarantees and sureties, primarily from the Republic of Austria.

Credit rating and country breakdown

The distribution of OeKB Group's financial instruments measured at amortised cost across rating categories (summary of the master rating scale with six rating levels) was as shown in the table below. Guaranteed assets were assigned to the rating category of the guarantor in the amount of the guarantee.

Credit quality of the financial instruments at amortised cost

€ thousand	Stage 1 net book value	Stage 2 net book value	Stage 3 net book value	POCI net book value	Carrying amount 2020	Carrying amount 2019
Loans and advances to banks						
Rating category 1 (AAA/AA)	19,647,123	143,410	23,643	-	19,814,176	19,580,233
Rating category 2 (A)	1,294,864	-	-	-	1,294,864	971,112
Rating category 3 (BBB)	293,686	-	-	-	293,686	297,870
Rating category 4 (BB)	-	-	-	-	-	8
Rating category 5 (B)	-	-	-	-	-	-
Rating category 6 (CCC or lower)	3	-	-	-	3	420
Total	**21,235,676**	**143,410**	**23,643**	**-**	**21,402,729**	**20,849,643**
Loans and advances to customers						
Rating category 1 (AAA/AA)	391,737	105,734	26,769	116,512	640,752	607,776
Rating category 2 (A)	382,675	55,520	253	-	438,448	396,213
Rating category 3 (BBB)	440,446	46,169	-	-	486,614	470,032
Rating category 4 (BB)	7,184	5,437	-	1	12,622	43,573
Rating category 5 (B)	-	-	-	-	-	18,397
Rating category 6 (CCC or lower)	79	-	-	798	877	8,529
Total	**1,222,121**	**212,860**	**27,022**	**117,311**	**1,579,313**	**1,544,519**
Other financial assets (at amortised cost)						
Rating category 1 (AAA/AA)	139,524	-	-	-	139,524	147,392
Rating category 2 (A)	105,901	-	-	-	105,901	120,990
Rating category 3 (BBB)	47,371	-	-	-	47,371	55,014
Rating category 4 (BB)	-	-	-	-	-	-
Rating category 5 (B)	-	-	-	-	-	7,184
Rating category 6 (CCC or lower)	-	-	-	-	-	18,971
Total	**292,795**	**-**	**-**	**-**	**292,795**	**349,552**
					Value 2020	Value 2019
Credit facilities and commitments to lend						
Rating category 1 (AAA/AA)	4,621,538	1,167	-	-	4,622,705	3,822,199
Rating category 2 (A)	66,958	273	-	-	67,231	32,796
Rating category 3 (BBB)	32,439	2,038	-	-	34,477	36,030
Rating category 4 (BB)	-	-	-	-	-	4,256
Rating category 5 (B)	-	-	-	-	-	314
Rating category 6 (CCC or lower)	-	-	-	-	-	2,640
Total	**4,720,935**	**3,478**	**-**	**-**	**4,724,413**	**3,898,234**

Credit risk concentrations

The following table shows the geographical breakdown of the loans and advances to banks and loans and advances to customers.

Breakdown of the loan commitments based on the country of the guarantor

	Loans and advances to banks		Loans and advances to customers		Total per country	
€ thousand	2020	2019	2020	2019	2020	2019
Austria	21,283,253	19,863,915	1,578,502	1,539,607	22,861,755	21,403,522
France	782,635	385,001	-	-	782,635	385,001
Germany	639,785	257,895	4	1,732	639,789	259,627
Italy	281,328	326,788	-	-	281,328	326,788
Finland	220,131	597,604	-	-	220,131	597,604
Other countries	381,220	817,568	808	3,180	382,028	820,748
Total	**23,588,352**	**22,248,771**	**1,579,313**	**1,544,519**	**25,167,665**	**23,793,290**

Guarantees from national governments had been issued for 90.4% (2019: 89.8%) of the loans and advances to banks and customers.

Determining the expected credit loss (ECL)

The following shows the material input factors, assumptions, and techniques employed by the OeKB Group to calculate impairment charges according to IFRS 9 (expected credit loss model). Because of the business model of OeKB Group and its special credit risk situation, the ECL values calculated according to the IFRS 9 are of limited informational value.

Low credit risk exemption

According to IFRS 9, the credit risk can be considered to be low when the rating of the financial instrument is equivalent to an investment grade rating. The OeKB Group applies this low credit risk exemption. A non-significant increase is generally assumed when the financial instrument in question has a low default risk (before accounting for collateral) on the reporting date.

OeKB Group defines categories 1 to 10 of the 22 total categories on the internal master rating scale as low default risk. Level 10 corresponds to an S&P rating of BBB-; this means that the classes 1 to 10 correspond to the market's typical definition of investment grade.

Justification for the use of the low credit risk exemption

OeKB Group is purely a group of special-purpose banks with special, legally mandated tasks for the capital market, the export services, and in the tourism services segment since the acquisition of the majority stake in ÖHT (see Note 1). The majority of the total assets result from the Export Financing Scheme and is governed by special laws (AFFG and AusfFG). Exemptions from the CRR and CRD apply to all activities relating to export (financing) promotion (and to the entire bank group without limitations at the European level), and the subsidiaries are not banks for the purposes of the CRR. The EFS is a self-sustaining promotion system; credit losses do not reduce equity but are posted against the interest rate stabilisation provision or are directly covered by a guarantee from the Republic of Austria (see Note 1). Decades of operational experience have shown no or only minor losses from the portfolios to date.

In line with the EBA Guidelines, OeKB Group regularly monitors the development of credit ratings and reserves the right to take individual financial instruments out of the low credit risk exemption based on an assessment (30-days past due or a different qualitative trigger). This means that the low credit risk exemption is only applied to financial instruments that are of investment grade and that have no qualitative indicators for stage 2 or stage 3.

Definition significant increase in credit risk

The assessment of the significant increase in credit risk is a central aspect of the ECL model. In the event of a significant increase in credit risk, the impairment value must not be the 12-month ECL, but the lifetime ECL (except for instruments to which the low credit risk exemption can be applied).

As the OeKB Group uses the low credit risk exemption, the 12-month ECL is generally used. An impairment in the amount of the lifetime expected loss is relevant for financial instruments whose rating is not or is no longer in the investment grade range, if the credit risk increases significantly at the same time (based on quantitative or qualitative characteristics).

Significance criteria

An increase in credit risk is significant when the probability of default (PD) increases significantly. The assessment is conducted quantitatively on the basis of the aggregated probabilities of default (PDs) for the (expected) term of the instrument. OeKB Group has selected a change in the forward lifetime PD as the relative transfer criterion for assignment to stage 2, with the change in the default risk being neutralised over the course of time in the comparison. If the increase exceeds the defined threshold, the instrument is assigned to stage 2 (unless the instrument remains in stage 1 on the basis of the low credit risk exemption).

The thresholds for assessing the significance of the change in the default risk are defined relative to the risk of default upon initial recognition, and more than 250% increase in the forward lifetime PD is seen as significant.

In addition to the quantitative definition, OeKB Group also uses qualitative information to assess a significant change in the default risk. This especially includes significant changes in external market indicators (such as credit spreads) and actual or anticipated significant changes in external credit ratings of a financial instrument or borrower. When such marked developments occur, the significance is assessed on a case-by-case basis. A borrower being past due by more than 90 days generally qualifies as a transfer criterion, and being past due by more than 30 days is an indicator that can be refuted in individual cases.

Collateral is not taken into account when assessing the default risk (except collateral included in the security rating).

Collective stage transfer

ÖHT's borrowers are active in the Austrian tourism and leisure industry, the sector that has been hit hardest by the COVID-19 pandemic and the associated lockdowns and travel restrictions. However, this is not yet adequately reflected in the ratings of the individual borrowers and their loans. For this reason, information at the level of the ÖHT portfolio was used to make a collective top down stage transfer for this homogeneous group. Because of the current uncertainty about the effects of the COVID-19 crisis, scenarios were run with the tourism industry being impacted to differing degrees. In the most likely scenario, a material deterioration in creditworthiness was estimated for 20% of the loans. The loans that have not already been subjected to a stage transfer on the basis of other qualitative or quantitative criteria are then screened on the basis of the relative increase in probability of default.

Contracts with modified conditions

There are many different reasons why conditions in customer contracts are changed after the fact, even when the business partner's credit rating has not worsened, such as changed market conditions or early repayments.

One reason in OeKB Group is development loans used to finance projects in developing and emerging countries. Because projects take different courses, it is normal here to make changes to the times of payout and repayment.

The majority of the modifications in 2020 resulted from the deferrals voluntarily offered by ÖHT as a promotion agency for the tourism industry, which were accepted by nearly half of all borrowers and which does not automatically mean that a material deterioration in creditworthiness has occurred.

As explained in Note 2, the previous contract is terminated and a new financial asset recognised at fair value when substantial contract amendments are made. In cases of minor changes, the difference in the fair value of the contract before and after the amendment is recognised on the income statement.

When significant changes are made, the date of the initial recognition of the new financial asset is also used as the original credit risk for the future calculation of the change in the credit risk, while the original credit risk upon the conclusion of the original contract is still used in the case of minor changes.

If contracts are modified due to the borrower experiencing financial difficulties and with the intention of maximising the future interest and principal payments of this business partner (forbearance), this is in any case a qualitative indicator for the default of the borrower (see also "Definition of default" below). The partner may be returned to the 12-month ECL after a longer period of consistent contract fulfilment and when there are additional indications that the financial difficulties have been overcome.

Calculation of the expected credit loss

The three key parameters for calculating the ECL are the

- probability of default (PD)
- loss given default (LGD)
- exposure at default (EAD).

The derivation of these three parameters is explained below.

Probability of default

Credit rating classification

OeKB Group classifies every credit exposure and assigns every borrower and every financial instrument to a credit rating category on the internal master rating scale based on external ratings from qualified agencies and internal credit assessments. A probability of default is assigned to every rating level and increases exponentially from level to level. These one-year probabilities of default are used for risk management in the sense of the Basel requirements and must therefore be adapted accordingly for use in the ECL calculation.

PIT and FLI adjustments

In the first step, monthly aggregated probabilities of default are determined out to the maximum maturity in the portfolio using conditional probabilities (Bayes' theorem) in line with the one-year through the cycle PDs used in risk management. The use of the Bayesian scalar approach ensures that the PD values are between 0 and 1.

According to IFRS 9, the PD must not only be estimated for a point in time (PIT), but must also take forward looking information (FLI) into account. This means that OeKB Group adapts the PIT probabilities of default to account for expected future developments in the next step.

Portfolio-specific models that allow a multi-year (up to three years) projection of the portfolio PDs by way of relevant macroeconomic indicators are created for these FLI adjustments. These adjustments are applied to the PIT PDs and continued on a tapering basis after the end of the forecasting period to calculate the FLI PDs. The FLI models consist of a multilinear regression of quarterly data over a period typically lasting 10 or more years. The dependent variable is the average probability of default for the portfolio, usually calculated as a share-weighted value. A set of independent variables is selected for each portfolio in collaboration with economic experts and added to the regression. Different compositions are then tested from this set in the regression, with the variants taking into account relative and absolute changes as well as time-delayed effects. The model is selected taking the calculated coefficient of determination and the distribution characteristics of the unexplained variation into account. In the final step, the FLI adjustments are estimated from projections for the macroeconomic parameters using the regression coefficients.

This forms the base scenario for the changes in the probabilities of default. Because of the great uncertainty about the severity of the COVID-19 pandemic and its impacts on the economy, the ECL calculation is based on three scenarios: a mild scenario with substantial government assistance; an expected hard scenario; and an adverse scenario featuring extended lockdowns. These three scenarios for the changes in the probabilities of default differ in the multipliers derived individually for each portfolio. The econometrically calculated scenario is the mild scenario. The resulting forward probabilities of default are increased by multiplicative factors for the two other scenarios depending on the vulnerability of the sector. In the expected hard scenario, this means that the tourism sector, which makes the most significant contribution to the impairment requirements and is being hit hardest by the crisis, exhibits a PD multiplier of 4 in the middle of 2021, which then decreases over time to reach a normal level of 1 in the second half of 2022. In the adverse scenario, the PD multiplier rises to 5 in the middle of 2021 and does return to the normal level until one year later, in the second half of 2023.

No PIT or FLI adjustments are applied to the EAD or LGD values.

Definition of default

OeKB Group uses default indicator definitions that are oriented towards Art. 178 CRR. These especially include debtors being past due by more than 90 days, the initiation of bankruptcy/restructuring proceedings against the debtor, and other crisis-related restructuring measures that lead to concessions to the debtor. There may also be other indicators that point to a potential default (such as information about the default of the debtor with other creditors) in individual cases. These must be assessed on a case-by-case basis and are also taken into account in the period from the balance sheet to the preparation of the balance sheet.

Loss given default (LGD) and application of collateral

The loss given default is another central parameter in calculating the ECL. It indicates the amount of the loss in the event of borrower or financial instrument default, in which case fungible collateral must be taken into account.

Because of its business model, OeKB Group does not have sufficient data to derive a statistically significant LGD model, either for a 12-month LGD or for a lifetime LGD.

Therefore, the following approach has been selected in general based on the ICAAP and the values specified in the CRR:

- LGD for assets economically guaranteed by the Republic of Austria: unchanged 0%

- LGD of unchanged 3.25% for reverse repurchase agreements and 6% (31 Dec 2019: 10%) for loans with mortgage collateral (ÖHT)

- LGD for other financial transactions: unchanged 65% (see Art. 161 CRR: senior exposures 45% and subordinated 75%). Note: There are no subordinated exposures at this time; because of the business model and the material portfolios (EFS, bond portfolio), it seems appropriate to apply a higher value than specified in the CRR based on the wide variation in the empirical estimations of LGDs and the comparatively high LGDs found in the literature for bonds.

No collateral is taken into account by way of LGD aside from the cases listed above. Other collateral is not taken into account in the loss given default, but in the PD (multiple default).

The calculation of these multiple default PDs takes the number of collateral items into account. This means that this represents the probability that not only the borrower will default, but also the guarantors at the same time, with the correlation between the borrower and the guarantors being taken into account. This means that the joint probability of default is a cumulative bivariate or trivariate distribution function depending on whether there is one item of collateral or two items of collateral.

Collateral is not taken into account in the PD as part of the staging process, but is only used to calculate the ECLs (for the one-year ECL and the lifetime ECL).

Expected exposure at default (EAD)

The EAD represents the expected gross book value at the time of default. The EADs are modelled on the basis of a monthly observation calculated from the contractual cash flows plus accrued interest according to the effective interest method.

Product-specific credit conversion factors are estimated for undrawn facilities and loan commitments based on empirical experience with degrees of utilisation.

Impairment requirement according to the ECL calculation

The impairment charges are determined by the weighting of the ECLs calculated on the basis of the scenarios, using the following weighting factors: 10% for the mild, 60% for the expected, and 30% for the adverse scenario.

Impairment charge according to the ECL method

€ thousand	31 Dec 2020	31 Dec 2019	Additions	Disposals	Change: Present value effects; risk parameters	Change: Cash flow effect	Stage transfer	Of which assigned to the EFS	Of which not assigned to the EFS
Loans and advances to banks	148	84	5	(15)	73	-	-	59	4
Loans and advances to customers	3,542	746	417	(66)	1,763	(322)	683	-	2,476
Other financial assets	425	231	91	(67)	171	-	-	-	195
Transfer of the net gain or loss on financial instruments assigned to the EFS interest rate stabilisation provision	-	-	(1)	15	(73)	-	-	(59)	-
Total	**4,115**	**1,061**	**512**	**(133)**	**1,934**	**(322)**	**683**	**-**	**2,675**

The portfolio change caused an increase of € 0.4 million in the loan loss provisions. Changes in the risk parameters and the FLI models made above all due to the outbreak of the COVID pandemic resulted in a € 1.9 million increase in the loan loss provisions. Effects that had no impact on the amount of the loan loss provisions consisted of cash redemptions of POCI assets (minus € 0.3 million) and the transfer to the interest rate stabilisation provision (minus € 0.1 million) and account for the difference in the amount of the provisions compared to the net credit risk provisions (€ 2.7 million). Increased stage transfers resulted from the COVID-19 pandemic and its economic impacts and can be attributed primarily to the meeting of the transfer criterion and the application of the collective stage transfer; loan loss provisions rose by € 0.7 million as a consequence.

Because guarantees from the Republic of Austria have been issued for nearly all exposures, OeKB Group only has limited need for impairment charges. The increase can primarily be attributed to the segment Tourism Services loan portfolio; ÖHT's borrowers are Austrian tourism and leisure companies, a sector that has been hit especially hard by COVID-19. The relatively low need for impairment charges despite this is the result of the high collateral quality in the portfolio (guarantees from the Republic of Austria and banks and a limited level of mortgages).

The corresponding gross book values of the impaired financial assets as at 31 December 2020 came to € 20,081.6 million (2019: € 20,556.0 million) for loans and advances to banks, € 1,582.5 million (2019: € 1,545.3 million) for loans and advances to customers, and € 293.2 million (2019: € 349.8 million) for other financial assets. Unimpaired collateral in the amount of € 1,321.3 million (2019: € 293.7 million) is not included in the gross book values.

Sensitivity of the need for impairment charges depending on the economic scenarios (deviation from posted figures):

	Mild scenario	Expected scenario	Adverse scenario
Impairment requirement	(46) %	(2) %	+ 20%

Multiple scenarios were drawn up in 2020 due to the uncertainty about the further course of the COVID-19 pandemic and its economic impacts. Before the onset of the COVID-19 pandemic, the need for impairment charges was determined solely on the basis of the econometrically calculated FLI projections, so there are no comparison figures for the previous year.

Market risk

Gap analysis

The following tables show the gap analysis for OeKB Group. The increase in the volume can be attributed primarily to the growth in the EFS.

Gap analysis at 31 Dec 2020

€ thousand	Up to 3 months	3 up to 6 months	6 months up to 1 year	1 up to 5 years	More than 5 years	Carrying amount
Cash and cash equivalents	1,605,579	-	-	-	-	1,605,579
Loans and advances to banks	13,375,591	2,234,303	639,514	5,004,406	2,334,537	23,588,352
Loans and advances to customers	1,259,603	172,859	58,240	43,356	45,254	1,579,313
Bonds and other fixed-income securities	202,583	38,000	135,500	1,448,427	565,812	2,390,321
Total	**16,443,356**	**2,445,163**	**833,254**	**6,496,189**	**2,945,603**	**29,163,565**
Deposits from banks	(1,250,506)	(104,636)	-	-	-	(1,355,142)
Deposits from costumers	(680,356)	(20,945)	(6,137)	(40,567)	(22,728)	(770,733)
Debt securities issued	(8,828,112)	(268,575)	(2,909,653)	(15,223,016)	(2,206,073)	(29,435,429)
Total	**(10,758,974)**	**(394,156)**	**(2,915,790)**	**(15,263,583)**	**(2,228,801)**	**(31,561,304)**
Gap before derivative financial instruments	**5,684,382**	**2,051,007**	**(2,082,535)**	**(8,767,394)**	**716,802**	
Effect of derivative financial instruments (nominal amounts)	(9,088,393)	(31,602)	1,089,896	8,555,406	(525,308)	
Total	**(3,404,011)**	**2,019,405**	**(992,640)**	**(211,987)**	**191,494**	

Gap analysis at 31 Dec 2019

€ thousand	Up to 3 months	3 up to 6 months	6 months up to 1 year	1 up to 5 years	More than 5 years	Carrying amount
Cash and cash equivalents	809,838	-	-	-	-	809,838
Loans and advances to banks	12,440,722	2,075,854	686,475	4,509,498	2,536,222	22,248,771
Loans and advances to customers	1,311,515	150,257	20,386	48,783	13,579	1,544,519
Bonds and other fixed-income securities	214,337	63,500	217,250	1,124,184	793,159	2,412,429
Total	**14,776,411**	**2,289,611**	**924,111**	**5,682,464**	**3,342,960**	**27,015,557**
Deposits from banks	(1,593,240)	(112,864)	-	-	-	(1,706,105)
Deposits from costumers	(665,262)	(27,643)	(7,717)	(38,385)	(9,821)	(748,829)
Debt securities issued	(8,282,969)	(1,097,643)	(5,120,479)	(11,216,966)	(2,204,356)	(27,922,413)
Total	**(10,541,472)**	**(1,238,151)**	**(5,128,196)**	**(11,255,351)**	**(2,214,177)**	**(30,377,347)**
Gap before derivative financial instruments	**4,234,939**	**1,051,460**	**(4,204,085)**	**(5,572,887)**	**1,128,783**	
Effect of derivative financial instruments (nominal amounts)	(8,924,842)	308,476	654,486	8,428,290	(466,411)	
Total	**(4,689,902)**	**1,359,936**	**(3,549,598)**	**2,855,403**	**662,371**	

General interest rate risk in the banking book

In addition to the stochastic interest rate risk calculation in the risk coverage calculation, interest rate risk is also regularly calculated using interest rate scenarios. This also includes the employee benefit provisions. The following table shows the sensitivity of the net present value (PV) of the bank group (present value basis) and the net interest income (NII) (income basis) depending on defined interest rate shocks on the basis of the EBA Guidelines on the Management of Interest Rate Risk Arising from Non-trading Book Activities (EBA/GL/2018/02).

General interest rate risk in the banking book (IRRBB) at 31 Dec 2020

		Parallel shift		Short/long twist		Parallel shift of key currencies			
€ thousand	PV/NII	+50 BP	(50) BP	-/+25 BP	+/-25 BP	EUR +25 BP	EUR (25) BP	CHF +25 BP	CHF (25) BP
Interest rate sensitivities on a present value basis (excl. non-interest-bearing assets)									
OeKB bank group	1,680,434	(35,037)	38,677	(11,315)	12,650	(54,419)	55,770	33,657	(34,313)
Of which EFS	*614,881*	*(26,741)*	*25,962*	*(7,824)*	*5,918*	*(50,584)*	*51,575*	*33,658*	*(34,314)*
Interest rate sensitivities on an earnings basis (1 year, before guarantee fee)									
OeKB bank group	103,260	(4,332)	4,016	1,704	(1,688)	14,865	(14,869)	(18,412)	18,445
Of which EFS	*7,055*	*(5,423)*	*4,474*	*2,197*	*(2,215)*	*14,279*	*(14,293)*	*(18,412)*	*18,445*

General interest rate risk in the banking book (IRRBB) at 31 Dec 2019

€ thousand	PV/NII	Parallel shift +50 BP	Parallel shift (50) BP	Short/long twist -/+25 BP	Short/long twist +/-25 BP	Parallel shift of key currencies EUR +25 BP	EUR (25) BP	CHF +25 BP	CHF (25) BP
Interest rate sensitivities on a present value basis (excl. non-interest-bearing assets)									
OeKB bank group	1,690,574	(25,564)	28,118	(284)	1,561	(55,662)	57,353	40,919	(41,755)
Of which EFS	*656,443*	*(21,416)*	*21,595*	*632*	*(840)*	*(54,073)*	*55,019*	*40,920*	*(41,756)*
Interest rate sensitivities on an earnings basis (1 year, before guarantee fee)									
OeKB bank group	101,562	(8,114)	7,542	5,701	(5,862)	12,675	(12,825)	(16,704)	16,734
Of which EFS	*10,099*	*(9,715)*	*8,686*	*6,212*	*(6,448)*	*11,975*	*(12,210)*	*(16,704)*	*16,734*

The outlier tests pursuant to EBA Guideline 2018/02, came in below 2%, which is well below the stipulated early warning threshold of 15% for regulatory capital according to COREP.

Liquidity risk

The following table shows the maturity structure of the financial liabilities and financial assets. The interest and principal flows are assigned to the individual maturity bands based on the contractual maturities. Positions that are repayable on demand are assigned to the "Up to 1 month" maturity band. Revolving credit facilities are included with a constant degree of utilisation for liquidity purposes, as experience has shown that the degree of utilisation is generally stable. The commitments to lend contain future loan payouts where the capital flows are known but where the interest rate has not yet been set. For this reason, only capital flows are shown for these commitments to lend.

Maturity structure - as at 31 Dec 2020

€ thousand	Total outflows/ inflows	Up to 1 month	1 month up to 1 year	1 up to 5 years	More than 5 years
Financial liabilities					
Deposits from banks	(1,366,251)	(614,469)	(167,718)	(430,282)	(153,782)
Deposits from costumers	(742,733)	(96,928)	(18,584)	(599,152)	(28,070)
Debt securities issued	(29,663,875)	(3,202,810)	(7,971,687)	(16,047,231)	(2,442,148)
Commitments to lend	-	(13,440)	(259,561)	(128,057)	401,058
Total	**(31,772,860)**	**(3,927,646)**	**(8,417,551)**	**(17,204,721)**	**(2,222,942)**
Derivative financial instruments					
Outflows	(26,486,266)	(2,681,163)	(4,635,770)	(17,102,840)	(2,066,493)
Inflows	24,857,921	2,521,372	4,365,675	15,935,239	2,035,636
Total	**(1,628,344)**	**(159,791)**	**(270,095)**	**(1,167,601)**	**(30,857)**
Financial assets					
Cash and cash equivalents	1,605,579	1,605,579	-	-	-
Loans and advances to banks	23,600,698	1,185,049	5,931,368	12,293,981	4,190,299
Loans and advances to customers	1,696,762	22,162	225,374	788,898	660,328
Bonds and other fixed-income securities	2,347,329	7,834	204,899	1,553,473	581,122
Total	**29,250,367**	**2,820,624**	**6,361,641**	**14,636,353**	**5,431,749**
Derivative financial instruments					
Inflows	17,559,387	826,192	2,216,770	13,023,255	1,493,170
Outflows	(16,740,144)	(802,818)	(1,998,455)	(12,531,981)	(1,406,890)
Total	**819,243**	**23,374**	**218,315**	**491,274**	**86,280**
Guarantees purs. to § 1(2b) AFFG	**4,718,041**	**416,789**	**1,106,500**	**2,799,644**	**395,109**
Liquidity gap	**1,386,448**	**(826,650)**	**(1,001,190)**	**(445,052)**	**3,659,339**

Maturity structure - as at 31 Dec 2019

€ thousand	Total outflows/ inflows	Up to 1 month	1 month up to 1 year	1 up to 5 years	More than 5 years
Financial liabilities					
Deposits from banks	(1,795,044)	(830,034)	(214,510)	(531,160)	(219,340)
Deposits from costumers	(648,696)	(625,594)	(5,438)	(11,729)	(5,934)
Debt securities issued	(28,451,386)	(2,771,905)	(7,307,415)	(15,571,553)	(2,800,513)
Commitments to lend	-	(750)	(293,678)	(215,415)	509,844
Total	**(30,895,127)**	**(4,228,284)**	**(7,821,041)**	**(16,329,858)**	**(2,515,944)**
Derivative financial instruments					
Outflows	(20,091,348)	(1,751,148)	(3,077,977)	(13,427,242)	(1,834,980)
Inflows	19,574,641	1,711,938	3,135,265	12,929,376	1,798,061
Total	**(516,707)**	**(39,210)**	**57,289**	**(497,866)**	**(36,919)**
Financial assets					
Cash and cash equivalents	809,838	809,838	-	-	-
Loans and advances to banks	17,938,144	934,948	2,088,012	10,070,120	4,845,065
Loans and advances to customers	1,668,472	12,112	178,294	816,176	661,890
Bonds and other fixed-income securities	2,397,523	11,315	326,802	1,238,899	820,507
Total	**22,813,977**	**1,768,212**	**2,593,107**	**12,125,195**	**6,327,463**
Derivative financial instruments					
Inflows	21,798,110	1,125,107	3,568,024	14,630,611	2,474,368
Outflows	(21,102,635)	(1,096,040)	(3,346,015)	(14,246,423)	(2,414,157)
Total	**695,475**	**29,067**	**222,009**	**384,188**	**60,211**
Guarantees purs. to § 1(2b) AFFG	**4,895,495**	**522,430**	**852,315**	**3,020,078**	**500,673**
Liquidity gap	**(3,006,886)**	**(1,947,785)**	**(4,096,322)**	**(1,298,263)**	**4,335,483**

The liquidity gaps are smaller than the volume of a typical benchmark bond and can be closed at any time.

Note 37 Scope of consolidation

The following table shows all companies that are included in the financial statements of OeKB Group. In addition to the parent company Oesterreichische Kontrollbank Aktiengesellschaft, the following companies are fully consolidated: Oesterreichische Entwicklungsbank AG, Vienna, OeKB CSD GmbH, Vienna, and Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna.

Four companies were not consolidated (2019: 4) because they do not have a material influence on the asset, financial, or earnings position of the Group. The combined total assets of these four entities represented 0.02% of the Group's console-dated total assets, and their combined profit for the year represented less than 0.15% of the Group's consolidated profit for the year. AGCS Gas Clearing and Settlement AG, in which OeKB holds a 20% stake, was not recognised at the equity book value because its results do not have a material effect on the item "Share of profit or loss of equity-accounted investments, net of tax" or on the item "Equity-accounted investments". The holding is included in the investments in other unconsoli-dated companies at fair value (proportionate equity), as is the case with the stakes in other energy clearing companies.

Number of companies consolidated or held at cost

	31 Dec 2020	31 Dec 2019
Fully consolidated companies	3	3
Equity-accounted investments	2	2
Investments in unconsolidated subsidiaries (fair value measurement)	4	4
Investments in other unconsolidated companies (fair value measurement)	10	10
Total	**19**	**19**

Wiener Börse AG was merged with the group holding company CEESEG AG on 25 March 2020 and has since operated under the name Wiener Börse AG.

Companies wholly or partly owned by OeKB

Company name and registered office	Banking Act Category		Type of investment		Share-holding	Financial information				
Amounts in € thousand	Credit institut/ Other Company	Segment structure[1]	Directly held	In-directly held	In %	Reporting date of latest annual accounts	Balance sheet total as defined in the UGB	Equity as defined in sec. 224(3) UGB	Profit/loss for the year	Share of OeKB Group at fair value
Fully consolidated companies										
Oesterreichische Entwicklungsbank AG, Vienna	CI	E	x		100.00%	31 Dec 2020	1,092,942	50,478	4,724	
OeKB CSD GmbH, Vienna	CI	C	x		100.00%	31 Dec 2020	31,483	29,803	5,296	
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna	CI	T	x		68.75%	31 Dec 2020	1,103,169	39,568	5,903	

Company name and registered office	Banking Act Category		Type of investment		Share-holding	Financial information				
Amounts in € thousand	Credit Institution/ Other Company	Seg-ment struc-ture[1]	Directly held	In-directly held	In %	Reporting date of latest annual accounts	Balance sheet total as defined in the UGB	Equity as defined in sec. 224(3) UGB	Profit/loss for the year	Share of OeKB Group at fair value
Equity-accounted investments										
OeKB EH Beteiligungs- und Management AG, Vienna	OC	O	x		51.00%	31 Dec 2020	88,627	88,541	5,146	61,491
Acredia Versicherung AG, Vienna	OC	O		x	51.00%	31 Dec 2020	143,801	91,027	8,257	46,424
Acredia Services GmbH, Vienna	OC	O		x	51.00%	31 Dec 2020	14,041	12,498	2,634	6,374
CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH, Vienna	OC	C	x		50.00%	31 Dec 2020	45,940	12,604	401	6,302
Unconsolidated subsidiaries (fair value measurement in other comprehensive income - OCI)										
OeKB Business Services GmbH, Vienna	OC	O	x		100.00%	31 Dec 2020	852	799	89	799
OeKB Zentraleuropa Holding GmbH, Vienna	OC	O	x		100.00%	31 Dec 2020	4,541	4,541	-	4,541
Internationale Tourismus-Investment-Service GmbH, Vienna	OC	T	x		68.75%	31 Dec 2020	147	136	(7)	93
OeEB Impact GmbH, Vienna	OC	E	x		100.00%	31 Dec 2020	140	96	69	96
Investments in other unconsolidated companies (fair value measurement in other comprehensive income - OCI)										
AGCS Gas Clearing and Settlement AG, Vienna	OC	C	x		20.00%	31 Dec 2019	15,050	4,092	459	774
APCS Power Clearing and Settlement AG, Vienna	OC	C	x		17.00%	31 Dec 2019	34,101	3,430	361	553
CISMO Clearing Integrated Services and Market Operations GmbH, Vienna	OC	C	x		18.50%	31 Dec 2019	4,559	3,131	2,331	519
OeMAG Abwicklungsstelle für Ökostrom AG, Vienna	OC	C	x		12.60%	31 Dec 2019	429,751	5,975	381	707
EXAA Abwicklungsstelle für Energieprodukte AG, Vienna	OC	C	x		8.06%	31 Dec 2019	22,022	2,271	(191)	183
Wiener Börse AG, Vienna	OC	C	x		6.60%	31 Dec 2019	383,830	382,824	26,868	27,178
Einlagensicherung AUSTRIA Ges.m.b.H., Vienna	OC	O	x		0.78%	31 Dec 2019	1,444	515	-	1
Einlagensicherung der Banken und Bankiers Ges.m.b.H. in Liqu., Vienna [2]	OC	O	x		0.50%	31 Dec 2019	478	77	-	0
European Financing Partners S.A., Luxembourg	OC	E	x		7.63%	31 Dec 2020	137,183	170	3	13
Interact Climate Change Facility S.A., Luxembourg	OC	E	x		7.69%	31 Dec 2020	179,044	137	4	11

[1] E = Export Services, C = Capital Market Services, O = Other Services, T = Tourism Services

[2] The remaining assets of the company were distributed to the shareholders in December 2020. An application had been filed with the commercial court to strike the company from the trade register. The company was stricken from the register on 19 Feb 2021 after the conclusion of the liquidation proceedings.

No interests in investments other than subsidiaries and no interests in subsidiaries are listed on an exchange.

Note 38 Subsidiaries with non-controlling interests

The following table contains material disclosures about Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H. It is the only company in OeKB Group with shares held by non-controlling interests, amounting to 31.25%.

Tourism Services segment

€ thousand	2020	2019	2019 at the time of acquisition
Net interest income	10,738	5,770	-
Profit before tax	9,581	3,934	-
Profit net of tax	7,021	2,986	-
Other comprehensive income net of tax	(124)	(407)	-
Total comprehensive income	**6,897**	**2,579**	**-**
Total comprehensive income attributable to non-controlling interests	*2,155*	*806*	*-*
Current assets	21,451	6,511	6,384
Non-current assets	1,097,971	1,030,942	1,046,291
Current liabilities	9,731	8,951	8,344
Non-current liabilities	1,066,895	991,104	1,008,012
Net assets	**42,795**	**37,398**	**36,319**
Net assets attributable to non-controlling interests	*13,374*	*11,687*	*11,350*
Net cash from operating activities	1,876	1,037	-
Net cash from investing activities	(374)	463	-
Net cash from financing activities	(1,500)	(1,500)	-
Net cash	**2**	**0**	**-**
Dividend payment to non-controlling interests	**(468)**	**(469)**	**-**

Note 39 Staff disclosures

During the financial year, the Group had an average of 472 full-time equivalents (2019: 442).

Note 40 Officer's compensation and loans

The following tables give details of the aggregate compensation of the Executive Board and Supervisory Board members. The remuneration of the Executive Board included salaries, a variable component based on the success of the company, benefits in kind, and payments for defined-contribution benefits after the end of the employment relationship.

Remuneration of the members of the Executive Board

€ thousand	2020	2019
Current benefits	(839)	(773)
Expenses for benefits due after the end of the employment relationship (termination benefits and pensions)	(232)	(322)
Other non-current benefits	(762)	(770)
Total	**(1,833)**	**(1,865)**

Remuneration of former members of the Executive Board and the Supervisory Board

€ thousand	2020	2019
Former members of the Executive Board	(1,645)	(1,620)
Members of the Supervisory Board	(159)	(165)

No active member of the Executive Board had entitlements under defined-benefit plans.

OeKB Group did not offer share-based payment.

The members of the Executive Board and Supervisory Board did not receive any loans or guarantees from OeKB Group during the financial year, as in the previous year.

Note 41 Other related party transactions

As a specialise-purpose institution for export services and capital market services, OeKB engages in many transactions with its shareholders such as acting as the "Hausbank" under the EFS and as an issuer of securities. In addition to shareholders, OeKB Group also defines companies that are controlled by the Group but not consolidated and companies that are recognised in the consolidated financial statements according to the equity method as related parties (see following table). Individuals who are considered related parties include the members of the Executive Board and Supervisory Board of Oesterreichische Kontrollbank Aktiengesellschaft (see Note 42). All of the following transactions were conducted at arm's length terms.

The majority of loans and advances to banks (financial instruments under the EFS) stemmed from transactions with shareholders of OeKB. The share of interest income generated by credit transactions with shareholders in 2020 came to € 54.3 million or 40.6% (2019: € 62.6 million or 45.0%).

The other financial assets are bonds that were publicly issued by the shareholders of OeKB. The fee and commission income from the investments in other unconsolidated companies resulted primarily from services relating to energy clearing.

The payables to banks consist of loans extended by shareholders of OeKB to ÖHT to refinance the tourism financing measures.

Transactions between Oesterreichische Kontrollbank Aktiengesellschaft and fully consolidated subsidiaries were not disclosed in the consolidated financial statements because they are eliminated in the consolidation process.

The following balance sheet items include transactions with related parties of OeKB Group:

Related party transactions

€ thousand	Owners of OeKB Group 2020	Investments in unconsolidated subsidiaries and other interests 2020	Equity-accounted investments 2020	Owners of OeKB Group 2019	Investments in unconsolidated subsidiaries and other interests 2019	Equity-accounted investments 2019
Other financial assets	28,622	137	-	30,682	142	-
Loans and advances to banks	15,044,065	-	-	14,363,905	-	-
Assets	**15,072,687**	**137**	**-**	**14,394,587**	**142**	**-**
Deposits from banks	660,500	-	-	756,125	-	-
Deposits from customers	-	27,038	27,778	-	21,955	22,463
Liabilities	**660,500**	**27,038**	**27,778**	**756,125**	**21,955**	**22,463**
Nominal amount of loan commitments, financial guarantees and other commitments	4,362,825	-	-	3,024,620	-	-
Debt securities issued	2,004	-	-	-	-	-
Interest income	54,286	2	147	62,611	2	90
Interest expenses	21,393	-	-	14,961	-	-
Fee and commission expenses	461	-	-	675	-	-
Fee and commission income	6,659	2,420	525	7,336	2,503	509
Income from investments	469	2,159	4,304	469	1,901	4,990
Administrative expense	-		-	26	204	-
Other operating income	1,369	328	1,576	1,571	314	1,875

There were no transactions with the members of the Executive Board or Supervisory Board, as in the previous year.

The following table shows the shareholder structure of OeKB.

Ownership structure of Oesterreichische Kontrollbank AG at 31 Dec 2020

Shareholders	Number of shares held	Shareholding in %
CABET-Holding-GmbH, Vienna (UniCredit Bank Austria Group)	217,800	24.750%
UniCredit Bank Austria AG, Vienna	142,032	16.140%
Erste Bank der oesterreichischen Sparkassen AG, Vienna	113,432	12.890%
Schoellerbank Aktiengesellschaft, Vienna	72,688	8.260%
AVZ GmbH, Vienna	72,600	8.250%
Raiffeisen Bank International AG, Vienna	71,456	8.120%
BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft, Vienna	44,792	5.090%
Raiffeisen OeKB Beteiligungsgesellschaft mbH, Vienna	44,000	5.000%
Oberbank AG, Linz	34,224	3.889%
Beteiligungsholding 5000 GmbH, Innsbruck	26,888	3.055%
BKS Bank AG, Klagenfurt	26,888	3.055%
Volksbank Wien AG, Vienna	13,200	1.500%
Total shares	**880,000**	**100.000%**

Note 42 Board members and officials

Members of the Executive Board

Name	Term of office from	to
Helmut Bernkopf	1 Aug 2016	31 Jul 2023
Angelika Sommer-Hemetsberger	1 Jan 2014	31 Dec 2023

Members of the Supervisory Board

Position	Name	Term of office from	to
Chairman	Robert Zadrazil	19 May 2009	AGM 2021
First Vice Chairman	Johann Strobl	27 May 2020	AGM 2025
Second Vice Chairman	Willibald Cernko	29 May 2019	AGM 2022
Member	Ingo Bleier	29 May 2019	AGM 2025
Member	Rainer Borns	29 May 2018	AGM 2021
Member	Mary-Ann Hayes	29 May 2019	AGM 2024
Member	Matthias Heinrich	27 May 2020	AGM 2021
Member	Dieter Hengl	25 May 2011	AGM 2021
Member	Peter Lennkh	18 May 2017	AGM 2022
Member	Herbert Messinger	18 Dec 2012	AGM 2021
Member	Herbert Pichler	27 May 2020	AGM 2025
Member	Herta Stockbauer	21 May 2014	AGM 2024
Member	Herbert Tempsch	29 May 2013	AGM 2023
Member	Susanne Wendler	18 May 2017	AGM 2022
Member	Robert Wieselmayer	19 May 2016	AGM 2021
First Vice Chairman	Walter Rothensteiner	2 Aug 1995	27 May 2020
Member	Gerda Holzinger-Burgstaller	29 May 2019	27 May 2020

AGM = Annual General Meeting

Employee representatives

Position	Name	Term of office from	to
Chairman	Martin Krull	14 Mar 2002	13 Mar 2023
Vice Chairwoman	Erna Scheriau	1 Apr 2001	13 Mar 2023
Member	Elisabeth Halys	1 Jul 2013	13 Mar 2023
Member	Ulrike Ritthaler	14 Mar 2014	13 Mar 2023
Member	Christoph Seper	14 Mar 2014	13 Mar 2023
Member	Markus Tichy	1 Jul 2011	13 Mar 2023

Audit Committee

Position	Name
Chairman (since 27 May 2020)	Johann Strobl
Member (since 27 May 2020)	Robert Wieselmayer
Member	Martin Krull
Chairman (until 27 May 2020)	Walter Rothensteiner
Member (until 27 May 2020)	Robert Zadrazil

Risk Committee

Position	Name
Chairwoman	Herta Stockbauer
Member	Robert Zadrazil
Member	Erna Scheriau

Working Committee

Position	Name
Chairman	Robert Zadrazil
Member (since 27 May 2020)	Johann Strobl
Member	Martin Krull
Member (until 27 May 2020)	Walter Rothensteiner

Nomination Committee

Position	Name
Chairman	Robert Zadrazil
Member (since 27 May 2020)	Johann Strobl
Member	Martin Krull
Member (until 27 May 2020)	Walter Rothensteiner

Compensation Committee

Position	Name
Chairman	Robert Zadrazil
Member	Willibald Cernko
Member (since 27 May 2020)	Johann Strobl
Member	Martin Krull
Member	Erna Scheriau
Member (until 27 May 2020)	Walter Rothensteiner

Government commissioners

	Name	Term of office since
Commissioner	Harald Waiglein	1 Jul 2012
Deputy Commissioner	Johann Kinast	1 Mar 2006

The government commissioners under § 76 of the Austrian Banking Act are also representatives of the Austrian Minister of Finance under § 6 of the Export Financing Guarantees Act.

Government commissioners

	Name	Term of office since
Commissioner	Beate Schaffer	1 Nov 2013
Deputy Commissioner	Karl Flatz	1 Dec 2017

Government commissioners under § 27 of the Articles of Association (supervision of bond cover pool).

Note 43 Legal risks

As of the reporting date, there were no legal risks that would influence the asset, financial, and earnings position of OeKB Group.

Note 44 Events after the balance sheet date

There were no events that required reporting after the balance sheet date.

Note 45 Date of approval for publication

These financial statements will be submitted to the Supervisory Board for approval on 24 March 2021. Additional disclosures in accordance with Part 8 of Regulation (EU) No. 575/2013 (Disclosure Report, in German only) are provided on the OeKB website (*www.oekb.at*).

Vienna, 3 March 2021

Oesterreichische Kontrollbank Aktiengesellschaft

Signed by the Executive Board

HELMUT BERNKOPF ANGELIKA SOMMER-HEMETSBERGER

Auditor’s Report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

Oesterreichische Kontrollbank Aktiengesellschaft,Vienna, Austria,

and its subsidiaries (the “Group”), which comprise the Consolidated Balance Sheet as at 31 December 2020, and the Consolidated Statement of Comprehensive income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Sections 245a UGB (Austrian Commercial Code) and 59a BWG (Austrian Banking Act).

Basis for our Opinion

We conducted our audit in accordance with the 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 audited Group 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 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

Loans and advances to banks of the Export Financing Scheme

Risk for the Financial Statements

As of 31 December 2020, loans and advances to banks, which are mainly related to the Export Financing Scheme (EFS) amount to 23,588 million EUR or 66.4 % of the consolidated total assets. The Board of Directors describes the Export Financing Scheme under Note 1 General infomation of the notes to the consolidated financial statements.

The EFS of OeKB serves primarily as source of refinancing for domestic and foreign banks. This is provided that these banks meet OeKB’s credit rating criteria (“house bank status”) and, above all, the legal requirements for the assumption of federal liabilities in the form of guarantees with regard to the financed transactions including the fulfillment of the requirements for management of financing (collateral management).

Therefore, the main criteria for the valuation of loans and advances to banks of the EFS is OeKB’s assurance that both the legal and contractually-defined management criteria are met. To this end, the bank´s management has established processes and implemented manual and automated controls within its IT systems. The risk to the financial statements is that a failure in controls will increase management risk, which, in particular, may impact the valuation of loans and advances to banks of the EFS within the consolidated financial statements of the OeKB Group.

Our Audit Approach

We have performed the following audit procedures in respect to the valuation of loans and advances to banks related to the Export Financing Scheme:

- We have identified the processes over the legal and contractually-defined requirements in the respective operating departments and have analyzed whether the processes and their implemented controls are suitable to ensure compliance with the management criteria and the adequate valuation of loans and advances to banks of the EFS, within the consolidated financial statements of OeKB Group.

- In addition, we have tested the key controls established in these areas and essential for the preparation of the financial statements, partly – in case of automated controls - with the involvement of our IT specialists. In the course of our audit, we have tested their design, implementation and operating effectiveness, on a sample basis.

- In particular, we have focused on the following – partly automated - key controls:

  - Implementation and compliance of manual controls with regard to legal requirements for the assumption of federal liabilities with regard to the financed transactions as well as for the management of these transactions;
  - Automated reconciliation between the loan amount and the deposited liability;
  - General IT controls for SAP, especially access restriction and change management.

- Furthermore, we have reconciled the subledger with the general ledger regarding the loans and advances to banks in the EFS and verified existence of loans by comparing contracts with the system data in test cases. Additionally, we analysed the development of the portfolio according to the type of collateralisation.

Determination of Fair Values of Financial Instruments without stock exchange quotations

Risk for the Financial Statements

The financial instruments in OeKB's consolidated financial statements as at 31 December 2020 recognised and measured at fair value include financial assets of EUR 7,850 million (around 22.1 % of consolidated total assets) and financial liabilities of EUR 24,446 million (around 68.8 % of consolidated total assets). The Board of Directors describes the determination of fair values of financial assets and financial liabilities in Note 3 Determining of fair value of the notes to the consolidated financial statements.

The fair value measurement of financial instruments, for which no stock exchange or market prices are available, is performed using valuation models and their input factors. Both the selection of suitable models as well as parameters are based on assumptions and discretionary decisions that influence the valuation of the financial instruments. This represents a risk for the consolidated financial statements.

Our Audit Approach

We have performed the following audit procedures in respect to the determination of fair values of financial instruments without stock exchange quotations:

- We have identified the processes for determining fair values and assessed their appropriateness. We have tested key controls implemented by the bank in this area, in particular, design, implementation and, on a sample basis, their operating effectiveness.

- In addition, we have evaluated the valuation models, the input factors as well as the assumptions and estimates contained in determining the fair values. On a sample basis, our valuation specialists assessed the appropriateness of the models used.

- We also tested samples of whether the valuation parameters used correspond to external sources or checked their plausibility with other data sources. For a selection of financial instruments, we recalculated the valuation.

- Finally, we have assessed whether the relevant disclosures in the notes to the consolidated financial statement are complete and accurate.

Other Information

Management is responsible for other information. Other information is all information provided in the annual financial report, other than the consolidated financial statements, the group management report and the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact. If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Sections 245a UGB and 59a BWG and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consoledated 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 misstatement in the consolidated 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 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 Group'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- 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

Group Management Report

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

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

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

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB are appropriate.

Statement

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

Additional information in accordance with Article 10 AP Regulation

At the Annual General Meeting dated 29 May 2019, we were elected as group auditors for the consolidated financial statements of the year ended 31 December 2020. We were appointed by the Supervisory Board on 7 June 2019.

Furthermore, at the Annual General Meeting dated 27 May 2020, we were elected as group auditors for the consolidated financial statements of the year ending 31 December 2021. We were appointed by the Supervisory Board on 27 May 2020.

We have been auditors of the Company, without interruption, since the financial statements at 31 December 1993.

We declare that our opinion expressed in the "Report on the Consolidated 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 throughout the course of the audit, from the audited Company.

Engagement Partner

The engagement partner is Mr Wilhelm Kovsca.

Vienna, 3 March 2021

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Signed by:

WILHELM KOVSCA

Wirtschaftsprüfer (Austrian Chartered Accountant)

The consolidated financial statements, together with our auditor's opinion, may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report Section 281 (2) of the Austrian Commercial Code applies. This report is a translation of the original report in German, which is solely valid.

Supervisory Board report

In 2020 the Supervisory Board monitored the Executive management and approved their actions. The Executive Board informed the Supervisory Board regularly, promptly, and comprehensively about all relevant business development issues, especially in terms of the effects of the COVID-19 pandemic on OeKB Group and the assistance programmes administered in this context, during meetings, in written reports, and in personal discussions. To help it fulfil its duties efficiently, the Supervisory Board has set up five committees assembled from its members.

The consolidated financial statements for 2020 and the group management report presented herein, as well as the 2020 financial statements and management report of Oesterreichische Kontrollbank AG, were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. As the audit did not give rise to any objections and the legal requirements were met in full, an unqualified audit certificate was issued.

The Supervisory Board and its Audit Committee have reviewed the reports presented by the Executive Board on the result of the audit for the financial year 2020, and the proposal for the distribution of profit. The final result of this review did not give rise to any objections.

In its meeting on 24 March 2021 the Supervisory Board approved the financial statements for 2020, which were thereby adopted, and declared its agreement with the Executive Board's proposal for the distribution of profit. The Supervisory Board has also approved the consolidated financial statements and group management report.

The Supervisory Board takes this opportunity to sincerely thank the members of the Executive Board and the employees of OeKB Group for their excellent work.

We would also like to express our sincere gratitude to Walter Rothensteiner for his many years of service to OeKB as Vice-chairman of the Supervisory Board.

Vienna, March 2021

For the Supervisory Board of Oesterreichische Kontrollbank AG

ROBERT ZADRAZIL

Chairman

Statement by the Executive Board

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group directors’ report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the directors’ report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, 3 March 2021

Oesterreichische Kontrollbank Aktiengesellschaft

Signed by the Executive Board

HELMUT BERNKOPF ANGELIKA SOMMER-HEMETSBERGER

Annual financial statements

Management report 2020

Economic conditions in 2020 driven largely by COVID-19

The development of economies around the world was shaped by the impacts of the coronavirus pandemic in 2020. According to current projections of the International Monetary Fund (IMF), the global economy retreated by 4.4% (2019: growth of 2.8%) in the wake of the most severe health and economic crisis in decades. The GDP contraction in the export-driven economies of the Eurozone was especially dramatic at 7.8% (2019: expansion of 1.3%) while the decline recorded in the USA, which has a stronger domestic focus, was 4.3% (2019: growth of 2.2%). The overall balance for 2020 is negative despite the resurgence in global goods movements in the second half of the year. According to its most recent estimate, the World Trade Organization (WTO) sees a more than 9% decrease in international trade. In addition to COVID-19, the unresolved trade dispute between the USA and China and the future of trade relations between the EU and Great Britain were sources of uncertainty.

Emerging and developing countries facing major challenges

The crisis year 2020 confronted many emerging and developing countries with substantial challenges due to their structural deficits and limited capacities. The 3.3% contraction (2019: expansion of 3.7%) in economic output projected by the IMF also includes a substantial increase of aggregate debt. Comprehensive emergency assistance from multilateral institutions and forbearance initiatives from international lenders helped to stabilise the situation. However, there were marked differences from region to region during the reporting period. The emerging economies in Asia posted a relatively moderate retreat of 1.7%. Thanks to strict measures to contain the pandemic, the regional heavyweight China was one of the few countries to report growth in economic output in 2020, at 1.9% (2019: 6.1%). The crisis-plagued region of Latin America was at the other end of the spectrum with an economic contraction of over 8%. Despite the considerable downside risks, the IMF is expecting a broad recovery in the emerging and developing countries in 2021.

Slower convergence in Central, Eastern, and Southeastern Europe

After a long period of robust growth, economic conditions also deteriorated noticeably in Central, Eastern, and South-eastern Europe in 2020. The disruption of the international supply chains led to GDP contraction for Austria's eastern neighbours, with Hungary posting a retreat of 6.5% and Slovakia a decline of 7.3% according to the Vienna Institute for International Economic Studies (wiiw). The crisis had an even more severe impact on countries that depend on tourism, especially Croatia, while Serbia came through in relatively good shape with a decline of 2%. Over the medium term, the lessons from the coronavirus crisis could also open up new opportunities for the region, especially through shifting some production processes back from Asia (so-called nearshoring).

Austria pushing back against the global crisis

As an open, export-oriented economy, Austria was also not spared the far-reaching impacts of the crisis. A recent projection from the Austrian Institute of Economic Research (WIFO) estimates a growth decline of 7.3% in 2020 (2019: growth of 1.4%). This was driven above all by the decreased export activity under the challenging global conditions and a precipitous decline in household consumption, in part due to the three strict lockdowns during the reporting period. From a financing perspective, the negative impacts were somewhat mitigated by extensive government assistance and the stabilisation of the capital markets in the second half of the year. Issuance of corporate bonds on the domestic market came to € 10.5 billion, less than in 2019 (€ 14.6 billion), while the Republic profited from its status as a safe haven for investors in the placement of its bonds.

Business development in 2020

As part of the export promotion programme, operating financing was extended to exporters in the form of special Kontrollbank refinancing facilities. The original budget that was allocated in the amount of € 2 billion was increased to € 3 billion due to the high demand. OeKB also collaborated with the Federal Ministry of Finance to set up a fast-line facility in the amount of € 100 million for new contracts in the sectors of health care, civil protection and disaster response, water and sewage treatment, and waste management. This facility can be used to finance projects aimed at the prevention and mitigation of the impacts of the COVID-19 pandemic in the target countries of Austrian exporters. The financing volume in the Export Financing Scheme (EFS) increased by € 2,127,070 thousand to € 25,475,093,848.82 (2019: € 23,348,024 thousand) in 2020 due above all to the special Kontrollbank refinancing facility and demand for low-cost export financing. Targeted flexible and innovative financing products and the continued attractive interest rates provided strong support for Austrian exports again in this challenging year.

Since the onset of the coronavirus crisis in March 2020, OeKB has also been supporting the federal COVID-19 Financing Agency COFAG (COVID-19-Finanzierungsagentur des Bundes GmbH) in processing applications and issuing guarantees to maintain solvency and bridge liquidity gaps for major enterprises. An average guarantee volume of € 753,790,164.00 was processed in this context during the financial year.

The number of loans managed under the Export Financing Scheme increased to around 5,450 contracts (2019: around 5,050 contracts).

Income statement

The results for 2020 were impacted above all by the effects of the COVID-19 crisis. However, OeKB was able to generate good operating results in this difficult environment.

Net interest income rose to € 69,718,479.82 (2019: € 63,620 thousand) due to the increase in the Export Financing Scheme financing volume. Of this, € 2,058,191.74 originated from the special Kontrollbank refinancing facility (2019: zero). Furthermore, in the refinancing of the Export Financing Scheme, OeKB benefited from negative interest rates.

Income from securities and investments came to € 10,642,877.28, € 8,822 thousand significantly less than the previous year's result of € 19,465 thousand. Key reasons for the decrease were a lack of dividend-equivalent earnings from investment funds (2019: € 6,918 thousand) and declining income from investments in OeKB EH Beteiligungs- und Management AG and OeKB CSD GmbH.

OeKB's net fee and commission income was € 27,696,276.76 (2019: € 26,203 thousand) and increased in annual comparison. In the Capital Market Services segment, fee and commission income declined in annual comparison above all due to lower income from our services as a notification office and as a payment office for the government bonds of the Republic of Austria. The income from fees for the administration of export guarantees on behalf of the Austrian government increased significantly in annual comparison. OeKB has received a corresponding processing fee for the handling of the COFAG guarantees since 2020.

The net income from financial operations came in at minus € 110,040.35 in the reporting period (2019: minus € 30 thousand).

The other operating income of € 17,516,764.27 (2019: € 18,267 thousand) consisted primarily of rental revenue, the input tax adjustment for previous years, and service fees charged to subsidiaries.

Total operating income was € 125,464,357.78 (2019: € 127,525 thousand).

The general administrative expenses (€ 68,075,018.08) decreased in annual comparison (2019: € 83,312 thousand). Total staff costs decreased to € 50,516,969.92 (2019: € 66,329 thousand). The decline was driven by the lower need to allocate pension and termination benefit provisions. Staff costs rose to € 35,234,470.35 (2019: € 34,386 thousand). The decrease in employee benefit provisions resulted primarily from the lower interest rate level in annual comparison and the resulting change in the discount rate from 1.02% in 2019 to 0.50%. In 2019 expenses for provisions for the death quarter as specified in the collective bargaining agreement for the banking industry in the amount of € 1,781 thousand were recognised in the allocations to the pension and termination benefit provisions. The other administrative expenses came to € 17,558,048.16 (2019: € 16,983 thousand), a year-on-year increase of € 575 thousand because of higher expenses relating to digitalisation and our Future Office programme. The other administrative expenses consisted primarily of IT expenses (third-party services and maintenance) in the amount of € 5,406,196.44 (2019: € 4,433 thousand), space costs in the amount of € 5,122,234.16 (2019: € 3,612 thousand) and expenses for external data usage in the amount of € 1,650,673.24 (2019: € 1,714 thousand).

The impairment losses on the assets reported in asset items 9 and 10 (amortisation and depreciation on intangible assets and property and equipment) decreased in annual comparison to € 3,244,094.20 Euro (2019: € 4,529 thousand). This change resulted from the elimination of the depreciation of the property at Strauchgasse 1–3, 1010 Vienna, Austria.

The other operating expenses of € 1,405,211.37 rose in annual comparison (2019: € 1,177 thousand) and consist primarily of rental costs for sublet business premises, contributions to supervisory authorities, and postage fees for energy clearing.

This put the operating expenses at € 72,724,323.65, a year-on-year decrease (2019: € 89,018 thousand).

The operating profit for 2020 came to € 52,740,034.13, an increase of 37.0% over the previous year (€ 38,507 thousand) due to the effects described above.

In the reporting period no individual allowances were made for impairment losses (2019: € 2 thousand). Amortisation of securities held as current assets amounted to € 9,323,737.05 at 31 December 2020 (31 Dec 2019: € 297 thousand).

Income from impairment reversals on loans and advances amounted to € 13,012,000.00 (2019: € 13,012 thousand) and stemmed entirely from impairment reversals pursuant to § 57 of the Austrian Banking Act (BWG) due to the fact that they were no longer eligible as regulatory capital under the Regulation (EU) No. 575/2013 (CRR). The write-ups on securities came to € 174,477.50 (2019: € 3,366 thousand). The profits realised on securities held as current assets and from the purchase of accounts receivable came to € 474,846.50 (2019: € 445 thousand).

Taking all of these effects into account, the profit before tax was € 57,078,118.48 (2019: € 55,030 thousand).

After income tax and other taxes, profit for the year of € 43,461,727.36 was higher than the result of € 43,010 thousand of the previous year.

In financial year 2020, € 10,301,727.36 (2019: € 9,401 thousand) was allocated to the other retained earnings to strengthen the capital base, and a liability reserve of € 300,000.00 (2019: € 700 thousand) was also allocated. However, under the CRR, this addition to regulatory capital does not qualify as common equity tier 1 capital until the adoption of the annual financial statements. The unallocated profit for the year came to € 32,860,000.00 (2019: € 32,909 thousand). Including the profit brought forward from the previous year in the amount of € 32,265.00 (2019: € 6 thousand), the profit available for distribution was reported at € 32,892,265.00 (2019: € 32,916 thousand).

OeKB GROUP

Balance sheet

At 31 December 2020, liquid assets from the investment of excess liquidity in the form of balances at central banks amounted to € 1,577,556,191.55 (2019: € 786,645 thousand). This liquidity buffer, which stemmed primarily from the EFS and had been deposited at the central bank, was set up at the beginning of the coronavirus crisis and protects OeKB against potential short-term market distortions. On the liabilities side, deposits from banks rose from € 619,574 thousand in 2019 to € 1,355,550,100.46 in 2020.

Loans and advances to banks increased to € 14,691,507.07 (2019: € 12,994 thousand).

The volume of the investment portfolio (debt instruments, bonds, and equity shares and other variable-income securities, see also “investment portfolio” in the notes) decreased to € 534,973,629.15 in 2020 (2019: € 554,839 thousand). The fair value on the reporting date was € 543,212,061.32 (2019: € 561,507 thousand).

Interests in subsidiaries amounted to € 73,880,193.17 (2019: € 73,880 thousand), interests in investments other than subsidiaries amounted to € 7,980,031.44 (2019: € 7,980 thousand).

OeKB’s Export Financing Scheme accounted for 92.3% (2019: 94,3%) of the total balance sheet volume, and increased by € 2,133,693 thousand or 8.4% in 2020 from € 25,425,806 thousand to € 27,559,499,365.12. The increase in loans and advances to banks made the most significant contribution to this. The volume of debt securities issued increased accordingly. The liquid assets portfolio that is used for the Export Financing Scheme and that consists primarily of bonds (see “liquidity portfolio” in the notes) increased by € 20,556 thousand to a nominal value of € 2,070,422,225.98 (2019: € 2,049,866 thousand).

The total assets as at 31 December 2020 came to € 29,863,797,592.58 (2019: € 26,971,183 thousand), which represents an increase of 10.7%.

Financial performance indicators

The cost-income ratio (operating expenses/operating income) decreased to 58.0% from 69.8% in the previous year, in particular due to lower operating expenses.

The regulatory capital available under CRR decreased by € 4,076 thousand to € 627,840,587.19 in 2020 (2019: € 631,917 thousand).

The tier 1 ratio (CRR tier 1/risk-weighted assets) came to 65.0% in 2020 (2019: 66.9%). Further information on the capital ratios can be found in the notes under “Additional disclosures pursuant to the BWG”.

The return on equity (profit for the year/average equity) came in at 6.8% in 2020 (2019: 6.8%).

Research and development

No research and development activities are conducted due to the specialised business model and specific task of OeKB.

Risk management system

Internal control system

The aim of the internal control system is to support the management in such a way that it is in a position to ensure ever better and more effective internal checks. This aim should not be limited solely to the accounting system, but should also include all important business processes so that the economic efficiency and effectiveness of business activities, the reliability of the business information (including non-financial reporting, e.g. corporate responsibility), and adherence to guidelines and regulations (compliance) can be guaranteed.

OeKB's internal control system (ICS) draws on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework, which has five components: the control environment, risk assessment, control activities, information and communication, and monitoring activities.

Control environment

The most fundamental aspect of the control environment is the corporate culture in which management and employees operate. Central organisational principles are the avoidance of conflicts of interest through strict separation of risk origination and risk oversight, the transparent documentation of core processes and control activities, and rigorous segregation of duties and application of the principle of dual control. The Internal Audit/Group Internal Audit department independently and regularly verifies adherence to the internal regulations, including the accounting and financial control rules. The management of Internal Audit/Group Internal Audit reports directly to the Executive Board and Supervisory Board.

Risk assessment

The goal of risk management at OeKB is to identify all risks and take measures to avert or mitigate these risks. This also includes the risk of material misstatement of transactions. The risk management system includes all processes that serve to identify, analyse, and evaluate risks. They are identified and monitored by management, with a focus on risks that are deemed to be material. The internal control activities performed by the responsible departments are evaluated regularly.

Control activities

OeKB has a governance system that sets out structures, processes, functions, and responsibilities within the bank. Care is taken to implement all control activities in such a way as to ensure that potential errors or discrepancies in (financial) reporting are avoided or discovered and corrected.

IT-based control activities are a key component of the internal control system. Thus, the compartmentalisation of sensitive responsibilities is supported by the restrictive assignment of access permissions in the computer systems (need-to-know basis). The SAP enterprise management system is used for accounting and financial reporting. The functioning of this accounting system is ensured by measures including integrated, automated control mechanisms.

Information and communication

The Supervisory Board is briefed at least every quarter with a comprehensive report on the balance sheet, income statement, and other controlling and risk data. The Executive Board receives this information in regular, significantly more detailed reports prepared on a monthly or more frequent basis. The Executive Board monitors the appropriateness and effectiveness of the internal control system. The Executive Board also established an Asset and Liability Management Committee and a Risk Management Committee that receive, analyse, and monitor these data.

Monitoring

Financial statements intended for publication undergo a final review by management and staff of the Accounting & Financial Control department and by the Executive Board before being forwarded to the Audit Committee of the Supervisory Board. The Executive Board is responsible for company-wide monitoring. We have established three lines of defence. The first line of defence (control procedures) is located in the operating segments. The second line of defence, including Risk Management, Compliance, and Legal, implements and monitors the application of and compliance with the controls. The third line of defence is the Internal Audit/Group Internal Audit with its auditing and monitoring functions.

By monitoring compliance with all rules and regulations, OeKB aims to make all business processes as reliable as possible and ensure Group-wide conformity with policies and procedures. The staff members responsible manage identified risks and shortcomings in controls through prompt mitigative and preventative measures. The implementation of these measures is monitored. The Internal Audit/Group Internal Audit department evaluates compliance with the requirements in accordance with the annual audit plan.

Risk management

Risk management and risk controlling are key processes within the business strategy and are designed to ensure the long-term stability and profitability of the Bank. Every risk assumed is accepted consciously and is consistent with the Executive Board's risk policy and strategy, which aims to ensure a stable return on equity through a conservative approach to all business and operational risks. The risk policy and strategy set forth the risk policy principles, the risk appetite, the framework of the risk management organisation, and the principles upon which the measurement and management of the defined risk categories are based.

OeKB acts as Austria's official export credit agency. This special position of the Bank and the associated responsibility for supporting the Austrian economy shape the Bank's business and risk policies.

The Export Financing Scheme represents the great majority of assets on the balance sheet, and is treated as a separate accounting entity. The risks of the Export Financing Scheme that is administered for the Republic of Austria are mitigated by extensive collateral and guarantees from the Austrian government. OeKB is exempt from key bank supervision laws such as the CRR in all transactions relating to export (financing) promotion.

Further major exemptions for OeKB apply in connection with liquidity regulations and the European and national provisions for the banking union (such as the Bank Recovery and Resolution Directive or BRRD). These exceptions also apply for the subsidiary bank Oesterreichische Entwicklungsbank AG. Similar exceptions apply to the Group member bank OeKB CSD GmbH, which is authorised as a central depository under the CSD regulation (see § 3[1]12 BWG) and to Österreichische Hotel- und Tourismusbank GmbH (see § 3[1]11 BWG).

Risk management framework

The Executive Board bears overall responsibility for the establishment of an adequate, functional, and holistic risk management system that covers all material operational and business risks. It meets this obligation by enacting suitable organisational measures as well as by providing a suitable guideline structure.

Guideline structure

One central guideline of the risk management framework is the Risk Policy and Strategy of OeKB Group, which the Executive Board formulates and adopts in coordination with the Chief Risk Officer (CRO) and in consultation with the Risk Committee of the Supervisory Board on an annual basis.

The Risk Policy and Strategy sets out the risk management principles, the key features of the risk management organisation, the risk appetite, and the principles for the measurement, control, and limitation of the defined risk categories. In this manner, the Executive Board of OeKB ensures the uniform management of risks throughout the Bank Group.

Each risk exposure that is accepted must conform with the Risk Policy and Strategy of OeKB Group. This is the foundation for a comprehensive system of internal guidelines for the management of group risks and the risks to which OeKB is exposed as an individual entity.

The principles and standards for ethical business practices are set forth in the Code of Conduct, and are binding. These especially govern the handling of data, complaints, and conflicts of interest as well as compliance, whistleblowing, the prevention of corruption and money laundering, and the fit and proper policy for key personnel. The remuneration policy contains the principles for pay pursuant to the BWG and takes account of the relevant risks.

Organisation

Given OeKB's key business activities and its specific business and risk structure, the Bank has adopted a clear functional organisation for its risk management process with well defined roles. In line with proportionality rules, there is no separation between risk origination and risk oversight in the Executive Board. All risk-controlling and risk-bearing units are independent and report directly to the Executive Board.

The Risk Management Committee (RMC) plays a central role in risk management, and the majority of the committee members are appointed by the risk-controlling units. The function of the Risk Management Committee consists of strategic risk management and risk controlling in accordance with the valid risk policy and risk strategy. The Committee is the primary recipient of the risk reports, monitors and manages the risk profiles for the individual risk types, and decides what action to take based on the risk reports. The Risk Management Committee set up a Non-Financial Risk Committee (NFRC) as a sub-committee in 2019 to enhance its ability to control non-financial risks, especially operational and ICT risks (information and communication technology). As part of overall bank risk management, the RMC proposes limits to the Executive Board based on the risk coverage calculation as well as procedures for risk monitoring. The RMC also adopts guidelines to implement the principles set forth in the risk policy and strategy, including the ICAAP manual and the liquidity risk management manual.

The implementation of the measures decided by the Risk Management Committee is overseen by the Chief Risk Officer (CRO), supported by the Financial Risk Manager, the Operational Risk Manager, and the Chief Information Security Officer (CISO). The CRO reports directly to the Executive Board and, once a year, to the Risk Committee of the Supervisory Board. The CRO directs the Risk Controlling department, which is responsible for the measurement and assessment of financial risks, operating-level financial risk controlling including monitoring the internal limits, and the practical implementation of the Internal Capital Adequacy Assessment Process (ICAAP) and of the liquidity risk (ILAAP).

The standards for the Operational Risk Management are implemented in OeKB's business operations by the "Organisation, Construction, Environmental Issues, and Security" department with the exception of information security matters, which are the responsibility of the CISO. The activities relating to Operational Risk Management, Information Security and those coming under the remit of the Internal Control System Officer are subject to ongoing coordination.

Other key functions of the governance structure are the officers for preventing money laundering, for compliance (WAG and § 39[6] BWG), and for outsourcing – all of whom report directly to the Executive Board.

A comprehensive risk assessment is conducted every year to ensure that all material risks have been identified and that they can be measured and controlled. New products and services are subject to a product introduction process, which includes a risk assessment.

Risk management is supplemented by the Internal Control System (ICS), which ensures compliance with guidelines and risk-mitigation measures. An Internal Control System Officer was nominated to ensure that the ICS complies with the legal requirements and to implement and continuously refine the ICS guideline enacted by the Executive Board. Largely automated general IT controls and audits conducted by the Internal Audit department ensure its effectiveness.

Internal Audit and Group Internal Audit serve as a third line of defence and conduct regular audits on the organisational units involved in the risk management processes and on the employed procedures.

The Supervisory Board oversees all risk management arrangements at OeKB and receives quarterly reports on OeKB's risk situation. These risk reports present a detailed view of the risk situation. The Supervisory Board also maintains a Risk Committee pursuant to § 39d BWG, which convened for one meeting in 2020. The Audit Committee of the Supervisory Board also monitors the effectiveness of the Internal Control System. The Supervisory Board has also set up a Nomination Committee and a Remuneration Committee.

OeKB has implemented a comprehensive and risk-oriented reporting and limit system to ensure that the senior management responsible for managing and monitoring financial and operational risks are informed adequately and in good time. This reporting includes the quarterly risk reports by the Executive Board to the Supervisory Board and annual coordination and consultation within the Risk Committee of the Supervisory Board pursuant to § 39d BWG.

As part of the operational risk management strategy, organisational structures have been defined for various emergency and crisis scenarios and were tested and proven during the COVID-19 pandemic.

Internal Capital Adequacy Assessment Process (ICAAP)

Risk appetite and approaches to risk control

The ICAAP is conducted at the group level and serves to ensure the maintenance of the defined bank-specific level of capital adequacy and forms an integral part of the management process as a measurement and controlling tool. The risk appetite is set annually by the Executive Board in coordination with the Risk Committee of the Supervisory Board.

The process accounts for the going concern approach and the gone concern approach as required by the supervisory authorities. The key difference between the two approaches lies in the definition of the economic capital available to cover risk and the choice of the confidence level for the risk (99.9% for the going concern approach and 99.98% for the gone concern approach).

Risk coverage calculation and limitation

The risk coverage calculation is performed quarterly by the Risk Controlling department – which as a risk oversight function is independent from risk origination – and is reported both to the Risk Management Committee and the Supervisory Board. In the risk coverage calculation, the economic capital requirement is compared with the risk coverage capital (internal or business capital). This is done in consideration of different coverage objectives and approaches (going concern and gone concern). The application of the going concern principle also ensures compliance with the minimum regulatory capital requirements.

The risk coverage calculation especially takes all defined material risk categories into account, namely credit risk, market risk, operational risk, and business risk.

Based on the results of the risk coverage calculation and the recommendations by the Risk Management Committee, the Executive Board of OeKB defines the limits for market and credit risk for OeKB Group as a whole as well as risk budgets for the bank subsidiaries. Compliance with these limits and risk budgets is monitored by the Risk Controlling department and reported to the Risk Management Committee and the Executive Board on a quarterly basis. There is no steering of individual business divisions or segments within OeKB, as this is of limited relevance; a separate ICAAP is conducted for the EFS (see "Credit risk" below).

The economic capital calculations are supplemented with stress tests. This involves both univariate tests for key risk drivers and multivariate market-specific tests. To assess the sustainability of the risk-bearing capacity under adverse market conditions, input parameters such as volatilities, correlations, and probabilities of default are subject to stress on the basis of a macroeconomic scenario and then evaluated on the basis of this risk-bearing capacity.

Market risk

Market risk is the risk of losses due to changes in market parameters. The types of market risk distinguished are specific and general interest rate risk, foreign exchange risk, and equity price risk. As no trading book is maintained, OeKB's market risks relate only to banking book positions.

Risks are assessed by using the value at risk concept to estimate maximum potential losses at given confidence levels. In addition, interest rate and exchange rate sensitivity ratios are determined, and the effects of extreme market movements are calculated through stress tests.

The largest amount of economic capital stems from OeKB's investment portfolio, which consists of 86.4% bonds (2019: 83.7%) and 13.6% equity shares (2019: 12.9%). The value at risk (VaR) is determined monthly taking all hedge relationships into account. The majority of the equity price risk and exchange rate risk was hedged during the year. The VaR for the market risk from the investments at a confidence level of 99.98% and a holding period of one year was € 19.8 million at 31 December 2020 (2019: € 17.2 million).

Exchange rate risks exist, above all, in connection with raising long- and short-term funds for the Export Financing Scheme. These risks are largely secured by an exchange rate guarantee of the Republic of Austria under the Export Financing Guarantees Act. An interest rate stabilisation provision is maintained for interest rate risks under the Export Financing Scheme, which are measured using earnings at risk. It forms the dedicated capital available to cover the risks determined in the risk coverage calculation for the Export Financing Scheme.

Derivative financial instruments

Derivative financial instruments are used to assist in managing market risks in the EFS. The derivatives involved are mostly interest rate swaps and cross-currency interest rate swaps that are traded over the counter (OTC) and that are used primarily as hedging instruments for debt securities issued.

The total volume of derivatives positions at 31 December 2020 was as follows (the shown fair values are present values):

	Notional amount		Fair values 2020
Euro	31 Dec 2020	Positive	Negative
Interest rate derivatives			
Interest rate swaps (OTC)	23,110,649,505.43	574,641,531.36	287,042,180.48
Currency derivatives			
Currency swaps (OTC)	19,367,502,479.73	257,200,793.27	1,388,789,371.11
Total	**42,478,151,985.15**	**831,842,324.63**	**1,675,831,551.59**

	Notional amount		Fair values 2019
€ thousand	31 Dec 2019	Positive	Negative
Interest rate derivatives			
Interest rate swaps (OTC)	21,120,894	392,290	255,017
Currency derivatives			
Currency swaps (OTC)	20,302,243	292,270	290,253
Total	**41,423,137**	**684,560**	**545,271**

The substantial change in the negative fair values of the currency-related derivative financial instruments was primarily the result of the change in the exchange rates of the EUR to the USD.

Credit risk

OeKB primarily understands credit risk as the risk of unexpected losses as a result of the default of counterparties. The bank differentiates between the following types of credit risk: counterparty risk/default risk, investment risk, and concentration risk. Credit risks are assessed using the credit value at risk (CVaR).

Counterparties are classified into internal credit rating categories on the basis of external ratings from internationally recognised rating agencies and internal credit ratings. This rating is based on a detailed 22-part internal master scale that differentiates between sovereign and other counterparties in the very good rating segment and that uses clearly defined rating and mapping rules.

The credit exposure of OeKB consists largely of export financing credits. These credits are extended according to strict principles and high collateral requirements (mainly by guarantees of the Republic of Austria). To secure credit risks in connection with derivative transactions, collateral agreements are concluded with all counterparties. Credit derivatives are not used.

In the OeKB ICAAP, the Export Financing Scheme (EFS) is treated as investment risk for which risk coverage is calculated separately. For this, the risks in the EFS (especially credit, interest rate, refinancing, and CVA risk) are assessed and compared against the risk coverage potential (i.e. the interest rate stabilisation provision). When assessing credit risk, business partner concentrations are taken into consideration. The extensive collateral and guarantees of the Republic of Austria result in a high level of risk concentration. If the risk exceeds the interest rate stabilisation provision, it is included in the OeKB ICAAP as credit risk.

Business risk

OeKB primarily understands business risks as declines in profits caused by unexpected changes in business volume or margins. Business risk is first quantified by means of statistical comparisons of planned and actual values and then subjected to an expert review so that concrete limits can be set annually by the Risk Management Committee. As this risk category is a profit risk, it is accounted for in the risk coverage calculation by being deducted from the risk coverage capital.

Aside from quantitative inclusion in the ICAAP, OeKB is aware of the relevance of these risks in particular in its role as a special-purpose bank, due to the high importance of the Export Financing Scheme, and in light of the associated legal exceptions. The active monitoring of legislative changes, stakeholder dialogue, adherence to a conservative risk policy, and a proactive reputation policy (including the Code of Conduct) are central factors in mitigating these risks.

Operational risk and other non-financial risks

Operational risk is the risk of losses resulting from the inadequacy or failure of internal processes, people, or systems or from external events including legal risks.

The economic capital requirement is determined by scaling the regulatory capital requirement according to the Basic Indicator Approach to the respective confidence level. Model risks and risks from risk types that are not separately measured are taken into account in the risk coverage calculation by the application of percentage surcharges to the determined economic capital.

Unlike financial risks, non-financial risks (which include operational risks) can only be measured and managed through key figures to a limited extent, so the risk appetite is defined primarily on a qualitative basis. Regular assessments are depicted in risk maps that facilitate effective monitoring and control by management. The successful introduction of a GRC tool (Governance, Risk and Compliance) has enabled the quarterly, workflow-based assessment of the non-financial risk situation across the company since 2020.

Bank-wide standards, rules, and processes are derived from the risk policy and documented in the operational risk manual. This also includes emergency management manuals, contingency plans, and crisis scenarios, all of which are reviewed annually. The ongoing maintenance and evaluation of the loss incident database helps to ensure the continuous optimisation of operational risks.

Given the high importance of information security, the Bank has a separate Information Security Officer. Legal risks are minimised through continuous monitoring by the respective business segments and the Legal & Compliance department, and by the appointment of compliance officers pursuant to the WAG and § 39(6) BWG. Compliance with § 25 BWG and the EBA Guidelines on Outsourcing Arrangements is ensured through a corresponding outsourcing policy and the nomination of an outsourcing officer.

Regular checks conducted by Internal Audit and an effective Internal Control System contribute to the mitigation of operational risks.

Liquidity risk (ILAAP)

OeKB differentiates between three forms of liquidity risk:

- generally, the risk of not being able to fully meet present or future payment obligations as they fall due;
- refinancing risk, in other words the risk that funding can only be obtained at unfavourable market terms; and
- market liquidity risk, in other words the risk that assets can only be sold at a discount.

The goal of OeKB's liquidity strategy is to ensure sufficient access to required liquidity at acceptable terms even in difficult market situations. OeKB's excellent standing on the international financial markets for decades coupled with the high diversification of its funding instruments, markets, and maturities, and most importantly of all the guarantees of the Republic of Austria protecting the lenders, combine to facilitate market access for OeKB even when markets are under special stress.

Liquidity management and liquidity risk management are conducted jointly for OeKB bank group and the Export Financing Scheme as an integral whole. As the liquidity requirements are dominated by those of the Export Financing Scheme, liquiddity costs are not assigned to individual business segments at this time. The economic capital for the refinancing risk is allocated entirely to the Export Financing Scheme.

The adequacy of available liquidity is ensured by means of a survival period analysis. The Executive Board of OeKB defines the principles for liquidity risk management and the risk appetite in the risk policy and strategy that is coordinated with the Supervisory Board's Risk Committee on an annual basis. The survival period must be at least one month, with a target of at least two months.

This risk measurement is based on cash flow and funding projections under combined idiosyncratic and systemic stress scenarios against which the liquidity buffer (especially securities eligible for rediscounting by the ECB) is compared. The specified minimum survival period under stress is set at one month. A liquidity contingency plan is in place for crisis situations. Market liquidity risk is taken into account through corresponding haircuts for liquid assets.

In 2020, the average survival period determined by this methodology was nine months.

OeKB does not manage its liquidity according to the liquidity coverage ratio (LCR) or net stable funding ratio (NSFR) because of the exceptions that apply.

Sustainability and climate risks

OeKB has been applying an effective sustainability management system for many years. OeKB's sustainability policy reflects the responsibility of the company for the positive development of the economy over the long term and for the stakeholders within and outside of the Group. It is submitted to the Executive Board once per year as part of the management review and is adapted when needed. The environmental and social impacts are analysed separately per business segment during the annual environmental aspect evaluation. The sustainability report also describes the business model of the OeKB bank group and its effects on environmental and social issues in detail in the form of an income statement. Broken down by the business segments of the bank, any material direct, indirect, and positive effects are shown and where there are connections to the Sustainable Development Goals (SDGs) on which the OeKB bank group concentrates. The possible negative impacts in the form of the gross risks are also shown. The implemented management approaches show how the OeKB bank group addresses and mitigates these risks. The business segments that are subject to ESG criteria are identified not only on the basis of environmental and social criteria, but also based on governance aspects such as transparency, security, and compliance.

The certified environmental management system that was implemented according to the EMAS Regulation in 2001 and the annual sustainability reporting according to the Global Reporting Initiative (GRI) that was launched in 2003 ensure the continuous improvement of our sustainability management system. A sustainability programme is defined, published, and implemented every year. Specific measures included the issue of sustainability bonds for refinancing in the Export Financing Scheme and the "Export Invest Green" instrument that was created in conjunction with the Federal Ministry of Finance.

The growing importance of the ESG (environmental, social, and governance) factors and especially of climate change and the associated social and political reactions are a source of rising reputation and business model risks. At the same time, this harbours opportunities for future growth. Thus, OeKB has increased its focus on climate risks in its risk management and business strategy. The topic of climate-based risks and opportunities was explicitly added to the risk policy and strategy of OeKB Group in 2020, including a comprehensive causal chain analysis of global warming as it relates to the different risk types and a gap analysis relating to the TCFD (Task Force on Climate-related Financial Disclosure) recommendations. OeKB became a supporter of the TCFD in December 2020. The 2020 sustainability report also contains the first climate reporting according to the TCFD recommendations. More detailed analyses and steps for the implementation of the TCFD recommendations are planned for 2021.

Non-financial performance indicators

Given OeKB's central significance for Austria's capital market and export industry, it is acutely aware of the importance of highly qualified and motivated staff. Service quality and expertise combined with awareness for the importance of sustained earnings, controlling costs, and mitigating and managing risk are key success factors.

The complex combination of needs resulting from different generations in the company, a lack of qualified specialists on the labour market, and advancing digitalisation make a flexible personnel strategy indispensable. This makes knowledge management and transfer just as crucial as the promotion of digital competency, which was especially needed during the reporting period due to the coronavirus crisis. Management in a remote working constellation also accelerated the implementation of the new "leading from the middle" paradigm with its broadly distributed leadership roles and high degree of self-responsibility. This leadership paradigm was also evaluated and quantified in a 270° feedback process.

In addition to management career paths, particular importance is attached to expert career paths to remain attractive as an employer for highly qualified personnel and to help move the company towards its goals as a cohesive team. In OeKB's flat management hierarchy, our experts play a critical role in the success of the Bank. For a number of years, we have also appointed "team leads" as technical managers in addition to the traditional specialist career path.

OeKB's long-term success depends on the commitment of the people working for it. Family-friendly measures such as flexible working hours, and a Bank childrens' daycare centre address the needs of every employee who values the compatibility of work and family life. Our over ten years of experience with remote working proved to be invaluable during the lockdowns. Full- and part-time educational leave is actively supported. All of this is intended to ensure a good balance between professional and non-professional activities in every career stage. Company health management with numerous initiatives and measures has a positive impact on the aspects of exercise, good nutrition, and mental fitness.

At a total cost of € 316,118.07 (2019: € 625 thousand), OeKB spent € 796.27 per employee on training and development in 2020 (2019: € 2 thousand). Due to the pandemic, many training courses are being held as lower-cost virtual events.

The headcount decreased from 367 full-time equivalents in 2019 to 364 at the end of 2020. The profit for the year per full-time equivalent came to € 119,400.35 (2019: € 117 thousand).

Employees of OeKB *

As at	31 Dec 2020	31 Dec 2019
Total as at 31 December	397	404
Of whom part-time employees	*100*	*118*
Total employees in full-time equivalents	364	367
Average number of employees pursuant to the UGB	365	362
Turnover rate	3.5%	3.5%
Sick days per year and full-time employee	6.6	8.7
Training days per year and employee	2.9	3.9
Proportion of total positions held by women	53.9%	55.0%
Of whom part-time employees	*41.1%*	*42.8%*
Proportion of management positions held by women	43.2%	43.9%

* Including employees posted to OeKB CSD and Acredia AG.

Outlook for 2021

We expect business with export guarantees and aval endorsements to be weaker in 2021 than in 2020. Global economic growth slowed considerably in the wake of the coronavirus crisis. The economic outlook and global economic momentum are expected to be below average in 2021. The level of infections in the various countries will be a key determiner of the course of the economic recovery. The political uncertainty will persist at varying levels from region to region. This poses significant challenges for the Austrian export industry. Against this backdrop, OeKB continues to provide exporters with extensive assistance, both through export loans and with guarantees for the financing of business acquisitions and new investments. We expect our lending volume for export financing operations to increase again in 2021, but at a significantly lower rate than in recent years due to the slowdown in export and foreign investment activity by Austrian companies. OeKB will continue to offer attractive financing conditions and products in the coming year despite the exceptionally low interest rate levels.

We expect our securities investments to continue delivering marginal earnings in 2021 due to the low interest from re-investments. USD interest rates will rise again, as announced by the Federal Reserve System (Fed). Interest rates in the Eurozone will remain low in 2021 due to the various measures in the coronavirus emergency response programme. The risk premiums on Austrian government bonds are still low, which means that the terms of access to the international capital markets should remain attractive for OeKB (due to the AFFG guarantees of the Republic of Austria).

We are planning further digitalisation projects in 2021 to meet the needs of our customers more rapidly and in a simpler manner and to make our internal processes better and above all faster.

Overall, OeKB is well prepared to meet the challenges ahead, and we are expecting sustained growing operating income.

We wholeheartedly thank all our employees for their commitment and their contribution to our success. Our sincere thanks also go to the Staff Council, whose members continued their long tradition of representing the interests of the employees and of the Bank.

Vienna, 3 March 2021

Oesterreichische Kontrollbank Aktiengesellschaft

Signed by the Executive Board

HELMUT BERNKOPF ANGELIKA SOMMER-HEMETSBERGER

Oesterreichische Kontrollbank AG – Financial statements 2020

Balance sheet

Assets		31 Dec 2020 €	31 Dec 2019 € thousand
01	**Balances at central banks**	**1,577,556,191.55**	**786,645**
02	**Treasury bills and similar securities eligible for rediscounting by the ECB**	**30,534,518.64**	**45,666**
03	**Loans and advances to customers - Repayable on demand**	**14,691,507.07**	**12,994**
04	**Loans and advances to customers**	**3,091,637.85**	**4,445**
05	**Bonds and other fixed-income securities**	**246,480,601.18**	**242,016**
	a) Of public issuers	1,512,796.31	1,513
	b) Of other issuers	244,967,804.87	240,503
06	**Equity shares and other variable-income securities**	**257,958,509.33**	**267,157**
07	**Interests in investments other than subsidiaries**	**7,980,031.44**	**7,980**
	Of which in banks	*0.00*	*-*
08	**Interests in subsidiaries**	**73,880,193.17**	**73,880**
	Of which in banks	*50,377,049.65*	*50,377*
09	**Non-current intangible assets**	**2,359,390.00**	**1,594**
10	**Property and equipment**	**8,716,183.55**	**9,375**
	Of which land and buildings occupied for own business use	*4,398,853.90*	*5,154*
11	**Other assets**	**5,457,051.83**	**10,548**
12	**Accruals and deferred income**	**2,363,694.95**	**2,579**
13	**Deferred tax assets**	**73,228,716.90**	**80,498**
14	**Assets related to export financing**	**27,559,499,365.12**	**25,425,806**
14.1	Treasury bills and similar securities eligible for rediscounting by the ECB	1,517,263,465.07	1,397,589
14.2	Loans and advances to banks	25,357,124,821.23	23,193,084
	a) Repayable on demand	*1,321,289,179.73*	*293,708*
	b) Other loans and advances	*24,035,835,641.50*	*22,899,376*
14.3	Loans and advances to customers	117,969,027.59	154,940
14.4	Bonds and other fixed-income securities	505,949,266.26	626,969
14.5	Equity shares and other variable income securities	47,209,494.65	25,309
14.6	Other assets	0.00	5
14.7	Accruals and deferred income	13,983,290.32	27,911
	Of which for issue of own debt securities	*8,034,790.32*	*21,414*
	Total assets	**29,863,797,592.58**	**26,971,183**

	Memo items		
1	Foreign assets	3,290,567,800.16	3,100,053

Balance sheet

Liabilities and equity		31 Dec 2020 €	31 Dec 2019 € thousand
01	**Deposits from banks**	**1,355,550,100.46**	**619,574**
	a) Repayable on demand	249,092,171.66	199,860
	b) With agreed maturity or notice period	1,106,457,928.80	419,715
02	**Deposits from customers (others, repayable on demand)**	**97,134,921.73**	**83,354**
03	**Other liabilities**	**5,391,382.43**	**5,331**
04	**Accruals and deferred income**	**11,324,987.19**	**9,933**
05	**Provisions**	**187,524,866.10**	**190,392**
	a) Termination benefit provisions	27,396,767.00	28,228
	b) Pension provisions	120,486,429.00	121,424
	c) Tax provisions	1,171,236.69	1,374
	d) Other provisions	38,470,433.41	39,366
06	**Subscribed share capital**	**130,000,000.00**	**130,000**
07	**Allocated capital reserves**	**3,347,629.63**	**3,348**
08	**Retained earnings**	**453,897,074.92**	**443,595**
	a) Statutory reserve	10,601,796.47	10,602
	b) Other reserves	443,295,278.45	432,994
09	**Liability reserve pursuant to § 57(5) BWG**	**27,235,000.00**	**26,935**
10	**Profit available for distribution**	**32,892,265.00**	**32,916**
11	**Liabilities related to export financing**	**27,559,499,365.12**	**25,425,806**
11.1	Deposits from banks	403,635,520.05	637,591
	a) Repayable on demand	*403,635,520.05*	*450,500*
	b) With agreed maturity or notice period	*0.00*	*187,091*
11.2	Deposits from customers (others)	577,028,948.91	570,099
	a) Repayable on demand	*549,188,187.18*	*542,273*
	b) With agreed maturity or notice period	*27,840,761.73*	*27,827*
11.3	Debt securities issued	25,414,365,078.68	22,985,042
	a) Bonds issued	*18,457,153,875.28*	*17,465,561*
	b) Other debt securities issued	*6,957,211,203.40*	*5,519,481*
11.4	Other liabilities	495,652.54	758
11.5	Accruals and deferred income	125,583,293.72	114,405
11.6	Provisions (EFS interest rate stabilisation provision)	1,038,390,871.22	1,117,910
	Total liabilities and equity	**29,863,797,592.58**	**26,971,183**
	Memo items		
1	Credit risks	4,440,391,207.54	3,692,960
2	Available regulatory capital pursuant to Part 2 of Regulation (EU) No. 575/2013	627,840,587.19	631,917
3	Minimum regulatory capital requirement pursuant to Article 92 of Regulation (EU) No. 575/2013	925,377,331.25	886,509
	Minimum regulatory capital requirement pursuant to Article 92(1) lit. a of Regulation (EU) No. 575/2013 - core tier 1 ratio in %	65.0%	66.9%
	Minimum regulatory capital requirement pursuant to Article 92(1) lit. b of Regulation (EU) No. 575/2013 - tier 1 ratio in %	65.0%	66.9%
	Minimum regulatory capital requirement pursuant to Article 92(1) lit. c of Regulation (EU) No. 575/2013 - total capital ratio in %	67.9%	71.3%
4	Foreign liabilities	26,029,435,176.11	23,797,425

Income statement

				2020	2019
			€	€	€ thousand
01.	+	Interest and similar income	97,916,823.35	63,239,674.82	144,442
		Minus loss from negative interest from money market business	(6,428,928.31)		(929)
		Minus loss from negative interest from credit operations	(22,131,910.50)		(18,152)
		Minus loss from negative interest from securities	(6,116,309.72)		(4,703)
		Of which from fixed-income securities		*3,900,468.41*	*2,443*
02.	-	Interest and similar expenses	122,360,912.51	(6,478,805.00)	171,264
		Minus budget underrun from negative interest from money market business	(8,353,837.61)		(3,241)
		Minus budget underrun from negative interest from refinancing business	(120,485,879.90)		(110,985)
I.		**Net interest income**		**69,718,479.82**	**63,620**
03.	+	Income from securities and investments		10,642,877.28	19,465
		a) Income from equity shares, other ownership interests and variable income securities	0.00		6,918
		b) Share of results of investments other than subsidiaries	1,958,627.28		1,701
		c) Dividends from subsidiaries	8,684,250.00		10,846
04.	+	Fee and commission income		30,667,475.44	29,079
05.	-	Fee and commission expenses		2,971,198.68	2,876
06.	±	Income/expenses from financial operations		(110,040.35)	(30)
07.	+	Other operating income		17,516,764.27	18,267
II.		**Operating income**		**125,464,357.78**	**127,525**
08.	-	General administrative expenses		68,075,018.08	83,312
		a) Staff costs	50,516,969.92		66,329
		Of which:			
		aa) Salaries	*35,234,470.35*		*34,386*
		bb) Statutory social security costs, pay-based levies, and other compulsory pay-based contributions	*7,964,710.51*		*7,836*
		cc) Other social expenses	*1,286,246.63*		*1,295*
		dd) Expenses for retirement and other post-employment benefits	*6,218,107.85*		*6,157*
		ee) Additions to pension provision	*(937,741.00)*		*13,929*
		ff) Expenses for termination benefits and contributions to termination benefit funds	*751,175.58*		*2,726*
		b) Other administrative expenses	17,558,048.16		16,983
09.	-	Impairment losses on asset items 9 and 10		3,244,094.20	4,529
10.	-	Other operating expenses		1,405,211.37	1,177
III.		**Operating expenses**		**(72,724,323.65)**	**(89,018)**
IV.		**Operating profit**		**52,740,034.13**	**38,507**
11.	-	Impairment losses on loans and advances and amortisation on securities held as current assets		9,323,737.05	299
12.	+	Income from impairment reversals on loans and advances and from write-ups on securities held as current assets		13,661,324.00	16,822
13.	+	Realised gains from the disposal of investments		497.40	-
V.		**Profit before tax**		**57,078,118.48**	**55,030**

Income statement

				2020	2019
			€	€	€ thousand
V.		**Profit before tax - carryover**		**57,078,118.48**	**55,030**
14.	-	Income tax		11,765,871.35	10,415
15.	-	Other taxes, unless shown under item 14		1,850,519.77	1,605
VI.		**Profit for the year**		**43,461,727.36**	**43,010**
16.	-	Transfer to reserves		10,601,727.36	10,101
		Of which transfer to liability reserve		*300,000.00*	*700*
VII.		**Unallocated profit for the year**		**32,860,000.00**	**32,909**
17.	+	Profit brought forward from the previous year		32,265.00	6
VIII.		**Profit available for distribution**		**32,892,265.00**	**32,916**

Oesterreichische Kontrollbank AG – Notes

General information

Oesterreichische Kontrollbank Aktiengesellschaft (OeKB) is registered with Vienna Commercial Court under number FN 85749b. The registered office is located at Am Hof 4, 1010 Vienna, Austria. The annual financial statements are submitted to the commercial court of registry and published in "Amtsblatt zur Wiener Zeitung" in accordance with the legal requirements.

The Executive Board of OeKB prepared the present annual financial statements as at 31 December 2020 according to the provisions of the Austrian Uniform Commercial Code (UGB), the relevant regulations of the Austrian Banking Act (BWG), the CRR (Regulation [EU] No. 575/2013), and the Stock Corporation Act (AktG) as amended.

OeKB is a public interest entity pursuant to § 189a UGB.

The annual financial statements were prepared in accordance with generally accepted accounting principles to provide a true and fair view of the assets and financial and earnings position of the Bank.

The principle of completeness was adhered to in the preparation of the annual financial statements.

Asset values were measured on a going concern basis. Assets and liabilities were measured on an individual basis.

Caution was exercised by only including profits that were realised as at the balance sheet date. All identifiable risks and impending losses that arose up to the reporting date were taken into consideration.

Estimates are based on a conservative assessment. If statistically measurable experiences from similar circumstances are available, these were taken into account in the estimates.

The previously applied recognition and measurement methods were maintained.

The financial year corresponds to the calendar year.

OeKB prepares consolidated financial statements according to IFRS and publishes them on the Internet (*www.oekb.at*).

The disclosures required in Part 8 of the CRR (Regulation [EU] No. 575/2013) are made in the Disclosure Report (only in German). Further information can be found on the OeKB website (*www.oekb.at*).

Legal basis for the export guarantee and for the Export Financing Scheme

Liability according to the Export Guarantees Act (AusfFG)

According to the AusfFG, the Federal Minister of Finance is authorised to assume guarantees in the name of the Republic of Austria for the proper fulfilment of transactions by foreign counterparties and for the enforcement of the rights of export companies that directly or indirectly improve Austria's current account. These transactions and rights relate to projects abroad – especially in the areas of environmental protection, waste disposal, and infrastructure – whose realisation by domestic or foreign companies is in Austria's interests.

Pursuant to § 1(2) AusfFG, the Federal Minister of Finance is also authorised to issue guarantees for a specific exchange rate between the euro and the contract currency (foreign exchange risk). In addition to issuing guarantees for export promotion, § 1(3) AusfFG also permits the issue of guarantees for restructuring loans if these restructuring measures relate to previously guaranteed claims. The Federal Minister of Finance is authorised in § 2a AusfFG to conclude transactions in the name of the Republic of Austria to improve the risk of the overall portfolio of exposures. The Federal Minister of Finance is also authorised to assume liability for contracts concluded between banks for the refinancing of loan agreements provided that guarantees have already been issued pursuant to § 1(1)2 AusfFG for the underlying loan agreements (securitisation).

According to § 5 AusfFG, the Federal Minister of Finance is authorised to delegate the following to an agent of the federal government pursuant to § 1002ff ABGB:

- the technical handling (credit rating evaluation and bank-specific processing) of the applications for guarantees,
- the drafting of the guarantee agreements,
- the conclusion of transactions pursuant to § 2a AusfFG, and
- the administration of the rights of the federal government under the guarantee agreements with the exception of their judicial enforcement.

The agent must be licensed to conduct banking business in Austria and must ensure the solid, reliable, and cost-efficient management of the export promotion process. The rights of representation must be contractually agreed between the Austrian government and the agent. Pursuant to § 8a AusfFG, OeKB will remain the authorised representative of the federal government until the conclusion of an agency contract. OeKB receives fair compensation for the processing of the AusfFG guarantees, which it recognises in fee and commission income.

According to § 7 AusfFG, the guarantee fee and all claims paid shall be collected by the agent of the federal government and credited regularly to an account of the federal government opened at the authorised agent of the federal government.

The federal law will be superseded on 31 December 2022 pursuant to § 10 AusfFG. This will have no impact on guarantees issued before this point in time. In the past, the legal provisions have always been extended by a further five years. The term of the AFFG is set at the same time as for the AusfFG.

Federal law on the financing of transactions and rights (Export Financing Guarantees Act – AFFG)

Pursuant to § 1 AFFG, the Federal Minister of Finance is authorised until 31 December 2023 to issue guarantees in the name of the Republic of Austria for credit operations (bonds, loans, lines of credit, and other obligations) conducted by the authorised agent of the federal government pursuant to § 5(1) AusfFG. The guarantees are issued:

- to the benefit of the creditor of the agent authorised by the federal government (OeKB) for the fulfilment of its obligations under credit operations;

- to the benefit of the agent authorised by the federal government (OeKB) to guarantee a specific exchange rate between the euro and another currency (exchange rate risk) for the fulfilment of obligations under credit operations for the period of time during which the proceeds from the credit operation are used for financing in euros.

The Federal Minister of Finance may only issue guarantees pursuant to § 2 AFFG under certain circumstances, especially:

- The total outstanding guarantee amounts may not exceed € 40 billion.
- The individual credit operations may not exceed an (equivalent) value of € 3.3 billion.
- The term of the credit operations may not exceed 40 years.
- The overall exposure (internal interest rate) of the federal government may not exceed certain limits.

The fee provisions for the issue of guarantees by the federal government pursuant to the AFFG specify a minimum guarantee fee that depends on the volume of the outstanding borrowings in the Export Financing Scheme. The fees paid by OeKB to the Federal Ministry of Finance for guarantees pursuant to § 1(2) AFFG are directly related to the refinancing costs of the Export Financing Scheme. For this reason, the guarantee fees are shown under interest and similar expenses on the income statement.

OeKB Export Financing Scheme (EFS)

The EFS is used to refinance export credits (delivery, purchase and investment financing, and export acceptance credit, financing of export induced domestic investments, and financing of lease arrangements of domestic exporters) from banks and to cover the direct financing provided by OeKB. The Export Financing Scheme is handled as a separate accounting entity at OeKB.

A prerequisite for refinancing under the EFS is the previous issue of an AFFG-compliant guarantee for the transaction or right for which the financing was arranged:

- Guarantee of the Republic of Austria pursuant to the AusfFG,
- Fulfilment of the prerequisites for a guarantee pursuant to the AusfFG in the case of the liability of a credit insurer,
- Guarantee from Austria Wirtschaftsservice GmbH,
- Guarantee from an international organisation with a top credit rating.

In addition, both the rights arising from the guarantees as well as the underlying export or other receivables typically must be assigned as security.

OeKB's Export Financing Scheme is available to Austrian and foreign banks as a source of refinancing provided that they fulfil the rating criteria of OeKB ("Hausbank" status), the legal requirements with regards to the transactions to be financed, and the terms for the uniform processing of the financing (collateral management).

OeKB is entitled to a reasonable portion of the interest margin for the loans provided under the EFS. The interest income from financing arrangements (without interest support agreements) that exceeds the refinancing costs after deduction of the OeKB margin is allocated to the EFS interest rate stabilisation provision. The EFS interest rate stabilisation provision is used when the refinancing costs are higher than the interest income from the EFS financing arrangements.

Interest support agreements have been concluded with the Federal Ministry of Finance and the Federal Economic Chamber Austria (from 6 December 2018) for a dedicated portion of the credits with a fixed interest rate under which these two parties assume the interest rate risk.

Format of the balance sheet and income statement

To reinforce the importance of the volume of OeKB's Export Financing Scheme and based on § 43(2) BWG, the format of the balance sheet provides more detail than the format set out in Annex 2, in that items relating to the Export Financing Scheme are shown separately. The disclosures in the notes also differentiate between the own account and the Export Financing Scheme and are structured in the same order as the balance sheet.

The income statement provides also a more detailed breakdown than specified in Annex 2 based on § 43(2) BWG. The items for net interest income in the income statement are complemented by the negative interest items. The stability tax is recognised in the item Other taxes not reported in item 14. The presentation for the previous year and the figures were adapted accordingly to allow for comparison (recognition in the previous year: Other operating expenses).

OeKB GROUP

Information on the measurement of balance sheet items in the own account section

- **Balances at central banks** are recognised at their nominal value.

- **Treasury bills and similar securities, bonds and other fixed-income securities as well as equity shares and other variable income securities** are measured at cost (using the weighted average cost formula), applying conservative valuation at the lower of cost or market value (§ 206 of the UGB). Write-ups are recognised when the reasons for the impairment no longer apply. Current income from securities funds is realised when the entitlement to the underlying claim is essentially certain. In this case, the current income in the fund is also recognised through profit or loss by increasing the book value of the fund in the form of an increase in the cost of acquisition (above the original cost if applicable).

- **Loans and advances to banks, loans and advances to customers, and other assets** are recognised at their nominal value. Individual allowances for impairment losses are recognised for identified risks with borrowers.

- **Interests in investments and subsidiaries** are valued at cost less any impairment that is deemed permanent. Write-ups (up to the cost of acquisition) are recognised when the reasons for the impairment no longer apply.

- **Non-current intangible assets** (computer software and licences) are recognised on the balance sheet when they have been purchased. They are recognised at cost less scheduled depreciation and impairment charges. In accordance with the tax regulations, a full annual depreciation rate is applied when the asset is purchased in the first half of the year and half of the annual rate when the asset is purchased in the second half of the year. Internally produced intangible assets are recognised as expenses.

- **Property and equipment** (buildings, fixtures, fittings, and equipment, adaptation of rented space, hardware, and other equipment) are recognised at cost less scheduled straight-line depreciation. In accordance with the tax regulations, a full annual depreciation rate is applied when the asset is purchased in the first half of the year and half of the annual rate when the asset is purchased in the second half of the year. Low-value assets (cost up to € 800; 2019: up to € 400) are generally recognised in the expenses, are only capitalised in exceptional cases, and are written off entirely in the year of recognition.

- **Liabilities** are recognised at their settlement amount.

- **Provisions for current and future pension obligations and for termination benefits** are determined on the basis of generally accepted actuarial principles using the projected unit credit method in accordance with IAS 19. Actuarial gains and losses are recognised in profit or loss. The interest expenses relating to termination benefit and pension provisions and the effects of actuarial gains and losses are recognised in staff costs. The discount rate for termination benefit and pension provisions is derived from the interest rate on the reporting date as based on market interest rates of companies with high credit ratings. The calculation is based on the following:

  - A discount rate of 0.50% (2019: 1.02%), a salary trend of 0.50% (2019: 1.00%), and a pension trend of 2.00% (2019: 2.25%)
  - A retirement age of 65 years for women and men (2019: 65 years)
  - The computation tables by AVÖ 2018-P.

- Following the principle of prudence, the **other provisions** take into account all identifiable risks and uncertain liabilities in terms of amount or origin that exist on the reporting date in the amounts deemed necessary on the basis of prudence. Long-term provisions are discounted if the discount amount is material.

- **Foreign currency items** are valued at the mid-market exchange rates prevailing at the balance sheet date.

- **Deferred taxes** are formed according to the balance sheet-oriented concept and without discounts on the basis of the current corporate income tax rate of 25% pursuant to § 198(9) and (10) UGB. No deferred taxes on tax loss carryforwards are taken into account in this.

- **Interest that is to be deferred** is recognised in the respective interest-bearing balance sheet item.

Information on the measurement of balance sheet items concerning the export financing (Export Financing Scheme)

- **Treasury bills and similar securities, bonds and other fixed-income securities and equity shares and other variable income securities** held as current assets are generally measured using the lower of cost or market value. For the securities investments serving as a liquid assets portfolio for the Export Financing Scheme, interest rate swaps (in the form of asset swaps) were used to hedge the interest rate risk. The measurement method specified in § 57(1) BWG was used for treasury bills.

- **Loans and advances to banks, loans and advances to customers, and other assets** are recognised at their nominal value. Individual allowances for impairment losses are recognised for identified risks with borrowers. Derivative financial instruments (interest rate swaps) were employed (asset swaps) for a small number of loans and advances to banks to hedge the interest rate risk. The measurement method specified in § 57(1) BWG was used for loans and advances to banks.

- **Liabilities and debt securities issued** are generally recognised at their settlement amount. The majority of the debt securities issued are subject to guarantees pursuant to § 1(2)a and b AFFG. Derivative financial instruments were also entered into, to hedge the interest rate and exchange rate risk.

- The **issue costs** are recognised immediately as expenses while **premiums and discounts for issued securities** are deferred and distributed over the term of the security.

- **Derivative financial instruments** that are in a hedging relationship according to the AFRAC opinion are recognised as a valuation unit, which means that their fair value is not recognised in the annual financial statements because the underlying transactions result in opposing payment flows on the income statement. Interest income and expenses are recognised as they are accrued during the period.

- The **EFS interest rate stabilisation provision** is part of the Export Financing Scheme that is based on the AFFG. This provision serves to support interest rates on export credits for which OeKB bears the interest rate risk and is also a provision for the interest rate risk from the refinancing of the Export Financing Scheme. OeKB was commissioned by the Federal Ministry of Finance to deposit the funds collected in this manner in a special account used exclusively for offsetting in the Export Financing Scheme as needed. The financial authorities recognised the formation of a special interest rate adjustment account as a provision and as a deductible debt item (§ 64 Austrian Valuation Act) in a letter dated 7 May 1968.

  Any surplus from interest income (after deduction of OeKB's interest margin), from financing facilities not subject to interest support, and from the respective refinancing expenses is allocated to the EFS interest rate stabilisation provision. In the event of a deficit, this provision is used as intended to cover the shortfall.

- **Foreign currency items** are generally measured at the mid-market rate. Items are measured at the guaranteed exchange rate when the Republic of Austria has furnished an exchange rate guarantee pursuant to § 1(2)b AFFG.

- **Deferred taxes** are formed according to the balance sheet-oriented concept and without discounts on the basis of the current corporate income tax rate of 25% pursuant to § 198(9) and (10) UGB. Deferred taxes from export financing are recognised together with the deferred taxes in the own account section of the balance sheet.

Notes to the balance sheet

Own account

	End of 2020 €	End of 2019 € thousand	€ thousand	Change in %
Assets				
Balances at central banks	1,577,556,191.55	786,645	790,911	100.5%
Treasury bills and similar securities eligible for rediscounting by the ECB	30,534,518.64	45,666	(15,131)	(33.1) %
Loans and advances to				
banks	14,691,507.07	12,994	1,698	13.1%
customers	3,091,637.85	4,445	(1,353)	(30.4) %
Bonds and other fixed-income securities	246,480,601.18	242,016	4,464	1.8%
Equity shares and other variable income securities	257,958,509.33	267,157	(9,199)	(3.4) %
Interests in subsidiaries and other investments	81,860,224.61	81,860	(0)	0.0%
Property, equipment, and intangibles	11,075,573.55	10,969	107	1.0%
Other assets	7,820,746.78	13,127	(5,306)	(40.4) %
Deferred tax assets	73,228,716.90	80,498	(7,269)	(9.0) %
Own account	**2,304,298,227.46**	**1,545,377**	**758,921**	**49.1%**
Liabilities and equity				
Deposits from				
banks	1,355,550,100.46	619,574	735,976	118.8%
customers (others)	97,134,921.73	83,354	13,781	16.5%
Provisions	187,524,866.10	190,392	(2,867)	(1.5) %
Other liabilities	16,716,369.62	15,264	1,453	9.5%
Equity	647,371,969.55	636,794	10,578	1.7%
Of which profit available for distribution	*32,892,265.00*	*32,916*	*(23)*	*(0.1) %*
Own account	**2,304,298,227.46**	**1,545,377**	**758,921**	**49.1%**

Balances at central banks

Terms to maturity pursuant to § 64(1)4 BWG in € (2019: € thousand)	2020	2019
Repayable on demand	1,577,556,191.55	786,645
Total	**1,577,556,191.55**	**786,645**

The balances at central banks serve to cover the minimum reserves and as a liquidity buffer in the EFS. The elevated level at the end of the year was attributed primarily to the advance financing of debt securities issued maturing in the first months of the next year and to unprojected repayments on loans (primarily working-capital facilities) in the EFS. Pledged collateral under cash collateral agreements for derivative financial instruments also increased.

Investment portfolio

€ (2019: € thousand)	31 December 2020 Net book value	Fair value	31 December 2019 Net book value	Fair value
Treasury bills and similar securities	30,534,518.64	32,042,033.64	45,666	47,175
Bonds and other fixed-income securities	246,480,601.18	253,211,518.35	242,016	247,065
Equity shares and other variable income securities	257,958,509.33	257,958,509.33	267,157	267,266
Investment portfolio	**534,973,629.15**	**543,212,061.32**	**554,839**	**561,507**

OeKB did not hold a trading portfolio at any time and therefore has no trading book. The asset items contained subordinated assets in the amount of € 4,901,719.96 (2019: € 4,886 thousand).

The equity shares and other variable income securities consisted primarily of a dividend-bearing and non-dividend-bearing investment fund, which met all requirements for earnings recognition in the AFRAC opinion no. 14 "Non-current and current financial assets" question 7b. In the business year 2020, no dividend-equivalent earnings were made (2019: € 6,918 thousand).

Of the bonds and other fixed-income securities held, securities in the amount of € 33,141,585.00 are maturing in 2021 (2019: € 55,100 thousand maturing in 2020).

As a disclosure under § 56(4) BWG, the difference between the fair value and cost of the securities that are admitted for public trading and that are held as current assets was € 7,467,663.50 (2019: € 5,442 thousand).

As a disclosure pursuant to § 64(1)10 and 11 BWG, the treasury bills and the bonds and other fixed-income securities were admitted for public trading and were listed. Equity shares and other variable income securities in the amount of € 126,205.62 (2019: € 144 thousand) were admitted for public trading and were listed; unlisted securities totaled € 267,012,728.70 (2019: € 267,013 thousand). According to a decision of the Executive Board, all investments were to be treated as current assets.

The **loans and advances to banks** consisted primarily of claims from money market business with subsidiaries.

Loans and advances to banks

Terms to maturity pursuant to § 64(1)4 BWG in € (2019: € thousand)	2020	2019
Repayable on demand	14,691,507.07	12,994
Total	**14,691,507.07**	**12,994**

Loans and advances to customers

Terms to maturity pursuant to § 64(1)4 BWG in € (2019: € thousand)	2020	2019
Repayable on demand	90,054.15	52
Up to 3 months	376,685.75	311
More than 3 months up to 1 year	378,693.69	490
More than 1 year up to 5 years	1,645,323.76	2,374
More than 5 years	600,880.50	1,218
Total	**3,091,637.85**	**4,445**

Companies wholly or partly owned by OeKB

	BWG category	Type of investment		Share-holding	Financial information			
Name and registered office	Credit institution/ Other company	directly held	Indirect-ly held	In %	Reporting date of latest annual accounts as at	Balance sheet total pursuant to the UGB € thousand	Equity pursuant to § 224(3) UGB, € thousand	Profit/(loss) for the year, € thousand
Interests in subsidiaries								
Subsidiaries								
Oesterreichische Entwicklungsbank AG, Vienna	CI	x		100.00%	31 Dec 2020	1,092,942	50,478	4,724
OeKB CSD GmbH, Vienna	CI	x		100.00%	31 Dec 2020	31,483	29,803	5,296
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna	CI	x		68.75%	31 Dec 2020	1,103,169	39,568	5,903
OeKB Business Services GmbH, Vienna	OC	x		100.00%	31 Dec 2020	852	799	89
OeKB Zentraleuropa Holding GmbH, Vienna	OC	x		100.00%	31 Dec 2020	4,541	4,541	-
Associated companies								
OeKB EH Beteiligungs- und Management AG, Vienna [1]	OC	x		51.00%	31 Dec 2020	88,627	88,541	5,146
Acredia Versicherung AG, Vienna	OC		x	51.00%	31 Dec 2020	143,801	91,027	8,257
Acredia Services GmbH, Vienna	OC		x	51.00%	31 Dec 2020	14,041	12,498	2,634
CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH, Vienna	OC	x		50.00%	31 Dec 2020	45,940	12,604	401
Interests in investments other than subsidiaries								
AGCS Gas Clearing and Settlement AG, Vienna	OC	x		20.00%	31 Dec 2019	15,050	4,092	459
APCS Power Clearing and Settlement AG, Vienna	OC	x		17.00%	31 Dec 2019	34,101	3,430	361
CISMO Clearing Integrated Services and Market Operations GmbH, Vienna	OC	x		18.50%	31 Dec 2019	4,559	3,131	2,331
OeMAG Abwicklungsstelle für Ökostrom AG, Vienna	OC	x		12.60%	31 Dec 2019	429,751	5,975	381
EXAA Abwicklungsstelle für Energieprodukte AG, Vienna	OC	x		8.06%	31 Dec 2019	22,022	2,271	(191)
Wiener Börse AG (former CEESEG AG), Vienna	OC	x		6.60%	31 Dec 2019	383,830	382,824	26,868
Einlagensicherung AUSTRIA Ges.m.b.H., Vienna	OC	x		0.19%	31 Dec 2019	1,444	515	-
Einlagensicherung der Banken und Bankiers Ges.m.b.H. in Liqu., Vienna [2]	OC	x		0.20%	31 Dec 2019	478	77	-

[1] Joint venture

[2] The remaining assets of the company were distributed to the shareholders in December 2020. An application had been filed with the commercial court to strike the company from the trade register. The company was stricken from the register on 19 Feb 2021 after the conclusion of the liquidation proceedings.

No interests in investments other than subsidiaries and no interests in subsidiaries are listed on an exchange.

The restructuring plan of OeKB CSD GmbH, as a central depository pursuant to the CSD Regulation, submitted as part of the licensing application, stipulates the option of a capital increase to as much as € 8,200,000.00 by OeKB by no later than 31 December 2021 after an assessment of the economic sustainability.

Non-current assets in 2020 - Cost

€	1 Jan 2020	Additions	Transfers	Disposals	31 Dec 2020
Non-current intangible assets	6,980,644.75	871,610.11	269,600.40	0.00	8,121,855.26
Assets under construction (intangible assets)	0.00	613,760.40	(269,600.40)	0.00	344,160.00
Non-current intangible assets	**6,980,644.75**	**1,485,370.51**	**0.00**	**0.00**	**8,466,015.26**
Fixtures, fittings, and equipment	88,442,506.55	1,643,967.84	0.00	(13,977.71)	90,072,496.68
Low-value assets	0.00	221,943.85	0.00	(221,943.85)	0.00
Property and equipment	**88,442,506.55**	**1,865,911.69**	**0.00**	**(235,921.56)**	**90,072,496.68**
Interests in investments other than subsidiaries	7,980,171.43	0.00	0.00	(140.00)	7,980,031.43
Interests in subsidiaries	73,880,193.17	0.00	0.00	0.00	73,880,193.17
Total	**177,283,515.90**	**3,351,282.20**	**0.00**	**(236,061.56)**	**180,398,736.54**

Non-current assets in 2020 – Depreciation, amortization, and net book value

	Accumulated depreciation and amortisation				Net book value	
€	1 Jan 2020	Additions	Disposals	31 Dec 2020	1 Jan 2020	31 Dec 2020
Non-current intangible assets	5,386,555.75	720,069.51	0.00	6,106,625.26	1,594,089.00	2,015,230.00
Assets under construction (intangible assets)	0.00	0.00	0.00	0.00	0.00	344,160.00
Non-current intangible assets	**5,386,555.75**	**720,069.51**	**0.00**	**6,106,625.26**	**1,594,089.00**	**2,359,390.00**
Fixtures, fittings, and equipment	79,067,735.00	2,302,080.84	(13,502.71)	81,356,313.13	9,374,771.55	8,716,183.55
Low-value assets	0.00	221,943.85	(221,943.85)	0.00	0.00	0.00
Property and equipment	**79,067,735.00**	**2,524,024.69**	**(235,446.56)**	**81,356,313.13**	**9,374,771.55**	**8,716,183.55**
Interests in investments other than subsidiaries	0.00	0.00	0.00	0.00	7,980,171.43	7,980,031.43
Interests in subsidiaries	0.00	0.00	0.00	0.00	73,880,193.17	73,880,193.17
Total	**84,454,290.75**	**3,244,094.20**	**(235,446.56)**	**87,462,938.39**	**92,829,225.15**	**92,935,798.15**

The property and equipment included land and buildings in the amount of € 4,398,853.90 (2019: € 5,154 thousand, of which € 4,399 thousand was land).

The item **“Other assets” – Other assets and prepayments and accrued income –** consisted primarily of prepayments and accrued income from payment transactions in the amount of € 4,423,599.65 (2019: € 5,223 thousand), including claims against subsidiaries and other entities in the amount of € 1,020,257.74 (2019: € 5,313 thousand). The decrease in other receivables compared with the previous year was largely the result of tax prepayments with the financial authorities.

Other assets (other loans and advances)

Terms to maturity pursuant to § 64(1)4 BWG in € (2019: € thousand)	2020	2019
Up to 3 months	5,457,051.83	10,548
Total	**5,457,051.83**	**10,548**

The **deferred tax assets** at the reporting date were formed for temporary differences between the values of the following items for tax purposes and under commercial law:

	31 Dec 2020	31 Dec 2019	Change
	€	€ thousand	€ thousand
Impairment losses pursuant to § 57 BWG	26,022,000.00	39,034	(13,012)
Equity shares and other fixed-income securities	(53,315,824.43)	(53,316)	-
Property and equipment	0.00	38	(38)
Termination benefit provision	14,072,602.00	15,123	(1,051)
Pension provision	72,729,819.00	71,808	922
Other provisions	28,740,843.12	28,736	5
Untaxed reserves	(3,012,746.27)	(3,015)	2
Total OeKB	**85,236,693.42**	**98,409**	**(13,172)**
EFS interest rate stabilisation provision	207,678,174.24	223,582	(15,904)
Total Export Financing Scheme	**207,678,174.24**	**223,582**	**(15,904)**
Total differences	**292,914,867.66**	**321,991**	**(29,076)**
Resulting deferred taxes	**73,228,716.90**	**80,498**	**(7,269)**
Of which attributable to OeKB profit	*21,309,173.37*	*24,602*	*(3,293)*
Of which attributable to the profit of the Export Financing Scheme	*51,919,543.53*	*55,895*	*(3,976)*

The deferred tax assets decreased by € 7,269 thousand from € 80,498 thousand to € 73,228,716.90 in the reporting period.

The tax income from the Export Financing Scheme (€ 3,975,946.54; 2019: tax income € 3,624 thousand) was credited to the scheme and had no impact on the income statement of OeKB.

Deposits from banks

Terms to maturity pursuant to § 64(1)4 BWG in € (2019: € thousand)	2020	2019
Repayable on demand	249,092,171.66	199,860
Up to 3 months	1,106,457,928.80	419,715
Total	**1,355,550,100.46**	**619,574**

Deposits from customers

Terms to maturity pursuant to § 64(1)4 BWG in € (2019: € thousand)	2020	2019
Repayable on demand	97,134,921.73	83,354
Total	**97,134,921.73**	**83,354**

The increase in **"Other liabilities"**, which primarily contained **other liabilities and accruals and deferred items** - was based largely on deferred items and accruals totalling € 11,324,987.19 (2019: € 9,933 thousand). The **other liabilities** included payment transaction items in the amount of € 2,458,334.40 Euro (2019: € 1,250 thousand), which were settled at the beginning of the following year, payables to regional authorities in the amount of € 744,201.51 (2019: € 729 thousand), and deposits from goods deliveries and rendered services in the amount of € 1,055,542.60 (2019: € 1,891 thousand).

Other liabilities

Terms to maturity pursuant to § 64(1)4 BWG in € (2019: € thousand)	2020	2019
Up to 3 months	5,391,382.43	5,331
Total	**5,391,382.43**	**5,331**

Other provisions

€ (2019: € thousand)	31 Dec 2020	31 Dec 2019
Legal consulting, tax consulting, and financial auditing	356,120.00	311
Performance-related compensation	5,578,948.17	5,633
Unused holiday and overtime credits	2,932,400.74	3,327
Other employee benefit provisions	177,342.73	629
Software projects	45,000.00	141
General business risks and IT projects	28,485,000.00	28,485
Other provisions	895,621.77	840
Total	**38,470,433.41**	**39,366**

Equity disclosure

The share capital of € 130,000,000.00 (2019: € 130,000 thousand) was divided into 880,000 no-par value shares. These registered ordinary shares with restricted transferability are represented by global certificates registered in the name of each individual shareholder.

The allocated capital reserves remained unchanged at € 3,347,629.63.

The other reserves increased by € 10,301,727.36 (2019: € 9,401 thousand). The retained earnings came in at € 453,897,074.92 in 2020 (2019: € 443,595 thousand). The liability reserve amounted to € 27,235,000.00 on the reporting date (2019: € 26,935 thousand).

Proposal on the distribution of profits

The following distribution of profits will be proposed to the Annual General Meeting:

€ (2019: € thousand)	2020	2019
Unallocated profit for the year	32,860,000.00	32,909
Profit brought forward from the previous year	32,265.00	6
Profit available for distribution	**32,892,265.00**	**32,916**
Use		
Disbursement of a dividend of € 22.75 per share on 880,000 no-par-value shares	20,020,000.00	20,020
Disbursement of a bonus of € 14.43 per share on 880,000 no-par-value shares	12,698,400.00	12,698
Payment of profit-based emoluments to the Supervisory Board	158,935.00	165
To be carried forward	14,930.00	32

Export finance section of the balance sheet

	End of 2020	End of 2019		Change
	€	€ thousand	€ thousand	in %
Assets				
Treasury bills and similar securities eligible for rediscounting by the ECB	1,517,263,465.07	1,397,589	119,675	8.6%
Loans and advances to				
banks (others)	25,357,124,821.23	23,193,084	2,164,041	9.3%
customers	117,969,027.59	154,940	(36,971)	(23.9) %
Bonds and other fixed-income securities	505,949,266.26	626,969	(121,019)	(19.3) %
Equity shares and other variable income securities	47,209,494.65	25,309	21,901	86.5%
Other assets	0.00	5	(5)	(100.0) %
Accruals and deferred income	13,983,290.32	27,911	(13,927)	(49.9) %
Export financing	**27,559,499,365.12**	**25,425,806**	**2,133,694**	**8.4%**
Liabilities and equity				
Deposits from				
banks	403,635,520.05	637,591	(233,956)	(36.7) %
customers	577,028,948.91	570,099	6,930	1.2%
Debt securities issued	25,414,365,078.68	22,985,042	2,429,323	10.6%
Other liabilities	495,652.54	758	(263)	(34.6) %
Accruals and deferred income	125,583,293.72	114,405	11,178	9.8%
Provisions (EFS interest rate stabilisation provision)	1,038,390,871.22	1,117,910	(79,519)	(7.1) %
Export financing	**27,559,499,365.12**	**25,425,806**	**2,133,694**	**8.4%**

The asset items contained no subordinated assets.

Liquidity portfolio of the Export Financing Scheme

€ (2019: € thousand)	31 December 2020 Net book value	31 December 2020 Fair value	31 December 2019 Net book value	31 December 2019 Fair value
Treasury bills and similar securities	1,517,263,465.07	1,581,172,350.00	1,397,589	1,455,706
Bonds and other fixed-income securities	505,949,266.26	506,013,853.30	626,969	641,327
Equity shares and other variable income securities	47,209,494.65	47,209,494.65	25,309	25,309
Liquidity portfolio of the Export Financing Scheme	**2,070,422,225.98**	**2,134,395,697.95**	**2,049,866**	**2,122,341**

Of the bonds and other fixed-income securities held, an amount of € 153,817,821.11 is maturing in 2021 (2019: € 253,074 thousand maturing in 2020).

As a disclosure pursuant to § 56(4) BWG, the difference between the acquisition cost and the higher fair value at the reporting date for the securities that are admitted for public trading and that are held as current assets was € 46,846,711.80 (2019: € 48,673 thousand).

As a disclosure on the individual security categories pursuant to § 64(1)10 and 11 BWG, the treasury bills, the bonds and other fixed-income securities and the equity shares and other variable-income securities were admitted for public trading and were listed.

Loans and advances to banks and customers consisted primarily of loans for which guarantees have been issued by the Republic of Austria pursuant to the AusfFG. Roughly 5,450 loans (2019: roughly 5,050 loans) with a volume of € 25,475,093,848.82 (2019: € 23,348,024 thousand) were serviced under the Export Financing Scheme. The outstanding amount stemming from the special Kontrollbank refinancing facility, which was launched in 2020 in collaboration with the BMF as a coronavirus support mechanism for exporters, came to € 1,314,985,373.00 on the reporting date (2019: zero) and is recognised in the item loans and advances to banks. There are also claims totalling € 1,321,289,179.73 (2019: € 293,708 thousand) from collateral agreements (payable on demand). These were concluded to offset value fluctuations from currency swaps.

Terms to maturity pursuant to § 64(1)4 BWG in € (2019: € thousand)	2020	2019
Repayable on demand	1,321,289,179.73	293,708
Up to 3 months	1,614,486,965.27	2,126,456
More than 3 months up to 1 year	7,803,509,690.44	6,561,367
More than 1 year up to 5 years	10,703,748,267.17	9,836,278
More than 5 years	3,914,090,718.62	4,375,275
Total	**25,357,124,821.23**	**23,193,084**

Loans and advances to customers consisted primarily of restructuring loans to public agencies for which guarantees had been issued by the Republic of Austria pursuant to the AusfFG.

Terms to maturity pursuant to § 64(1)4 BWG in € (2019: € thousand)	2020	2019
Repayable on demand	1,060,300.45	2,571
Up to 3 months	2,983,665.74	2,953
More than 3 months up to 1 year	20,779,972.92	33,194
More than 1 year up to 5 years	48,528,614.13	66,416
More than 5 years	44,616,474.35	49,805
Total	**117,969,027.59**	**154,940**

The **equity shares and other variable income securities** included an investment fund for USD liquidity management purposes. This fund invested solely in highly liquid American government bonds. Investments and redemptions in this fund could be made daily without issue premiums.

The **deferred items and accruals** consisted of up-front payments made on fixed-income securities (liquid assets portfolio), the issue discount on debt securities issued, and accrued interest on commercial paper.

Deposits from banks (repayable on demand) consisted of collateral agreements (without AFFG guarantees). Collateral agreements are concluded to compensate for fluctuations in the value of arising credit exposures. In the business year 2020, no deposits with agreed maturity or notice period pertained to repurchase transactions were made.

Terms to maturity pursuant to § 64(1)4 BWG in € (2019: € thousand)	2020	2019
Repayable on demand	403,635,520.05	450,500
Up to 3 months	0.00	187,091
Total	**403,635,520.05**	**637,591**

Deposits from customers consisted primarily of the cash account maintained at OeKB for the Republic of Austria in connection with § 7 AusfFG (see also General information - Legal basis for the export guarantee and for the Export Financing Scheme).

Terms to maturity pursuant to § 64(1)4 BWG in € (2019: € thousand)	2020	2019
Repayable on demand	549,188,187.18	542,273
More than 1 year up to 5 years	27,840,761.73	27,827
Total	**577,028,948.91**	**570,099**

The **debt securities issued** rose by € 2,429,323 thousand to € 25,414,365,078.68 (2019: € 22,985,042 thousand). Of the settlement amount, € 3,296,054,800.62 (2019: € 4,526,008 thousand) was placed in guarantees pursuant to § 1(2b) AFFG.

Within the balance sheet item debt securities issued, the following principal amounts are due in the coming year:

€ (2019: € thousand)	Due in 2021	Due in 2020
Bonds issued	3,509,384,516.80	3,491,114
Other debt securities issued	6,309,483,752.77	4,923,881
Total	**9,818,868,269.57**	**8,414,995**

Loans and advances to banks in the amount of € 10,218,738,199.07 (2019: € 9,390,381 thousand) were pledged as collateral for debt securities issued pursuant to § 64(1)8 BWG. These covered bank bonds served solely as collateral for raising liquidity through the ECB and OeNB and came to a nominal value of € 8,500,000,000.00 at 31 December 2020 (31 Dec 2019: € 6,000,000 thousand). These bonds were not intended for sale to third parties and were not shown as assets or liabilities on the balance sheet for this reason.

The item **“Other liabilities”** consisted primarily of offsetting items related to the CIRR support agreements with the Austrian Federal Economic Chamber and the Federal Ministry of Finance and offsetting items from restructuring loans.

Terms to maturity pursuant to § 64(1)4 BWG in € (2019: € thousand)	2020	2019
Up to 3 months	495,652.54	758
Total	**495,652.54**	**758**

The **deferred items and accruals** consisted primarily of up-front payments received on fixed-income securities (liquid assets portfolio), issue premiums, and up-front payments on debt securities issued.

Change in the EFS interest rate stabilisation provision

€ (2019: € thousand)	2020	2019
As at 1 January	1,117,909,802.01	1,190,764
Allocation	1,145,758.27	314
Use	(80,664,689.06)	(73,168)
As at 31 December	**1,038,390,871.22**	**1,117,910**

Allocations were made to, and funds used from the EFS interest rate stabilisation provision in accordance with the guidelines on a quarterly basis. In the reporting period, breakage costs of € 613,683.37 (2019: € 1,229 thousand) were charged in the Export Financing Scheme in connection with early loan repayments and increased the EFS interest rate stabilisation provision accordingly.

The transactions overseen by **OeKB as trustee** represented neither financial nor legal exposure for the Bank. They were recognised on the balance sheet in the following items:

Fiduciary assets and liabilities

€ (2019: € thousand)	31 Dec 2020	31 Dec 2019
Fiduciary assets		
Loans and advances to banks	2,276,393.35	3,220
Fiduciary liabilities		
Deposits from customers with agreed maturity or notice period	2,276,393.35	3,220

These fiduciary transactions were soft loan financing (preferential loans with an interest rate below market level) for selected countries and projects. Soft loan financing was used in accordance with the Federal Ministry of Finance’s Austrian soft loan policy for supporting the competitiveness of Austria’s export industry on the international market. The loans were refinanced through a co-financing agreement with the World Bank and with resources from the ERP Fund and Austrian Federal Economic Chamber.

Derivative financial instruments

In accordance with the OeKB strategy, derivative financial instruments were used to hedge cash flows and to thereby reduce the interest rate and currency risk of the Export Financing Scheme to the level defined in the risk strategy.

OeKB used interest rate swaps and currency swaps to individually hedge future cash flows or the market risk (interest rate and foreign currency risk) from balance sheet assets (treasury bills, loans and advances to banks, and bonds and other fixed-income securities) and liabilities (debt securities issued).

	2020		2019	
Notional amount in € (2019: € thousand)	Fair values positive	Fair values negative	Fair values positive	Fair values negative
Interest rate swaps	574,641,531.36	287,042,180.48	392,290	255,017
Currency swaps	257,200,793.27	1,388,789,371.11	292,270	290,253
Total	**831,842,324.63**	**1,675,831,551.59**	**684,560**	**545,271**

The reported fair values were present values (fair value determined by discounting the contractually agreed payment flows with the current yield curve including accrued interest) and in the event of negative fair values represented the losses from derivative financial instruments in a hedging relationship that is not reported on the balance sheet. The positive and negative fair values of derivative financial instruments used to hedge cash flows were not recorded with their gains and losses at the start of the year because these cash flows are almost certainly offset by cash flows recognised in the income statement for the underlying transactions. As at 31 December 2020, the hedging period extended into 2038.

The effectiveness was measured by means of critical terms matching (the identity of the parameters of the respective underlying transaction and hedging instruments) both prospectively and retrospectively.

Collateral for credit risks in derivative financial instruments

€ (2019: € thousand)	2020	2019
Collateral pledged	1,321,775,579.31	293,749
Collateral received	403,685,070.82	450,643

No collateral was provided through pledging in the form of financial instruments (such as securities).

Early termination of an effective hedge relationship

No effective hedging relationships were terminated early with material results during the financial year.

Notes to the income statement

Condensed income statement

	2020	2019		Change
	€	€ thousand	€ thousand	in %
Net interest income and income from securities and investments	80,361,357.10	83,085	(2,723)	(3.3) %
Net fee and commission income	27,696,276.76	26,203	1,494	5.7%
Financial operations and other operating income	17,406,723.92	18,237	(830)	(4.6) %
Operating income	**125,464,357.78**	**127,525**	**(2,060)**	**(1.6) %**
Staff costs including social security and pension costs	50,516,969.92	66,329	(15,812)	(23.8) %
Other administrative expenses	17,558,048.16	16,983	575	3.4%
Impairment losses on property and equipment and intangible assets	3,244,094.20	4,529	(1,285)	(28.4) %
Other operating expenses	1,405,211.37	1,177	228	19.4%
Operating expenses	**72,724,323.65**	**89,018**	**(16,293)**	**(18.3) %**
Operating profit	**52,740,034.13**	**38,507**	**14,233**	**37.0%**
Net gain on the measurement of current loans and advances, and securities	4,337,586.95	16,523	(12,186)	(73.7) %
Realised gains from the disposal of investments	497.40	–	0	100.0%
Profit before tax	**57,078,118.48**	**55,030**	**2,048**	**3.7%**
Income tax	(11,765,871.35)	(10,415)	(1,351)	(13.0) %
Other taxes, unless shown under item 14	(1,850,519.77)	(1,605)	(245)	(15.3) %
Profit for the year	**43,461,727.36**	**43,010**	**452**	**1.1%**
Transfer to reserves	(10,601,727.36)	(10,101)	(501)	(5.0) %
Unallocated profit for the year	**32,860,000.00**	**32,909**	**(49)**	**(0.1) %**
Profit brought forward from the previous year	32,265.00	6	26	404.5%
Profit available for distribution	**32,892,265.00**	**32,916**	**(23)**	**(0.1) %**

The interest and similar income contained no income from the special Kontrollbank refinancing facility, which was launched in 2020 in collaboration with the BMF as a coronavirus support mechanism for exporters.

The **net interest income** resulted primarily from the interest margin of OeKB from the management of the Export Financing Scheme and the interest income from the investments in the Bank's own account. Net interest income rose by € 6,098 thousand to € 69,718,479.82. The net interest income includes one-off effects for OeKB's share of the breakage costs for early loan repayments in the Export Financing Scheme in the amount of € 579,295.83 (2019: € 2,095 thousand) and € 2,058,191.74 (2019: zero) in OeKB interest margins from the special Kontrollbank refinancing facility.

The fees paid by OeKB to the Federal Ministry of Finance for guarantees pursuant to § 1(2) AFFG amounted to € 98,191,090.10 (2019: € 94,605 thousand).

The losses and budget underruns from negative interest reported separately in the income statement pertain mostly to the activities under the Export Financing Scheme. The negative interest from credit operations is the result of the terms of the Export Financing Scheme less the OeKB interest margin. The negative interest from securities transactions pertains to the EFS liquid assets portfolio. This portfolio consists of fixed-income securities that are hedged with derivative financial instruments to protect against market risks. Thanks to the very good rating of OeKB and the debt securities issued that are guaranteed by the Republic of Austria, the Export Financing Scheme benefits from budget underruns from negative interest in the refinancing transactions through the employment of derivative financial instruments for hedging purposes.

In **income from equity shares, other ownership interests, and variable income securities** no dividend-equivalent earnings were made (2019: € 6,918 thousand).

The **income from unconsolidated investments** comprises dividends and profit disbursements from the interests in investments other than subsidiaries. The change in annual comparison was primarily the result of a higher dividend from Wiener Börse AG.

The **dividends from subsidiaries** decreased from € 10,846 thousand to € 8,684,250.00. The change was largely the result of the dividends from OeKB EH Beteiligungs- und Management AG and OeKB CSD GmbH in annual comparison.

The **fee and commission income** increased by € 1,589 thousand to € 30,667,475.44 (2019: € 29,079 thousand). The following table shows the changes in fee and commission income in the individual segments. The income from guarantee business includes income related to the processing of guarantees under the special Kontrollbank refinancing facility in the amount of € 408,729.02 (2019: zero) and income relating to the processing of the COFAG guarantees in the amount of € 207,939.29 (2019: zero). The **fee and commission expenses** increased by € 95 thousand to € 2,971,198.68 (2019: € 2,876 thousand).

Fee and commission income

€ (2019: € thousand)	31 Dec 2020	31 Dec 2019
Credit operations	1,916,267.99	2,185
Securities services	10,243,309.61	10,546
Guarantees	14,137,025.30	12,426
Energy clearing	2,602,950.34	2,489
Other services	1,767,922.20	1,434
Total	**30,667,475.44**	**29,079**

The **other operating income** consisted largely of the billing of services, the letting of business premises, and input tax adjustments for previous years. The decrease to € 17,516,764.27 (2019: € 18,267 thousand) was mostly the result of lower income from service agreements with subsidiaries.

The **staff costs** decreased by € 15,812 thousand from € 66,329 thousand to € 50,516,969.92. The decline is due primarily to the lower allocation of employee benefit provisions. The **discount rate** for the calculation of the employee benefit provisions decreased from 1.02% to 0.50% in the reporting period. This rate was lowered from 1.95% to 1.02% in the previous year. The sustainable salary trend for calculating the employee benefit provisions was decreased from 3.25% to 2.50% on the basis of the inflation trend and the results of the last collective wage and salary negotiations. In 2019, a provision for the death quarter pursuant to the collective bargaining agreement for the banking industry was formed in the amount of € 1,781 thousand.

Expenses for the auditor and affiliated companies

€ (2019: € thousand)	31 Dec 2020	31 Dec 2019
Audit of the annual financial statements	334,620.00	300
Audit-related activities	276,415.66	254
Expenses for the auditor	**611,035.66**	**554**
Tax consulting	51,751.90	31
Other consulting	155,952.20	117
Expenses for companies affiliated with the auditor	**207,704.10**	**148**

The **other operating expenses** in the amount of € 1,405,211.37 (2019: € 1,177 thousand) consisted primarily of expenses for the sub-leasing of business premises, contributions to supervisory authorities, and postage fees for energy clearing.

The **net gain on the measurement of current loans and advances and securities** decreased to € 4,337,586.95 (2019: € 16,523 thousand).

Income tax

€ (2019: € thousand)	31 Dec 2020	31 Dec 2019
Corporate income tax for financial years	8,449,123.63	11,120
Corporate income tax for previous years	23,771.53	-
Change in deferred tax assets	3,292,976.19	(706)
Income tax	**11,765,871.35**	**10,415**

The item **Other taxes not reported in item 14** contains the expenses for the stability tax and for property taxes.

The **return on assets** (profit for the year/total assets) of OeKB came to 0.15% for 2020 (2019: 0.16%).

Supplementary disclosures

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

Non-current liabilities

	2020 for		2019 for	
€ (2019: € thousand)	2021	2021-2025	2020	2020-2024
Rent	1,211,752.84	5,074,599.89	1,216	5,913
Leasing	17,701.27	22,515.62	69	90
Total	**1,229,454.11**	**5,097,115.51**	**1,286**	**6,002**

No material obligations were associated with the use of property and equipment not reported on the balance sheet under rental or leasing agreements.

Other off-balance-sheet transactions

The off-balance sheet credit risks of € 4,440,391,207.54 (2019: € 3,692,960 thousand) shown as memo items related largely to undrawn credit facilities and commitments to lend, which are related to the Export Financing Scheme.

Assets and liabilities denominated in foreign currency

The balance sheet contained foreign currency-denominated items in the following equivalent euro amounts, largely related to export financing:

- Assets: € 2,393,169,306.97 (2019: € 3,651,013 thousand)
- Liabilities: € 18,277,993,794.41 (2019: € 19,787,190 thousand).

Related-party transactions

As a specialised institution for export services and capital market services, OeKB engages in many transactions with its shareholders. All of these transactions were conducted at arm's length terms.

Related-party transactions with shareholders of OeKB

€ (2019: € thousand)	31 Dec 2020	31 Dec 2019
Own account		
Loans and advances to banks	2,271,626.11	8,376
Bonds and other fixed-income securities	27,639,460.39	29,289
Deposits from banks	93,076,165.82	59,135
Export financing		
Loans and advances to banks	14,764,213,103.50	14,167,388

Loans and advances to and deposits from subsidiaries and other investments

Loans, advances, and deposits

	Subsidiaries		Other interests	
€ (2019: € thousand)	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Own account				
Loans and advances to banks	300.00	0	0.00	-
Deposits from banks	88,553,061.87	89,806	0.00	-
Deposits from customers	33,097,102.60	27,901	21,717,160.36	16,451
Export financing				
Loans and advances to banks	1,247,268,134.66	967,385	0.00	-

Staff costs

Monetary values in € (2019: € thousand)	2020	2019
Average number of employees pursuant to the UGB	365	362
Staff costs in items dd, ee, and ff of the income statement		
Executive Board members (incl. former members or their surviving dependants)	2,744,938.57	8,499
Senior managers	398,620.00	1,915
Other employees	2,888,013.86	12,397
Total	**6,031,572.43**	**22,812**
Contributions to pension funds (included in "Expenses for retirement and other post-employment benefits")	987,586.93	933
Contributions to termination benefit funds (included in "Expenses for termination benefits and contributions to termination benefit funds")	261,848.14	257
Aggregate compensation paid to officers		
Executive Board members: Not disclosed pursuant to § 242(4) UGB	Not disclosed	Not disclosed
Supervisory Board members	158,935.00	165
Former members of the Executive Board or their surviving dependants	1,837,673.57	1,832

The change in the staff costs shown in the table resulted mainly from the valuation of long-term employee benefit provisions. The value for the reporting period is substantially lower than for the previous year due to the reduction of the discount rate from 1.02% to 0.50% (2019: 1.95% to 1.02%).

The expenses for retirement benefits pertained to defined-benefit commitments in the amount of € 4,782,137.36 (2019: € 21,622 thousand) and defined-contribution commitments in the amount of € 1,249,405.07 (2019: € 1,190 thousand).

There were no transactions with key management personnel.

Action for damages

The Bank was not aware of any legal action for damages at the reporting date.

Events after the balance sheet date

There were no events that required reporting after the balance sheet date.

Additional disclosures pursuant to the BWG

Regulatory capital pursuant to the CRR

According to § 3(1)7 BWG, Regulation (EU) No. 575/2013 and § 39(3) and (4) BWG do not apply to business of OeKB related to export promotion under the Export Guarantees Act and the Export Financing Guarantees Act. Under § 3(2)1 BWG, the following legal provisions also do not apply: Part 6 of Regulation (EU) No. 575/2013 and §§ 27a, 39(2b)7 in conjunction with 39(4), 39(3), and 74(6)3a in conjunction with 74(1) BWG.

Minimum regulatory capital requirements pursuant to Article 92 of Regulation (EU) No. 575/2013

€ (2019: € thousand)	2020	2019
Total risk-weighted assets	**925,377,331.25**	**886,509**
Minimum regulatory capital requirement for credit risk (8% of the total risk-weighted assets)	47,473,348.56	45,236
Minimum regulatory capital requirement for foreign exchange risk	4,522,832.97	4,286
Minimum regulatory capital requirement for operational risk (Basic Indicator Approach)	22,034,004.97	21,398
Risk-weighted item amounts	**74,030,186.50**	**70,921**
Available regulatory capital pursuant to Part 2 CRR		
Paid-up capital instruments	130,000,000.00	130,000
Retained earnings and reserves	484,479,704.55	473,878
Less transfer to retained earnings [1]	(10,301,727.36)	(9,401)
Other intangible assets	(2,359,390.00)	(1,594)
Common equity tier 1 (CET 1)	**601,818,587.19**	**592,883**
Tier 2 capital (reserve for general banking risks pursuant to § 57 BWG), weighted at 20% (2019: 30%) of the 2013 basis [2]	26,022,000.00	39,034
Tier 2 capital (T2)	**26,022,000.00**	**39,034**
Total regulatory capital resources	**627,840,587.19**	**631,917**
Surplus regulatory capital	553,810,400.69	560,996

[1] Pursuant to Article 26(2) CRR, earnings for the year are included in common equity tier 1 only after the official adoption of the final annual financial results.
[2] Pursuant to Article 486(4) of Regulation (EU) No. 575/2013 in conjunction with § 20 CRR Supplementary Regulation.

This resulted in the following ratios pursuant to Art. 92(1) lit. a to c of Regulation (EU) No. 575/2013 at the reporting date, which are compared with the minimum ratios for the credit institution:

Minimum ratio pursuant to Article 92 of Regulation (EU) No. 575/2013

	2020		2019	
In %	Minimum ratio	Actual ratio	Minimum ratio	Actual ratio
Core tier 1 ratio	7.039	65.03	7.372	66.88
Tier 1 ratio	8.539	65.03	8.872	66.88
Total capital ratio	10.539	67.85	10.872	71.28

The net debt ratio (tier 1 capital/risk-weighted assets pursuant to Art. 429 of Regulation [EU] No. 575/2013) was 26.56% in 2020 (2019: 39.85%).

Calculation of the actual ratio

$$\text{Core tier 1 ratio} = \frac{\text{Common equity tier 1 capital purs. to Part 2 CRR * 100}}{\text{Aggregate risk amount purs. to Art. 92 CRR}}$$

$$\text{Tier 1 ratio} = \frac{\text{Tier 1 capital purs. to Part 2 CRR * 100}}{\text{Aggregate risk amount purs. to Art. 92 CRR}}$$

$$\text{Total capital ratio} = \frac{\text{Total regulatory capital resources purs. to Part 2 CRR * 100}}{\text{Aggregate risk amount purs. to Art. 92 CRR}}$$

Minimum ratio for OeKB

In %	2020	2019
Core tier 1 ratio pursuant to Article 92(1) lit. a of Regulation (EU) No. 575/2013	4.500	4.500
Capital conservation buffer pursuant to § 23 BWG in conjunction with § 103q line 11 BWG	2.500	2.500
Anti-cyclical capital buffer pursuant to § 23a BWG in conjunction with § 103q line 11 BWG	0.039	0.372
Core tier 1 ratio pursuant to Article 92(1) lit. a of Regulation (EU) No. 575/2013 including combined capital buffer requirements	7.039	7.372
Tier 1 ratio pursuant to Article 92(1) lit. b of Regulation (EU) No. 575/2013 including combined capital buffer requirements	8.539	8.872
Total capital ratio pursuant to Article 92(1) lit. c of Regulation (EU) No. 575/2013 including combined capital buffer requirements	10.539	10.872

The required ratios at the reporting date result from Art. 92(1) of Regulation (EU) No. 575/2013, the additional capital buffer requirements of the BWG, and the capital buffer regulation of the FMA.

Board members and officials

Members of the Executive Board

Name	Term of office from	to
Helmut Bernkopf	1 Aug 2016	31 Jul 2023
Angelika Sommer-Hemetsberger	1 Jan 2014	31 Dec 2023

Members of the Supervisory Board

Position	Name	Term of office from	to
Chairman	Robert Zadrazil	19 May 2009	AGM 2021
First Vice Chairman	Johann Strobl	27 May 2020	AGM 2025
Second Vice Chairman	Willibald Cernko	29 May 2019	AGM 2022
Member	Ingo Bleier	29 May 2019	AGM 2025
Member	Rainer Borns	29 May 2018	AGM 2021
Member	Mary-Ann Hayes	29 May 2019	AGM 2024
Member	Matthias Heinrich	27 May 2020	AGM 2021
Member	Dieter Hengl	25 May 2011	AGM 2021
Member	Peter Lennkh	18 May 2017	AGM 2022
Member	Herbert Messinger	18 Dec 2012	AGM 2021
Member	Herbert Pichler	27 May 2020	AGM 2025
Member	Herta Stockbauer	21 May 2014	AGM 2024
Member	Herbert Tempsch	29 May 2013	AGM 2023
Member	Susanne Wendler	18 May 2017	AGM 2022
Member	Robert Wieselmayer	19 May 2016	AGM 2021
First Vice Chairman	Walter Rothensteiner	2 Aug 1995	27 May 2020
Member	Gerda Holzinger-Burgstaller	29 May 2019	27 May 2020

AGM = Annual General Meeting

Employee representatives

Position	Name	Term of office from	to
Chairman	Martin Krull	14 Mar 2002	13 Mar 2023
Vice Chairwoman	Erna Scheriau	1 Apr 2001	13 Mar 2023
Member	Elisabeth Halys	1 Jul 2013	13 Mar 2023
Member	Ulrike Ritthaler	14 Mar 2014	13 Mar 2023
Member	Christoph Seper	14 Mar 2014	13 Mar 2023
Member	Markus Tichy	1 Jul 2011	13 Mar 2023

Audit Committee

Position	Name
Chairman (since 27 May 2020)	Johann Strobl
Member (since 27 May 2020)	Robert Wieselmayer
Member	Martin Krull
Chairman (until 27 May 2020)	Walter Rothensteiner
Member (until 27 May 2020)	Robert Zadrazil

Risk Committee

Position	Name
Chairwoman	Herta Stockbauer
Member	Robert Zadrazil
Member	Erna Scheriau

Working Committee

Position	Name
Chairman	Robert Zadrazil
Member (since 27 May 2020)	Johann Strobl
Member	Martin Krull
Member (until 27 May 2020)	Walter Rothensteiner

Nomination Committee

Position	Name
Chairman	Robert Zadrazil
Member (since 27 May 2020)	Johann Strobl
Member	Martin Krull
Member (until 27 May 2020)	Walter Rothensteiner

Compensation Committee

Position	Name
Chairman	Robert Zadrazil
Member	Willibald Cernko
Member (since 27 May 2020)	Johann Strobl
Member	Martin Krull
Member	Erna Scheriau
Member (until 27 May 2020)	Walter Rothensteiner

Government commissioners

	Name	Term of office since
Commissioner	Harald Waiglein	1 Jul 2012
Deputy Commissioner	Johann Kinast	1 Mar 2006

The government commissioners under § 76 of the Austrian Banking Act are also representatives of the Austrian Minister of Finance under § 6 of the Export Financing Guarantees Act.

Government commissioners

	Name	Term of office since
Commissioner	Beate Schaffer	1 Nov 2013
Deputy Commissioner	Karl Flatz	1 Dec 2017

Government commissioners under § 27 of the Articles of Association (supervision of bond cover pool).

Vienna, 3 March 2021

Oesterreichische Kontrollbank Aktiengesellschaft

Signed by the Executive Board

HELMUT BERNKOPF ANGELIKA SOMMER-HEMETSBERGER

Auditor's Report

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

Oesterreichische Kontrollbank Aktiengesellschaft, Vienna, Austria,

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 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 the 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.

Loans and advances to banks of the Export Financing Scheme

Risk for the Financial Statements

As of 31 December 2020, loans and advances to banks of the Export Financing Scheme (EFS) amount to 24,036 million EUR or 80.5 % of the total assets. The Board of Directors describes the Export Financing Scheme under section "OeKB Export Financing Scheme" of the notes to the financial statements.

The EFS of OeKB serves primarily as source of refinancing for domestic and foreign banks. This is provided that these banks meet OeKB's credit rating criteria ("house bank status") and, above all, the legal requirements for the assumption of federal liabilities in the form of guarantees with regard to the financed transactions including the fulfillment of the requirements for management of financing (collateral management).

Therefore, the main criteria for the valuation of loans and advances to banks of the EFS is OeKB's assurance that both the legal and contractually-defined management criteria are met. To this end, the bank´s management has established processes and implemented manual and automated controls within its IT systems. The risk to the financial statements is that a failure in controls will increase management risk, which, in particular, may impact the valuation of loans and advances to banks of the EFS within the financial statements of the OeKB.

Our Audit Approach

We have performed the following audit procedures in respect to the valuation of loans and advances to banks related to the Export Financing Scheme:

- We have identified the processes over the legal and contractually-defined requirements in the respective operating departments and have analysed whether the processes and their implemented controls are suitable to ensure compliance with the management criteria and the adequate valuation of loans and advances to banks of the EFS, within the financial statements of OeKB.

- In addition, we have tested the key controls established in these areas and essential for the preparation of the financial statements, partly – in case of automated controls - with the involvement of our IT specialists. In the course of our audit, we have tested their design, implementation and operating effectiveness, on a sample basis.

- In particular, we have focused on the following – partly automated - key controls:

    - Implementation and compliance of manual controls with regard to legal requirements for the assumption of federal liabilities with regard to the financed transactions as well as for the management of these transactions;
    - Automated reconciliation between the loan amount and the deposited liability;
    - General IT controls for SAP, especially access restriction and change management.

- Furthermore, we have reconciled the subledger with the general ledger regarding the loans and advances to banks in the EFS and verified existence of loans by comparing contracts with the system data in test cases. Additionally, we analysed the development of the portfolio according to the type of collateralisation.

Other Information

Management is responsible for other information. Other information is all information provided in the annual financial report, other than the financial statements, the management report and the auditor's report.

Our opinion on the financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the financial statements or any apparent material misstatement of fact.

If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

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 considerable 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 as applied in Austria.

Opinion

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB are appropriate.

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 in accordance with Article 10 AP Regulation

At the Annual General Meeting dated 29 May 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 7 June 2019.

Furthermore, at the Annual General Meeting dated 27 May 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 27 May 2020.

We have been auditors of the Company, without interruption, since the financial statements at 31 December 1993.

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 throughout the course of the audit, from the audited Company.

Engagement Partner

The engagement partner is Mr Wilhelm Kovsca.

Vienna, 3 March 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 (2) of the Austrian Commercial Code applies. This report is a translation of the original report in German, which is solely valid.

Publication information

This report is a translation of the German original and is provided solely for readers' convenience.
In the event of discrepancies or dispute, only the German version of the report shall be deemed definitive.

Owner and publisher:

Oesterreichische Kontrollbank Aktiengesellschaft

Registered office: 1010 Vienna, Am Hof 4
Company register no.: FN 85749b, Commercial Court Vienna
DVR: 0052019
VAT ID: ATU 15350402
Austrian Bank Code: 10.000

SWIFT BIC: OEKOATWW
LEI: 5299000OVRLMF858L016

FATCA-GIIN: YS6TGM.00000.LE.040

Tel. +43 1 531 27-0
Fax +43 1 531 27-5698
E-mail: info@oekb.at
www.oekb.at

Editing and layout: The reporting team from the departments Accounting & Financial Control, Human Resources and Risk Controlling
reporting@oekb.at

Cover: Egger & Lerch GmbH, Vordere Zollamtsstrasse 13, 1030 Vienna, *www.egger-lerch.at*

Translation: LanguageLink Sprachdienste GmbH, Vienna, Austria

Produced in-house with firesys.

The report is published on the internet in German and English.

The information in this report is current as of 3 March 2021

Oesterreichische Kontrollbank AG

1011 Vienna, Am Hof 4
Austria
Tel. +43 1 531 27-0
www.oekb.at