



Wir beehren uns, Ihnen den Geschäftsbericht
für das Jahr 2000 zu überreichen.

Wien, im Juni 2001

Pfandbriefstelle der österreichischen Landes-Hypothekenbanken

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SUMMARY INFORMATION

The Pfandbriefstelle der oesterreichischen Landes-Hypothekenbanken is a credit institution of public law:

All Austrian Landes-Hypothekenbanken, namely

EB und HYPO – Bank Burgenland AG,
(Eisenstadt),

Hypo Alpe-Adria-Bank AG,
(Klagenfurt),

Niederösterreichische Landesbank – Hypothekenbank AG, (St. Pölten),

Oberösterreichische Landesbank AG, (Linz),

Salzburger Landes-Hypothekenbank AG, (Salzburg),

Landes-Hypothekenbank Steiermark AG, (Graz),

Hypo Tirol Bank AG, (Innsbruck)

and

Vorarlberger Landes- und Hypothekenbank AG,
(Bregenz),

are members of the Pfandbriefstelle.

Direct loans provided by the Landes-Hypothekenbanken to Austrian non-bank customers amounted to ATS 309.2 billion, about ATS 220.2 billion thereof related to municipal and mortgage loans and other Schilling loans. The mortgage bank sector floated a total of approx. ATS 198.4 billion (mortgage-bonds accounting for ATS 41.9 billion, municipal bonds for about ATS 70.7 billion) in 2000 in Austria, deposits from non-bank customers in Austria totalled about ATS 86.3 billion. The sector's consolidated balance sheet totals amounted to about ATS 440.6 billion.

As joint issuing institution of the Landes-Hypothekenbanken, the Pfandbriefstelle is mainly responsible for issuing mortgage-bond and municipal bonds as well as non-funded debentures and making available the raised funds to its members.

The Pfandbriefstelle also carries out loan projects and conducts business affecting all of its members. The issues floated by the Pfandbriefstelle are gilt-edged investments. Both the member institutions as well as their respective guarantors, namely the eight federal provinces, are liable for all liabilities of the Pfandbriefstelle.

The Pfandbriefstelle is supervised by the Federal Ministry of Finance.

BALANCE SHEET as of 31st December 2000

ASSETS	31.12. 2000		31.12. 1999	
	ATS	ATS	ATS	ATS
1. Cash in hand, balances with central banks and post office banks		9.332,70		9.042,40
2. Debt instruments issued by public bodies and bills of exchange which are eligible for refinancing with the central bank:				
a) debt instruments issued by public bodies and similar securities	3.013.769,22		3.013.769,22	
b) bills of exchange which are eligible for refinancing with central banks	<u>0,00</u>	3.013.769,22	<u>0,00</u>	3.013.769,22
3. Claims against credit institutions				
a) due on a daily basis	6.143.689,93		5.803.826,40	
b) other claims	<u>19.816.744.777,76</u>	19.822.888.467,69	<u>6.268.153.123,37</u>	6.273.956.949,77
4. Claims against customers		0,00		13.839.836,85
5. Bonds and other fixed income securities				
a) of public issuers	0,00		0,00	
b) of other issuers	<u>2.590.765,25</u>	2.590.765,25	<u>4.153.267,38</u>	4.153.267,38
<i>hereof:</i>				
<i>own bonds</i>	S 0,00			
	(1999: S 0,00)			
6. Stocks and other non fixed income securities		0,00		0,00
7. Participations		922,42		546,35
<i>hereof:</i>				
<i>in credit institutions</i>	S 0,00			
	(1999: S 0,00)			
8. Shares in affiliated companies		0,00		0,00
<i>hereof:</i>				
<i>in credit institutions</i>	S 0,00			
	(1999: S 0,00)			
9. Intangible fixed assets		140.822,98		151.220,00
10. Tangible assets		1.093.839,00		887.301,00
<i>hereof:</i>				
<i>land and buildings used by the credit institution in the course of its own business</i>	S 0,00			
	(1999: S 0,00)			
11. Own stock or shares as well as shares held in a controlling company or in a majority participation company		0,00		0,00
<i>hereof:</i>				
<i>nominal values</i>	S 0,00			
	(1999: S 0,00)			
12. Other assets		562.512.105,18		2.576.919,02
13. Subscribed capital called up, but not yet paid-up		0,00		0,00
14. Deferred items		75.000,00		110.000,00
		<u>20.392.325.024,44</u>		<u>6.298.698.851,99</u>



BALANCE SHEET as of 31st December 2000

LIABILITIES	31.12. 2000		31.12. 1999	
	ATS	ATS	ATS	ATS
1. Liabilities to credit institutions				
a) repayable on demand	10.374,59		3.697.638,36	
b) with agreed maturity dates or period of notice	<u>0,00</u>	10.374,59	<u>2.338.451.262,08</u>	2.342.148.900,44
2. Liabilities to customers				
a) savings deposits	0,00		0,00	
<i>hereof:</i>				
aa) repayable on demand	S 0,00			
(1999: S 0,00)				
bb) with agreed maturity or period of notice	S 0,00			
(1999: S 0,00)				
b) other liabilities	<u>0,00</u>	0,00	<u>0,00</u>	0,00
<i>hereof:</i>				
aa) repayable on demand	S 0,00			
(1999: S 0,00)				
bb) with agreed maturity or period of notice	S 0,00			
(1999: S 0,00)				
3. Liabilities evidenced by securities				
a) bonds issued	19.791.475.669,80		3.922.332.749,45	
b) other liabilities evidenced by securities	<u>0,00</u>	19.791.475.669,80	<u>0,00</u>	3.922.332.749,45
4. Other liabilities		568.283.313,25		4.018.406,64
5. Deferred items		0,00		0,00
6. Provisions				
a) for severance payments	93.923,00		1.004.467,00	
b) for pension payments	2.141.954,00		2.211.433,00	
c) for tax payments	1.319.164,00		132.184,00	
d) others	<u>447.833,60</u>	4.002.874,60	<u>492.277,00</u>	3.840.361,00
6.A. Fund for general bank risks		0,00		0,00
7. Subordinated liabilities		0,00		0,00
8. Supplementary capital		0,00		0,00
9. Subscribed capital		0,00		0,00
10. Capital reserves				
a) tied-up	3.208.980,00		3.208.980,00	
b) free	<u>0,00</u>	3.208.980,00	<u>0,00</u>	3.208.980,00
11. Profit reserves				
a) statutory reserves	0,00		0,00	
b) reserves according to articles of association	0,00		0,00	
c) other reserves	<u>21.915.356,46</u>	21.915.356,46	<u>21.671.194,43</u>	21.671.194,43
12. Liability reserve pursuant to § 23 para 6 Banking Act		1.113.800,00		1.113.800,00
13. Net profit		2.126.111,74		196.754,03
14. Tax-free reserve				
a) valuation reserve on the basis of special write-offs	6.273,00		8.067,00	
b) other tax-free reserves	<u>182.271,00</u>	188.544,00	<u>159.639,00</u>	167.706,00
<i>hereof:</i>				
aa) investment reserve pursuant to § 9 Individual Income Tax Act	S 0,00			
(1999: S 0,00)				
bb) investment allowance pursuant to § 10 Individual Income Tax Act	S 182.271,00			
(1999: S 159.639,00)				
cc) rent reserve pursuant to § 11 Individual Income Tax Act	S 0,00			
(1999: S 0,00)				
dd) transfer reserve pursuant to § 12 Individual Income Tax Act	S 0,00			
(1999: S 0,00)				
		<u>20.392.325.024,44</u>		<u>6.298.698.851,99</u>
BALANCE SHEET SUB-ITEMS				
Liabilities from trust transactions		19.791.475.669,80		6.260.784.011,53
Own funds to be taken into account pursuant to § 23 Banking Act		26.221.752,52		25.953.440,00
Foreign liabilities (Liabilities abroad)		18.528.011.379,62		2.324.611.425,17
Required own funds pursuant to § 22 para 1 Banking Act		746.766,00		760.140,00

PROFIT AND LOSS ACCOUNT for Financial Year 2000

	2000			1999		
	ATS	ATS	ATS	ATS	ATS	ATS
1. Interest an interest-like earnings hereof:			654.878.000,29			314.644.453,03
fixed interest securities	398.978,57			500.879,86		
2. Interest an interest-like expenditures			653.327.629,86			313.372.934,31
I. NET INTEREST EARNINGS			1.550.370,43			1.271.518,72
3. Earnings from securities and participations						
a) earnings from stock, other shares and variable income securities		0,00			0,00	
b) earnings from participations		0,00			0,00	
c) earnings from shares in affiliated companies		0,00	0,00		0,00	0,00
4. Earnings from commissions			7.408.815,32			4.260.135,86
5. Expenditures for commissions			0,00			-2.612,41
6. Earnings/expenditures from financial transactions			0,00			0,00
7. Other operating earnings			3.778.926,19			3.486.025,88
II. OPERATING EARNINGS			12.738.111,94			9.015.068,05
8. General administrative expenditures			-7.087.743,57			-6.386.938,71
a) personnel expenditures		-4.960.511,20			-4.101.798,58	
aa) wages and salaries	3.361.911,31			2.217.042,50		
bb) payments of legal social levies and compulsory contributions	563.926,95			559.480,68		
cc) other social expenditures	128.241,14			110.595,40		
dd) expenditures for old-age care and assistance	1.886.454,80			853.466,00		
ee) endowment of the pension provision	-69.479,00			39.700,00		
ff) endowment of the severance compensation provision	-910.544,00			321.514,00		
b) Other administrative expenditures		-2.127.232,37			-2.285.140,13	
9. Value adjustments of the listed in asset items 9 and 10			-638.894,83			-601.518,01
10. Other operating expenditures			-1.139.929,64			-1.446.510,55
III. OPERATING EXPENDITURES			-8.866.568,04			-8.434.967,27
IV. OPERATING RESULT			3.871.543,90			580.100,78
11. Value adjustments of claims and allocations to provisions for contingent liabilities and for credit risks			0,00			-2.761,75
12. Earnings from the dissolution of value adjustments of claims and from provisions for contingent liabilities and for credit risks			12.511,06			0,00
13. Value adjustments of securities valued like financial investments as well as of participations and shares held in affiliated companies			0,00			0,00
14. Earnings from value adjustments of securities valued like financial assets as well as of participations and shares held in affiliated companies			0,00			0,00
V. RESULT OF ORDINARY BUSINESS OPERATION			3.884.054,96			577.339,03
15. Extraordinary earnings			9.297,78			0,00
16. Extraordinary expenditures			0,00			0,00
17. Extraordinary result (subtotal of items 15 and 16)			9.297,78			0,00
18. Income and earnings tax			-1.696.464,00			-364.784,00
19. Other taxes insofar as they are not to be shown in item 18			-2.531,00			-4.031,00
VI. ANNUAL SURPLUS			2.194.357,74			208.524,03
20. Change of reserves hereof:			-68.246,00			-11.770,00
Liability reserve pursuant to § 23 para 6 Banking Act		0,00			0,00	
VII. ANNUAL PROFIT			2.126.111,74			196.754,03
21. Profit carry forward			0,00			0,00
VIII. NET PROFIT			2.126.111,74			196.754,03



MANAGEMENT REPORT

As a result of the rapidly progressing integration of the European capital market which, aside from credit standing, also requires a certain volume of liquidity, the Pfandbriefstelle could relaunch its inherent activity, which consists in raising funds for its members. Given an Aaa-Rating by Moody's Investors Service, the Pfandbriefstelle issued a (non-funded) bond of CHF 1.5 billion led by Credit Suisse – First Boston in Switzerland, which was increased by another CHF 500 million to a total of CHF 2 billion in August 2000. This issue was extremely successful on the market and was one of the largest issues of a non-state-owned issuer on the Swiss capital market. The bond is hedged by an interest rate swap.

For this issue, the Pfandbriefstelle was awarded the best possible "Aaa" rating by Moody's rating agency.

The Pfandbriefstelle's responsibilities also included the administration of mortgagebonds and municipal bonds and non-funded debentures issued in escrow. In accordance with the articles, the funds from these issues were passed on to the Landes-Hypothekenbanken.

The Company's extensive tasks in the reporting year also included participating in interest-backing measures of the Federal Ministry for Agriculture and Forestry, the Federal Ministry for Economic Affairs and the ERP Fund in the form of fiduciary business, in bond syndicates and syndicated funding relating to the Republic of Austria, the Austrian postal service, the Austrian Railways, road construction, nationalized industry, and museums.

Repurchases, scheduled redemptions, and bullet maturity reduced the circulation of mortgage and municipal bonds by ATS 17.7 million from nominal ATS 136.6 million to ATS 118.6 million. ATS 2,611.6 million of non-funded bonds expired or were redeemed.

The following issues floated by the Pfandbriefstelle were outstanding at the end of the reporting year:

	Nominal ATS / million
Municipal bonds:	118.6
Bonds:	1,109.2
CHF – bond:	<u>18,067.6</u>
	<u>19,295.4</u>

All mortgage and municipal bonds outstanding as of 31st December 2000 correspond to the following cover values:

	ATS million
Municipal cover loan	754.0
Substitute cover	<u>0.0</u>
	<u>754.0</u>

Funds amounting to ATS 19,295.4 million were made available to the member institutions from the proceeds of flotations.

The participation in price backing syndicates for federal and energy bonds continues. The introduction of the market-maker system for federal bonds balanced the market in this sector so that a market-support syndicate is no longer necessary.

As in past years, the Pfandbriefstelle has coordinated and acted as escrow agent for the Landeshypotheken banks with respect to credit measures of the Federal Ministry for Agriculture and Forestry, the Federal Ministry for Economic Affairs, the ERP Fund and the Environmental Fund.

Syndicated funding comprising loans for the modernization of the telephone network expired at the beginning of the year 2000.

In addition, the bank manages the syndicated loans granted by member banks to public authorities, the Austrian Federal Railways, to museums and the nationalized industry. These loans for public administration amounted to ATS 37.971 billion at the end of the business year.

Aside from the funds resulting from outstanding bonds and the funds held in escrow, the Pfandbriefstelle's balance sheet showed the following items:



1. Borrowed funds:	ATS '000
– Liabilities to banks	10
– Securitized debts:	
Pro rata bond interest and drawn and terminated debentures	496,032
– Accruals for pensions and severance payments	2,236
– Other provisions	1,767
– Other liabilities and deferred items	568,283
	<u>1,068,328</u>
2. Own funds	
– Liability reserve	1,114
– Reserves	25,313
	26,427
– Profit for the year	2,126
	28,553
	<u>1,096,881</u>

These funds could be compared with the following assets:

	ATS '000
Receivables from banks:	
Pro rata loan interest	491,734
Other	35,710
Due from non-bank customers	
Fixed-interest debentures and investment certificates	5,605
Intangible assets and property, plant, and equipment	1,235
Other assets and deferred items	562,597
	<u>1,096,881</u>

The federal bonds recognized under **Public-sector debt instruments** amounted to ATS 3.01 million, as in the previous year.

Receivables from banks, reduced by redemptions and bullet maturities amounting to ATS 17.7 million in case of municipal bonds outstanding, ATS 2,611.6 Mio in case of bonds, and increased by ATS 18,067.6 Mio in case of the CHF bond as well as related pro rata interest, now increased to ATS 19,822.9 million (prior year ATS 6,273.9 million).

Since only loans on behalf of the member banks have been extended since 1986, which need no longer be shown in the balance sheet, the trust assets recognized in **Due from non-**

bank customers were fully repaid on the balance sheet date.

Debentures and other fixed-interest securities, containing own securities repurchased at the stock exchange, experienced an ATS 1.5 million decrease.

Liabilities to banks dropped by ATS 2,342.1 million due to redemptions in connection with the pre-financing of the CHF bond.

Analogous to lendings, **Securitized liabilities** naturally reflected a similar picture, as receivables from banks include the funds from securities issued in escrow.

The item **"Accruals, other"** totalling ATS 447,833.60 includes, *inter alia*, accruals for unconsumed vacation and loyalty bonus payments in the amount of ATS 155,938 (prior year ATS 202,207), as well as auditing and consulting fees in the amount of ATS 270,000 (prior year ATS 290,070).

Own funds consist of the following reserves (without deferred taxes):

Additional paid-in capital pursuant to § 103 (12) (c)	
Banking Act	ATS 3,208,980.00
Reserves from	
retained earnings	ATS 21,915,356.46
Liability reserve	ATS 1,113,800.00
Untaxed reserves	<u>ATS 188,544.00</u>
Own funds	ATS 26,426,680.46

Net interest income increased by ATS 278,900 as a result of higher interest income from bank balances and fixed-interest securities.

Commission income, consisting mainly of commission for administered loans and the surcharge to the interest rate upon issue of the securities issued in escrow, rose by ATS 3.1 million.

Other operating income increased by ATS 292,900 compared with the previous year.

Operating expenses rose in aggregate by ATS 431,600; thereof personnel expenses by ATS 858,700, **Other administrative expenses** dropped by ATS 157,900, predominantly due



to the transfer to a private phone operator, and **Other operating expenses** fell by ATS 306,600.

At ATS 3.871 million, **EBITA** was ATS 3.291 million higher than the year before.

Ordinary business results also rose by ATS 3.307 million to ATS 3.884 million, up from ATS 0.577 million in the previous year.

The profit for the year shown amounts to ATS 2.126 million after taxes and allocation to reserves. This **profit for the year** will be allocated to the free reserve as soon as the necessary approval is available.

Outlook

Due to the success of the first issue, a Debt Issuance Program was agreed with Deutsche Bank in December 2000, covering the equivalent of € 5 billion along with all currencies of interest. With the knowledgeable support of Hypo Vorarlberg's Treasury, in particular Dr. Leitgeb and his team, two further public issues, comprising € 600 million and YEN 75 billion, respectively, could be successfully implemented in this context. These issues were also given an Aaa rating by Moody's within the scope of their Frequent Issuer ratings. Through these issues, the Pfandbriefstelle acquired a very good standing on the markets, and it will continue to issue both public funds and private placements in the future.

Vienna, 4 May 2001

PERSONNEL

Mr. Bernhard Bauer acted as government supervisor, supported by Mr. Helmut Loukota as deputy.

Mr. Harald Krammer, acted as the main escrow agent, while Mr. Manfred Mayer acted as his deputy.

EB und HYPO – Bank Burgenland AG
Mr. Friedrich Bischel
till 31.07.2000
Mr. Alois Posch
from 01.08.2000

Hypo Alpe-Adria-Bank AG
Mr. Herbert Pölz

Niederösterreichische Landesbank-Hypothekenbank AG
Mr. Heinrich Tettinek

Oberösterreichische Landesbank AG
Mr. Helmut Hubner

Salzburger Landes-Hypothekenbank AG
Mr. Walter Grafinger

Landes-Hypothekenbank Steiermark AG
Mr. Jürgen Schiller

Hypo Tirol Bank AG
Mr. Franz Obholzer

Vorarlberger Landes- und Hypothekenbank AG
Mr. Gernot Scherrer

acted as secondary escrow agents.

Mr. Jodok Simma, CEO, was chairman of the administrative council. Mr. Josef Prader, also CEO, was appointed as deputy chairman of the administrative council.

In the business year of 2000, we had an average of five employees, of whom one was on maternity leave.

At this point, we would like to thank all employees for their hard work and dedication.

Impressum:

Medieninhaber (Verleger): Pfandbriefstelle der österreichischen Landes-Hypothekenbanken. Für den Inhalt verantwortlich:
Geschäftsführender Direktor Mag. Dietmar Rupar. Alle: 1040 Wien, Brucknerstraße 8.

