

The complete perspective.



Export Services – Annual Review

2010

EUR million (except lines beginning with "Number of")	2007	2008	2009	2010
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Export Services – Highlights

Total Austrian exports (excluding services)	114,680 ¹	117,525 ¹	93,739 ¹	108,740 ²
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Guarantees of the Republic of Austria under the Export Guarantees Act

Number of holders of outstanding guarantees (rounded)	1,400	1,400	1,400	1,300
New guarantee contracts issued	12,316	12,063	5,160	3,869
New conditional commitments (new guarantee offers for prosp. underlying transactions)	986	868	1,618	1,593
Guaranteed export sales (estimate)	4,395	3,914	3,644	3,666
Guaranteed exports in % of total Austrian exports	4	4	4	3
Number of new guarantee contracts issued	1,225	1,032	858	948
Aggregate guarantee exposure limit, at 31 December	45,000	50,000	50,000	50,000
Aggregate guarantee exposure (i.e., limit utilisation), at 31 December	37,460	44,446	40,650	38,508
Unused limit	7,540	5,554	9,350	11,492
Number of guarantees in place	3,994	3,995	3,833	3,859
Premium and interest income	250	242	89	190
Gross claims paid by the Guarantor	328	380	333	116
Recoveries on claims paid	188	262	353	36
Amounts written off as unrecoverable	601	48	32	92
Of which write-offs with Maastricht relevance	601	48	32	92
Guarantor's recoverable claims, at 31 December	846	916	864	852
Net interest rate relief granted	43	23	–	–

OeKB Export Financing Scheme

Number of banks/exporters involved (rounded)	67/1,500	71/1,500	70/1,400	68/1,300
Number of export financing contracts outstanding (rounded)	4,000	4,000	3,700	3,600
New commitments issued	9,803	12,225	4,971	4,413
New conditional lending commitments issued	119	143	178	257
Total lending commitments outstanding at 31 December	32,919	39,143	34,075	33,246
Financing contracts outstanding at 31 December	32,692	38,952	33,803	32,943
Of which disbursements outstanding	29,537	36,803	31,401	29,429
Loan funds disbursed	8,726	12,054	4,441	2,924
Repayments received	4,795	4,788	9,843	4,896
Increase/(decrease) in net loans outstanding	+3,931	+7,266	(5,402)	(1,972)
Total funds used under the Export Financing Scheme	38,395	45,499	41,965	26,787
Limit on aggregate guarantee exposure under 1981 Export Financing Guarantees Act	40,000	45,000	45,000	45,000
Utilisation of the guarantee exposure limit at 31 December	32,573	38,486	33,745	31,658
Unused limit	7,427	6,514	11,255	13,342
Total new guarantees issued	14,416	17,108	8,230	6,294

Sources: ¹ Statistics Austria ² December 2010 forecast by WIFO, the Austrian Institute of Economic Research

The complete perspective.

Export Services – Annual Review 2010

EXPORT SERVICES



Johannes Attems

Rudolf Scholten

Letter from the Executive Board

Dear Reader

In 2010 the world economy began a gradual recovery, marked especially by a good economic trend in developing countries. This was also positive for Austrian exports. The growing demand for Austrian goods and services was vigorously supported by OeKB through competitive export guarantees, insurance and financing.

The Austrian government export guarantees and aval endorsements offered by OeKB were instrumental in making this possible. All the more so as, for a number of countries – such as in the South Caucasus and Sub-Saharan Africa – the cover facilities available were expanded and flexible solutions were found for special customer requirements. For the Republic of Austria the system of export guarantees continued to prove sustainable and prudently managed in 2010: As in the prior years, it once again generated a significant revenue surplus.

In OeKB's information and advisory services for exporters and Austrian direct investors in other countries, we worked closely with the foreign trade organisation of the Austrian chamber of commerce and with banks in focusing particularly on assisting small and medium-sized companies, whose fortunes can be seriously affected even by seemingly minor customer defaults.

Since the beginning of 2011, as a result of the broad normalisation in market conditions in the private credit insurance market, the Austrian government no longer offers cover for marketable risks. OeKB also successfully concluded the substantial task of processing guarantee applications under the country's Corporate Liquidity Support Act on behalf of the Federal Ministry of Finance.

In export finance, 18 nations were added to the list of recipient countries eligible for soft loans. Since autumn 2010, in special cases, exports of services too can qualify for soft loans.

On behalf of the OeKB Group – which also encompasses the private credit insurers PRISMA and OeKB Versicherung as well as Österreichischer Exportfonds (our financing provider for SMEs) and the development bank Oesterreichische Entwicklungsbank – we thank all our customers, partners and suppliers for the constructive collaboration in the interest of the Austrian economy.

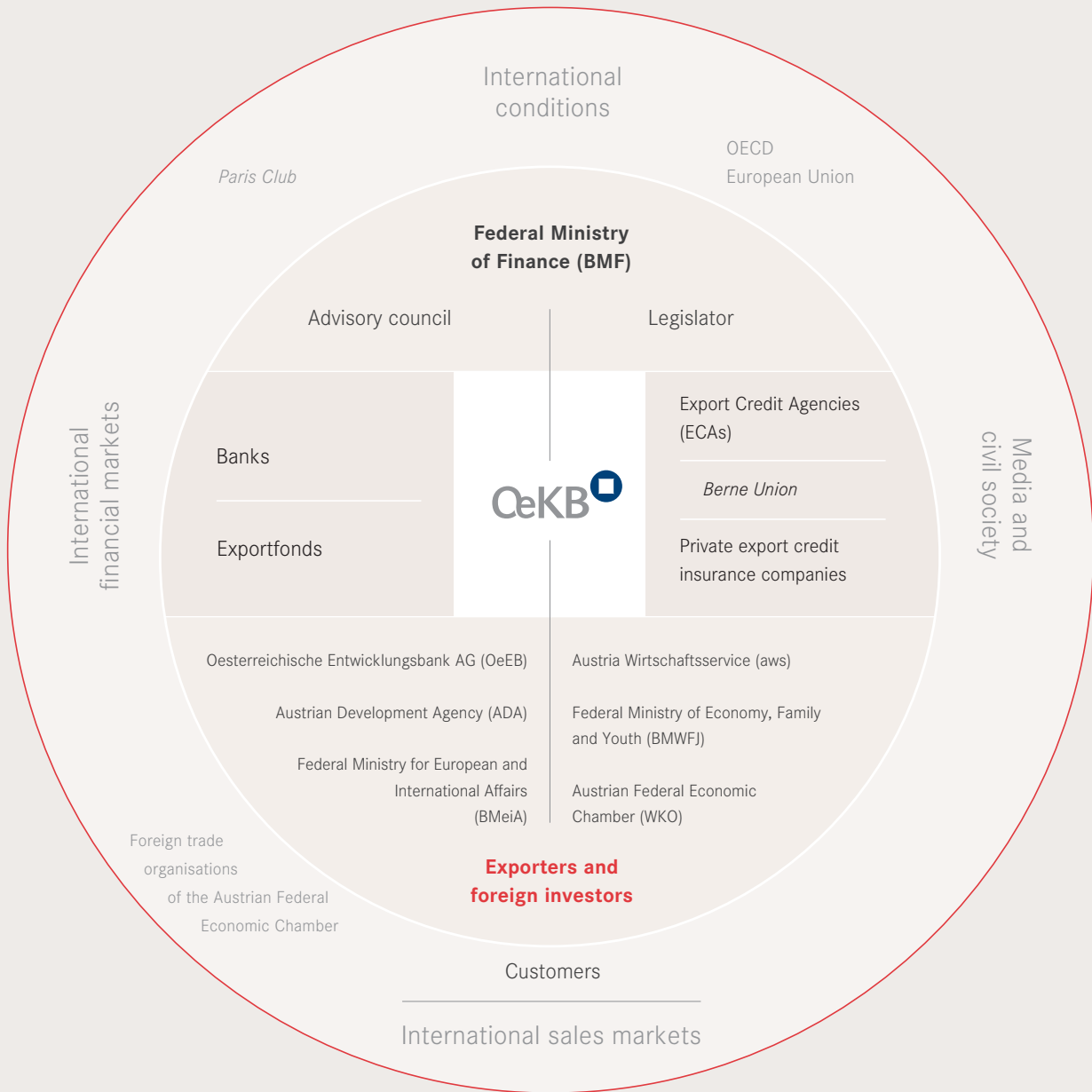


Johannes Attems

Rudolf Scholten

EXPORT SERVICES

Export Services in Austria. Organisations.



Export Services in Austria.

Background.

Hedging against export risks

As the authorised agent of the Federal Republic, OeKB is Austria's official export credit agency (ECA). It acts on the basis of the Export Guarantees Act and international arrangements adopted by the OECD and the EU. In its capacity as a service provider to the Federal Ministry of Finance, it manages the export guarantee system for non-marketable risks of foreign deals with commercial success. An advisory council has been set up within the Federal Ministry of Finance to review the applications for guarantees examined by OeKB. The guarantees are assumed by the Federal Minister of Finance. The marketable risks are covered by private export credit insurance companies.

Top-rated issuer

OeKB raises financing funds through bond issues on international financial markets on advantageous terms. They are used for refinancing exports and foreign investments through commercial banks. The excellent credit rating of OeKB (AAA/Aaa) is based on a guarantee by the Republic of Austria, for which OeKB pays a fee.

Financing foreign transactions

Prerequisites for financing in the framework of the Export Financing Scheme of OeKB are an export guarantee of the Federal Republic, an adequate guarantee of a credit insurer, a guarantee of Austria Wirtschaftsservice Gesellschaft mbH (aws) or an adequate guarantee of an international organisation.

Efficient counselling network with commercial banks

The owners of OeKB are commercial banks. OeKB is linked with them by an efficient cooperation in counselling concerning export guarantees and as an institution refinancing financing transactions. Another financing partner of the banks for small and medium-sized companies is "Österreichischer Exportfonds" GmbH.

Export Service Network

Thanks to the Austrian Federal Economic Chamber (WKO) and its foreign trade organisations, domestic exporters benefit from first-rate support in their international activities in Austria and around the world. WKO and OeKB closely cooperate in this area. This intensive cooperation has become manifest in the joint investment in Exportfonds. OeKB also acts as a partner in the internationalisation campaigns of the Federal Ministry of Economy, Family and Youth. In the international arena OeKB networks with other ECAs through insurance agreements and within the interest representation of the Berne Union.

International debt arrangements

Sometimes a debtor country cannot meet the payment obligations vis-à-vis the creditor countries. In the so-called Paris Club claims guaranteed by the Federal Republic and claims from development aid loans are negotiated and rescheduled. OeKB provides counselling to the Republic in this context.

EXPORT SERVICES

Export countries

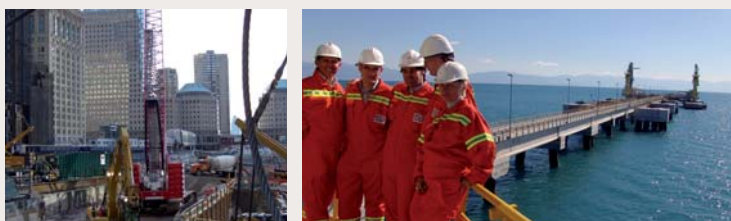
in which projects were realised with the support of OeKB Export Services.



In the following markets customers of the OeKB Export Service were active as suppliers or foreign investors in 2010.

<i>Algeria</i>	<i>Angola</i>	<i>Argentina</i>	<i>Armenia</i>	<i>Australia</i>	<i>Azerbaijan</i>	<i>Bahrain</i>	<i>Bangladesh</i>
<i>Belarus</i>	<i>Bosnia and Herzegovina</i>	<i>Brazil</i>	<i>Bulgaria</i>	<i>Chile</i>	<i>China</i>	<i>Columbia</i>	
<i>Croatia</i>	<i>Cyprus</i>	<i>Czech Republic</i>	<i>Germany</i>	<i>Ecuador</i>	<i>Egypt</i>	<i>Estonia</i>	<i>France</i>
<i>Gabun</i>	<i>Georgia</i>	<i>Ghana</i>	<i>India</i>	<i>Indonesia</i>	<i>Iran</i>	<i>Iraq</i>	<i>Israel</i>
<i>Italy</i>	<i>Kazakhstan</i>	<i>Kenya</i>	<i>Korea</i>	<i>Kuwait</i>	<i>Laos</i>	<i>Libya</i>	<i>Malaysia</i>
<i>Mali</i>	<i>Macedonia</i>	<i>Mauritius</i>	<i>Mexico</i>	<i>Morocco</i>	<i>Myanmar</i>	<i>Nepal</i>	<i>Pakistan</i>
<i>Peru</i>	<i>Philippines</i>	<i>Poland</i>	<i>Romania</i>	<i>Russia</i>	<i>Saudi Arabia</i>	<i>Serbia</i>	<i>Singapore</i>
<i>Slovenia</i>	<i>Spain</i>	<i>Sri Lanka</i>	<i>Sudan</i>	<i>Syria</i>	<i>Taiwan</i>	<i>Thailand</i>	<i>Tunisia</i>
<i>Turkey</i>	<i>UK</i>	<i>Ukraine</i>	<i>United Arab Emirates</i>	<i>USA</i>	<i>Uzbekistan</i>	<i>Venezuela</i>	<i>Vietnam</i>

Some projects – realised with OeKB services.



These are some examples of customers of the OeKB Export Services (and their goods) benefiting from OeKB's reliable services. In many cases, they were refinanced by their own banks via OeKB.

A ACE APPARATEBAU CONSTRUCTION & ENGINEERING GMBH pressure vessels for the production of synthetic granules **AEP EDUCATION PROJECTS GMBH&COGK** technical equipment for vocational schools, technical assistance and training **AHT COOLING SYSTEMS GMBH** cooling and freezing systems for supermarkets, petrol stations and gastronomy **AICHELIN GES.M.B.H.** pusher type furnace plant **ALOIS PÖTTINGER, MASCHINENFABRIK GESELLSCHAFT M.B.H.** agricultural and forestry machinery **AME INTERNATIONAL GMBH** medico-technical equipment **AMST-SYSTEMTECHNIK GMBH** delivery and startup of a human centrifuge **AMV CHEMIE TECHNOLOGIE GMBH** power recovery turbines system, sludge-dewatering plant **ANDRITZ AG** equipment for a tissue machine, pressurized refining systems, electrolytic galvanizing plant, electromechanic equipment and spare parts for pumping stations, regeneration and neutralisation of an annealing

and pickling plant, main machines and services for the construction of a P-RC APMP plant, Cobalt-chloride pyrolysis plant, components for a waste paper treatment plant, a new cardboard machine and tissue machines, refining systems, Suction press roll, acid regeneration plant and pre-separator, push-pickling line and lactic acid regeneration plant, reconstruction of existing cardboard machines and of a bleaching tower **ANDRITZ HYDRO GMBH** electrical equipment for a hydro-electric power station, spare parts for generators, stator bars as spare parts for a hydro-electric power station **AQUA ENGINEERING GMBH** training machines, laboratory equipment, training **ATM RECYCLINGSYSTEMS GMBH** scrap shear, briquetting press, packing press **B BATTENFELD KUNSTSTOFFMASCHINEN GESELLSCHAFT M.B.H.** injection moulding machine **BATTENFELD-CININNATI AUSTRIA GMBH** extruder, extrusion lines and plants **BAUR PRÜF- UND MESSTECHNIK GMBH**

cable test vans **BERTSCH-LASKA PRODUKTIONS- UND HANDELS-GMBH** cold smoking systems and machines for sausage production, vacuum cutter **BHDT GMBH** valves, tubular reactors, intercooler and spare parts for the plastics industry **BIS VAM ANLAGENTECHNIK GMBH** design, delivery, installation and start-up of equipment incl. training in engineering disciplines **BISO SCHRATTENECKER GMBH** agricultural machinery **BM-BATTERY MACHINES GMBH** machines for the production of batteries **BÖHLER INTERNATIONAL GMBH** forged pieces, cold-work, hot-work and high speed steel, steel bars, tool steel, stainless steel and special steel for the production of medical implants, filler metal **BÖHLER UDDEHOLM PRECISION STRIP GMBH** saw and specialty spring steel, cutting lines for die making **BT-WOLFGANG BINDER GMBH** waste glass treatment plant **C CEMTEC CEMENT AND MINING TECHNOLOGY GMBH** equipment for cement plant **CHEMSON POLYMER – ADDITIVE AG** stabiliser for the plastics industry **CHRISTIAN PFEIFFER MASCHINENFABRIK GMBH** cement grinding plants and grinding media **CONSTANTIA PATZ GES.M.B.H.** aluminium sheets **D DOKA GMBH** formwork **DOPPELMAYR SEILBAHNEN GMBH** chair lifts **DSB MASCHINENBAU GMBH** mobile crusher **DURST PHOTO-TECHNIK DIGITAL TECHNOLOGY GMBH** large format inkjet printer **E EBNER INDUSTRIEOFENBAU GESELLSCHAFT M.B.H.** bell annealer system **ELIN EBG TRACTION GMBH** drive systems for trains, traction equipment for railcars **ELIN MOTOREN GMBH** motor **ELMET ELASTOMERE PRODUKTIONS- UND DIENSTLEISTUNGS-GMBH** injection moulding tools, metering system **ENGEL AUSTRIA GMBH** equipment for plastics processing, injection moulding machines, robots and spare parts **EREMA ENGINEERING RECYCLING MASCHINEN UND ANLAGEN**

EXPORT SERVICES

GESELLSCHAFT M.B.H. plastic recycling machines **EULER HERMES KREDITVER-SICHERUNGS-AG** extrusion plant, circular looms, regranulation plant, collets **EVG ENTWICKLUNGS- UND VERWERTUNGS-GESELLSCHAFT M.B.H.** automatic bending machines, bar cutting machine, 3D welding system incl. spare parts and installation, mesh welding line, wire straightening machine **F FMW INDUSTRIEANLAGENBAU GMBH** treatment plant for biomass, boiler infeed plant **FOOD.COM HANDELSGMBH** metering and weighing machines **FRANZ HAAS WAFFEL-UND KEKSANLAGEN-INDUSTRIE GMBH** technical equipment for the confectionary industry, production lines for crackers, cocktail-sticks **FREQUENTIS AG** Management Aeronautical Information System, VCS Voice Communication System **G G.L. PHARMA GMBH** pharmaceuticals **GAW TECHNOLOGIES GMBH** coating colour processing plant **GE JENBACHER GMBH & CO OHG** gaseous-fuel engine, equipment for a block heat and power plant, generator with gaseous-fuel engine for power and hot water generation **GEOCONSULT ZT GMBH** engineering services, know-how, design of tunnels and bid/public invitation to tender **GEBAUER & GRILLER METALLWERK GMBH** electrode core wires, nickel wires for welding electrodes **GLASTECH PRODUKTIONS- UND VERFAHRENSTECHNIK GMBH** production line for insulation glass **GLOBAL HYDRO ENERGY GMBH** equipment for a hydro-electric power station **GOLDECK TEXTIL GMBH** down jackets and trousers **GREINER EXTRUSION GMBH** extrusion lines and tools **GRUBER & CO GROUP GMBH** extrusion plants **H HAGINGER MASCHINENBAU GMBH & CO KG** lifting tables **HIGH TECH EXTRUSION GMBH** PVC extrusion profile plant, extrusion line for gutters, extrusion plants and tools **HIRSCH MASCHINENBAU GMBH** shape molding machines and pre-expanders **I IFW MOULD TEC GMBH** injection moulding tools **IGM ROBOTERSYSTEME AG** welding robot plant **ING. SUMETZBERGER GMBH** letter shoot installations **INTERWELD AUSTRIA GMBH** PTA welding plant with automation **Iveco-Magirus Brandschutztechnik GmbH** fire brigade: special vehicles and equipment **J J. ZIMMER MASCHINENBAU GESELLSCHAFT M.B.H.** flat screen, carpet and versatile printing machines **J. T. KALMAR GMBH** decorative lamps **K KAINDL FLOORING GMBH** laminate flooring **KÄRNTNER MASCHINENFABRIKEN EGGER GMBH** rotary drum furnace, holding furnace, ingot casting machine **KELLER GRUNDBAU GMBH** Ground improvement works **KIM MASCHINENVERTRIEBS GMBH** bottle washing and filling systems **KÖNIG MASCHINEN GESELLSCHAFT M.B.H.** machinery for the production of bakery products/pastries **KONSORTIUM VOITH HYDRO HOLDING GMBH & CO.KG UND ANDRITZ HYDRO GMBH** modernisation of a hydro-electric power station **KÖSSLER GESELLSCHAFT M.B.H.** electromechanic equipment for a small hydro power plant **KUNSTSTOFFTECHNIK Waidhofen an der Thaya Gesellschaft M.B.H.** injection mould **L LIEBHERR-WERK BISCHOFHOFEN GMBH** wheel loader, caterpillars **LIEBHERR-WERK NENZING GMBH** rotary drilling rig, crawler cranes, mobile harbour cranes, hydro cable excavator **LIEBHERR-WERK TELFS GMBH** wheel loader, caterpillars, mobile cranes, mobile excavator, crawler excavator, crawler cranes **LINSINGER-MASCHINENBAU GESELLSCHAFT M.B.H.** mobile milling trains, plate edge milling machines **M M. KAINDL** laminated MDF boards **MAG MASCHINEN- UND APPARATEBAU AG** wire enamelling machines **MASCHINEN-FABRIK LASKA GES.M.B.H.** cutter **MCE MASCHINEN- UND APPARATEBAU GMBH & CO KG** heat exchanger for the chemical industry **MIBA GLEITLAGER GMBH** plain bearings for locomotive engines **MÜHL-BÖCK-HOLZTROCKNUNGSANLAGEN GMBH** lumber dry kilns **N NBG SYSTEMS GMBH** stainless steel tubes with integrated optical fiber **NEUHOFFER HOLZ GMBH** floor equipment (e.g. baseboards, soil profile) **NEUHOLD GESELLSCHAFT M.B.H.** Suction scrapers and sludge handling plants **NEXT GENERATION RECYCLINGMASCHINEN GMBH** recycling machines **NORBERT SCHALLER GESELLSCHAFT M.B.H.** machines for the extension of a cooling chamber, fresh meat production, sausage production and meat processing **O O.SALM & CO GMBH** extension of a brewery **ODELGA HANDELSGESELLSCHAFT M.B.H.** medical equipment and devices **P PAPIERFABRIK WATTENS GMBH & CO KG** cigarette paper, filter paper **PHILIPS AUSTRIA GMBH** computer tomography and magnetic resonance systems **PLASSER & THEURER, EXPORT VON BAHNBAUMASCHINEN, GESELLSCHAFT M.B.H.** high-performance ballast cleaning machines, ballast leveling machine, tamping machine, machines for the pre-measurement of the track geometry, spare parts for various railway construction machines **POLITSCH KUNSTSTOFFTECHNIK GMBH** extrusion tools for the production of plastic profiles **POLYTECHNIK LUFT- UND FEUERUNGSTECHNIK GMBH** biomass furnace with thermal oil ORC module for electricity generation **PÖRNER INGENIEURGESELLSCHAFT M.B.H.** bitumen production line **PREMIUMPACK GMBH** meat processing machines **PROCHASKA FORMULARMASCHINEN HANDELSGESELLSCHAFT M.B.H.** printing machine **R RED BULL GMBH** energy drink **RESCHREITER GMBH** medicotechnical equipment **RHI AG** magnesite material (refractory bricks for cement kiln) **RÖHREN- UND PUMPENWERK BAUER GESELLSCHAFT M.B.H.** irrigation plants, agricultural equipment **ROSENBAUER INTER-**



NATIONAL AG water tenders, turntable ladders, personal protective equipment, technical fire brigade equipment, training
ROSENDAHL MASCHINEN GMBH machines for battery and cable production
RUBBLE MASTER HHM GMBH rubble recycling plants
S.S.O.L.I.D. GESELLSCHAFT FÜR SOLAR-INSTALLATION UND DESIGN M.B.H. solar cooling systems
SALVAGNINI MASCHINENBAU GMBH bending machine, sheet metal working centre
SANDVIK MINING AND CONSTRUCTION GMBH tunneling machine (with anchorage for coal mining)
SBM SCHOELLER-BLECKMANN MEDIZINTECHNIK GESELLSCHAFT M.B.H. sterilisation plant
SCHELLING ANLAGENBAU GMBH panel-dividing plant, panel-dividing saw
SCHUCH GMBH magnesite annular shaft kilns with dedusting plant, wet electric-filter system for a chipboard factory, bag filter system for a cement plant
SCHOELLER-BLECKMANN NITEC GMBH apparatus for the synthesis of urea with spare parts
SCHWEITZER LADENBAU GMBH shop fitting for bakeries
SIEMENS AG ÖSTERREICH DIVISION

MOBILITY sleeping cars, railway passenger car, railway signaling technology, vehicle equipment for a train-monitoring system, commissioning support and training of the maintenance personnel
SIEMENS AKTIENGESELLSCHAFT ÖSTERREICH conveyor technology incl. automation, preheater fan motor
SIEMENS TRANSFORMERS AUSTRIA GMBH & CO KG construction, production, delivery and optional installation surveillance of throttles
SIEMENS VAI METALS TECHNOLOGIES GMBH dry dedusting plants, hot rolling mill, converter for the production of liquid steel, sintering plant, continuous casters, vacuum decarburisation plant, continuous casting plant with two strands
SML MASCHINENGESELLSCHAFT MBH cast film extrusion lines
SSI SCHÄFER PEEM GMBH highly dynamic picking system (logistics system)
STARLINGER & CO GESELLSCHAFT M.B.H. production line for woven plastic sacks and woven PP sacks, extrusion plants, winding machines, plastic coating machine, machines for the production of pinch bottom bags, woven plastic sacks and woven PP sacks
STORK PRINTS AUSTRIA GMBH laser engraver
STRABAG AG construction of a heavy plate mill
T. TEUFELBERGER GES.M.B.H. agricultural twines
PP TMS TRANSPORT- UND MONTAGESYSTEME GMBH industrial filter systems for the automotive industry, bodywork production line for the automobile production
TRAKTIONSSYSTEME AUSTRIA GMBH traction motors
TROPPER MASCHINEN UND ANLAGEN GMBH mobile milling and mixing plant for feeding stuff
U. UNIHA WASSER TECHNOLOGIE GMBH desalination plants, parts of a sewage treatment plant
UNTERWURZACHER ANTON MASCHINENBAU GMBH shredder plants incl. control panel and conveyors, pre-shredder
V. VA TECH WABAG GMBH electrical and electromechanic equipment for a drinking water treatment plant and for the renovation of pumping stations for sewage, delivery of equip-

ment for a sewage treatment plant, Turn-key compact sewage treatment plants
VAE GMBH turnouts, crossovers, crossovers with wooden cross ties, turnout systems, concrete sleepers and mounting parts
VAMED ENGINEERING GMBH & CO KG construction and equipment of a radiotherapy centre, medico-technical equipment, medical engineering, partial renovation of divisions, mobile operating rooms
VAMED STANDORTENTWICKLUNG UND ENGINEERING GMBH & CO KG delivery of a turnkey hospital incl. design, project management and training
VENDOR FINANCE GMBH thermoforming machine incl. tools, stacking device incl. stacking basket, extrusion lines and tools
VOESTALPINE KREMS GMBH tailored tubes, cold rolled tailored tubes
VOEST-ALPINE SCHIENEN GMBH rails incl. mounting straps and equipment
VOESTALPINE TUBULARS GMBH & CO KG seamless oilfield pipes
VOITH HYDRO GMBH & CO KG electromechanic equipment for a hydro power plant, spare parts for pumping stations
VOITH PAPER AUTOMATION GMBH & CO KG drive reconstruction of a paper machine
VOITH PAPER GMBH paper machines and components for paper machines, transfer of know how for a firing apparatus, cardboard production line incl. engineering, installation surveillance and training
VOITH TURBO GMBH wheel set gears for trams
VOITH TURBO VERTRIEBS GMBH spare parts for gears
W. WAAGNER-BIRO AUSTRIA STAGE SYSTEMS AG supervision of construction and installation of stage craft
WFL MILLTURN TECHNOLOGIES GMBH & CO. KG rotary drag milling centres
WILFRIED HEINZEL AKTIENGESELLSCHAFT bleached softwood pulp, cardboard
WITTMANN BATTENFELD GMBH knee lever injection moulding machine, injection moulding machines, robots
WOMA GMBH equipment and spare parts for a high pressure machine
WORTHINGTON CYLINDERS GMBH industrial steel cylinders, steel cylinders

EXPORT SERVICES

The people behind OeKB Export Services.

■ **Export Guarantees – Project Underwriting** Regina Aigner-Wöber Bettina Bereuter
 Ilona Berghuber Karin D’Alonzo Nadja Gutmann Mario Rainer Haidinger Andrea Haunschmid
 Markus Kranabetter Monika Kremlicka Erwin Marchhart Sandra Mottl Andreas Ondrejovic
 Johannes Pflügl Cornelia Pöstinger-Gaspari Brigitte Puhl-Teufelhart Cornelia Rester Karin Roitner
 Ferdinand Schipfer Manfred Schmid Margarete Schönhofer Regina Schrödl Doris Smolik-Rimser
 Dunja Strommer Ortrun Suppanz Carina Tschank Karin Wiesinger Susanna Winter
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 Thomas Jagereder Gerhard Kinzelberger Cäcilia Knopper Martin Krull Angelika Leeb
 Susanne Musil Sabine Neugebauer Peter Oblasser Franziska Pollak Heidemarie Ptacnik
 Ernst Rechberger Guenther Römer Sebastian Saulich Barbara Sburny Petra Schrei
 Maria-Theresia Stadler Anton Steffko Bianca-Melanie Strobl Charlotte Thell ■ **Export**
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 Nicole Kosi Sylvia Kruder Eva Kutnyj Martina Schmutterer Vanessa Starek Christina Starkl

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Ilse Czermak Daniela Einböck Marion Grünsteidl Markus Hüttenberger Harald Klee Ulrich Krenn

Diana Landauer Florian Mang Hans-Rainer Miehle Dieter Nell Monika Poremba Roman Schinhan

Christoph Seper Silvia Stifter Rudolf Talir Verena Valduga ■ Project and Environmental Analyses

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Barbara Fertsak Franz Lipper Wolfgang Pitsch Bettina Raninger Andrea Reiner-Schernhorst

Anneliese Reiser-Hartberger Erna Scheriau Markus Schmöllnerl Manfred Seper Doris Tillian

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Maximilian Plattner Andreas Racz Engelbert Reiterer Ursula Riegler Elisabeth Schneider

Ulrike Schweiger Monika Seitelberger Johannes Skarohlid Adelheid Sperk Stefan Strehle

Status: 31 January 2011



You are a small or medium-sized company and have never used an export guarantee from OeKB. What should you do?

“Simply call our Export Guarantees hotline on +43 1 531 27-2600 for a guarantee proposal tailored to your precise needs and also to learn how a guarantee gives you access to financing on attractive terms.”

Dunja Strommer

Senior Manager for Guarantees,
Export Guarantees Department, Project Business

Definitions and notes

Guarantor	The Austrian Federal Minister of Finance acting on behalf of the Republic of Austria.
Guarantees of the Republic of Austria	Guarantees, aval endorsements and OeEB guarantees under the Export Guarantees Act and the 1981 Export Guarantees Decree, published in Federal Law Gazette no. 257/1981, as amended.
Conditional commitment	Conditional commitment to issue a guarantee or financing facility for prospective transactions that are still under negotiation.
Marketable risks	Commercial and political risks (other than catastrophe risks) arising from export transactions with a total risk period for manufacturing and loan repayment of less than two years and counterparties in an EU or OECD country, excluding Mexico, South Korea and Turkey.
Maximum amount	The amount stated in the guarantee contracts or in aval endorsements that represents the maximum liability of the Guarantor.
Uninsured portion	The percentage of a loss to be borne by the guarantee holder.
Percentage of cover	The percentage of a loss borne by the Guarantor.
Base amount	The maximum amount multiplied by the percentage of cover.
Cover requirement	The amount of risk requiring coverage — notified by a guarantee holder on a quarterly basis — under guarantees issued before 1 July 1996 that were not adjusted to reflect the revised standard terms and conditions (“General Business Conditions”) introduced in 1996.
Financing requirement	Actual cover requirement that may be reported on a quarterly basis by the holder of an aval endorsement.
Aggregate guarantee exposure	Actual aggregate exposure in respect of the (i) base amounts of guarantees of type G 1 to G 9 and G 11, (ii) guarantees of OeEB and (iii) the notified financing requirement from aval endorsements; excluding conditional commitments.
Guarantees issued	Newly issued guarantees, aval endorsements and OeEB guarantees, calculated based on their maximum amounts.
Export Financing Guarantees Act	1981 Export Financing Guarantees Act, published in Federal Law Gazette no. 216/1981, as amended.
CIRR	Commercial Interest Reference Rate. The minimum fixed interest rate defined in the OECD Arrangement for which official support can be granted on export credits to the extent that the CIRR does not cover the lender’s funding costs.
Soft loans	Concessional financing. Loans made on concessional (i.e., preferential) terms either in the form of low (below market rate) interest, long repayment periods and amortisation grace periods, or combinations of concessional and commercial loan financing with a non-repayable grant portion.
Country data	In the tables in this report, countries are shown individually if the guarantee exposure, cumulative gross claims paid, or financing commitments (as the case may be) amount to EUR 25 million or more.
OECD	Organisation for Economic Cooperation and Development. Includes Chile since 7 May 2010, Slovenia since 21 July 2010, Israel since 7 September 2010 and Estonia since 9 December 2010.
OECD/EU/Non-European developing countries/OPEC	The classification of countries into these groupings follows the definitions of Statistics Austria.
OPEC	Organisation of the Petroleum Exporting Countries.
Legend for data presented in this report	– Amount is zero. 0 Amount is smaller than half of the stated unit. Totals may not add due to rounding.

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The legislation which governs OeKB's Export Financing Scheme and guarantees of the Republic of Austria under the Export Guarantees Act is also displayed on OeKB's website at www.oekb.at, as are the related general terms and conditions ("General Business Conditions").

The website also contains the current country policy for more than 100 export markets, information about premiums for export guarantees, and the current interest rates for OeKB's Export Financing Scheme. As well, it provides information on topical issues, international cooperation and the international regulatory framework.

I. Introduction

Business trend in export guarantees and export financing in Austria

Austria's position as one of the world's ten richest countries owes much to its strong exports and outbound foreign investment. Especially for a small economy, the access to larger markets and cost-effective production resources – both at home and abroad – are crucial factors ensuring advanced and efficient manufacturing of high-value products. Exports strengthen companies' capacity for research and development, which in turn creates the basis for sustainable employment. At the same time, Austrian businesses face growing foreign competition. As a result, the right design and mix of export guarantees and export finance facilities for the complex needs of the market have become an important factor in the competitive profile of the Austrian export industry.

Reflecting a long-standing recognition in Austrian economic policy of the great importance of exports and outbound foreign direct investment, Austria has a system of export guarantees and financing that is particularly efficient and effective by international standards.

Guarantees and financing for exports since 1950

OeKB, as the agent of the Republic of Austria, has been managing the country's export guarantee system since 1950. This creates valuable synergies for the export and banking industries, as OeKB also offers the associated financing of export receivables and Austrian investment abroad.

OeKB regards it as its mission, in harmony with Austrian foreign trade policy, to apply and continually develop its portfolio of well-designed facilities in such a way that Austrian companies and Austria-based subsidiaries of foreign companies will find the country an attractive location from which to conduct sophisticated export activities. In pursuing this aim, OeKB is committed to employing federal government guarantees and funds tax-efficiently and responsibly and to make the adherence to this discipline transparent to the public. This transparency is achieved, among other means, through ongoing dialogue with critical stakeholders, such as various non-governmental organisations (NGOs).

International regulatory framework

Export guarantees, as well as credits under the Export Financing Scheme, are issued in compliance with the guidelines, directives and regulations of international agreements of the OECD, the EU and the Berne Union. To the extent that transactions fall under its scope, the provisions of the OECD Arrangement on Officially Supported Export Credits are applied to the underwriting of export insurance in the name and for the account of the Republic of Austria and to lending under the Export Financing Scheme.

Project, environmental and country assessments

The efficient and meaningful underwriting-related evaluation of applications for export guarantees requires comprehensive risk assessments that include project and country analyses. Increasing significance is attached to criteria of sustainable development, particularly in terms of environmental and social implications. This is also documented by more extensive disclosure and underpinned by legislation on free public access to environmental information. Likewise, the monitoring and evaluation of ongoing transactions are becoming ever more important.

OECD Guidelines for Multinational Enterprises

OeKB promotes the awareness and application of the OECD Guidelines for Multinational Enterprises. Since 2008, all guarantee holders and beneficiaries of aval endorsements in respect of foreign investment projects are therefore encouraged to become familiar with these guidelines and to observe them to the greatest possible extent in their international activities.

II. Guarantees of the Republic of Austria under the Export Guarantees Act

Export guarantees and Austrian foreign investment guarantees

The liabilities under the Export Guarantees Act are assumed in the form of guarantees for the due performance of contracts by foreign contracting parties, or through endorsements (guarantees by aval) of bills of exchange used to finance export transactions or outbound foreign direct investment.

The guarantee system in place is based on the provisions of the Export Guarantees Act and the respective regulation issued by the Federal Minister of Finance. The contractual relations between the Republic of Austria and the guarantee holders are set out in the general terms and conditions ("General Business Conditions") for guarantees of the Republic of Austria under the Export Guarantees Act, and in the respective guarantees themselves.

Since 1950, acting as the agent of the Republic of Austria (the Austrian government as represented by the Federal Ministry of Finance), OeKB has been performing the following functions:

- Underwriting-related evaluation (including credit assessment) of applications for guarantees under the Export Guarantees Act
- Issuing and administrative processing of the guarantees on behalf of the Republic of Austria
- Exercising the rights of the Republic of Austria under the guarantee contracts.

In this business segment, OeKB acts on behalf and for the account of the Republic of Austria.

1 Aggregate exposure limit under the Export Guarantees Act and its utilisation; new guarantee contracts issued

	31 December 2007	31 December 2008	31 December 2009	31 December 2010
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1.1 Aggregate exposure limit under the Export Guarantees Act and its utilisation

	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Aggregate guarantee exposure limit	45,000 ¹	100.0	50,000 ²	100.0	50,000	100.0	50,000	100.0
Aggregate guarantee exposure (i.e., limit utilisation)	37,460	83.2	44,446	88.9	40,650	81.3	38,508	77.0
Change from prior year	+5,352	16.7	+6,986	18.6	(3,796)	8.5	(2,142)	5.3
Unused limit	7,540	16.8	5,554	11.1	9,350	18.7	11,492	23.0

¹ Federal Law Gazette I no. 58/2007.

² Federal Law Gazette I no. 145/2008.

	2007	2008	2009	2010	1950-2010
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1.2 New guarantee contracts issued

New guarantee contracts issued ¹					
EUR million	12,316	12,063	5,160	3,869	186,299
Change from prior year:					
EUR million	+3,602	(253)	(6,903)	(1,291)	
Per cent	+41.3	(2.1)	(57.2)	(25.0)	

¹ Including conditional commitments converted into guarantee contracts; excluding new conditional commitments.

Guarantees of the Republic of Austria under the Export Guarantees Act

2 Guarantee business by type of guarantee

The export guarantee system comprises twelve types of guarantee. For certain kinds of guarantee, conditional commitments may be issued. Conditional commitments are not counted against the aggregate guarantee exposure limit. In the following table, they are

stated separately below the total line. Conditional guarantee commitments are intended to facilitate the contract negotiations of exporters or of the banks providing funding. More information is provided in section IV (Basis in Legislation) of this Annual Review.

Type of guarantee	New guarantees issued in 2009	Guarantees outstanding at 31 December 2009	New guarantees issued in 2010	Guarantees outstanding at 31 December 2010
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New guarantees issued and aggregate guarantee exposure, by type of guarantee¹

	Count	EUR m	%	Count	EUR m	%	Count	EUR m	%	Count	EUR m	%
G 1	512	1,172	22.7	695	2,439	6.0	537	1,050	27.1	709	2,194	5.7
G 2	2	1	0.0	2	14	0.0	6	5	0.1	4	10	0.0
G 3	49	583	11.3	608	5,894	14.5	73	532	13.8	623	5,624	14.6
G 4	30	323	6.3	214	7,793	19.2	19	165	4.3	199	7,325	19.0
G 5	–	–	–	–	–	–	41	6	0.2	32	5	0.0
G 6	–	–	–	7	67	0.2	–	–	–	6	52	0.2
G 7	24	35	0.7	56	107	0.2	32	72	1.9	65	150	0.4
G 8	2	1,203	23.3	37	2,612	6.4	2	2	0.0	36	2,602	6.8
G 9	26	25	0.5	223	284	0.7	44	35	0.9	238	266	0.7
Total G 1 to G 9	645	3,342	64.8	1,842	19,210	47.2	754	1,867	48.3	1,912	18,228	47.4
Aval endorsements (AE)	206	1,766	34.2	1,980	21,331	52.5	183	1,870	48.3	1,925	20,039	52.0
Guarantees issued for OeEB	7	52	1.0	11	109	0.3	11	132	3.4	22	241	0.6
Total	858	5,160	100.0	3,833	40,650	100.0	948	3,869	100.0	3,859	38,508	100.0
Increases to individual credit limits within comprehensive policies	1	0		12	4		–	–		10	4	
Conditional commitments (CC)	235	1,618		172	1,131		259	1,593		203	1,386	

¹ These data include guarantees for debt rescheduling agreements (see section II. 5).

- | | |
|--|--|
| G 1 – Guarantee for direct deliveries and services with special types of guarantee | G 8 – Reinsurance of contract of an export credit- or export credit insurance institution (reinsurance guarantee) |
| G 2 – Guarantee for indirect deliveries and services | G 9 – Guarantee for the acquisition of accounts receivable from export transactions by domestic or foreign credit institutions |
| G 3 – Guarantee for tied financial credits, credit transactions/bond issues and debt rescheduling agreements | G 11 – Market developing guarantee |
| G 4 – Investment guarantee | AE – Aval endorsement (guarantee by aval) of bills of exchange |
| G 5 – Turnover guarantee (one foreign customer) | OeEB – Oesterreichische Entwicklungsbank AG |
| G 6 – Country turnover guarantee or comprehensive guarantee (all foreign customers in one, several or all coverable countries) | CC – Conditional commitment to issue a guarantee (not counted against OeKB's aggregate guarantee exposure limit). |
| G 7 – Guarantee for stock in commission, machinery deployment guarantee, advance guarantee | |

Revolving guarantees

Revolving guarantees – mainly G 8 reinsurance guarantees – are recognized as newly issued guarantees only in the year of their initial issue.

Aval endorsements

Endorsements (guarantees by aval) of bills of exchange are another type of cover provided under the Export Guarantees Act. Aval endorsements (also known simply as avals), are commitments to assume liability for the payment of the obligation of the issuer

(since the 1993 Amendment of the Export Guarantees Act) or acceptor of a bill of exchange that is issued by a credit institution or exporter for the purpose of financing export transactions. In some cases, regular guarantees (such as G 1 or G 2, etc.) to cover the export risks exist side by side with an aval endorsement for the same export transaction. The beneficiaries of aval endorsements are exporters. Applications for aval endorsements must be filed by the exporter's bank that also arranges the financing. Aval endorsements also facilitate the financing of investments abroad.

3 Guarantee business by credit period of transactions guaranteed

In the case of the new guarantee contracts issued, most of the transactions (by number and value) underlying the guarantees have credit periods of five years or less. By contrast, most of the stock of outstanding guarantees represents long-term contracts,

as it includes guarantees for exports to developing countries, investment guarantees and guarantees for debt reschedulings. The outstanding guarantee with the longest term covers a credit period ending in 2043.

Credit period in years	Single-contract policies	Revolving policies	Single-contract policies	Revolving policies
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Credit periods of transactions guaranteed

	Count		EUR m		Count		EUR m	
	Count	EUR m	Count	EUR m	Count	EUR m	Count	EUR m
	Guarantee contracts issued in 2009				Guarantee contracts issued in 2010			
Up to 1	411	1,470	148	574	405	1,109	139	208
More than 1 and up to 5	207	473	1	1,200	288	598		
More than 5 and up to 10	52	1,265			78	1,633		
More than 10	39	178			38	321		
Total	709	3,386	149	1,774	809	3,661	139	208
	Guarantees outstanding at 31 Dec. 2009				Guarantees outstanding at 31 Dec. 2010			
Up to 1	460	2,387	955	5,246	445	2,091	958	4,587
More than 1 and up to 5	1,067	10,559	17	2,440	1,056	9,984	17	2,440
More than 5 and up to 10	786	14,403			823	13,899		
More than 10	548	5,615			560	5,507		
Total	2,861	32,964	972	7,686	2,884	31,481	975	7,027

Guarantees of the Republic of Austria under the Export Guarantees Act

4 Guarantee business by region and country

The following tables show the analysis, by region and country, of newly issued guarantee contracts and of aggregate guarantee exposure (guarantees outstanding) under the Export Guarantees Act.

Region or country group	New guarantee contracts issued in 2009	Guarantees outstanding at 31 December 2009	New guarantee contracts issued in 2010	Guarantees outstanding at 31 December 2010
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4.1 New guarantee contracts issued and aggregate guarantee exposure, by region¹

	Count	EUR m	%	Count	EUR m	%	Count	EUR m	%	Count	EUR m	%
Europe (incl. Turkey, CIS)	220	923	17.9	729	10,540	25.9	339	732	18.9	806	9,785	25.4
<i>EU</i>	43	110	2.1	189	1,171	2.9	95	200	5.2	210	1,167	3.0
North America	4	4	0.1	12	6	0.0	8	10	0.3	14	13	0.0
Latin America	53	120	2.3	144	392	1.0	67	48	1.2	160	367	1.0
Asia	332	967	18.7	825	4,996	12.3	305	945	24.4	806	4,841	12.6
Australia and Oceania	–	–	–	1	9	0.0	1	2	0.1	2	9	0.0
Africa	35	128	2.5	109	780	1.9	34	130	3.4	103	726	1.9
Comprehensive policies (CP) ²	1	1,200	23.3	22	2,487	6.1	–	–	–	21	2,487	6.5
Total guarantees	645	3,342	64.8	1,842	19,210	47.2	754	1,867	48.3	1,912	18,228	47.4
Aval endorsements (AE)	206	1,766	34.2	1,980	21,331	52.5	183	1,870	48.3	1,925	20,039	52.0
Guarantees issued for OeEB	7	52	1.0	11	109	0.3	11	132	3.4	22	241	0.6
Total	858	5,160	100.0	3,833	40,650	100.0	948	3,869	100.0	3,859	38,508	100.0
Of which (excl. CP, AE, OeEB):												
OECD	64	254	4.9	259	1,680	4.1	134	169	4.4	301	1,353	3.5
Non-European developing countries	419	1,215	23.5	1,074	6,167	15.2	405	1,123	29.0	1,065	5,932	15.4
OPEC	193	217	4.2	298	2,033	5.0	159	139	3.6	265	1,822	4.7

¹ These data include guarantees for debt rescheduling agreements (see section II. 5).

Excluding recoverable claims. Recoverable claims are receivables of the Republic of Austria (the Guarantor) in connection with claims paid by the Guarantor under guarantees managed by OeKB (see tables in section II. 6).

² In this table the G 6 and G 8 revolving guarantees, which cannot be allocated directly to specific regions, are included under comprehensive policies.

Country data

There has been growing interest in an analysis of OeKB's export services activities by country. With a view to enhanced transparency and by agreement with the Federal Ministry of Finance, this Annual Review provides country-specific data on guarantees of the Republic of Austria under the Export Guarantees Act and on OeKB's Export Financing Scheme.

Region or country	Guarantee contracts issued in 2010	Guarantees outstanding at 31 Dec. 2010
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4.2 New guarantee contracts issued and aggregate guarantee exposure, by region and country¹

EUR thousand	Total	Of which rescheduling guarantees	Total	Of which rescheduling guarantees
Total	3,868,951	—	38,508,184	673,496
Europe	731,556	—	9,785,040	134,456
Albania	111,890		116,269	
Belarus	29,724		310,163	
Bosnia and Herzegovina	15,356		280,987	86,790
Bulgaria	5,040		173,789	
Estonia	117		29,074	
United Kingdom	6,277		46,497	
Italy	5,127		27,875	
Kazakhstan	7,517		871,829	
Croatia	2,962		467,340	
Malta	—		70,000	
Poland	20,596		37,711	
Romania	141,606		639,569	
Russia	247,950		3,290,731	
Serbia	6,241		427,645	46,215
Turkey	57,479		903,196	
Ukraine	47,849		1,914,847	
Hungary	—		77,301	
Latin America	48,240	—	367,120	6,583
Brazil	30,742		309,708	
Asia	944,700	—	4,840,928	243,752
Bahrain	39,134		45,812	
Bhutan	—		70,415	
China (incl. Hong Kong)	541,268		1,796,258	
India	25,345		336,460	
Indonesia	21,094		951,357	203,746
Iran	52,954		391,476	
Malaysia	42,135		27,680	
Pakistan	21,598		81,241	29,181
Philippines	2,458		205,084	
Saudi Arabia	5,239		201,828	
Sri Lanka	32,641		133,556	
South Korea	21,087		127,551	
Taiwan	58,853		60,253	
Thailand	4,837		33,409	
United Arab Emirates	23,748		79,199	
Vietnam	18,690		238,646	10,825
Africa	130,180	—	725,434	288,705
Egypt	13,746		239,139	198,342
Algeria	10,943		31,616	
Côte d'Ivoire	—		64,264	64,264
Gabon	44,056		94,479	
Ghana	7,495		57,907	
Libya	17,278		131,932	
Morocco	23,967		27,951	

¹ Country data exclude comprehensive policies, aval endorsements, and OeEB guarantees.
All data exclude conditional commitments.
Excluding recoverable claims (see tables in section II. 6).

5 Debt rescheduling

Paris Club

The “Paris Club” is a group of creditor governments that convene on a case-by-case basis; it includes 19 permanent participants. The meetings, chaired by France, are also attended by representatives of international financial institutions (especially the International Monetary Fund and the World Bank). Austria is represented by the Federal Ministry of Finance and OeKB.

Sovereign debt is rescheduled through agreements on that portion of a debtor country’s external debt relating to sales of goods and services that are insured by the creditor countries through their respective export guarantee system or that are categorised as governmental development aid. A multilateral framework is first agreed between the debtor state and its sovereign creditors, which is then implemented bilaterally with each creditor country. Debtor countries’ due performance of these agreements with Austria is as a rule guaranteed by the Republic of Austria under the Export Guarantees Act.

Conventional rescheduling

Debt rescheduling is intended to restore the credit-worthiness of the debtor country in the long term. This restoration of credit quality is to be achieved by the equal participation of all creditor nations in the rescheduling. The rescheduling typically lengthens the repayment period for the debt, and market interest rates are applied (conventional rescheduling).

Debt reduction – concessional rescheduling

Since 1988, debt relief in the form of concessional rescheduling has been progressively agreed for the poorest borrower nations. The degrees of debt reduction ranged from 33% to 80%. In June 1999 the so-called Enhanced HIPC (Heavily Indebted Poor Countries) Initiative was adopted, which allows debt reduction of 90% or more for highly indebted poor countries, primarily in Africa. As part of a concerted EU-wide initiative, Austria bilaterally grants 100% debt relief to these countries.

Bilateral agreements to this effect were concluded in 2010 with the Central African Republic and the Democratic Republic of the Congo.

By 31 December 2010, cumulative receipts under reschedulings amounted to principal payments of EUR 8,221 million and interest payments of EUR 3,276 million.

At 31 December 2010, recoverable claims (the OeKB-administered receivables of the Republic of Austria in connection with claims paid) for defaulted debt reschedulings amounted to EUR 478 million, of which EUR 312 million represented past due principal and EUR 166 million constituted past due interest. The movement in claims relating to rescheduling guarantees is shown in table 6.2 in the next section.

Region or type of guarantee	Guarantee contracts issued in 2009	Guarantees outstanding at 31 December 2009	Guarantee contracts issued in 2010	Guarantees outstanding at 31 December 2010
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Rescheduling guarantees by region and by type of guarantee¹

	2009		Number of countries			2010		Number of countries		
	EUR m	%		EUR m	%	EUR m	%		EUR m	%
Europe (incl. Turkey, CIS)	–	–	3	138	16.9	–	–	3	134	19.9
Latin America	–	–	2	6	0.7	–	–	2	6	0.9
Asia	8	100.0	5	264	32.4	–	–	5	244	36.3
Africa	–	–	8	408	50.0	–	–	6	289	42.9
Total	8	100.0	18	816	100.0	–	–	16	673	100.0
Of which										
Non-European										
developing countries	8	100.0	15	678	83.1	–	–	13	539	80.1
OPEC	8	100.0	2	222	27.2	–	–	2	204	30.3
G 3	8			810		–			667	
G 9	–			6		–			6	

¹ These amounts are included in the preceding tables.

6 Guarantee system income and expenses, and claims paid by region and country

This section gives an overview of income and expenses arising from export guarantees of the Republic of Austria under the Export Guarantees Act, both in the year under review and cumulatively since 1950.

In setting the premium levels charged to customers for the guarantees, the Guarantor does not seek to realise a profit but to cover the cost of the guarantee system in the long term. Expenses for interest reduction in connection with the concessional rescheduling of debts under international agreements have had a tained effect on the guarantee programme's net surplus.

The amount of claims paid by the Republic of Austria under guarantees pursuant to the Export Guarantees Act must be viewed in the context of the total cumulative volume of guarantee contracts issued. From the inception of the guarantee programme in 1950 to the end of 2010, the value of guarantees issued was EUR 186.3 billion. In this cumulative total, revolving guarantees are only included at their nominal amounts. During these 61 years, cumulative charge-offs by the Guarantor and (since 1989) debt relief through interest reductions that had to be granted under international agreements totalled a combined EUR 4,614 million, or 2.5% of the cumulative amount of guarantee contracts issued.

In 2010 the positive trend of the past several years continued and guarantee programme income exceeded net costs by EUR 115 million.

Guarantees of the Republic of Austria under the Export Guarantees Act

EUR million	2008	1950–2008	2009	1950–2009	2010	1950–2010
6.1 Income and expenses from guarantees under the Export Guarantees Act						
Premium income	205	4,239	210	4,449	167	4,616
Interest income less other expenses	37	1,204	(121)	1,083	23	1,106
Subtotal	242	5,443	89	5,532	190	5,722
Recoveries on claims paid	262	2,912	353	3,265	36	3,301
Total	504	8,355	442	8,797	226	9,023
Claims paid, excl. HIPC ¹	(379)	(6,469)	(330)	(6,790)	(111)	(6,827)
Guarantee programme result before interest rate relief granted	+125	+1,886	+112	+2,007	+115	+2,196
Net interest rate relief granted	(23)	(1,931)	–	(1,931)	–	(1,931)
Net guarantee programme result after interest rate relief	+102	(45)	+112	+76	+115	+265
In per cent of cumulative guarantee contracts issued		0.03		0.04		0.14
In per cent of guarantees outstanding		0.10		0.19		0.69
Recoverable claims (excluding HIPC) at 31 December	907	907	862	862	843	843
Claims paid including net interest rate relief, less recoveries, in per cent of the combined balance of premium income, net interest and other expenses	57.9	100.8		98.6	39.2	95.4
Interest rate relief granted	(51)	(2,481)	(10)	(2,491)	(7)	(2,498)
Support from federal budget	28	550	10	560	7	567
Net interest rate relief granted	(23)	(1,931)	–	(1,931)	–	(1,931)
Amounts written off as unrecoverable, excl. HIPC	(44)	(2,651)	(12)	(2,663)	(20)	(2,683)
Total	(67)	(4,582)	(12)	(4,594)	(20)	(4,614)
In per cent of cumulative guarantee contracts issued		2.58		2.52		2.48
Guarantee contracts issued	12,063	177,270	5,160	182,430	3,869	186,299
Guarantees outstanding at 31 December	44,446	44,446	40,650	40,650	38,508	38,508

¹ Restructurings of claims paid under the HIPC Initiative in previous reporting periods affect the comparability of amounts over time.

EUR million	2010	1950– 2010	2010	1950– 2010	2010	1950– 2010	31 December 2010	31 December 2010
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6.2 Claims paid, by region

Region or country group	Claims paid		Recoveries on claims paid		Amounts written off as unrecoverable		Recoverable claims	Claims authorised but not yet paid
Europe (incl. Turkey, CIS)	13	2,326	4	1,477	8	815	34	4
<i>EU</i>	4	1,481	0	932	5	531	18	2
North America	0	40	0	8	–	32	0	–
Latin America	0	447	5	164	0	142	141	0
Asia	5	2,177	4	701	7	960	516	–
Australia and Oceania	–	2	–	0	–	2	–	–
Africa	89	2,219	19	835	75	1,281	103	–
Comprehensive policies	5	49	0	7	0	16	26	–
Total G 1 to G 9	112	7,260	32	3,192	90	3,248	820	4
<i>Commercial risks</i>	23	1,261	4	381	16	782	98	4
<i>Political risks¹</i>	89	5,999	28	2,811	74	2,466	722	–
Exchange risk guarantees (G 10)	–	130	–	1	–	129	–	–
Total G 1 to G 10	112	7,390	32	3,193	90	3,377	820	4
Aval endorsements	4	211	4	108	2	71	32	–
Total	116	7,601	36	3,301	92	3,448	852	4

Of which ²								
OECD	1	1,556	1	923	4	582	51	0
Non-European developing countries	94	4,822	28	1,683	82	2,379	760	0
OPEC	0	1,978	6	641	1	1,038	299	–
HIPC Initiative, total	79 ³	774	–	–	72	765	9	–
Comparative total 2009	333	7,485	353	3,265	32	3,356	864	9
Comparative total 2008	380	7,152	262	2,912	48	3,324	916	9
Comparative total 2007	328	6,772	188	2,650	601	3,276	846	33

Of which for debt rescheduling guarantees

Europe	0	1,462	–	1,197	0	265	0	–
Latin America	–	269	–	99	–	64	106	–
Asia	0	1,025	1	313	0	377	335	–
Africa	42	1,804	17	630	73	1,137	37	–
Total	42	4,560	18	2,239	73	1,843	478	–
Comparative total 2009	196	4,518	289	2,221	22	1,770	527	–
Comparative total 2008	351	4,322	238	1,932	18	1,748	642	–
Comparative total 2007	258	3,971	150	1,694	365	1,730	547	–

¹ Including claims paid for political risks under debt rescheduling guarantees.

² Excluding the claims paid for exchange risks and aval endorsements, as these are not directly attributable to specific regions or country groups. The claims paid for comprehensive policies are attributed to OECD.

³ In the year under review, this amount included EUR 73.7 million of claims paid in prior periods that were reclassified in 2010 to the HIPC Initiative.

Guarantees of the Republic of Austria under the Export Guarantees Act

EUR thousand	2010	1950–2010	2010	1950–2010	2010	1950–2010	31 Dec. 2010	31 Dec. 2010
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6.3 Claims paid, by region and country¹

Region or country	Claims paid		Recoveries on claims paid		Amounts written off as unrecoverable		Recoverable claims	Claims authorised but not yet paid
Total	115,892	7,600,869	35,943	3,300,953	91,663	3,447,202	852,714	4,128
Europe	12,859	2,326,253	3,529	1,476,888	7,317	814,742	34,623	3,946
Bulgaria	3	112,752	–	74,230	3	38,522	–	–
Germany	231	112,038	0	12,986	232	98,341	711	–
France	–	36,535	–	6,419	–	30,065	51	–
Georgia	–	94,170	–	49,337	–	44,833	–	–
United Kingdom	457	27,862	–	6,291	–	21,114	457	137
Italy	6	97,400	30	23,830	451	71,158	2,412	–
Poland	3	963,261	300	769,327	924	191,389	2,545	2
Russia	1,234	438,909	–	310,621	300	126,639	1,649	–
Switzerland	–	25,834	–	5,624	–	20,205	5	–
Serbia	877	158,404	468	88,390	–	68,729	1,285	373
Turkey	171	55,640	214	42,201	2,013	8,430	5,009	–
Ukraine	4,446	33,270	331	27,140	–	2	6,128	153
North America	47	40,414	21	7,828	–	32,220	366	–
USA	47	27,895	21	5,841	–	21,688	366	–
Latin America	387	446,856	5,287	163,896	205	141,736	141,224	182
Argentina	78	112,735	470	46,142	–	28,116	38,477	–
Bolivia	–	68,595	–	4,766	–	63,829	–	–
Brazil	186	37,609	–	32,667	–	4,148	794	182
Cuba	–	97,489	–	4,401	–	32	93,056	–
Venezuela	–	50,620	4,786	27,453	–	22,198	969	–

¹ These amounts include claims from debt rescheduling guarantees.

Country and regional data exclude the claims paid under comprehensive policies, exchange risk guarantees and aval endorsements.

EUR thousand	2010	1950-2010	2010	1950-2010	2010	1950-2010	31 Dec. 2010	31 Dec. 2010
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Claims paid, by region and country¹

Region or country	Claims paid		Recoveries on claims paid		Amounts written off as unrecoverable		Recoverable claims	Claims authorised but not yet paid
Asia	4,786	2,176,164	3,724	700,592	7,096	960,186	515,386	—
China (incl. Hong Kong)	3,255	102,770	—	56,848	5,968	42,196	3,726	—
India	1,329	46,648	—	14,251	—	9,442	22,955	—
Indonesia	(15)	135,671	9	79,008	618	55,518	1,145	—
Iraq	—	959,477	1,292	82,576	421	589,598	287,303	—
Iran	—	155,426	—	85,091	—	70,335	—	—
Lebanon	—	74,935	2,419	54,441	—	807	19,687	—
Myanmar	—	52,298	—	17,434	—	—	34,864	—
North Korea (DPR)	—	231,795	—	80,579	—	6,627	144,589	—
Philippines	—	78,220	—	74,394	—	3,826	—	—
Saudi Arabia	—	59,481	—	6,182	—	53,299	—	—
Syria	—	25,533	—	18,761	—	6,696	76	—
Thailand	—	42,110	—	267	—	41,546	297	—
United Arab Emirates	59	134,109	3	83,279	12	50,723	107	—
Vietnam	58	25,184	—	15,210	58	9,974	—	—
Africa	88,579	2,218,191	19,019	835,154	74,736	1,280,030	103,007	—
Egypt	81,417	310,237	15,669	204,106	2,766	40,518	65,613	—
Algeria	—	90,258	—	88,061	—	2,197	—	—
Angola	—	51,319	2,176	49,657	—	1,662	—	—
Côte d'Ivoire	2,219	31,823	—	5,359	2,219	16,834	9,630	—
Cameroon	—	472,446	—	13,926	—	458,520	—	—
Kenya	723	68,969	1,099	67,079	—	1,537	353	—
Congo DR (former Zaire)	—	82,556	—	15,982	65,513	66,574	—	—
Madagascar	—	60,951	—	9,345	—	51,606	—	—
Morocco	—	120,559	—	117,105	—	3,454	—	—
Nigeria	—	367,099	—	183,152	—	183,947	—	—
Zambia	—	29,530	—	13,235	—	16,295	—	—
Sudan	110	296,446	21	7,912	—	288,445	89	—
Tanzania	34	45,834	54	5,359	—	40,469	6	—
Togo	419	35,021	—	14,979	414	11,674	8,368	—

¹ These amounts include claims from debt rescheduling guarantees.

Country and regional data exclude the claims paid under comprehensive policies, exchange risk guarantees and aval endorsements.



What do you call these special loans for transactions with developing countries?

“Soft loans.

These are loans for commercially non-viable projects with selected developing countries that are supported with public funds. For instance, projects related to water resources, healthcare, education, infrastructure and disaster prevention – to all of which Austrian companies bring outstanding expertise.”

Verena Valduga

Manager, Credit Department

III. Oesterreichische Kontrollbank AG Export Financing Scheme

Export Financing Scheme in place since 1960

Since 1960 OeKB has operated a programme to finance exports of goods and services, largely on a medium- and long-term basis, with special emphasis on exports of Austrian capital goods. Known as the Export Financing Scheme, this programme serves to provide funding facilities to banks which in turn extend credit to Austrian exporters or investors and foreign importers (supplier and buyer credits for exports, financing for Austrian companies' investments in foreign countries, and export acceptance credits). The 1995 Amendment to the Export Guarantees Act allows guarantees to be issued for untied credits.

Requirements

The credits to banks require a guarantee for the transaction or right underlying the financing. The guarantee must conform to the provisions of the 1981 Export Financing Guarantees Act. In addition,

both the rights arising from the guarantees and the underlying receivables (export or other receivables) typically must be assigned as security.

The maximum repayment term of commercial export credits that fall within the scope of the OECD Arrangement is generally 10 years. Longer maximum terms are possible for conventional power plants (maximum of 12 years), project finance (maximum of 14 years) and renewable energy and water projects (maximum of 18 years).

The extension of funding to banks through OeKB's Export Financing Scheme represents an open system available to domestic and foreign credit institutions. They must, however, meet the creditworthiness criteria of OeKB, fulfil the legal requirements regarding the transactions to be financed and satisfy OeKB's standard conditions for uniform financing procedures. The latter applies particularly to collateral management.

1 Credit commitments and disbursements under the Export Financing Scheme

EUR million	Outstanding at 31 Dec. 2007	Net change	Outstanding at 31 Dec. 2008	Net change	Outstanding at 31 Dec. 2009	Net change	Outstanding at 31 Dec. 2010
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1.1 Outstandings and net changes under the Export Financing Scheme – lending operations¹

Financing contracts	32,692	+6,260	38,952	(5,149)	33,803	(860)	32,943
Conditional commitments	227	(36)	191	+81	272	+31	303
Total commitments	32,919	+6,224	39,143	(5,068)	34,075	(829)	33,246
Disbursements	29,537	+7,266	36,803	(5,402)	31,401	(1,972)	29,429

¹ These figures include rescheduled debt.

The export financing contracts and conditional commitments not utilised at 31 December 2010 are scheduled to be disbursed as follows:

EUR million	Financing contracts	Conditional commitments	Total
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1.2 Schedule of disbursements payable

By end of 2011	998	131	1,129
By end of 2012	2,199	124	2,323
By end of 2013	259	22	281
By end of 2014	10	26	36
By end of 2015	8	–	8
After 2015	40	–	40
	3,514	303	3,817

EUR million	Financing contracts	Conditional commitments	Total
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1.3 Schedule of repayments receivable

By end of 2011	4,955	–	4,955
By end of 2012	6,713	–	6,713
By end of 2013	4,134	2	4,136
By end of 2014	3,373	3	3,376
By end of 2015	1,748	9	1,757
By end of 2016	1,909	14	1,923
By end of 2017	665	18	683
By end of 2018	1,907	20	1,927
By end of 2019	388	22	410
After 2019 (up to 2043)	7,151	215	7,366
	32,943	303	33,246

The export financing contracts already utilised at 31 December 2010 and the contracts and conditional commitments not yet utilised at that date, in the total amount of EUR 33,246 million, are contractually due for repayment by the borrowers according to the schedule shown in the adjacent table.

The outstanding loan agreement with the longest term expires in the year 2043.

2 Business activity under the Export Financing Scheme in the year

Supplementing the foregoing overview of the amounts of credit commitments and disbursements under OeKB's Export Financing Scheme at the end of the financial year, the following table presents an analysis of the underlying movements during the year.

In the year under review, the loan repayments received (a total of EUR 4,896 million) more than covered loan disbursements.

EUR million	2007	2008	2009	2010
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Business activity under the Export Financing Scheme – lending operations

Financing contracts:				
New contracts issued ¹	9,803	12,225	4,971	4,413
Contracts withdrawn	892	1,617	711	775
Repayments received	4,795	4,788	9,843	4,896
Of which on revolving credits	454	439	435	397
Loan funds disbursed	8,726	12,054	4,441	2,924
Conditional commitments (CC):				
New conditional commitments issued	119	143	178	257
CC converted into contracts	158	152	82	154
CC withdrawn	76	27	16	71

¹ Including conversions of conditional commitments into financing contracts, and including rescheduled debt.

3 Export financing business by region and country

Tables 3.1 and 3.2 below show the regional distribution of loan commitments and disbursements outstanding under the Export Financing Scheme at

the end of the financial year, and the year's new commitments and disbursements; the corresponding analysis by country is provided in table 3.3.

Region or country group	Outstanding at 31 December 2009	Outstanding at 31 December 2010
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3.1 Commitments and disbursements outstanding under the Export Financing Scheme by region

	Commitments		Disbursements		Commitments		Disbursements	
	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Europe (incl. Turkey, CIS)	7,366	21.8	7,097	22.6	6,872	20.9	6,655	22.6
<i>Incl. conditional commitments</i>	7,394	21.7			6,941	20.9		
<i>EU</i>	832	2.5	768	2.4	815	2.5	734	2.5
North America	0	0.0	0	0.0	–	–	–	–
<i>Incl. conditional commitments</i>	0	0.0			–	–		
Latin America	205	0.6	128	0.4	212	0.6	112	0.4
<i>Incl. conditional commitments</i>	208	0.6			217	0.6		
Asia	2,886	8.6	2,683	8.5	2,805	8.5	2,641	9.0
<i>Incl. conditional commitments</i>	3,091	9.1			3,012	9.0		
Australia and Oceania	–	–	–	–	1	0.0	1	0.0
<i>Incl. conditional commitments</i>	–	–			1	0.0		
Africa	641	1.9	624	2.0	535	1.6	484	1.6
<i>Incl. conditional commitments</i>	677	2.0			557	1.7		
Comprehensive policies (CP) ¹	750	2.2	410	1.3	689	2.1	365	1.3
<i>Incl. conditional commitments</i>	750	2.2			689	2.1		
Subtotal	11,848	35.1	10,942	34.8	11,114	33.7	10,258	34.9
<i>Incl. conditional commitments</i>	12,120	35.6			11,417	34.3		
Aval endorsements (AE) ²	21,955	64.9	20,459	65.2	21,829	66.3	19,171	65.1
<i>Incl. conditional commitments</i>	21,955	64.4			21,829	65.7		
Total*	33,803	100.0	31,401	100.0	32,943	100.0	29,429	100.0
Commitments								
<i>incl. conditional commitments</i>	34,075	100.0			33,246	100.0		
* Of which (excl. CP and AE):								
OECD	1,171	3.5	1,008	3.2	1,213	3.7	1,089	3.7
Non-European developing countries	3,732	11.1	3,435	10.9	3,537	10.7	3,238	11.0
OPEC	1,279	3.8	1,278	4.1	1,133	3.4	1,133	3.8

¹ Financed export contracts covered by revolving comprehensive and reinsurance guarantees (CP).

² Financed export contracts covered by aval endorsements (AE); the Kontrollbank Credit Line (in German: Kontrollbank-Refinanzierungsrahmen) for export acceptance credits extended by banks.

Region or country group	Movements in 2009				Movements in 2010			
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3.2 New commitments and disbursements under the Export Financing Scheme, by region

	New commitments issued		Loan funds disbursed		New commitments issued		Loan funds disbursed	
	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Europe (incl. Turkey, CIS)	1,670	33.6	1,622	36.5	684	15.5	745	25.5
<i>Incl. conditional commitments</i>	1,692	32.9			748	16.0		
<i>EU</i>	62	1.2	81	1.8	87	2.0	107	3.7
North America	–	–	–	–	4	0.1	4	0.1
<i>Incl. conditional commitments</i>	–	–			4	0.1		
Latin America	20	0.4	19	0.4	42	1.0	17	0.6
<i>Incl. conditional commitments</i>	20	0.4			48	1.0		
Asia	(259)	(5.2)	(114)	(2.5)	218	4.9	241	8.2
<i>Incl. conditional commitments</i>	(145)	(2.8)			359	7.7		
Australia and Oceania	–	–	–	–	2	0.0	2	0.1
<i>Incl. conditional commitments</i>	–	–			2	0.1		
Africa	135	2.7	120	2.7	(11)	(0.2)	(48)	(1.6)
<i>Incl. conditional commitments</i>	177	3.4			35	0.7		
Comprehensive policies (CP)	38	0.8	219	4.9	43	1.0	159	5.4
<i>Incl. conditional commitments</i>	38	0.7			43	0.9		
Subtotal	1,604	32.3	1,866	42.0	982	22.3	1,120	38.3
<i>Incl. conditional commitments</i>	1,782	34.6			1,239	26.5		
Aval endorsements (AE)	3,367	67.7	2,575	58.0	3,431	77.7	1,804	61.7
<i>Incl. conditional commitments</i>	3,367	65.4			3,431	73.5		
Total *	4,971	100.0	4,441	100.0	4,413	100.0	2,924	100.0
<i>New contracts</i>								
<i>incl. conditional commitments</i>	5,149	100.0			4,670	100.0		
* Of which (excl. CP and AE):								
OECD	121	2.4	281	6.3	142	3.2	204	7.0
Non-European developing countries	(105)	(2.1)	25	0.6	232	5.3	210	7.2
OPEC	(302)	(6.1)	(271)	(6.1)	13	0.3	14	0.5

OeKB Export Financing Scheme

EUR thousand	Movements in 2010	Outstanding at 31 December 2010
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3.3 Movements and outstandings under the Export Financing Scheme, by region and country¹

Region or country	New commitments issued	Loan funds disbursed	Commitments	Disbursements
Total	4,413,529	2,923,865	32,942,436	29,428,607
Europe	683,808	745,267	6,872,049	6,654,601
Belarus	40,018	38,420	271,005	269,569
Bosnia and Herzegovina	13,990	10,912	258,419	248,824
Bulgaria	216	4,179	124,768	83,970
Germany	15,443	4,963	41,545	30,245
Estonia	–	2,925	28,088	23,751
Great Britain	41,604	29,661	30,901	18,957
Italy	(700)	38,524	55,933	47,433
Kazakhstan	–	–	582,748	582,748
Croatia	6,886	7,027	416,660	416,597
Luxembourg	4,499	1,462	50,083	47,451
Malta	–	–	70,000	70,000
Romania	17,780	17,780	243,998	243,998
Russia	337,540	391,583	1,827,312	1,756,973
Sweden	–	–	45,508	45,508
Serbia	5,183	5,183	360,474	356,152
Slovak Republic	637	552	30,311	30,165
Slovenia	1,394	1,378	74,832	74,465
Turkey	61,573	35,943	519,814	479,473
Ukraine	116,415	116,964	1,785,100	1,785,100
Latin America	42,518	16,524	212,097	111,693
Brazil	12,230	15,299	71,715	71,438
Cuba	–	–	80,441	6,583
Asia	217,932	240,767	2,804,594	2,641,636
Bhutan	–	11,491	68,332	44,005
China (incl. Hong Kong)	125,114	69,134	795,840	716,321
Indonesia	–	1,037	899,677	899,677
Iran	–	–	85,735	85,735
Pakistan	65,694	65,694	107,360	107,360
Philippines	–	–	185,291	185,291
Sri Lanka	–	8,536	91,123	86,873
South Korea	–	51,477	307,905	269,099
United Arab Emirates	12,377	12,377	35,866	35,866
Vietnam	7,915	13,919	207,366	191,310
Africa	(10,637)	(47,579)	535,303	484,170
Egypt	(53,898)	(62,115)	229,893	213,932
Côte d'Ivoire	–	–	64,264	64,264
Ghana	7,495	9,913	56,485	50,282
Libya	–	–	93,100	93,100

¹ The amounts include rescheduled debt. Commitments (both newly issued and outstanding) exclude conditional commitments. Country data exclude financed export contracts covered by comprehensive policies and by aval endorsements.

4 Tied financial credits, purchases of accounts receivable and other forms of financing

The following two tables show the shares which tied financial credits and purchases of accounts receivable have in the total volume of export financing contracts administered by OeKB.

Export sales made on credit terms can be financed as supplier credits (whereby the exporter allows deferred payment) or buyer credits (loans extended to foreign buyers). The exporter granting a supplier credit to a foreign buyer can obtain funding for this from a bank. When a bank extends a tied financial credit or purchases accounts receivable, this leads to a reduction in the exporter's balance sheet. The bank involved can obtain financing from OeKB for that portion of the transaction or right underlying the credit which is covered by a relevant guarantee.

	Outstanding at 31 December 2009	Outstanding at 31 December 2010
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4.1 Commitments and disbursements outstanding under the Export Financing Scheme, by type of financing

	Commitments		Disbursements		Commitments		Disbursements	
	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Tied financial credits	4,321	12.8	4,005	12.7	4,012	12.2	3,700	12.6
<i>Incl. conditional commitments</i>	<i>4,593</i>	<i>13.5</i>			<i>4,315</i>	<i>13.0</i>		
Foreign investments	5,654	16.8	5,609	17.9	5,192	15.8	5,188	17.6
<i>Incl. conditional commitments</i>	<i>5,654</i>	<i>16.6</i>			<i>5,192</i>	<i>15.6</i>		
Purchases of accounts receivable	208	0.6	129	0.4	216	0.6	120	0.4
<i>Incl. conditional commitments</i>	<i>208</i>	<i>0.6</i>			<i>216</i>	<i>0.6</i>		
Other financing contracts	1,665	4.9	1,199	3.8	1,694	5.1	1,250	4.3
<i>Incl. conditional commitments</i>	<i>1,665</i>	<i>4.9</i>			<i>1,694</i>	<i>5.1</i>		
Subtotal	11,848	35.1	10,942	34.8	11,114	33.7	10,258	34.9
<i>Incl. conditional commitments</i>	<i>12,120</i>	<i>35.6</i>			<i>11,417</i>	<i>34.3</i>		
Aval endorsements	21,955	64.9	20,459	65.2	21,829	66.3	19,171	65.1
<i>Incl. conditional commitments</i>	<i>21,955</i>	<i>64.4</i>			<i>21,829</i>	<i>65.7</i>		
Total	33,803	100.0	31,401	100.0	32,943	100.0	29,429	100.0
<i>Incl. conditional commitments</i>	<i>34,075</i>	<i>100.0</i>			<i>33,246</i>	<i>100.0</i>		

OeKB Export Financing Scheme

	Movements in 2009		Movements in 2010	
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4.2 New contracts issued and amounts disbursed under the Export Financing Scheme, by type of financing

	New commitments issued		Loan funds disbursed		New commitments issued		Loan funds disbursed	
	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Tied financial credits	(206)	(4.1)	(198)	(4.5)	177	4.0	138	4.7
<i>Incl. conditional commitments</i>	<i>(28)</i>	<i>(0.6)</i>			<i>434</i>	<i>9.3</i>		
Foreign investments	1,605	32.3	1,542	34.7	465	10.6	496	17.0
<i>Incl. conditional commitments</i>	<i>1,605</i>	<i>31.2</i>			<i>465</i>	<i>9.9</i>		
Purchases of accounts receivable	22	0.4	25	0.6	85	1.9	67	2.3
<i>Incl. conditional commitments</i>	<i>22</i>	<i>0.4</i>			<i>85</i>	<i>1.8</i>		
Other financing contracts	183	3.7	497	11.2	255	5.8	419	14.3
<i>Incl. conditional commitments</i>	<i>183</i>	<i>3.6</i>			<i>255</i>	<i>5.5</i>		
Subtotal	1,604	32.3	1,866	42.0	982	22.3	1,120	38.3
<i>Incl. conditional commitments</i>	<i>1,782</i>	<i>34.6</i>			<i>1,239</i>	<i>26.5</i>		
Aval endorsements	3,367	67.7	2,575	58.0	3,431	77.7	1,804	61.7
<i>Incl. conditional commitments</i>	<i>3,367</i>	<i>65.4</i>			<i>3,431</i>	<i>73.5</i>		
Total	4,971	100.0	4,441	100.0	4,413	100.0	2,924	100.0
<i>Incl. conditional commitments</i>	<i>5,149</i>	<i>100.0</i>			<i>4,670</i>	<i>100.0</i>		

5 Interest rates of the Export Financing Scheme

The financing for banks' supplier and buyer credits and investment loans is extended at variable and fixed interest rates. The floating rate is determined by OeKB for periods of three months at a time and is based on OeKB's own average cost of funding itself in the market. In the case of non-revolving loans, the floating-rate portion of the credit is repaid first; the fixed interest rate is applied to the longer-term portion of the facility (base financing).

Since the middle of 2009, OeKB also offers floating-rate-only financing of non-revolving supplier and buyer credits and investments, based on 3-month EURIBOR.

Credit to banks for the funding of revolving credit facilities, and of export acceptance credits under the Kontrollbank Credit Line, is extended at special floating interest rates.

The current interest rates of the Export Financing Scheme are published via Reuters and can also be viewed on the Internet at www.oekb.at. Austria's Export Financing Scheme is also described in the so-called Yellow Book published by the OECD.

Export financing with credit periods of more than two years can, subject to certain conditions, also be provided in foreign currency at variable or fixed rates. From December 2009, for banks' lending to suppliers, foreign currency funding facilities were also offered on a CIRR basis.

6 Sources and uses of funds (flow of funds statement)

OeKB raises funding for the export financing programme through borrowing operations in domestic and international financial markets.

The sources and uses of funds under the Export Financing Scheme are presented in the table below.

EUR million	2007	2008	2009	2010	1960-2010
Flow of funds statement for the Export Financing Scheme¹					
Uses of funds	38,395	45,499	41,965	26,787	473,215
Loan funds disbursed	8,726	12,054	4,441	2,924	125,604
Decrease in domestic liabilities in					
euro ²	6,115	6,002	10,582	8,526	62,483
foreign currencies	468	298	3	488	29,134
Investments in Austria in					
euro	4,150	9,080	7,813	3,383	29,568
foreign currencies	–	20	3	5	439
Repayment of funds raised abroad in					
euro	4,675	2,907	5,088	1,513	38,839
foreign currencies	9,201	8,616	8,322	4,696	111,001
Investments abroad in					
euro	370	980	1,400	–	5,337
foreign currencies	1,053	922	346	965	8,979
Redemption of bonds issued by OeKB in					
euro	798	1,750	1,812	–	12,730
foreign currencies	2,762	2,644	2,137	4,264	44,524
Adjustments for inter-period allocation of income and expenses	77	226	18	23	4,577
Sources of funds	38,395	45,499	41,965	26,787	473,215
Repayments received on credit extended	4,795	4,788	9,843	4,896	96,174
Increase in domestic liabilities in					
euro ²	5,279	6,393	11,290	8,994	64,734
foreign currencies	486	170	2	470	29,136
Investments in Austria in					
euro	4,150	3,580	8,312	2,676	23,860
foreign currencies	–	2	3	3	419
Loans raised abroad in					
euro	4,596	5,376	1,474	1,713	39,482
foreign currencies	9,412	9,952	5,420	5,298	114,344
Investments abroad in					
euro	370	980	1,400	–	5,337
foreign currencies	1,053	837	431	965	8,979
Issue of bonds in					
euro	3,800	6,400	1,500	–	24,130
foreign currencies	4,204	6,832	2,116	1,685	62,037
Adjustments for inter-period allocation of income and expenses	250	189	174	87	4,583

¹ The reclassifications in the items of the flow of funds statement as a result of the translation of borrowing and lending operations from schillings or foreign currency into euros are reflected only in the cumulative amounts in the 1960-2010 column.

² The decreases and increases in domestic euro-denominated liabilities are netted on a monthly basis and only the resulting balance is shown.

The total of all funds used under the Export Financing Scheme in the financial year was EUR 26.8 billion. Of this amount, EUR 2.9 billion represented loan disbursements, while EUR 23.9 billion was used largely for the repayment of loan liabilities. In the reporting period, EUR 4.9 billion or 18% of the funds used came from debt service payments received on export credits. New borrowings amounted to EUR 21.9 billion, of which EUR 12.2 billion was raised in Austria (in euros and various foreign currencies) and EUR 9.7 billion was sourced abroad (also in euros and other currencies).

The amount of export finance lending decreased by 36% compared to 2009.

7 Guarantees of the Republic of Austria under the 1981 Export Financing Guarantees Act

The 1981 Export Financing Guarantees Act authorises the Federal Minister of Finance to issue guarantees to creditors in borrowing transactions of OeKB under the Export Financing Scheme. The Federal Minister of Finance is also authorised to guarantee repayment to OeKB of possible foreign exchange losses resulting from borrowing transactions in foreign currencies. The aggregate exposure limit under these guarantees (i.e., the limit on the total combined liability at any given time) is EUR 45 billion. For this coverage, OeKB pays a guarantee premium to the Ministry of Finance. Further details are provided in section IV (Basis in Legislation) of this review.

The borrowings covered by guarantees under the Export Financing Guarantees Act may be used for the purposes listed in section 1(1) of the Act.

The Export Financing Guarantees Act also contains provisions regarding the guaranteed borrowings' maximum repayment period and percentage of aggregate exposure, and the amount of the limit for any single borrowing transaction.

Guarantees in EUR million for	Principal amounts	Interest	Exchange risk	Total
Guarantees under the 1981 Export Financing Guarantees Act				
Outstanding at 31 December 2007	29,221	–	3,352	32,573
Of which transactions in euro	8,607	–	1,340	9,947
in foreign currencies	20,614	–	2,012	22,626
Unused limit (total limit of EUR 40,000 million) ¹				7,427
Additions in 2008	16,122	–	986	17,108
Reductions in 2008	10,717	–	478	11,195
Net change in 2008	5,405	–	508	5,913
Outstanding at 31 December 2008	34,626	–	3,860	38,486
Of which transactions in euro	8,412	–	1,469	9,881
in foreign currencies	26,214	–	2,391	28,605
Unused limit (total limit of EUR 45,000 million) ²				6,514
Additions in 2009	8,014	–	216	8,230
Reductions in 2009	12,715	–	256	12,971
Net change in 2009	(4,701)	–	(40)	(4,741)
Outstanding at 31 December 2009	29,925	–	3,820	33,745
Of which transactions in euro	6,750	–	1,439	8,189
in foreign currencies	23,175	–	2,381	25,556
Unused limit (total limit of EUR 45,000 million)				11,255
Additions in 2010	6,079	–	215	6,294
Reductions in 2010	7,866	–	515	8,381
Net change in 2010	(1,787)	–	(300)	(2,087)
Additions from 1967 to 2010	141,519	2,776	11,207	155,502
Reductions from 1967 to 2010	113,381	2,776 ³	7,687	123,844
Net change from 1967 to 2010 = [i.e., Outstanding at 31 Dec. 2010]	28,138	–	3,520	31,658
Of which transactions in euro	6,750	–	1,414	8,164
in foreign currencies	21,388	–	2,106	23,494
Unused limit (total limit of EUR 45,000 million)				13,342

¹ Federal Law Gazette I no. 59/2007.

² Federal Law Gazette I no. 144/2008.

³ In accordance with the 1980 Amendment to the Act, interest is no longer counted against the aggregate exposure limit.

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Sebastian Saulich

Sebastian Saulich, Manager for International Relations,
Export Guarantees Department, International Relations and Services;
previously: OeKB's first trainee



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IV. Basis in Legislation

1 Export Guarantees Act

as amended with effect from 11 January 2008 (binding is the wording published in the Federal Law Gazette).

Federal Law relating to the granting of guarantees for contracts and rights (Export Guarantees Act - ExpGA), published in Federal Law Gazette no. 215/1981,

as amended by Federal Law Gazettes no. 249/1984, 560/1986, 651/1987, 288/1991, 961/1993, 733/1995, I no. 63/2000, 71/2003 (Act accompanying the Budget Act 2003/Part 3, Article 35), 95/2005, 58/2007, 2/2008, 32/2008 and 145/2008.

Section 1. (1) The Federal Minister of Finance is authorised to guarantee on behalf of the Republic of Austria (the "Federation") the due performance of contracts listed below by foreign contracting parties as well as the integrity of the rights of exporters, which serve directly or indirectly to improve the balance of current transactions in goods and services; projects abroad enjoy the same status as these contracts and rights in case their realisation by domestic or foreign enterprises is of Austrian interest; these projects are, in particular, for environmental protection, waste disposal and infrastructure;

1. relating to the delivery of goods and their production, as well as to the performance of other services;
2. relating to the financing of contracts pursuant to no. 1 by advancing credits or loans, which may or may not be evidenced by negotiable instruments, or by acquiring receivables of contracts pursuant to no. 1;
3. relating to the integrity of goods delivered in commission to stock abroad or of machines used abroad for the production of goods or the performance of services, as well as of cash deposits, bonds and other advances;
4. relating to guarantee and insurance contracts which guarantee the performance of the obligations of the foreign party pursuant to no.s 1 and 2;
5. relating to participations or contracts similar to participations in foreign enterprises.

(2) The Federal Minister of Finance is also authorised to guarantee a certain rate of exchange between the euro and the contract currency (rate of exchange risk).

(3) The Federal Minister of Finance is also authorised to guarantee receivables arising from credits or from the acquisition of receivables, provided they have already been guaranteed pursuant to paragraph 1.

Section 2. The Federal Minister of Finance is also authorised to facilitate the financing of contracts pursuant to section 1, paragraph 1 by guaranteeing on behalf of the Federation bills of exchange by aval either for the issuer or for the acceptor.

Section 2a. The Federal Minister of Finance is authorised to enter into contracts on behalf of the Federation to improve the risk of the overall portfolio of guarantees pursuant to sections 1 and 2.

Section 3. (1) The total of guarantees assumed pursuant to sections 1 and 2 must not at any time exceed 50 billion euro.

(2) Towards this aggregate guarantee limit shall be counted:

1. the covered basic amounts (maximum amounts to the extent of the percentage of cover) under guarantees pursuant to section 1, paragraphs 1 and 3;
2. the total of the notified request for financing and in case of non-notification, the maximum amounts under guarantees pursuant to section 2 assumed to be the required financing.

(3) Interest and costs which may be agreed in the contracts as well as guarantees under section 1, paragraph 2 and promises to grant guarantees shall not be counted towards the ceiling of guarantees.

(4) The guarantees may be assumed in euro, in a currency freely convertible at the date the contract is made or in a clearing currency. In case guarantees are granted in a foreign currency, the conversion into euro shall be effected at the reference rates of exchange, published by the European Central Bank.

Section 4. (1) The Federal Minister of Finance determines by decree with the consent of the Main Committee of Parliament the rules under which guarantees pursuant to sections 1 and 2 may be granted.

(2) These rules shall duly reflect the development purpose of granting guarantees.

Section 5. (1) The Federal Minister of Finance is authorised to entrust the bank-related handling of applications for guarantees (banker's evaluation by rating and processing), the execution of guarantees, the entering into contracts pursuant to section 2a and the protection of the rights of the Federation arising under guarantees, except for litigation at court, to an agent of the Federation pursuant to sections 1002 et seq. of the General Code of Civil Law (ABGB). The agent of the Federation must have the authorisations for banking business in Austria pursuant to section 1, paragraph 1, no.s 1, 3, 4, 7, 8, 10 and 18 Banking Act or pursuant to section 9 Banking Act. Moreover, he must

warrant a solid, reliable and cost-effective management of the export guarantee scheme. The position of the agent of the Federation shall be regulated in detail by an agreement between the principal and the agent of the Federation. In case of applications for guarantees for the agent of the Federation himself or for domestic export credit insurers, the bank-related handling is entrusted to Oesterreichische Nationalbank.

(2) The examination of applications for guarantees pursuant to sections 1 and 2 in the individual case exceeding two hundred thousand euro is entrusted to an advisory council at the Federal Ministry of Finance. Members of the advisory council, which performs this examination under overall economic aspects, including environmental and employment related aspects, are:

1. one representative of the Federal Ministry of Finance as chairman and respectively one representative of the Federal Chancellor's Office, of the Federal Ministry for Economy and Labour, of the Federal Ministry of Agriculture and Forestry, Environment and Water Management as well as of the Federal Ministry for European and International Affairs;
2. one representative respectively of the Austrian Federal Economic Chamber, of the Federal Chamber of Labour, of the Conference of the Presidents of the Austrian Chambers of Agriculture and of the Federation of Austrian Trade Unions;
3. one representative of the Oesterreichische Nationalbank;
4. one representative of the agent of the Federation without vote.

(4) The members of the advisory council and its deputy members exercise their functions in an honorary capacity.

(5) The Federal Ministry of Finance organises the examinations by the advisory council.

(6) All persons engaged in the handling and examination of applications for guarantees are obliged to treat confidentially any official, business or operational secrets which have come to their knowledge when so acting.

Section 6. The Federal Minister of Finance has to report to the Main Committee of Parliament quarterly and in writing on the extent of guarantees granted pursuant to this Federal Law, on the development of debts paid and recoveries received in connection with these guarantees and on guarantees granted for major projects with significant environmental effects. The Federal Minister of Finance has to report annually to the Main Committee of Parliament on the activities of the advisory council pursuant to section 5, paragraph 2 which report thereafter has to be published by the Federal Ministry of Finance. The Federal Minister of Finance has to submit to the Main Committee of Parliament yearly a report on guarantees granted for projects of the development bank pursuant to section 9.

Section 7. (1) The agent of the Federation (section 5, paragraph 1) shall collect the fees for guarantees and all recoveries of payments made by the Federation under guarantees and shall credit such amounts to a current account of the Federation with the agent of the Federation. The agent of the Federation is authorised to debit to such account the fee due to it.

(2) In case the Federation is called upon to honour guarantees pursuant to sections 1 and 2 or in case interest and costs must be spent to avert damages or to minimize losses, the credit balance from time to time available on the account of the Federation shall be used to meet such payments. In case no credit balance is available, the Federation shall allocate other budget means for such payments.

(3) So long as the credit balance is not used for payments, the credit balance must be applied in the export financing scheme of the agent of the Federation.

Section 8. (1) No stamp duty shall be levied on bills of exchange guaranteed pursuant to section 2.

(2) Insurance contracts for which a reinsurance guarantee of the Federation is issued pursuant to section 1, paragraph 1, no. 4 are exempted from insurance tax.

Section 8a. (1) Oesterreichische Kontrollbank Aktiengesellschaft remains to be the agent of the Federation until an agency agreement pursuant to section 5, paragraph 1 is made.

(2) In case a new agent of the Federation is appointed pursuant to section 5, paragraph 1, the business being handled by Oesterreichische Kontrollbank Aktiengesellschaft but not yet completed shall continue to be administered by Oesterreichische Kontrollbank Aktiengesellschaft against an adequate fee.

(3) The Federal Government has to inform Oesterreichische Kontrollbank Aktiengesellschaft at least two years prior to initiating a procurement procedure pursuant to section 5, paragraph 1.

Basis in Legislation

Austrian development bank

Section 9. (1) The Federal Minister of Finance is authorised to enter exclusively with a subsidiary of the agent of the Federation pursuant to section 5, paragraph 1 into an agreement on the establishment of and on the services to be provided by a development bank.

(2) The tasks of the development bank are in particular the long term financing of sustainable investments in developing countries and the handling of federal measures to support the preparation and the implementation of private-sector projects in developing countries. The Austrian development bank is committed to the goals and principles of the Austrian development policy pursuant to the Development Cooperation Act, Federal Law Gazette I no. 49/2002 as amended.

(3) In the interest of the objectives of paragraph 2, the Federal Minister of Finance is authorised within the framework of the agreement according to paragraph 1 to determine rules differing from those laid down according to section 4, paragraph 1 in respect of guarantees to be granted to the development bank, in particular in view of the extent of cover and the admission of claims.

(4) Applications for guarantees will be filed by the development bank, claims will be processed by the Federal Ministry of Finance.

(5) An economy and development board will be set up to advise on the development policy of the development bank and to evaluate applications for guarantees from the development perspective. section 5, paragraphs 4 to 6 apply to the board. Members of the board are:

1. one representative of the Federal Ministry of Finance as chairman;
2. one representative of the Office of the Federal Chancellor;
3. one representative of the Federal Ministry of European and International Affairs;
4. one representative of the Federal Ministry of Economy and Labour;
5. one representative of the Austrian Development Agency;
6. one representative of the Austrian Federal Chamber of Economy;
7. one representative of the Federal Chamber of Labour;
8. one representative of the Austrian Development Bank without vote.

The board may call in experts without the right to vote. The by-laws of the board are issued by the Federal Minister of Finance in agreement with the Federal Chancellor, the Federal Minister of European and International Affairs and the Federal Minister of Economy and Labour.

(6) As far as fees for guarantees and payments for claims under guarantees are concerned, the clearing between the Federation and the development bank will be made by way of the agent of the Federation on the account pursuant to section 7.

Section 10. (1) (irrelevant)

(2) (irrelevant)

(3) The Export Guarantees Act, Federal Law Gazette no. 215/1981, as amended by Federal Law Gazette I no. 58/2007, will expire on 31 December 2012. All guarantees granted prior to this date will not be affected thereby.

Section 11. The Federal Minister of Finance is entrusted with the implementation of this Federal Law.

2 1981 Export Guarantees Decree

Decree of the Federal Minister of Finance dated 30 April 1981, relating to the regulations for the granting of guarantees by the Federal Republic (Federation) in implementation of the Export Guarantees Act (1981 Export Guarantees Decree), published in Federal Law Gazette no. 257/1981,

as amended by the Decrees published in Federal Law Gazettes

no. 203/1988, 349/1991, 130/1994, 816/1995, II no. 88/1998, 212/1998 and 90/1999.

In accordance with section 4, paragraph 1 of the Export Guarantees Act, Federal Law Gazette no. 215/1981, as amended, and with the consent of the Main Committee of Parliament the following regulations are decreed.

Form and object of the liabilities

Section 1. (1) The liabilities are assumed in writing:

- a) as guarantees for the due performance of contracts by the foreign contracting partners as well as guarantees for the integrity of the rights of export enterprises pursuant to section 1 of the Export Guarantees Act with regard to economic and/or political risks as well as the exchange rate risk;
- b) as commitments to guarantee bills of exchange by “aval”, which are to facilitate the financing of contracts and rights pursuant to section 1 of the Export Guarantees Act.

(2) A promise to grant a guarantee may be given (promise). If a promise is given, the Federation is committed to convert it into a guarantee in accordance with paragraph 1 if the terms of the contract specified in the application to give a promise are not less favourable in the definitive contract and during the lifetime of the promise no material changes in the circumstances relevant for the issuance of the guarantee have occurred or become apparent (section 936 ABGB – General Code of Civil Law).

(3) Guarantees issued pursuant to section 2, paragraph 1, no.s 1 to 7 and 9 shall be based on general business conditions which together with the terms of the respective guarantees constitute the terms of the guarantee agreements.

Types of liabilities

Section 2. (1) 1. Guarantees to cover risks resulting from

- a) contracts on the supply and the production of goods and the performance of services by exporters to foreign contracting parties (guarantees for direct deliveries and services);
- b) license agreements and agreements on the exploitation of patents, license agreements on know-how, agreements on copyright (comprehensive or specific copyright) of exporters, as well as agreements relating to the performance of other services with foreign contracting parties;
- c) lease or lease-purchase contracts on exporter's goods located abroad in the hands of foreign contracting parties and serving the production of other goods;
- d) contracts on the supply and the production of goods and the performance of services by enterprises domiciled abroad, if the proceeds are applied directly or indirectly for the payment of contracts of exporters.

2. Guarantees to cover risks resulting from contracts on the supply and the production of goods and the performance of services by enterprises domiciled abroad to that extent, as exporters participate in the respective contract (guarantees for indirect deliveries and services).

3. Guarantees to cover risks resulting from the following contracts or commitments of credit institutions domiciled in Austria or abroad:

- a) loan or credit agreements entered into with enterprises domiciled abroad and serving the payment of legal transactions (guarantees for tied financial credits);
- b) credit transactions (bond issues, commitments arising from bills of exchange or bonds or other commitments) the proceeds of which are applied for the payment of contracts;
- c) credit agreements which are concluded between a credit institution domiciled in Austria and a contracting party domiciled abroad, insofar as for the underlying legal transactions liabilities have already been assumed (debt rescheduling agreements).

4. Guarantees to cover risks resulting from participations or legal transactions resembling participations of exporters in enterprises domiciled abroad (investment guarantees).

Basis in Legislation

5. Guarantees to cover risks under a ceiling of turnover for contracts on the supply and the production of goods and the performance of services by exporters to a specific enterprise domiciled abroad (turnover guarantees).
 6. Guarantees to cover risks under ceilings of turnover for all contracts on the supply and the production of goods and the performance of services by exporters to enterprises domiciled abroad, be it either in one or in several recipient countries (country turnover guarantees or comprehensive guarantees).
 7. Guarantees to cover
 - a) political risks resulting from the establishment of stocks of merchandise abroad by exporters, in view of the integrity of the goods located in these stocks of merchandise (guarantees for stock in commission);
 - b) political risks resulting from the use of machines and equipment by exporters to perform their contracts abroad, in view of the integrity of these machines and equipment (machinery deployment guarantees);
 - c) risks resulting from cash deposits, bonds or other advances made by exporters abroad in the context of contracts (advance guarantees).
 8. Guarantees to cover risks resulting from guarantee or insurance contracts undertaken by export credit- or export credit insurance institutions (reinsurance guarantees).
 9. Guarantees to cover risks resulting from the purchase of accounts receivable:
 - a) guarantees to cover risks resulting from contracts of credit institutions domiciled in Austria or abroad on the acquisition of accounts receivable resulting from legal transactions;
 - b) guarantees to cover risks resulting from accounts receivable acquired by Oesterreichische Kontrollbank Aktiengesellschaft insofar as liabilities have already been assumed for such accounts receivable.
 10. Guarantees to cover the applicability of a certain rate of exchange between Austrian Schillings and the currency of the contract, which may be a currency freely convertible, a currency not freely convertible or a clearing currency (exchange risk guarantees).
 11. Guarantees to cover risks in the context of initiating export activities pursuant to section 1 Export Guarantees Act (market developing guarantees).
- (2) Guarantees by “aval” on bills of exchange: guarantees for the drawer or for the acceptor of bills of exchange which were issued by credit institutions or exporters for the purpose of financing contracts.

Assumption of liabilities

Section 3. (1) Applications for the issuance of a guarantee or a guarantee by “aval” on a bill of exchange are to be filed in writing or by electronic means at the Oesterreichische Kontrollbank Aktiengesellschaft.

(2) The contracts underlying the guarantee or the guarantee by “aval” on a bill of exchange may be made out in Austrian Schillings, in a currency freely convertible, in a currency not freely convertible or in a clearing currency.

(3) Guarantees or guarantees by “aval” on bills of exchange may be assumed in Austrian Schillings, in a currency freely convertible at the date the contract is concluded or in a clearing currency.

(4) Guarantees or guarantees by “aval” on bills of exchange can be granted for the entire contract or right or only for a part thereof (partial covering).

(5) With regard to guarantees pursuant to section 2, paragraph 1, no.s 6 and 9 a specific discretionary power and/or a free limit in respect of each customer may be granted to the beneficiary of the guarantee unless a specific authorisation is granted. With regard to contracts which fall within the beneficiary’s of the guarantee discretionary power, the liability of the Republic can be made dependent on the obligation of the beneficiary to have ascertained the sound financial standing of the foreign customer.

(6) Guarantees pursuant to section 2, paragraph 1, no. 8 may be issued unconditionally.

Self-participation

Section 4. (1) At the issuance of guarantees under section 2, paragraph 1, no.s 1 to 9 a self-participation of the beneficiary of the guarantee may be stipulated in case of an economic and/or a political fact.

(2) When a guarantee is issued under section 2, paragraph 1, no.s 10 and 11 a self-participation of the beneficiary of the guarantee may be stipulated.

(3) If a self-participation is determined it shall amount to at least 5%, at the most 50% of the maximum amount determined in the guarantee agreement.

Special obligations of the beneficiary of the guarantee and of the guarantee by “aval” on a bill of exchange

Section 5. (1) It shall be inter alia provided in the agreements on the assumption of liability, that

1. the beneficiary of the guarantee shall, if so requested at any time, inform the Republic on details and the state of the contract or right underlying the guarantee and disclose his books and documents to the extent necessary for the examination of the transaction involved;
2. prior to any material amendment of the contractual basis of the contract or right underlying the guarantee the beneficiary of the guarantee shall obtain the consent of the Republic; as a material amendment are inter alia to be considered the extension of the payment/total payment date or the altering of securities;
3. the beneficiary of the guarantee is bound to instruct upon expiry of a certain delay a debt collection agency or a lawyer resident in the country of the foreign contracting partner to collect an unpaid claim, unless the Republic agrees to a different procedure.

Furthermore, the beneficiary of the guarantee may be obligated to inform the Republic within a certain delay in writing of the non-performance or contravention of the contract or right underlying the guarantee, of the occurrence of a fact justifying a claim pursuant to section 6 and of the instructing of a debt collecting agency or a lawyer;

4. the Republic may at any time, if the foreign contracting partner has not performed his contractual obligations or if facts justifying a claim pursuant to section 6 have occurred, direct the beneficiary of the guarantee, whether and in which way the beneficiary of the guarantee has to perform his contractual obligations resulting from the contract or right under guarantee. For guarantees under section 2, paragraph 1, no. 2 the right to give directives is only applicable with regard to the beneficiary of the guarantee.

With regard to guarantees under section 2, paragraph 1, no.s 5 and 6 it shall be stipulated furthermore that the Republic is entitled to restrain the beneficiary of the guarantee from the conclusion of further contracts under the guarantee agreement with the defaulting contracting partner;

5. with regard to guarantees pursuant to section 2, paragraph 1, no. 6 the beneficiary of the guarantee shall as a rule ascertain the financial standing of all foreign contracting partners for which neither a specific authorisation nor a free limit was granted, by obtaining a written report (inquiry) or the checking of the past orderly performance of the contracts by the foreign contracting partner;
6. the beneficiary of the guarantee shall take all steps necessary to enforce his contractual rights against the foreign contracting partner. If goods to be delivered according to the obligations of the beneficiary of the guarantee have already been manufactured and are still at his disposal, they shall be turned to account in the most profitable way;
7. the beneficiary of the guarantee is committed to take over the terms agreed by the Republic in a rescheduling for the self-participation, unless the Republic agrees to a different procedure;
8. costs and losses incurred in connection with measures pursuant to no.s 4, 5 and 7 shall be refunded to the beneficiary proportionately.

(2) The beneficiary of the guarantee is to be obligated to take all steps to prevent the Republic from damage. The beneficiary of the guarantee shall report without delay, at the latest however within fourteen days from cognisance, all facts which became known to him which may jeopardise the orderly performance of the subject transaction.

(3) It shall be provided that the beneficiary of a guarantee by “aval” on a bill of exchange (drawer or acceptor) shall notify in writing to the Republic his financing requirement at the filing of the application for the issuance of the guarantee by “aval” on a bill of exchange and, in the following, at the commencement of each clearing period for that period. An increase of the notified financing requirement during the clearing period is possible. The notified financing requirement is limited with the maximum amount specified in the commitment to guarantee by “aval”. If no financing requirement is notified, the maximum amount specified in the commitment to guarantee by “aval” is deemed the financing requirement.

Admission of claims

Section 6. (1) As conditions precedent for the admission of claims resulting from guarantees under section 2, paragraph 1, no.s 1 to 3, 5, 6 and 9 it shall be provided, that

1. the beneficiary of the guarantee has performed his contractual obligations or is ready to perform them,
2. the foreign contracting partner does not or cannot perform his contractual obligations,

Basis in Legislation

3. an economic or political fact pursuant to paragraph 2 or 3 is proven or has occurred and
4. a period of three months after maturity or in the case of a loss during production a period of six months after the occurrence of a fact has passed (waiting period). There shall be no waiting period when a fact pursuant to paragraph 2, no. 2 has occurred and in the case of claims resulting from guarantees under section 2, paragraph 1, no. 3 alinea b and c, no.s 5, 6 and no. 9 alinea b.

(2) Economic facts are:

1. a reminder in writing by the beneficiary of the guarantee addressed to his foreign contracting partner, summoning him to perform the contract; the presentation of securities for payment shall produce the same effect;
2. insolvency of the foreign contracting partner, if it is proven by the commencement of insolvency proceedings;
3. impossibility of performance by the beneficiary of the guarantee or by his agents owing to circumstances they are not responsible for and which have occurred abroad.

(3) Political facts are:

1. war or warlike events;
2. rebellion or revolution;
3. governmental measures limiting or preventing the transfer or the free disposal by the beneficiary of the guarantee with regard to the consideration due to him; a default in payment shall be equivalent if the debtor or its guarantor represents the public authority and cannot, either judicially or administratively, be made insolvent.

With respect to guarantees under section 2, paragraph 1, no.s 5 and 6 this fact has occurred when the transfer or payment delay has lasted for more than three months.

4. impossibility of performance owing to other political events.

(4) As conditions precedent for the admission of claims resulting from guarantees under section 2, paragraph 1, no. 4 it shall be provided that an economic or political fact pursuant to no. 1 or 2 is proven or has occurred:

1. An economic fact has occurred when composition or bankruptcy proceedings or proceedings equivalent thereto have been commenced against the enterprise in which the participations or rights under contracts resembling participations have been acquired.
2. A political fact has occurred when
 - a) participations or rights resulting from contracts resembling participations are directly or indirectly, totally or partially expropriated,
 - b) such an essential part of the assets is destroyed or expropriated that the enterprise can no longer be run without a loss, or
 - c) the transfer of the proceeds of the sale or the liquidation of participations, repayment of capital and payment of interest on contracts resembling participations, the transfer of a compensation or the free disposal thereover are limited or prevented.

- (5) 1. As conditions precedent for the admission of claims resulting from guarantees under section 2, paragraph 1, no. 7 alinea a and b it shall be provided that goods stored on commission abroad or machines and equipment kept abroad are, for direct or indirect political reasons, destroyed or expropriated.
2. As conditions precedent for the admission of claims resulting from guarantees under section 2, paragraph 1, no. 7 alinea c it shall be provided that an economic or political fact according to alinea a or b is proven or has occurred:
 - a) An economic fact has occurred when an advance is withdrawn or not paid back due to a wrongful action or omission or insolvency of the foreign contracting partner.
 - b) A political fact has occurred when an advance is withdrawn or not paid back for direct or indirect political reasons.

Section 7. (1) With regard to guarantees pursuant to section 2, paragraph 1, no. 10 it shall be provided as condition precedent for the admission of a claim that the exchange rate applied by the bank on the payment day is to the disadvantage of the beneficiary of the guarantee different from the exchange rate laid down in writing in the declaration of guarantee or the addendum thereto.

(2) With regard to guarantees pursuant to section 2, paragraph 1, no. 11 it shall be provided as condition precedent for the admission of a claim that the market goal stipulated in the declaration of guarantee has not been reached.

Section 8. The contracts concluded with export credit- or export credit insurance institutions shall provide that claims resulting from guarantees pursuant to section 2, paragraph 1, no. 8 shall be deemed justified, if they pay out a claim resulting from liabilities and reinsurance guarantees they have assumed.

Refusal of liability

Section 9. (1) It shall be provided that the liability resulting from the guarantees under section 2, paragraph 1, no.s 1 to 7, 9 and 10 shall in particular be excluded in the following cases:

1. if losses have occurred for which the beneficiary of the guarantee or his agents are responsible;
2. if the beneficiary of the guarantee, deliberately or by gross negligence, violates a stipulation of the guarantee contract;
3. if the beneficiary of the guarantee contravenes domestic or foreign legal regulations, except in case he can prove that the non-performance of the contractual obligations by the foreign contracting partner is not caused by the contravention referred to above;
4. if the beneficiary of the guarantee was already at the time he applied for the guarantee aware that
 - a) performance of the contract by the foreign contracting partner is impossible,
 - b) with regard to another contractual agreement of the beneficiary of the guarantee with the foreign contracting partner the latter has within the last two years before the application was submitted, committed a breach of contract,
 - c) the foreign contracting partner is insolvent, in particular the assets of the foreign contracting partner have been subjected to insolvency proceedings, or
 - d) judicial execution proceedings have been commenced into the assets of the foreign contracting partner;
5. if the beneficiary of the guarantee has deliberately or by gross negligence made false statements in the application for the issuance of the guarantee;
6. if losses have occurred, for which following commercial usage insurance – except credit insurance – is available for the beneficiary of the guarantee with insurance companies domiciled in this country;
7. if with regard to guarantees under section 2, paragraph 1, no. 6 the provisions of section 5, paragraph 1, no. 6 have not been complied with, when an economic fact has occurred.

(2) It shall be provided that the beneficiary of the guarantee has to refund the amounts already obtained with interest if the refusal of the liability is based on circumstances which have occurred or become apparent after the recognition of the claim. Interest starts when the beneficiary of the guarantee received the amount and shall be computed at a rate of 300 basis points above the variable interest rate of the Export Financing Scheme of Oesterreichische Kontrollbank Aktiengesellschaft as applicable at the time.

Maturity of the compensation due under the liability

Section 10. The maturity of the compensation due to the beneficiary of guarantees pursuant to section 2, paragraph 1, no.s 1 to 7 and 9, if a claim is deemed to be justified, shall coincide with the recognition of the claim, but not before the original maturity date of the guaranteed claim; an acceleration of maturity in case of breach of contract, which was stipulated between the beneficiary of the guarantee and the foreign contracting partner, cannot be asserted against the Republic.

Section 11. The maturity of the compensation due to the beneficiary of guarantees pursuant to section 2, paragraph 1, no.s 10 and 11, if a claim is deemed to be justified, shall coincide with the recognition of the claim.

Section 12. The contractual agreements with export credit- or export credit insurance institutions shall provide the point of time at which the guaranteed amount is due for payment.

Cession of rights after facts justifying a claim have occurred and refund of expenses

Section 13. (1) The beneficiary of the guarantee shall be obliged to assign that portion of his claims against the foreign contracting partner to the Republic that corresponds with the compensation payable under the guarantee. Such assignment shall be made at the latest upon recognition of the claim and the beneficiary of the guarantee shall take all legal steps necessary to that end and, in case he has obtained sureties, he shall assign them proportionally and with equal rank to the Republic.

(2) If the Republic does not itself represent the claim, the beneficiary of the guarantee shall take all steps necessary for the enforcement of the contractual rights in his own name, but with the consent of the Republic for proportionate account of the Republic. The consent is to be granted if the result to be expected from the necessary steps is economically adequate in view of the expenses caused by such steps. If goods to be delivered according to the obligations of the beneficiary of the guarantee have already been manufactured and are still at his disposal, they shall, unless otherwise directed in the individual case, be turned to account with the consent of the Republic in the most profitable way and upon request of the Republic be pledged in favour of the Republic. Furthermore, the beneficiary of the guarantee shall be put under the obligation to comply with the directives of the Republic concerning specific measures to be taken for the enforcement of rights.

Basis in Legislation

- (3) The beneficiary of the guarantee shall be obligated to take over the terms agreed by the Republic in a rescheduling for the self-participation, unless the Republic agrees to a different procedure.
- (4) It shall, furthermore, be provided in which manner incoming payments and other revenue are to be distributed between the beneficiary of the guarantee and the Republic.
- (5) If in connection with steps pursuant to paragraph 2 costs occur they shall be refunded to the beneficiary of the guarantee proportionally.

Fees for the handling of applications, premiums payable for guarantees and guarantees by “aval” on bills of exchange

Section 14. (1) A fee is payable for handling the file, which is also due when an application is turned down. A premium shall be agreed for the issuance of a guarantee in accordance with section 1, paragraph 1. For that part of a guarantee for which an irrevocable reinsurance guarantee of a foreign export credit- or export credit insurance institution has been issued, no premium is to be charged for the Republic.

(2) The fee for handling the application amounting to 0.1% of the value of the contract, but not less than 10 euro and not more than 720 euro or the respective countervalue in Austrian Schillings, is due to be paid upon receipt of the debit order.

(3) A reasonable premium, dependent on the kind and extent of the risk covered, is to be charged for guarantees.

(4) Provided that nothing else is stipulated, the premium for guarantees pursuant to section 2, paragraph 1, no.s 1, 2, 3 alinea a and b, 4, 7, 8, 9 alinea a, no.s 10 and 11 is payable upon acceptance of the guarantee. The premium for guarantees pursuant to section 2, paragraph 1, no. 3 alinea c, no.s 5, 6 and 9 alinea b is due and payable quarterly in arrears.

(5) In case the Republic has accepted a change in the contents or in the extent of the guarantee, a recalculation of the premium as well as a charging of an additional premium or a refund of premium shall be provided. In case of a refund of a balance a lump-sum for cost may be deducted.

(6) a) The premium for commitments to guarantee a bill of exchange by “aval” shall correspond to the risk and amount to at least 0.05% for each commenced quarter calendar year of the lifetime of such commitment.

b) The computation is to be based on the maximum amount of the commitment to guarantee a bill of exchange by “aval” or on the notified financing requirement for the respective clearing period. Provided that nothing else is stipulated in the respective commitment, the clearing period is equal to a quarter calendar year. For long-term commitments it may amount to a year or more. At the commencement of the lifetime of the commitment to guarantee a bill of exchange by “aval” the computation of the premium is to be based on the period extending from the validity of the said commitment to the commencement of the following clearing period and the premium is to be computed proportionally. This applies also to the subsequent notification of a higher financing requirement during the clearing period. The first premium is due immediately upon receipt of the aforesaid commitment, the subsequent premiums immediately upon receipt of the debit orders.

(7) If in the course of handling a particular contract a risk covered by a guarantee is taken under cover by transformation into another guarantee, the premium already paid is to be set off or refunded upon application from the day of the transformation.

(8) If the beneficiary of the guarantee or of the guarantee by “aval” on a bill of exchange cannot satisfy a condition imposed by the Federation at the assumption of the liability, the premium already paid for the guarantee or the guarantee by “aval” is to be refunded upon application, in case of a guarantee after deduction of a lump-sum for cost.

(9) If the fee for handling a file or the premium for a guarantee or the commitment to guarantee a bill of exchange by “aval” is not paid immediately upon being charged, default interest amounting to 300 basis points above the variable interest rate of the Export Financing Scheme of Oesterreichische Kontrollbank Aktiengesellschaft as applicable at the time may be debited for the period of time commencing with the charge until the premium is received.

Enforcement of the claims resulting from liabilities by legal action

Section 15. (1) The assignment of claims resulting from guarantees can be prohibited or limited.

(2) With regard to the enforcement of claims arising under guarantees by legal action certain time limits may be imposed.

Final regulation

Section 16. The 1977 Export Guarantees Decree, Federal Law Gazette no. 282, is repealed.

Decree II no. 90/1999:

Section 17. These Amendments of the Decree shall become effective on 1 April 1999.

Section 18. This Decree implements the Council Directive 98/29/EC, Official Journal L 148/22 of 19 May 1998.

3 1981 Export Financing Guarantees Act

Federal Law dated April 8, 1981, relating to the financing of contracts and rights

(1981 Export Financing Guarantees Act - EFGA), published in Federal Law Gazette no. 216/1981,

as amended by Federal Law Gazettes no. 196/1967, 193/1969, 187/1970, 416/1974, 793/1974, 393/1975, 153/1976, 158/1977, 219/1978, 668/1978, 268/1980, 216/1981, 221/1982, 250/1984, 561/1986, 343/1991, 962/1993, 212/1995, 704/1995, I no. 81/1998, 64/2000, 71/2003 (Act accompanying the Budget Act 2003/Part 3, Article 34), 94/2005, 59/2007 and 144/2008.

It has been enacted by Parliament:

- Section 1.** (1) The Federal Minister of Finance, acting on behalf of the Republic of Austria (the “Federation”), is authorised until 31 December 2013, to assume liabilities in the form of guarantees for credits (bond issues, loans, credits or other liabilities) raised by the agent of the Federation pursuant to section 5, paragraph 1 Export Guarantees Act, Federal Law Gazette no. 215/1981, as amended, in case the proceeds of such credits are used for
- a) the full or partial financing of contracts or rights for which the Federation has issued a guarantee under the 1981 Export Guarantees Act, Federal Law Gazette no. 215, or under the 1964 Export Guarantees Act, Federal Law Gazette no. 200, as applicable from time to time, or
 - b) the full or partial financing of contracts or rights which satisfy the statutory requirements of the 1981 Export Guarantees Act, Federal Law Gazette no. 215, as amended, and for which a credit insurer examined by the agent of the Federation has assumed liability, or
 - c) the full or partial financing of contracts or rights which satisfy the statutory requirements of the 1981 Export Guarantees Act, Federal Law Gazette no. 215, as amended and for which Austria Wirtschaftsservice G.m.b.H. has granted a guarantee, or
 - d) the full or partial financing of contracts or rights which satisfy the statutory requirements of the 1981 Export Guarantees Act, Federal Law Gazette no. 215, as amended and for which an international organisation whose creditworthiness is beyond doubt has assumed liability, or
 - e) a temporary investment by the agent of the Federation in the context of the export financing scheme, or
 - f) the payment of obligations of the agent of the Federation, for which guarantees have been granted under this Federal Law.
- (2) Guarantees are granted
- a) in favour of creditors of the agent of the Federation for the fulfillment of its liabilities arising from the credits it raised pursuant to paragraph 1;
 - b) in favour of the agent of the Federation for a certain exchange rate between the euro and another currency (exchange rate risk) when fulfilling the obligations arising under credits pursuant to paragraph 1 for the respective period during which the proceeds of the credits are applied for the financing pursuant to paragraph 1 in euro; guarantees under this alinea may be issued for the entire term of the credit or from time to time for parts of the term of the credit.
- (3) In case of a change of the agent of the Federation, guarantees pursuant to paragraph 2 may also be issued in favour of the former agent of the Federation in order to use the proceeds of new credits to maintain outstanding financings at the time of the change of the agent of the Federation. After the change of the agent of the Federation the former agent of the Federation is obliged to use repayments from financings, including any proceeds from interim investments, for the redemption of credits, proceeds of which were used in the export financing.
- (4) The Federal Minister of Finance is authorised to reduce by appropriations the financing costs of credits mentioned in paragraph 1 (net proceeds of the credits without interest and costs) in an amount of up to 20 billion euro.
- (5) In order to allow financing of contracts or rights for which a liability pursuant to section 1, paragraph 1, alinea b or d is available the liability for economic or political risks connected with the respective contract or right must be comparable to the liability pursuant to the Export Guarantees Act, Federal Law Gazette no. 215/1981.

Basis in Legislation

Section 2. (1) The Federal Minister of Finance may only grant guarantees pursuant to section 1 if

1. the outstanding aggregate amount of guarantees does not exceed 45 billion euro at any one time; this ceiling relates to the principal amounts guaranteed without interest and costs; a supplemental amount is to be added for the exchange rate risk in the size of 10 per cent of the euro equivalent of the credit;
2. the individual credit does not exceed the amount (equivalent) of 3.3 billion euro; this ceiling relates to the principal amount guaranteed without interest and costs; a supplemental amount is to be added for the exchange rate risk in the size of 10 per cent of the euro equivalent of the credit;
3. the maturity of the credit pursuant to section 1 does not exceed 40 years;
4. with respect to the raising of a credit, the total costs for the Federation expressed as a percentage, defined as the annualised internal rate of return in arrears in accordance with section 2, paragraph 3, do not amount to more than 15 percentage points above the rate of return on the respective government bond in the secondary market on the day preceding the date of pricing; in this regard such government bond issued in national currency shall be used for comparison, the residual time to maturity of which is closest to the maturity of the credit at the time of issuance; if no government bonds of comparable residual time to maturity exist, government guaranteed bonds or bonds issued by provinces and municipalities, bonds of international issuers or interest rates in the credit and loan markets are used for comparison by analogy and in the sequence as listed above, in each case the “applicable reference rate prevailing in the markets”;
5. with respect to a credit for which payments of interest or of principal are determined in a floating manner depending on an applicable reference rate or price prevailing in the markets, the cost components, expressed as an annualised percentage in arrears, defined as commissions, margins and premiums, and computed on the day preceding the date of pricing do not exceed by more than 15 percentage points the reference rate or the reference price prevailing in the markets on the day preceding the date of pricing;
6. with respect to a credit for which payments of principal and of interest are or could be denominated in different currencies, the currency of the interest payments shall be used to evaluate conformity with this Act;
7. in case early termination of the credit is agreed, the total costs expressed as a percentage of such a termination are not exceeded;
8. the currency of the credit is euro or a foreign currency.

(2) Amounts in foreign currency shall be counted towards the aforementioned guarantee amounts on the basis of the reference exchange rates published by the European Central Bank on the day of the granting of the guarantee; if no reference exchange rate for the contract currency is published by the European Central Bank, the amount is to be calculated at the exchange rate ascertained in the markets.

(3) The internal rate of return is defined as such annual interest rate in arrears which is derived through financial calculus from such discount factor at which all payments stipulated by contract for the term of the credit are discounted to present value at the time of pricing to equal the net proceeds of the credit.

Section 3. Claims will arise under guarantees in case,

- a) the borrower does not fulfill his contractual obligations under a credit;
- b) the euro equivalent of a credit denominated in a currency other than euro is, by alteration of the exchange rate between such other currency and the euro, at the end of the relevant period, during which the euro equivalent of the credit was applied to financing pursuant to section 1, paragraph 1, higher than the euro equivalent of the credit in such other currency at the commencement of the said period.

Section 4. In case the euro equivalent of the currency of the credit guaranteed pursuant to section 1, paragraph 2, alinea b is, at the end of the period therein referred to, higher than at the commencement of the said period, the Federation shall refund the difference to the agent of the Federation; in case the euro equivalent of the currency of the credit transaction at the end of the period referred to therein is lower than at the commencement of the said period, the agent of the Federation shall refund the difference to the Federation.

Section 5. (1) Amounts, which are to be refunded by the agent of the Federation pursuant to section 4, shall be credited to a non interest bearing current account of the Federation with the agent of the Federation.

(2) In case a claim is made against the Federation under guarantees pursuant to section 1, paragraph 2, alinea b, any credit balance on the account of the Federation pursuant to paragraph 1 shall be used for its payment. In case there is no credit balance, the Federation shall allocate other budget means for these payments.

(3) As a rule, the credit balance of the Federation pursuant to paragraph 1 shall be used in the export financing scheme of the agent of the Federation.

(4) In case the credit balance of the Federation pursuant to paragraph 1 exceeds at 31 December of a calendar year 1 per cent of the ceiling of guarantees pursuant to section 2, paragraph 1, no. 1, the respective exceeding amount shall be remitted to the Federal Treasury until January 20 of the succeeding calendar year.

(5) In case a guarantee by the Federation pursuant to section 1, paragraph 2 alinea a has been called, the Federation is entitled to claim from the agent of the Federation not only the debt paid (section 1358 of the General Code of Civil Law (ABGB)) but also all costs which accrued in connection with the payment under the guarantee.

Section 6. The Federal Minister of Finance may appoint a Commissioner and a Deputy Commissioner at the agent of the Federation to protect his rights in connection with the granting of guarantees. As far as this Federal Law is concerned, these persons have the right to inspect all books, documents and other records of this company and to take part in all meetings. For the activities of the Commissioner and the Deputy Commissioner the company has to pay an annual fee to be determined by the Federal Minister of Finance, payable to the Federal Treasury. The fee has to be in suitable proportion to the expenditures resulting from such activities.

Section 7. A fee is payable for the issue of guarantees.

Section 8. The Federal Minister of Finance is entrusted with the implementation of this Federal Law.

About this report

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