

*Funding tomorrow's prosperity.*



*Combined Annual Report  
and Sustainability Report*

2009

## Quick facts and figures

Financial year: 1 January 2009 to 31 December 2009

### Oesterreichische Entwicklungsbank AG

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

### Founded in 2008 in Vienna

Wholly-owned subsidiary  
of Oesterreichische Kontrollbank AG  
Share capital: EUR 5,000,000  
13 employees

### Projects implemented in 2009

Number of projects	29
Investment Finance	EUR 72.0 million (8 projects)
Advisory Programmes	EUR 17.2 million (19 projects)
Foreign Trade Programme	EUR 5.0 million (2 projects)

The projects of OeEB contribute to progress towards the achievement of Millennium Development Goals 3, 7 and 8 and help to support small and medium-sized businesses (SME).

### Contribution to development

Jobs created	6,330
Jobs protected	2,430

The projects of OeEB protect and create jobs.  
The basis for calculating these benefits is described on page 27 in section B.I.ii, Development impact.

### Key financials

Total assets	EUR 106,789,572.91
Profit for the year	EUR 585,613.35
Unallocated profit for the year	EUR 320,592.96

Standard & Poor's long-term issuer rating: AA+

Funding tomorrow's prosperity.

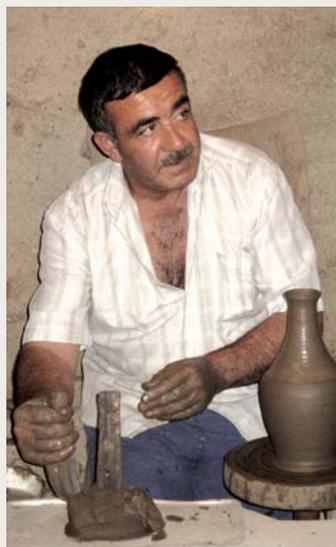
---

*Oesterreichische Entwicklungsbank AG has been operating as the official development bank of the Austrian government since March 2008.*

*Combining business and development, OeEB strengthens Austria's ties to countries that want to achieve sustainable improvement in prosperity through private sector development.*

*Our services complement and support the work done by Austrian policy, investors, banks and civil society for development in the world's poorer countries.*

---





Oesterreichische Entwicklungsbank AG

*Funding tomorrow's prosperity.*

*Combined Annual Report  
and Sustainability Report*

*Oesterreichische Entwicklungsbank AG*

In the interest of readability, this publication may in some cases use wording that is gender-specific. However, all references to positions, titles and people should be construed as gender-neutral.

## Contents

Letter from the Executive Board	7
<i>A. OeEB, the official Development Bank of Austria</i>	9
<b>I. Background, aims and principles</b>	9
<b>II. General information</b>	14
<i>B. Development project cycle and approval responsibilities &amp; procedures</i>	21
<b>I. Projects in 2009</b>	22
<b>II. Stakeholder inclusion</b>	31
<i>C. Management report</i>	33
<b>I. Business performance and financial position</b>	33
<b>II. Outlook and risks for the bank</b>	49
<b>III. Research and development</b>	52
<i>D. Independent verifier's report and certificate</i>	53
<i>E. Financial statements</i>	56
<b>1. Balance sheet at 31 December 2009</b>	56
<b>2. Income statement for the year ended 31 December 2009</b>	58
<b>3. Notes to the financial statements</b>	60
3.1 Accounting policies	60
3.2 Notes to the balance sheet and income statement	62
3.3 Additional information	71
<b>Movements in non-current assets</b>	72
<i>F. Unqualified Auditor's Report</i>	74
About this report	76



## Letter from the Executive Board

### GRI 1.1 >

Despite a difficult market environment in its first full financial year of operation, OeEB further strengthened and expanded its role as Austria's official development bank. Many countries slid into recession. Even the emerging markets in Eastern and South-eastern Europe as well as Asia and Latin America, which had grown so rapidly in recent years, experienced sharp reductions in growth. Similar scenarios unfolded in Africa.

The demanding market setting shaped OeEB's business trend in a number of different ways. Thus on the one hand, several projects planned and already financed by investors were postponed, as demand declined in the markets and as many commercial banks avoided projects and countries that in the previous years would have easily attracted funding.

On the other hand, these times of economic and financial adversity showed that development banks are major, stable funding partners for projects in developing and transition countries.

Practicing this principle, OeEB closely considered its potential participation in several projects initiated by multilateral development banks, such as the International Finance Corporation (IFC). As a result, OeEB invested in, among other vehicles, the Micro-finance Enhancement Facility (MEF). The purpose of the MEF is to make funds available to microfinance institutions that, as a result of the financial crisis, find it difficult to obtain funding.

The projects in our prior, first financial year of 2008 related mainly to the financial sector. The financial industry is and will remain a very important investment market for OeEB, as a well-functioning financial sector accessible to everyone is especially vital for countries' economic development. In the 2009 financial year we also carefully evaluated a considerable number of potential projects in the non-financial sector, of which one was already implemented and some are near the signing stage.

In addition to its development mandate, OeEB's policy role is to promote direct investment by Austrian companies in developing countries. Last year we therefore set up an "Austria Desk" that, particularly in the current rough economic climate, concentrates on advising domestic companies.

To be able to handle the growing amount of business and the many deals under assessment, we also hired more people. At the same time, our internal organisational structure was adjusted to bring it more closely into line with Basel II guidelines concerning the separation of risk origination and risk oversight.

A key milestone on the road to the planned further growth of OeEB is the rating issued by Standard & Poor's. As a company with a public mandate, OeEB received the very strong long-term issuer rating of "AA+".

**GRI 2.10 >**

OeEB's second year in business was a successful one. This was made possible not only by the hard work of our staff, but also by OeEB's owner and all stakeholders. We extend our sincere thanks to all for their confidence and support. Our efforts to inform and include stakeholders were well received. This was also eloquently demonstrated by the recognition of our first combined annual and sustainability report with the Austrian Sustainability Reporting Award (ASRA).

The effects of the financial crisis and economic downturn will continue to be felt in the markets for a considerable time to come. The year 2010 will therefore also be a very challenging one. We are highly confident of mastering these challenges with our motivated team. In 2010 we plan to achieve growth in business volume and earnings.

Complementing this combined annual and sustainability report, we have brought together numerous projects and statements of individual OeEB stakeholders in a special issue of RELEVANT, the customer magazine of the OeKB Group, which gives even more detailed and vivid insight into our activities.



Michael Wancata



Andrea Hagmann

## A. OeEB, the official Development Bank of Austria

### I. Background, aims and principles

#### i. History and business model

**GRI 2.1, EC-8 >** In the spring of 2007, Austria's Federal Ministry of Finance and Ministry for European and International Affairs instructed Oesterreichische Kontrollbank AG (OeKB), an Austrian multipurpose financial institution, to develop a concept for the establishment of the "Development Bank of Austria". On the basis of this blueprint, the Austrian federal government decided in September 2007 to begin concrete preparations for launching the institution. One of the prerequisites was the creation of the legal basis for the activities of OeEB. This was accomplished through an amendment to Austria's Export Guarantees Act that took effect in January 2008.

OeEB was founded in February 2008.

OeEB's mandate is defined in the Act: Its task is to contribute to the development mainly of the private sector, particularly in developing countries, using long-term financing instruments.

**GRI 3.2 >>**

Developing countries are defined as those countries which appear on the list published by the Development Assistance Committee (DAC) of the OECD ([www.oecd.org/dac](http://www.oecd.org/dac)).

To assess the development effects of every project, the Export Guarantees Act amendment created a dedicated Business & Development Committee.

Every project supported by OeEB must be economically viable and meet development policy criteria. OeEB also has access to funds of the Ministry of Finance (see section C.I.ii., Business performance) that can be used for purposes such as increasing and improving the net development benefits of OeEB financing. In keeping with the legal requirements, for every financing transaction, OeEB applies to the Ministry of Finance for a guarantee from the Austrian government.

After the report on the bank's short first financial year 2008, this annual report for the financial year ended 31 December 2009 is the first to cover a full calendar year.

#### ii. Principles of conduct and corporate policy – Statement against corruption and money laundering

**SO-3, SO-5 >** As Austria's official development bank, OeEB serves a public mandate. We therefore bear special responsibility towards society, our partners and clients as well as our own staff. When selecting projects in developing countries for which to provide long-term financing, the most important things for OeEB to ensure are that:

- The long-term business performance of the partner enterprises is positive
- The development criteria are fulfilled
- The environmental, social and working conditions are carefully examined

**GRI 4.11** >> OeEB's success as a commercial enterprise is an important part of ensuring that we live up to our roles and achieve our aims.

Given OeEB's specific mandate, our client base is predominantly concentrated in the private sector in developing countries. For this reason, OeEB attaches great importance to the careful handling of the issues of corruption and money laundering and to ensuring all employees' awareness of potential related risks in day-to-day business activities. An exact verification of client identity is made, in line with the Financial Market Authority's circular on ascertaining and verifying identity.

Risk management forms an integral component of overall bank management at OeEB, and ultimate responsibility for risk management rests with the Executive Board. The person in charge of the operational implementation of risk management is Executive Board member Michael Wancata. An important feature of the bank's corporate policy is the conservative management of transaction-related risks and operational risks. Details on risk management can be found in the management report in section C.II.ii., Significant risks and uncertainties.

### iii. Commitment to GRI, EMAS<sup>1</sup>, Global Compact and the OECD's Guidelines for Multinational Enterprises

**GRI 4.8, GRI 4.12**  
**FS-1** > The United Nations Global Compact (UNGC) is a values-based platform that enables companies and other stakeholders to network on the basis of a shared commitment to human rights, labour standards, environmental protection and the fight against corruption. In 2006 the UNGC and the Global Reporting Initiative (GRI), whose guidelines for the preparation of sustainability reports have become the predominant standard, entered into a strategic alliance.

As the UNGC and the mandate of OeEB support similar goals, OeEB joined the Global Compact in 2008 and submitted its combined annual report and sustainability report – which meets the standards of the Communication on Progress – to the UN Global Compact (see [http://unglobalcompact.org/COP/cop\\_search.html?detail=Oesterreichische+Entwicklungsbank+AG](http://unglobalcompact.org/COP/cop_search.html?detail=Oesterreichische+Entwicklungsbank+AG)).

The sustainability report, which is required to be published annually, also contains environment-related information relevant under EMAS as part of the overall environmental management system of OeEB.

As a participant in the Global Compact, OeEB is required to report annually on implementation of the ten UNGC principles in what is known as a Communication on Progress (COP).

From time to time, OeEB joins investors from OECD countries as a co-investor. In these cases we make our project partners aware of the OECD Guidelines for Multinational Enterprises. OeEB's involvement in such shared projects means that the same standards to which OeEB is committed apply to the investment partner as well (to learn more about these standards, see section B.I.iii., Environmental and social matters).

<sup>1</sup> EMAS is a voluntary environmental management system used in the European Union. The abbreviation stands for "eco-management and audit scheme".

#### iv. Sustainability policy

True to OeEB's motto of "**Funding tomorrow's prosperity**" and to our mandate as Austria's official development bank, we are committed to the following sustainability policy:

- We act in accordance with all legal requirements and from a holistic mindset. In our projects this means that we respect and consider the people affected, their intercultural setting, and environmental and other social aspects (also see the EMAS Regulation, section I.-A.3.2, Legal and other requirements).<sup>1</sup>
- Good communication with all stakeholders is important to us. We see dialogue as an opportunity to improve OeEB and as a contribution towards putting sustainability into practice in our work.
- We only take on projects in which the risks seem calculable and manageable, to ensure an effective contribution to the sustainable economic success of our clients and OeEB.
- Long-term business success involves the responsible use and management of natural resources that we believe will also be needed by future generations. In this way we safeguard our entrepreneurial flexibility and thus strengthen our position.

<sup>1</sup> Regarding EMAS, the sustainability policy of OeEB also applies.

## v. Corporate Governance

**GRI 4.1** > The Austrian Code of Corporate Governance was presented to the public on 1 October 2002. It is reviewed and revised annually in the context of national and international developments. The full wording of the Code is available at [www.corporate-governance.at](http://www.corporate-governance.at).

The Code is meant primarily for companies listed on a stock exchange. While OeEB is not listed and in fact has only one owner, the Austrian Code of Corporate Governance is nonetheless a recognised set of guidelines for enhancing the sustainability of business management and oversight. The provisions of the Code

**GRI 4.5** >> are thus a key benchmark for us in the continuous improvement process. Moreover, many of the provisions reflect legal requirements, which we comply with as a matter of course.

### **Cooperation between the Supervisory Board and Executive Board**

The Executive Board provides the Supervisory Board with regular, prompt and comprehensive reports on all relevant business matters and developments, including the risk situation and risk management of OeEB. The goal of good corporate governance in managing the Group's business is pursued in open discussion and communication between and within the Executive Board and Supervisory Board.

The Executive Board sets the company's strategic direction together with, and subject to the approval of, the Supervisory Board and regularly discusses the status of strategy implementation with the latter Board. The Supervisory Board meets at least four times per financial year.

### **Executive Board**

The two-member Executive Board of OeEB has responsibility for managing the bank. Its decision-making is based on observance of all relevant laws, the Articles of Association and the Executive Board rules of procedure. The division of responsibilities and the internal cooperation of the Executive Board are set out in its rules of procedure. Details under "comply-or-explain rule" (C-rule) 16 of the Code of Corporate Governance are provided in section II. iii., Organisational structure and management system.

The Executive Board's compensation includes both fixed and performance-based variable components. The results-based portion is determined by long-term performance measures. The disclosure under the C-rule 31 of the Austrian Code of Corporate Governance concerning executive compensation is omitted in reliance on section 266 (7) Austrian Commercial Code.

## GRI 4.10 &gt;

**Supervisory Board**

The Supervisory Board has responsibility for supervising the Executive Board and supporting it in the management of the company, particularly in making decisions of fundamental importance. In the year under review, the Supervisory Board included four shareholder representatives. The composition of the Supervisory Board is presented on page 14. None of the Supervisory Board members had other board seats or positions in listed companies.

The Supervisory Board's compensation (consisting of fees and profit-based emoluments) is determined by the Annual General Meeting. The Supervisory Board compensation is set out in the notes to the financial statements.

In accordance with the Supervisory Board rules of procedure, the Supervisory Board has a Nomination & Remuneration Committee that deals with the relations between the company and the members of the Executive Board.

OeEB does not have an audit committee; this is in view of section 63a Banking Act and section 92 Stock Corporation Act, the size of the Supervisory Board and the fact that the company's sole shareholder has an audit committee.

**Transparency and auditing**

As a result of the ownership structure of OeEB, communication with the sole shareholder is direct and detailed. In the communication with our other stakeholders as well, openness and transparency are particularly important to us. The Executive Board continued to uphold these priorities in 2009. Up-to-date information on the company and its business segments is always available on the OeEB website at [www.oe-eb.at](http://www.oe-eb.at).

The company financial statements and company management report were audited by KPMG Austria Wirtschaftsprüfungs- und Steuerberatungs GmbH, the auditor appointed by the Annual General Meeting. The independent auditor's report is found in section F, Auditor's Report.

## II. General information

### i. Shareholder and share capital

*GRI 2.6, GRI 4.2*  
*GRI 4.3 >* The sole owner of OeEB is Oesterreichische Kontrollbank Aktiengesellschaft (OeKB).

OeEB has a share capital of EUR 5,000,000.

### ii. Supervisory body

*GRI 4.7 >* The Supervisory Board of OeEB had the following members:

<b>Rudolf Scholten</b>	Chairman of the Supervisory Board
<b>Heiner Luschin</b>	Vice-Chairman of the Supervisory Board (until 29 June 2009)
<b>Christine Dangl</b>	Member of the Supervisory Board
<b>Ferdinand Schipfer</b>	Vice-Chairman of the Supervisory Board (since 30 September 2009), Member of the Supervisory Board (until 30 September 2009)
<b>Holger Rothenbusch</b>	Member of the Supervisory Board (since 30 September 2009)

KPMG Austria Wirtschaftsprüfungs- und Steuerberatungs GmbH has been appointed as the independent auditor.

### iii. Organisational structure and management system

#### Executive Board

GRI 2.3, GRI 4.6  
LA 13 >

**Michael Wancata**

**Andrea Hagmann**



Advisory Programmes  
Foreign Trade Programme  
Credit Risk Management  
Legal  
Accounting incl. Investments  
Risk Management<sup>2</sup>

Investment Finance  
Information Technology  
Country Analysis  
Loan Processing

#### Joint responsibilities

GRI 4.9 >

Organisation, Lobbying/Public Relations, International Peer Contacts  
Human Resources  
Internal Audit

<sup>2</sup> Ultimate responsibility for the operational implementation of risk management rests with Executive Board member Michael Wancata.

**Internal division of responsibilities**

GRI 2.3, LA-6 >

OeEB has one designated first-aid officer and one designated fire safety officer on staff, who have been trained for these responsibilities.

In addition, there is a data privacy officer and a sustainability coordinator.

Under section 39 Austrian Banking Act, the Executive Board is required to inform itself of the relevant risks of banking transactions and banking operations and to manage, monitor and limit these risks through appropriate strategies and procedures.

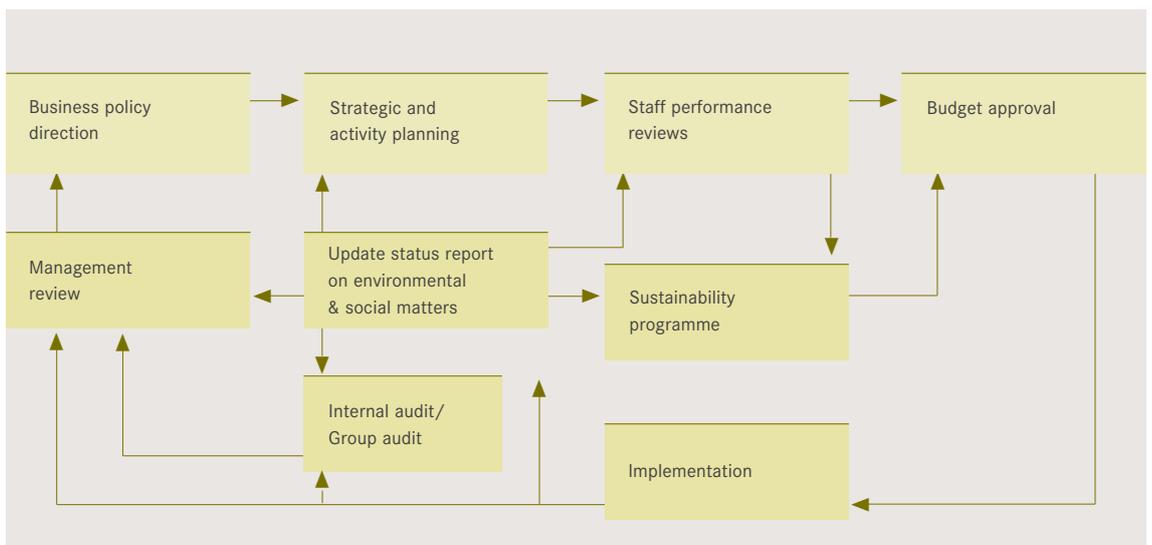
The role of operational risk manager is performed by an OeEB employee; the financial risk manager function currently still resides with the Executive Board.

For the responsibilities named, OeEB is to work closely with OeKB. The preventive service capabilities available at OeKB (health and safety specialist and occupational physician) are used also by OeEB.

The position of compliance officer for securities transactions is outsourced to OeKB by written agreement. In 2009 the function of the anti-money laundering/anti-terrorist financing officer was transferred from OeKB to OeEB's Legal department, as closeness to the business operations is critically important in making the related judgments.

**Management system**

**Sustainability management: Cycle of continuous improvement**



For OeEB's goals under the sustainability programme, please refer to the environment section of the management report, C.I.iv., Financial and non-financial performance indicators – Environmental responsibility.

**FS-9** >

As part of project monitoring and assessment, the projects are evaluated every two years by means of the Corporate Policy Project Rating tool (GPR®). For a description of this tool, see section B.I.ii, Development impact.

As well, the compliance with EMAS is annually verified.

Environmental management at OeEB forms part of the environmental management system of its parent OeKB. For this reason, OeEB's internal processes are directly integrated into OeKB's system. This includes, for example, procurement, public relations, energy and facility management, and internal audit. The internal audit of the environmental management system is conducted annually in accordance with OeKB's audit plan. The EMAS registration number is therefore that of OeKB.

Weekly team meetings give employees the opportunity to discuss current issues with the Executive Board. These include sustainability topics and related potential conflicting goals. As part of these meetings, in-house training is also increasingly offered.

#### **iv. Interests in companies and other investments**

**FS 11** >

In the year under review, OeEB purchased shares of the following funds. Protected by a guarantee under Austria's Export Guarantees Act, OeEB increased its investment in the Luxembourg-based European Fund for South East Europe/Regional Subfund Caucasus Region by EUR 10 million.

In addition, EUR 20 million was invested in the Microfinance Enhancement Facility, a fund created in response to the financial and economic crisis. OeEB is represented on the supervisory board of the Microfinance Enhancement Facility.

## **v. Supervisory Board report**

In the financial year under review, OeEB's Supervisory Board met four times at regular intervals and attended in detail to the institution's business performance.

The Supervisory Board was involved in all decisions of fundamental significance and in all decisions where required by law, by the Articles of Association or by the Supervisory Board's rules of procedure.

The members of the Supervisory Board deliberated on fundamental questions of business strategy, the bank's development as an organisation, its planning systems, management systems and control systems, and its earnings and financial position.

Any urgently required decisions by the Supervisory Board were communicated/circulated in writing.

As part of the Executive Board's risk management concept, the Supervisory Board deliberated on the business strategy and risk strategy.

The Supervisory Board has reviewed the financial statements (including the notes to the financial statements) for the year ended 31 December 2009 and the management report, including the Executive Board's proposal for the appropriation of earnings.

The final result of this review did not give rise to reservations.

The audit by the independent auditor, KPMG Austria Wirtschaftsprüfungs- und Steuerberatungs GmbH, found that the accounting records, the 2009 annual financial statements and the management report fulfil the legal requirements. An unqualified audit opinion was issued. The Supervisory Board is in agreement with the result of the audit.

The Supervisory Board approves the annual financial statements prepared by the Executive Board, which are thereby adopted. For the excellent work done last year, the Supervisory Board would like to express its gratitude and appreciation to the Executive Board and every employee of OeEB.

Special thanks go to Heiner Luschin for his active role as Vice-Chairman of the Supervisory Board until June 2009.

For the Supervisory Board



Rudolf Scholten  
Chairman

Vienna, March 2010

OeEB financing for micro-businesses  
and small and medium enterprises.

*To reach its target groups in the best way possible,  
OeEB partners with local financial institutions.  
Micro-, small and medium enterprises (SME) thus gain  
access to the right financing for their business investment,  
growth, innovation and international activities.*

*The involvement in the local financial sector also facilitates  
OeEB's indirect financing of infrastructure projects that  
contribute especially to the efficient use of energy and the  
generation of renewable energy.*

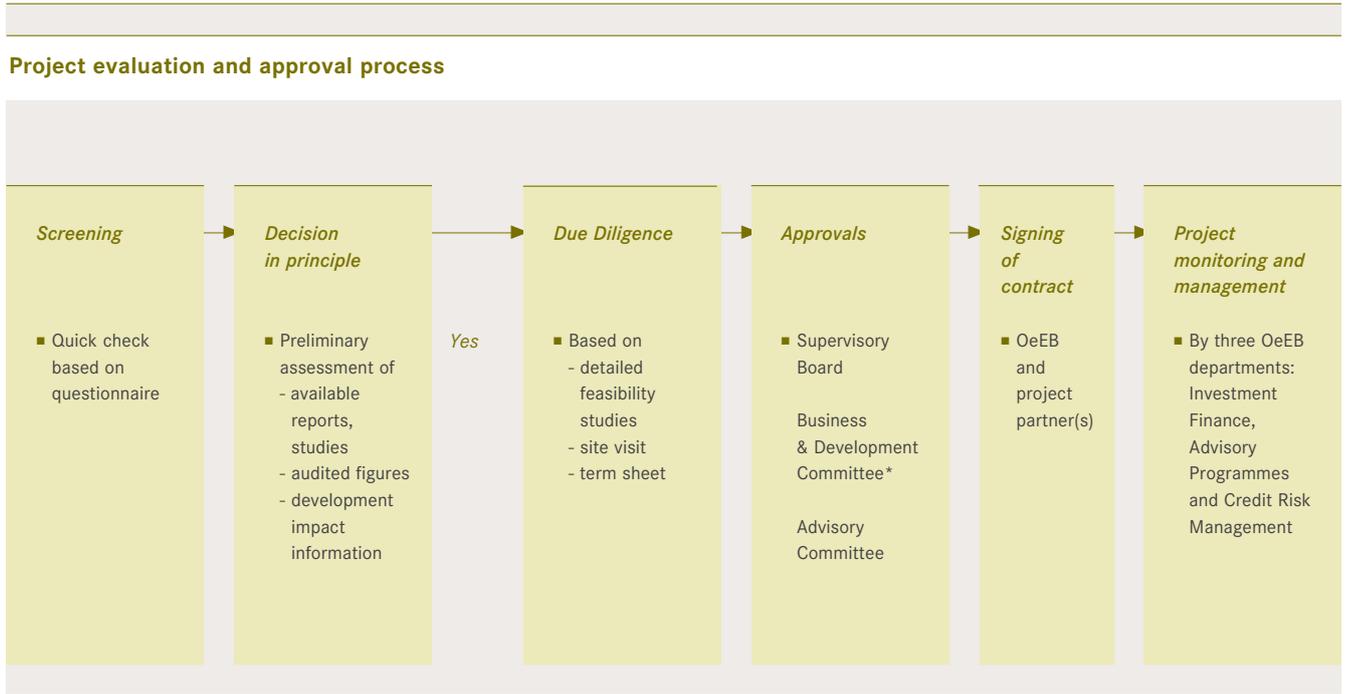
*By working with local financial institutions, OeEB also  
contributes to the development of local and regional finance  
infrastructure.*

*In this way, the engagement by OeEB creates and protects  
jobs, promotes lives of self-determination and expands the  
development opportunities in these regions.*



## B. Development project cycle and approval responsibilities & procedures

FS-13-16, PR-1



\* At the Federal Ministry of Finance

SO-1 >

For all projects proposed to OeEB, the client is expected to complete a questionnaire that permits a first informal check of whether the project is suitable for support by OeEB. Country and sector exclusion lists are found on the OeEB website.

The idea in this preliminary screening is to quickly reach a mutual understanding with the client regarding the potential for implementing the project together.

If it is decided to pursue the project further, the next step is an intensive scrutiny of the commercial viability and analysis of the development effects.

If the project passes this due diligence test, the required approvals are obtained from the decision-making bodies. The appropriate contracts are then concluded with the client and the project implementation begins. In various stages of the project cycle we use the so-called “Corporate Policy Project Rating” tool (GPR®).

OeEB’s policy is to monitor and manage projects continually for their entire duration. This process of ongoing monitoring is being developed jointly by several departments in the bank (Investment Finance, Credit Risk Management and Advisory Programmes). The related internal coordination activities have begun and the first monitoring cycle will occur in 2010.

## I. Projects in 2009

*EC-8, EC-9, EN-6,  
FS-2 >*

OeEB's core business is in fulfilling its twin mandate of promoting both development and foreign trade. In the two business segments, Investment Finance and Advisory Programmes, the development goals are of central importance.

Every investment finance project must be analysed using the "Corporate Policy Project Rating" tool (GPR<sup>®</sup>). Detailed information about GPR<sup>®</sup> can be found in section B.I.ii., Development impact.

Concerning the projects' impacts on climate change, no direct measurements were taken, as OeEB's focus in 2009 was on strengthening the financial sector, which contributes only indirectly to climate change (through financial products).

The systematic "climate box", which quantifies the estimated climate effects of the projects, was added to the GPR<sup>®</sup> at the end of 2009 and is intended to contribute to the systematic presentation of the projects' impacts on climate change.

Projects from the Advisory Programmes are generally very closely tied to development goals and are guided by the strategic priorities of Austrian Development Cooperation (ADC, a partnership between the Ministry for European and International Affairs and the Austrian Development Agency) and the promotion of Austria's foreign trade.

**Project example:  
Supporting the establishment and expansion  
of ProCredit Bank in Armenia**

Hrayr Karapetyan –  
beneficiary of an agricultural loan



Hrayr Karapetyan, aged 30, lives in Artashat, one of the major agricultural centres in Armenia. He operates the farm started by his family, specialising in raising pigs. Agricultural credit, which Karapetyan needed to develop the farm, had been difficult to find. Armenia’s need for agricultural loans is high but remains greatly undersupplied.

When he heard of the opening of the ProCredit Bank branch in Artashat, which was launching a farm credit programme, Karapetyan immediately applied for a loan. The loan was rapidly processed and approved, and Karapetyan became the first customer for ProCredit Bank Armenia’s new lending product for farmers.

ProCredit Bank actively promotes the financing of agricultural enterprises and thus helps to fill the gap between supply and the growing demand for such finance in rural Armenia.

Karapetyan used the loan to buy young pigs and feed to build his breeding stock. “I appreciate the loan officer’s work on my behalf and all the advice he gave me. He not only explained the credit terms in detail, but also went over other important questions with me in connection with the loan. I feel better informed and can use this knowledge for the future development of my farm.”

Through the Advisory Programmes, OeEB has contributed to starting three branches of ProCredit Bank in Armenia. With the addition of these branches, the customer base of ProCredit Bank Armenia grew by 38% from 5,672 to 7,803 clients and the credit portfolio increased by 15%. Savings deposits rose by 45%. With this project, OeEB supports improvement in financial services that provide benefits for customers such as Hrayr Karapetyan.

**Project example:  
Grassroots Business Fund (GBF) – Contributing  
to the development of micro-businesses**

Continuing growth of SELFINA –  
Sero Lease and Finance Limited, Tanzania



For six months now, Rehema Shetto has owned and run a small fish stall in Dar es Salaam, Tanzania.

Every day, she buys fresh fish from local fishermen and prepares it on her grill. The roasted fish is sold either in the fish market or along the roads of Dar. Her monthly profit from this translates to about 120 US dollars. With the income, Shetto plans to expand her business by buying another stall.

SELFINA is a profit-oriented business that provides both micro-leases and working capital finance for female entrepreneurs. As a SELFINA client, Rehema Shetto can buy larger quantities of fish and thus earn higher profits.

Grassroots Business Fund provided SELFINA with long-term financing, complete with technical support in the form of business consulting. Part of these activities is made possible by the support from OeEB. Through this involvement, OeEB thus contributes to the further development and expansion of SELFINA's products, helping women like Rehema Shetto grow their entrepreneurial livelihoods and create long-term incomes.

Through the involvement of GBF, the number of SELFINA clients is expected to increase more than tenfold from about 7,000 to 80,000.

In the first year of OeEB's participation, the number of clients already expanded to 11,000.

**Project example:  
Ukraine Fresh Fruit and Vegetable Project**



“For customers, the produce department is the face of our supermarkets, but it is difficult for us to compete with the outdoor markets here in the south of the country, where very many of these fruits and vegetables are grown and sold. That makes it especially important to offer our customers good quality and good service – at the same price as the open-air markets.” Natalia Karunos, general manager of the “Oskar” chain of supermarkets in Ukraine, is describing a problem which confronts many larger supermarkets that want to sell locally produced fruit and vegetables. Yet precisely these formal distribution channels are highly important to small Ukrainian farmers in the fruit and vegetable sector, which is a prominent segment of the country’s agricultural industry.

For the rapidly growing supermarket chains, an added problem is that the store employees often have no experience in handling fresh produce, thus leading to higher spoilage and losses for the supermarkets in local produce. This is where the “Ukraine Fresh Fruit and Vegetable Supply Chain Development Project” comes in. It is funded by the Austrian Ministry of Finance through its Foreign Trade Programme, with technical support provided by OeEB. From the beginning of 2009 onwards, the project developed and delivered Ukraine’s first specialised training for supermarket staff.

“The training has helped us a lot and given us practical ideas for improving our operations. But the most important changes are still ahead,” explains Natalia Karunos. As one small example of new practices, it was not long after the training that the Oskar supermarkets began to advertise local products through special in-store product and price signs. Building on the experience gained with the Oskar chain, the project is now being extended to other grocery chains in the country. This also helps the Austrian supermarket groups that are setting up in Ukraine.

However, supporting the supermarkets in offering more local produce is just one element of the Ukraine Fresh Fruit and Vegetable Supply Chain Development Project. Improvements are needed in other parts of the supply chain as well, as the fruit and vegetables sold in supermarkets must meet strict standards of quality. Thus, they must be correctly washed, sorted and packaged. For many small farmers in Ukraine, this presents a problem, as they may lack both the knowledge and the means for the post-harvest handling of their crops. What is also often missing is appropriate infrastructure, such as for the storage and distribution of the produce.

The project integrates the supply side with the demand side and seeks to achieve an increase of about USD 30 million in sales of fresh fruit and vegetables over the next four years.

## **i. International cooperation**



Hugo Sarmiento, Chief Financial Officer CAF  
Andrea Hagmann, OeEB  
L. Enrique García, Executive President CAF

### **GRI 4.13 >**

As a member of the European Development Finance Institutions (EDFI) network, the umbrella organisation of the 16 bilateral European development banks, OeEB intensified its collaboration with other members. One of the results of its active participation in various working groups (Environment, Social Matters and Governance, Development Impacts and Legal) is the set of EDFI Principles on Responsible Financing (see section I.iii, Environmental and social matters in this report). There were also joint due diligence trips for projects with other EDFI members. In addition, a process of discussion and coordination took place between the partner institutions in the evaluation of the development aspects of some projects. OeEB also visited several EDFI members.

In parallel with the relationships inside the EDFI, OeEB stepped up cooperation with multilateral financial institutions such as the International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), Asian Development Bank (ADB), African Development Bank (AfDB) and Inter-American Development Bank (IADB). The first projects with these partners were evaluated and implemented.

OeEB has observer status with Black Sea Trade and Development Bank (BSTDB), based in Thessaloniki. The debut projects under the trust fund established by OeEB at BSTDB are being developed.

A memorandum of understanding was signed between OeEB and Corporación Andina de Fomento (CAF), a multilateral financial institution that funds projects in Latin America.

In connection with the investment in the Micro-finance Enhancement Facility (MEF) jointly launched by the IFC and Germany's KfW, OeEB has a seat on the MEF's supervisory board, which provides ample opportunity for working with partner institutions.

## ii. Development impact

To assess the development quality of the projects supported, OeEB employs the so-called Corporate Policy Project Rating tool (GPR<sup>®</sup>) developed by Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG), the German development finance institution.

With GPR, which is used by more than 50% of EDFI members and by other international development banks, projects are scored in a standardized and transparent way on four criteria: the project's development effects, the particular strategic role of OeEB in it, the project's long-term profitability and its contribution to OeEB's return on equity. GPR can be used both ex ante (based on values expected at the time of project approval) and ex post (based on the actual data collected during the operating stages of the investment projects).

Analysis of the ex ante quantitative effects of the projects approved in 2009 (some of which were co-financed together with partner institutions) shows that these projects contributed to protecting approximately 2,430 jobs. Additionally, about 6,330 jobs were indirectly created in the form of positions at suppliers of manufacturers and at end-borrowers in financial sector projects.

These totals are based on certain assumptions by OeEB and empirical values from DEG, which estimates that every EUR 10,000 of credit indirectly creates one new job.

The GPR is continually improved and refined, and OeEB too has adjusted its collection of the input data involved. To this end, OeEB attended (and presented at) a DEG workshop with all other GPR users.

The projects carried out in 2009 contributed in numerous ways to achieving the Millennium Development Goals (MDGs). For instance, through the financing of businesses via local financial institutions, the projects help drive progress towards MDG 3 – promoting gender equality and empowering women. Partly, this is so because some banks now recognise women as a distinct customer segment and thus design financial products specifically for them. As well, the implemented projects facilitate achievement of MDG 8 – furthering a global partnership for development. A special role is played by the Micro-finance Enhancement Facility project (MEF), which supports microfinance institutions that may be at risk from the financial and economic crisis: The MEF also tackles MDG 1 – halving poverty and extreme hunger, in that the clients of microfinance institutions frequently belong to the poorer parts of society and a default by microfinance institutions could bring the financed economic activity to a halt, thus threatening the livelihoods of micro-borrowers.

Through lending specifically for energy efficiency improvement and renewable energy projects, the financial institutions supported by OeEB also contribute to environmental sustainability and thus help to achieve MDG 7.

**iii. Environmental and social matters<sup>3</sup>**

*HR-1, HR-3*  
*HR-5, HR-6, HR-7*  
*HR-8 >*  
*FS 4 >*  
*FS 5 >*

When OeEB finances projects, it is bound not only by local benchmarks but also by international environmental, social and labour standards. OeEB therefore backs only those projects where the project partner too is prepared to meet these criteria. Through the use of resources from the Advisory Programmes, OeEB is able to support clients' efforts in this regard.

The goal is to bind all project companies contractually to complying with international standards, and to verify that they do.

As part of this effort, project partners will annually provide data on the projects' commercial performance. Regarding adherence to environmental and social standards, clients are required to supply detailed information and quantitative and qualitative data in their reporting on a regular basis. Client relationship management calls for on-site visits to verify the written reports.

*HR-9, FS-2*  
*EN-26 >>*

Should a project partner not adhere to the agreed principles, a joint process is cooperatively devised to implement the standards in the execution of the project. We are fully confident that we will find practicable solutions to achieve this with all partners.

As the general benchmark for the assessment of environmental and social standards on all projects, OeEB observes the Performance Standards on Social and Environmental Sustainability developed by World Bank subsidiary IFC (details are available online at [www.oe-eb.at](http://www.oe-eb.at) under the heading *International Guidelines*). These have become the established market standard and have been adopted by most international project financiers (the "Equator Banks") as the basis of project evaluation.

Environmental effects taken into account by OeEB through the GPR<sup>®</sup> are especially the use of renewable raw materials and renewable sources of energy, efficient utilisation of resources, the use of environmentally friendly process technologies and the production of environmental resources.

By means of a structured questionnaire developed by the DEG, an Environmental and Social Risk Indicator is determined that enters into the project evaluation. Employees are regularly trained in the use of the tools.

The subject of responsible finance was dealt with in the EDFI working group on Environment and Social Matters, resulting in a statement of principles to which OeEB is committed. The principles are presented from page 29.

<sup>3</sup> In the projects, the indirect environmental aspects have much greater relevance than direct environmental effects, as OeEB's physical operations are purely office-based (also see environmental impacts in the sustainability report of OeKB).

## Promoting sustainable development – EDFI Principles for Responsible Financing

“EDFI” is the Association of European Development Finance Institutions (“EDFIs”), a group of 16 bilateral investment organizations which provide finance for private sector companies in developing and reforming economies.

Our aim is to have a positive impact on the local communities where we invest. We also strive to ensure respect for human rights and environmental sustainability. Responsibly managed companies, supported by EDFI members, play a vital part in environmental, social and economic development:

they employ and train people, pay taxes, and build and operate infrastructure and services. Such businesses set an example for other companies. They also generate sustainable economic growth, which benefits the poor.

Our collaboration includes EDFI’s Harmonised ESG Standards in relation to the Environment, Social Matters and Governance (ESG) in investment activities.

### We as a member of the EDFI:<sup>5</sup>

- Require that all our investee companies comply with the legal and regulatory requirements in the jurisdictions where they operate.

- Require high standards of business integrity and corporate governance<sup>6</sup> in our investee companies.

- Recognize that our decisions and activities may have environmental and social consequences and require our investee companies to work over time towards relevant international best practice norms and standards<sup>7</sup>. We aim to achieve full compliance with such norms and standards within the duration of our investments. We encourage our investee companies to promote the same standards throughout their supply chains, such as with their contractors.

<sup>4</sup> These EDFI Harmonized ESG Standards encompass  
(a) Environmental and Social Category Definitions,  
(b) Requirements for Environmental and Social Due Diligence, Environmental and Social Contractual Requirements and Monitoring, and  
(c) an Exclusion List,  
all of which will be reviewed regularly.

<sup>5</sup> When investing through intermediaries such as financial institutions or funds, we require these to implement systems to ensure adherence to our standards.

<sup>6</sup> Such as stated in the DFI Approach Statement for Good Corporate Governance adopted in 2007, referring to the structure and processes for the direction and control of companies.

<sup>7</sup> Our benchmarks are the UN Declaration of Human Rights, the ILO Core Conventions and the IFC Performance Standards on Economic and Social Sustainability and associated Environmental and Health & Safety Guidelines.

*Development project cycle and approval responsibilities & procedures*

- Ensure a preventive and precautionary approach with respect to the environmental and social impacts of our investee companies, giving high attention to the interests of affected people.

If negative environmental or social impacts are unavoidable, they must be appropriately mitigated or compensated for.

- Encourage investee companies to establish an open dialogue with their stakeholders on the environmental and social impacts of their business activities.

- Commit to continuous improvements in the management of ESG matters. Our aim is always to enhance positive effects in relation to the environment, workers and all stakeholders.

- Provide transparent and accountable information on investment activities, while observing normal commercial confidentiality.

Cologne, May 7, 2009

**iv. Combating corruption**

SO-2, SO-3 >

As corruption is encountered in OeEB's target countries, the bank's staff has received training and information to deal with this issue.

Specific regulations on anti-money laundering and terrorism finance were developed for OeEB's personnel in order to ensure that the appropriate anti-corruption measures are taken during the course of the institution's projects – from checking client identities, to the loan disbursement stage, all the way to the time of loan repayment.

## II. Stakeholder inclusion

### i. Guiding principles

GRI 4.4, GRI 4.14  
GRI 4.15, GRI 4.16  
GRI 4.17 >

As a private sector entity with a public mandate, OeEB operates in a space characterized by the sometimes divergent interests of different

stakeholder groups. Respectful and intensive dialogue forms an important part of our relationship with stakeholders.



GRI 4.16  
GRI 4.17 >

OeEB was involved in a variety of ways in the events held on behalf of the Federal Ministry of Economy, Family and Youth by Informationsbüro Wirtschaft und Entwicklung (IBWE), an information agency founded to promote awareness of the complementary opportunities of business and development. Thus, OeEB participated in three panel discussions on combining business and development.

At an urban development event on 19 May of the year, OeEB moderated a workshop on slum improvement, and IBWE and OeEB together staged the “Return on Development” event on 24 November at OeEB. As well, OeEB contributed to the expert panel conversation on the subject of the UN Global Compact on 6 October.

*Development project cycle and approval responsibilities & procedures*

**GRI 4.16**

**GRI 4.17 >**

In ICEP's "Multilogue" series of events, ICEP\* and OeEB jointly hosted a gathering of experts around "Managing Stakeholder Relations", a presentation by Robert Boutillier. At this discussion, the latest models of stakeholder identification and inclusion were introduced and discussed among the Austrian Development Agency, Ministry of European and International Affairs, Ministry of Finance, OeKB and OeEB.

The event stimulated the exchange of knowledge among the participating organisations and encouraged an appropriate division of roles between the various actors.

The active approach taken by OeEB towards its stakeholders was also reflected in its participation in the UN Global Compact meeting held in the context of the Austrian UNGC network.

As well, OeEB joined in a mission to the World Bank and its institutions with the Austrian Federal Ministry of Finance and the Austrian Development Agency (ADA). The aim of this trip was the joint representation of Austrian agencies, interests and priorities in this area of activity; the effort also served to improve coordination within the individual projects.

At the Export Day of the Austrian chamber of commerce (WKO) on 28 May 2009, OeEB was an exhibitor. In partnership with the WKO, there were also several round tables with future trade delegates where OeEB presented its business activities.

Staff from OeEB attended events of affiliated banks, the Austrian Development Agency and the World Bank. Of particular note were OeEB's active contributions to the Austrian Foreign Minister's initiatives for the Danube and Black Sea regions. In an event jointly organised by the Ministry of European and International Affairs, Austrian Federal Economic Chamber and Federation of Austrian Industry, a member of OeKB's executive board highlighted the opportunities for cooperation in this region.

To involve Austrian firms in its work, OeEB visited about 25 newly contacted companies; contacts initiated with another 30 Austrian businesses in the year before were further deepened. This was achieved through the activities of the new Austria Desk.

In 2009 the Executive Board met representatives of non-government organisations (NGOs) to illustrate the mandate, responsibilities and capabilities of OeEB as exemplified by concrete projects. On these occasions OeEB also explained how and with what tools it carries out its development mission. Similarly, discussions were held with representatives of two Austrian parliamentary groups that deal with international development issues.

The collaboration with other development banks was expanded, particularly also through a joint trip to the Caucasus by KfW and OeEB. As part of the work together, a panel discussion on "Microfinance and the Crisis" was moderated at the annual meeting of EFSE (the European Microfinance Fund for Southeast Europe).

\* ICEP is the Institute of Cooperation for Development Projects.

## C. Management report

### I. Business performance and financial position

#### i. Business activities and terms of reference

Acting on behalf of the Austrian federal government, OeEB supports the development and expansion primarily of private sector projects in developing countries.

The legal basis for the activities of OeEB was created by an amendment to Austria's Export Guarantees Act (the Act is known in German as the "Ausfuhrförderungsgesetz", or "AusfFG").

On this basis OeEB lends its support to projects that require long-term financing and that have the ability to repay such loans out of their own resources. Every project must also have a positive sustainable impact on local and regional economic development.

Project eligibility for OeEB support is not tied to Austrian goods and services. However, the use of expertise and capacity available in Austria is intended and encouraged. In principle, any company from an industrialised or developing country can become an OeEB client.

OeEB provides solutions not offered by commercial banks in the various developing countries and thus acts only in a role supplementary to that of commercial banks. OeEB draws on the full range of long-term financing facilities, from equity finance to loans.

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

This type of deal naturally entails high project and country risks, which OeEB neutralises through guarantees from the Austrian government. For this cover, OeEB pays a risk-adjusted premium to the Ministry of Finance.

Before individual deals are presented for approval to the Supervisory Board and the panels specified for this purpose by law, the project risk and country risk are carefully analysed. Individual elements of this assessment are outsourced to OeKB under a service agreement.

#### ii. Business performance

##### Investment Finance segment

FS-6 >  
GRI 2.7 >>

In 2009, OeEB was approached with many project ideas. For the eight projects approved in the year, contracts worth about EUR 72 million were signed.

The projects are briefly described on OeEB's website at [www.oe-eb.at/en/projects/financing-projects/pages/default.aspx](http://www.oe-eb.at/en/projects/financing-projects/pages/default.aspx). The required approvals for these projects were obtained from the Supervisory Board, the Business & Development Committee and the Advisory Board. Both the latter bodies are stipulated in the Export Guarantees Act. The Business & Development Committee met nine times in 2009.

As risk-sharing forms a key component of our business strategy, we collaborate with other bilateral or multilateral development banks on most of the projects that we underwrite. OeEB's projects in this second year of operation were located mainly in countries that are on the OECD's DAC List of ODA Recipients (available at [www.oe-eb.at](http://www.oe-eb.at)). One project was implemented in Russia and one is targeted specifically to the least developed countries.

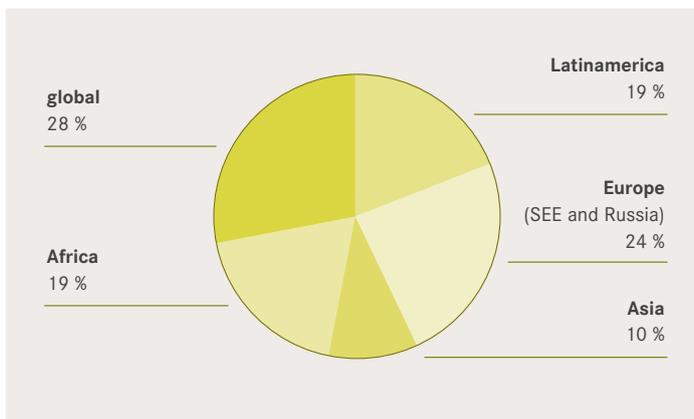
Management report

In the 2009 financial year, the projects underwritten related mainly to financing for financial institutions that use the funds for lending to small and medium enterprises, micro-businesses or infrastructure projects.

A project deal in the agricultural sector was concluded as part of European Financing Partners, a partnership of the European development banks and the European Investment Bank (EIB).

According to signed volume

**Regional distribution of newly committed projects 2009**



**Project-Supporting Measures segment  
Advisory Programmes**

FS-6, FS-7,  
FS-8 >

Through technical assistance under OeEB’s Advisory Programmes (AP), projects can be prepared and improved to enhance their development effectiveness. Examples of measures that may be funded with AP monies are studies, fees to hire specialists, project-related training and upgrading of qualifications, as well as the introduction of international standards. Additionally, the funds can be used for project preparation. In the 2009 financial year, EUR 16.57 million of AP funds was disbursed by the Ministry of Finance to OeEB. The Austrian Federal Ministry of Finance in 2009 approved a special budget of EUR 5 million for advisory services under the International Finance Corporation’s Global Financial Crisis Program.

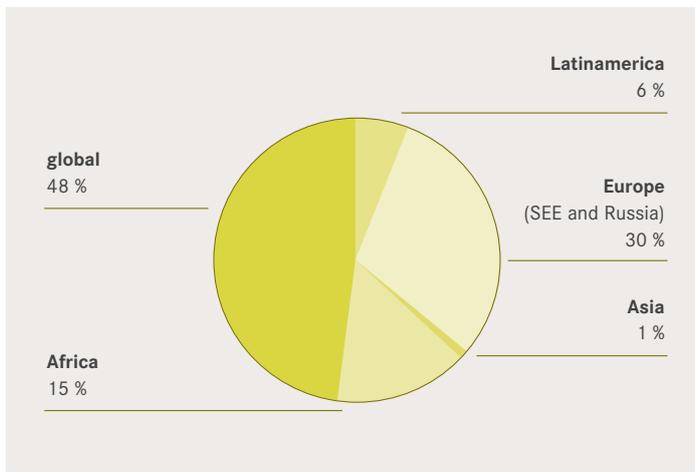
The main purpose of this project is to provide technical assistance to soften the impact of the financial crisis on microfinance institutions.

In OeEB’s second year of operation, the funding continued to be used for the methodical development of a project pipeline. Especially the collaboration with the EBRD and the Inter-American Development Bank was increased. The first projects designed to amplify the development effectiveness of financing were also implemented.

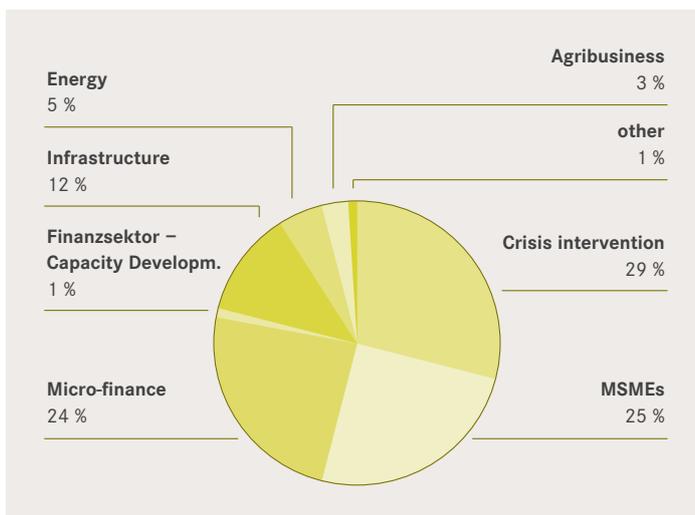
The geographic profile of the AP projects reflects OeEB’s focus on Southeastern Europe, Central Asia and Africa.

By volume

**Advisory Programmes:  
Regional distribution of newly committed projects 2009**



**Advisory Programmes:  
Distribution by sectors – Newly committed projects 2009**



Some of the projects, and particularly those begun in 2008, were completed and are presented on the OeEB website at [www.oe-eb.at/en/projects/advisory-programmes-projects/pages/default.aspx](http://www.oe-eb.at/en/projects/advisory-programmes-projects/pages/default.aspx).

The themes of microfinance and energy efficiency were systematically given concrete form through projects and will continue to be pursued in 2010.

### Foreign Trade Programme

EC-1 >

On the basis of OeEB's expertise in development and foreign trade, OeEB provides advice to the Federal Ministry of Finance especially in collaborations with International Financial Institutions (IFIs).

The aim of the participation in IFI programmes is the resulting know-how transfer to Austrian businesses and greater support by IFIs to improve business conditions for companies in selected countries.

The IFI programmes are selected by the Ministry of Finance. In 2009 further projects were identified, among them the Ukraine Fresh Fruit and Vegetable Project (described under B. I., Projects in 2009). OeEB also organised and moderated an event for the Ukraine Energy Efficiency Programme, an EBRD project.

For administering the Advisory Programmes and Foreign Trade Programme, OeEB receives a fee.

### Other Activities segment

In 2009 the cooperation with other development banks was expanded, particularly through the Neighbourhood Investment Facility (NIF) of the European Commission. The Advisory Programme funding of EUR 1 million set aside for this vehicle in the prior year was disbursed in 2009. As the first project of the NIF, a new fund was established – the European Neighbourhood Small Business Growth Fund (ENBF) – which OeEB paid into. The ENBF provides financing to SMEs in Southeastern Europe and the Caucasus.

Also, OeEB was involved in the Project Finance Group of the EU-Africa Infrastructure Trust Fund, which supports infrastructure projects in Africa.

The EU Africa Infrastructure Trust Fund and the Neighbourhood Investment Facility are to generate financing projects with co-financing by OeEB.

### Financial results

2009 closed with profit for the year of EUR 586,000. After transfers to reserves and before distribution, unallocated profit for the year was EUR 321,000.

On the income side, profit for the year resulted mainly from securities income and the share of profit of other companies (totalling EUR 1,883,000) and from net fee and commission income (EUR 2,352,000). The fee and commission income represented management fees from the financings, fees for OeEB's management services rendered under the Advisory Programmes of the Ministry of Finance and for development- and foreign-trade-related consulting services to the Ministry.

Operating expenses consisted largely of staff costs (EUR 1,464,000) and other administrative expenses (EUR 692,000).

The resulting operating profit was EUR 814,000. After taxation, profit for the year was EUR 586,000.

### iii. Office locations

*GRI 2.4, EC-1* > OeEB's registered office 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

Regulatory capital requirement under section 22 Austrian Banking Act EUR '000	2009	2008
--	------	------

#### Financial performance indicators

Risk-weighted assets under section 22 (2) Banking Act (credit risk)	277	51
Risk-weighted assets under section 22i Banking Act (operational risk)	2,349	2,070
Minimum regulatory capital requirement under section 22 (1) Banking Act	385	315
<i>For credit risk: 8% of 277</i>	22	4
<i>For operational risk: 15% of 2,349 (2008: 2,070)</i>	352	311
<i>For market risk (open foreign currency positions)</i>	11	0
<i>Total</i>	385	315
Available regulatory capital under section 23 (14) Banking Act	5,370	5,107

OeEB held sufficient regulatory capital throughout the financial year.

#### Earnings per share

As the share capital is divided into 50,000 no par-value bearer shares and profit for the year was EUR 585,613.35, earnings per share amounted to EUR 11.71.

## Management report

## Analysis of expenses

	2009	30 Jan. – 31 Dec. 2008
	EUR	EUR '000

EC-1 &gt;

## Administrative expenses

a) Staff costs	1,463,833.04	926
aa) Salaries	1,221,713.55	819
bb) Statutory social security contributions, pay-based levies and pay-based other compulsory contributions	200,845.58	92
cc) Other social expenses	21,221.65	10
dd) Expenses for retirement and other post-employment benefits	8,897.60	0
ee) Contributions to termination benefit funds	11,154.66	5
b) Other administrative expenses	691,958.06	481
<b>Total</b>	<b>2,155,791.10</b>	<b>1,407</b>

## Tax expense

Income tax	220,745.55	152
Other taxes	0	50
<b>Total</b>	<b>220,745.55</b>	<b>202</b>

OeEB is growing.

*OeEB has been operating since March 2008, with 2009 being its first full financial year of twelve months. During this period, OeEB's responsibilities and team have continually grown.*

*As Austria's official development bank, OeEB:*

- *Evaluates the commercial, environmental, social and development aspects of projects*
- *Finances investment in higher-risk and less developed countries*
- *Plans, supports and assesses valuable development programmes and activities.*

*Management report*



from left to right,  
from top to bottom:

**Ms. Erika Bruckbauer**  
(Credit Risk Management)  
**Ms. Kristin Duchâteau, MA**  
(Advisory Programmes)  
**Ms. Raffaella Fromwald**  
(Investment Finance)  
**Ms. Sabine Gaber**  
(Investment Finance)  
**Ms. Andrea Hagmann**  
(Member of the Executive Board)

**Mr. Alexander Köck**  
(Credit Risk Management)  
**Ms. Christine Lex-Neuhold**  
(Assistance)  
**Ms. Judith Pauritsch, MA**  
(Advisory Programmes)  
**Mr. Klaus Peichl, LL.M.**  
(Legal Department)  
**Mr. Heinz Rindler, LL.M.**  
(Legal Department)

**Mr. Marcel Spechtler**  
(Investment Finance)  
**Mr. Oliver Walter**  
(Investment Finance)  
**Mr. Michael Wancata**  
(Member of the Executive Board)  
**Ms. Eva Maria Wassermann**  
(Assistance)  
**Ms. Susanne Wegl, B.A., M.A.I.S.**  
(Advisory Programmes)

## Non-financial performance indicators

### Staff

LA-11 >

OeEB's staff sees to the implementation of the programmes described and also transacts the banking business per se. The main activities are project acquisition and structuring, risk assessment, conclusion of new contracts, performance and monitoring of existing contracts, evaluation of development relevance and work on development topics.

LA-4, LA-14  
EC-5 >

OeEB has a service agreement with OeKB under which various services are procured from OeKB. This ensures access to proven know-how. The service agreement is approved by the Financial Market Authority (FMA) and covers accounting and reporting, human resources management, information technology, internal audit and other services. As well, OeEB is authorised to outsource the position of compliance officer for those business segments covered by the Standard Compliance Code (SCC) and the SCC's minimum standards.

With the exception of the Executive Board, which is provided by OeKB, all staff members are directly employed by OeEB. They bring considerable breadth of experience to their positions from their previous work. As personal and professional qualifications are the only criteria for employee evaluation at OeEB, all employees' pay levels too are independent of gender. For graduates of vocational schools and higher educational institutions, the starting salary scale is significantly above collective agreement levels. All salaried employees of OeEB are covered by the collective agreement for the commercial banking sector.

In 2009 an event for employees on the subject of environment and social standards was held together with OeKB. This served both to deepen participants' knowledge of the topic and to strengthen relationships between OeEB and OeKB.

OeEB also emphasises practice-oriented training. In addition to in-house training events offered together with OeKB, OeEB made a point of providing opportunities to take part in external seminars.

These included courses on the following subjects:

- Symposium on criminal law in business and finance
- Fight against corruption in the context of development cooperation
- "Bankrechtsforum 2009"  
(an Austrian banking law forum conference)
- Role of remittances  
(held as part of Global Payments Week)
- DEG training in the use of the credit rating tool, assessment of environmental and social criteria, and GPR<sup>®</sup>
- FMO\* training seminar on pricing

\* "FMO" stands for Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., the Development Finance Company of the Netherlands.

Management report

GRI 4.5, LA-12  
EC-3, LA-8 >

In 2009 as in the year before, a performance appraisal interview was held with every employee. The aim is to align employees' goals with OeEB's commercial and sustainability objectives and financial performance; a performance-based element is to be introduced into the compensation scheme in the future.

OeEB employees receive discounts on meals in the OeKB staff cafeteria. Other benefits are access to the company doctor, including vaccinations and the annual health week event.

As part of the OeKB Group, the staff also has the (fee-based) use of the company day-care centre and the sports centre.

OeEB offers all employees flexible working hours. There are no benefits or services that are reserved for full-time staff.

For employees with more than one year of service at OeEB, contributions were paid to an external pension fund for the banking sector.

LA-1 >

Employee statistics

	31 Dec. 2009		31 Dec. 2008	
<b>Employees</b>				
	Number	%	Number	%
<b>Total individuals</b>	<b>13</b>	<b>100</b>	<b>8</b>	<b>100</b>
Part-time employees	0	0	0	0
In full-time equivalents	13	–	8	–
Average age	35.4	–	31.490	–

OeEB has thirteen employees. This does not include the Executive Board, which is provided by OeKB.

Proportion of employees who are women	–	<b>66.67</b>	–	<b>62.5</b>
Proportion of executive positions (with full commercial powers of attorney) occupied by women	–	0	–	0

A total of EUR 10,016.47 was spent on training in 2009.

	31 Dec. 2009		31 Dec. 2008	
<b>Training costs</b>				
	<b>Number</b>	<b>%</b>	<b>Number</b>	<b>%</b>
Per employee (in EUR)				
- Internal training	254.59	38.13	Not recorded	
- External training	413.17	61.87	0	-
Per employee (in hours)				
- Internal training	8.27	54.87	Not recorded	
- External training	6.80	45.13	0	-
<i>LA-2 &gt;</i> Employee turnover	1	6.67	0	0

*EC-3, LA-10 >* OeEB's voluntary employee-benefit expenses were EUR 21,221.65.

### Environmental responsibility

The environmental management system of Oesterreichische Kontrollbank provides a wealth of environmental performance data for the Strauchgasse premises in Vienna.

All our data relating to energy use, heating, water and waste are based on the statistics for this location and are expressed on a per-person basis (based on all OeEB staff including the Executive Board members). This approach was approved by the Umweltbundesamt, the Austrian Federal Environment Agency.

The electricity used by OeEB, like that used by OeKB, is hydroelectric power sourced from Wienstrom.

The carbon dioxide calculations are based on the following conversion factors:

Management report

	CO <sub>2</sub> in kg	Source of information
--	-----------------------	-----------------------

**Conversion table for CO<sub>2</sub> emissions**

1 km	By rail (electric)	0.00295	ÖBB 2004 (purely electrically operated; all hydroelectric in 2004)
1 km	By air, per person	0.19500	GEMIS Austria 4.2
1 km	By car, per vehicle	0.18900	Handbook of Emission Factors for Road Transport
1 kWh	Electricity	0.22920	Data for Austrian electricity generation in 2002
1 kWh	Hydroelectricity	0.02500	Data for hydroelectric power generation
1 kWh	District heat	0.13100	CO <sub>2</sub> emissions according to data from Fernwärme Wien

The presentation of carbon dioxide emissions conforms to the standards of the World Business Council for Sustainable Development and ISO 14,063.

EN-29 >

As a detailed analysis is available of OeEB's travel activity (which consists almost entirely of air travel), that analysis is used to calculate the CO<sub>2</sub> equivalents for transport. The direct business of OeEB is outside Europe.

Since many administrative services are provided by OeKB, the CO<sub>2</sub> emissions are not comparable to the industry average. A sustainability goal for CO<sub>2</sub>-related performance has been set for 2010.

	Input 2009	Output 2009	Input 2008	Output 2008
--	------------	-------------	------------	-------------

**Energy**

Total electricity, water, waste and CO <sub>2</sub> (air travel)	In kWh	CO <sub>2</sub> emissions in kg	In kWh	CO <sub>2</sub> emissions in kg
Electricity	98,520	2,463	62,147	1,265
District heat	32,098	4,205	21,201	2,261
<b>CO<sub>2</sub> emissions Energy consumption</b>		<b>6,668</b>		<b>3,526</b>

EN-4, EN-16 >

	2009 (15 empl.)	2008 (10 empl.)
--	--------------------	--------------------

**Heating energy (district heat) (kWh)**

	2009	2008
<b>Total</b>	<b>32,098</b>	<b>21,201</b>
Per employee	2,140	2,201
Per m <sup>2</sup> (2009: 375)	86	62
Per work day (250)	128	85

EN-29 &gt;

**Business travel (km)**

	2009	2008
<b>Total</b>	<b>185,509</b>	<b>136,508</b>
Per employee	12,367	13,651
Rail	1.13%	0.003%
Air	98.38%	99.99%
Car	0.49%	0.006%

EN-21 &gt;

**Water/waste water (litres)**

	2009	2008
<b>Total</b>	<b>231,960</b>	<b>161,358</b>
Per employee	15,464	16,136

**CO<sub>2</sub> emissions from travel (kg)**

	2009	2008
<b>Total</b>	<b>35,766</b>	<b>26,727</b>
Per employee	2,384	2,673

EN-22 &gt;

**Solid waste – Strauchgasse building (kg)**

	2009	2008
<b>Total</b>	<b>1,237</b>	<b>889</b>
Per employee	82	89

**Objectives of OeEB sustainability programme**

Objective	Summary progress report
-----------	-------------------------

**Achievement status of prior-year objectives**

EN-18 >

<p>Ex-post evaluation of development impact of at least one measure financed with Advisory Programmes</p>	<p>To achieve this target, a dialogue on evaluation was held with KfW Entwicklungsbank, the German development bank of Kreditanstalt für Wiederaufbau.</p> <p>As the subject is highly complex and has long-term relevance for OeEB’s work, OeEB held further discussions with the Federal Ministry of Finance and other EDFI members.</p> <p>OeEB will incorporate the results of the talks, and the insights from a World Bank seminar held in January 2010, into the evaluation design. A revised sustainability objective has been formulated for implementation.</p>
<p>Mitigative measures to limit CO<sub>2</sub> load from staff travel</p>	<p>After reviewing the scope for taking mitigative measures, OeEB came to the conclusion that, by the very nature of the business activity in developing and transition countries, the amount of air travel will continue to rise and there is little possibility of containing this quantity. A new objective was set for this area.</p>
<p>Expand the set of sustainability performance indicators by measuring internal and external training time</p>	<p>OeEB training hours were recorded; see table “Employee statistics”.</p>
<p>Generation of an aggregate indicator for environmental and social aspects</p>	<p>This goal was achieved by introducing the Environmental and Social Indicator (EaSI) and by analysis of the GPR<sup>®</sup>. However, to present the resulting indicators on a meaningful basis, a larger volume of projects is required. Therefore their presentation is deferred until the coming years.</p>

EN-26, HR-1, FS 2  
FS 3, EN-18 >

Objective	Action	Who	By when
<b>Objectives for 2010</b>			
Development of new products with sustainability criteria	Evaluate methods such as equity investment (both direct and through funds) and reach agreement with owner and principals	OeEB, OeKB, Ministry of Finance, Ministry of European and International Affairs	12/2010
Ex-post evaluation of development impact of measures financed with Advisory Programmes	Produce a checklist of criteria based on international models and recommend harmonisation among EDFI members	OeEB	12/2010
Assessment of OeEB portfolio by environmental and social indicators	Analysis by GPR <sup>®</sup> and EaSI criteria	OeEB	12/2010
Reduction of CO <sub>2</sub> footprint of OeEB's operations	Develop a strategy	OeEB	12/2010
Presentation of OeEB projects and their sustainability effects	Develop concept with OeKB Public Relations for interactive, participatory presentation that makes use of new media	OeEB, OeKB	2011
Target group analysis regarding FDI of Austrian companies in developing countries	Commission a study	OeEB	06/10

#### v. Significant events after the balance sheet date

There were no significant events after the balance sheet date.

*Management report*

## II. Outlook and risks for the bank

### i. Business outlook

*GRI 1.2* >

Based on many conversations with clients and business partners, OeEB's business is expected to grow at a similarly strong pace in 2010 as last year.

In the bank's second financial year, the important internal processes, including an IT project, were largely completed.

OeEB seeks a clear positioning on development issues in relation to the other institutions active under the umbrella of Austrian Development Cooperation. With a growing volume of deals, timely adjustment of staff capacity will continue to be necessary.

The probable increase in business should lead to a corresponding rise in revenue.

At the same time, a higher volume of business also entails more screening and monitoring and therefore higher expenses.

### ii. Significant risks and uncertainties

*GRI 4.11* >

Owing to the crisis which took hold of the world's financial markets and economies, there was a marked reluctance to invest.

We assume, however, that after a difficult start to 2010, the projects currently in the pre-approval assessment stages will ultimately go ahead (albeit with a slight delay).

This year's project pipeline is larger than in 2009 and should give rise to a growing number of potential deals.

We expect the business trend for OeEB to remain positive. The project risks will continue to be covered by Austrian government guarantees.

### iii. Risk policy and strategy

#### Strategic approach to risk management

*GRI 4.11* >

To cover the very high project and country risks, OeEB receives a 100% guarantee from the Austrian government for every deal. Project risks are assessed conservatively. One of the reasons for this is that an elevated number of losses would entail reputation risk to OeEB.

In view of the backing by the Republic of Austria through government guarantees, OeEB's share capital of EUR 5.0 million represents the minimum requirement under the Austrian Banking Act.

In the next several years OeEB will therefore not undertake any projects on the basis of its equity without obtaining an Austrian government guarantee.

OeEB is a wholly-owned subsidiary of OeKB and follows a risk policy and strategy consistent with that of OeKB Group.

### Risk management organisation

Under the Austrian Banking Act the full Executive Board is responsible for managing OeEB's risks related to banking transactions and banking operations, for ensuring capital adequacy in respect of the risks taken, and for establishing the organisation that this requires. In this context, regard must be had to the proportionality of the bank's enterprise-wide risk management (i.e., of the methods, systems and processes of risk management) with the structure and size of the bank's risks.

In the interest of this proportionality, given OeEB's business sector and the nature and scale of its specific business and risk structure, the Executive Board considers that a largely FMA-compliant risk management organisation is appropriate. Against this backdrop, a Credit Risk Management department was established in April 2009.

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 the operational risk manager of OeKB.

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

All risk management and risk compliance is subject to monitoring by the internal audit department.

In 2008, under the service agreement with OeKB, OeEB had outsourced the function of the anti-money laundering/anti-terrorist financing officer to OeKB.

On 1 May 2009 this function was transferred to OeEB's Legal department, as closeness to the business operations is critically important in assessing transactions. Under a separate agreement, the compliance officer function is outsourced to OeKB.

### Risk types considered in bank-wide risk management

#### ■ Credit risk

Credit risk is the risk of unexpected loss as a result of the default or deterioration in credit quality of counterparties. In the light of its business structure, OeEB distinguishes the following types of credit risk:

#### - Default risk or counterparty 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).

#### - Concentration risk:

the risk of loss as a result of high credit exposure to individual borrowers or to groups of related borrowers. No country limits or customer limits are in effect to date. However, such limits could become necessary in the intermediate future.

#### ■ Market risk

Market risk is the risk of loss as a result of changes in market parameters, notably interest rate risk, currency risk, equity risk and other price risks.

As OeEB does not maintain a trading book, market risks arise only from the banking book (including the investment portfolio). Thanks to the fact that OeEB lends and obtains funding on a matching-currency basis, currency risk (the risk of loss from changes in exchange rates) is negligible.

### ■ Liquidity risk

Liquidity risks 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 loan commitments made to borrowers are unexpectedly utilised or that deposits received are unexpectedly reduced. Both term liquidity risks and withdrawal/call risks are low as a result of OeEB's business structure and contractual arrangements.

As OeEB funds itself 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 risks include legal risk, business risk and reputation risk.

The central integration of operational risk management (including information security) in the bank-wide risk management, 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 every-day risk management in their sphere of accountability. OeEB works closely in these areas with OeKB (and has its office space within OeKB's premises).

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

### ■ Other risks

Other risks are:

#### - Strategic risk:

the risk of negative effects on capital or earnings as a result of strategic business decisions and/or of changes in the business environment.

#### - Reputation risk:

the risk of adverse consequences arising from how the organisation is perceived by stakeholders (shareholders, employees, clients, the government, and others).

#### - Business risk:

the risk of deterioration in earnings as a result of unexpected changes in business volume or in margins.

Strategic risks and reputational risks arise for OeEB from its special position. As a result of its mandate, OeEB's only principal is the Republic of Austria. A quantitative assessment of this risk 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.

Information on the use of derivative financial instruments in the financial year 2009 is given in the notes to the financial statements in section 3.2.2.14.

### III. Research and development

As a result of its special mandate,  
OeEB does not conduct R&D.

Vienna, 29 January 2010

Andrea Hagmann  
Member of the Executive Board

Michael Wancata  
Member of the Executive Board

## D. Independent verifier's report and certificate

### Verification organisation

GRI 3.13 >

An independent verification organisation, ETA, was commissioned to carry out the verification.



ETA Umweltmanagement GmbH is an Organizational Stakeholder (OS) of the Global Reporting Initiative (GRI) and supports the mission of GRI.

ETA Umweltmanagement GmbH  
A-1030 Vienna, Mohsgasse 32/40  
Tel. +43 1 503 72 08-0  
office@eta.at  
www.eta.at  
Registration number: AT-V-0001



### Independent verifier's report and validation certificate

ETA Umweltmanagement GmbH, Sustainability Auditors, was commissioned to:

- evaluate this Combined Annual Report and Sustainability Report 2009 in respect of the underlying sustainability aspects, data, management systems and procedures,
- critically assess the scope, fairness and interpretation of the information presented,
- and review the compliance with the requirements of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI G3).

We based our assurance work on the evolving standards for the verification of sustainability reports. These are the criteria of the Global Reporting Initiative (GRI G3 Application Levels <http://www.globalreporting.org/GRIReports/ApplicationLevels/>) and the guidelines published by the European Federation of Accountants (FEE), "Providing Assurance on Sustainability Reports".

Our assurance work involved:

- interviewing the persons responsible for the contents of the Sustainability Report, as well as sample-based testing of the underlying processes and procedures,
- an evaluation of the accuracy, balance and consistency of the representation of the sustainability aspects and data,
- an analysis of the systems used for data collection and for analysis of the financial, social and environmental key performance indicators.

*Management report*

In our opinion, the representation of the data and information is comprehensive, balanced and appropriate as regards the environmental, social and economic aspects of sustainability, and is not in conflict with other data, information or evidence provided by the company.

Detailed recommendations for the further development of the Sustainability Report were submitted to the management in an internal report.



This Annual Report and Sustainability Report 2009 fulfils the requirements of application level **A+** of GRI, version G3.

**Environmental information verified in accordance with EMAS**

The environmental information of **OeEB (Oesterreichische Entwicklungsbank AG)** presented in this Annual Report and Sustainability Report 2009 represents an excerpt from the Sustainability Report 2009 of the **OeKB Group**.

The environmental information is in full compliance with the requirements of Regulation (EC) No. 1221/2009 and has been verified and declared valid. The information presented is factually correct, representative of the environmental performance and material in respect of the total environmental impact.

Vienna, 25 February 2010

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

Dr. Christine Jasch  
Senior Verifier,  
Public Accountant

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

Dr. Stefan Gara  
Senior Verifier,  
Managing Director



## E. Financial statements

### 1. Balance sheet at 31 December 2009

	31 Dec. 2009 EUR	31 Dec. 2008 EUR '000
<b>Assets</b>		
<b>01 Cash and balances at central banks</b>	<b>1,392.73</b>	<b>3</b>
<b>02 Loans and advances to banks</b>	<b>42,266,624.31</b>	<b>14,804</b>
a) Repayable on demand	16,621,114.63	14,804
b) Other loans and advances	25,645,509.68	0
Of which to intra-group companies	16,621,114.63	14,804
<b>03 Loans and advances to customers</b>	<b>335,371.46</b>	<b>0</b>
<b>04 Bonds and other fixed income securities</b>	<b>2,782,706.08</b>	<b>0</b>
a) Of other issuers (i.e., non-public sector issuers)	2,782,706.08	0
<b>05 Equity shares and other variable income securities</b>	<b>55,067,512.66</b>	<b>40,524</b>
<b>06 Interests in companies</b>	<b>25,100.00</b>	<b>25</b>
<b>07 Non-current intangible assets</b>	<b>18,381.14</b>	<b>17</b>
<b>08 Other assets</b>	<b>6,258,373.35</b>	<b>3,183</b>
Fiduciary assets	6,000,000.00	3,000
<b>09 Prepaid expenses</b>	<b>34,111.18</b>	<b>20</b>
<b>Total assets</b>	<b>106,789,572.91</b>	<b>58,576</b>
<b>Memo items</b>		
1. Foreign assets	88,331,965.28	43,549

	<b>31 Dec. 2009</b> EUR	<b>31 Dec. 2008</b> EUR '000
<b>Liabilities</b>		
<b>01 Deposits from banks</b>	<b>80,408,759.32</b>	<b>40,014</b>
a) With agreed maturity or withdrawal notice	80,408,759.32	40,014
Of which from intra-group companies	80,408,759.32	40,014
<b>02 Other financial liabilities</b>	<b>19,595,931.02</b>	<b>12,788</b>
<b>03 Accruals and deferred income</b>	<b>214,316.98</b>	<b>0</b>
<b>04 Provisions</b>	<b>847,173.86</b>	<b>317</b>
a) Tax provisions	120,745.55	52
b) Other provisions	726,428.31	265
<b>05 Share capital</b>	<b>5,000,000.00</b>	<b>5,000</b>
<b>06 Retained earnings</b>	<b>385,619.59</b>	<b>123</b>
a) Statutory reserve	55,619.59	23
b) Other reserve	330,000.00	100
<b>07 Liability reserve under section 23 (6) Banking Act</b>	<b>2,752.41</b>	<b>1</b>
<b>08 Profit available for distribution</b>	<b>335,019.73</b>	<b>333</b>
<b>Total liabilities and shareholders' equity</b>	<b>106,789,572.91</b>	<b>58,576</b>
<b>Memo items</b>		
1. Contingent liabilities (guarantees and assets pledged as collateral security)	16,312,647.51	0
2. Off-balance sheet credit risks	54,283,281.14	0
3. Available regulatory capital under section 23 (14) Banking Act	5,369,990.86	5,107
4. Minimum regulatory capital requirement under section 22 (1) Banking Act	385,263.97	315

## 2. Income statement for the year ended 31 December 2009

	2009	30 Jan. – 31 Dec. 2008
	EUR	EUR '000
1. Interest and similar income	1,011,459.34	384
Of which from fixed income securities	40,065.19	0
2. – Interest and similar expenses	1,608,349.40	381
<b>I. Net interest income</b>	<b>-596,890.06</b>	<b>3</b>
3. + Income from securities and share of profit of other companies	1,882,517.78	524
a) Income from equity shares, other ownership interests and variable income securities	1,882,517.78	524
4. + Fee and commission income	2,351,752.57	1,610
5. – Fee and commission expenses	702,637.59	69
6. + Other operating income	41,882.28	2
<b>II. Operating income</b>	<b>2,976,624.98</b>	<b>2,070</b>
7. – Administrative expenses	2,155,791.10	1,407
a) Staff costs	1,463,833.04	926
aa) Salaries	1,221,713.55	819
bb) Statutory social security costs, pay-based levies, and pay-based other compulsory contributions	200,845.58	92
cc) Other social expenses	21,221.65	10
dd) Expenses for retirement and other post-employment benefits	8,897.60	0
ee) Contributions to termination benefit funds	11,154.66	5
b) Other administrative expenses	691,958.06	481
8. – Impairment of non-current intangible assets	5,666.05	4
9. – Other operating expenses	690.80	0
<b>III. Operating expenses</b>	<b>-2,162,147.95</b>	<b>-1,411</b>
<b>IV. Operating profit</b>	<b>814,477.03</b>	<b>659</b>
10. ± Net loss on valuation of loans and advances and securities	-8,118.13	0

	<b>2009</b>	<b>30 Jan. – 31 Dec. 2008</b>
	EUR	EUR '000
<b>V. Profit before taxes</b>	<b>806,358.90</b>	<b>659</b>
11. – Income tax	220,745.55	152
12. – Other taxes	0.00	50
<b>VI. Profit for the year</b>	<b>585,613.35</b>	<b>457</b>
13. – Transfer to reserves	265,020.39	124
Of which transfer to liability reserve	2,239.72	1
<b>VII. Unallocated profit for the year</b>	<b>320,592.96</b>	<b>333</b>
14. + Profit brought forward from the prior year	14,426.77	0
<b>VIII. Profit available for distribution</b>	<b>335,019.73</b>	<b>333</b>

Items in the financial statements are shown only if a non-zero amount is associated with them.

## 3. Notes to the financial statements

### 3.1 Accounting policies

#### 3.1.1 Basis of presentation and general principles applied

The annual financial statements of Oesterreichische Entwicklungsbank AG ( “OeEB”, “the bank”) were prepared by the Executive Board in accordance with the provisions of the Austrian Commercial Code (UGB) and the bank-specific portions of the Austrian Banking Act (BWG).

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 and the results of its operations.

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 accrued in the 2009 financial year were recognised.

The financial year under review was a full calendar year.

---

#### 3.1.2 Securities

**Securities** are measured at the lower of cost or the quoted market price at the balance sheet date.

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

In accordance with section 9 Export Guarantees Act (the “Ausfuhrförderungsgesetz”, or “AusfFG”), OeEB’s investment financing transactions are covered by a federal government guarantee from the Austrian Federal Ministry of Finance in the amount of their cost.

In view of the full federal guarantee, the expected dividends and interest income for the year from these transactions are recognised in the balance sheet item “**equity shares and other variable income securities**” on an accrual basis in the amount of the funding costs, which represent the maximum amount guaranteed.

---

#### 3.1.3 Interests in companies

**Interests in companies** are measured at cost, less any lasting and material impairment losses.

### 3.1.4 Intangible assets

Intangible assets are recognised in the balance sheet only if they have been purchased. They are measured at cost less amortisation and impairment. Intangible assets generated internally, and low-value assets (with an individual acquisition cost of less than EUR 400), 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 of a lasting nature.

### 3.1.5 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 loans and advances to banks shown under “other loans and advances” (i.e., those not repayable on demand), and the loans and advances to customers, are covered by a federal guarantee under section 9 Export Guarantees Act in the amount of their cost. In view of the guarantee, the expected interest income is recognised on an accrual basis and is recorded in the respective balance sheet item.

### 3.1.6 Deposits from banks and other financial liabilities

Deposits from banks and other financial liabilities are recognised at repayable amounts.

### 3.1.7 Provisions

**Other provisions** represents all risks, and all liabilities of uncertain amount or nature, identifiable at the time of preparation of the financial statements, identified

and measured as dictated by prudent business judgment.

### 3.1.8 Foreign-currency translation

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

## 3.2 Notes to the balance sheet and income statement

### 3.2.1 General information

The format of the balance sheet and income statement is as specified in Annex 2 to section 43 Austrian Banking Act.

### 3.2.2 Supplementary disclosures

#### 3.2.2.1 Loans and advances

##### 3.2.2.1.1 Loans and advances to banks

	31 Dec. 2009 EUR	31 Dec. 2008 EUR '000
<b>Loans and advances repayable on demand</b>		
Loans and advances denominated in EUR	16,484,704.87	14,803
Loans and advances denominated in USD	136,409.76	–
<b>Total</b>	<b>16,621,114.63</b>	<b>14,803</b>
<b>Other loans and advances</b> denominated in EUR		
Central American Bank for Economic Integration (CABEI), Republic of Honduras	15,000,000.00	–
<b>Total</b>	<b>15,000,000.00</b>	–
<b>Other loans and advances</b> denominated in USD		
Center Invest Bank, Russia	7,033,230.58	–
Unibank Commercial Bank, Azerbaijan	3,612,279.10	–
<b>Total</b>	<b>10,645,509.68</b>	–

### 3.2.2.1.2 Loans and advances to customers

	31 Dec. 2009 EUR	31 Dec. 2008 EUR '000
<b>Loans and advances to customers</b> denominated in USD		
Zambeef Products Plc., Zambia	335,371.46	–
<b>Total</b>	<b>335,371.46</b>	<b>–</b>

### 3.2.2.2 Non-current assets

The changes in the individual non-current assets and the breakdown of amortisation and impairment

are presented in the table “Movements in non-current assets”.

### 3.2.2.3 Securities

The securities in the balance sheet item “bonds and other fixed income securities” are classified as current assets; they are admitted to trading on a stock exchange and are listed securities. At 31 December 2009 the difference between their market value and carrying amount was EUR 28,915.00.

None of the bonds and other fixed income securities will be redeemed in the subsequent financial year, but interest in the amount of EUR 47,512.50 will be due in the year.

The fund shares and trust preferred securities recorded in “equity shares and other variable income securities” are classified as non-current assets and were purchased for the purpose of investment financing; they are not admitted to trading on an exchange. The amounts in the following table are shown net of accrued interest of EUR 730,604.43.

	31 Dec. 2009 EUR	31 Dec. 2008 EUR '000
The European Fund for Southeast Europe SA, SICAV-SIF, Class A and B (“EFSE”)	30,000,000.00	30,000
ProCredit Capital Funding Trust, Delaware (“Trust Preferred Securities”)	10,000,000.00	10,000
The Microfinance Enhancement Facility SA, SICAV-SIF, Class B (“MEF”)	14,336,908.23	–
<b>Total</b>	<b>54,336,908.23</b>	<b>40,000</b>

**3.2.2.4 Interests in companies**

At the end of the financial year, OeEB held a 7.63% equity interest in European Financing

Partners S.A., a company based in Luxembourg. This investment is measured at cost (EUR 25,100).

**3.2.2.5 Other assets**

EUR	Maturing in up to one year	Maturing in more than one year	Carrying amount
<b>2009</b>			
Other assets outside Austria	178,897.73	–	178,897.73
Other	79,475.62	–	79,475.62
<b>Total</b>	<b>258,373.35</b>	<b>–</b>	<b>258,373.35</b>
<b>2008</b>			
Other assets outside Austria	51,940.80	–	51,940.80
Refundable VAT payments made for November and December 2008	125,395.43	–	125,395.43
Other	5,892.85	–	5,892.85
<b>Total</b>	<b>183,229.08</b>	<b>–</b>	<b>183,229.08</b>

Other assets include accrued income of EUR 256,837.73 that will be received after the balance sheet date.

**3.2.2.6 Fiduciary transactions**

The transactions overseen by OeEB as trustee, and which represent neither financial nor legal exposure for OeEB, are recognised in the balance sheet in other assets and other liabilities, in the amount of EUR 6 million.

The trusteeship holding was acquired under the Advisory Programmes of the Austrian Ministry of Finance.

### 3.2.2.7 Deposits from banks and other financial liabilities

Other financial liabilities include accrued expenses of EUR 292,154.96 that will be paid after the balance sheet date.

### 3.2.2.8 Amounts due from and to group entities

The specific amounts of loans and advances to, deposits from, and trade payables with intra-group

companies at the balance sheet date were as follows.

	31 Dec. 2009 EUR	31 Dec. 2008 EUR '000
<b>Assets</b>		
Intra-group loans and advances to banks	16,621,114.63	14,804
<b>Liabilities</b>		
Intra-group deposits from banks	80,408,759.32	40,014
Intra-group trade payables	25,729.46	168

The security for the deposits from banks consists of the assets recorded in loans and advances to banks and to customers, and the shares recorded in “equity shares and other variable income securities”,

totalling EUR 80.1 million, as well as the assignment of any relevant claims under the Austrian government guarantee issued by the Ministry of Finance.

### 3.2.2.9 Provisions

Provisions had the following composition:

EUR	At 1 Jan. 2009	Added	Used	Released	At 31 Dec. 2009
Provision for vacation pay	23,280.23	45,195.17	23,280.23	0.00	45,195.17
Provision for legal, audit and consulting fees	60,000.00	70,000.00	45,072.50	14,927.50	70,000.00
Guarantee premiums	64,583.33	352,130.00	64,583.33	0.00	352,130.00
Other provisions	116,782.65	259,103.14	116,782.65	0.00	259,103.14
<b>Total</b>	<b>264,646.21</b>	<b>726,428.31</b>	<b>249,718.71</b>	<b>14,927.50</b>	<b>726,428.31</b>

### 3.2.2.10 Equity

The share capital of Oesterreichische Entwicklungsbank AG of EUR 5 million is divided into 50,000 no-par value bearer shares, each representing an equal portion of the share capital. Profit for the period was EUR 585,613.35. Of this, EUR 32,780.67 was transferred to the statutory reserve and EUR 230,000.00 to uncommitted reserves.

As well, EUR 2,239.72 was transferred to the liability reserve under section 23 (6) Austrian Banking Act, leaving EUR 335,019.73 of profit available for distribution (including profit of EUR 14,426.77 brought forward from the prior year). The proposed dividend to be paid in 2010 for the 2009 financial year is EUR 306,500.00, or EUR 6.13 per share.

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

At the balance sheet date there were foreign currency positions that translated to the following amounts in Euros:

Assets: EUR 25,961,894.34  
Liabilities: EUR 25,376,868.87

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 differences in turn are explained by the fact that the income guaranteed by the federal government was higher than the borrowing costs. There were also a USD bank account and USD-denominated receivables in connection with project investments.

### 3.2.2.12 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. 2009 EUR	31 Dec. 2008 EUR '000
Up to 3 months	233,181.48	–
More than 3 months and up to 1 year	–	–
More than 1 year and up to 5 years	15,000,000.00	–
More than 5 years	10,412,328.20	–
<b>Total</b>	<b>25,645,509.68</b>	<b>–</b>

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

	31 Dec. 2009 EUR	31 Dec. 2008 EUR '000
Up to 3 months	–	–
More than 3 months and up to 1 year	1,576.25	–
More than 1 year and up to 5 years	–	–
More than 5 years	333,795.21	–
<b>Total</b>	<b>335,371.46</b>	<b>–</b>

## Financial statements

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

	<b>31 Dec. 2009</b> EUR	<b>31 Dec. 2008</b> EUR '000
Up to 3 months	–	–
More than 3 months and up to 1 year	325,727.68	14
More than 1 year and up to 5 years	35,412,328.20	10,000
More than 5 years	44,670,703.44	30,000
<b>Total</b>	<b>80,408,759.32</b>	<b>40,014</b>

### 3.2.2.13 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 84,000 for the

year 2010 and about EUR 420,063 for the five-year period from 2010 to 2014.

### 3.2.2.14 Information on derivative financial instruments

Derivative financial instruments had the following composition at the balance sheet date:

EUR	<b>Notional amount</b>	<b>Positive fair values</b>	<b>Negative fair values</b>
Interest rate swaps	80,452,015.91	2,809,929.98	489,777.38
Currency swaps	25,452,015.91	669,293.75	141,557.33

The fair values shown represent the clean prices of the transactions. These transactions to hedge interest rate risk and exchange rate risk are managed entirely in conjunction with the funding operations for investment financing and thus form an economic unit with these debt instruments.

Therefore no provision was raised for negative market values in this context.

The fair values (present values) of derivatives are calculated by generally accepted methods. They are recognised at the trade date.

### 3.2.2.15 Information on off-balance sheet transactions under sections 237 (8a) and 199 Austrian Commercial Code

#### Contingent liabilities:

This item represents a guarantee for EUR 16,312,647.51 issued by OeEB to KfW.

In turn, KfW makes a loan to ProCredit Bank Georgia that is used to fund loans to micro-businesses and SMEs in Georgia.

#### Credit risk:

For off-balance sheet credit risks, an amount of EUR 54,283,281.14 (2008: EUR 0) was recognised as a memo item below the balance sheet. It related to undrawn commitments to lend (limits on credit facilities, and securities purchase obligations).

To secure the risks, OeEB receives a 100% guarantee of the Republic of Austria for every transaction.

## 3.2.3 Notes to the income statement

### 3.2.3.1 Interest income and interest expenses

	2009	2008
	EUR	short financial year EUR '000
<b>Interest and similar income from lendings and investments</b>		
From loans and advances to customers	1,576.63	–
From loans and advances to banks	969,817.52	384
Other	40,065.19	–
<b>Total</b>	<b>1,011,459.34</b>	<b>384</b>
<b>Interest and similar expenses</b>		
For deposits from banks	1,608,349.40	381
Other	–	–
For deposits from customers	–	–
Other	–	–
<b>Total</b>	<b>1,608,349.40</b>	<b>381</b>

### 3.2.3.2 Income from securities and share of profit of other companies

The income from securities represented the interest income accrued at 31 December 2009 from the shares of “The European Fund for Southeast Europe SA, SICAV-SIF”, Bertrange, Luxembourg, the trust preferred securities of ProCredit Capital Funding Trust, Delaware, USA, and the shares of “The Microfinance

Enhancement Facility SA, SICAV-SIF”, Luxembourg, as all three of these holdings are also covered by the federal guarantee issued by the Ministry of Finance up to the maximum guaranteed amount, which is the amount of the funding costs.

### 3.2.3.3 Fee and commission income and expenses

The fee and commission income related principally to the reimbursement of expenses incurred in the course of partly fiduciary services rendered by OeEB to the Federal Ministry of Finance, and to management and monitoring fees received in connection with credit

commitments. The fee and commission expenses consisted mainly of the accrued guarantee fees payable to the Austrian Federal Ministry of Finance for the government guarantee in accordance with section 9 Export Guarantees Act.

### 3.2.3.4 Other operating income

Other operating income consisted primarily of expenses passed through to customers

in connection with the conclusion of contracts.

### 3.2.3.5 Other administrative expenses

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

The auditor’s remuneration is included within other administrative expenses and consisted of an expense of EUR 45,000 for the audit of the 2009 company financial statements (2008: EUR 44,000).

### 3.2.3.6 Staff count

In the year under review, OeEB had an average of 11 employees.

### 3.2.3.7 Contributions to termination benefit funds

The EUR 11,154.66 of contributions to termination benefit funds consisted exclusively of contributions to the employer-funded termination-benefit fund.

In reliance on section 241 Austrian Commercial Code, no analysis of the amounts in terms of salaried employees, managers and Executive Board is presented.

### 3.3 Additional information

#### 3.3.1 Boards

In the financial year under review, the following individuals were members of the Executive Board:

Andrea Hagmann  
Michael Wancata

The two Executive Board members jointly represent the bank. In reliance on section 241 Austrian Commercial Code, no analysis of the Executive Board's compensation is presented.

In the year under review, the following individuals were members of the Supervisory Board:

Rudolf Scholten  
(Chairman of the Supervisory Board)  
Ferdinand Schipfer  
(Vice-Chairman of the Supervisory Board)  
Heiner Luschin  
(Vice-Chairman of the Supervisory Board)  
until 29 June 2009  
Maria-Christine Dangl  
Holger Rothenbusch  
from 30 September 2009

The total compensation of the Supervisory Board for the year under review was EUR 10,454.54.

#### 3.3.2 Related party transactions under section 237 (8b) Austrian Commercial Code

Oesterreichische Entwicklungsbank AG, which has its registered office in Vienna (OeEB, Companies Register Number 304601v, Vienna Commercial Court), is a wholly-owned subsidiary of Oesterreichische Kontrollbank Aktiengesellschaft (OeKB, Companies Register Number 85749b, Vienna Commercial Court) and is fully consolidated in the OeKB group financial statements.

The only related party transactions in the year under review were with OeKB and were conducted at arm's length.

Under a service agreement between the two institutions, OeKB provides services to OeEB. The service agreement is approved by the Financial Market Authority and covers accounting, human resources management, information technology, internal audit and other services.

In order to ensure the availability of sufficient funding at all times, OeEB's transactions are largely financed by OeKB.

Vienna, 29 January 2010

Oesterreichische Entwicklungsbank AG

The Executive Board

Andrea Hagmann

Michael Wancata

## Financial statements

## Movements in non-current assets in 2009

in EUR	At cost at 1 January 2009	Additions	Disposals	Re- classifications	At cost at 31 December 2009
<b>Intangible assets</b>	<b>20,635.24</b>	<b>7,500.00</b>	<b>0.00</b>	<b>0.00</b>	<b>28,135.24</b>
Software	20,635.24	7,500.00	0.00	0.00	28,135.24
<b>Financial assets</b>	<b>40,025,100.00</b>	<b>14,336,908.23</b>	<b>0.00</b>	<b>0.00</b>	<b>54,362,008.23</b>
1. Interests in companies	25,100.00	0.00	0.00	0.00	25,100.00
2. Securities classified as non-current assets**	40,000,000.00	14,336,908.23	0.00	0.00	54,336,908.23
<b>Total</b>	<b>40,045,735.24</b>	<b>14,344,408.23</b>	<b>0.00</b>	<b>0.00</b>	<b>54,390,143.47</b>

in EUR	Accumulated amortisation and impairment	Carrying amount at 31 Dec. 2009	Carrying amount at 1 Jan. 2009	Amortisation and impairment for 2009*
<b>Intangible assets</b>	<b>-9,754.10</b>	<b>18,381.14</b>	<b>16,508.19</b>	<b>5,627.05</b>
Software	-9,754.10	18,381.14	16,508.19	5,627.05
<b>Financial assets</b>	<b>0.00</b>	<b>54,362,008.23</b>	<b>40,025,100.00</b>	<b>0.00</b>
1. Interests in companies	0.00	25,100.00	25,100.00	0.00
2. Securities classified as non-current assets**	0.00	54,336,908.23	40,000,000.00	0.00
<b>Total</b>	<b>-9,754.10</b>	<b>54,380,389.37</b>	<b>40,041,608.19</b>	<b>5,627.05</b>

\* Excluding low-value assets of EUR 39.00

\*\* Excluding accrued income of EUR 730,604.43

## Movements in non-current assets in 2008

in EUR	At cost at 30 January 2008	Additions	Disposals	Re- classifications	At cost at 31 December 2008
<b>Intangible assets</b>	<b>0.00</b>	<b>20,635.24</b>	<b>0.00</b>	<b>0.00</b>	<b>20,635.24</b>
Software	0.00	20,635.24	0.00	0.00	20,635.24
<b>Financial assets</b>	<b>0.00</b>	<b>40,025,100.00</b>	<b>0.00</b>	<b>0.00</b>	<b>40,025,100.00</b>
1. Interests in companies	0.00	25,100.00	0.00	0.00	25,100.00
2. Securities classified as non-current assets**	0.00	40,000,000.00	0.00	0.00	40,000,000.00
<b>Total</b>	<b>0.00</b>	<b>40,045,735.24</b>	<b>0.00</b>	<b>0.00</b>	<b>40,045,735.24</b>

in EUR	Accumulated amortisation and impairment	Carrying amount at 31 Dec. 2008	Carrying amount at 1 Jan. 2008	Amortisation and impairment for 2008 short financial year*
<b>Intangible assets</b>	<b>-4,127.05</b>	<b>16,508.19</b>	<b>0.00</b>	<b>4,127.05</b>
Software	-4,127.05	16,508.19	0.00	4,127.05
<b>Financial assets</b>	<b>0.00</b>	<b>40,025,100.00</b>	<b>0.00</b>	<b>0.00</b>
1. Interests in companies	0.00	25,100.00	0.00	0.00
2. Securities classified as non-current assets**	0.00	40,000,000.00	0.00	0.00
<b>Total</b>	<b>-4,127.05</b>	<b>40,041,608.19</b>	<b>0.00</b>	<b>4,127.05</b>

\* Excluding low-value assets of EUR 70.66

\*\* Excluding accrued income of EUR 523,958.33

## *F. Unqualified Auditor's Report*

### **Report on the Financial Statements**

We have audited the accompanying financial statements, including the accounting system, of

**Oesterreichische Entwicklungsbank AG,  
Vienna, Austria**

for the

**fiscal year from 1 January 2009 to 31 December 2009.**

These financial statements comprise the balance sheet as of 31 December 2009, the income statement for the fiscal year ended 31 December 2009, and the notes.

#### **Management's Responsibility for the Financial Statements and for the Accounting System**

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditors' Responsibility and Description of Type and Scope of the statutory audit**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance for the year from 1 January 2009 to 31 December 2009 in accordance with Austrian Generally Accepted Accounting Principles.

### **Report on Other Legal Requirements (Management Report)**

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements.

In our opinion, the management report is consistent with the financial statements.

Vienna, 29 January 2010

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

signed by:

DDr. Martin Wagner                      ppa Mag. Renate Vala  
Wirtschaftsprüfer  
(Austrian Chartered Accountants)

This report is a translation of the original report in German, which is solely valid. Publication of the financial statements together with our auditor's opinion may only be made 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.

### **About this report**

Owner and publisher:  
Oesterreichische Entwicklungsbank AG  
Strauchgasse 1–3, 1011 Vienna, Austria

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

Companies Register number: FN 304601v,  
Vienna Commercial Court.  
Data Processing Register number: DVR 3003269  
VAT number: ATU 63944539

Layout and graphic design:  
Gerald Schuba Corporate Communications+,  
Barbara Jaumann

Translation: Martin Focken

Photography:  
istockphoto (cover), OeEB (p. 2),  
OeEB/Christina Häusler (p. 15 and 40),  
CAF (p. 26),  
Women's World Banking (p. 20),  
GBF/Marcella Echavarria (p. 20, bottom centre),  
ProCredit Armenia (p. 23),  
SELFINA (p. 24),  
IFC (p. 25),  
ProCredit Bank Georgia (p. 55)





Oesterreichische Entwicklungsbank AG

Strauchgasse 1-3  
1011 Vienna, Austria  
Tel. +43 1 533 12 00-0  
[www.oe-eb.at](http://www.oe-eb.at)

