

Export, invest and grow. Facts and figures.

Export Services-Annual Review 2016

EXPORT
SERVICES

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Export Services - Highlights

Monetary values in € million	2013	2014	2015	2016
Guarantees of the Republic of Austria under the Export Guarantees Act				
Number of holders of outstanding guarantees (rounded)	1,100	1,100	1,100	1,100
Number of new guarantee contracts issued	811	676	738	824
Number of guarantees in place	3,657	3,502	3,509	3,544
New guarantee contracts issued	3,512	3,842	3,758	3,566
New conditional commitments (new guarantee offers for prosp. underlying transactions)	1,861	2,399	1,855	2,736
Aggregate guarantee exposure limit, at 31 December	50,000	50,000	50,000	50,000
Utilisation of the guarantee exposure limit, at 31 December	31,501	28,272	25,897	22,501
Unused limit	18,499	21,728	24,103	27,499
Aggregate guarantee exposure (after measurement)	31,364	28,467	26,210	22,754
Premium and interest income less other expenses	207	191	165	157
Gross claims paid by the guarantor	122	102	81	77
Recoveries on claims paid	72	73	58	154
Amounts written off as unrecoverable (of Maastricht relevance)	21	5	40	56
Guarantor's recoverable claims, at 31 December	927	952	935	803
Net interest rate relief granted	2	1	1	0
OeKB Export Financing Scheme				
Number of banks/exporters involved	67/1.000	68/934	67/948	66/974
Number of export financing contracts outstanding (rounded)	3,000	2,800	2,700	2,550
New commitments issued	5,124	3,173	5,007	4,464
New conditional lending commitments issued	177	158	369	1,057
Total lending commitments outstanding at 31 December	24,632	22,087	21,369	19,210
Financing contracts outstanding at 31 December	24,377	21,848	21,108	18,493
Disbursements outstanding	22,031	19,587	18,373	15,701
Loan funds disbursed	4,724	2,771	4,051	3,778
Repayments received	7,520	5,216	5,265	6,450
Increase/(decrease) in net loans outstanding	(2,796)	(2,445)	(1,214)	(2,672)
Total funds used under the Export Financing Scheme	31,585	34,882	39,391	34,569
Limit on aggregate guarantee exposure under Export Financing Guarantees Act	45,000	45,000	45,000	45,000
Utilisation of the guarantee exposure limit, at 31 December	28,779	26,055	24,314	21,959
Unused limit	16,221	18,945	20,686	23,041
Total new guarantees issued	8,482	10,585	9,767	9,244

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OeKB and its affiliates strengthening Austria's export industry



Oesterreichische Kontrollbank AG

OeKB is Austria's main provider of financial and information services to the export industry and the capital market. OeKB is also a highly rated issuer of bonds.

Am Hof 4, Strauchgasse 3
1011 Vienna
Tel. +43 1 531 27-2600

exportservice@oekb.at
www.oekb.at/en/export-services



Oesterreichische Entwicklungsbank AG

OeEB specialises in the provision of long-term finance for private sector projects in developing countries to promote sustainable development.

Strauchgasse 3
1011 Vienna
Tel. +43 1 533 12 00-0

office@oe-eb.at
www.oe-eb.at



„Österreichischer Exportfonds“ GmbH

Exportfonds provides financing for export sales and market development projects to Austrian small and medium-sized enterprises.

Strauchgasse 3
1010 Vienna
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exportfonds@exportfonds.at
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Tel. +43 5 01 02-0

office@prisma-kredit.com
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“In today’s economic environment, the benefits we provide are particularly meaningful.”

The Board of Executive directors at OeKB look back over the past year, speak about OeKB’s objectives, plans and challenges, and explain why the bank’s success is obvious – not just in the business figures.

Before I ask whether 2016 was a good year for OeKB Group, I would like to know one thing: how do you measure success?

Angelika Sommer-Hemetsberger: “It is certainly more than just the bare figures. Profit is important, of course. But we also have to ask whether we are making the best possible contribution towards Austria remaining an attractive place for business. The tasks that the Austrian government has assigned to us involve a special responsibility.”

Helmut Bernkopf: “To answer your next

question: yes, 2016 was definitely a good year measured against all these criteria. We organised various initiatives to boost foreign trade, exercised our mandates with expertise and reliability – and last but not least, we achieved solid results.”

Export Services are OeKB’s largest business segment. How did business progress here?

Bernkopf: “The year ended on a positive note although it got off to a rather tough start.

Export financing achieved strong results in the last quarter. Volumes fell overall because a high number of loans were paid back early as a result of the interest rate environment. However, we see increased demand for new business – that has also continued in the first few months of 2017.”

Sommer-Hemetsberger: “It should also be mentioned in this context that OeKB was named best export credit agency in Europe. That is confirmation for us that we are doing many things right. But there are also factors that we cannot influence, such as the economic and international political environment.”

What effect have these factors had on business?

Bernkopf: “Overall, companies perceived a lot of uncertainty in 2016 – that was obviously not a climate in which people make major investments. At the same time, in an environment like this the benefits we provide in terms of the national economy are particularly meaningful: we can provide security, and that is exactly what people need.”

Which individual markets influenced business development most?

Bernkopf: “As of 2016 it was once again possible to provide export guarantees for business with Iran – there was a lot of interest in that right from the start. By contrast, new business in Turkey declined considerably in the second half of the year.”

OeKB has been processing export guarantees on behalf of the Austrian government since 1950. Is this method of promoting industry still up-to-date?

Bernkopf: “Absolutely! Export credit agencies support the economy without financial assistance, which is a win-win-win model. Companies benefit, our owners benefit and society benefits. Not just because export guarantees safeguard so many jobs: we have also seen positive results overall with our export guarantee system over the decades. But this does not mean that the requirements or our actual products do not change.”

Can you give a specific example of what is changing in terms of the requirements and products?

Bernkopf: “A machine, for example, is typically no longer produced in one country from the first through to the last screw: instead there are global value creation chains in place. Austria as a republic and we as an organisation have responded to this: in the past, 50 per cent of domestic value creation was required in order to secure a business transaction via the federal state’s export guarantee. We halved this quota in 2016 to just 25 per cent, provided that certain criteria are met. We provided further stimulus in 2016 by raising the coverage ratio for political risks. We can also finance investments in Austria, provided that they are connected with a specific export order – the demand for this is high. We think a lot about how to safeguard Austria’s business viability and therefore secure countless jobs in the export industry.”

One segment that we have not yet discussed is development financing. Which developments have taken place there over the past year?

Bernkopf: “OeEB – Oesterreichische Entwicklungsbank, the Development Bank of Austria is continuing to grow – even now in its eighth year. It has now reached a considerable business volume and size, and is becoming more and more relevant to us, not just as a subsidiary, but also in terms of development policy. We see that it is also generating increased amounts of attention outside of the organisation as well.”

What strategies do you both wish to pursue in order to prepare the Group effectively for the future?

Sommer-Hemetsberger: “We want to emphasise more than ever that our services are fast and unbureaucratic and that we provide support to the entire industry – including small companies.”

Bernkopf: “Anyone who does not know us may think that our services involve lots of red tape since our mandate comes from the Austrian government. We see ourselves as service providers, and will make sure that we continue to work on designing simpler processes that focus even more effectively on the customer. This is the only way that we will be able to expand and develop our role on behalf of the export industry, as well as the capital market and energy industry.”

‘Best Performing ECA in 2016’

For a number of years, Trade & Export Finance (TXF), a highly regarded conference and trend analysis agency based in London, has been presenting the so-called Exporters’ Choice Awards in a range of categories. In 2016, OeKB won in the category Export Credit Agencies (ECA).

In telephone surveys, more than 100 exporters from 25 countries were asked about the quality of ECA’s in nine different areas, for example, understanding of the business, flexibility, appetite for risk, product-range and customer orientation. OeKB performed particularly well in the areas customer care and competence, finishing above Euler-Hermes and UK Export Finance.

This award shows that the constant commitment of the Federal Ministers of Finance (BMF), OeKB and other institutions in the interests of the export industry is recognised, and is also motivation to continuously improve our products and services.



At the end of 2016 the BMF and OeKB implemented a further improvement and made the value-added regulation for export guarantees much more flexible: Provided that the business location benefits, the Austrian share can, where justified, be 25% or above instead of 50% as was previously the case.

Development of the Export Services

Since **1950** OeKB, as the agent for the Republic of Austria, has been managing the country's export guarantee system. As a service provider for the Austrian Federal Ministry of Finance (BMF), OeKB operates the system for export guarantees and foreign direct investments. The export guarantees are limited to non-marketable risks on foreign sales. Cover for marketable risks is provided by private export credit insurers. Applications for guarantees are screened by OeKB and then reviewed by an advisory committee within the BMF. Guarantees are issued by the Federal Minister of Finance on behalf of the Republic of Austria.

Guarantees and financing for exports

Since **1954** OeKB has been a member of the Berne Union (International Union of Credit and Investment Insurers). This organisation currently comprises 82 export guarantee and investment guarantee institutions from 73 countries. The aims of the Berne Union are the coordination of international trade terms and the extensive sharing of information between members.

Berne Union

Since **1960** OeKB has been operating a programme to finance the export of goods and services, largely on a medium and long-term basis. Special emphasis is placed on exports of Austrian capital goods. Known as the Export Financing Scheme, this programme refinances export credit given by credit institutions and covers direct financing conducted by OeKB. OeKB provides financing in Euros and foreign currencies at floating and fixed interest rates.

Export Financing Scheme

The **1995** amendment to the Export Guarantees Act allows guarantees to be issued for untied credit.

Guarantees for untied credit

Since **1997** OeKB's Export Academy has been offering employees of banks, exporters and other interested parties a detailed insight into the export services of OeKB Group. To date, about 1,200 participants have attended the 77 events arranged by the Export Academy.

Export Academy

Since **2000** OeKB has made it an absolute priority to sign agreements with other export credit insurers and financial institutions, thereby facilitating the overall insuring and financing of complex 'multisourcing projects'.

International cooperation

Since **2001** environmental and social impacts have been considered in the evaluation of projects applying for support, based on the resolutions of the OECD. In April 2016 these so-called Common Approaches were reworked, with human rights focused on more in the evaluation standards.

OECD Common Approaches

Since **2008** OeKB has been encouraging all guarantee holders and beneficiaries of aval endorsements for foreign investment projects to familiarise themselves with the OECD Guidelines for Multinational Enterprises and to observe them wherever possible in their international activities. The 2011 Update brought major advances in this comprehensive code of conduct.



www.en.bmwfw.gv.at/ExternalTrade/Investment_Policy/Pages/OECD-Guidelines-for-Multinational-Enterprises.aspx

Since **2012** the relevant bank rating for the calculating of premiums has been displayed on the OeKB website, thereby enabling bank-collateralised business to be calculated more precisely with the fee calculator.

In the middle of **2012** important coverage conditions were improved to further strengthen the competitiveness of the Austrian export industry on the international markets. Some of the measures taken were: The extending of the coverage possibilities for more than 50 countries by means of higher coverage quotas, the raising of limits as well as the extension of the maturity periods for business.

In **2014**, together with the BMF, OeKB put together a package of measures to provide companies entering foreign markets with even better support. This package consists of a more offensive coverage policy for around 30 future markets, the so-called 'Next Eleven' and other 'Frontier Markets'; a more liberal application of the value-added criteria in the case of smaller businesses; the sinking of the political excess in difficult markets or more favourable premiums for foreign investment.

At the start of **2015** OeKB set up an Export Services Consultancy team aimed at offering SME's appropriate solutions in personal consultation talks on site. These talks are often held together with the relevant principal bank.



For the WAL calculator see
wal.oekb.at/en

Since **2016** the setting of the interest conditions is done on the basis of the Weighted Average Life (WAL) of the refinancing credit for the Euro financing of supplier and buyer credit as well as of investments. Moreover, the refinancing was simplified and standardised and is now more orientated towards market practice.

Guarantees of the Republic of Austria under the Export Guarantees Act (AusfFG)

Acting as the agent of and on the account of the Republic of Austria (represented by the Federal Ministry of Finance), OeKB performs the following tasks:

- evaluation (including credit assessment) of applications for 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,
- issuing and administrative technical processing of the guarantees on behalf of the Republic of Austria,
- exercising of the rights of the Republic of Austria under the guarantee contracts.

On 1 January 2013 the second part of Austria's budget law reform took effect, based on the 2013 Federal Organic Budget Act (BHG 2013). Important accounting requirements include, among others,

*Federal Organic Budget
Act 2013*

- the evaluation of Austrian federal government-backed guarantees issued and of federal government receivables in foreign currency,
- the setting-up of provisions for federal government-backed guarantees issued,
- the accrual-basis recognition of up-front premium income from federal government-backed guarantees and
- the recognition of impairment losses on existing federal government receivables.

The accounting principles are reflected in the tables below concerning export guarantees under the Export Guarantees Act, system income and expenses, and guarantee claims.

Export guarantees are issued in compliance with the guidelines, directives and regulations of international agreements by the OECD, the EU and the Berne Union.

International cooperation



[www.en.bmwf.gv.at/
ExternalTrade/Investment
_Policy/Pages/OECD-
Guidelines-for-
Multinational-
Enterprises.aspx](http://www.en.bmwf.gv.at/ExternalTrade/Investment_Policy/Pages/OECD-Guidelines-for-Multinational-Enterprises.aspx)

Large projects are often handled using international, cross-border cooperation on account of their complexity and the need to spread the risk. The growing number of multisourcing projects requires greater cooperation and coordination between export credit insurers (ECA's). The aim of this cooperation is to support the Austrian and foreign exporters in other countries and to simplify the financing. For this reason, OeKB has concluded framework agreements with more than 30 institutions.

Since spring 2016 the Iranian export credit agency EGFI numbers among these.

The cooperation with other export credit agencies is deepened by means of regular meetings. At the start of July the traditional trilateral consultations with the Swiss and German partner institutions took place in Neuchatel, Switzerland. Similar meetings with representatives of the Hungarian Eximbank, the Czech EGAP and the Japanese Nexi were held in Vienna.

Aggregate exposure limit under the Export Guarantees Act

All data in the following tables includes guarantees for debt-rescheduling agreements and excludes recoverable claims (see the table 'Income and expenses from guarantees').

Aggregate exposure limit under the Export Guarantees Act and its utilisation

Outstanding	31 December 2013		31 December 2014		31 December 2015		31 December 2016	
	€ million	%	€ million	%	€ million	%	€ million	%
Aggregate guarantee exposure limit ¹	50,000	100.0%	50,000	100.0%	50,000	100.0%	50,000	100.0%
Utilisation of the guarantee exposure limit	31,501	63.0%	28,272	56.5%	25,897	51.8%	22,501	45.0%
Change from previous year	-3,335	-9.6%	-3,229	-10.3%	-2,375	-8.4%	-3,395	-13.1%
Unused limit	18,499	37.0%	21,728	43.5%	24,103	48.2%	27,499	55.0%
Aggregate guarantee exposure (after measurement)	31,364	62.7%	28,467	56.9%	26,210	52.4%	22,754	45.5%

¹ Federal Law Gazette I no. 145/2008 and no. 121/2012

New guarantee contracts issued

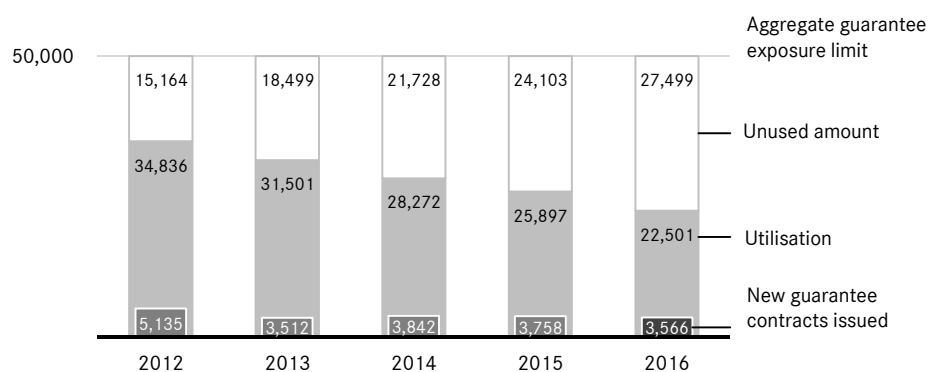
€ million	2013	2014	2015	2016	1950-2016
New guarantee contracts issued ¹	3,512	3,842	3,758	3,566	210,770
Change from previous year	-1,623	+330	-84	-192	
Change in percent	-31.6%	+9.4%	-2.2%	-5.1%	

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

Utilisation of the guarantee exposure limit

at 31 December 2016

in millions of Euro



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 which are not counted against the aggregate guarantee exposure limit.

Conditional guarantee commitments are contingent in nature and intended to facilitate the contract negotiations of the exporter or of the credit institution providing funding.

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

Revolving guarantees

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

Aval endorsements

Endorsements (guarantees by aval) of bills of exchange, issued to the exporter's bank, 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 or acceptor of a bill of exchange that is issued by a credit institution to finance export transactions or Austrian companies' investments abroad. For exporters, avals thus facilitate funding of export business, outward direct investments and domestic investments connected with export orders. The exporter's bank has to file the applications for aval endorsements and arrange the financing.

The guarantees issued by the Republic of Austria for the OeEB in accordance with section 9 of the AusfFG, inter alia for the more long-term financing of sustainable investment in developing countries, are among the types of guarantees provided for by the AusfFG. These guarantees are, unless otherwise indicated, shown as 'Guarantees issued for OeEB' in the new guarantees issued and guarantees outstanding in the following tables.

Guarantees issued for OeEB

Since 2014 the Republic of Austria has also made use of the possibility defined in section 7(3) of the AusfFG to use a part of the funds of the Republic earmarked for the Export Guarantees Act for the development-related financing of selected OeEB projects.

New guarantees issued and aggregate guarantee exposure by type of guarantee

	New guarantees issued in 2015			Guarantees outstanding (after measurement) at 31 December 2015			New guarantees issued in 2016			Guarantees outstanding (after measurement) at 31 December 2016		
	Count	€ m	%	Count	€ m	%	Count	€ m	%	Count	€ m	%
G 1	368	707	18.8%	689	1,603	6.1%	433	761	21.3%	772	1,553	6.8%
G 2	9	5	0.1%	17	277	1.1%	13	5	0.1%	22	279	1.2%
G 3	43	823	21.9%	680	5,834	22.3%	31	351	9.8%	650	5,508	24.2%
G 4	23	111	3.0%	146	2,279	8.7%	21	82	2.3%	128	1,432	6.3%
G 5	-	-	-	2	0	0.0%	-	-	-	1	0	0.0%
G 6	-	-	-	1	0	0.0%	-	-	-	1	0	0.0%
G 7	27	18	0.5%	38	118	0.5%	12	4	0.1%	35	108	0.5%
G 8	7	50	1.3%	34	1,350	5.2%	7	183	5.1%	37	1,516	6.7%
G 9	20	12	0.3%	179	154	0.6%	27	25	0.7%	166	136	0.6%
Total G 1 to G 9	497	1,726	45.9%	1,786	11,616	44.3%	544	1,410	39.5%	1,812	10,532	46.3%
Aval endorsements (AE)	225	1,793	47.7%	1,650	13,681	52.2%	266	2,008	56.3%	1,651	11,286	49.6%
Guarantees issued for OeEB	16	239	6.4%	73	913	3.5%	14	148	4.2%	81	936	4.1%
Total	738	3,758	100.0%	3,509	26,210	100.0%	824	3,566	100.0%	3,544	22,754	100.0%
Increases to individual credit limits within comprehensive policies	-	-	-	1	0	-	-	-	-	1	0	-
Conditional commitments (CC)	182	1,855	-	156	1,751	-	224	2,736	-	177	3,410	-

Guarantee business by credit period of transactions guaranteed

In the new guarantee contracts issued, most of the transactions underlying the guarantees have credit periods of five years or less. By contrast, most of the outstanding guarantees represent long-term contracts, as they include large guarantees for exports to developing countries, investment guarantees and guarantees for debt rescheduling. The outstanding guarantee with the longest term covers a credit period ending in 2046.

Credit periods of transactions guaranteed

Credit period in years	Single-contract policies		Revolving policies		Single-contract policies		Revolving policies	
	Number	€ m	Number	€ m	Number	€ m	Number	€ m
Guarantee contracts issued in 2015					Guarantee contracts issued in 2016			
Up to 1	216	626	106	444	250	574	97	370
More than 1 and up to 5	253	425	-	-	280	393	-	-
More than 5 and up to 10	111	1,792	-	-	150	1,548	-	-
More than 10	52	472	-	-	47	681	-	-
Total	632	3,314	106	444	727	3,196	97	370
Guarantees outstanding (after measurement) at 31 Dec 2015					Guarantees outstanding (after measurement) at 31 Dec 2016			
Up to 1	339	1,930	814	5,201	318	1,507	791	5,187
More than 1 and up to 5	945	3,602	7	1,065	936	1,563	7	1,065
More than 5 and up to 10	753	9,575	-	-	828	8,565	-	-
More than 10	651	4,837	-	-	664	4,866	-	-
Total	2,688	19,944	821	6,266	2,746	16,502	798	6,252

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). Since 2012 the outstanding guarantees have been adapted to the amended accounting regulations. This concerns, inter alia, the evaluation of Austrian federal government-backed guarantees and of federal government receivables issued in a foreign currency.

The G 6 and G 8 revolving guarantees are included under comprehensive policies in the following table 'New guarantee contracts issued and aggregate guarantee exposure by region'. In the table 'New guarantee contracts issued and aggregate guarantee exposure by region and country' the country data excludes comprehensive policies, aval endorsements, and guarantees issued for OeEB. All data excludes conditional commitments.

New guarantee contracts issued and aggregate guarantee exposure by region

	New guarantee contracts issued in 2015			Guarantees outstanding (after measurement) at 31 December 2015			New guarantee contracts issued in 2016			Guarantees outstanding (after measurement) at 31 December 2016		
	Number	€ m	%	Number	€ m	%	Number	€ m	%	Number	€ m	%
Europe (incl. Turkey, CIS)	235	933	24.8%	699	4,802	18.3%	253	507	14.2%	715	4,005	17.6%
EU	72	317	8.4%	186	800	3.1%	78	315	8.8%	208	870	3.8%
North America	8	46	1.2%	12	67	0.3%	6	3	0.1%	16	68	0.3%
Latin America	89	158	4.2%	235	692	2.6%	98	226	6.3%	254	802	3.5%
Asia	110	458	12.2%	690	4,074	15.5%	145	413	11.6%	672	3,543	15.6%
Australia and Oceania	3	20	0.5%	3	21	0.1%	-	-	-	2	19	0.1%
Africa	52	111	2.9%	139	895	3.4%	42	260	7.3%	145	1,030	4.5%
Comprehensive policies (CP)	-	-	-	8	1,065	4.1%	-	-	-	8	1,065	4.7%
Total guarantees	497	1,726	45.9%	1,786	11,616	44.3%	544	1,410	39.5%	1,812	10,532	46.3%
Aval endorsements (AE)	225	1,793	47.7%	1,650	13,681	52.2%	266	2,008	56.3%	1,651	11,286	49.6%
Guarantees issued for OeEB	16	239	6.4%	73	913	3.5%	14	148	4.2%	81	936	4.1%
Total	738	3,758	100.0%	3,509	26,210	100.0%	824	3,566	100.0%	3,544	22,754	100.0%
<i>Of which (excl. CP, AE, OeEB):</i>												
OECD	121	502	13.4%	291	1,220	4.7%	125	416	11.7%	327	1,359	6.0%
Non-European developing countries	243	710	18.9%	1,025	5,465	20.8%	271	864	24.2%	1,031	5,207	22.9%
OPEC	25	57	1.5%	134	1,037	4.0%	44	102	2.8%	132	873	3.8%

New guarantee contracts issued and aggregate guarantee exposure by region and country

€ thousand	Guarantee contracts issued in 2016		Guarantees outstanding (after measurement) at 31 Dec 2016	
Countries with guarantees outstanding over € 25 million	Total	Of which rescheduling guarantees	Total	Of which rescheduling guarantees
Total	3,566,253	-	22,753,837	242,503
Europe	507,296	-	4,004,626	110,562
Albania	4,588	-	175,667	-
Belarus	20,362	-	113,819	-
Bosnia and Herzegovina	-	-	176,667	76,943
Bulgaria	3,565	-	66,890	-
Germany	15,568	-	38,306	-
Italy	23,278	-	68,225	-
Moldova	388	-	31,339	-
The Netherlands	82,881	-	314,485	-
Romania	4,149	-	98,841	-
Russia	78,391	-	1,827,134	-
Serbia	4,449	-	140,237	32,596
Spain	47,698	-	89,374	-
Turkey	60,180	-	446,622	-
Ukraine	19,763	-	183,927	-
United Kingdom	113,098	-	117,797	-
North America	3,167	-	67,810	-
USA	3,167	-	52,612	-
Latin America	226,130	-	801,756	-
Brazil	172,925	-	424,399	-
Honduras	596	-	60,563	-
Mexico	18,442	-	73,056	-
Trinidad and Tobago	-	-	27,013	-
Uruguay	-	-	112,703	-
Asia	413,205	-	3,543,398	100,351
Bhutan	-	-	56,876	-
China (incl. Hong Kong)	138,479	-	1,285,712	-
Georgia	-	-	25,692	-
India	8,809	-	269,366	-
Indonesia	10,752	-	503,093	76,652
Iran	17,039	-	30,643	-
Kazakhstan	15,972	-	96,866	-
Laos	24,535	-	80,824	-
Mongolia	324	-	33,321	-
Pakistan	404	-	55,510	22,719
Philippines	20,494	-	155,612	-
Saudi Arabia	61,994	-	285,285	-
South Korea	6,844	-	44,363	-
Sri Lanka	9,000	-	115,122	-
Taiwan	15,825	-	51,599	-
United Arab Emirates	4,834	-	25,376	-
Vietnam	15,506	-	294,792	981
Africa	260,428	-	1,029,856	31,590
Angola	152,055	-	144,452	-
Egypt	2,956	-	149,633	28,004
Ethiopia	-	-	55,889	-
Gabon	-	-	207,167	-
Ghana	13,500	-	167,662	-
Kenya	563	-	39,755	2,722
Malawi	299	-	31,300	-
Senegal	30,277	-	51,972	-
Tunisia	24,863	-	40,657	-

Debt rescheduling

Sovereign debt is rescheduled through agreements on that portion of a debtor country's external debt relating to sales of goods and services. They are insured by the creditor countries through their respective export guarantee system or they are categorised as governmental development aid.

In the so-called Paris Club, federally guaranteed credit and foreign aid debt are renegotiated and rescheduled. The Paris Club is formed, when necessary, from the group of official creditors to which 22 regularly participating countries currently belong. In addition, representatives of the international financial institutions take part in the sessions which are chaired by France. Austria is represented by the Federal Ministry of Finance and OeKB as consultant.

Paris Club

The aim of the Paris Club is to restore the credit-worthiness of highly-indebted countries in the long-term by extending the repayment obligations to this public-creditor community. This restoration of credit quality is to be achieved by the equal participation of all creditor nations. The rescheduling typically lengthens the repayment period for the debt, and market interest rates are applied.

Conventional rescheduling

A multilateral framework is implemented bilaterally with each creditor country.

Since 1988 debt relief ranging from 33% to 80% has been progressively accepted for the poorest borrower nations. 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 an EU-wide initiative, Austria bilaterally grants 100% debt relief to these countries.

Debt reduction – concessional rescheduling

Business in 2016

The multilaterally agreed comprehensive debt-rescheduling regulation for Cuba dating back to the 1980's was bilaterally signed and implemented in the year under review. The regulation comprises the complete repayment of the overdue principal and interest payments over a period of 18 years as well as a successive cancellation of overdue interest payable on default in accordance with the payments made in this period.

At 31 December 2016 recoverable claims of the Republic of Austria for defaulted-on rescheduled debt repayments amounted to € 362 million, of which € 227 million represented overdue principal and € 136 million constituted overdue interest.

By 31 December 2016 cumulative receipts under rescheduling amounted to principal payments of € 8,805 million and interest payments of € 3,448 million.



The movement in claims relating to rescheduling guarantees is shown in the table 'Claims paid' in the next section.

Rescheduling guarantees by region and by type of guarantee

	Guarantees outstanding (after measurement) at 31 December 2015			Guarantees outstanding (after measurement) at 31 December 2016		
	Number of countries	€ m	%	Number of countries	€ m	%
Europe (incl. Turkey, CIS)	3	115	37.4%	3	111	45.6%
Latin America	2	7	2.1%	2	0	0.0%
Asia	5	126	40.9%	5	100	41.4%
Africa	3	60	19.6%	3	32	13.0%
Total	13	308	100.0%	13	243	100.0%
<i>Of which</i>						
<i>Non-European developing countries</i>	10	193	62.6%	10	132	54.4%
<i>OPEC</i>	2	99	32.1%	2	77	31.6%
<i>G 3</i>		301			243	
<i>G 9</i>		7			-	

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 accordance with the international rules covering premiums, the income should cover losses and administrative costs long-term, thus enabling the process to be self-financing.

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 2016, the value of guarantees issued was € 210.8 billion. In this cumulative total, revolving guarantees are included at their nominal amounts. € 3,703 million of loans and advances have been written off due to uncollectibility since 1950. Debt waived as part of international initiatives writing off debt is included in this figure. In addition there has been debt-relief in the amount of € 1,939 million in the form of interest reductions as part of international agreements. In total, since 1950, the above have accounted for 2.7% of guarantee contracts issued.

At 31 December 2016, besides the Austrian government's recoverable claims of € 803 million, there were interest receivables on arrears in connection with debt rescheduling for Iraq, Argentina and Myanmar in the amount of € 169 million.

In 2016 the guarantee programme income exceeded net costs by € 234 million.

Income and expenses from guarantees under the Export Guarantees Act

€ million	2014	1950-2014	2015	1950-2015	2016	1950-2016
Premium income	157	5,300	136	5,436	128	5,564
Interest income less other expenses	34	1,268	29	1,298	29	1,327
Subtotal	191	6,568	165	6,733	157	6,891
Recoveries on claims paid	73	3,566	58	3,624	154	3,778
Total (+)	264	10,134	224	10,357	311	10,668
Claims paid, incl. HIPC (-)	102	8,126	81	8,207	77	8,284
Guarantee programme result before interest rate relief granted (+/-)	+162	+2,008	+143	+2,151	+234	+2,385
Net interest rate relief granted (-)	1	1,938	1	1,939	0	1,939
Net guarantee programme result after interest rate relief incl. HIPC (+/-) ^{1,2}	+161	+70	+142	+212	+234	+446
<i>As a percentage of cumulative guarantee contracts issued</i>		0.03%		0.10%		0.21%
<i>As a percentage of guarantees outstanding</i>		0.24%		0.81%		1.96%
Net guarantee programme result after interest rate relief excl. HIPC (+/-) ¹	+161	+935	+142	+1,077	+234	+1,311
Recoverable claims (including HIPC) at 31 December	952	952	935	935	803	803
Impairment losses on recoverable claims	115		48		42	
<i>Guarantee system rate of return (%) ³</i>	15.7%	98.9%	13.9%	96.9%		93.5%
Interest rate relief granted (-)	1	2,512	1	2,514	0	2,514
Support from federal budget (+)	-	574	-	575	-	575
Net interest rate relief granted (-)	1	1,938	1	1,939	0	1,939
Amounts written off as unrecoverable, incl. HIPC (-)	5	3,607	40	3,647	56	3,703
Total (-)	6	5,545	41	5,586	56	5,642
<i>As a percentage of cumulative guarantee contracts issued</i>		2.73%		2.70%		2.68%
Guarantee contracts issued	3,842	203,446	3,758	207,204	3,566	210,770
Guarantees outstanding at 31 December	28,467	28,467	26,210	26,210	22,754	22,754
Provisions for guarantees	497		453		378	

¹ Coverage surplus (+); notional disposal (-)

² Restructuring of claims paid under the HIPC Initiative in previous reporting periods affects the comparability of amounts over time.

³ Claims paid including net interest rate relief, less recoveries, as a percentage of the combined balance of premium income, net interest and other expenses

In the following tables currency differences reflected in the measurements may affect the comparability of amounts over time.

Claims paid, by region

€ million	Claims paid		Recoveries on claims paid		Amounts written off as unrecoverable		Recoverable claims after measurement	Claims authorised but not yet paid
	2016	1950-2016	2016	1950-2016	2016	1950-2016	31 Dec 2016	31 Dec 2016
Europe (incl. Turkey, CIS)	23	2,372	3	1,435	7	797	140	56
EU	11	1,515	1	938	7	553	24	32
North America	-	40	-	8	-	32	-	-
Latin America	8	468	8	183	-	144	140	2
Asia	9	2,432	137	999	1	1,029	405	2
Australia and Oceania	-	3	-	0	-	2	-	-
Africa	13	2,510	0	1,006	31	1,447	58	-
Comprehensive policies	-	54	-	10	-	21	23	-
Total G 1 to G 9	53	7,880	148	3,641	38	3,473	765	60
Commercial risks	33	1,440	3	398	7	821	221	58
Political risks ¹	19	6,440	145	3,243	31	2,652	544	2
Exchange risk guarantees (G 10)	-	130	-	1	-	129	-	-
Total G 1 to G 10	53	8,010	148	3,642	38	3,602	765	60
Aval endorsements (AE)	24	273	6	135	17	101	37	-
Guarantees issued for OeEB	1	1	-	0	-	-	1	-
Total	77	8,285	154	3,778	56	3,703	803	60
<i>Of which (excl. CP, AE, OeEB) ²</i>								
OECD	2	1,562	0	925	5	598	38	0
Non-European developing countries	29	5,290	145	2,116	32	2,573	600	4
OPEC	3	2,212	136	881	31	1,103	228	2
HIPC Initiative, total	-	865	-	-	-	865	-	-
Comparative total 2014	102	8,228	73	3,639	5	3,612	952	30
Comparative total 2013	122	8,024	72	3,493	21	3,602	927	64
Comparative total 2012	154	7,902	65	3,421	99	3,581	898	112
Of which for debt rescheduling guarantees								
Europe	0	1,378	0	1,157	-	222	-	-
Latin America	4	273	7	112	-	64	97	-
Asia	1	1,118	12	431	-	422	266	-
Africa	0	1,915	0	675	-	1,240	-	-
Total	5	4,684	19	2,375	-	1,947	362	-
Comparative total 2014	8	4,678	28	2,335	-	1,947	397	-
Comparative total 2013	18	4,670	26	2,307	5	1,947	417	-
Comparative total 2012	69	4,652	27	2,281	77	1,942	429	-

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 the OECD.

The amounts in the following table include claims from debt-rescheduling guarantees and country and regional data excluding claims not directly attributable to the countries relating to reinsurance guarantees, exchange risk guarantees and aval endorsements.

Claims paid, by region and country

€ thousand	Claims paid		Recoveries on claims paid		Amounts written off as unrecoverable		Recoverable claims after measurement	Claims authorised but not yet paid
	2016	1950-2016	2016	1950-2016	2016	1950-2016	31 Dec 2016	31 Dec 2016
Countries with total claims paid over € 25 million								
Total	77,113	8,283,833	153,724	3,777,803	55,507	3,702,880	802,729	60,101
Europe	23,316	2,372,311	2,958	1,435,467	6,578	796,879	140,043	56,040
Bulgaria	-	112,788	4	74,239	-	38,522	27	-
France	-	36,538	-	6,468	-	30,066	4	-
Germany	-	113,009	-	13,126	-	98,837	1,046	-
Italy	-	97,495	5	24,032	229	72,585	878	-
Poland	-	963,594	1	769,392	141	193,001	1,201	2
Romania	9,506	32,213	257	10,439	1,270	6,363	15,410	31,877
Russia	11,366	469,660	163	311,006	-2	130,558	28,096	23,855
Serbia	-	164,058	-	94,038	-	70,021	-	-
Switzerland	-	25,834	-	5,624	-	20,205	5	-
Turkey	-	55,724	-	42,210	-	10,479	3,035	-
Ukraine	775	115,857	1,851	29,833	28	1,454	84,569	115
United Kingdom	-	28,318	-	6,610	-	21,708	-	-
North America	-	40,420	-	7,951	-	32,469	-	-
USA	-	27,912	-	5,964	-	21,948	-	-
Latin America	7,846	467,680	8,233	183,071	-	144,248	139,567	2,160
Argentina	-	112,775	6,110	56,704	-	29,564	26,506	-
Bolivia	-	68,595	-	4,766	-	63,829	-	-
Brazil	3,203	50,191	546	34,591	-	4,457	11,143	1,953
Cuba	4,195	103,902	1,547	9,694	-	38	94,171	-
Venezuela	-	50,620	-	28,379	-	22,241	-	-

€ thousand	Claims paid		Recoveries on claims paid		Amounts written off as unrecoverable		Recoverable claims after measurement	Claims authorised but not yet paid
Countries with total claims paid over € 25 million	2016	1950-2016	2016	1950-2016	2016	1950-2016	31 Dec 2016	31 Dec 2016
Asia	8,667	2,432,291	136,505	998,742	629	1,029,257	404,596	1,900
China (incl. Hong Kong)	-	103,154	-	57,337	-	45,817	-	-
Georgia	-	94,170	-	49,337	-	44,833	-	-
India	64	47,763	-	14,431	11	9,529	23,804	-
Indonesia	(28)	136,327	-	80,812	-	55,516	-	-
Iran	3,475	284,606	118,819	213,078	-	70,455	1,072	1,885
Iraq	-	959,477	16,842	183,629	-	590,463	185,385	-
Lebanon	-	74,935	-	60,111	-	14,824	-	-
Myanmar	-	52,298	-	17,434	-	40	34,824	-
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	-	25,887	-	18,761	-	6,774	352	-
Thailand	2,335	44,452	-	294	-	41,822	2,335	-
United Arab Emirates	-	140,797	-	84,266	-	50,796	5,735	-
Vietnam	-	26,005	-	15,947	-	10,058	-	-
Africa	12,690	2,510,419	366	1,005,695	31,134	1,447,135	57,589	-
Algeria	-	90,258	-	88,061	-	2,197	-	-
Angola	-	51,319	-	49,657	-	1,662	-	-
Cameroon	-	472,446	-	13,926	-	458,520	-	-
Congo DR (former Zaire)	-	82,556	-	15,982	-	66,574	-	-
Côte d'Ivoire	-	96,662	-	5,359	-	91,303	-	-
Egypt	-	407,539	38	363,915	-	42,598	1,026	-
Kenya	-	71,438	-	69,901	-	1,537	-	-
Libya	-	117,223	-	11,581	31,127	69,531	36,111	-
Madagascar	-	60,951	-	9,345	-	51,605	-	-
Morocco	4,089	124,648	-	117,105	-	3,453	4,089	-
Nigeria	-	367,099	-	183,153	-	183,947	-	-
Sudan	-	296,446	-	7,998	-	288,449	-	-
Tanzania	26	46,043	28	5,574	-	40,469	-	-
Togo	-	45,149	-	14,979	-	30,170	-	-
Zambia	-	29,530	-	13,235	-	16,295	-	-

Oesterreichische Kontrollbank AG Export Financing Scheme

The OeKB Export Financing Scheme offers Austrian exporters financing solutions for a broad spectrum of export business and cross-border investment activities.

The credits to banks require a guarantee for the transaction or right underlying the financing. Requirements for the financing are

Requirements

- an assumption of liability by the Republic of Austria in accordance with the Export Guarantees Act or
- an assumption of liability by a credit insurer in accordance with the Export Financing Guarantees Act (AFFG) or
- a guarantee issued by Austria Wirtschaftsservice Gesellschaft mbH ('aws') or
- an assumption of liability by an international organisation according to the AFFG or
- that the goods and services to be financed directly or indirectly improve the Austrian balance of current transactions in goods and services.

With regard to the issuing of guarantees, sustainability considerations are to be given priority. In addition, both the rights arising from the guarantees and the underlying receivables (export or other receivables) must, as a rule, be assigned as security.

The maximum repayment term for 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 (a maximum of 12 years), project finance (a maximum of 14 years) and renewable energy, climate protection and water projects (a maximum of 18 years).

OeKB's Export Financing Scheme is a refinancing source for domestic and foreign credit institutions. To be eligible they have to meet OeKB's creditworthiness criteria, fulfil the legal requirements regarding the transactions to be financed and satisfy OeKB's conditions for uniform financing procedures. The uniform financing procedure conditions particularly apply to collateral management.

In issuing credits under the Export Financing Scheme, OeKB observes the applicable guidelines, directives and regulations of international agreements by the Organisation for Economic Cooperation and Development (OECD), the EU and the Berne Union.

International environment

Business activity covered by the Export Financing Scheme

The following table presents an analysis of the turnover during the year.

In the year under review, the loan repayments received more than covered the loan disbursements (€ 6,450 million versus € 3,778 million).

Business activity under the Export Financing Scheme - lending operations

€ million	2013	2014	2015	2016
Financing contracts				
New contracts issued ¹	5,124	3,173	5,007	4,464
Contracts withdrawn	939	486	485	632
Repayments received	7,520	5,216	5,265	6,450
<i>Of which on revolving credits</i>	8	-	3	4
Loan funds disbursed	4,724	2,771	4,051	3,778
Conditional commitments (CC)				
New conditional commitments issued	177	158	369	1,057
CC converted into contracts	185	115	320	489
CC withdrawn	87	59	26	113

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

Credit commitments and disbursements under the Export Financing Scheme

Outstanding amounts and net changes under the Export Financing Scheme - lending operations

€ million	Outstanding at 31 Dec 2013	Net change	Outstanding at 31 Dec 2014	Net change	Outstanding at 31 Dec 2015	Net change	Outstanding at 31 Dec 2016
Financing contracts	24,377	-2,529	21,848	-740	21,108	-2,615	18,493
Conditional commitments	255	-16	239	+23	262	+456	717
Total commitments	24,632	-2,545	22,087	-718	21,369	-2,159	19,210
Disbursements	22,031	-2,445	19,587	-1,214	18,373	-2,672	15,701

The outstanding loan agreement with the longest repayment period expires in 2048.

The outstanding credit under the Export Financing Scheme is expected to rise by as much as € 1 billion in 2017, depending on the course of business.

Schedule of disbursements payable

€ million	Financing contracts	Conditional commitments	Total
By end of 2017	867	437	1,304
By end of 2018	1,527	110	1,637
By end of 2019	397	119	516
By end of 2020	-	32	32
After 2020	-	19	19
Disbursements	2,791	717	3,508

Schedule of repayments receivable

€ million	Financing contracts	Conditional commitments	Total
By end of 2017	1,885	4	1,889
By end of 2018	1,970	12	1,982
By end of 2019	1,641	18	1,659
By end of 2020	1,537	76	1,613
By end of 2021	1,141	228	1,369
By end of 2022	1,233	27	1,260
By end of 2023	829	27	856
By end of 2024	682	31	713
By end of 2025	497	29	526
After 2025 (up to 2048)	7,078	266	7,344
Repayments	18,493	717	19,210

Export financing business by region and country

Commitments and disbursements outstanding under the Export Financing Scheme, by region

	Outstanding at 31 December 2015				Outstanding at 31 December 2016			
	Commitments		Disbursements		Commitments		Disbursements	
	€ million	%	€ million	%	€ million	%	€ million	%
Europe (incl. Turkey, CIS)	3,001	14.2%	2,449	13.3%	2,269	12.3%	1,749	11.1%
<i>Incl. conditional commitments</i>	<i>3,007</i>	<i>14.1%</i>			<i>2,277</i>	<i>11.9%</i>		
<i>EU</i>	<i>850</i>	<i>4.0%</i>	<i>779</i>	<i>4.2%</i>	<i>809</i>	<i>4.4%</i>	<i>654</i>	<i>4.2%</i>
North America	16	0.1%	16	0.1%	34	0.2%	15	0.1%
<i>Incl. conditional commitments</i>	<i>16</i>	<i>0.1%</i>			<i>34</i>	<i>0.2%</i>		
Latin America	486	2.3%	288	1.6%	427	2.3%	397	2.5%
<i>Incl. conditional commitments</i>	<i>509</i>	<i>2.4%</i>			<i>448</i>	<i>2.3%</i>		
Asia	2,758	13.1%	2,478	13.5%	2,457	13.3%	2,319	14.8%
<i>Incl. conditional commitments</i>	<i>2,917</i>	<i>13.6%</i>			<i>2,709</i>	<i>14.1%</i>		
Australia and Oceania	0	0.0%	0	0.0%	-	-	-	-
<i>Incl. conditional commitments</i>	<i>0</i>	<i>0.0%</i>			<i>-</i>	<i>-</i>		
Africa	596	2.8%	540	2.9%	1,001	5.4%	719	4.6%
<i>Incl. conditional commitments</i>	<i>671</i>	<i>3.1%</i>			<i>1,075</i>	<i>5.6%</i>		
Comprehensive policies (CP) ¹	10	0.0%	8	0.0%	9	0.0%	6	0.0%
<i>Incl. conditional commitments</i>	<i>10</i>	<i>0.0%</i>			<i>9</i>	<i>0.0%</i>		
Subtotal	6,868	32.5%	5,780	31.5%	6,196	33.5%	5,206	33.2%
<i>Incl. conditional commitments</i>	<i>7,130</i>	<i>33.4%</i>			<i>6,552</i>	<i>34.1%</i>		
Aval endorsements (AE) ²	14,239	67.5%	12,593	68.5%	12,297	66.5%	10,495	66.8%
<i>Incl. conditional commitments</i>	<i>14,239</i>	<i>66.6%</i>			<i>12,658</i>	<i>65.9%</i>		
Total	21,108	100.0%	18,373	100.0%	18,493	100.0%	15,701	100.0%
<i>Incl. conditional commitments</i>	<i>21,369</i>	<i>100.0%</i>			<i>19,210</i>	<i>100.0%</i>		
<i>Of which (excl. CP and AE):</i>								
<i>OECD</i>	<i>1,178</i>	<i>5.6%</i>	<i>1,033</i>	<i>5.6%</i>	<i>1,318</i>	<i>7.1%</i>	<i>1,056</i>	<i>6.7%</i>
<i>Non-European developing countries</i>	<i>3,688</i>	<i>17.5%</i>	<i>3,170</i>	<i>17.3%</i>	<i>3,751</i>	<i>20.3%</i>	<i>3,321</i>	<i>21.1%</i>
<i>OPEC</i>	<i>634</i>	<i>3.0%</i>	<i>533</i>	<i>2.9%</i>	<i>515</i>	<i>2.8%</i>	<i>469</i>	<i>3.0%</i>

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

² Financed export contracts and short-term export credit lines covered by aval endorsements (AE).

New commitments and disbursements under the Export Financing Scheme, by region

	Movements in 2015				Movements in 2016			
	New commitments issued		Loan funds disbursed		New commitments issued		Loan funds disbursed	
	€ million	%	€ million	%	€ million	%	€ million	%
Europe (incl. Turkey, CIS)	1,388	27.7%	1,009	24.9%	463	10.4%	381	10.1%
<i>Incl. conditional commitments</i>	<i>1,617</i>	<i>30.1%</i>			<i>532</i>	<i>9.6%</i>		
<i>EU</i>	<i>477</i>	<i>9.5%</i>	<i>454</i>	<i>11.2%</i>	<i>205</i>	<i>4.6%</i>	<i>94</i>	<i>2.5%</i>
North America	0	0.0%	2	0.1%	21	0.5%	1	0.0%
<i>Incl. conditional commitments</i>	<i>0</i>	<i>0.0%</i>			<i>21</i>	<i>0.4%</i>		
Latin America	136	2.7%	75	1.9%	80	1.8%	153	4.1%
<i>Incl. conditional commitments</i>	<i>146</i>	<i>2.7%</i>			<i>88</i>	<i>1.6%</i>		
Asia	384	7.7%	234	5.8%	199	4.5%	243	6.4%
<i>Incl. conditional commitments</i>	<i>478</i>	<i>8.9%</i>			<i>390</i>	<i>7.1%</i>		
Africa	50	1.0%	63	1.6%	488	10.9%	261	6.9%
<i>Incl. conditional commitments</i>	<i>86</i>	<i>1.6%</i>			<i>555</i>	<i>10.1%</i>		
Comprehensive policies (CP)	4	0.1%	4	0.1%	2	0.0%	4	0.1%
<i>Incl. conditional commitments</i>	<i>4</i>	<i>0.1%</i>			<i>2</i>	<i>0.0%</i>		
Subtotal	1,962	39.2%	1,387	34.3%	1,253	28.1%	1,043	27.6%
<i>Incl. conditional commitments</i>	<i>2,331</i>	<i>43.4%</i>			<i>1,588</i>	<i>28.8%</i>		
Aval endorsements (AE)	3,044	60.8%	2,663	65.7%	3,211	71.9%	2,735	72.4%
<i>Incl. conditional commitments</i>	<i>3,044</i>	<i>56.6%</i>			<i>3,934</i>	<i>71.2%</i>		
Total	5,007	100.0%	4,051	100.0%	4,464	100.0%	3,778	100.0%
<i>Incl. conditional commitments</i>	<i>5,375</i>	<i>100.0%</i>			<i>5,521</i>	<i>100.0%</i>		
<i>Of which (excl. CP and AE):</i>								
<i>OECD</i>	<i>586</i>	<i>11.7%</i>	<i>486</i>	<i>12.0%</i>	<i>429</i>	<i>9.6%</i>	<i>237</i>	<i>6.3%</i>
<i>Non-European developing countries</i>	<i>544</i>	<i>10.9%</i>	<i>343</i>	<i>8.5%</i>	<i>713</i>	<i>16.0%</i>	<i>621</i>	<i>16.4%</i>
<i>OPEC</i>	<i>54</i>	<i>1.1%</i>	<i>29</i>	<i>0.7%</i>	<i>11</i>	<i>0.2%</i>	<i>29</i>	<i>0.8%</i>

Movements and outstanding amounts under the Export Financing Scheme, by region and country

€ thousand	Movements in 2016		Outstanding at 31 December 2016	
Countries with total commitments over € 25 million	New commitments issued	Loan funds disbursed	Commitments	Disbursements
Total	4,464,289	3,778,452	18,493,046	15,701,098
Europe	463,499	381,062	2,268,789	1,749,491
Albania	-	5,698	66,480	64,587
Belarus	9,752	1,177	35,130	24,331
Bosnia and Herzegovina	-	2,097	156,632	156,632
Bulgaria	2,742	2,742	58,312	58,312
Italy	84,288	25,153	177,718	107,893
Luxembourg	3,869	17,704	103,717	89,196
Moldova	-	3,603	25,066	25,066
The Netherlands	18,177	18,177	219,793	219,793
Romania	7,200	4,859	77,087	71,143
Russia	23,296	133,720	627,048	369,768
Serbia	2,235	2,235	58,758	58,758
Spain	31,349	433	32,308	959
Switzerland	-	-	59,925	59,925
Turkey	210,259	127,486	329,363	238,656
Ukraine	8,815	5,830	84,810	81,825
United Kingdom	823	823	38,366	38,366
North America	20,912	1,181	34,087	15,113
Canada	19,280	69	33,052	14,079
Latin America	79,511	153,451	426,792	397,135
Brazil	15,741	17,815	38,254	32,976
Chile	3,718	23,703	30,999	27,367
Honduras	3,455	31,024	129,652	129,652
Panama	19,526	50,457	67,216	67,216
Trinidad and Tobago	-	-	25,325	25,325
Venezuela	-	11,405	66,068	50,070
Asia	199,245	242,899	2,456,638	2,319,433
Armenia	2,171	2,871	42,167	42,167
Bhutan	-	-	48,373	48,373
Cambodia	11,212	1,725	28,460	18,974
China (incl. Hong Kong)	39,399	85,993	869,617	858,082
India	4,031	21,421	31,996	31,996
Indonesia	434	11,441	403,169	403,169
Korea Rep.	-	-	184,332	184,332
Laos	3,000	5,733	143,836	89,161
Mongolia	741	8,719	41,132	41,132
Pakistan	-	-	25,343	25,343
Philippines	20,494	3,074	141,708	124,288
Sri Lanka	19,768	17,292	113,080	104,484
Vietnam	44,678	23,991	282,438	250,876
Africa	488,107	261,085	1,001,446	719,416
Angola	349,917	188,659	349,917	188,659
Egypt	-	9,416	71,294	61,910
Gabon	10,030	14,930	179,863	179,863
Ghana	32,476	6,048	153,569	126,477
Nigeria	2,555	180	29,542	1,082
Senegal	33,712	25,890	55,651	47,829
South Africa	19,609	2,104	43,748	24,774
Tunisia	23,000	3,450	28,310	8,760

Tied financial credits, purchases of accounts receivable and other types of financing

The following tables show the individual share which tied financial credits and purchases of accounts receivable have in the total volume of export credit refinancing administered by OeKB.

Export sales made on credit terms can be financed by having the exporter allow deferred payment or as a loan extended to a foreign buyer. The exporter granting a supplier credit to a foreign buyer can obtain funding for this from a credit institution. When a bank extends a tied financial credit or purchases accounts receivable, this leads to a reduction in the exporter's balance sheet.

Commitments and disbursements outstanding under the Export Financing Scheme, by type of financing

	Outstanding at 31 December 2015				Outstanding at 31 December 2016			
	Commitments		Disbursements		Commitments		Disbursements	
	€ million	%	€ million	%	€ million	%	€ million	%
Tied financial credits	3,917	18.6%	3,618	19.7%	3,772	20.4%	3,500	22.3%
<i>Incl. conditional commitments</i>	<i>4,178</i>	<i>19.6%</i>			<i>4,093</i>	<i>21.3%</i>		
Foreign investments	877	4.2%	869	4.7%	185	1.0%	176	1.1%
<i>Incl. conditional commitments</i>	<i>877</i>	<i>4.1%</i>			<i>185</i>	<i>1.0%</i>		
Purchases of accounts receivable	163	0.8%	86	0.5%	68	0.4%	62	0.4%
<i>Incl. conditional commitments</i>	<i>163</i>	<i>0.8%</i>			<i>68</i>	<i>0.4%</i>		
Other financing contracts	1,911	9.1%	1,207	6.6%	2,171	11.7%	1,468	9.3%
<i>Incl. conditional commitments</i>	<i>1,911</i>	<i>8.9%</i>			<i>2,206</i>	<i>11.5%</i>		
Subtotal	6,868	32.5%	5,780	31.5%	6,196	33.5%	5,206	33.2%
<i>Incl. conditional commitments</i>	<i>7,130</i>	<i>33.4%</i>			<i>6,552</i>	<i>34.1%</i>		
Aval endorsements	14,239	67.5%	12,593	68.5%	12,297	66.5%	10,495	66.8%
<i>Incl. conditional commitments</i>	<i>14,239</i>	<i>66.6%</i>			<i>12,658</i>	<i>65.9%</i>		
Total	21,108	100.0%	18,373	100.0%	18,493	100.0%	15,701	100.0%
<i>Incl. conditional commitments</i>	<i>21,369</i>	<i>100.0%</i>			<i>19,210</i>	<i>100.0%</i>		

**New contracts issued and amounts disbursed
under the Export Financing Scheme, by type of financing**

	Movements in 2015				Movements in 2016			
	New commitments issued		Loan funds disbursed		New commitments issued		Loan funds disbursed	
	€ million	%	€ million	%	€ million	%	€ million	%
Tied financial credits	585	11.7%	517	12.8%	443	9.9%	380	10.1%
<i>Incl. conditional commitments</i>	<i>953</i>	<i>17.7%</i>			<i>681</i>	<i>12.3%</i>		
Foreign investments	343	6.9%	433	10.7%	33	0.7%	30	0.8%
<i>Incl. conditional commitments</i>	<i>343</i>	<i>6.4%</i>			<i>37</i>	<i>0.7%</i>		
Purchases of accounts receivable	29	0.6%	31	0.8%	27	0.6%	18	0.5%
<i>Incl. conditional commitments</i>	<i>29</i>	<i>0.5%</i>			<i>27</i>	<i>0.5%</i>		
Other financing contracts	1,006	20.1%	406	10.0%	750	16.8%	615	16.3%
<i>Incl. conditional commitments</i>	<i>1,006</i>	<i>18.7%</i>			<i>842</i>	<i>15.3%</i>		
Subtotal	1,962	39.2%	1,387	34.3%	1,253	28.1%	1,043	27.6%
<i>Incl. conditional commitments</i>	<i>2,331</i>	<i>43.4%</i>			<i>1,588</i>	<i>28.8%</i>		
Aval endorsements	3,044	60.8%	2,663	65.7%	3,211	71.9%	2,735	72.4%
<i>Incl. conditional commitments</i>	<i>3,044</i>	<i>56.6%</i>			<i>3,934</i>	<i>71.2%</i>		
Total	5,007	100.0%	4,051	100.0%	4,464	100.0%	3,778	100.0%
<i>Incl. conditional commitments</i>	<i>5,375</i>	<i>100.0%</i>			<i>5,521</i>	<i>100.0%</i>		

Interest rates in the Export Financing Scheme

Financing on commercial terms

Financing based on combined floating and fixed interest rates

The financing for supplier and buyer credits and investment loans is extended at variable and fixed interest rates. OeKB sets the floating rate quarterly. It is based on the average cost for OeKB of funding itself on the market. The floating-rate portion of the credit is repaid first; the financing of the longer-term part is at a fixed interest rate.

Financing based on EURIBOR

OeKB also offers financing of supplier and buyer credits and investments purely at a floating-rate. The financing is based on the 3 or 6-month EURIBOR plus a margin dependent on the maturity.

Kontrollbank Credit Line for short-term export contracts

The Kontrollbank Credit Line (KRR) is for large enterprises wishing to finance short-term, revolving export business. The financing is based on avals guaranteed by the Republic. OeKB sets the interest rate for this type of financing quarterly.

Small and medium-sized enterprises are serviced by “Österreichischer Exportfonds” GmbH.

Financing in foreign currencies

Financing of export business and investments is also offered in foreign currencies at floating or fixed interest rates which are quoted separately for each contract.

Fixed-rate financing based on CIRR can be offered on demand.

The current interest rates of the Export Financing Scheme can be consulted at www.oekb.at/interest

For further details see
'Glossary'



Soft Loans

In addition to export finance facilities on commercial terms, the Austrian export industry can benefit from refinancing on concessional terms. Soft loans adhere to the soft-loan policy pursued by the Federal Ministry of Finance (BMF) within the framework of the OECD Arrangement. They support Austrian exporters in the face of international competition and aim to contribute to the sustainable development of receiver countries.

The conditions for soft-loan financing depend on the receiver country and are, as a rule, set annually.



www.oekb.at/en/export-services/Financing/interest-rates/Pages/soft-loans.aspx

Sources and uses of funds

The total of all positions within the Export Financing Scheme in the year under review was € 34,569 million. Of this amount, € 3,778 million represented loan disbursements. € 30,791 million was used largely for the repayment of loan liabilities. In the period reported on, € 6,450 million (19%) of the funds used came from debt service payments received on export financing credits. New borrowing amounted to € 28,119 billion.

The financing volume under the Export Financing Scheme decreased by 12% compared to that of 2015.

Guarantees of the Republic of Austria under the Export Financing Guarantees Act (AFFG)

OeKB refinances itself on the international and domestic financial markets through the issue of

- global bonds,
- liquid benchmark-transactions,
- private placements,
- structured medium-term notes and
- short-term money market instruments.

In 2016, long-term transactions totalling € 4.3 billion were placed domestically and abroad. Notable issues were four US dollar global bonds in the amount of USD 4.3 billion and two top-ups of an AUD transaction in the amount of AUD 90 million. In addition, a NOK 500 million transaction and a EUR private placement amounting to EUR 300 million were offered.

Rating

OeKB bonds are guaranteed unconditionally and explicitly by the Republic of Austria and are rated Aa1/AA+ by Moody's and Standard & Poor's. The short-term debt is rated P1 and A1+ by the respective agencies.

Export Financing Guarantees Act

The AFFG regulates the granting of guarantees by the Federal Minister of Finance in favour of the creditors of OeKB in connection with export financing. The Federal Minister of Finance is also authorised to guarantee repayment to OeKB of possible foreign exchange losses incurred by credit operations.

The aggregate exposure limit is € 45 billion. OeKB pays a guarantee fee to the Federal Ministry of Finance.

Further provisions of the AFFG are:

- the maximum maturity,
- the percentage of aggregate exposure arising from the guaranteed borrowing,
- the maximum amount for any single credit transaction,
- the calculation method for adding individual guarantees to the aggregate guarantee exposure limit.

Guarantees under the Export Financing Guarantees Act

Guarantees in € million for	principal amounts	interest ²	exchange risk	Total
Additions in 2015	9,374	-	393	9,767
Reductions in 2015	11,149	-	359	11,508
Net change in 2015	(1,775)	-	34	(1,741)
Outstanding at 31 December 2015	21,041	-	3,273	24,314
<i>Transactions in Euro</i>	<i>1,500</i>	<i>-</i>	<i>1,398</i>	<i>2,898</i>
<i>Transactions in foreign currencies</i>	<i>19,541</i>	<i>-</i>	<i>1,875</i>	<i>21,416</i>
Unused limit (total limit of € 45,000 million) ¹				20,686
Additions in 2016	8,851	-	393	9,244
Reductions in 2016	10,938	-	660	11,598
Net change in 2016	(2,088)	-	(267)	(2,354)
Additions from 1967 to 2016	200,571	2,776	13,303	216,650
Reductions from 1967 to 2016	181,618	2,776	10,297	194,691
Net change from 1967 to 2016 =	18,953	-	3,006	21,959
Outstanding at 31 Dec 2016				
<i>Transactions in Euro</i>	<i>300</i>	<i>-</i>	<i>1,125</i>	<i>1,425</i>
<i>Transactions in foreign currencies</i>	<i>18,653</i>	<i>-</i>	<i>1,881</i>	<i>20,534</i>
Unused limit (total limit of € 45,000 million)				23,041

¹ Federal Law Gazette I no. 144/2008, no. 122/2012 and no. 40/2014

² In accordance with the 1980 amendment to the Act, interest is no longer counted against the aggregate exposure limit.

When calculating the aggregate exposure, 10% is added to issues in foreign currencies to account for exchange rate risk. Foreign currencies are converted into Euros at the reference rate stated by the European Central Bank on the day on which the guarantee takes effect (see section 2 of the AFFG). For OeKB's short-term borrowing under a revolving credit facility, the monthly net changes in disbursements outstanding are recognised as additions or reductions.

Guarantees in the Austrian government financial statements

€ million	2013	2014	2015
Additions	17,876	22,671	18,022
Reductions	20,051	22,998	19,048
Market rate change	(244)	(658)	+288
Ending balance outstanding (after measurement) at 31 December	25,149	24,164	23,425
<i>Transactions in Euro</i>	<i>4,210</i>	<i>2,600</i>	<i>1,500</i>
<i>Transactions in foreign currencies</i>	<i>20,939</i>	<i>21,564</i>	<i>21,925</i>

For the purposes of the Austrian federal government financial statements – unlike the calculation of guarantee exposure against the aggregate exposure limit under the AFFG – guarantees for foreign-currency borrowing are stated at the current rate at the end of the year. For borrowing under a revolving credit facility, the gross changes in disbursements outstanding are recognised as additions or reductions. The data for 2016 is not yet available.

Legal provisions



Export Guarantees Act

<http://www.oekb.at/en/osn/DownloadCenter/legal-basis/Export-Guarantees-Act.pdf>

Export Guarantees Decree

<http://www.oekb.at/en/osn/DownloadCenter/legal-basis/Export-Guarantees-Decree.pdf>

Export Financing Guarantees Act

<http://www.oekb.at/en/osn/DownloadCenter/legal-basis/Export-Financing-Guarantees-Act-29122012.pdf>

Glossary

Country data

Countries are shown individually if the guarantee exposure, cumulative gross claims paid or financing commitments amount to € 25 million or more.

OECD

Organisation for Economic Cooperation and Development

OECD Arrangement

The OECD Arrangement on officially supported export credits is an international treaty which is legally binding for EU member states.

OECD/EU/Non-European developing countries/OPEC

The classification of countries into these groupings follows the definitions of the Austrian statistics agency (Statistik Austria).

OPEC

Organisation of the Petroleum Exporting Countries

The legend for data presented in this report

When an actual value is rounded down to 0, it is shown as '0' in the table. Where no value exists, the position is shown as '-'. Rounding up or down can lead to differences in totals.

Guarantees of the Republic of Austria under the AusfFG

AusfFG (Ausfuhrförderungsgesetz)

Export Guarantees Act, published in Federal Law Gazette no. 215/1981, as amended

AFVO (Ausfuhrförderungsverordnung)

1981 Export Guarantees Decree published in Federal Law Gazette no. 215/1981, as amended

Aggregate guarantee exposure

Actual aggregate exposure for the (i) base amounts of guarantees of type G 1 to G 9 and G 11, (ii) guarantees issued for OeEB and (iii) the notified financing requirement from aval endorsements; excluding conditional commitments. From 2012, the measurement of aggregate guarantee exposure reflects currency conversion differences; in other words, the value of guarantees denominated in foreign currency is converted into Euros at the relevant ECB reference exchange rates.

Conditional commitment

Conditional commitment to issue a guarantee or financing facility for prospective transaction that is still under negotiation.

Excess

Is the percentage of a loss to be borne by the guarantee holder.

Financing requirement

is the actual cover requirement that may be reported on a quarterly basis by the holder of an aval endorsement.

Guarantees issued

Newly issued guarantees, aval endorsements and guarantees issued for OeEB, calculated based on their maximum amounts.

Guarantees of the Republic of Austria

Guarantees, avals and guarantees issued for OeEB in accordance with the AusfFG and the AFVO

Guarantor

The Republic of Austria acting through the Austrian Federal Minister of Finance.

Marketable risks

Commercial and political risks arising from export transactions with a total risk period for manufacturing and loan repayment of less than two years and a counterparty in an EU or OECD country, excluding Chile, Greece, Israel, 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.

Premium income

From 2012, the item 'premium income' reflects accrual-basis accounting for up-front premiums in 'Income and expenses from guarantees under the AusfFG' (i.e. premiums are recognised in the period in which they are earned).

Recoverable claims

Outstanding balance of claims paid less recoveries and write-downs, at the balance sheet date. From 2012 the foreign-currency-denominated portion of this exposure is presented so as to include currency conversion differences, which means that the foreign-currency receivables are converted into Euros at the relevant ECB reference rates.

Oesterreichische Kontrollbank AG Export Financing Scheme

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 provided that the CIRR does not cover the lender's funding costs.

Soft Loan

Concessional financing. Loans made on concessional (i.e. preferential) terms in the form of low (below market rate) interest rates, long repayment periods and grace periods.

Guarantees of the Republic of Austria under the AFFG

AFFG (Ausfuhrfinanzierungsförderungsgesetz)

Export Financing Guarantees Act, published in Federal Law Gazette no. 216/1981, as amended

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Tel. +43 1 531 27-0

Fax +43 1 531 27-5698

E-mail: info@oekb.at

OeKB's website: www.oekb.at



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reporting@oekb.at

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Parallel to the online OeKB Group Integrated Report, OeKB Group also publishes a special edition of its Stakeholder Magazine, Relevant Annual, which provides the most important figures, data and facts on the business success and services of OeKB Group, as well as presenting examples for reference and links to more detailed information in the Online Report.

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Oesterreichische Kontrollbank AG

1011 Vienna, Am Hof 4
Austria
Tel. +43 1 531 27-0
www.oekb.at

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