



Financing  
our shared  
future.



# Annual Report

2021



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## Quick facts and figures

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Financial year ended 31 December 2021

### Oesterreichische Entwicklungsbank AG (OeEB)

- The official development bank of the Austrian government
- Member of the Association of European Development Finance Institutions (EDFI), the European development banks

### Founded in 2008 in Vienna

- Wholly owned subsidiary of Oesterreichische Kontrollbank AG, with the Federal Ministry of Finance (BMF) as principal
- Share capital of EUR 5,000,000
- 67 active employees, plus six on parental leave (as of 31 December 2021)
- Standard & Poor's long-term issuer rating: AA+; S&P short-term issuer rating: A-1+

### Key financials

Total assets	EUR 1,143.0 million
Profit for the year	EUR 4,987,710
Unallocated profit for the year	EUR 100,031
Total portfolio at 31 Dec. 2021	EUR 1.47 billion

### New projects signed in 2021

Investment Finance	EUR 209.2 million
Equity Investments	EUR 12.9 million
Business Advisory Services	EUR 0.7 million

### Contribution to development

As the development bank of the Republic of Austria, OeEB finances private projects in developing countries and thus makes an important contribution to development in these economies.

The projects implemented by OeEB generate sustained development impacts, particularly the creation and protection of jobs, access to clean, affordable energy, and access to financing especially for micro, small and medium-sized enterprises.

In this way, OeEB contributes to the achievement of the Sustainable Development Goals (SDGs) of the United Nations' Agenda 2030. The 17 SDGs aim to improve the living conditions of all people and to protect the planet.



OeEB's projects serve to further especially the achievement of the following Sustainable Development Goals:

- SDG 1 (fighting poverty in all its forms)
- SDG 7 (access to affordable and clean energy)
- SDG 13 (climate protection measures)
- SDG 8 (decent work and economic growth)
- SDG 9 (industry, innovation and infrastructure)

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

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## A. Management report

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### I. Business and financial review

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

Acting on behalf of the Austrian federal government, Oesterreichische Entwicklungsbank AG (OeEB) supports the development and expansion of private sector projects in developing countries as defined in the list of official development assistance recipients published by the OECD's Development Assistance Committee (DAC).

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

In accordance with its mandate, OeEB finances developmentally sustainable, private-sector projects in developing economies in compliance with national and international environmental and social standards and other norms. The private sector is an important driver of economic development and sustainable growth in developing countries. Private investment creates and protects jobs, generates local income and local value, provides access to clean, affordable energy, and much more.

In order for private sector projects to be financed, development banks such as OeEB are needed to provide additional funding where commercial financing on the open market is unavailable or insufficient. OeEB offers financing solutions tailored to the specific project, the current financial and business situation and the risk profile of the developing country in question. The bank can provide support through traditional financing instruments such as long-term loans, subordinated or equity-like loans, and equity investments. OeEB's involvement can mobilise further urgently needed capital from private investors.

In principle, any company based in an industrialised or developing country that carries out investment projects in developing economies can become a client of OeEB. A key aspect of client selection is the application of responsible-finance principles. In this regard, OeEB takes into account performance in terms of environmental and social criteria as well as transparency and corporate governance standards.

OeEB complements the classic instruments of development cooperation, such as humanitarian aid, by providing development finance on commercial terms. With sound structuring know-how and comprehensive advice, OeEB supports the implementation of complex projects in the renewable energy sector, among others.

In addition, OeEB uses technical assistance funds (non-repayable grants from OeEB's own earnings) to support project-enhancing measures that heighten development effectiveness and/or support the implementation of environmental and social measures.

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

As a private, specialised institution with a banking licence and a public mandate (a public service corporation), OeEB acts entrepreneurially and generates sustainable earnings.

In line with its corporate strategy for the 2019-2023 strategy cycle, titled “Financing Our Shared Future”, OeEB is positioning itself as a thematically focused specialist institution with a broad geographic reach. Three priority focus areas are “renewable energy”, “micro, small and medium enterprises (MSMEs)/financial inclusion” and “infrastructure”. The topics of climate protection and gender equality are embedded as cross-cutting themes.

Besides many projects contracted on its own, OeEB also collaborates with institutions internationally, especially the European development banks (currently numbering 15 in total) – the so-called European Development Finance Institutions (EDFI) – whose goal is to jointly finance private sector projects in developing countries and transition economies. As well, OeEB works with multilateral development banks.

## ii. Business in the year

### Investment Finance segment

Overall, in the 2021 financial year, 17 Investment Finance (IF) transactions with a total volume of EUR 209 million were signed. Fourteen of these deals were concluded independently between OeEB and the respective clients, and three were transacted together with proven co-financing partners. In addition, four deals with a total volume of EUR 14 million were closed under two collaborative vehicles, the European Financing Partners (EFP) and the Interact Climate Change Facility (ICCF). For COVID-19 reasons, building the pipeline for OeEB projects proved challenging in the last two years as deals were delayed and, in some cases, lost, and as the average transaction size decreased. New business for OeEB in 2021 therefore declined relative to 2020 (which had seen a volume of EUR 299 million in 18 transactions). In the subsequent years, however, OeEB plans to gradually return to the volume of new business recorded in the prior years. The OeEB strategy also attaches critical importance to the topics of climate protection and gender equality. Of the total of 17 transactions closed in the year by the Investment Finance segment, five deals with an aggregate volume of EUR 48 million were for renewable energy projects. A volume of EUR 60 million qualified to be counted as international climate finance provided by the Republic of Austria. This represented 29% of the total transaction volume in 2021.

A renewable energy transaction (for a photovoltaic system) in Ukraine could not be counted as international climate finance, but is climate-related and increases the share of climate finance in OeEB’s new business to 34%.

Three projects worth a combined EUR 33 million, or 16% of the total financing volume, had a gender dimension.

Eighty-four percent of the new business volume was generated in the strategic priority areas of renewable energy, financial inclusion and infrastructure.

OeEB was able to invest EUR 57 million, or 27% of new business, in projects in Africa. Six percent (EUR 12 million) was employed in the poorest developing countries according to the OECD DAC list of Least Developed Countries (LDCs).

Eight of the 17 deals, with a new business volume of EUR 106 million (51% of total new business) were concluded in the real economy, i.e., with private sector businesses or project companies in developing countries. The other EUR 103 million (49%) was contracted in collaboration with local financial intermediaries (such as microfinance funds and financial institutions) which make loans into the real economy under OeEB guidelines.

This was particularly important in order to support micro, small and medium enterprises (MSMEs) in OeEB's target countries during the COVID-19 crisis and funnel liquidity to them through the local financial intermediaries that OeEB works with, as the funds are allocated to these MSMEs in individually very small amounts that therefore cannot be directly financed by OeEB. The MSME sector is an important backbone of economic development in developing countries, especially for creating and safeguarding local jobs. OeEB's local clients (private companies and financial intermediaries) are supported over the entire credit period and receive ongoing advice and assistance.

In total at the end of the financial year, the Investment Finance segment comprised assets of EUR 1,084 million (prior year: EUR 1,033 million), which are reported primarily in the balance sheet items "other loans and advances" (to banks), "loans and advances to customers", and "variable-income other securities". These transactions are funded by Oesterreichische Kontrollbank Aktiengesellschaft in the amount of EUR 1,038 million (prior year: EUR 974 million), by Kreditanstalt für Wiederaufbau in an amount of EUR 27 million (prior year: EUR 40 million) and by the Austrian federal government at EUR 12 million (prior year: EUR 17 million). The total committed portfolio (including undrawn financings) amounted to EUR 1,346 million (prior year: EUR 1,316 million). Most of OeEB's clients have thus far coped well with the challenges arising from the COVID-19 pandemic. The portfolio's average S&P rating improved from B+ to BB-. The claims experience under the federal government guarantees was better than predicted. The evolution of portfolio quality going forward depends not only on the further trajectory of the COVID-19 pandemic but also on the increased political risks in some of our target countries. The bank's equity as of 31 December 2021 was EUR 55 million (prior year: EUR 50 million), with the increase being due to an addition to free (i.e., uncommitted) reserves.

### **COVID response**

In 2021, OeEB responded to customer needs resulting from the COVID-19 pandemic by, for instance, extending short-term loans totalling EUR 19 million to fundamentally sound companies to maintain liquidity. Further, a project for COVID vaccine production in Africa was supported jointly with other development banks, with OeEB contributing EUR 23 million. With a total share of EUR 10 million, OeEB also participated in two projects under the COVID-19 emergency financing initiative of the European development banks (EDFIs) and the EIB through the European Financing Partners.

### **Equity Investments segment**

Under the Equity Investments mechanism, OeEB acts as a trustee for the Austrian Federal Ministry of Finance, entering into equity investments by acquiring direct interests or by purchasing fund shares. In the 2021 financial year, two such transactions were completed for the Ministry of Finance: a renewable energy project of EUR 8.5 million in sub-Saharan Africa and an SME project in Africa in the amount of EUR 4.4 million.

The strategic priorities set in 2019 call for the expansion of renewable energy, of financial inclusion and of SME development. Of the two new investments concluded in 2021 in a total amount of EUR 12.9 million, the EUR 8.5 million deal in the renewable energy sector fully qualifies as climate financing and is aligned with the



strategic theme of renewable energy. The second investment relates to support for SMEs, which means that 100% of the new investments in 2021 can be attributed to the focus sectors.

The entirety of the equity investment projects signed in 2021 is focused in Africa, and 51% are in Least Developed Countries.

The Gutmann OeEB Impact Fund, a joint project between OeEB and Bank Gutmann, completed its third closing in June 2021 and successfully continued its investment programme. As of the end of 2021, the Gutmann OeEB Impact Fund had thus closed three investments totalling EUR 16 million.

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

Approximately EUR 11.8 million was paid out in 2021, including disbursements to partners for projects signed in prior years. About EUR 10.1 million of this total represented the portfolio held in trust for the Ministry of Finance.

The portfolio of fiduciary assets and trust liabilities amounted to EUR 142 million (prior year: EUR 137 million) and is reported off-balance sheet.

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

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

The funding for technical assistance projects in the 2021 financial year came entirely from OeEB itself. The budget available for this is set at 10% of the prior year's profit for the year plus any unused budget funds from the prior year, and amounted to EUR 1.153 million in 2021. Out of this amount, 12 projects with a combined volume of EUR 0.914 million were approved. The remaining EUR 0.239 million is available for new projects in the 2022 financial year.

In 2021, OeEB concluded contracts for 11 technical assistance projects totalling EUR 0.645 million.

Most of the TA projects newly approved and contracted in the year under review related directly to projects financed by OeEB's Investment Finance segment or supported by its Equity Investment segment. For example, under the African-Austrian SME Investment Facility, the companies to be financed were provided by OeEB with technical assistance in the form of project preparation and project support measures, such as in the areas of environmental and social risk management. Other examples include financial contributions to technical assistance facilities of selected funds. In terms of content, these promote, among other things, biodiversity and resource conservation in the agricultural sector as well as gender equality in selected investee companies.

In 2021, OeEB disbursed EUR 0.576 million of its own TA monies to project partners. All disbursements are tied to the progress of the respective projects in order to help ensure the achievement of development objectives.

### Financial results

Profit for the year was EUR 4,987,710 (prior year: EUR 4,723,952). After transfers to reserves and before distribution or retention, unallocated profit for the year was EUR 100,031 (prior year: EUR 100,655).

Net interest income rose by EUR 2.71 million in the financial year (prior year: by EUR 3.5 million) to a new total of EUR 23.71 million (prior year: EUR 21.0 million). This increase was driven by the fact that most credit agreements included an interest rate floor. In addition, in its funding costs, OeEB benefited from the low level of interest rates. The result on the item "income from securities and share of profit of outside companies" continued to decline due to lower dividend payments.

Net fee and commission expense amounted to EUR 10.29 million (prior year: net expense of EUR 8.95 million). Fee and commission income, at approximately EUR 6.02 million (prior year: EUR 5.91 million), was up slightly from the previous year; it represents various fees from investment financing and the fees for OeEB's management services rendered as a trustee in the equity investment and lending projects for the Ministry of Finance. Fee and commission expense, amounting to about EUR 16.31 million in the financial year (prior year: EUR 14.86 million), rose from one year earlier as a result of an increase in guarantee fees for new contracts; fee and commission expense consists of the guarantee fees paid, or accrued as payable, to the Ministry of Finance for the guarantees for political and commercial risks (guarantees under section 9 (3) Export Guarantees Act).

Net income from financial operations was EUR 0.29 million (prior year: net expense of EUR 0.45 million).

On balance, moderate growth in operating income was thus achieved, to EUR 20.11 million (prior year: EUR 18.98 million).

The operating expenses of about EUR 13.12 million (prior year: EUR 12.62 million) consisted largely of staff costs of EUR 7.75 million (prior year: EUR 7.80 million) and other administrative expenses of EUR 5.30 million (prior year: EUR 4.76 million). The increase in other administrative expenses is mainly due to the higher disbursed amount of technical assistance funds, an increase in expenses from the service contract with OeKB and the resumption of business travel.

Staff costs eased somewhat from the prior year, due to a lower requirement for employee benefit provisions and a slight decrease in the number of employees.

The resulting operating profit in the financial year was about EUR 6.99 million, compared with EUR 6.36 million in the prior year. After negative valuation effects of EUR 0.26 million (prior year: positive valuation effects of EUR 0.04 million) and taxes of EUR 1.74 million (prior year: EUR 1.67 million), profit for the year was approximately EUR 4.99 million (prior year: EUR 4.72 million).

Based on an agreement between the Ministry of Finance and OeEB dated 17 November 2016 on the use of OeEB's earnings, an amount of EUR 1.54 million (prior year: EUR 1.71 million) as of the balance sheet date was set aside as a reserve under free (uncommitted) retained earnings for use in the implementation of technical assistance projects in the Business Advisory Services segment. In the financial year, 10% of profit for the year in 2021, i.e., EUR 0.50 million, was transferred to retained earnings, and EUR 0.67 million was



released from retained earnings for the implementation of technical assistance projects. EUR 5.05 million (prior year: EUR 4.56 million) of profit for the year was transferred to the free non-TA reserve.

Profit available for distribution was EUR 147,159 in the year under review (prior year: EUR 147,128).

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

The average S&P rating of the portfolio covered by the federal government guarantees improved from B+ to BB-. The evolution of portfolio quality going forward depends not only on the further trajectory of the COVID-19 pandemic but also on the increased political risks in some of our target countries. Among clients in the financial sector there continued to be an elevated number of breaches of financial covenants, notably in terms of portfolio quality/loan loss provisions. However, the claims experience under the federal government guarantees was better than originally predicted. Valuations of the equity investment portfolio continued to improve and in some cases were above pre-pandemic levels.

### iii. Office locations

The registered office of OeEB is located at Strauchgasse 3, 1010 Vienna, Austria.

OeEB has no branch offices in Austria or other countries.

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

#### Financial performance indicators

##### Earnings per share

As profit for the year was EUR 4,987,710 and the share capital is divided into 50,000 no par-value registered shares, earnings per share amounted to EUR 99.75.

##### Financial ratios

The cost-income ratio (operating expenses divided by operating income) improved to 65.25% (prior year: 66.50%), thanks mainly to an increase in operating income – despite higher guarantee premiums paid – coupled with a comparatively smaller rise in operating expenses. The increase in operating expenses resulted from OeEB's expenditures for technical assistance projects in the Business Advisory Services segment.

The Tier 1 capital ratio (CRR Tier 1 capital as a percentage of risk-weighted assets) in 2021 was 124.57% (prior year: 115.76%) and the leverage ratio (Tier 1 capital as a percentage of total exposure) was 398.14% (prior year: 86.07%). The increase in the leverage ratio is due to changes in regulatory requirements in article 429a (1) c) CRR (as amended) that relate to Group exposure.

#### Non-financial performance indicators

##### Staff

OeEB had 67 active employees at 31 December 2021 (prior year: 71), plus six employees on parental leave (prior year: four).

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

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

OeEB has a service agreement with Oesterreichische Kontrollbank AG (OeKB) under which various services are procured from OeKB, thus raising synergies.

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

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

The flexible hybrid remote work arrangement introduced in 2020, which requires only two days of presence in the office per week, was continued in 2021 for the time being. Staff may telework from anywhere, not just their primary residence. Remote work days need not be authorised in advance. However, managers may request employees' presence in the office on specific days when operationally necessary.

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

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

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

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

As a family-friendly employer recognised together with OeKB in 2019 by the award of the Work & Family Audit certificate, OeEB offers its staff a range of fringe benefits, such as the use of a medical centre or company doctor, a health budget, participation in vaccination campaigns and mass screenings, a wide range of sports courses, subsidised use of the company kindergarten and OeKB sports centre at low residual cost, group accident insurance, an external pension fund, preferential rates for supplementary health insurance, and employee assistance programmes.

### **Sustainability, environmental and social matters**

Sustainability is also important for OeEB at the institutional level. OeEB’s sustainability performance is presented as part of the OeKB Group’s annual sustainability report. This includes environmental performance parameters for the Strauchgasse site, which are carefully adhered to and monitored (EMAS, GRI).

Due to the international nature of OeEB’s activities, almost all of its employees’ business travel is by air. OeEB offsets the CO<sub>2</sub> emissions from its air travel by supporting climate protection projects of Vienna’s University of Natural Resources and Applied Life Sciences (see <https://xn--klimaneutralitt-elb.boku.ac.at/en/co2-kompensation/>). As a result of the travel restrictions in response to the COVID-19 pandemic, travel activity was drastically reduced in 2021.

In line with OeEB’s mandate to contribute to sustainable development, projects in the business segments of Investment Finance and Equity Investments undergo an environmental and social assessment by the Business Advisory Services department, sometimes with the support of external consultants. The companies and financial institutions financed by OeEB are contractually required to comply not only with national regulations but also with international environmental and social standards, including the Performance Standards of the International Finance Corporation and the core labour standards (the Fundamental Conventions) of the International Labour Organization. As needed, OeEB also supports the implementation of necessary measures to achieve these standards, e.g., through the use of technical assistance funds.

In line with its strategy, OeEB also specifically supports the financing of climate-friendly projects, with a focus on renewable energy.

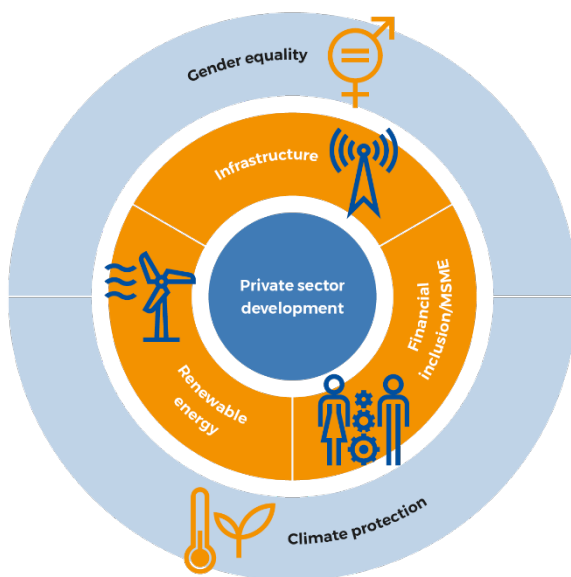
## II. Outlook and risks for the bank

### i. Business outlook

Consistent with OeEB's strategy titled "Financing Our Shared Future" (2019-2023 strategy cycle), OeEB is positioning itself as a thematically focused specialist institution with a broad geographic reach. In principle, OeEB can operate in all developing countries on the OECD DAC list, but it is specifically pursuing the increased expansion of its engagement in Africa and in the poorest developing countries (Least Developed Countries).

In the current strategy period, 80% of new business is to be concluded in the three thematic focus areas of "renewable energy", "micro, small and medium-sized enterprises (MSMEs)/financial inclusion" and "infrastructure". The topics of climate protection and gender equality are integrated as cross-cutting themes.

To assess development impacts, since 2019 the new DERA (Development Effectiveness Rating tool) is used, which was developed by Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), the German development finance institution. DERA is applied to the entire OeEB portfolio. Guided by the SDGs, the development contributions of each OeEB client are assessed across five impact categories: Good and fair employment, local income, development of markets and sectors, environmentally sound business, and benefits for local communities. The results of the portfolio assessments are presented in an annual Development Report.



### Strategic cross-cutting theme: climate protection

OeEB has been one of Austria's largest providers of international climate finance for years. OeEB sees a comparative strength in its ability, through the instruments at its disposal, to contribute to climate financing goals in a particularly efficient and effective way. The focus of OeEB's engagement is on emissions reduction, such as through renewable-energy projects. For the period from 2019 and 2023, OeEB has therefore set itself the goal of investing an average of at least 40% of its new business in projects that qualify as climate financing.

## **Commitment under the Paris climate agreement**

In a joint statement, 15 European development banks (European Development Finance Institutions, or EDFI), including OeEB, have committed to aligning all financing decisions with the goals of the Paris climate accord. Investments in fossil fuels are to be ruled out by 2030. The EDFI members will stop financing new coal and oil projects and limit the financing for other fossil fuels, such as selective investments in gas-fired power generation, to transactions that are consistent with Paris Agreement targets, until such financing is generally eliminated by 2030 at the latest. In addition to direct investments, this also includes indirect investments via investment funds and earmarked loans through financial institutions. By no later than 2050, the portfolios of all EDFI members are to reach net-zero emissions. In this way, the EDFI members want to act as a positive example for investors in developing countries and together contribute to achieving the SDGs and the objectives of the Paris climate agreement. Over the last ten years, the EDFIs have provided about EUR 13 billion in climate finance to low- and middle-income countries.

## **Joint Impact Model**

The Joint Impact Model (JIM) is designed for measuring and reporting the contribution of financial institutions to the Paris Agreement objectives and the UN Sustainable Development Goals (SDGs). The Joint Impact Model is a publicly available impact measurement tool for financial institutions. Using input data such as revenues and electricity generation from investment portfolios, the Joint Impact Model allows users to estimate financial flows and the resulting social and environmental impacts (notably in terms of employment and greenhouse gas emissions).

## **EU taxonomy for sustainable investment**

Regulation (EU) 2020/852 of the European Parliament and of the Council of June 2020 sets out EU rules for the definition of sustainable investments and the associated disclosure obligations. The disclosure of OeEB's activities in this regard will be made at the level of the OeKB banking group. OeEB is collaborating on a project to implement the EU taxonomy for sustainable investments in the OeKB Group.

## **Climate-related financial disclosure**

Since 2020, OeEB has also been an official supporter of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and climate-related financial risks are voluntarily disclosed. The Task Force on Climate-Related Financial Disclosures (TCFD) was established in 2016 by the G20 Financial Stability Board to better understand and promote the disclosure of climate-related financial risks.

## **Strategic cross-cutting theme: gender justice**

In addition to combating climate change, OeEB has firmly embedded in its strategy another cross-cutting theme, the economic empowerment of women in developing countries. The aim is for both OeEB staff and OeEB's clients to be sensitised to the topic of gender and for them to take appropriate measures for gender equality.

No quantitative targets have been set for the cross-cutting issue of gender for the time being. As the first step, gender mainstreaming will be implemented within the thematic priority of "MSME/financial inclusion" and integrated into the social and environmental assessment.

In 2021, the gender action plan developed back in 2019, which operationalises the implementation of the strategy, was put into practice as follows:

- Gender analysis over the entire project cycle for transactions in the financial sector.
- Joining of the “2X Challenge: Financing for Women” initiative, which aims to mobilise USD 15 billion globally for gender-smart financing by the end of 2022. A core aspect of the 2X initiative is the establishment of specific indicators, which have since become a global industry standard for gender-equitable investing.
- Completion of the study on the transformative impact of gender-lens investing, commissioned jointly with DEG, the German development finance institution. The study shows how the activities of development finance institutions and other investors can make a lasting contribution to alleviating the existing causes of gender inequality. In addition to a literature review, the OeEB and DEG investment portfolios were analysed in relation to the 2X Challenge, exploratory interviews were conducted with experts in this field and three case studies were produced with OeEB and/or DEG clients.
- Signatory of the United Nations Women’s Empowerment Principles.

## ii. Significant risks and uncertainties

The environment for the financing of projects remains challenging. OeEB basically regards itself as well equipped to deal with the challenges arising from the COVID-19 epidemic. In 2021, OeEB continued to respond to the needs of its clients – for instance, by providing short-term loans to fundamentally sound companies to maintain liquidity.

The majority of OeEB’s clients have thus far coped well with the impacts of the pandemic. Due to the global coronavirus crisis, in the last two years it proved challenging to build the pipeline of OeEB projects as a result of delays in, and some losses of, deals. As a consequence, OeEB concluded less new business in 2021 than in 2020. In the years ahead, however, OeEB plans to gradually return to the volume of new business recorded in the previous years.

The COVID-19 pandemic is not over and continues to create uncertainty as new variants emerge. Particularly in developing countries, this has reduced the financial leeway, in some cases considerably. For a considerable time now, commercial banks have been more selective and restrictive in their lending, both as a result of regulatory requirements and adjustments to their business models, and in the face of increased risks. Yet, carrying out development projects is especially important for growth in these countries and for strengthening their resilience to crises. In this situation, the role of development banks is to be stable and dependable partners and to go where the need is.

After a strong recovery in 2021, the outlook for the global economy in 2022 remains positive, although growth is expected to slow. While this projected slowdown mainly applies to large economies like the US, it will have a direct impact on their trading partners through lower demand. Many developing and transition countries face great challenges: Pre-COVID production levels have largely not yet been regained, abrupt supply chain disruptions can still occur, inflationary pressures are high and the debt situation has worsened in most countries. Additionally, the consequences of climate change are raising the urgency of adapting economic structures more quickly to changing conditions. At the same time, the geopolitical environment has seen a persistent deterioration in recent years. Against this backdrop, the business trend in OeEB’s individual target countries will be challenging.



### iii. Risk management

#### Introduction

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

The focus of risk management activities in the year under review was on control of the increased credit risks in OeEB's federally guaranteed portfolio in response to the continuing COVID-19 pandemic. Furthermore, OeEB began the classification of the portfolio according to sustainability risks (especially climate risks).

#### Strategic approach to risk management

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

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

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

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

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

## Risk management organisation

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

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

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

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

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

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

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

## Risk types considered in bank-wide risk management

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

### Credit risk

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

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

- **Foreign exchange risk from imperfect hedges:** The risk of loss as a result of currency translation differences arising from delayed compensation by the Ministry of Finance in credit events with US dollar exposures.

At the end of the year under review, OeEB's credit risk was determined to be EUR 6.0 million (prior year: EUR 6.2 million).

The credit risk budget of EUR 17 million (prior year: EUR 12 million) for the Group ICAAP was not exceeded in 2021.

### **Market risk**

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

As of the end of the year, OeEB's market risk was calculated at EUR 2.1 million (prior year: EUR 2.0 million).

The market risk budget of EUR 6 million for 2021 (prior year: EUR 9 million) was not exceeded.

### **Liquidity risk**

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

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

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

### **Operational risk**

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

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

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

### Other risks

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

- **Strategic risk:** The risk of negative impacts on capital or earnings as a result of strategic business decisions and/or changes in the business environment.
- **Reputation risk:** The risk of adverse effects on the brand and reputation, and resulting potential negative impacts on earnings, capital and liquidity.
- **Business risk:** The risk of deterioration in earnings as a result of unexpected changes in business volume or margins.
- **Sustainability risk:** The risk of events or conditions in the environmental, social or corporate governance sphere (ESG risks) the occurrence of which could have a significant negative impact on the bank's net assets, financial position or results of operations and on its reputation. These notably also include climate-related physical and transition risks.

Strategic and reputational risks to OeEB arise primarily from its special position. As a result of its mandate, OeEB's only principal is the Republic of Austria. A quantitative assessment of the risk associated with this would be difficult to perform and no such assessment is planned. OeEB continually monitors potential changes in its operating environment that have fundamental significance for its business activities and considers such developments in its business strategy. The bank's approach to business and to risk management has always been designed to take into account ESG risks that affect the different risk types. This applies not only to the assessment of the risks, but also to their integration in decision-making and taking mitigation measures.

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

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

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

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

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

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

### **Control environment**

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

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

### **Risk assessment**

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

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

### **Control activities**

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

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

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

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

### **Information and communication**

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

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

### **Monitoring**

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

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

The Audit Committee has the following responsibilities among others:

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

In the 2021 financial year the Audit Committee met twice.

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



### III. Research & development

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

Vienna, 21 February 2022

A handwritten signature in black ink, appearing to read 'Gaber'.

Sabine Gaber

Member of the Executive Board

A handwritten signature in black ink, appearing to read 'Wancata'.

Michael Wancata

Member of the Executive Board

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## B. Financial statements

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### 1. Balance sheet at 31 December 2021

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	31 Dec. 2021	31 Dec. 2020
Assets	EUR	EUR '000
<b>01 Balances at central banks</b>	<b>1,233.69</b>	<b>1</b>
<b>02 Loans and advances to banks</b>	<b>452,319,752.02</b>	<b>473,778</b>
a) Repayable on demand	39,621,141.47	41,558
b) Other loans and advances	412,698,610.55	432,219
<b>03 Loans and advances to customers</b>	<b>407,886,432.12</b>	<b>383,378</b>
<b>04 Bonds and other fixed income securities</b>	<b>9,087,741.66</b>	<b>7,125</b>
a) Of other issuers (i.e., non-public sector issuers)	9,087,741.66	7,125
<b>05 Variable-income other securities</b>	<b>270,682,692.97</b>	<b>225,981</b>
<b>06 Interests in outside companies</b>	<b>61,261.74</b>	<b>20</b>
<b>07 Interests in subsidiaries</b>	<b>35,000.00</b>	<b>35</b>
<b>08 Non-current intangible assets</b>	<b>2,100.00</b>	<b>28</b>
<b>09 Property and equipment</b>	<b>29,485.70</b>	<b>38</b>
<b>10 Other assets</b>	<b>2,339,122.47</b>	<b>1,934</b>
<b>11 Prepaid expenses</b>	<b>302,247.02</b>	<b>282</b>
<b>12 Deferred tax assets</b>	<b>268,968.07</b>	<b>342</b>
<b>Total assets</b>	<b>1,143,016,037.46</b>	<b>1,092,942</b>
<b>Off-balance sheet items</b>		
1. Foreign assets	1,098,877,604.27	1,049,302
2. Fiduciary assets	142,012,147.93	136,621

	31 Dec. 2021	31 Dec. 2020
	EUR	EUR '000
<b>Liabilities and equity</b>		
<b>01 Deposits from banks</b>	<b>1,064,258,118.61</b>	<b>1,013,278</b>
a) With agreed maturity or notice period	1,064,258,118.61	1,013,278
<b>02 Deposits from customers</b>	<b>12,101,912.06</b>	<b>17,552</b>
a) Non-savings deposits	12,101,912.06	17,552
Of which aa) With agreed maturity or notice period	12,101,912.06	17,552
<b>03 Other financial liabilities</b>	<b>6,059,708.24</b>	<b>5,952</b>
<b>04 Accruals and deferred income</b>	<b>3,223,274.84</b>	<b>3,427</b>
<b>05 Provisions</b>	<b>2,007,208.64</b>	<b>2,255</b>
a) Termination benefit provisions	380,822.00	390
b) Other provisions	1,626,386.64	1,865
<b>06 Share capital</b>	<b>5,000,000.00</b>	<b>5,000</b>
<b>07 Retained earnings</b>	<b>50,196,100.00</b>	<b>45,314</b>
a) Statutory reserve	500,000.00	500
b) Other reserves	49,696,100.00	44,814
<b>08 Liability reserve under section 57 (5) Banking Act</b>	<b>22,555.72</b>	<b>17</b>
<b>09 Profit available for distribution</b>	<b>147,159.35</b>	<b>147</b>
<b>Total liabilities and equity</b>	<b>1,143,016,037.46</b>	<b>1,092,942</b>
	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>
<b>Off-balance sheet items</b>	<b>EUR</b>	<b>EUR '000</b>
1. Contingent liabilities (guarantee obligations incurred and assets pledged as collateral security)	56,295,975.33	37,434
2. Off-balance sheet credit risks	183,685,227.75	225,885
3. Liabilities from fiduciary activities	142,012,147.93	136,621
4. Available regulatory capital under part 2 of Regulation (EU) No 575/2013	48,791,065.72	44,370
5. Regulatory capital requirement under article 92 of Regulation (EU) No 575/2013	39,030,518.92	38,034
Regulatory capital requirement under article 92 (1) (a) of Regulation (EU) No 575/2013 (Common Equity Tier 1 ratio in %)	124.57%	115.76%
Regulatory capital requirement under article 92 (1) (b) of Regulation (EU) No 575/2013 (Tier 1 capital ratio in %)	124.57%	115.76%
Regulatory capital requirement under article 92 (1) (c) of Regulation (EU) No 575/2013 (total capital ratio in %)	125.01%	116.66%
6. Foreign liabilities	26,739,680.96	39,585

## 2. Income statement for the year ended 31 December 2021

	2021	2020
	EUR	EUR '000
1. Interest and similar income	30,230,220.18	33,030
Of which from fixed income securities	694,372.60	687
2. Interest and similar expense	-6,515,662.16	-12,026
<b>I. Net interest income</b>	<b>23,714,558.02</b>	<b>21,004</b>
3. Income from securities and share of profit of outside companies	6,087,635.19	7,106
a) Income from ownership interests and from variable-income other securities	6,087,635.19	7,106
4. Fee and commission income	6,020,344.18	5,913
5. Fee and commission expense	-16,314,035.60	-14,863
6. Net income (+) or expense (-) from financial operations	290,596.56	-454
7. Other operating income	308,916.46	276
<b>II. Operating income</b>	<b>20,108,014.81</b>	<b>18,982</b>
8. Administrative expenses	-13,052,953.09	-12,564
a) Staff costs	-7,751,414.60	-7,800
Of which		
aa) Salaries	-5,918,391.35	-5,875
bb) Statutory social security costs, pay-based levies, and pay-based other compulsory contributions	-1,411,990.00	-1,398
cc) Other social expenses	-179,717.29	-176
dd) Expenses for retirement and other post-employment benefits	-157,434.09	-137
ee) Expenses for termination benefits and contributions to termination benefit funds	-83,881.87	-213
b) Other administrative expenses	-5,301,538.49	-4,763
9. Impairment on asset items 8 and 9	-36,892.76	-30
10. Other operating expenses	-30,518.28	-29
<b>III. Operating expenses</b>	<b>-13,120,364.13</b>	<b>-12,623</b>
<b>IV. Operating profit</b>	<b>6,987,650.68</b>	<b>6,359</b>

	2021 EUR	2020 EUR '000
11. Impairment losses and write-downs on loans and advances and on securities classified as current assets	-291,946.35	-50
12. Gains on reversal of impairment losses on loans and advances and gains on write-ups on and disposal of securities classified as current assets	283,564.41	187
13. Impairment and disposal losses on securities measured as non-current financial assets and impairment losses on interests in outside companies	-259,971.17	-101
14. Gains on reversal of impairment losses on, and on disposal of, securities measured as non-current financial assets and reversal of impairment losses on interests in outside companies	8,829.25	1
<b>V. Profit before tax</b>	<b>6,728,126.82</b>	<b>6,396</b>
15. Income tax	-1,740,417.13	-1,672
<b>VI. Profit for the year</b>	<b>4,987,709.69</b>	<b>4,724</b>
Transfer to reserves	-4,887,678.43	-4,623
16. Of which transfer to liability reserve	-5,578.43	0
<b>VII. Unallocated profit for the year</b>	<b>100,031.26</b>	<b>101</b>
17. Profit brought forward from the prior year	47,128.09	46
<b>VIII. Profit available for distribution</b>	<b>147,159.35</b>	<b>147</b>

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## 3. Notes to the financial statements

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### 3.1 Legislative basis of operations

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

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

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

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

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

The Investment Finance transactions are reported primarily in the balance sheet items "other loans and advances" (to banks), "loans and advances to customers", and "variable-income other securities". At 31 December 2021, the Investment Finance transactions presented there (excluding accrued interest) amounted to EUR 1,083,732,698.70 (prior year: EUR 1,033,298,428.34). In addition, there are risk participations in the Investment Finance business segment that are recognised as contingent liabilities, and credit risks in the form of credit facilities and securities purchase obligations.

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

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

The equity investments that are federally funded are recognised below the balance sheet (i.e., off-balance sheet) in the items "fiduciary assets" and "liabilities from fiduciary activities" (see section 3.2.10). In the federally funded Equity Investments mechanism, the Republic of Austria, acting as trustor, makes the



investment funding available for the entire duration of the investment; the risk of loss is therefore borne directly by the Republic of Austria.

## 3.2 Accounting policies

### 3.2.1 Basis of presentation and general principles applied

The annual financial statements of Oesterreichische Entwicklungsbank AG (“OeEB”, “the bank”) at and for the year ended 31 December 2021 were prepared by the Executive Board of OeEB in accordance with the provisions of the Austrian Commercial Code (in German: Unternehmensgesetzbuch, or UGB), as amended, and the bank-specific provisions of the Austrian Banking Act (in German: Bankwesengesetz, or BWG), as amended. In accordance with Austrian publication regulations, the financial statements are filed with the commercial court of business registration and published in the official gazette “Amtsblatt zur Wiener Zeitung”. The structure of the balance sheet and income statement is as specified in Annex 2 to section 43 Austrian Banking Act.

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

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

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

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

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

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

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

The financial year under review was the full calendar year.

### 3.2.2 Securities

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

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

**Variable-income other securities** are measured using the modified lower-of-cost-or-market approach, i.e., are measured at cost or, if permanently impaired, at the lower fair value at the balance sheet date, taking into account any collateral or other security. They are classified as non-current assets.

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

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

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

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

### 3.2.4 Intangible assets

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

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

**Impairment losses** existing at the balance sheet date are recognised if the impairment is expected to be lasting in nature. Impairment losses are reversed if the reasons for the impairment no longer apply.

### 3.2.5 Property and equipment

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

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

**Impairment losses** existing at the balance sheet date are recognised if the impairment is expected to be lasting in nature. Impairment losses are reversed if the reasons for the impairment no longer apply.

### 3.2.6 Loans and advances and other assets

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

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

### 3.2.7 Deferred taxes

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

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

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

### 3.2.9 Provisions

**Provisions for termination benefits** are determined on the basis of generally accepted actuarial principles, using the projected unit credit method in accordance with International Accounting Standard 19. The calculations assumed a discount rate of 1.00% (prior year: 0.50%), a salary growth rate of 2.50% (prior year: 2.50%) and an age at retirement of 65 years for men (prior year: 65 years) and 65 years for women (prior year: 65 years), and are based on the computation tables “AVÖ 2018 P” by Pagler & Pagler. Actuarial gains and losses and changes in discount rate are reported in the income statement in staff costs.

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

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

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

For structuring fees (acquisition costs related to the structuring of funds), a provision was created in the 2018 financial statements that is utilised at the time of redemption of the respective investment at fund maturity. In the year under review, EUR 111,662.53 of the provision was used (prior year: EUR 0.00 used).

### 3.2.10 Fiduciary assets and liabilities

The item “fiduciary assets” contains the transactions overseen by OeEB as trustee which are covered in section 3 of the contract concluded pursuant to section 9 (1) Export Guarantees Act. In fulfilling its mandate, OeEB is authorised to, among other things, acquire interests in investment funds and companies through federally funded equity and near-equity investments. The monies held in trust for these Equity Investments

are used by OeEB by investing them in its own name for the account of the Austrian Ministry of Finance. In addition, there is a co-financing with the Austrian Ministry of Climate Protection, Environment, Energy, Mobility, Innovation and Technology for one of the projects. Also reported under fiduciary assets are loans extended under the African-Austrian SME Investment Facility (AAIF) in OeEB's capacity as trustee. The total for fiduciary assets additionally includes a separate account of the federal government (referred to in this report as the trust account).

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

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

### **3.2.11 Foreign currency translation**

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

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

#### 3.3.1 Supplementary disclosures

##### 3.3.1.1 Loans and advances

##### 3.3.1.1.1 Loans and advances to banks

Loans and advances to banks repayable on demand	31 Dec. 2021 EUR	31 Dec. 2020 EUR
Denominated in EUR	39,406,258.69	41,189,228.21
Denominated in USD	214,882.78	369,265.36
<b>Total</b>	<b>39,621,141.47</b>	<b>41,558,493.57</b>

Other loans and advances to banks	31 Dec. 2021 EUR	31 Dec. 2020 EUR
Denominated in EUR	80,033,563.51	55,971,546.60
Denominated in USD	332,750,047.04	376,417,938.93
Less impairment charge under section 57 (1) Banking Act	-85,000.00	-170,000.00
<b>Total</b>	<b>412,698,610.55</b>	<b>432,219,485.53</b>

##### 3.3.1.1.2 Loans and advances to customers

Loans and advances to customers	31 Dec. 2021 EUR	31 Dec. 2020 EUR
Denominated in EUR	190,182,150.53	159,813,778.83
Denominated in USD	217,789,281.59	223,734,424.80
Less impairment charge under section 57 (1) Banking Act	-85,000.00	-170,000.00
<b>Total</b>	<b>407,886,432.12</b>	<b>383,378,203.63</b>

This balance sheet item also includes subordinated unlisted debt securities from the Investment Finance segment, in the amount of EUR 13,406,889.92 at the balance sheet date (prior year: EUR 12,760,887.71). In addition, an unlisted education bond in the amount of EUR 84,707.07 (prior year: EUR 0.00) is reported here.

### 3.3.1.2 Securities

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

	31 Dec. 2021	31 Dec. 2020
<b>Bonds and other fixed income securities</b>	<b>EUR</b>	<b>EUR</b>
Listed	9,087,741.66	7,124,757.83
<b>Total</b>	<b>9,087,741.66</b>	<b>7,124,757.83</b>

	31 Dec. 2021	31 Dec. 2020
<b>Variable-income other securities</b>	<b>EUR</b>	<b>EUR</b>
Denominated in EUR	108,900,059.13	87,665,923.45
Denominated in USD	161,782,633.84	138,314,678.47
<b>Total</b>	<b>270,682,692.97</b>	<b>225,980,601.92</b>

No bonds or other fixed income securities will be redeemed in the subsequent financial year, i.e., in 2022 (prior year's projection for the year under review: no redemptions). Interest in the amount of EUR 27,315.08 for 2021 will come due in the subsequent year (prior year's projection for the year under review: EUR 27,317.83).

Disclosures under section 56 Austrian Banking Act

Section 56 (2): The difference between cost and repayable amount of securities admitted to trading and listed on an exchange that were held as current assets was EUR 87,740.00 (prior year: EUR 97,440.00).

Section 56 (4): The difference between market value and cost was EUR 91,270.00 (prior year: EUR 395,360.00).

In the financial year, write-ups of EUR 0.00 to historical cost were performed (prior year: EUR 0.00).

The fund shares reported within "variable-income other securities" are classified as non-current assets; in an amount of EUR 266,668,370.56, these shares were acquired for the purpose of investment financing (prior year: EUR 223,465,229.78)

In a further amount of EUR 4,014,322.41 (prior year: EUR 2,515,372.14), they represented investments in private equity funds made under a November 2016 agreement between the Ministry of Finance and OeEB for the purposes of the Equity Investments segment. These projects internally funded by OeEB are to be implemented in its own name and for its own account using available free reserves.

In 2021 and 2020, none of the securities reported under "variable-income other securities" were admitted to trading on an exchange.

### 3.3.1.3 Interests in outside companies

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

are based in Luxembourg. In addition, a 10% equity interest in EDFI Management Company S.A., based in Belgium, was acquired in the financial year.

Since 2018, OeEB holds an equity interest of 0.1942% in Einlagensicherung AUSTRIA Ges.m.b.H., a deposit insurance entity.

#### 3.3.1.4 Interests in subsidiaries

In January 2019, OeEB founded a wholly owned subsidiary, OeEB Impact GmbH. The subsidiary's equity at 31 December 2021 was EUR 326,413.01 (prior year: EUR 95,799.53) and it had a profit for the year of EUR 230,613.48 in the financial year (prior year: EUR 69,002.57).

#### 3.3.1.5 Non-current assets

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

#### 3.3.1.6 Other assets

	Remaining maturity		Carrying amount
	Up to 1 year	Over 1 year	
<b>31 December 2021</b>	EUR	EUR	EUR
Other assets outside Austria	289,558.88	50,000.00	339,558.88
Receivables from tax authority	1,423,948.60	0.00	1,423,948.60
Sundry assets	575,614.99	0.00	575,614.99
<b>Total</b>	<b>2,289,122.47</b>	<b>50,000.00</b>	<b>2,339,122.47</b>

	Remaining maturity		Carrying amount
	Up to 1 year	Over 1 year	
<b>31 December 2020</b>	EUR	EUR	EUR
Other assets outside Austria	190,034.39	50,000.00	240,034.39
Receivables from tax authority	1,497,205.79	0.00	1,497,205.79
Sundry assets	197,157.44	0.00	197,157.44
<b>Total</b>	<b>1,884,397.62</b>	<b>50,000.00</b>	<b>1,934,397.62</b>

"Other assets" included accrued income of EUR 711,339.11 for 2021 (prior year: EUR 330,209.06) to be received after the balance sheet date.

### 3.3.1.7 Deferred tax assets

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

	31 Dec. 2021	31 Dec. 2020
Deferred taxes	EUR	EUR
Impairment under section 57 Banking Act	42,500.00	85,000.00
Non-current provisions for employee benefits	101,341.23	105,474.64
Interests in outside companies	4,018.83	2,595.72
Provision for structuring fee for investment fund	121,108.01	149,023.64
<b>Total</b>	<b>268,968.07</b>	<b>342,094.00</b>

The movement in deferred taxes was as follows:

	2021	2020
Deferred taxes	EUR	EUR
At 1 January	342,094.00	364,907.38
Change recognised in profit or loss	-73,125.93	-22,813.38
<b>At 31 December</b>	<b>268,968.07</b>	<b>342,094.00</b>

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

### 3.3.1.8 Fiduciary assets

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



		31 Dec. 2021	31 Dec. 2020
Fiduciary assets		EUR	EUR '000
European Fund for Southeast Europe SA, SICAV-SIF	Luxembourg	6,000,000.00	6,000
Microfinance Enhancement Facility SA, SICAV-SIF	Luxembourg	3,000,000.00	3,000
Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF	Luxembourg	3,000,000.00	3,000
CGFT Capital Pooling GmbH & Co. KG	Germany	2,418,240.09	2,708
<b>Total under Business Advisory Services</b>		<b>14,418,240.09</b>	<b>14,708</b>
CEE Special Situations Fund, L.P.	Jersey	22,116,740.83	21,797
Africa Renewable Energy Fund L.P.	Mauritius	7,074,094.78	7,074
Cambodia Laos Myanmar Development Fund II L.P.	Singapore	5,847,189.16	5,409
Adenia Capital IV LP	Mauritius	5,149,956.00	2,811
DWM Funds S.C.A. SICAV-SIF	Luxembourg	4,338,495.77	5,294
Women ´s World Banking Capital Partners, L.P.	USA	3,861,332.32	3,760
Dolma Impact Fund I	Mauritius	3,857,669.66	3,147
Ascent Rift Valley Fund Ltd.	Mauritius	3,822,927.44	3,437
Caucasus Clean Energy Fund I	Guernsey	3,704,309.08	3,232
Catalyst MENA Clean Energy Fund L.P.	Guernsey	3,180,295.57	2,142
European Investment Fund Central European Fund of Funds	Luxembourg	2,946,257.27	1,954
SEAF Caucasus Growth Fund L.P.	Cayman Islands	2,769,373.73	2,715
The Enterprise Expansion Fund S.A.(ENEF) SICAV-SIF	Luxembourg	2,668,278.36	2,748
Frontier Energy II Alpha K/S	Denmark	2,604,688.28	2,045
ShoreCap III, LP	Mauritius	1,172,210.20	1,057
RENDCOR GmbH in liquidation	Austria	832,500.00	833
AfricInvest Fund IV LLC	Mauritius	555,933.28	0
ShoreCap II Limited	Mauritius	433,864.30	669
<b>Total under Equity Investments</b>		<b>76,936,116.03</b>	<b>70,124</b>
CJSC AccessBank	Azerbaijan	4,031,571.74	4,032
<b>Total equity interests from restructurings of Investment Finance facilities</b>		<b>4,031,571.74</b>	<b>4,032</b>
AMABO GmbH	Austria	333,373.33	330
ESME GmbH	Austria	1,742,112.77	455
<b>Total under the African Austrian SME Investment Facility</b>		<b>2,075,486.10</b>	<b>785</b>
<b>Trust account balance</b>		<b>44,550,733.97</b>	<b>46,973</b>
<b>Total fiduciary assets</b>		<b>142,012,147.93</b>	<b>136,621</b>

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

#### 3.3.1.9.1 Deposits from banks

	31 Dec. 2021	31 Dec. 2020
Deposits from banks	EUR	EUR
Denominated in EUR	357,860,188.73	282,166,737.22
Denominated in USD	706,397,929.88	731,111,411.91
<b>Total</b>	<b>1,064,258,118.61</b>	<b>1,013,278,149.13</b>

#### 3.3.1.9.2 Deposits from customers

	31 Dec. 2021	31 Dec. 2020
Deposits from customers	EUR	EUR
Denominated in EUR	12,101,912.06	17,552,268.65
<b>Total</b>	<b>12,101,912.06</b>	<b>17,552,268.65</b>

#### 3.3.1.9.3 Other financial liabilities

	31 Dec. 2021	31 Dec. 2020
Other financial liabilities	EUR	EUR
Other financial liabilities in Austria	167,358.94	297,764.42
Liabilities to Ministry of Finance for guarantee fees	5,744,611.00	5,544,639.00
Liabilities to Ministry of Finance from Advisory Programmes	5,105.44	101,222.93
Sundry liabilities	142,632.86	8,128.11
<b>Total</b>	<b>6,059,708.24</b>	<b>5,951,754.46</b>

Other financial liabilities included accrued expenses of EUR 5,995,358.15 (prior year: EUR 5,692,975.01) that will be paid after the balance sheet date.

Other financial liabilities were all current in nature.

#### 3.3.1.10 Provisions

Termination benefit provisions changed by EUR 9,272.00 in the financial year from EUR 390,094.00 to a new total of EUR 380,822.00. Termination benefit provisions include the provisions for the period of approximately three months after the death of pension plan participants during which a surviving spouse receives a higher pension than the subsequent survivor's pension.

The item "other provisions" had the following composition:

	1 Jan. 2021	Added	Used	Released	31 Dec. 2021
Other provisions	EUR	EUR	EUR	EUR	EUR
Provision for vacation pay	387,280.04	318,971.13	387,280.04	0.00	318,971.13
Provision for legal, audit and consulting expenses	42,600.00	73,000.00	42,600.00	0.00	73,000.00
Provision for structuring fees	596,094.56	0.00	111,662.53	0.00	484,432.03
Sundry provisions	838,605.66	575,753.62	594,494.19	69,881.61	749,983.48
<b>Total</b>	<b>1,864,580.26</b>	<b>967,724.75</b>	<b>1,136,036.76</b>	<b>69,881.61</b>	<b>1,626,386.64</b>

### 3.3.1.11 Equity

The **share capital** of Oesterreichische Entwicklungsbank AG of EUR 5 million is divided into 50,000 no-par value registered shares, each representing an equal portion of the share capital. The proposed dividend to be paid in the subsequent year for the 2021 financial year is EUR 100,000.00 in total, or EUR 2 per share. The **return on assets** in 2021 was 0.44% (prior year: 0.43%).

The composition and movements in **retained earnings** in the 2021 financial year are shown in the following table:

Retained earnings	Statutory reserve	Other reserves		Total
	EUR	For technical assistance (TA) EUR	Non-TA EUR	
At 1 Jan. 2021	500,000.00	1,713,390.00	43,100,610.00	45,314,000.00
Released	0.00	-669,433.13	0.00	-669,433.13
Added	0.00	498,770.97	5,052,762.16	5,551,533.13
<b>At 31 Dec. 2021</b>	<b>500,000.00</b>	<b>1,542,727.84</b>	<b>48,153,372.16</b>	<b>50,196,100.00</b>

Since 1 January 2017, under an agreement between the Austrian Ministry of Finance and OeEB of 17 November 2016, the funding for Business Advisory Services (BAS) is provided by OeEB itself. Annually, under the agreement, 10% of OeEB's respective prior year's profit for the year is to be newly made available for BAS projects. In these financial statements, a portion of other (free, i.e., uncommitted) retained earnings was thus set aside as a reserve for technical assistance (TA) activities offered under BAS, in the amount of EUR 498,770.97 (prior year: EUR 472,395.19).

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

Conversely, the release of EUR 669,433.13 in 2021 from the reserve for technical assistance (prior year: release of EUR 409,389.07) represents the TA expenses for the financial year, which are reported in other

administrative expenses. These expenses serve to enhance development effectiveness through project preparation, project support and studies.

As well, out of 2021 profit for the year, EUR 5,052,762.16 (prior year: EUR 4,559,993.88) was transferred to the free non-TA reserve. Under section 8 item 2 of the contract concluded on the basis of section 9 (1) Export Guarantees Act, the free non-TA reserve shall be used for OeEB's purposes in subsequent years.

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

At 31 December 2021, EUR 5,578.43 was transferred to the **liability reserve under section 57 (5) Austrian Banking Act**, bringing its total to EUR 22,555.72.

### 3.3.1.12 Information on off-balance sheet transactions

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

	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>
	<b>EUR</b>	<b>EUR</b>
<b>Contingent liabilities</b>		
Risk participation facilities of Kreditanstalt für Wiederaufbau (KfW), Frankfurt am Main	12,348,243.39	16,166,075.27
Risk participation facilities of Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), Cologne	43,947,731.94	21,267,853.51
<b>Total</b>	<b>56,295,975.33</b>	<b>37,433,928.78</b>

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

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

	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>
	<b>EUR</b>	<b>EUR</b>
<b>Off-balance sheet credit risks</b>		
Credit facilities	152,361,582.38	155,572,642.82
Securities purchase obligations	31,323,645.37	70,312,098.04
<b>Total</b>	<b>183,685,227.75</b>	<b>225,884,740.86</b>

### Liabilities from fiduciary activities

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

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

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

	31 Dec. 2021	31 Dec. 2020
	EUR	EUR
<b>Regulatory capital under part 2 of Regulation (EU) No 575/2013</b>		
Share capital	5,000,000.00	5,000,000.00
Retained earnings	50,196,100.00	45,314,000.00
Less reserve for technical assistance (TA) <sup>1</sup>	-1,542,727.84	-1,713,390.00
Less transfer to retained earnings <sup>2</sup>	-5,052,762.16	-4,559,993.88
Liability reserve	22,555.72	16,977.29
<b>Total reserves</b>	<b>43,623,165.72</b>	<b>39,057,593.41</b>
Intangible assets	-2,100.00	-27,500.00
<b>Tier 1 capital</b>	<b>48,621,065.72</b>	<b>44,030,093.41</b>
Tier 2 capital (impairment under section 57 Banking Act in the version of 2013), weighted at 10% (prior year: 20%) <sup>3</sup>	170,000.00	340,000.00
<b>Total available regulatory capital</b>	<b>48,791,065.72</b>	<b>44,370,093.41</b>
<b>Regulatory capital requirement under article 92 of Regulation (EU) No 575/2013</b>		
Loans and advances to banks	248,818.84	50,555.39
Other loans and advances	1,846,064.12	1,486,484.67
<b>Risk-weighted exposure amounts for credit risk</b>	<b>2,094,882.96</b>	<b>1,537,040.06</b>
<b>Risk-weighted exposure amounts for market risk</b>	<b>0.00</b>	<b>0.00</b>
<b>Total regulatory capital requirement for operational risk (Basic Indicator approach)</b>	<b>36,935,635.96</b>	<b>36,497,312.86</b>
<b>Total exposure amount</b>	<b>39,030,518.92</b>	<b>38,034,352.92</b>

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

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

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

At 31 December 2021 and 2020, the above values yielded the following ratios under section 92 (1) (a) to (c) of Regulation (EU) No 575/2013, which are compared with the respective minimum ratios applicable to the bank:

	31 Dec. 2021		31 Dec. 2020	
	%		%	
	Minimum ratio	Actual ratio	Minimum ratio	Actual ratio
Common Equity Tier 1 capital ratio	7.000	124.570	7.000	115.764
Tier 1 capital ratio	8.500	124.570	8.500	115.764
Total capital ratio	10.500	125.010	10.500	116.657

As in the past years, the minimum ratios required at 31 December 2021 were derived from article 92 (1) of Regulation (EU) No 575/2013, from the additional capital buffer requirements of the Austrian Banking Act and from the capital buffer regulation of the Austrian Financial Market Authority (FMA).

Pursuant to section 3 (1) 7 Austrian Banking Act (BWG), the following do *not* apply to transactions of Oesterreichische Kontrollbank Aktiengesellschaft ("OeKB") related to export promotion under the Export Guarantees Act 1981 and the Export Financing Guarantees Act 1981:

- Regulation (EU) No 575/2013
- section 22 to 24d BWG
- section 39 (2d) BWG in conjunction with section 69 (3)
- section 39 (3) and (4) BWG
- section 70 (4a) 1, 8, 9 and 11 BWG
- section 70b to 70d BWG
- the inclusion of these transactions in the limit pursuant to section 5 (4) BWG.

As well, pursuant to section 3 (2) 1 BWG, to such transactions, the following are *not* applicable:

- part 6 of Regulation (EU) No 575/2013
- section 27a BWG
- section 39 (2b) 7 BWG in conjunction with section 39 (4)
- section 39 (3) BWG
- section 74 (6) 3 (a) BWG in conjunction with section 74 (1).

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

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

**Assets:** EUR 712,726,240.86 (prior year: EUR 739,017,276.31)

**Liabilities:** EUR 706,468,563.83 (prior year: EUR 731,111,411.91)

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

### 3.3.1.15 Information on derivative financial instruments

At the balance sheet dates of 31 December 2021 and 2020, OeEB did not hold derivative financial instruments.

### 3.3.1.16 Amounts due from and to Group entities

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

	31 Dec. 2021	31 Dec. 2020
	EUR	EUR
<b>Assets</b>		
Loans and advances to banks	39,364,533.73	41,311,710.49
Other assets	548,294.99	168,124.19
<b>Liabilities</b>		
Deposits from banks	1,037,661,070.51	973,701,418.48

The security for deposits from banks consists of the assets recorded in loans and advances to banks and customers, and the fund shares recorded in "variable-income other securities", totalling EUR 1,036,525,076.16 at the balance sheet date (prior year: EUR 973,393,419.90), as well as the assignment of any relevant claims under the guarantees issued by the Ministry of Finance for political and commercial risks (guarantees based on section 9 (3) Export Guarantees Act).

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

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

	31 Dec. 2021	31 Dec. 2020
<b>Loans and advances to banks not repayable on demand</b>	EUR	EUR '000
Up to 3 months	27,454,831.19	13,662
More than 3 months and up to one 1 year	68,044,116.11	62,817
More than 1 year and up to 5 years	254,630,968.40	277,465
More than 5 years	62,653,694.85	78,445
	<b>412,783,610.55</b>	<b>432,389</b>
Less impairment under section 57 Banking Act	-85,000.00	-170
<b>Total</b>	<b>412,698,610.55</b>	<b>432,219</b>

Accrued interest of EUR 2,376,257.78 (prior year: EUR 2,502,772.53) was recognised within the maturity band of up to 3 months.

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

	31 Dec. 2021	31 Dec. 2020
<b>Loans and advances to customers not repayable on demand</b>	<b>EUR</b>	<b>EUR '000</b>
Up to 3 months	16,477,935.09	15,600
More than 3 months and up to one 1 year	46,649,048.78	49,192
More than 1 year and up to 5 years	240,656,496.02	234,365
More than 5 years	104,187,952.23	84,391
	<b>407,971,432.12</b>	<b>383,548</b>
Less impairment under section 57 Banking Act	-85,000.00	-170
<b>Total</b>	<b>407,886,432.12</b>	<b>383,378</b>

Accrued interest of EUR 2,240,039.51 (prior year: EUR 2,289,579.16) was recognised within the maturity band of up to 3 months.

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

	31 Dec. 2021	31 Dec. 2020
<b>Deposits from banks not repayable on demand</b>	<b>EUR</b>	<b>EUR '000</b>
Up to 3 months	53,128,025.13	29,128
More than 3 months and up to one 1 year	121,513,597.62	123,373
More than 1 year and up to 5 years	634,622,706.78	643,062
More than 5 years	254,993,789.09	217,715
<b>Total</b>	<b>1,064,258,118.61</b>	<b>1,013,278</b>

Accrued interest of EUR 1,233,599.13 (prior year: EUR 1,529,699.05) was recognised within the maturity band of up to 3 months.

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

	31 Dec. 2021	31 Dec. 2020
<b>Deposits from customers not repayable on demand</b>	<b>EUR</b>	<b>EUR '000</b>
Up to 3 months	144,396.53	113
More than 3 months and up to one 1 year	5,431,773.92	5,338
More than 1 year and up to 5 years	6,525,741.61	6,762
More than 5 years	0.00	5,340
<b>Total</b>	<b>12,101,912.06</b>	<b>17,552</b>

Accrued interest of EUR 471.89 (prior year: EUR 681.40) was recognised within the maturity band of up to 3 months.



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

The future lease obligations from the use of off-balance sheet property and equipment are currently forecast at approximately EUR 304,821.31 for the year 2022 (prior-year forecast for 2021: about EUR 347,810.40) and at about EUR 1,570,520.75 for the five-year period from 2022 to 2026 (prior-year forecast for the five-year period from 2021 to 2025: about EUR 1,820,360.76).

## 3.3.2 Notes to the income statement

### 3.3.2.1 Interest income

	2021	2020
	EUR	EUR
<b>Interest and similar income from lendings and investments</b>		
From loans and advances to banks	13,864,858.23	15,942,653.58
From loans and advances to customers	15,669,528.52	16,400,502.97
From bonds and other fixed income securities	695,833.43	686,978.80
<b>Total</b>	<b>30,230,220.18</b>	<b>33,030,135.35</b>

Interest income included income reductions of EUR 160,174.31 (prior year: EUR 147,588.32) resulting from negative interest rates on loans and advances to banks repayable on demand.

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

	2021	2020
	EUR	EUR
<b>Interest and similar income from lendings and investments</b>		
Africa	3,131,535.95	3,859,816.95
Central America and Caribbean	8,003,313.94	11,251,235.50
Asia	9,613,467.70	11,811,418.11
Southeastern and Eastern Europe	7,223,111.27	4,573,719.63
Supraregional	2,258,791.32	1,533,945.16
<b>Total</b>	<b>30,230,220.18</b>	<b>33,030,135.35</b>

### 3.3.2.2 Interest expense

	2021	2020
<b>Interest and similar expense</b>	<b>EUR</b>	<b>EUR</b>
For deposits from banks	6,504,813.51	12,012,430.37
For deposits from customers	10,848.65	14,048.60
<b>Total</b>	<b>6,515,662.16</b>	<b>12,026,478.97</b>

Interest expense included expense reductions of EUR 634,359.02 (prior year: EUR 377,135.48) resulting from negative interest rates on deposits from banks.

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

This item in the amount of EUR 6,087,635.19 (prior year: EUR 7,106,049.75) consisted primarily of the income from securities classified as non-current assets that is collected on an accrual basis up to the maximum guaranteed amount, as a result of the guarantees for political and commercial risks based on section 9 (3) Export Guarantees Act.

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

<b>Income from securities and share of profit of outside companies</b>	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
Africa	856,722.66	929,706.23
Central America and Caribbean	1,148,917.23	1,564,216.31
Supraregional	4,081,995.30	4,612,127.21
<b>Total</b>	<b>6,087,635.19</b>	<b>7,106,049.75</b>

### 3.3.2.4 Fee and commission income and expense

	2021	2020
<b>Fee and commission income</b>	<b>EUR</b>	<b>EUR</b>
Guarantee commissions	1,484,311.92	1,648,105.39
Commitment and monitoring fees	1,066,336.32	1,206,915.69
Management fees	2,023,232.03	1,547,499.11
Administration fee for federal equity investments in funds and companies	1,446,463.91	1,510,526.55
<b>Total</b>	<b>6,020,344.18</b>	<b>5,913,046.74</b>

Fee and commission income was related principally to fees and guarantee commissions received in connection with credit commitments for investment financing as well as the reimbursement of expenses incurred in the course of (partly fiduciary) services provided by OeEB for the Austrian Ministry of Finance for equity investments.

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

	<b>2021</b>	<b>2020</b>
<b>Fee and commission income</b>	<b>EUR</b>	<b>EUR</b>
Africa	640,808.23	418,090.40
Central America and Caribbean	864,803.79	854,670.24
Asia	1,590,426.62	1,687,849.41
Southeastern and Eastern Europe	2,808,101.12	2,645,496.79
Supraregional	116,204.42	306,939.90
<b>Total</b>	<b>6,020,344.18</b>	<b>5,913,046.74</b>

Fee and commission expense was as follows:

	<b>2021</b>	<b>2020</b>
<b>Fee and commission expense</b>	<b>EUR</b>	<b>EUR</b>
Guarantee fees (section 9 (3) Export Guarantees Act)	16,265,786.00	14,704,889.00
Other fees and commissions	48,249.60	158,289.72
<b>Total</b>	<b>16,314,035.60</b>	<b>14,863,178.72</b>

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

### 3.3.2.5 Other operating income

Other operating income amounted to EUR 308,916.46 (prior year: EUR 276,363.79) and had two main sources: the pass-through of expenses, and services rendered and billed by OeEB.

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

The amounts reflected in this item consisted of an addition of EUR 2,682.00 (prior year: EUR 64,957.00) to the termination benefit provision; the reversal of EUR 11,954.00 of (prior year: addition of EUR 7,918.00) to provisions for the period of approximately three months after the death of pension plan participants during which a surviving spouse receives a higher pension than the subsequent survivor's pension (in accordance with the collective bargaining agreement for banks); and an expense of EUR 93,153.87 (prior year: EUR 89,044.13) for contributions to the employer-funded termination benefit fund. In the prior year, termination benefit payments of EUR 51,482.13 were also included.

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

### 3.3.2.7 Other administrative expenses

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

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

<b>Expenses for the independent auditor and firms in its network</b>	<b>2021 EUR</b>	<b>2020 EUR</b>
Audit of the annual financial statements	69,500.00	66,000.00
Audit-related activities	4,000.00	5,500.00
<b>Expenses for the independent auditor</b>	<b>73,500.00</b>	<b>71,500.00</b>
Tax consulting	38,504.50	8,112.50
<b>Expenses for firms in the network of the independent auditor</b>	<b>38,504.50</b>	<b>8,112.50</b>

### 3.3.2.8 Staff count

In the year under review, OeEB had an average of 68.50 employees (prior year: 69.17).

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

This item largely represented write-downs on receivables for expenses that had been passed through, and additions to impairment charges for overdue credit-related receivables, totalling EUR 291,946.35 in the financial year (prior year: EUR 49,510.16). Impairment of overdue receivables is recognised where these are not covered by the federal government guarantees, such as arrears interest and various fees in connection with lending. The item also included price losses of EUR 28,560.00 on securities (prior year: 0.00).

### 3.3.2.10 Gains on reversal of impairment losses on loans and advances and gains on write-ups on and disposal of securities classified as current assets

This item mainly included the reversal of EUR 170,000.00 of impairment losses under section 57 (1) Austrian Banking Act (prior year: reversal of EUR 170,000.00) and gains of EUR 109,544.41 (prior year: EUR 17,471.55) from the reversal of individually recognised impairment.

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

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

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
Disposal loss for structuring fees (at fund redemption)	7.47	0.00
Impairment loss for structuring fees (at inception of fund investment)	235,399.52	89,144.32
Impairment loss on securities	15,996.22	0.00
Impairment loss on interests in outside companies	8,567.96	12,113.36
<b>Total</b>	<b>259,971.17</b>	<b>101,257.68</b>

As the federal government guarantee no longer covers the full amount paid on subscription of fund shares (the subscription amount and the structuring fee), the structuring fee is written off at the time of acquisition. In 2021 the impairment charge for this was EUR 235,399.52 (prior year: EUR 89,144.32).

### 3.3.2.12 Analysis of income tax

The item "income tax" can be analysed as follows:

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
Current tax	1,667,291.22	1,649,257.27
Increase (+) or decrease (-) in deferred taxes	73,125.91	22,813.38
<b>Total</b>	<b>1,740,417.13</b>	<b>1,672,070.65</b>

## 3.4 Additional information

### 3.4.1 Boards

#### Members of the Executive Board

Sabine Gaber

Michael Wancata

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

#### Members of the Supervisory Board

##### Elected by the Annual General Meeting:

Helmut Bernkopf (Chair)

Angelika Sommer-Hemetsberger (Vice-Chair) from 22 March 2021

Ferdinand Schipfer (Vice-Chair) until 22 March 2021

Maria-Christine Dangl

Monika Weber-Fahr

For the financial year, the total remuneration of the shareholder representatives on the Supervisory Board (including the reimbursement of any cash expenses) amounted to EUR 30,500.00 (prior year: EUR 31,190.00).

##### Employee Representatives on the Supervisory Board:

Caroline Gützer

Josef Straninger

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

##### Elected by the Annual General Meeting:

Angelika Sommer-Hemetsberger (committee chair) from 22 March 2021

Ferdinand Schipfer (committee chair) until 22 March 2021

Helmut Bernkopf (committee vice-chair)

Maria-Christine Dangl

Monika Weber-Fahr

**Employee Representatives:**

Caroline Gützer

Josef Straninger

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

**Elected by the Annual General Meeting**

Helmut Bernkopf (committee chair)

Angelika Sommer-Hemetsberger (committee vice-chair) from 22 March 2021

Ferdinand Schipfer (committee vice-chair) until 22 March 2021

**Employee Representative:**

Josef Straninger

**Government commissioners**

Elisabeth Gruber, Commissioner

Johann Kinast, Deputy Commissioner

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

### 3.4.2 Related party transactions

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

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

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

Related-party transactions were effected only at arm's length.

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

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

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

### **3.4.3 Events after the balance sheet date**

There were no significant events after the balance sheet date.

### **3.4.4 Impacts of COVID-19**

In 2021, as in the year before, OeEB successfully mastered the ongoing challenges of the COVID-19 pandemic. Credit losses remained below forecasts and the quality of the loan portfolio was slightly improved. In the course of the year, physical travel to OeEB clients' sites also resumed.

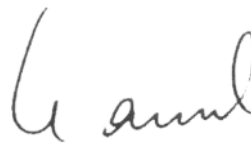
Vienna, 21 February 2022

Oesterreichische Entwicklungsbank AG

The Executive Board



Sabine Gaber



Michael Wancata



## Movements in non-current assets in 2021

At cost					
EUR	1 Jan. 2021	Currency translation differences	Additions	Disposals	31 Dec. 2021
Software	134,500.00	0.00	0.00	-7,500.00	127,000.00
<b>Non-current intangible assets</b>	<b>134,500.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-7,500.00</b>	<b>127,000.00</b>
Fixtures, fittings and equipment	460.00	0.00	0.00	0.00	460.00
Fleet vehicles	40,854.00	0.00	0.00	0.00	40,854.00
Low-value assets	0.00	0.00	0.00	0.00	0.00
<b>Property and equipment</b>	<b>41,314.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>41,314.00</b>
Interests in outside companies	32,100.00	0.00	48,698.02	0.00	80,798.02
Interests in subsidiaries	35,000.00	0.00	0.00	0.00	35,000.00
Securities classified as non-current assets	239,285,118.64	11,991,526.54	51,834,390.71	18,209,700.77	284,901,335.12
<b>Non-current financial assets</b>	<b>239,352,218.64</b>	<b>11,991,526.54</b>	<b>51,883,088.73</b>	<b>18,209,700.77</b>	<b>285,017,133.14</b>

<b>Amortisation, depreciation and impairment</b>						
<b>EUR</b>	<b>1 Jan. 2021</b>	<b>Currency translation differences</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reversal of impairment</b>	<b>31 Dec. 2021</b>
Software	107,000.00	0.00	25,400.00	-7,500.00	0.00	124,900.00
<b>Non-current intangible assets</b>	<b>107,000.00</b>	<b>0.00</b>	<b>25,400.00</b>	<b>-7,500.00</b>	<b>0.00</b>	<b>124,900.00</b>
Fixtures, fittings and equipment	207.00	0.00	46.00	0.00	0.00	253.00
Fleet vehicles	3,404.50	0.00	8,170.80	0.00	0.00	11,575.30
Low-value assets	0.00	0.00	3,275.96	-3,275.96	0.00	0.00
<b>Property and equipment</b>	<b>3,611.50</b>	<b>0.00</b>	<b>11,492.76</b>	<b>-3,275.96</b>	<b>0.00</b>	<b>11,828.30</b>
Interests in outside companies	12,113.36	0.00	8,567.96	0.00	1,145.04	19,536.28
Interests in subsidiaries	0.00	0.00	0.00	0.00	0.00	0.00
Securities classified as non-current assets	543,629.01	32,723.69	235,399.52	0.00	0.00	811,752.23
<b>Non-current financial assets</b>	<b>555,742.37</b>	<b>32,723.69</b>	<b>243,967.48</b>	<b>0.00</b>	<b>1,145.04</b>	<b>831,288.51</b>

<b>Carrying amount</b>		
<b>EUR</b>	<b>1 Jan. 2021</b>	<b>31 Dec. 2021</b>
Software	27,500.00	2,100.00
<b>Non-current intangible assets</b>	<b>27,500.00</b>	<b>2,100.00</b>
Fixtures, fittings and equipment	253.00	207.00
Fleet vehicles	37,449.50	29,278.70
Low-value assets	0.00	0.00
<b>Property and equipment</b>	<b>37,702.50</b>	<b>29,485.70</b>
Interests in outside companies	19,986.64	61,261.74
Interests in subsidiaries	35,000.00	35,000.00
Securities classified as non-current assets	238,741,489.63	284,089,582.89
<b>Non-current financial assets</b>	<b>238,796,476.27</b>	<b>284,185,844.63</b>

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# Auditor's report

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## Report on the Financial Statements

### Audit Opinion

We have audited the financial statements of

#### **Oesterreichische Entwicklungsbank AG, Vienna**

which comprise the Balance sheet as of 31 December 2021, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements comply with the legal requirements and present fairly, in all material respects, the financial position of the Company as of 31 December 2021 and its financial performance for the year then ended, in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

### Basis for our Opinion

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

### Key Audit Matters

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

## Valuation of Assets in the Investment Finance Division

### Risk for the Financial Statements

As of 31 December 2021, the assets in the Investment Finance Division amount to EUR 1,084 million, which is 95 % of total assets.

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

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

### Our Audit Approach

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

- We evaluated the processes in the respective specialist departments which ensure the existence of a federal government guarantee with sufficient coverage for political and commercial risks. We analyzed whether these processes and the controls implemented within them are suitable for ascertaining the existence of sufficient cover under the federal government guarantee in order to validate the valuation of the assets of the Investment Finance Division in OeEB´s financial statements.
- We tested the key controls implemented in these areas that are relevant to the preparation of the financial statements. We assessed their design and implementation as well as, on a sampling basis, their effectiveness, particularly with regard to the necessary contract elements, the existence of the disbursement conditions and the proper management during the term of the contract.
- We reconciled the sub-ledger to the general ledger with regard to the assets in the Investment Finance Division and, on a sample basis, analyzed and tested the movements in the portfolio.

### Other information

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

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

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the financial statements or any apparent material misstatement of fact.

If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

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

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

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

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

### **Auditor's Responsibilities**

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

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

Moreover:

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

## Report on Other Legal Requirements

### Management Report

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

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

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

### Opinion

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

### Statement

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

### Additional Information under Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 12 March 2020 and were appointed by the Supervisory Board on 31 March 2020 to audit the financial statements of the Company for the financial year ended 31 December 2021.

We have been auditors of the Company, without interruption, since the financial statements at 31 December 2008.

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

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



## Engagement Partner

The engagement partner is Mr. Wilhelm Kovsca.

Vienna, 21 February 2022

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

signed by

Wilhelm Kovsca  
Wirtschaftsprüfer  
(Austrian Chartered Accountant)

The financial statements, together with our auditor's opinion, may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

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

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