

ANNUAL REPORT 2021

including the Intellectual Capital Report and the Environmental Statement

SUSTAINABILITY REPORT 2021



2021

Security through stability.

The OeNB's legal mandate

Federal Act on the Oesterreichische Nationalbank – selected provisions

1984 Nationalbank Act, Federal Law Gazette No. 50/1984 as amended by Federal Law Gazette I No. 61/2018

Article 2

(1) The Oesterreichische Nationalbank is a stock corporation; it is the central bank of the Republic of Austria and, as such, an integral part of the European System of Central Banks (ESCB).

(2) The Oesterreichische Nationalbank shall, in accordance with the provisions of the TFEU [i.e. the Treaty on the Functioning of the European Union], the ESCB/ECB Statute [i.e. the Statute of the European System of Central Banks and of the European Central Bank], the directly applicable European Union (EU) legislation adopted thereunder, and this federal act, be obliged to work towards the achievement of the objectives and fulfillment of the tasks of the ESCB. Within the framework of EU law [...], the Oesterreichische Nationalbank shall use all the means at its disposal to maintain the objective of price stability. To the extent that this does not interfere with the objective of price stability, the needs of the national economy with regard to economic growth and employment trends shall be taken into account and the general economic policies in the European Union shall be supported.

(5) In pursuing the objectives and performing the tasks set out [...], the Oesterreichische Nationalbank shall act in accordance with the guidelines and instructions of the ECB [...]; in doing so, neither the Oesterreichische Nationalbank nor any member of its decision-making bodies shall seek or take instructions from EU institutions or bodies, from any government of a Member State of the European Union, or from any other body.

Article 44a

(1) The Oesterreichische Nationalbank shall be in charge of performing payment systems oversight. Payment systems oversight involves monitoring the systemic safety of payment systems.

Article 44b

(1) In the public interest, the Oesterreichische Nationalbank shall monitor all circumstances that may have an impact on safeguarding financial stability in Austria.

Article 44c

(1) Without prejudice to Article 44b, the Oesterreichische Nationalbank contributes to maintaining financial stability and reducing systemic and procyclical risk in Austria [...].

Apart from the Nationalbank Act and a number of EU legal acts (EU regulations, Statute of the ESCB and of the ECB), the following pieces of national legislation provide the basis for further tasks of the OeNB:

- Austrian Banking Act (BWG)
- Financial Market Authority Act (FMABG)
- Bank Recovery and Resolution Act (BaSAG)
- Deposit Guarantee Schemes and Investor Compensation Act (ESAEG)
- Alternative Investment Fund Managers Act (AIFMG)
- Sanctions Act (SanktG)
- E-Money Act (E-Geldgesetz 2010)
- Payment Services Act 2018 (ZaDiG 2018)
- Settlement Finality Act (Finalitätsgesetz)
- Insurance Supervision Act (VAG 2016)
- Exchange Control Act 2004 (Devisengesetz 2004)
- European Recovery Program (ERP) Fund Act (ERP-Fonds-Gesetz)

The OeNB's Mission Statement

Security through stability. The euro – our currency.

Our mission

- The OeNB is the independent central bank of the Republic of Austria.
- Together with the European Central Bank (ECB) and the other euro area central banks, we safeguard the stability of the euro and thus support positive economic development in the euro area.
- In cooperation with the ECB and the Austrian Financial Market Authority, we ensure the stability of banks and financial markets.
- We and our subsidiaries provide secure cash and smoothly functioning payment services and, together with the ECB and the other euro area central banks, we shape the future of payment systems in the euro area.
- We invest and manage monetary and gold reserves professionally in accordance with our stability mandate and furnish Austrian banks with central bank liquidity as needed.
- As a central economic policy-making institution, we seek to provide economic and financial expertise and guide policymakers with high-quality analyses, studies and statistics.
- We actively promote economic and financial literacy in Austria.
- We are aware of our responsibility toward Austria and Europe and pursue effectiveness and efficiency in our work.

Our values

- We are committed to the European project and actively support the European integration process.
- Our endeavors are founded on technical expertise and social competence, transparency, ethical values and responsible corporate governance.
- We welcome change and embrace forward thinking.
- Our staff and their knowledge, skills and commitment are our biggest asset.
- We are an equal opportunity employer, value diversity and assist our employees in combining a career with family life.
- Our social responsibility is also reflected in our support for science and research, humanitarian concerns, art, culture and environmental protection.



OESTERREICHISCHE
NATIONALBANK

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Foreword by the President



Harald Mahrer

Dear reader,

Also in 2021, social and economic life in Austria continued to be overshadowed by the COVID-19 pandemic. As the Austrian government sustained comprehensive support measures and vaccines became available, the economic recovery gained a firmer footing. Having grown by a robust 4.7% in 2021, Austria's economy is also forecast to fare well in 2022. What may put this year's outlook at risk are the Omicron wave and the specter of new coronavirus variants. Also, in some industries the pandemic has triggered worker shortages. And it has led to a growing mismatch of supply and demand on Austria's job market. In ensuring price stability, the Eurosystem and the Oesterreichische Nationalbank faced a daunting task in 2021. Inflation in the euro area surged given the release of pent-up demand following lockdowns, bottlenecks in global supply chains and soaring energy prices. In Austria, inflation surpassed 4% at year-end.

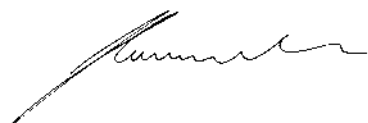
Austrian banks' profits improved visibly in 2021. This was due to the economic recovery, broad-based support to cushion the impact of pandemic-related effects and sustained credit growth. Leading indicators suggest that the quality of loans in banks' balance sheets, while having remained sound, might deteriorate in some segments. In 2021, residential property prices in Austria, which we monitor regularly, continued to grow markedly. Warning about a potential negative impact on financial stability in this context, we have repeatedly urged banks to apply sustainable lending standards.

Providing households and businesses in Austria with euro cash is one of our core tasks, which we have reliably fulfilled also during the pandemic. As usual, we have relied on the support of our three subsidiaries that produce banknotes and coins and engage in cash logistics: Oesterreichische Banknoten- und Sicherheitsdruck GmbH, Münze Österreich AG and GELDSERVICE AUSTRIA. In Austria, cash is the most popular means of payment: accessible to everyone, it is safe and preserves anonymity. As euro banknotes and coins turned 20 in early 2022, we have started to undertake a broad range of communication activities to highlight the benefits of the common currency. At the same time, digital payments are gaining ground fast at both the European and national level. Embracing change and innovation in this area, we established a new subsidiary, the OeNPAY Financial Innovation HUB GmbH, and came up with a new cash and payments strategy in the year under review.

In 2021, we also completely overhauled our investment strategy to respond to financial market developments. We have been considering specific sustainability criteria in our risk management for many years. Together with our partner central banks in the Eurosystem, we are committed to advancing joint measures that address climate change. What is more, we aim to become a climate-neutral enterprise by 2040. In addition to fulfilling our core tasks, we accept our corporate social responsibility by supporting research and business development and by promoting the arts and culture in Austria. In 2021, we replaced our previous core funding scheme for Austrian economic research institutions by a new system with enhanced transparency.

In closing, let me express my gratitude to the entire staff working at the OeNB and at our subsidiaries as well as to the members of the Governing Board and of the General Council of the OeNB for their excellent cooperation in 2021.

Vienna, March 2022



Harald Mahrer, President

Foreword by the Governor



Robert Holzmann

Dear reader,

In 2021, the real gross domestic product (GDP) of the euro area grew by a notable 5.2%, which was largely due to private consumption recovering again after the coronavirus pandemic had dealt a blow to the economy in 2020. Inflation likewise started to increase rapidly in the second half of 2021. For the reporting year as a whole, consumer price growth as measured by the Harmonised Index of Consumer Prices (HICP) came to 2.6% in the euro area. For Austria the picture is similar, with GDP and HICP inflation having grown by 4.7% and 2.8%.

In light of the recent price growth, the Eurosystem decided to discontinue as planned net asset purchases under its pandemic emergency purchase programme (PEPP) at the end of March 2022. The Eurosystem moreover decided to recalibrate the pace of purchases under the expanded asset purchase programme (APP). As the PEPP expires, the monthly net purchase pace under the APP is set to increase to EUR 40 billion in the second quarter of 2022, before being gradually reduced to EUR 20 billion per month from October 2022 onward.

In December 2021, the ECB forecast inflation in the euro area to run to 3.2% in 2022, to drop to slightly below 2% at end-2022 and to remain at that level in both 2023 and 2024. In other words, inflation would continue to fall somewhat short of our 2% price stability target for another two years. Should higher-level inflation persist for a longer period despite the fading of one-off effects, the Eurosystem may, however, avail itself of a broad set of monetary policy instruments. It also stands ready to adjust all of its instruments as appropriate.

In addition, we are pleased to report that several strategic decisions were made last year. First, the ECB adopted a symmetric 2% inflation target over the medium term as one of the main outcomes of its monetary policy strategy review, 18 years after the previous review. Second, we devoted greater attention to understanding the impact of climate change – a challenge that is set to keep our experts busy in the years to come. For instance, we added to our wealth of expertise in this area by hosting a high-level international conference with one of the leading experts on climate change, Lord Nicholas Stern.

And third, what is also key in the near future, next to maintaining price stability and battling climate change, is to achieve higher productivity growth. To this end, the economic conditions will have to improve. Here, innovative, climate-friendly technologies are the way forward. Higher productivity is likely to drive up the equilibrium real interest rate, which would provide monetary policymakers with more room for maneuver.

All in all, I have great hopes, even if there are still a few bumps – the pandemic and inflation – in the road for the time being. Putting their outstanding knowledge to good use, our experts are helping pave the way to sustainable economic developments.

To conclude, let me express my heartfelt gratitude to all our staff members, the President and Vice President, the General Council as well as the other members of the Governing Board for their excellent cooperation and outstanding commitment during the pandemic. Pulling together as a team, we helped tackle the economic crisis at hand by successfully accomplishing our core tasks also under the difficult circumstances brought on by the pandemic.

Vienna, March 2022

A handwritten signature in black ink, appearing to read 'R. Holzmann', with a stylized flourish at the end.

Robert Holzmann, Governor

Members of the OeNB's General Council

December 31, 2021



Harald Mahrer
President

Term of office:
September 1, 2018, to
August 31, 2023



Barbara Kolm
Vice President

Term of office:
September 1, 2018, to
August 31, 2023



Bettina Glatz-Kremsner
Director General, Casinos Austria AG, Österreichische Lotterien Ges.m.b.H.

Term of office:
March 1, 2018, to
February 28, 2023



Erwin Hameseder
Chairman of the Managing Board, Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H.

Term of office:
March 6, 2020, to
March 5, 2025



Stephan Koren
Chairman, Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H.

Term of office:
September 8, 2018, to
September 7, 2023



Franz Maurer
Partner, LIVIA Group

Term of office:
May 23, 2018, to
May 22, 2023



Susanne Riess
Chair of the Managing Board, Bausparkasse Wüstenrot AG

Term of office:
March 6, 2020, to
March 5, 2025



Peter Sidlo

Term of office:
March 1, 2018, to
February 28, 2023



Christoph Traunig
Executive Partner, St. Stephan Capital Partners

Term of office:
September 1, 2018, to
August 31, 2023



Brigitte Unger
Professor of Public Sector Economics, Utrecht School of Economics

Term of office:
March 6, 2020, to
March 5, 2025



State Commissioner Harald Waiglein
Director General, Directorate General Economic Policy and Financial Markets, Federal Ministry of Finance

Term of office:
from July 1, 2012



Deputy State Commissioner Alfred Lejsek
Head, Directorate Financial Markets, Federal Ministry of Finance

Term of office:
from April 1, 2016

The following representatives of the Central Staff Council participated in discussions on personnel, social and welfare matters (Article 22 paragraph 5 Nationalbank Act):



Birgit Sauerzopf
Chair, Central Staff Council



Christian Schrödinger
Deputy Chair, Central Staff Council

The OeNB's ownership structure and decision-making bodies

The OeNB's owner

The OeNB is a stock corporation. Its nominal capital of EUR 12 million has been held in its entirety by the Austrian central government since July 2010. The shareholder rights of the central government are exercised by the Federal Minister of Finance.

The General Council of the OeNB

Functions

The General Council is charged with supervising all business functions not falling within the remit of the European System of Central Banks (ESCB). The General Council shall advise the Governing Board in the conduct of the OeNB's business and in matters of monetary policy. As a rule, it is convened once a month by the President. Joint meetings of the General Council and the Governing Board must take place at least once every quarter (Article 20 paragraph 2 Nationalbank Act).

General Council approval is required for a number of management decisions, e.g. for starting and discontinuing lines of business, establishing and closing down branch offices, and acquiring and selling equity interests and real property (Article 21 paragraph 1 Nationalbank Act).

Also, the General Council must approve appointments of members of supervisory boards and executive bodies of companies in which the OeNB is a shareholder. Appointments of the second executive tier of the OeNB itself must likewise be approved by the General Council. Moreover, the General Council has the exclusive right of decision on e.g. submitting to the Austrian federal government a short list of three candidates for appointments to the OeNB's Governing Board by the Federal President, defining general operational principles in matters outside the remit of the ESCB, approving the annual accounts (financial statements) for submission to the General Meeting, and approving the cost account and investment plan for the next financial year (Article 21 paragraph 2 Nationalbank Act).

Composition

The General Council consists of the President, the Vice President and eight other members. Only Austrian citizens may be members of the General Council. General Council members are appointed by the federal government for a term of five years and may be reappointed. Further provisions pertaining to the General Council are set out in Articles 20 through 30 of the Nationalbank Act.

Members of the OeNB's Governing Board
December 31, 2021



From left to right: Vice Governor Gottfried Haber, Governor Robert Holzmann,
Executive Director Eduard Schock, Executive Director Thomas Steiner

The Governing Board of the OeNB

The Governing Board is responsible for the overall running of the OeNB and for conducting the business of the OeNB. In pursuing the objectives and tasks of the ESCB, the Governing Board acts in accordance with the guidelines and instructions of the ECB. The Governing Board conducts the OeNB's business in such a manner that the OeNB fulfills the tasks allocated to it under the terms of the Treaty on the Functioning of the European Union (TFEU), the Statute of the ESCB and of the ECB, the directly applicable EU legislation adopted thereunder, and federal law.

The Governing Board is composed of the Governor, the Vice Governor and two other members, all of whom are appointed by the

Federal President acting on a proposal from the federal government. Each appointment is made for a term of six years. Persons holding office may be reappointed. The Governor of the OeNB is a member of the Governing Council of the ECB and of the General Council of the ECB. In performing these functions, the Governor and his deputy are not bound either by the decisions of the OeNB's Governing Board or by those of the OeNB's General Council, nor are they subject to any other instructions.

Further provisions pertaining to the Governing Board are set out in Articles 32 through 36 of the Nationalbank Act. See www.oenb.at for additional information about the Governing Board of the OeNB.

The OeNB's organization

President
Harald Mahrer

Vice President
Barbara Kolm

Governing Board

Central Bank Policy

Robert Holzmann, Governor

Office of the Governor
Markus Arpa, Head

Brussels Representative Office
Isabella Lindner, Chief Representative

International Affairs, Protocol and Media Relations Department

Markus Arpa, Director

Agenda Office – Governing Board, General Council and General Meeting
Gabriele Stöffler, Head

EU and International Affairs Division
Thomas Gruber, Head

Press Office
Christian Gutleiderer, Head

Economic Analysis and Research Department

Birgit Niessner, Director

Economic Analysis Division
Ernest Gnan, Head

Economic Studies Division
Martin Summer, Head

Foreign Research Division
Helene Schubert, Head

Financial Stability, Banking Supervision and Statistics

Gottfried Haber, Vice Governor

Compliance Office
Eva Graf, Head

Internal Audit Division
Axel Aspetsberger, Head

Department for the Supervision of Significant Institutions

Karin Turner-Hrdlicka, Director

Off-Site Supervision Division – Significant Institutions
Gabriela de Raaij, Head

On-Site Supervision Division – Significant Institutions
Martin Hammer, Head

Supervision Policy, Regulation and Strategy Division
Josef Meichenitsch, Head

Department for Financial Stability and the Supervision of Less Significant Institutions

Markus Schwaiger, Director

Off-Site Supervision Division – Less Significant Institutions
Matthias Hahold, Head

On-Site Supervision Division – Less Significant Institutions
Roman Buchelt, Head

Financial Stability and Macroprudential Supervision Division
Michael Würz, Head

Statistics Department

Johannes Turner, Director

Statistics – Data Governance, Master Data and Bank Resolution
Alexander Benkwitz, Head

Statistics – Integrated Reporting Development and Data Management
Ralf Peter Dobringer, Head

External Statistics, Financial Accounts and Monetary and Financial Statistics Division
Gunther Swoboda, Head

Supervisory Statistics, Models and Credit Quality Assessment Division
Gerhard Winkler, Head

Payment Systems, Financial Literacy, IT and Infrastructure

Eduard Schock, Executive Director

Payments, Risk Monitoring and Financial Literacy Department

Petia Niederländer, Director

Payment Systems Division⁴

Katharina Selzer-Haas, Head

Payment Systems Strategy Office

Wolfgang Haunold, Head

Risk Monitoring Division

Doris Rijnbeek, Head

Financial Literacy Division

Maximilian Hiermann, Head

OeNB – Western Austria

Armin Schneider, Head

Cash Management, Equity Interests and Internal Services Department

Matthias Schroth, Director

Cashier's Division

Stefan Varga, Head

Equity Interest Management and Cash Strategy Division

Thomas Grafl, Head

Facilities and Security Management Division¹

Thomas Reindl, Head

Procurement and Sales Division

Christa Mölzer-Hellsberg, Head

IT and Customer Services Department

Christoph Martinek, Director

IT Strategy and Information Security^{2,3}

Martin Durst, Head

IT Operations

Jürgen Schwalbe, Head

IT Development

Dieter Gally, Head

Information Management and Services Division

Bernhard Urban, Head

Treasury, Human Resources and Accounting

Thomas Steiner, Executive Director

Human Resources Division

Susanna Konrad-El Ghazi, Head

Legal Division

Stephan Klinger, Head

Treasury Department

Franz Partsch, Director

Treasury – Front Office

Daniel Nageler, Head

Treasury – Back Office

Reinhard Beck, Head

Accounting and Financial Steering Department

Rudolf Butta, Director

Financial Statements and Tax Matters Division

Lenka Krsnakova, Head

Controlling and Organization Division

Anna Cordt, Head

Middle Office Division

Robert Reinwald, Head

Accounting Division

Markus Kaltenbrunner, Head

¹ Environmental Officer Martin Much

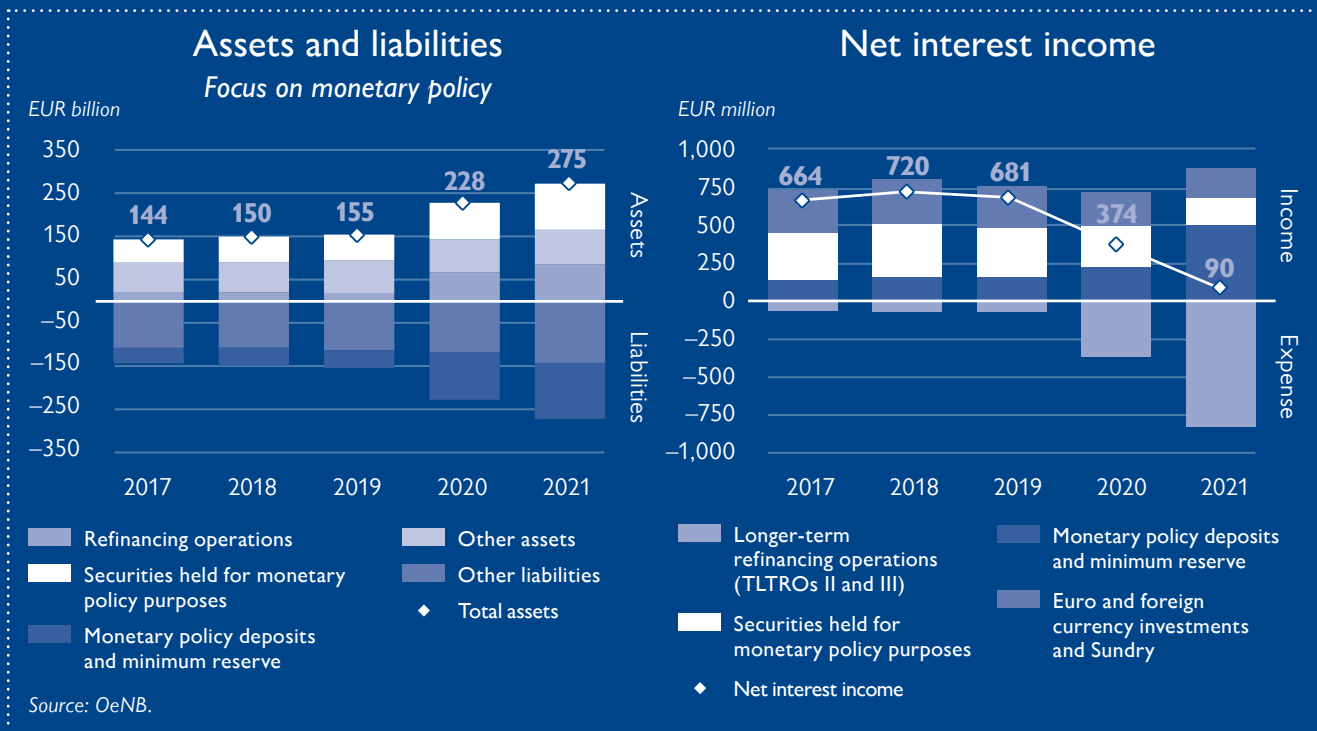
² Chief Information Security Officer Martin Durst

³ Data Protection Officer Bernhard Horn

⁴ OeNB Chief Equalities Officer Katja Stöckl

As on January 1, 2022

The OeNB at a glance



Staff profile in 2021

Number of staff
(full-time equivalents)

1,133

Share of women in total staff

39.7%

Share of women in management
positions

27.9%

Share of women on the expert career track

36.9%

Remote work per employee

157.4 days

Austria as a financial location

Selected indicators for the Austrian banking system

537

Number of credit institutions in Austria

Q3 2021.

1,186.8 EUR billion
Total assets (consolidated)
(+6.1% year on year)

Q3 2021.

5.9 EUR billion
Consolidated net profit
(+132% year on year)

Q3 2021.

15.8 % **Consolidated common equity tier 1 (CET1) ratio**
(+0.2 percentage points year on year)

Q3 2021.

1.8 % **Consolidated nonperforming loan (NPL) ratio**
(-0.2 percentage points year on year)

Q3 2021.

4.5 % **Annual growth of Austrian banks' loans to nonbanks**
(+0.1 percentage points year on year)

November 2021.

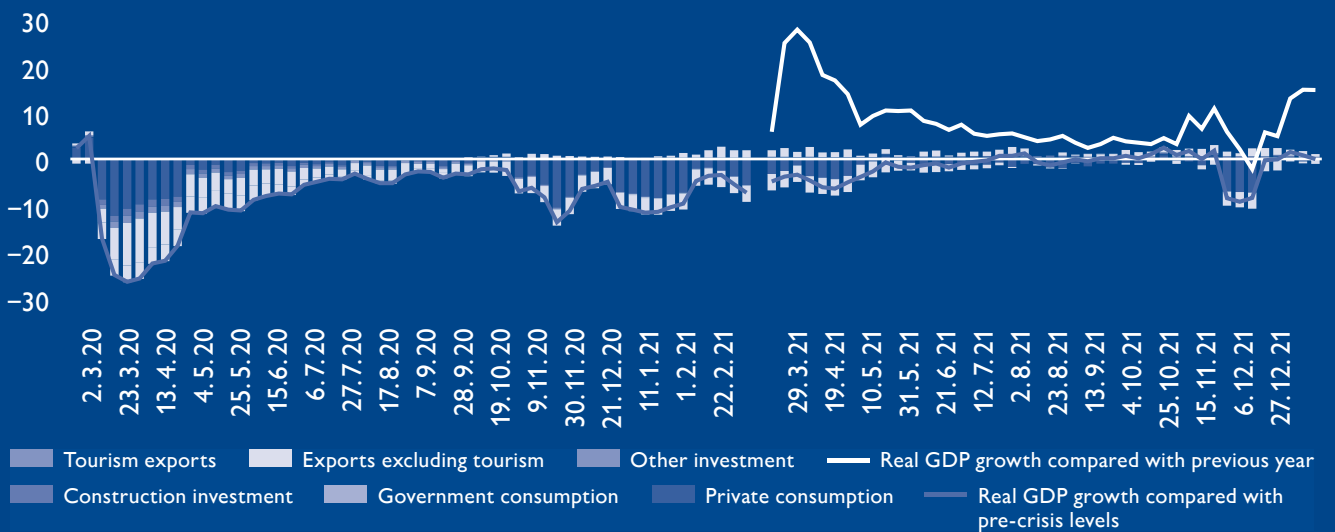
38.7 % **Share of new variable-rate housing loans in Austria**

November 2021.

Economic indicators for Austria

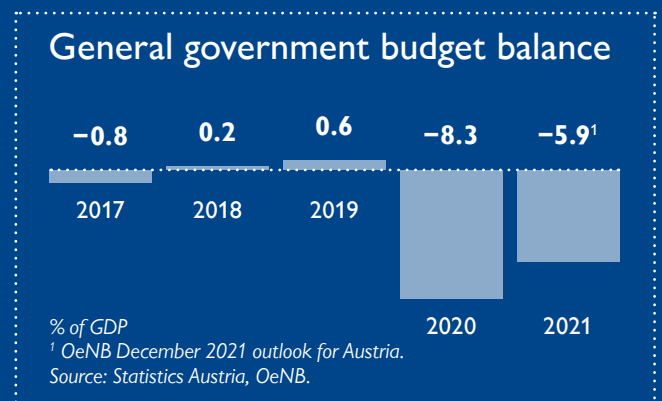
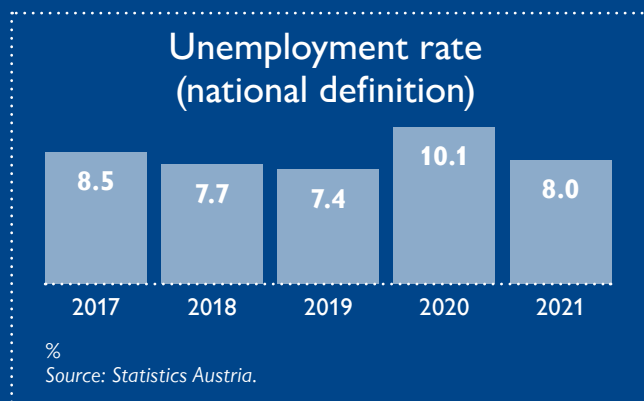
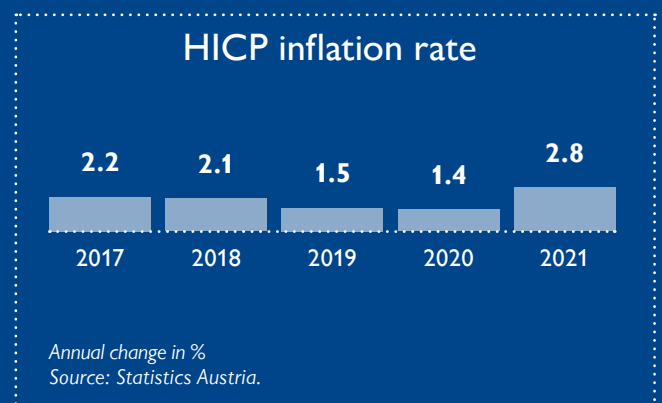
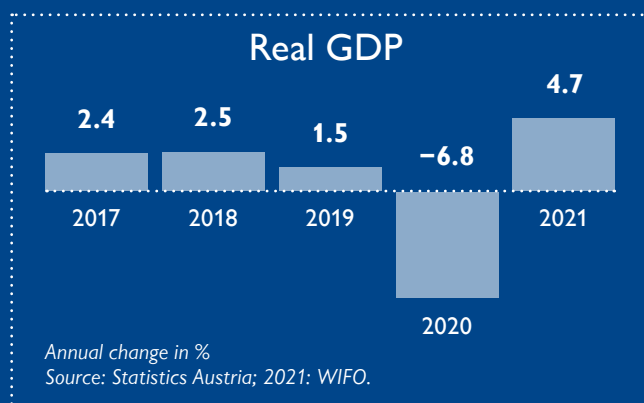
Weekly GDP indicator

Growth contributions in percentage points; change of real GDP against the same week of the pre-crisis period or of the previous year in %



- 1: Lockdown (Mar. 16, 2020)
- 2: Small shops reopen (Apr. 14, 2020)
- 3: All shops reopen (May 2, 2020)
- 4: Restaurants reopen (May 15, 2020)
- 5: Hotels reopen (May 29, 2020)
- 6: Borders reopened gradually (June 4, 2020)
- 7: Face masks mandatory again (July 24, 2020)
- 8: Austria issues travel warnings for Croatia, the Balearic Islands, etc. (from Aug. 17, 2020)
- 9: Travel warnings issued for Austria (from Sep. 16, 2020)
- 10: Containment measures tightened (as from Sep. 21 and Oct. 25, 2020)
- 11: Partial lockdown (Nov. 3, 2020)
- 12: Lockdown (Nov. 17, 2020)
- 13: Partial lockdown (Dec. 7, 2020)
- 14: Lockdown (Dec. 26, 2020)
- 15: Partial lockdown (Feb. 8, 2021)
- 16: Partial lockdown in eastern Austria (Apr. 1, 2021)
- 17: Partial lockdown ends in eastern Austria (May 3, 2021)
- 18: Restaurants, tourism and leisure services reopen (May 19, 2021)
- 19: Easing of measures, e.g. leisure industry and mask mandate (July 1, 2021)
- 20: Tightening of measures, e.g. mask mandate and test validity (Sep. 15, 2021)
- 21: Lockdown for unvaccinated people (Nov. 15, 2021)
- 22: Lockdown (Nov. 22, 2021)
- 23: Lockdown for unvaccinated people (Dec. 13, 2021)

Source: OeNB.



The collection of historical string instruments of the Oesterreichische Nationalbank



This year's Annual Report showcases our collection of historical string instruments, which we started in 1989. That year, we acquired the first three instruments – to mark the issue of the first Austrian gold bullion coin named “Vienna Philharmonic.” Meanwhile, our collection has grown to 45 valuable historical instruments, among them 9 violins crafted by Antonio Stradivari, 2 violins made by Giuseppe Guarneri del Gesù, 9 violins created by Giovanni Battista Guadagnini and 1 violin crafted by the preeminent Tyrolean violinmaker Jacob Stainer. By lending these instruments to musicians with extraordinary talent, we aim to help preserve Austria's musical heritage and spread Austria's reputation for outstanding music. Take a look at the chapter dividers to meet some of the musicians playing these wonderful instruments. To learn more about the collection (in German), see www.oenb.at.

The OeNB contributes to safeguarding
price stability and financial stability



Rainer Honeck, concertmaster of the Vienna Philharmonic.

Photo: Martin Kubik.

The first instrument we established our collection with is a violin that came to be known as “Chaconne.” It was crafted by Antonio Stradivari in Cremona in 1725, i.e. toward the end of his golden period when he was already in his eighties. The violin is particularly suited to play the final “Chaconne” movement from Johann Sebastian Bach’s Partita in D minor for solo violin. Today, this violin is on loan to Rainer Honeck, first concertmaster of the Vienna Philharmonic.

“Chaconne” violin crafted by
Antonio Stradivari in
Cremona in 1725



Photo: Graphisches
Atelier Neumann.

Two years into the pandemic, Eurosystem monetary policy remains accommodative

Nonstandard measures remain in place in 2021, but step-by-step reduction announced for 2022

The novel coronavirus (COVID-19) pandemic that emerged in late 2019 kept driving global economic developments also in 2021. Overall, the situation was mixed. The rollout of COVID-19 vaccines, above all in advanced economies, provided respite and paved the way for a strong economic recovery after the recession year 2020. As estimated by the IMF, the world economy expanded by 5.9% in 2021. At the same time, bottlenecks in global supply chains persisted, making it impossible for production to keep pace with rapidly growing demand in many instances. Around the globe, the mismatch between supply and demand contributed to a rise in inflation.

Crude oil prices, for instance, jumped from around EUR 40 per barrel in early 2021¹ to more than EUR 70 per barrel in October 2021, or by 75%, due to the surprisingly strong economic rebound. This development was exacerbated by the fact that the 13 member countries of the Organization of the Petroleum Exporting Countries (OPEC) and their 10 allies including Russia (OPEC+) were slow to unwind the output caps imposed in 2020. Restarting oil rigs that were idled in 2020 took its time, and investing in new rigs has been controversial given climate-driven policies to reduce the carbon footprint. Prices were also sharply on the rise for many other raw materials and intermediate goods, which ultimately added to consumer price inflation pressures.

The OeNB implements the measures adopted by the Governing Council of the ECB

The further easing of euro area monetary policy agreed in the first pandemic year was maintained in 2021 and implemented through the

Eurosystem's asset purchase programmes and liquidity-providing operations.

The existing expanded asset purchase programme (APP) was kept up in 2021 with a monthly purchase volume of EUR 20 billion. All in all, the Eurosystem bought securities issued in the euro area worth EUR 214.4 billion. These operations were carried out both centrally by the European Central Bank (ECB) and in a decentralized fashion by all 19 national central banks of the Eurosystem. In this context, the OeNB mobilized close to EUR 4.4 billion to buy Austrian public sector bonds and covered bonds issued by Austrian banks. Together with the assets purchased since 2015, the assets bought in 2021 enlarged the APP-related segment of the OeNB's balance sheet to EUR 71.3 billion at the end of 2021 (chart 1).

In addition, the Eurosystem bought securities worth EUR 827 billion under its pandemic emergency purchase programme (PEPP) in 2021, to which the OeNB contributed EUR 19 billion. As a result, the OeNB's PEPP portfolio totaled EUR 36.1 billion at the end of 2021. While PEPP purchases are essentially subject to the same requirements as APP purchases, the PEPP programme is also open for purchases of public sector bonds with a remaining maturity of less than one year (but more than 70 days). The national central banks continue to buy only their respective public

Expanded asset purchase programme (APP)

Under its expanded asset purchase programme, the Eurosystem has been buying different types of securities based on four underlying programmes: (1) the covered bond purchase programme (CBPP3), (2) the asset-backed securities purchase programme (ABSPP), (3) the public sector purchase programme (PSPP) as well as (4) the corporate sector purchase programme (CSPP). The PSPP accounts for the lion's share (close to 80%) of the entire APP portfolio.

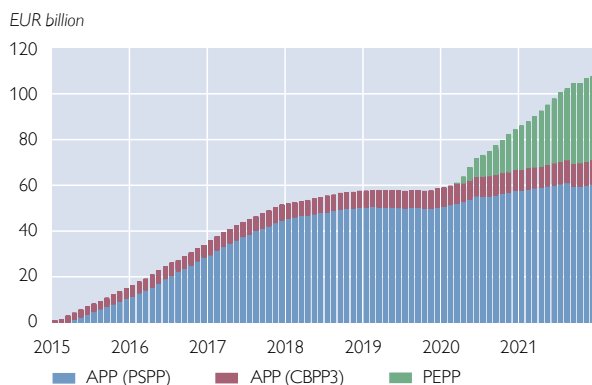
Pandemic emergency purchase programme (PEPP)

The PEPP is the crisis tool with which the Eurosystem helps the euro area economy absorb the impact of the COVID-19 pandemic. The underlying goal is to systematically buy assets, between March 2020 and March 2022, with a view to maintaining favorable financing conditions and supporting the smooth transmission of monetary policy.

¹ In spring 2020, oil prices had dropped to levels as low as EUR 20 per barrel.

Chart 1

Securities holdings by asset purchase programmes in the OeNB's balance sheet



Source: OeNB.

sector bonds and not those of other jurisdictions. In other words, the OeNB buys only Austrian government bonds and bonds issued by Austrian agencies, such as the two agencies operating the domestic rail infrastructures (ÖBB-Infrastruktur) and highways (ASFINAG). Moreover, purchases of public sector bonds across euro area countries are guided by the Eurosystem capital key, which spells out the contributions of the national central banks to the ECB's capital. Compared with APP purchases, PEPP purchases are subject to a higher degree of flexibility over time, across asset classes and among jurisdictions. Also, under the PEPP, the ECB and the Greek central bank buy Greek government bonds, which are not eligible for APP purchases for reasons of creditworthiness.

The other key pillar of the Eurosystem's policy of monetary accommodation in 2021 was the provision of liquidity through the, by now, third series of targeted longer-term refinancing operations (TLTROs III). Under the TLTROs, commercial banks eligible for refinancing with

Targeted longer-term refinancing operations (TLTROs III)

Loans against collateral with a maturity of three years that banks can take out from Eurosystem central banks. The applicable interest rate depends on the amount of onward lending by banks.

the Eurosystem gained access to central bank credit with a maturity of up to three years. These loans are subject to variable "discrete" or "blended" interest rates lying some-

where between the average rate applied to the Eurosystem's main refinancing operations over the life of the respective operation and the average interest rate on the deposit facility. The rates applied depend on the extent to which the lending patterns of the individual banks fulfill specific requirements stipulated by the ECB. In response to the COVID-19 pandemic, the applicable interest rates were lowered by another 50 basis points for the period between June 2020 and June 2022, making an interest rate of -1% possible. The underlying goal was to stimulate bank lending to the real economy amid the crisis, above all loans to small and medium-sized enterprises and to households for consumption purposes (excluding mortgage loans).

In 2021, four new TLTRO III lending rounds were offered. The bids received from banks across the euro area in these four additional operations totaled EUR 589.9 billion. Like asset purchases, these refinancing operations are handled by the national central banks of the Eurosystem. Austrian banks took out new TLTRO III funding worth EUR 20.6 billion from the OeNB in 2021, which corresponds to some 3.5% of all funds provided in this period. Compared with their European peers, Austrian banks thus exhibited above-average demand (relative to total assets). Since September 2021, banks have had an early repayment option starting 12 months after the settlement of the individual TLTRO III operations. Repayment may be made at quarterly intervals in full or in part. In 2021, banks made only limited use of this option; in the euro area as a whole, early repayment balances totaled EUR 139.4 billion; in Austria EUR 0.2 billion were paid back early to the OeNB. The cumulative volume of TLTRO III funding provided by the OeNB totaled EUR 87.2 billion at the end of 2021. All in all, ten TLTRO III operations were conducted; starting in 2019 and 2020 and most recently in December 2021, with the maturity period of the final operation running to December 2024 (chart 2).

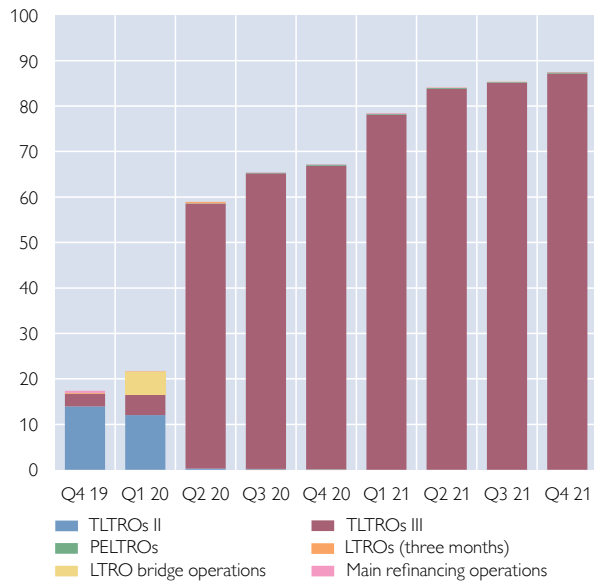
In 2021, the ECB also continued to offer pandemic emergency longer-term refinancing operations (PELTROs), which were introduced in 2020 to provide an effective backstop against

liquidity shortages. 2021 saw the unwinding of the first seven PELTROs and the implementation of four new PELTROs. While Austrian banks paid back EUR 242 million to the OeNB in operations maturing in 2021, the OeNB provided new liquidity totaling EUR 245 million with a maturity of between 12 and 13 months. Like all other operations, the PELTROs were conducted as fixed rate tender procedures with full allotment. The interest rate applied to PELTROs was 25 basis points below the interest rate on the main refinancing operations prevailing over the life of the respective PELTRO, i.e. -0.25% in 2021. These conditions were not subject to any constraints. The final PELTRO was offered in December 2021 and will run to January 2023.

In view of the comparatively cheaper refinancing available through TLTRO III and PELTRO operations, demand for the regular refinancing operations with a maturity of one week or three months was very limited both in the euro area as a whole and in Austria. The interest rate for the weekly main refinancing operations remained unchanged in 2021 at 0% . Likewise, the interest rate for the marginal lending facility was left unchanged at 0.25% ,

Chart 2
Central bank liquidity provided through OeNB tender operations

Quarter-end levels of lending to Austrian banks in EUR billion



Source: OeNB.

and the interest rate for the deposit facility remained at -0.50% .

Box 1

Outcome of the Eurosystem's monetary policy strategy review

Until fairly recently, the Eurosystem operated on the basis of a monetary policy strategy defined in 1998, subject to clarification of some of the key elements in 2003. To realign the strategy with best practices and to respond to changing economic conditions (see box 2), the Eurosystem launched a broad-based review of the strategy in 2020. The review also included public events to involve interest groups and civil society organizations. Like many other national central banks and the ECB, the OeNB reached out to stakeholders in Austria to hear their take – and will keep listening beyond the review.

As announced by the president of the ECB, Christine Lagarde, the idea of the overhaul was to address all key issues from different perspectives and to leave no stone unturned. The review, which was organized in several work streams, was built on close cooperation between the national central banks and the ECB. Economists working at the ECB and at the national central banks volunteered to join the respective working groups, in line with their expertise and interests. The core issues were the definition of price stability, inflation measures, monetary policy communication and the interaction between fiscal policy and monetary policy. Other issues included the impact of globalization and digital transformation on monetary policy, and the relevance of climate change for monetary policy. Upon the OeNB's initiative, the review also comprised an assessment of the drivers of productivity and of the implications declining productivity growth may have for monetary policymaking. OeNB economists participated in almost all working groups. The working group on productivity was co-chaired by the ECB and the OeNB.

Every single issue was looked at from various angles, including theoretical and empirical perspectives. Working group members compared a range of models and methods with a view to deriving robust concepts for the euro area. One guiding principle was to always keep in mind the unique setup of the euro area, which after

all blends a common monetary area with a range of heterogeneous countries with national responsibility for economic policy. Working group members regularly met online to discuss progress made and to coordinate the reports to be drafted.

The work was carried through over a period of about 16 months and thus longer than initially intended, to make up for ground lost in the initial months, when Eurosystem staff resources were needed more urgently elsewhere in the early days of the COVID-19 pandemic. The final reports submitted by all working groups served as decision-making input for the overhaul of the monetary policy strategy by the Governing Council of the ECB. All 13 final reports are available for download from the ECB's website ([ECB occasional papers](#)). Based on all this groundwork, the Governing Council embarked on developing the new strategy. Following a debate spanning several weeks, the new monetary policy strategy was published in mid-2021, with the following new features:

The primary objective of the ECB was and is to maintain price stability in the euro area, but the concept of price stability has been redefined slightly. The ECB now considers that price stability is best maintained by aiming for 2% inflation over the medium term. The commitment to this target is symmetric, which means that negative and positive deviations are considered equally undesirable. The Harmonised Index of Consumer Prices (HICP) remains the appropriate price measure for assessing the achievement of the price stability objective. Yet, the Governing Council recognizes that the inclusion of the costs related to owner-occupied housing in the HICP would better represent the inflation rate that is relevant for households. It will, however, take a few years until reliable estimates of such costs become available.

Like a compass pointing north, this strategy provides clarity for the monetary policy decision-making bodies about which way to go for price stability. To arrive at reliable decisions about emerging risks to the stability of euro-denominated prices, policymakers continue to rely on two interdependent analyses – the economic analysis and the monetary and financial analysis. The economic analysis focuses on real and nominal economic developments, such as economic growth and the components of growth as well as employment, wages and prices, including relevant projections. The monetary and financial analysis examines monetary and financial indicators, as it focuses on the functioning of the monetary transmission mechanism and any risks to medium-term price stability that might arise from financial imbalances and monetary factors, such as loan growth. In light of the pervasive role of macrofinancial linkages in economic, monetary and financial developments, the interdependencies across the two analyses needed to be more fully incorporated. Moreover, the new strategy assigns a larger role to the assessment of the proportionality of monetary policy decisions and their potential side effects. This is an aspect that was very dear to the heart of the Austrian stakeholders contributing to the review.

As another outcome of the strategy review, the Governing Council of the ECB recognized the importance of taking into account the implications of the effective lower bound; periods when the policy rates are close to the lower bound call for a differentiated approach. This may involve the adoption of nonstandard measures, but this may also require especially forceful or persistent monetary policy measures to avoid negative deviations from the inflation target becoming entrenched. This may also imply a transitory period in which inflation is moderately above 2%.

The strategy review also led to the formal recognition of the implications that climate change has for price stability. Climate change, the ensuing global warming and higher incidence of extreme weather events as well as the transition to a more sustainable economy impact price stability by feeding through to macroeconomic indicators such as prices, output, interest rates, financial stability and monetary transmission. Hence, the Eurosystem is going to step up its climate-related monetary policy assessments and adjust the design of its macroeconomic models, reporting frameworks and monetary policy operational framework accordingly.

Looking ahead, the Governing Council intends to periodically assess the appropriateness of its monetary policy strategy, with the next assessment expected in 2025.

Monetary policy decision-making reflects strategy overhaul

The review of the ECB's monetary policy strategy launched in 2020 was completed in mid-2021 (box 1). On July 22, 2021, the Governing Council of the ECB held its first regular monetary policy meeting guided by the new strategy. As the key ECB interest rates had been close to their lower bound for some time and the medium-term outlook for inflation was still well below 2%, the Governing Council's forward guidance on interest rates was revised as follows. The Governing Council expected the key ECB interest rates to remain at their present or lower levels until it saw inflation reaching 2% well ahead of the end of its projection horizon and durably for the rest of the projection horizon, and it judged that realized progress in underlying inflation was sufficiently advanced to be consistent with inflation stabilizing at 2% over the medium term. This might also imply a transitory period in which inflation is moderately above target.

Economic conditions improved much faster across the euro area in 2021 than had been anticipated. Following the rollout of COVID-19 vaccines and the ensuing gradual unwinding of lockdown measures, the economy revived visibly. Moreover, robust export demand and fiscal support provided under the NextGenerationEU initiative helped overcome the recession in the euro area fast. Based on preliminary Eurostat data, the euro area's real gross domestic product (GDP) increased by 5.2% in 2021. Eurosystem staff projections of [December 2021](#) expect GDP growth to remain elevated also in 2022 (+4.2%) and 2023 (+2.9%).

HICP inflation also rose much more strongly than expected. Close to 1% in early 2021, inflation climbed to 5.0% until year-end, which translated into an annual average of 2.6%. The increase was largely driven by the surge in commodity prices (above all energy prices). Other factors that added to the rise in inflation were the freeing of pent-up demand following the unwinding of lockdown measures, mounting producer prices fueled by global supply shortages and increased transport costs. Base

effects related to the discontinuation of value-added tax cuts in Germany also played a role. Last but not least, measurement issues – above all in the first year of the pandemic, when many shops were closed and when prices were difficult to collect – may have led to a bias in inflation measurement in 2021. All inflation forecasts for the euro area anticipate that the elevated inflation rates are going to be a largely temporary phenomenon, and that inflation rates will go down steadily in 2022. The Eurosystem's [December 2021 projections](#) for 2022 point to the gradual resolution of supply bottlenecks and a modest easing of many commodity prices, given the downward-sloping profile of futures prices. Specifically, inflation is expected to total 3.2% in 2022 and decline to 1.8% in 2023 and 2024.

Governing Council of the ECB announces step-by-step reduction in the pace of asset purchases

Based on this outlook, the Governing Council of the ECB agreed at its December 2021 meeting that progress on economic recovery and toward its medium-term inflation target permitted a step-by-step reduction in the pace of asset purchases. Specifically, the ECB announced that net asset purchases under the pandemic emergency purchase programme (PEPP) would be conducted at a slower pace in the first quarter of 2022 than in the final quarter of 2021, and that the net purchases would be discontinued at the end of March. At the same time, the ECB extended the reinvestment horizon for maturing PEPP assets to the end of 2024 or beyond. In the event of renewed market fragmentation related to the pandemic, PEPP reinvestments could be adjusted flexibly across time, asset classes and jurisdictions at any time. Net purchases under the PEPP could also be resumed, if necessary, to counter negative shocks related to the pandemic.

To cushion the withdrawal of market presence because of the end of PEPP purchases, the pace of monthly net asset purchases under the APP will be increased temporarily in 2022 – to EUR 40 billion in the second quarter and to

EUR 30 billion in the third quarter – before being brought back to EUR 20 billion per month from October 2022 onward. At this level, net asset purchases under the APP would be maintained for as long as necessary to reinforce the accommodative impact of the policy rates. The ECB also continued to anticipate that net asset purchases would end shortly before

Two-tier system for reserve remuneration

Most commercial banks in the euro area are required to hold minimum reserves with the Eurosystem. In times of negative interest rates for the deposit facility, the remuneration of reserve holdings in excess of minimum reserve requirements turns into a cost factor for banks. To alleviate costs, the Eurosystem introduced an exempt tier in 2019, which means that part of the excess reserves are not subject to negative remuneration.

key ECB interest rates started to be raised. The reinvestment policy would be retained for an extended period past the date when the ECB starts raising its policy interest rates.

The last of the pandemic-related longer-term refinancing operations (TLTROs III and

PELTROs; see above) were conducted as planned in December 2021. The special conditions applicable under TLTRO III operations are expected to end in June 2022, as announced. There are no plans to extend these operations. At the same time, the Governing Council of the ECB will continue to monitor bank funding conditions and ensure that the maturing of funds does not hamper the smooth transmission of monetary policy. This applies to TLTRO III funds in particular, as maturing TLTRO III funding would withdraw large amounts of liquidity from the banking sector. In addition, there is a need to assess the appropriate calibration of the two-tier system for reserve remuneration so that the negative interest rate policy does not limit the intermediation capacity of the banking system in an environment of ample excess liquidity.

Box 2

Structural reasons for the protracted period of low interest rates – discussing the equilibrium real interest rate for the euro area

To assess the adequacy of monetary policy interest rates, economists use the concept of the equilibrium real interest rate. This is the rate, as adjusted for inflation, at which the economy is in a state of balance, as expressed by a rate of inflation that is neither going down nor going up but aligned with the target level. As it cannot be measured or observed directly, the equilibrium interest rate must be estimated by using quantitative finance, statistical and econometric methods. Central banks rely on equilibrium real interest rate estimates as a benchmark for nudging inflation toward the level of the inflation objective.

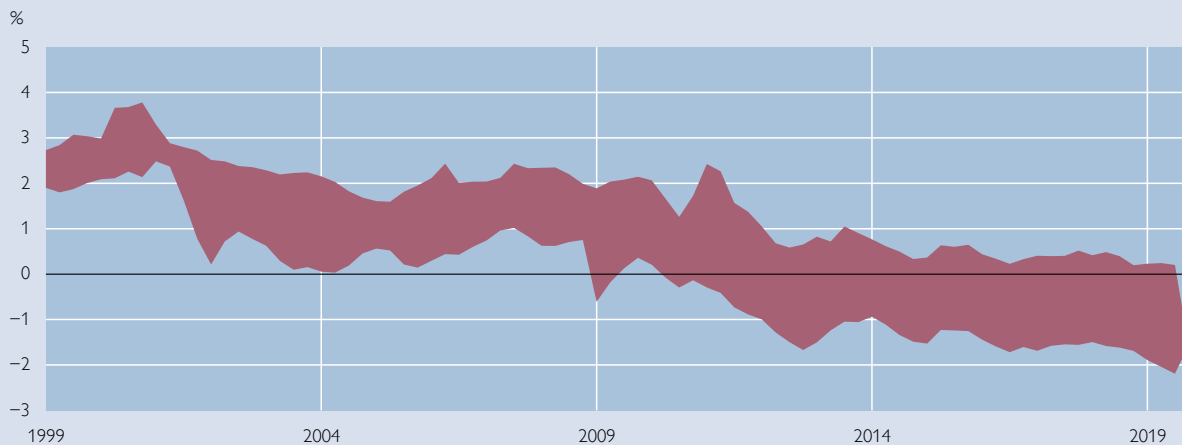
Rather than staying put at a given level, the equilibrium real interest rate fluctuates in line with structural economic changes. In recent decades, economies worldwide, including the euro area economies, have undergone numerous structural changes. The assumption is that the equilibrium real interest rate has gone down as a result of such changes, including weakening productivity growth rates, the aging of populations, excess saving (or investment gaps) as well as heightened risk aversion. In the case of the euro area, the equilibrium real interest rate is currently estimated at zero or slightly below zero. This provides an explanation for the very low level at which monetary policy interest rates have been hovering all over the world.

Given the trend decline in equilibrium real interest rates (chart 3), central banks become increasingly constrained in the conduct of monetary policy, i.e. in the room for lowering the policy rates below the equilibrium real interest rate, if called for. This is why central banks have been taking increasing recourse to tools not or seldom used in the past, such as asset purchase programmes. Such nonstandard measures help fuel demand and bring inflation rates back to target in crisis situations; but they may, over time, nourish risks to financial stability and constrain economic growth as a result of the misallocation of resources.

Abandoning today's policy of ultralow interest rates without jeopardizing output growth, employment and the achievement of the price stability goal presupposes, among other things, that the equilibrium real interest rate is on the rise. However, for this to happen, the impact of the influencing factors that caused the equilibrium real interest rate to decline in the first place would need to become reversed. Such a reversal may be brought on by a stronger growth of productivity, which may in turn be the result of stepped-up R&D efforts, or higher innovation and investment subsidies. Other supporting factors include an increase in the retirement eligibility age and in the female labor participation rate, as such developments would drive up labor supply. Moreover, a broad-based

Chart 3

Range of point estimates for the euro area's equilibrium real interest rate



Source: European Central Bank. 2018. *The natural rate of interest: estimates, drivers, and challenges to monetary policy*. ECB Occasional Working Paper Series 217; Ajevskis (2018); Brand, Goy and Lemke (2020); Brand and Mazelis (2019); Fiorentini, Galesi, Pérez-Quirós and Sentana (2018); Geiger and Schupp (2018); Holston, Laubach and Williams (2017); Jarocinski (2017); Johansen and Mertens (2021).

Note: The range indicated covers point estimates obtained from econometric models and serves to reflect model uncertainty, but no other source of uncertainty. Moreover, the estimates have been smoothed so as to reduce the statistical effect of the business cycle. Latest observation: Q4 19.

global investment program for protecting the climate would raise demand for capital and absorb excess savings. The resulting higher long-term productivity and output growth would contribute to a rise of the equilibrium real interest rate, thus broadening the room for maneuver that monetary policymakers might need to respond to the next cyclical downturn or the next crisis. As a result, asset purchases would be a minor option for central banks, which would in turn limit potential negative spillovers on financial stability (for instance through stock market or real estate bubbles) or on longer-term economic growth.

Higher productivity growth rates can only be achieved through joint efforts in numerous policy areas. Above all, there is a need for action on the part of euro area governments. The role of monetary policy in raising the equilibrium real interest rate is limited but key: tightening monetary policy without delay once the price stability target has been achieved, rather than adding to the prolongation of low interest rate periods.

The 2022 Vienna Philharmonic New Year's Concert under the baton of Daniel Barenboim

The concertmasters and principal second violinists play Stradivari violins on loan from our collection.

Over the years, many musicians have benefited from the loan of our instruments and have been able to embark on international music careers, which has helped spread Austria's reputation as a land of music all over the world. Members of renowned Austrian orchestras and chamber music ensembles as well as numerous soloists concertize on instruments from our collection. Several violins and one violoncello are on loan to members of the Vienna Philharmonic, thus contributing to the orchestra's world-famous distinct sound. In addition, since 2019, we have been promoting students enrolled at Austria's music universities by loaning them fine stringed instruments.



How the pandemic changed the Austrian economy in 2021

Lockdown impact weakens but remains significant

Since the COVID-19 pandemic took hold in Europe in spring 2020, the Austrian economy has been largely driven by the spreading of coronavirus infections and the related containment measures. The stricter the government's lockdown-style policies (as assessed with the [Oxford Stringency Index](#)), the lower public mobility (as measured with the Google Mobility Index) and the larger the negative repercussions for real economic growth have been. In Austria, mobility figures hit bottom during the first lockdown in spring 2020, translating into a weekly loss of GDP of close to EUR 2 billion (chart 4). During the second and third lockdowns in fall and winter 2020/21, production was not shut down in the construction sector and the manufacturing industry, which has high export ratios. In addition, retailers and restaurants were able to reduce their losses by using alternative distribution channels (online shopping, take-away or in-store pickup). Compared with the first lockdown, the weekly loss of value added thus halved to close to EUR 1 billion. The fourth general lockdown, brought on in late fall 2021 by the Delta variant, was lifted after three weeks. During those three weeks, the decline in GDP was close to EUR 0.7 billion,

i.e. again somewhat lower than during the previous lockdowns.

Austrian economy grows by 4.7% in 2021

Pandemic-related containment measures continued to weigh on Austria's economy also in 2021, as is evident from supply- and demand-side GDP data. On the supply side, the service sector felt the full weight of the containment measures both at the start and at the end of the year. The summer months, in contrast, saw strong catching-up effects once the third lockdown was lifted. For instance, in August and September 2021, Austria's tourism industry recorded even more overnight stays than in the record summer of 2019. The manufacturing industry and the construction sector barely felt the lockdowns but could not work at full capacity because of global supply delays and bottlenecks, which increasingly slowed down growth dynamics in these sectors as the year progressed. In sum, Austrian GDP expanded by 4.7% in 2021, after having contracted by 6.8% in 2020.

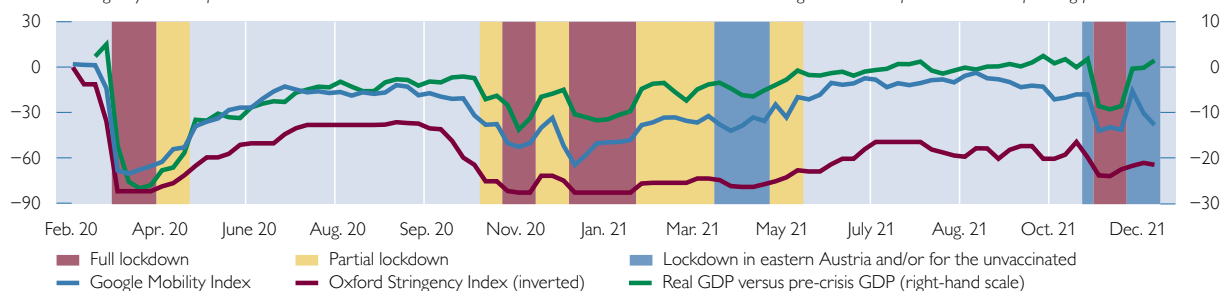
These developments are broadly mirrored by demand-side indicators of GDP (chart 5). Private consumption, which accounts for almost half of GDP in Austria, had been characterized by very strong growth rates in mid-2020. This

Chart 4

Comparing the decline in mobility and GDP with the intensity of containment measures

Decline in mobility compared with weeks 1–5 2020 in %;
inverted Stringency Index in points

Change in GDP compared with corresponding pre-crisis week in %



Source: Google, Oesterreichische Nationalbank, University of Oxford.

GDP growth driven by the pandemic since 2020

Quarterly change in %; growth contributions in percentage points



Source: Eurostat, Statistics Austria.

Note: The contributions of the individual demand components have been adjusted for imports.

compares with strong setbacks in the first and fourth quarters of 2021, when shops, restaurants and hotels were shut down for several weeks.

Unlike household consumption, business investment continued to increase at a fairly robust pace in early 2021. Investment growth was driven by government support in the form of investment premiums and by hopes that the pandemic would soon be brought under control following the rising rollout of COVID-19 vaccines. However, as the year progressed, the momentum of investment slowed down, largely on the back of disruptions in the supply chains of intermediate goods. Added to that, the uncertain outlook for early 2022 had a weakening effect toward the end of the year.

Unlike in 2020, Austrian exporters were not affected by border closures in 2021. Exports of goods continued to recover strongly and exceeded pre-crisis levels already in early 2021. Exports of services, by contrast, felt the marked decline of tourism demand. In sum, exports of goods and services rose by more than 10%, however, in 2021.

Looking ahead, the outlook is clouded by high levels of uncertainty in view of the rapid spreading of Omicron, the latest coronavirus variant at the time of writing.

Loss of tourist travel income sends the current account into deficit

Following a drop in overnight stays by about one-third in 2020, Austria's tourism industry suffered further losses in 2021, namely a decline by roughly another quarter. This adds up to a loss of about 50% compared with pre-crisis levels of 2019. Since the months of January and February, which make or break the winter tourist season, were lockdown months in 2021, the tourism industry failed to generate the revenues that used to prop up the current account. On the back of weak tourism and travel receipts, the current account balance was negative in the first half of 2021 (–EUR 2,693 million), compared with a surplus of more than EUR 4 billion in 2019 and 2020. The balance will also be negative for 2021 as a whole, marking Austria's first current account deficit since 2001.

HICP inflation rises strongly in late 2021

Energy prices had dropped visibly in 2020, thus keeping inflation as measured by the Harmonised Index of Consumer Prices (HICP) from rising beyond 1.4% on average. Amid the rapid cyclical upswing in the first half of 2021, energy prices rebounded sharply, reaching pre-crisis levels. Strong growth of demand for durable consumer goods fueled manufacturing globally,

as a result of which raw materials and intermediate goods became in short supply. Heightened consumer demand, in turn, sparked even more demand for energy, which ultimately drove energy and raw material prices beyond pre-crisis levels. In this context, Austria's HICP rate rose from 1.5% in the first quarter to 3.9% in the fourth quarter of 2021 and even moved up to 4.1% in November 2021, a level not seen in almost ten years. Energy prices were the main driver of inflation, accounting for more than two-thirds of price increases (chart 6). In 2021 as a whole, HICP inflation ran to 2.8%. Looking ahead, the price pressures on energy ought to recede again once the supply shortages have been resolved and pent-up demand has been met. Based on this assumption, we expect energy prices to stabilize in mid-2022 and again play a lesser role for headline inflation. In this process, the currently high inflation rates should go down again.

Given the pandemic-related economic contraction amid low inflation rates, the wage increases for 2021 negotiated by the social partners in the fall of 2020 had remained rather moderate at 1.7%. In the fall of 2021, robust economic growth and the comparatively high inflation rates supported higher wage settlements for 2022 (+3.2%). At the same time, these wage settlements are broadly in line with distribution-neutral wage increases, defined as the sum total of productivity gains and inflation. Hence, we assume that wage developments will not be adding to price pressures ahead.

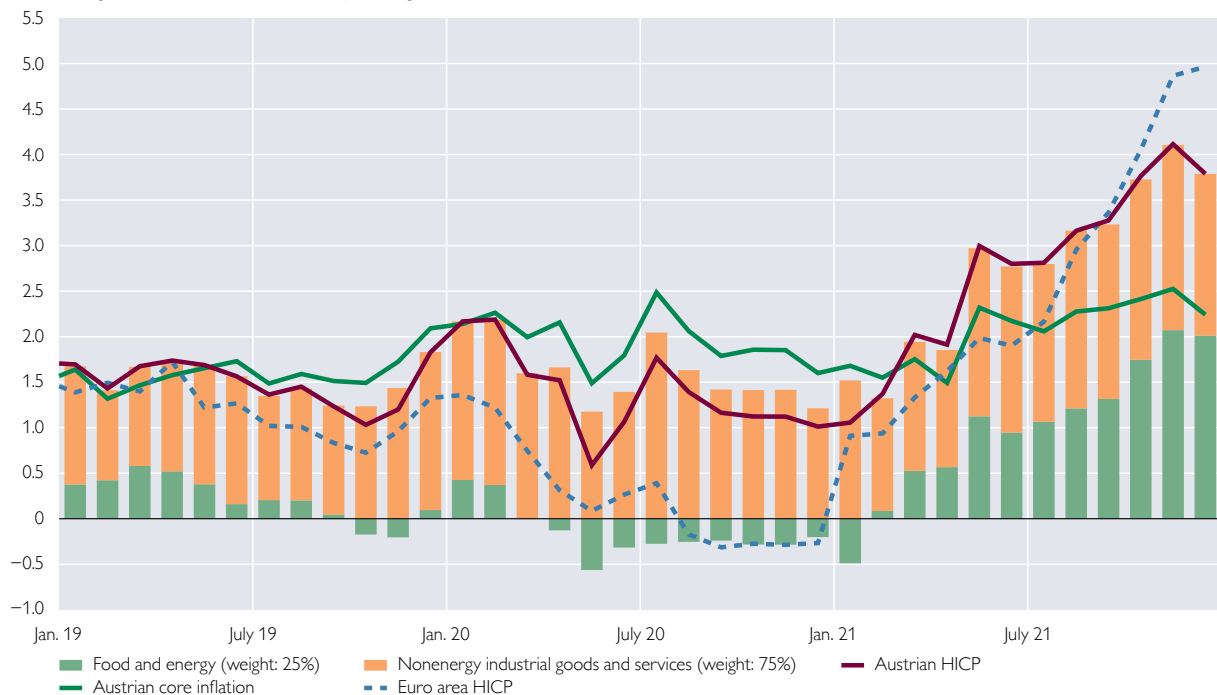
Labor market conditions improve in 2021

With the onset of a second wave of new COVID-19 infections in the winter of 2020/21 and in line with the seasonality of unemployment rates, the number of unemployed people rose markedly between October 2020 and

Chart 6

HICP inflation at elevated levels in late 2021

Annual change in %; contributions to inflation in percentage points



Source: Eurostat, Statistics Austria.

January 2021. At the same time, the increase was cushioned by learning effects and the government's short-time working program, thus remaining below the rise in the spring of 2020. Unemployment figures actually started to go down already in January 2021 and even dropped below pre-crisis levels following steady improvements in September. In terms of unemployment, the impact of the fourth lockdown in November/December 2021 was fairly limited. Following methodological changes in the way Eurostat measures unemployment, the unemployment rate for 2021 (6.3%) nonetheless

slightly exceeded the rate measured for 2020 (6.1%). Mirroring cyclical developments, employment growth contracted in the first and fourth quarters of 2021, whereas it spiked in the middle of the year. On balance, employment figures grew strongly in 2021, rebounding to pre-crisis levels toward year-end. The high employment growth rates and the strong decline in the number of unemployed people was, however, accompanied by a marked rise in the number of job vacancies. This implies a growing supply/demand mismatch in the Austrian labor market (box 3).

Box 3

Labor shortage and mismatch in the Austrian labor market

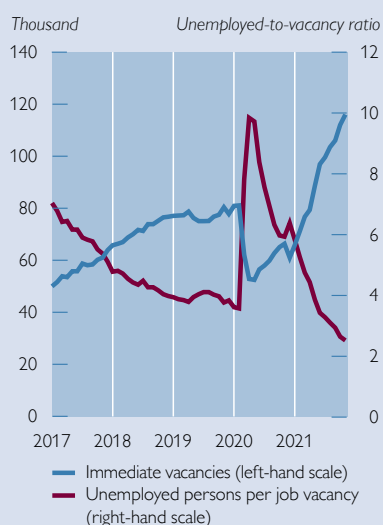
Following record unemployment numbers in 2020, the Austrian labor market recovered significantly in the course of 2021. At the end of November 2021, the number of unemployed people was within close reach of pre-crisis levels (seasonally adjusted; 2,800 unemployed individuals more than at the end of February 2020). At the same time, the number of job vacancies has been at record highs since spring 2021, reaching 112,000 unfilled vacancies at the end of November (seasonally adjusted; left-hand panel of chart 7). In parallel, the number of unemployed persons per job opening dropped to unprecedented lows; at the end of November the unemployed-to-vacancy ratio stood at 2.6.

In many occupations, the labor shortages boil down to skills shortages. According to data on unemployed job seekers and job vacancies published by Public Employment Service Austria (AMS) for more than 500 occupations, the number of job vacancies in so-called shortage occupations has risen very fast in recent months, reaching about 70,000 at the end of October 2021 (middle panel of chart 7). This is more than half of all job vacancies

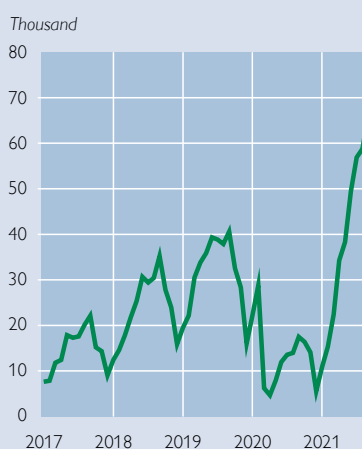
Chart 7

Vacancies, shortage occupations and regional skills mismatch

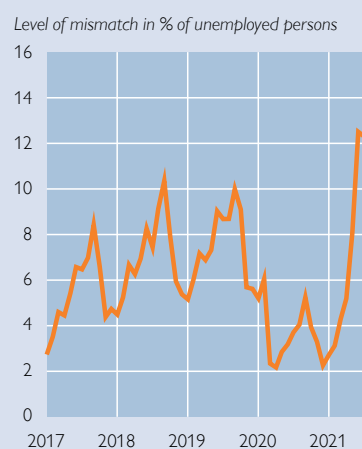
Vacancies and the unemployed



Vacancies in shortage occupations



Regional mismatch between skills and needs



Source: Oesterreichische Nationalbank, Public Employment Service Austria.

Note: Left-hand panel: Seasonally adjusted data until November 30, 2021. Middle panel and right-hand panel: Not seasonally adjusted data until October 31, 2021.

and about one-quarter of the number of people registered as unemployed. Austria's [list of shortage occupations for 2022](#) comprises 66 occupations, based on the labor ministry's definition according to which shortage occupations are occupations where the ratio of registered unemployed people to job openings is less than 1.5. The detailed AMS data also provide insights into the likelihood with which vacancies in shortage occupations in one or more provinces might be filled with people registered as unemployed in other provinces. This regional mismatch was growing visibly in late 2021, reaching close to 41,000 unfilled vacancies or 15.2% of all unemployed people in individual provinces (right panel of chart 7).

Measures supporting regional mobility – such as relocation subsidies, tax relief for home purchases or measures to lower transaction costs – as well as efforts to increase the attractiveness of some occupations may be part of the solution. Above all, this is the case for some jobs in the tourism, retail and transport business, which do not require high skills and which are in the lower income brackets. In other occupations, however, we see a genuine mismatch of skills required for unfilled vacancies and jobseekers' skills. This includes some jobs in the tourism industry (such as cooks) and many skilled crafts or trades (such as electricians) as well as the skills required from health care workers and nurses, public security officials and IT specialists. Meeting this demand will take a mix of measures, including an overhaul of vocational training, adequate reskilling programs for the unemployed and proactive migration policies.

COVID-19 measures continue to burden the budget in 2021

Following the adoption of comprehensive measures by the Austrian government to cushion the impact of the COVID-19 pandemic and related containment measures, Austria's fiscal balance deteriorated by around 9 percentage points to a deficit of 8.3% of GDP in 2020. The budget deficit measured in 2021 remained very high by historical standards. Given the economic revival and the decreasing volume of subsidies for short-time work, lost turnover and fixed costs, the deficit appears to have narrowed to 5.9% of GDP ([OeNB December 2021 outlook](#)). Likewise, in line with cyclical conditions, we project the debt ratio to have declined somewhat to 82.7% of GDP already in 2021, following an unprecedented 83.2% of GDP in 2020. An ecological and socially balanced ("eco-social") tax reform adopted in 2021, which will start to take effect in 2022, is unlikely to significantly impair the positive fiscal path implied by the OeNB's projections.

Real estate prices heavily on the rise in 2021

Following almost 10% year-on-year growth in the second half of 2020, real estate prices continued to accelerate at even slightly higher rates in 2021, exceeding 10% in the first three quarters. Over the year, the OeNB's funda-

mentals indicator for residential property prices accordingly pointed to increasing signs of overheating in the domestic property market. Meanwhile, residential construction has been expanding significantly, despite supply chain problems. Strong construction activity in combination with decelerating population growth has had the effect of realigning housing demand with supply. This should have had a cooling impact on prices. The continued strong uptick in prices may, therefore, have been driven above all by high demand for homes as investment properties.

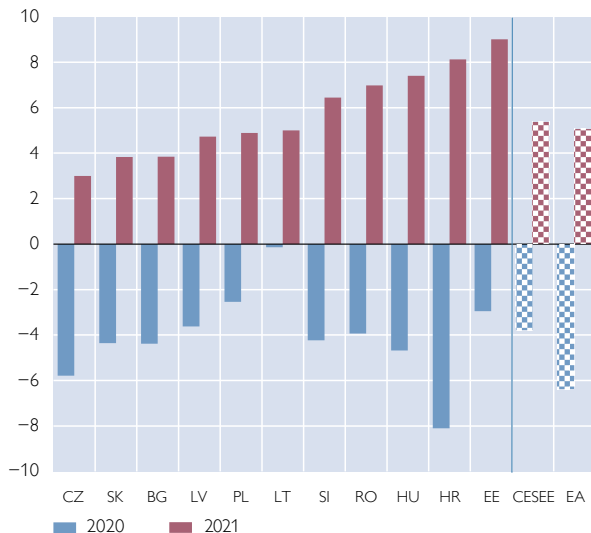
Receding COVID-19 pandemic fuels growth and inflation in Central, Eastern and Southeastern Europe

For the EU member states in Central, Eastern and Southeastern Europe (CESEE), 2020 went down in history as one of the deepest recession years since the transition period of the early 1990s. One year on, in spring 2021, a significant decline in new COVID-19 infections paved the way for an easing of the pandemic-related containment measures, as a result of which economic activity revived on a broad basis. The revival was driven by dynamic exports and, as the year progressed, by business investments and later by private consumption as well. As a result, annual real GDP growth averaged nearly 5.5%, a level last seen almost 15 years ago.

Chart 8

Strong recovery of real GDP growth in CESEE after 2020 recession

Annual real GDP growth in %



Source: Eurostat, European Commission autumn forecast (November 2021).

The economic momentum also fed through to labor market conditions in CESEE, causing unemployment rates in late 2021 to revert to the historically low levels of 2019.

Yet, new COVID-19 infection waves, the emergence of the Omicron variant and persistent bottlenecks in global value and supply chains eventually increased the risks to growth again toward the end of the reporting year. At the same time, inflation rates went higher and higher, culminating in the highest average rate

measured in CESEE since 2008 in December 2021 (7.2%). These developments were driven by both international factors, including rising energy and commodity prices, and domestic factors. The latter included pent-up consumer demand, the normalization of prices in sectors hit hard by the lockdowns, adjustments of regulated prices and post-lockdown

Special Drawing Rights (SDRs)

Special Drawing Rights are the accounting unit created in 1969 by the IMF for its reserve asset transactions. The value of the SDR is calculated from a weighted basket of five currencies, namely the US dollar, the euro, the Chinese yuan, the Japanese yen and the British pound. SDR balances represent potential claims on the freely usable currencies of other IMF member countries. Other than for such exchanges, SDRs may be used for payments among IMF member countries and the IMF itself. However, SDRs are not legal tender, as they are not accepted for payment outside the IMF's dedicated system.

frictional losses, e.g. on account of short-term staff or supply shortages.

The inflation-targeting central banks in the CESEE area responded to the rising prices with minor or major interest rate hikes, thus abandoning the monetary policy easing that was called for during the pandemic in 2020. At the end of 2021, policy rates had been raised to the following levels: 1.75% in Romania (+25 basis points); 1.75% in Poland (a cumulative +165 basis points), 2.4% in Hungary (+180 basis points in total) and 3.75% in Czechia (ultimately +350 basis points).

European and international monetary and financial policy developments

IMF contributes to overcoming the economic consequences of the pandemic

On August 2, 2021, the International Monetary Fund (IMF) endorsed the largest general allocation of Special Drawing Rights (SDRs) in history, equivalent to about USD 650 billion (or about SDR 456 billion). The allocation, which caused the amount of SDRs allocated worldwide to more than triple, addresses the long-term global need for reserves and supports countries with liquidity shortages in dealing with the financial impact of the COVID-19 pandemic. In line with the international community and the EU member states, the OeNB voted for the general SDR allocation and hence Austria's participation.

When the SDR allocation came into effect on August 23, 2021, the OeNB received SDR 3.77 billion (or EUR 4.56 billion with the exchange rate of August 23, 2021), in proportion to Austria's quota share in the IMF. This raised the OeNB's cumulative SDR allocation from SDR 1.74 billion to SDR 5.51 billion (or EUR 6.80 billion using the exchange rate for December 31, 2021).

The IMF's annual Article IV consultations with Austria were held from May 26 to June 15, 2021. In its report published on September 9, 2021, the IMF acknowledged the fast and effective response of Austria to the COVID-19 pandemic, underlining that fiscal policymakers

had struck an adequate balance between supporting sectors hit particularly hard and getting the economy going again. While attesting to the resilience of the Austrian banking sector amid the COVID-19 pandemic, the IMF did recommend the use of borrower-based instruments for residential mortgages (see section Forward-looking macroprudential measures contribute to strengthening financial stability in Austria).

In a decision adopted by written procedure in October 2021, OeNB Governor Robert Holzmann, who serves as the IMF Governor for Austria, and the IMF Governor for Bhutan, were elected as Vice Chairs of the IMF's Board of Governors until the close of the IMF's Annual Meetings in October 2022. The chairmanship, which also rotates annually among the IMF Governors, will be held by the IMF Governor for Egypt until that date.

International role of the euro confirmed in turbulent times

The ECB's annual review of [the international role of the euro](#), published on June 2, 2021, again contained insights about the use of the euro in Central, Eastern and Southeastern Europe, derived from the data compiled with the OeNB's [Euro Survey](#). As confirmed by the report, the euro continued to be the second most important currency in the international monetary system. Even under exceptionally turbulent economic conditions, the international role of the euro remained broadly stable. In other words, the euro has fared much better recently than during the financial and eco-

nomical crisis of 2008 and 2009, which had adversely affected the role of the euro. Ultimately, the global attractiveness of the euro is primarily supported by strengthening economic and monetary union, including advancing both the banking union and the capital markets union.

Recent research by the ECB suggests that between 30% and 50% of the value of euro banknotes is held outside the euro area. The decline in shipments of euro area banknotes was found to be mainly attributable to the pandemic-related setback of tourism. Among other things, the report shows that the euro remained a key currency in international green bond markets. Over half of the green bonds issued globally over the review period were denominated in euro. A special feature of the report on the international role of the euro examined the potential impact of a central bank-issued digital euro. Finally, the report underlined the role of Eurosystem swap and repo facilities for non-euro area countries.

Access to euro liquidity also became an issue during the COVID-19 pandemic. The policy of the Eurosystem has been to also provide smaller non-euro area central banks with euro liquidity. The geographical focus of the swap and repo lines has been on EU countries outside the euro area and on the Western Balkans. The central banks of Albania, Croatia, Hungary, North Macedonia, Romania, San Marino and Serbia took up the ECB's offer of February 2021 to prolong the existing transactions for nine months until March 2022.

The Eurosystem launches a digital euro project

In mid-2021, the Governing Council of the ECB launched a two-year investigation phase to establish what it would take to roll out a digital euro. The possibility of issuing digital currencies for everyday use is being investigated by central banks all across the world.

Unlike electronic euro balances handled by commercial banks and private sector payment service providers, digital euro balances would be issued and backed by the Eurosystem; in other words, by the ECB, the OeNB and other euro area central banks – just like euro cash. People would withdraw digital euro amounts from their bank accounts, just like they withdraw cash, or receive digital euro credits to their accounts in the payment cycle. Euro area credit institutions would obtain digital euro balances from their respective central bank against the pledge or sale of assets used as collateral, much like they obtain cash or electronic liquidity today.

A digital euro would not replace but complement cash and existing retail payment solutions provided by private sector payment service providers. By issuing a digital euro, the Eurosystem would be able to ensure that – even in an increasingly digital world – consumers continue to have a choice between payment instruments guaranteed by the central bank and payment instruments provided by the private sector.

Since the euro must meet the very highest requirements whatever its form and since any undesirable impact needs to be avoided, it will take several years of investigation before any decision can be made on introducing a digital euro. The key issues to be addressed include the available technical options, changes to the legislative framework that may be needed, the possible economic impact and the digital design options that would best meet user needs. Only once these fundamental issues have been clarified will the ECB be in a position to decide whether to launch a digital euro.

With a view to determining how to best ensure the distribution and use of a digital euro, the ECB is interacting, inter alia, with the financial institutions it supervises. The ECB has also launched a review, on various levels, of the related payment system needs and requirements and is engaging with European policymakers. Within the Eurosystem, the OeNB actively contributes to the various work streams under the digital euro project.

Violin crafted by Ferdinando Gagliano in Naples roughly from 1770 to 1780



Photo: Jan Röhrmann.



Photo: OeNB.

Antonia Rankersberger after having received a violin from the OeNB in spring 2019

For a period of three years, especially talented students may perform concerts on historical violins from our collection. The instruments help them start international careers. Specifically, we cooperate with the University of Music and Performing Arts Vienna, the Mozarteum University Salzburg and the University of Music and Performing Arts Graz. Antonia Rankersberger, proposed for this program by the University of Music and Performing Arts Vienna, plays second violin in a string ensemble called Simply Quartet. Nominated as ECHO Rising Stars for the 2021/22 season, the Simply Quartet is performing a concert tour in renowned concert halls across Europe.

“Every time I unpack my Ferdinando Gagliano and start playing on it, I’m overcome with pure joy. The violin’s bright and focused sound as well as its fast, clear response allow me to both delicately immerse myself in the conversation of our quartet and shine as a soloist.”
Antonia Rankersberger, Simply Quartet’s second violinist.



Violins crafted by Santo Serafin in Venice in 1733 (top) and after 1748, "ex Hamma."

Management of reserve assets amid mixed economic recovery

The OeNB's investment portfolio is well diversified

The investment of OeNB assets is subject to comprehensive risk management procedures and controls. The primary goal of investment is to maintain a high degree of liquidity and security to ensure the ready availability of funds for coordinated intervention in financial markets whenever action should be required. Another key criterion guiding investment decisions is a broad range of diversification (chart 9). Gold reserves account for about 40% of the OeNB's reserves. In addition, the OeNB invests above all in bonds (about 50%) and in stocks (about 10%), across a number of regions and currencies. The predominant currencies are convertible currencies of countries with excellent credit ratings. The predominant bonds are bonds issued by governments, agencies and supranational institutions as well as covered bonds. Other assets, such as corporate bonds and stocks, are included with a view to improving the risk-return ratio. This strategy has been a cornerstone of the OeNB's stability and continues to underpin our activities within the European System of Central Banks (ESCB).

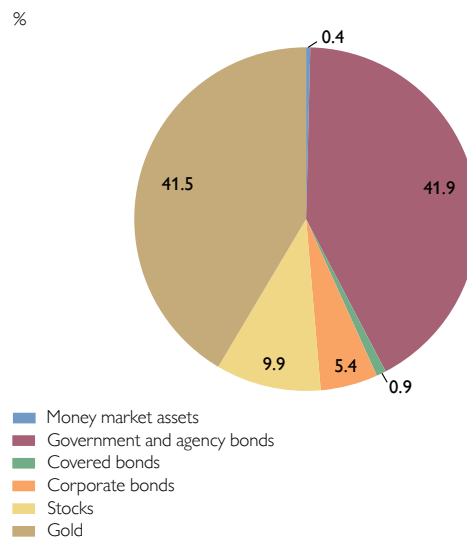
Financial markets benefit from economic recovery

In 2021, financial markets revived as economies recovered from the economic setback in 2020. Yet, the recovery remained highly uneven across regions, reflecting above all divergent strategies to contain the COVID-19 pandemic and the different speeds at which the rollout of COVID-19 vaccines progressed.

This situation was mirrored, in particular, by stock markets and by the sharp rally of the leading stock market indices of the western world. The corporate sector – US companies in particular – continued to benefit from the highly supportive fiscal policies, which enabled excellent corporate results despite the many challenges, including the pandemic, supply-chain

Chart 9

The OeNB's reserve portfolio is well diversified



Source: OeNB.

Note: At the end of 2021, the OeNB's reserve assets totaled about EUR 35 billion.

problems or surging input prices. In this environment, the US stock exchange index Standard & Poor's (S&P) 500 jumped by 26.9% in 2021. The euro area index EURO STOXX 50 also climbed by 21.0%, while the Japanese Nikkei Stock Average (Nikkei 225) added 4.9% (expressed in local currencies). The stock markets of emerging economies, in contrast, suffered from the sluggish rollout of COVID-19 vaccines and monetary tightening in view of mounting inflation, which led to a 4.6% decline in stock prices (expressed in US dollar terms).

Progress made in containing the pandemic in combination with rising economic growth and climbing inflation rates translated into a burden for government bond markets, which are generally seen as safe havens. Thus, most government bond markets experienced losses in 2021. Yields were rising for many government bonds, not least because markets anticipated that, inter alia, the world's two leading central banks, the US Federal Reserve (Fed) and the ECB, would begin to wind down their

massive monetary stimulus measures. For instance, the yield of German ten-year government bonds increased by 39 basis points to –0.18% in 2021, while the yield of US ten-year treasuries mounted by 60 basis points to 1.51%.

The resulting widening of the interest rate differential between the USA and the euro area was also mirrored by exchange rate movements. The US dollar appreciated by 7.5% against the euro, benefiting from the strength of the US economy and the Fed’s faster pace of monetary policy tightening. In a similar vein, the British pound appreciated 6.5% against the euro. The Japanese yen, in contrast, depreciated by 3.5% against the euro in 2021, reflecting rather moderate economic growth and below-average inflation rates in Japan. The depreciation against the euro was even more pronounced for many emerging economy currencies, including the Turkish lira and the Argentine peso. Accordingly, J.P. Morgan’s Emerging Market Currency index dropped more than 9% against the US dollar.

The main winner of the cyclical upturn were crude oil prices, soaring by close to 59% in the reporting year. The key driver for this price hike was the release of pent-up demand as economies reopened after lockdowns, contrast-

ing with an only moderate increase of supply volumes amid the restrictive crude oil production regime of the OPEC+ countries. Last but not least, the price of gold stopped going higher in 2021, given increased risk-taking among investors, and actually dropped by 3.4% against the US dollar.

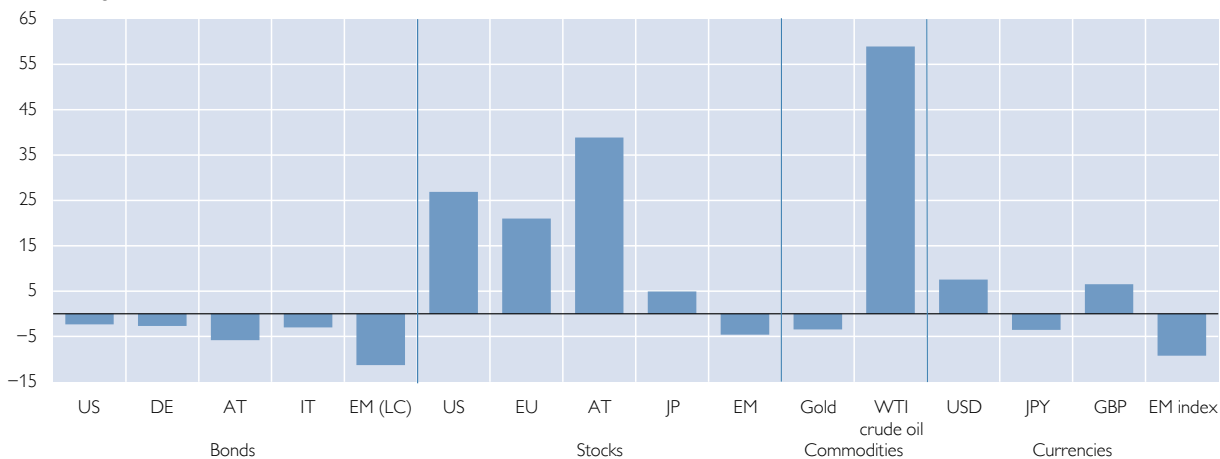
OeNB reserve management subject to risk reduction measures

In response to financial market developments in 2021, the OeNB adjusted its asset allocation strategy by redefining the strategy for foreign currency investments and shifting larger amounts into stocks. Throughout 2021, the OeNB’s foreign currency reserves were invested almost exclusively in the major stable international reserve currencies which define the international reserve asset created by the IMF (Special Drawing Rights – SDRs). The proportion of stocks was raised within the OeNB’s externally managed higher-risk portfolios. The contracts for externally managed portfolios are tendered in a multi-tier bidding process. The decision to go for a higher share of stocks was motivated by efforts to address the challenges for euro-denominated investments arising from the protracted period of low interest rates. This

Chart 10

Financial market performance reflects mixed economic recovery

Performance gain or loss in 2021 in %



Source: Bloomberg.

Note: EM = emerging markets, LC = local currency, WTI = West Texas Intermediate. Prices for emerging markets and commodities in US dollars.

realignment aimed to increase the robustness of investments and to further enhance the prospective risk-return profile in times of heightened financial market volatility.

The challenges created by the pandemic and the protracted period of low interest rates have, yet again, highlighted the relevance of a balanced allocation of the OeNB's reserve assets. In 2021, major diversification benefits came above all from non-euro assets. While euro-denominated government bonds generated a negative performance on account of rising yields, the foreign currency portfolios benefited from the euro's weakness. As the OeNB's own reserve assets are invested in a mix of euro- and foreign currency-denominated bonds, this portfolio generated a clear performance gain (around 1.3%).

The OeNB's externally managed portfolios showed a solid positive performance with a performance gain of more than 11% in 2021, thus significantly driving up valuation gains.

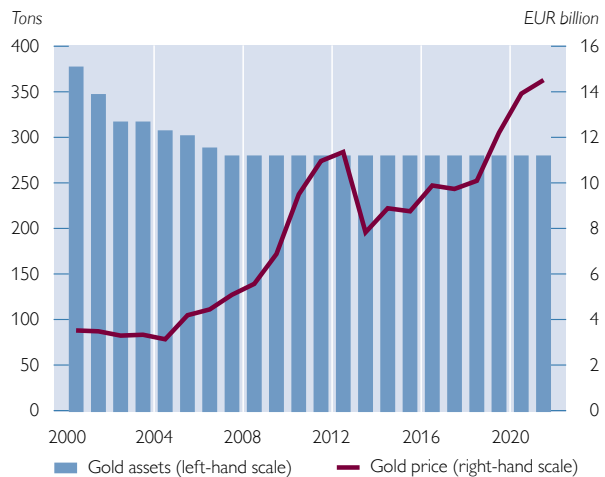
Finally, the value of the OeNB's gold reserves rose to more than EUR 14 billion due to the strong performance of gold compared with the euro, topping last year's record result by some 4% (chart 11).

Beyond profit: in pursuit of sustainability in investing

For many years, explicit sustainability criteria have informed the OeNB's risk management decisions. Since 2011, external asset managers making investments for the OeNB must have signed the UN-supported [Principles for Responsible Investment](#). These principles address environmental, social and governance (ESG) issues and provide for responsible disclosure practices and ownership policies. Beyond that, the OeNB has implemented requirements regarding greenhouse gas emissions for selected asset classes in its externally managed portfolios. The underlying idea is to encourage external asset managers to systematically apply both ESG criteria and sustainable and responsible investment (SRI) criteria. The OeNB's internal portfolio managers have likewise been giving

Chart 11

Market value of OeNB gold holdings reaches another record high



Source: OeNB.

increasing preference to assets that meet these quality standards. The application of the SRI criteria for internally and externally managed portfolios will be developed further in the light of experience and in accordance with accepted procedures. In 2022 and beyond, we intend to take sustainable investment to the next level in three major respects:

- building sustainability criteria more firmly into the investment process;
- integrating SRI/ESG criteria more widely into IT systems and reporting;
- investing more heavily in green, sustainable bonds.

Last but not least, the Eurosystem also agreed on a common stance for climate change-related sustainable and responsible investment principles for euro-denominated nonmonetary policy portfolios. The Eurosystem, including the OeNB, aims to start climate-related disclosures for these types of portfolios within two years. The ECB issued a press release to this effect in early February 2021.

Environmental, social and governance (ESG)

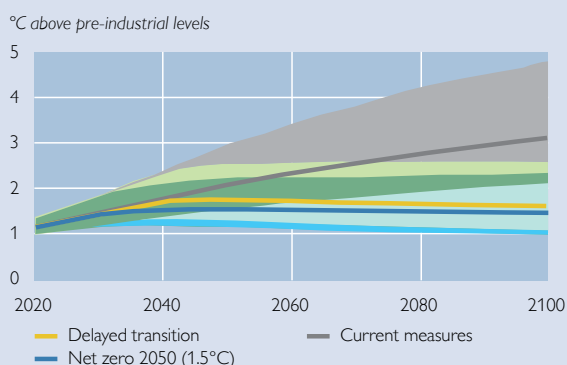
More and more financial and nonfinancial firms around the world believe that management decisions and company analyses should give due consideration to environmental, social and governance issues. Rating agencies and many investors have come to include such criteria, for instance compliance with the UN-supported Principles for Responsible Investment, into their securities analysis framework.

Climate change also affects the OeNB's core tasks

Natural disasters in neighboring countries and extreme weather events in Austria drove home the message in 2021 that climate change has arrived (chart 12). In November 2021, the UN Climate Change Conference in Glasgow (COP26) ended with the commitment of participants to pursue efforts to limit global warming to 1.5°C. A couple of months earlier, the European Commission had unveiled new measures aimed at lowering greenhouse gas emissions by at least 55% until 2030, compared with 1990 levels, across the European Union. The final goal is to make Europe the first climate-neutral continent by 2050. Already, we have started to feel the macroeconomic impact of both climate change and climate protection. As a case in point, the rapid rise of emissions trading prices in 2021 appears to be correlated with the latest spike in energy prices and currently elevated inflation.

Chart 12

Projected rise in global mean temperature



Source: IIASA NGFS climate scenarios database, REMIND model.

Note: IIASA = International Institute for Applied Systems Analysis; NGFS = Network for Greening the Financial System. REMIND = Regional Model of Investment and Development, developed by the Potsdam Institute for Climate Impact Research.

central banks' activities in banking supervision. Monetary policy operations may contribute to reducing climate-related risk. The tools of choice would be the revaluation of assets and collateral as well as adjustments of liquidity-providing transactions and asset-buying programs. Last but not least, heightened transparency and standards will send out a powerful signal for higher sustainability in financial markets.

Starting from these premises, the ECB adopted an action plan in mid-2021 to include climate change considerations in its monetary policy strategy (see box 1). Related measures will be implemented in line with EU initiatives in the field of environmental sustainability disclosure and reporting.

Research conducted at the OeNB adds to expertise on the relationship between the climate and the economy. A *short study* published by the OeNB in 2021, for instance, highlights that Austria is no longer at the vanguard of EU countries when it comes to climate policymaking.³ In Austria, the cumulative amount of greenhouse gas emissions increased by 1% from 1990 to 2018, whereas it dropped by 18% among Western European EU member states. Austria's comparatively higher GDP growth rates may serve as an explanation for this gap only to a small extent. Much rather, the study identified the transport sector as the main driver, given that fuel prices are lower in Austria than in neighboring countries. While Austria's carbon pricing program, which is to be implemented in 2022, will offset this price advantage only to a degree, it is a first step toward meeting the government's climate neutrality goal by 2040.

The OeNB supports the financial sector in dealing with the risks and opportunities arising from climate change, i.a. in monitoring physical risks and transition risks. The physical risks of climate change relate to natural

Climate change is, ultimately, also a challenge for monetary policymaking, as evidenced by an *OeNB study*.² Key issues in this context include the multi-faceted risks to price and financial stability arising from global warming and measures taken to address these risks. Central banks are called upon to consider such implications in their policies. Climate change might drive up economic uncertainty, restrict central banks' leeway for policymaking and affect their sheets. Without prejudice to the objective of price stability and in line with its statutory mandate, the Eurosystem supports the general economic policies in the EU, including those on environmental protection.

Primarily, however, climate policymaking is the task of governments and parliaments. By adopting carbon pricing measures, they can promote the transition to a climate-neutral economy in a more effective and efficient manner than monetary policymakers might do. True cost-pricing and a smooth decarbonization process would also lower the risks to financial stability, thus creating fewer challenges for

² Breitenfellner, A. and W. Pointner. 2021. The impact of climate change on monetary policy. In: *Monetary Policy & the Economy Q3/21*. OeNB. 59–80.

³ Breitenfellner, A., M. Lahnsteiner and T. Reiningger. 2021. Österreichs Klimapolitik: Vom Vorbild zum Nachzügler in der EU. In: *Konjunktur aktuell – December 2021*. OeNB. 53–58.

disasters, which may have a negative impact on productivity and asset prices. Transition risks could arise from sharp changes in climate policies, technological innovations or consumer behavior as a result of which fossil fuels assets may diminish in value. All of these risks affect the credit ratings of individual banks and might destabilize the financial system as a whole. This is why current law already requires that climate-related financial risks be taken into account in risk management.

At the same time, climate protection activities also create new opportunities for the financial sector, given the need for major investments to help implement the transition to alternative sources of fuel and energy. In Austria alone, we will have to mobilize three-digit billion amounts from public and private sector investors until 2030 to make substantial progress. As yet, sustainable finance products that comply with environmental, social and governance (ESG) criteria are a small, if growing market niche. At the same time, the widespread greenwashing of unsustainable finance products might deal a blow to investor confidence. To prevent this, we need more transparency, e.g. by requiring financial institutions and business corporations to disclose sustainability measures, as envisaged by the (enhanced) European Commission's action plan on financing sustainable growth.

As a member of the Central Banks and Supervisors Network for Greening the Financial System (NGFS), the OeNB contributes to analytical work supporting microfinancial supervision, the identification of macrofinancial risks, the development of market incentive strategies and data provision. Among other things, the OeNB has created climate stress tests for banks, contributed to the Guide for Managing Sustainability Risks published by Austria's Financial Market Authority (FMA) and supported the Austrian government in launching its Green Finance Agenda (see box 7 and section Enhanced regulatory framework for the financial sector). Within the Eurosystem, the OeNB is also working on climate change-related sustainable and responsible investment principles for the euro-denominated nonmonetary policy portfolios of euro area central banks (see section Beyond profit: in pursuit of sustainability in investing). Last but not least, the OeNB as an organization has been applying environmental management solutions for decades and remains committed to keep reducing its operational carbon footprint with a view to achieving effective climate neutrality by 2040 (see section The OeNB's Environmental Statement 2021). On the occasion of the UN Climate Change Conference in Glasgow, the OeNB and the FMA published a joint [pledge](#), to encourage climate-friendly financial markets by walking the talk in their remits (monetary policy, financial supervision, own investment and operational ecology).

Looking ahead, the OeNB intends to reinforce its efforts in all sustainability-related work streams (including green finance; environmental, social and governance issues; sustainable and responsible investment; and ecological management) to be able to disclose climate-relevant information by 2023 and keep enhancing its carbon management practices in view of the carbon neutrality goal for 2040. As a first step, the Governing Board of the OeNB has launched a climate targets coordination project to synchronize OeNB-wide efforts toward achieving this goal.

Violin “ex Carroodus” crafted by Giuseppe Guarneri del Gesù in Cremona in 1741

Photo: Jan Röhrmann.



“Guarneri del Gesù’s violins are among the most precious and cherished violins in the world. I’m extremely honored to have been able to play on such a supreme instrument for many years now. To me, Guarneri del Gesù’s “ex Carroodus” is not just a violin, it is a steadfast source of boundless inspiration and joy. What better place to express my thanks to the OeNB for its yearslong support.”
Anton Sorokow, first concertmaster of the Wiener Symphoniker orchestra.

Antonio Stradivari and Giuseppe Guarneri del Gesù rank among the best known and most accomplished luthiers in the history of violinmaking. Their lives and works are legendary, and more often than not the prices their instruments fetch have made front page news. Given their craftsmanship, violinmaking blossomed like never before in their time. Over 300 years later, their workshop molds are still considered state of the art. With our collection, we help preserve, and share with the public, this musical heritage and cultural legacy. Thanks to our loan policy, concertgoers around the world may enjoy the unrivaled sound of these precious instruments.

Violin “ex Rouse-Boughton” crafted by Antonio Stradivari in Cremona around 1698

“Whenever I take ‘my’ Strad into my hands, softly stroking its flamed back by way of greeting, its beauty never fails to take my breath away. The sound of the ‘Rouse-Boughton’ is best described by its enrapturing, golden warmth, which turns bright and brilliant in the upper register. It’s such a sensuous pleasure to elicit a rich palette of tones when playing this violin.”
Sophie Heinrich, third concertmaster of the Wiener Symphoniker orchestra.



Photo: Jan Röhrmann.

The OeNB actively seeks to ensure financial stability

Banking sector resilience is the focal point of supervision

Austrian banks benefit from economic upturn

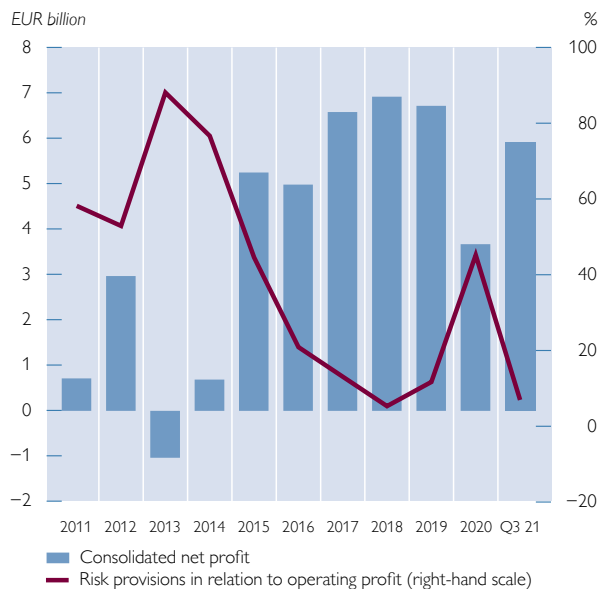
Austrian banking sector profits improved visibly in the first three quarters of 2021, more than doubling to EUR 5.9 billion year on year. As the economy recovered, broad-based support cushioned the impact of pandemic-related effects and credit growth did not let up, banks were able to cut their provisioning. In fact, after having increased sharply in 2020, risk provisioning decreased by slightly more than three-quarters to EUR 0.5 billion in 2021. Austrian banks thus even outperformed the profits they had earned in the period from 2017 to 2019, under benign macrofinancial conditions.

However, the improvement in operating profits (excluding risk costs) was strongly driven by valuation adjustments and one-off effects. Given the persistently low interest rates, banks' interest income rose by just 1.1% year on year in November 2021, even though the growth rate of lending to nonbanks remained strong (+4.5%).

Loan asset quality continued to be stable at high levels. Nonperforming loans accounted for a historically low share of 1.8% of the loan portfolio in September 2021. At the same time, credit risk measures with leading indicator properties imply emerging challenges ahead. Cases in point are the level of forbearance activities and the share of assets classified as IFRS 9 Stage 2 under the International Financial Reporting Standards (see chart 15). The outlook is also clouded by the growing number of firms that became insolvent in the second half of 2021 (see section National and European banking supervisors join forces in safeguarding banking sector resilience).

Chart 13

Net profit of Austrian banks



Source: OeNB.

A similar picture emerges for Austrian banks' subsidiaries in Central, Eastern and South-eastern Europe (CESEE).⁴ They achieved an aggregate period result (after taxes) of EUR 2.3 billion for the first three quarters of 2021 (+44% year on year), largely thanks to the decline in risk costs.

The lending activity of Austrian banks continued to be driven by mortgage lending to domestic households. In November 2021, the mortgage lending pace increased to 6.8% year on year (with outstanding loans climbing to EUR 128.8 billion), thus exceeding the growth rate of corporate loans, which had started to accelerate of late (+5.5% year on year; outstanding loans of EUR 180.6 billion).

Forbearance

Forbearance measures are any concessions lenders make to borrowers that face or are about to face financial difficulties. Forbearance measures are sound as long as the agreed postponement remains temporary. The underlying risk is that banks may end up avoiding loss recognition methodically, thus underestimating credit risk and overestimating their own loss-absorption capacity.

⁴ This section is based on a broad definition of Central, Eastern and Southeastern Europe that also includes Russia, Ukraine and Belarus.

Microprudential and macroprudential supervision

Microprudential supervision refers to the ongoing monitoring of individual banks, with supervisors focusing on assessing banks' compliance with regulatory criteria and the resilience of their business models. The OeNB is a national supervisory authority in the system of banking supervision in Europe, the Single Supervisory Mechanism (SSM). As such, it is involved in supervising both significant and less significant Austrian credit institutions. The key supervisory tool is the supervisory review and evaluation process (SREP), which serves to bundle all supervisory findings recorded for a given year and to communicate all requirements for improvement to the respective banks.

Macroprudential supervision is aimed at analyzing and reducing any risks emerging in the financial system that are of a systemic nature. Systemic risks may jeopardize the financial system or parts thereof, which could have severe negative repercussions not only for the financial system but also for the real economy. Macroprudential supervision is a national responsibility, and the OeNB plays a key role in the macroprudential supervision of Austrian banks.

As a result of banks' efforts and microprudential and macroprudential measures adopted in the past, capital ratios in the banking sector have gone up and Austria's financial system has become more resilient. Thus, the banking sector has been an anchor of stability during the COVID-19 pandemic, ensuring the provision of liquidity to the Austrian corporate sector. In the first nine months of 2021, Banks' consolidated common equity tier 1 ratio (CET1) climbed to 15.8% (+0.18 percentage points compared with September 2020), reflecting among other things supervisory guidance to refrain from or limit dividend payouts (see

section Measures to mitigate the impact of COVID-19 on the banking sector are lifted). The combined leverage ratio of Austrian banks reached 7.6% in September 2021 (+46 basis points). Furthermore, their liquidity situation is solid, supported by the favorable terms for Eurosystem credit operations, which also benefited profitability. Austrian banks' subsidiaries in CESEE continue to increasingly rely on local stable funding, in line with supervisory guidance ([Sustainability Package](#)). Having declined further, foreign currency loans in both Austria and CESEE do not constitute any systemic risks.

These positive developments did not go unnoticed by international financial institutions and rating agencies. As a case in point, the International Monetary Fund (IMF) concluded in its 2021 [Article IV consultations](#) that the

Austrian financial sector had remained resilient throughout the pandemic.

Uncertainty and structural challenges continue to call for prudent behavior

The positive developments in the first three quarters of 2021 notwithstanding, pandemic-related uncertainty factors and structural challenges with regard to the efficiency of the Austrian banking sector continue to apply. The same holds true for the heightened credit risk that comes with these conditions as well as the risks arising from the persistently low interest rates.

Thus, banks will need to continue to exercise restraint on dividend payouts to keep strengthening and sustaining their capital ratios. Such prudent behavior will help ensure that the banking sector remains resilient and is able to fulfill its core task of providing the real economy with loans and financial services even in an environment of crisis. Applying sustainable lending standards, especially in housing mortgage lending, is crucial in this respect.⁵

Forward-looking macroprudential measures help strengthen financial stability in Austria

As OeNB analyses have shown, market momentum remained high in Austria's residential property market in 2021. The real estate market continues to be characterized by high price and loan growth, lending rates at unprecedented lows, intense competition and low margins amid high debt service-to-income and loan-to-value ratios. The share of variable rate loans has declined substantially in recent years, but many borrowers are still vulnerable to an increase in short-term interest rates. Based on a comprehensive review of systemic risk by the OeNB, the Austrian Financial Market Stability Board (FMSB) concluded in its [30th meeting on December 13, 2021](#), that banks had failed to adequately comply with its guidance on sustainable mortgage lending so far.

⁵ See OeNB [Financial Stability Report 42](#).

If a real estate crisis were to emerge, the financial system might face disruptions that could trigger negative repercussions for the real economy. The adequate way forward, from the OeNB's perspective, would be legally-binding borrower-based measures for preventing the further buildup of systemic risks arising from housing mortgages. The use of such measures in Austria has been evaluated and advised also by European and international organizations such as the European Systemic Risk Board (ESRB),⁶ the Organisation for Economic Co-operation and Development (OECD) and the IMF (see also box 6).

Furthermore, the OeNB has stepped up its monitoring activities with regard to banks' commercial real estate exposures. As a starting point, a new [OeNB reporting regulation](#) known by its German acronym "GIMPI" is set to improve data availability. The data to be collected will, in particular, enable the OeNB to calculate commercial property price indicators. It will, however, take a few years until meaningful time series for compiling the indicators become available.

Acting on the OeNB's annual review of banks identified as other systemically important institutions (O-SIIs), the FMSB also renewed its [recommendation on the O-SII buffer](#) for Austrian banks. Compared with 2020, the list of institutions identified as O-SIIs and the buffer levels remained broadly unchanged. The O-SII buffer addresses risks arising for the financial system and the real economy from the malfunctioning of a systemically important institution. Specifically, the FMSB advised the Austrian Financial Market Authority (FMA) to require O-SII buffers for seven Austrian banks both on a consolidated and on an unconsolidated level.

The systemic risk buffer (SyRB) addressing the vulnerability of the Austrian banking system to imbalances in the financial system, last

reviewed in 2020, was not subject to adjustments in 2021. Following the implementation, as of May 29, 2021, of the EU's revised Capital Requirements Directive (CRD V), the O-SII buffer and the SyRB have become additive, while until then the higher of the two had applied.⁷

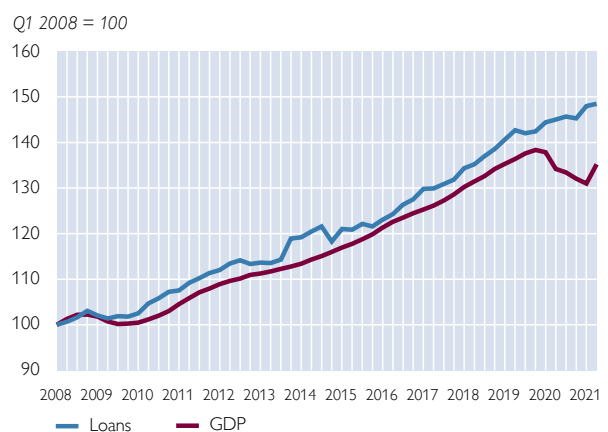
Last but not least, supervisors also need to keep an eye on cyclical risks that may arise for the Austrian banking system. The countercyclical capital buffer (CCyB) developed for this purpose was left at 0% of risk-weighted assets in 2021 as advised by the FMSB. While the gap between the credit-to-GDP ratio and its trend remained positive, it narrowed in the second quarter of 2021 as the economy recovered (chart 14). Other indicators likewise imply risk mispricings, though. Any future decision on whether the FMSB should advise a higher CCyB

Borrower-based macroprudential measures

Borrower-based measures are macroprudential measures that target borrowers with a view to preventing the buildup of systemic risks from real estate exposures. The underlying idea is to prevent borrowers from becoming overindebted, loans from defaulting and defaulted loans from resulting in credit losses. In other words, borrower-based measures are intended to prevent adverse real estate market developments from having a negative impact on borrowers, banks and ultimately the financial system as a whole. Key indicators in this respect are the loan-to-value ratio, the debt service-to-income ratio and the debt-to-income ratio.

Chart 14

Credit and GDP growth in Austria



Source: OeNB.

⁶ See *Recommendation of the European Systemic Risk Board of 2 December 2021 on medium-term vulnerabilities in the residential real estate sector in Austria (ESRB/2021/11)*.

⁷ In view of the high degree of uncertainty, the FMSB had advised in mid-2020 adjusting the size of the buffers in a way that prevents effective buffer requirements from increasing until end-2022 simply because of legal changes (24th meeting on June 15, 2020).

requirement will depend on whether the CCyB-relevant indicators continue to see a sustained improvement as the economy recovers, and whether borrower-based measures are effective in reducing the risks from the credit cycle.

Box 6

Q&As on macroprudential measures regarding housing mortgages

How might housing mortgages contribute to emerging systemic risks?

In the past, rising house prices and mortgage lending have been early warning indicators for an emerging real estate crisis in a number of countries. Typical crisis factors include ultralow lending interest rates and intense competition among banks as drivers of markedly declining yield margins and rising risk tolerance in the real estate lending segment. The momentum created by rising prices, easing lending standards and robust loan growth may cause the residential property market to become overheated. In the event of property price corrections, banks may be confronted with credit defaults and suffer losses, which in turn leads to a sharp increase in collateral realization amid dwindling demand. As these developments then amplify the downward pressure on prices, the real estate crisis deepens in a vicious cycle.

What is the OeNB's assessment of systemic risk arising from housing mortgages in Austria?

The mounting systemic risks identified in the OeNB's broad-based analysis of systemic risks may disrupt Austria's financial system, or parts thereof; and these disruptions may trigger serious negative effects on the financial system or the real economy. If a real estate crisis were to emerge, the financial system might be affected – notwithstanding a number of mitigating factors that the OeNB identified as well. Austria has a well-developed rental market with a high share of nonprofit providers; renting out debt-financed private property plays but a minor role; Austrian borrowers tend to have high incomes and wealth by international standards; and Austrian households' indebtedness is comparatively low.

European and international organizations have assessed the situation in a similar fashion. For this reason, also the European Systemic Risk Board (ESRB), the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF) have advised the Austrian authorities to adopt borrower-based measures.

What has been done so far in Austria to address these risks, and how effective have such initiatives been?

For some time now, the OeNB has been urging banks to apply sustainable lending standards, alerting them to potential repercussions for financial stability. Supporting this assessment, Austria's Financial Market Stability Board (FMSB) provided guidance on sustainable lending standards already in 2018. As a rule, banks should require mortgage borrowers to contribute at least 20% own funds; debt service payments should not exceed 30% to 40% of net household income; and loan terms should be limited to 35 years and aligned with borrowers' life cycle to reflect, for instance, lower income levels after retirement.

However, a considerable share of new mortgages continues to be offered at elevated debt service-to-income and loan-to-value ratios. In other words, banks have failed to comply to a sufficient degree with the FMSB's guidance on sustainable mortgage lending.

Which instruments does the macroprudential toolkit in Austria include?

The OeNB considers legally binding borrower-based measures in line with sustainable lending standards to be necessary and adequate. The legal basis for such instruments has been established in Article 23h Austrian Banking Act. In line with its legal mandate, the OeNB will prepare an FMSB recommendation to the Financial Market Authority (FMA), aiming at measures to become legally binding preferably by mid-2022. Such measures may include upper limits for a number of macroprudential indicators such as maximum loan-to-value, debt service-to-income and debt-to-income ratios as well as maximum loan maturities. Other options include amortization requirements and different rules for different geographic areas or lending instruments as well as exemption buckets.

What does the macroprudential toolkit look like in other EU countries?

A great number of EU countries have already responded to the mounting systemic risks that arise from housing mortgages. Most countries have opted for legally binding measures (e.g. Estonia, Ireland, Lithuania, the Netherlands, Poland, Slovakia and Sweden), others for guidance measures (e.g. Belgium, France and Portugal). As a rule, they have implemented a package of measures (e.g. debt service-to-income ratios and limitations on loan maturities) including upper limits for the respective ratios and exemption buckets. Among the first to adopt borrower-based measures were those EU member states whose economy suffered big losses from the bursting of real estate bubbles during the financial crisis of 2008 and 2009 (e.g. Latvia). In January 2022, Germany announced a set of macroprudential measures, including the activation of the countercyclical capital buffer and the introduction of a sectoral systemic risk buffer for housing mortgages. Only few EU members have not yet adopted any measures (e.g. Greece, Italy and Spain).

National and European banking supervisors join forces in safeguarding the stability of the banking sector

The Single Supervisory Mechanism (SSM), the system of banking supervision on the European level established in 2014, was instrumental in enhancing the capital and liquidity situation of the European banking sector after the financial crisis of 2008 and 2009. In Austria, the OeNB and the FMA have continued to play a major role in supervising significant institutions supervised directly by the ECB. They have remained directly responsible for supervising less significant institutions within the overall SSM context. In late 2021, the list of significant entities directly supervised by the ECB across Europe contained 115 institutions, 7 of which were banks established in Austria.⁸ The list of significant Austrian banks grew from 6 to 7 in October 2020, when Addiko Bank AG was added to reflect its significant cross-border activities in Croatia.

Under the prevailing pandemic conditions, significant Austrian and European banks alike continued to enhance their capital ratios as their balance sheets likewise increased (see

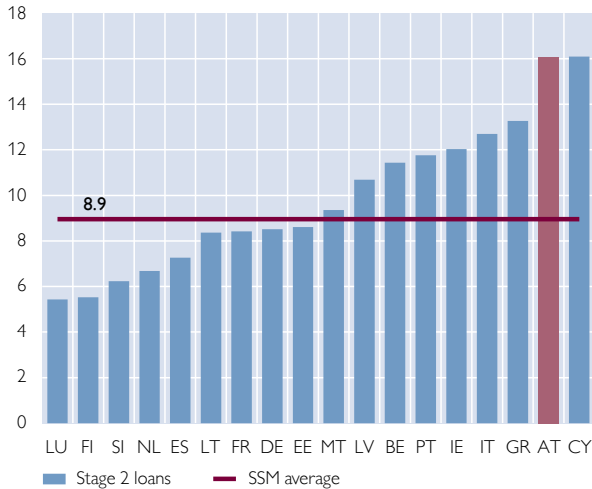
section Austrian banks benefit from economic upturn). Given the measures adopted to support the real economy, the traditional indicators (such as nonperforming loans) have not been signaling a pandemic-related heightening of credit risk at Austria's significant institutions. At the same time, one of the leading indicators of loan quality – the three-stage IFRS 9 impairment model – shows that credit exposures categorized into Stage 2 under IFRS 9 account for a significantly larger share among Austria's significant institutions than among their peers in other EU countries (chart 15; data for the third quarter of 2021). Stage 2 loans are defined as loans that are not credit impaired but have seen a significant increase in credit risk since initial recognition; accordingly, banks have to recognize expected credit losses for such exposures. The comparatively high share of Stage 2 loans among Austrian significant institutions may reflect above all conservative risk assessments, as the cost of credit risk and the ratio of nonperforming loans are low at the Austrian institutions whereas risk provisions are higher than average.

⁸ Addiko Bank AG, BAWAG Group AG, Erste Group Bank AG, Raiffeisen Bank International AG, Raiffeisenbankengruppe OÖ Verbund eGen, Sberbank Europe AG and Volksbank Wien AG, as evident from the ECB's list of supervised entities (as of 1 November 2021).

Chart 15

IFRS 9 Stage 2 loans in % of total loan portfolio

Q3 21 data for significant institutions



Source: ECB.

On-site inspections focus on credit risk

The on-site inspections carried out at a number of Austrian banks in 2021 were partly carried out remotely on account of the pandemic. At significant institutions, the inspections focused on commercial real estate exposures and on corporate funding, including funding provided to small and medium-sized enterprises (SMEs). The inspections were carried out with harmonized procedures and common methods developed at the SSM level. For instance, individual exposures were reviewed in a standardized manner and banks' IFRS 9 calculations were examined with common models. This ensures that bank-specific results are comparable. While these exercises are ongoing in 2022, initial results show that banks have been pursuing quite heterogeneous approaches in the relevant segments, such as credit risk management processes and methods or IFRS 9 impairment modeling, in particular when accounting for COVID-19-related aspects.

OeNB and FMA jointly define supervisory priorities

Looking ahead to 2022, the OeNB and the FMA again defined **joint priorities** for banking supervision in Austria. As agreed, the key objectives

will be to (1) undertake adequate early warning monitoring and practice transparent communication with a view to further enhancing the stability and resilience of Austria's banking market under COVID-19 conditions, (2) identify risks related to the growing use of digital technologies, (3) enhance analysis in order to better reflect environmental, social and governance (ESG) risks and in particular climate risk aspects, (4) keep adjusting supervisory methods, processes and tools to new regulations and findings, (5) identify and address gaps in the sustainability of banks' business models, and (6) reduce risks arising from real estate exposures. These objectives are connected with the supervisory priorities defined at the SSM level and by the European Banking Authority (EBA) for 2022.

Enhanced regulatory framework for the financial sector

In October 2021, the European Commission adopted legislative proposals to amend the Capital Requirements Regulation (CRR III) and the Capital Requirements Directive (CRD VI) ([EU banking package 2021](#)). This package essentially served to complete the implementation of the globally agreed final Basel III reform package in the EU, which is aimed above all at strengthening the risk-based approach of banking regulation. The new rules improve the risk-sensitivity calibration under the standardized approach for measuring credit risk and constrain the use of internal ratings-based (IRB) models, above all by imposing an output floor, i.e. requiring IRB-derived risk-weighted assets to be no less than 72.5% of the risk-weighted assets required under the standardized approach. EU-specific rules geared at structural features of the EU economy (e.g. SME-supporting factor and infrastructure supporting factor) have been retained. Finally, the banking package is also aimed at reducing compliance costs for noncomplex, small banks.

As envisaged in the European Commission's legislative proposals, the CRR III framework will start to apply from January 1, 2025. However, numerous exemptions and transitional

provisions will postpone the full rollout in the EU until 2030 and 2033, respectively. The European Commission expects its legislative proposals for implementing the latest Basel III rules, which also reflect a number of EU-specific rules, to lead to an increase in EU banks' minimum levels of capital requirements of between 0.7% and 2.7% by 2025 and of between 6.4% and 8.4% by 2030. OeNB calculations suggest that Austrian banks are likely to be somewhat less strongly affected by these Basel III-induced effects than their EU peers.

Moreover, the legislative proposals provide for an enhanced monitoring of ESG risks, as a result of which reporting requirements, stress testing procedures and the supervisory review and evaluation process (SREP) will have to be adjusted accordingly. In early July 2021, the European Commission published its new strategy for financing the transition to a sustainable economy, which has high regulatory relevance and will guide future EU initiatives. Furthermore, the Central Banks and Supervisors Network for Greening the Financial System (NGFS) issued a declaration on the occasion of the UN Climate Change Conference in Glasgow (COP26) in November 2021. As NGFS members, the OeNB and the FMA pledged to support this cause in a separate joint declaration, outlining their approach to climate risk supervision (see box 5).

The need to enhance regulation also relates to the ongoing digital transformation of the financial sector. The European Commission responded to this need by presenting a digital finance package in September 2020, aimed at providing a regulatory framework for innovative financial services while safeguarding the EU's global competitiveness in this area. This package includes a number of legislative proposals: (1) a proposal for a regulation on markets in crypto-assets (MiCA), which was motivated by the intention to harmonize the regulation of crypto markets and the respective service providers across the EU; (2) a proposal for a distributed ledger technology pilot regime,

which is a first attempt at regulating decentralized digital market infrastructures, including blockchain-type transactions and settlements; and (3) a proposal for a financial services digital operational resilience act (DORA), which is aimed at contributing to the operational stability and resilience of digital systems in the financial system. Having been agreed on by the Council of the European Union in November 2021, these legislative proposals are already being discussed in interinstitutional negotiations at the EU level, so-called trilogues, between the Council of the EU, the European Parliament and the European Commission. The new rules are expected to take effect in 2023.

Given the rapid pace of technological progress in payments, the Eurosystem has also been enhancing the supervisory framework for payments. In November 2021, the Governing Council of the ECB adopted a new oversight framework for electronic payment instruments, schemes and arrangements (PISA). This framework follows up on initial guidance on managing and overseeing the operational resilience of financial market infrastructures that had been applicable since 2019: the ECB's cyber resilience oversight expectations (CROE) for financial market infrastructures. The new framework extends the oversight principles that have already existed for card-based payment systems (e.g. VISA, MasterCard) and credit transfer schemes (e.g. SEPA) to innovative instruments (e.g. electronic wallets or crypto asset-related payment services).

Austria's deposit guarantee scheme continued to prove its reliability and stability in 2021 given the third payout event⁹ since spring 2020, when economic uncertainty started to increase

Basel III

Basel III refers to the current version of the internationally agreed legal framework for banking supervision developed by the Basel Committee on Banking Supervision (BCBS). The initial **Basel III reforms** were adopted in 2010 in response to the financial crisis of 2008 and 2009, providing above all for new rules regarding own funds, liquidity and the leverage ratio. The final Basel III reform package, which was not endorsed until 2017, focused above all on the calculation of risk-weighted assets and their lower bounds (output floor). The final parts of the Basel III standards are due to take effect on January 1, 2023.

⁹ *AutoBank AG. The two other payout events concerned Anglo Austrian AAB Bank AG and Commerzialbank Mattersburg im Burgenland AG.*

amid the COVID-19 pandemic. These three payout events, which were unconnected and driven by idiosyncratic factors, created neither uncertainty among savers nor negative spillovers onto other banks. Beyond Austria's central deposit insurance scheme (Einlagensicherung AUSTRIA – ESA), two institutional deposit

insurance and investor protection schemes are in place in Austria, covering the savings bank (Sparkassen) sector (S-Haftung) and – since December 2021 – all Raiffeisen cooperative banks (Österreichische Raiffeisen Sicherungseinrichtung – ÖRS).

Leverage ratio

A 3% minimum leverage ratio became binding for EU-based banks on June 28, 2021. The leverage ratio shows the relationship between a bank's tier 1 capital (numerator) and its total exposures (denominator). A low leverage ratio means that a bank's level of exposures is rather high compared with its level of tier 1 capital. Because the leverage ratio is not dependent on risk, it serves as a backstop to risk-weighted capital requirements.

Measures to mitigate the impact of COVID-19 on the banking sector are lifted

The banking sector continued to be confronted with pandemic-related challenges in 2021. The relief measures adopted by the regulatory and supervisory authorities in 2020 were primarily

aimed at supporting banks in continuing to provide funding to the real economy. In particular, the ECB and the SSM, the EBA and the Single Resolution Board (SRB) decided to adjust their supervisory processes, and the FMA and the OeNB followed suit in Austria. Some of these relief measures were lifted again in 2021, including the greater operational flexibility provided to banks and EBA guidelines on legislative and nonlegislative moratoria.

The recommendations made by the ESRB and the ECB for SSM-supervised banks to refrain from or limit dividend payouts applied until September 30, 2021. The reduced scope of recovery plan reporting in the SSM continued to apply throughout 2021. The leverage ratio relief provided by the ECB and the FMA, under which banks were allowed to temporarily exclude certain central bank exposures from the leverage ratio, is set to expire at the end of March 2022. The temporary framework adopted by the European Commission to enable EU countries to use the full flexibility of state aid rules was prolonged until June 30, 2022.

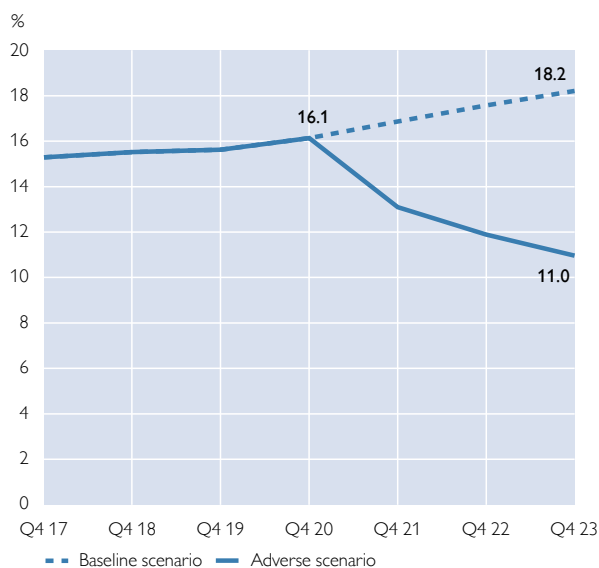
Confirmed by EU-wide and OeNB stress tests: the risk-bearing capacity of Austrian banks remains solid

Different stress test scenarios serve to generate a range of “what if” assessments. Based on these scenarios, stress tests simulate the performance of a range of banking industry indicators over a couple of years, thus serving as an alert mechanism that helps identify potential adverse developments in good time. Stress tests are one among several analytical tools used to arrive at an overall risk assessment of individual banks or the banking sector as a whole.

Under the auspices of the EBA, EU-wide stress tests are carried out every other year for significant institutions. Following the postponement of the 2020 exercise due to the COVID-19 pandemic, another EU-wide stress test was performed in 2021. The underlying macroeconomic scenarios reflected different pandemic-related narratives. While the assumption of the baseline scenario was a rapid

Chart 16

CET1 ratio of the Austrian banking system



Source: OeNB.

economic recovery, the adverse scenario expected the pandemic to continue in 2021 and until 2023, accompanied by sweeping public containment measures and a deepening of the economic contraction compared with 2020. The results show that the European banking sector would withstand the adverse scenario, subject to a decline of the aggregated CET1 ratio by 4.9 percentage points to 10.2%. Compared with their European peers, the Austrian banks that were tested in this exercise ranked neither high nor low.

In addition, the OeNB conducted a national stress test of its own, as it does every year. The OeNB's stress test covered the Austrian banks that have been classified as significant and the Austrian banking system as a whole, focusing

on risk to capital as well as on liquidity and spillover risks. The results likewise confirmed the strong resilience of Austrian banks.

In sum, the exercise identified an aggregate stress test impact of 5.1 percentage points for the Austrian banking sector (chart 16), which was mostly driven by heightened loan defaults. With a CET1 ratio of 11%, the capitalization ratio for the end of the forecasting horizon still exceeds the ratio that had been measured before the financial crisis of 2008 and 2009, as banks have been strengthening capitalization in recent years. Beyond that, banks have been benefiting indirectly from public action taken to support the economy, because measures to mitigate loan defaults have lowered the need for risk provisions.

Box 7

Insights from OeNB pilot study on climate risks: carbon pricing does not constitute a threat to Austria's banking sector

The OeNB conducted a *pilot study* on climate risks in 2021, namely an OeNB climate stress test that looked into the impact that carbon pricing may have on Austria's banking system over a five-year horizon. The stress test modeled two transition scenarios, comparing an orderly increase with a disorderly, disruptive increase in carbon costs across the entire European Union. Specifically, the authors assumed that the price per carbon-equivalent ton would rise from EUR 30 to EUR 130, or from EUR 130 to EUR 260, and would thus well exceed current measures as planned even in the orderly scenario.

In the disruptive scenario, the price put on carbon may have major effects on individual sectors, above all in the area of agriculture and transport. Here, loan default ratios would rise sharply, hitting primarily banks with above-average exposures to these sectors. Moreover, corresponding portfolios related to Eastern Europe would be affected to a higher degree, given the higher emissions intensity of these economies. The outcomes need to be seen in the context of static underlying assumptions, which reinforce the negative impact of carbon pricing. Specifically, the model does not reflect structural supply-side and demand-side adjustments, and it does not provide for the use of tax revenues from carbon pricing to alleviate negative effects.

Projecting the development of the aggregated common equity tier 1 (CET1) ratio of the Austrian banking system over a period of five years, the authors found that the CET1 ratio would drop 0.7 percentage points below the result for the baseline scenario in the orderly transition scenario, and 2.7 percentage points in the disorderly transition scenario. In other words, even under the disruptive scenario, the reduction of the CET1 ratio is only half as big as in the regular stress test, thus constituting no threat to the stability of the banking sector.

First bottom-up climate risk stress test to be conducted among SSM-supervised banks in 2022

In early 2022, the ECB launched a supervisory climate risk stress test among significant institutions supervised under the European Single Supervisory Mechanism (SSM), to be conducted on the basis of harmonized scenarios and common underlying assumptions developed at the SSM level. Unlike in the OeNB's own climate stress test, the participating credit institutions will perform the exercise themselves, based on the requirements communicated. The stress test consists of three distinct modules: (1) a questionnaire on banks' climate stress test capabilities, (2) the calculation of climate risk-sensitive indicators, and (3) the modeling of several short and long-term scenarios reflecting both physical risks and risks stemming from the transition to a greener economy. The aim is to identify and analyze vulnerabilities banks may face when managing increasing climate-related risks. The stress test is to be a learning exercise to assess banks' climate-risk preparedness, based on the application of new methods, and will not have direct implications for banks' capital levels.



Photo: OeNB

Armin Schneider, head of the OeNB – Western Austria branch office, is talking to some school kids and their teacher waiting for a children’s concert to start in Innsbruck’s Haus der Musik.

Our commitment to promoting music in Austria goes beyond lending out instruments to musicians. Several years ago, we joined forces with the Austrian Broadcasting Corporation ORF to stage a concert series, the “Ö1 Musiksalon.” Apart from bringing joy to the audience, these concerts give musicians that play our instruments an additional chance to perform. Tickets to such concerts taking place in Graz, Innsbruck, Linz and Vienna are available at a large discount and are free of charge for schools and teachers. The concert series features musicians we have lent instruments to and their ensembles. Concerts tailored to children come with an interactive program that enables young concertgoers to explore selected pieces of music.

Improved services with enhanced financial statistics

The OeNB supplies solid statistical data

Policymakers, businesses and the general public count on scientifically sound and reliable statistics for guidance and evidence-based decisions – especially in exceptional economic circumstances. During the second year of the COVID-19 pandemic, when distinguishing between factual and opinion statements in public discourse proved a frequent challenge, credibility became an invaluable asset. In these challenging times, the OeNB continued to support economic policy decisions by providing high-quality data, in particular on loan moratoria. In addition, we introduced a framework for systematic data governance that sets new strategic and organizational standards for improving our statistical products and services. Moreover, we launched new products such as “Statistik im Fokus” (in German), which makes complex relationships hidden in economic data more easily accessible to the public by means of interactive charts.

New data governance framework improves access to data and data usability

For the period from 2020 to 2025, the OeNB’s strategic priority in statistics is to increase data availability and transparency and to optimize data usability for both in-house and external users. With this objective in view, we developed a data governance framework in 2021 that will be rolled out from 2022 onward. To make it easier for users to access and use our statistical data, we are working to realign data management with the statistical products we provide for various target groups, ranging from international organizations to the general public. Under our ongoing myData project, we are expanding our current data infrastructure over the next few years by building a modern data analytics platform and creating a data dictionary. The data dictionary will make it easier for users to access statistical data within a self-service framework, which in turn fuels the advancement of projects in data science and advanced analytics.

Further progress in integrating the European reporting framework

To make reporting easier for euro area banks, the Governing Council of the ECB launched the Eurosystem Integrated Reporting Framework (IREF) project. Under the IReF, statistical data reporting is to be harmonized and integrated across the euro area in order to reduce the reporting burden on commercial banks; moreover, data quality is to be enhanced and analyses will become more flexible. This makes the IReF a key component in fully integrating the reporting requirements banks must fulfill and fully harmonizing the collection and usage of data required for banking supervision, bank resolution and the conduct of monetary policy. In the first half of 2021, input was gathered from the agents involved in data reporting, processing and usage about the costs and benefits of the integrated reporting framework, and in the second half of the year, the ECB began to review and analyze the survey data. With these integration efforts, the ECB pursues a strategy for the euro area that the OeNB had already adopted for Austria a number of years ago. Meanwhile, we have implemented this strategy successfully at the national level.

Early in 2021, the OeNB started a two-year myData subproject, aimed specifically at technically upgrading the integrated reporting data model to improve access to related documentation and make further upgrades and maintenance easier to handle. All reporting items are to be migrated to a new, tailor-made application that enables both interactive data evaluation and high-quality analyses.

Innovations in supervisory statistics

To determine how the reporting burden under current requirements of the European Banking Authority (EBA) can be reduced in particular for small, noncomplex banks, a cost-benefit analysis was conducted at the European level in 2021. The outcome were 25 recommendations geared toward rendering reporting requirements

and processes more proportionate and efficient. The gradual implementation of these recommendations was included in the EBA's current working program and is scheduled for the coming months or years.

Also in 2021, great efforts were made to finalize the EBA's feasibility study on how to establish an integrated reporting system combining statistical, resolution and supervisory reporting, which currently are separate reporting areas. This study evaluated the creation of a common standard data dictionary, the establishment of a joint committee on developing and coordinating an integrated reporting system and the feasibility and potential design of a central data warehouse with the aim of making multi-agency data sharing more efficient.

AnaCredit

AnaCredit serves to set up a granular European credit register, the purpose of which is to enhance banks' credit risk management and improve the monitoring of financial stability risks.

In the reporting year, the ESCB's Working Group on AnaCredit, which is chaired by the OeNB, concentrated in particular on data quality assurance, on making available harmonized granular euro area credit and credit risk data to users from all areas of central banking and supervision and on providing optimum support to authorized parties.

As part of a multi-year project dealing with the technology-assisted detection of atypical developments in the banking sector, in 2021 the OeNB examined how, in going beyond the identification of banks at risk and the major sources of risk, patterns indicating major mismatches at banks in general could be detected more easily. In this exercise, we aim at developing adequate procedures, models and algorithms for evaluating all – including the most recent – available data. Complementing this approach, the OeNB and FMA together successfully applied for technical support in tapping additional data sources under the European Commission's Technical Support Instrument (TSI).

Machine learning

Machine learning is an application of artificial intelligence. It is used to train IT systems to automatically recognize data patterns or contexts without having to program them to do so.

In the reporting year, the ESCB's Working Group on AnaCredit, which is chaired by the OeNB, concentrated in particular on data quality assurance, on making available harmonized granular euro area credit and credit risk data to users from all areas of central banking and supervision and on providing optimum support to authorized parties. The issue at question here was which new, publicly available data might be used to unveil implausible

and atypical developments at banks with innovative statistical procedures (i.a. machine learning).

Recent developments in external statistics

2021 was the second year of a three-year project aimed at integrating data processing systems used in external statistics (in particular in balance of payments statistics) and financial accounts into the OeNB's IT system architecture. Apart from promoting technical system integration, efforts in the reporting year comprised the introduction of a new online reporting application called "MeldeWeb," which replaced the previously used "ZABIL online" format. "MeldeWeb" has been well received by reporting agents since its launch in November 2021. To inform reporting agents on the new reporting structure and reporting platform, the OeNB hosted three webinars for a total of around 2,000 participants; in addition, information letters were sent out to stakeholders and further information was published on the OeNB's website.

In the field of external statistics compilation, we were able to secure a five-year contract (2022 to 2026) with Statistics Austria concerning current account data. The contract focuses on data covering current developments such as digital advancement and globalization. The OeNB also explores integrating big data (such as mobile positioning data) or employing enhanced data collection in payments statistics, in particular in the calculation of travel and tourism revenues and expenditures as these are of key interest for Austria.

The OeNB leads efforts to enhance credit assessments and related models

To support central banks' in-house credit assessment of nonfinancial corporations, the Deutsche Bundesbank and the OeNB jointly developed a common rating platform called CoCAS (Common Credit Assessment System). Following a review of the statistical methodology for CoCAS model estimations, the revised methodology was applied for the first time in the past year. In addition, the platform's IT interfaces were enhanced and preparations for

connecting the Greek central bank to CoCAS, which had begun in 2020, were continued. Headed by the OeNB, the ICAS Expert Group defined minimum standards for considering climate risks in in-house credit assessments in 2021. Last but not least, the OeNB presently chairs the European Committee of Central

Balance Sheet Data Offices (ECCBSO), which was established in 1987 as a consultative body for issues regarding nonfinancial corporations' balance sheet data. Current ECCBSO activities focus on aligning credit register and bond data with both corporate balance sheet data and sustainability and climate risk data.

"The instrument is a musician's voice. A good instrument is full of possibilities, opening up a boundless universe of colors, emotions and dynamics."
Sebastian Bru, cellist at the Vienna Philharmonic.

"With its beauty and both highly faceted and velvety warm sound, this violin is a daily inspiration to me that allows me to grow as an artist."
Julia Turnovsky, soloist.



Photo: Graphisches Atelier Neumann.



Photo: Ulrike Bals.



Photo: Graphisches Atelier Neumann.

Violin crafted by Giovanni Battista Guadagnini in Turin in 177.

(the last figure is illegible)

Together with Stradivari and Guarneri del Gesù, Guadagnini ranks among the most important violinmakers of all time. Among other things, he built many instruments for Count Ignazio Alessandro Cozio di Salabue, a patron who held a large collection of sketches, molds and workshop utensils of Cremonese violinmakers, including Antonio Stradivari. This enabled Guadagnini to shift to a Stradivari-like style and to continue in the tradition of Italy's master violinmakers. Artists today love playing concerts on Guadagnini-crafted violins, violas and violoncellos.

Violoncello "ex von Zweyberg" crafted by Giovanni Battista Guadagnini in Piacenza in 174.

(the last figure is illegible)

Secure and efficient payments are the cornerstone of economic activity

Demand for cash is on the rise

One of the OeNB's core functions is to ensure the supply of cash to people living in Austria and to the Austrian economy. This involves cash logistics planning as well as the production, provision and secure storage of cash, adequate stockholding and cash cycle management and maintenance. We fulfill these key tasks in close cooperation with our subsidiaries Oesterreichische Banknoten- und Sicherheitsdruck GmbH (OeBS), Münze Österreich AG (MÜNZE) and GELDSERVICE AUSTRIA (GSA). In cooperation with Austrian banks and cash-in-transit companies, we ensure cost-effective cash supply across Austria. But the OeNB also acts as a hub of cross-border cash supply and, as such, has become an important partner for other euro area countries, in particular for Slovenia and Slovakia. Data on the wholesale banknotes business conducted via the OeNB confirm both our strategic importance within the Eurosystem and the euro's key role as an international trading currency.

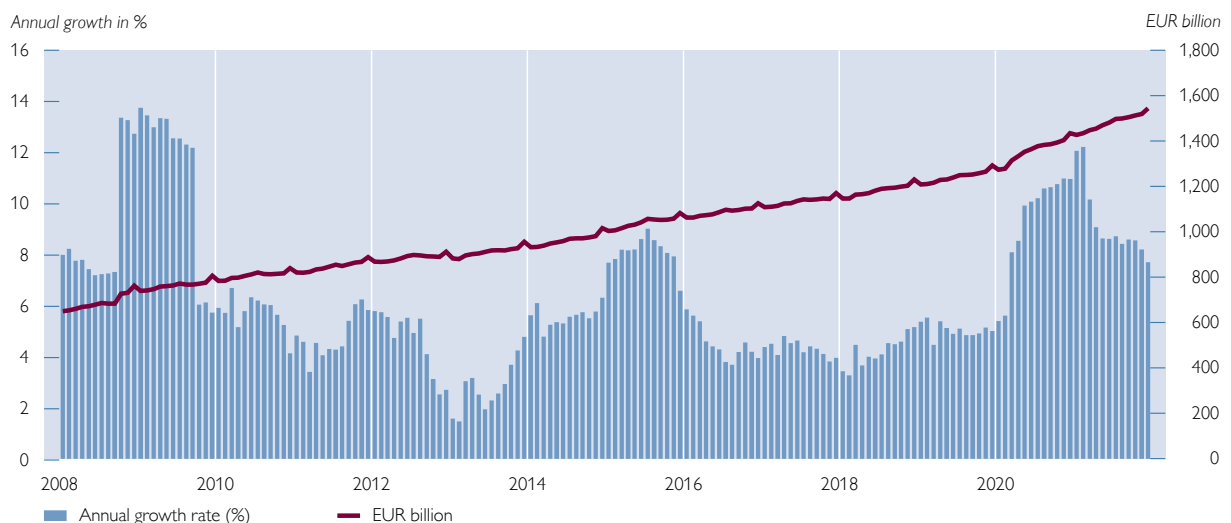
Demand for euro cash has been increasing steadily. A total of 28.19 billion euro banknotes

were in circulation at end-2021, worth EUR 1,544.37 billion. This corresponds to an annual rise of 6.5% in terms of numbers and 7.7% in terms of value (chart 17). Once again, the EUR 200 banknote recorded the highest annual growth rate (+34% in 2021), followed by the EUR 100 banknote (+9%). The rise in cash demand has not been linear; significant seasonal peaks toward year-end indicate Christmas sales. Times of high uncertainty have had a considerable and lasting impact on the use of banknotes and coins, which is mirrored by strong annual growth of cash in circulation during crisis events. Cases in point are the outbreak of the coronavirus pandemic in 2020, the marked depreciation of the Russian ruble in 2015 and the financial crisis of 2008 and 2009. What determines the demand for cash most nowadays is therefore its use as a store of value.

Transaction-related cash demand only accounts for part of the overall demand for banknotes and coins. As options for consumption were restricted during coronavirus lockdowns in 2021, the share of cash used for payment transactions in total cash in circulation

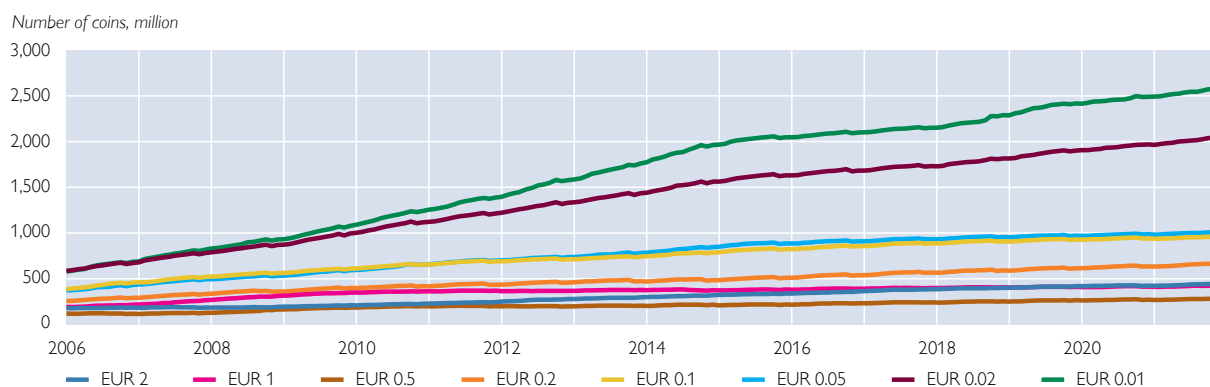
Chart 17

Rising value of euro banknotes in circulation



Source: ECB.

Rising numbers of Austrian euro coins in circulation



decreased throughout the year. Private and banking sector cash holdings continued to increase in Austria, by contrast, totaling around EUR 23 billion in 2021. What is particularly remarkable is that the euro cash holdings of Austrian banks went up sharply from EUR 3.0 billion at end-2016 to EUR 12.2 billion on December 31, 2021. This corresponds to an annual growth rate of 32.5%.

The number and value of euro coins in circulation also continue to trend upward. The issuance of euro coins is the responsibility of the individual euro area countries. In Austria, this responsibility rests with MÜNZE, a wholly owned subsidiary of the OeNB. As on December 31, 2021, 8.3 billion Austrian euro coins worth EUR 1.8 billion were in circulation – a year-on-year rise by 219.9 million coins or EUR 48.2 million in value (chart 18). Circulation figures in 2021 went up for coins of all denominations. As coins

Professional cash handlers

Professional cash handlers in a legal sense are primarily credit institutions, bureaux de change and cash-in-transit companies, as well as traders and casinos if they are involved in sorting and issuing cash by operating cash dispensers.

are mainly used for payment transactions, their higher circulation signals continually rising cash demand.

The OeNB ensures cash security

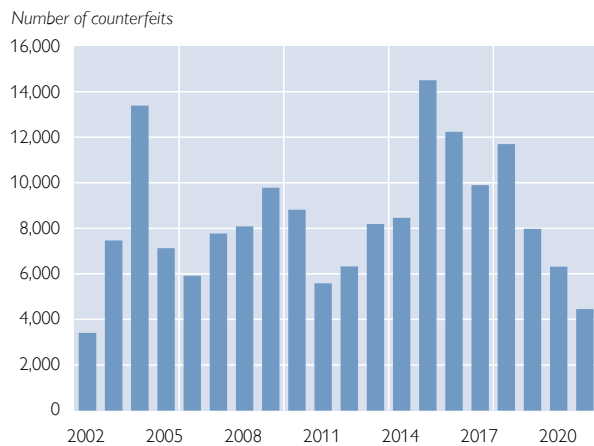
In line with their legal mandate, the OeNB and its subsidiaries provide the Austrian general public and economy with secure euro banknotes and coins and analyze euro cash circulation and quality. In 2021, the OeNB introduced a total of around 1.2 billion euro banknotes into the cash cycle, while 1.4 billion euro banknotes were returned to the OeNB. Returned banknotes are processed, checked for authenticity and fitness, and then reintroduced into the cash cycle. In addition, cash is also processed outside the OeNB by professional cash handlers. To be able to guarantee cash security and the high quality of cash in circulation, the OeNB monitors compliance with the applicable provisions. Apart from being required to report all cash recycling machines in use on a semiannual basis, cash handlers have been subject to stepped-up on-site inspections. These include equipment tests, reviews of banknote processing procedures and checks for compliance with the provision to employ only trained staff at the point of sale. Despite the pandemic, the OeNB carried out 40 on-site inspections in 2021 that involved 74 equipment tests.

Like in 2020, the number of counterfeit euro banknotes recovered from circulation in Austria went down in the reporting year. During cash processing in Austria, a total of 4,456 counterfeit euro banknotes were recovered from circulation in 2021 (2020: 6,321) (chart 19).

Counterfeits of the EUR 50 banknote topped the list in the year under review (1,914 counterfeit banknotes recovered), followed by counterfeits of the EUR 20 banknote (1,140) and of the EUR 100 banknote (632). Together, these three denominations accounted for 82.7% of all counterfeit euro banknotes recovered in Austria in 2021. The situation across Europe was rather similar, with counterfeits of the EUR 50, EUR 20 and EUR 10 banknotes together accounting for 81.6% of all counterfeits recovered.

Most incidences of counterfeit banknotes in Austria continued to be recorded in Vienna (40.9%), followed by Upper Austria (13.2%) and Lower Austria (12.5%). In 2021, the overall damage caused by euro counterfeits in Austria came to EUR 272,515 (2020: EUR

Chart 19
Continuous decline of counterfeit euro banknotes recovered in Austria



Source: OeNB.

320,190). At 1.3%, Austria's share in the total volume of counterfeits recovered from circulation in the euro area remained relatively low. This means that most people still have only a minimal chance of coming across counterfeit banknotes in Austria.

Box 8

Celebrating our common currency: 20 years of euro banknotes and coins

The goal of introducing a common European currency was set in 1986 when the Single European Act was signed. For the euro to come into existence, however, it took until January 1, 1999, when it was first introduced as an electronic currency. This means that from this date, all accounts with banks in the designated euro area countries were converted to euro. As to cash, the various national currencies remained legal tender. Finally, January 1, 2002, marked the beginning of the euro cash changeover. Austrian schilling banknotes and coins were thus being replaced by euro cash. Between January 1, 2002, and February 28, 2002, cash payments could be made in either currency, but as of March 1, 2002, the Austrian schilling ceased to be legal tender. Banknotes of the last Austrian schilling series that were legal tender in Austria when the euro was introduced can be exchanged for euro at the OeNB for an unlimited period of time.

The design of the first series of euro banknotes was by graphic designer Robert Kalina from the Oesterreichische Banknoten- und Sicherheitsdruck GmbH (OeBS) in Vienna. The euro banknotes show structures symbolizing different architectural styles. The second series of euro banknotes, the Europa series, was launched between 2013 and 2019. It is equipped with new and innovative security features. Today, the euro is the official currency of 19 EU member states. More than 340 million people across Europe use the euro to make their payments.

In preparation for the cash changeover in 2002, 550 million euro banknotes worth EUR 30.65 billion and 1.8 billion euro coins worth EUR 672.7 million were produced in Austria. These volumes met the initial demand for euro cash and guaranteed constant cash supply during the changeover. Moreover, they served as an emergency cash reserve.

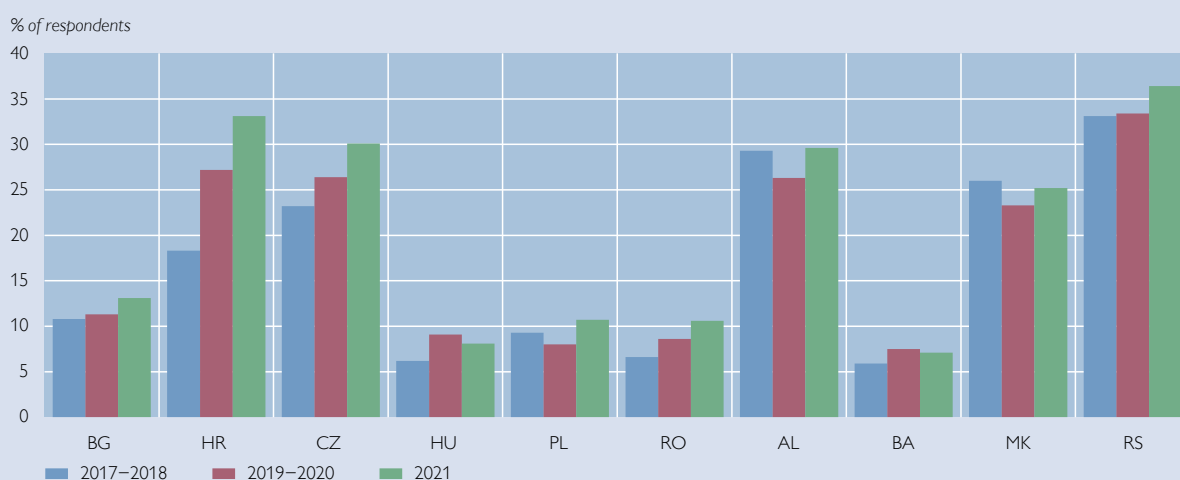
One week into 2002, more than 291 million euro banknotes were already circulating in Austria (i.e. 86% of the volume of Austrian schilling banknotes circulating at the time). Two weeks into the cash changeover, 90% of all payment transactions in Austria were carried out in euro already.

User behavior

Money broadly fulfills three functions: It serves as a medium of exchange, a unit of account and a store of value. As a currency of global importance, the euro is not only in high demand in the euro area but also beyond its borders. The ECB estimates that between 30% and 50% of total euro cash in circulation circulate outside the euro area.¹⁰ The euro is widely used above all in regions neighboring the euro area (by border workers and in cross-border tourism) or in EU countries hoping to introduce the euro in the near future. In Southeastern Europe in particular, many people use the euro as a store of value (chart 20).¹¹ Not least because of its geographical location, Austria has become a key cash supply hub for Central European countries.

Chart 20

Holdings of euro cash in CESEE (2017–2021)



Source: OeNB Euro Survey.

Note: Weighted averages across all survey waves for quoted periods; weights based on population statistics regarding age, gender, region and – where available – level of education and ethnicity. Excluding answer categories “Don’t know”/no answer.

Payment behavior

Since 1996, the OeNB has surveyed people aged 15 or older to learn about the payment behavior of households. In 2016 and 2019, these representative surveys were conducted as part of a related ECB survey.¹² According to these surveys, cash is the most popular means of payment in the euro area. Yet, the COVID-19 pandemic has impacted payment behavior, as shown by the results for Austria from 2020 and 2021. During the pandemic, the use of cash went down by 13 percentage points against 2019. Although 97% of respondents living in Austria said that they had a payment card, cash continued to be the most frequently used means of payment at the point of sale¹³, accounting for 66% of transactions. Cash continues to be popular also because it is readily available. In Austria, cardholders may withdraw cash from automated teller machines (ATMs) mostly without being charged withdrawal fees.¹⁴ Moreover, people in Austria live within a distance of 1.2 km on average of an ATM, with travel time by car to the closest ATM averaging some 3 minutes – which is very fast by European comparison.

¹⁰ ECB. 2021. *Foreign demand for euro banknotes*. Occasional Paper Series 253. January.

¹¹ For further indicators and studies on the use of euro cash in Central, Eastern and Southeastern Europe, please refer to *OeNB Euro Survey* on the OeNB website.

¹² ECB. 2017. *The use of cash by households in the euro area*. Occasional Paper Series 201. November; ECB. 2020. *Study on the payment attitudes of consumers in the euro area (SPACE)*. December.

¹³ Unlike payment transactions for purchases made on the internet or by telephone, payment transactions at the point of sale take place directly on site, e.g. at a retail location.

¹⁴ Cash withdrawals are free of charge within the ATM network provided by PSA Payment Services Austria GmbH (PSA), which operates the majority of ATMs in Austria. Owned by Austria’s major banks, PSA supports these banks in its capacity as a transaction service provider.

OeNB cash strategy safeguards the future of euro cash in payments

Cash is a means of payment that is widely known and generally accepted. Therefore, cash plays an important role in society and is the only type of central bank money everyone has direct access to. Yet, with modern technologies advancing in many areas of everyday life, people's payment behavior has changed, too. Payment cards are widely popular today so that people now use them more often to make everyday payments.

The OeNB actively supports the use of cash, and we do so particularly in view of the quick pace of digital transformation. Our new cash strategy aims to ensure that cash remains widely available and accepted as both a means of payment and a store of value. At the same time, we promote innovations and developments in electronic payments. Over the next ten years starting from 2022, we will work to ensure the smooth supply of secure cash in Austria and will make sure that cash is accepted everywhere.

To this end, we continue cooperating closely with our subsidiaries Münze Österreich AG (MÜNZE), the Oesterreichische Banknoten- und Sicherheitsdruck GmbH (OeBS) and GELDSERVICE AUSTRIA (GSA), with all other cash logistics stakeholders in Austria and with the Eurosystem.

Throughout 2022, we are going to celebrate the 20th anniversary of the euro with our Eurosystem partners by organizing a series of events. For further information on our activities (in German), see www.euroat20.at/.

Access to and acceptance of cash

In February 2021, the ECB and the Euro Retail Payments Board (ERPB) launched a working group on access to and acceptance of cash to address issues driven by developments during the COVID-19 pandemic. What had caused particular concern was that ATM networks were diminishing in some euro area countries, which posed a challenge to ensuring general availability of euro cash. Having examined access to cash and cash acceptance, the working group presented its final report in November 2021. Apart from taking stock of the current state of cash supply, the report contains suggestions for future initiatives on how to avoid cash supply deficits.

Although access to cash was found to be good, in general, in most countries covered, there are concerns that cash supply by banks has been increasingly deteriorating at least in certain areas of some countries. At the same time, a wide range of initiatives in individual countries aims at ensuring access to cash. In the euro area, access to cash continues to be provided mostly via ATMs and the branch network of commercial banks. The distance people have to travel to reach these cash access points as well as the capacities of these facilities have become topics of major interest in many

member states. Some countries have started to issue nonbinding national action plans with a view to maintaining or improving access to cash. Sustained access to cash services requires that all participants in the cash cycle cooperate closely.

Should such initiatives fail to yield the desired results, additional measures may be taken. If necessary, this may even mean imposing a legal requirement to establish and maintain a minimum network of cash access points. With regard to the acceptance of cash, the report found that cash is widely accepted as a reliable payment instrument in retail trade as long as the corresponding infrastructure that ensures cash lodgment and withdrawal is available within a reasonable distance and at adequate cost. The ERPB working group considers it advisable to regularly evaluate the access to and acceptance of cash to ensure that cash, alongside digital retail payment means, will remain an inclusive, efficient and sustainable means of payment for consumers in line with the Eurosystem's [cash strategy](#).

Euro Retail Payments Board (ERPB)

The ERPB is a high-level strategic body that promotes the integration, innovation and competitiveness of euro retail payments in the EU. The ECB established the ERPB in 2013 and has acted as its chair ever since. Members on the board are representatives of payment service providers and users of payment services (industry groups, user representatives, retailers and businesses as well as public administration).

Cash remains highly popular in Austria, says recent OeNB study on payment instruments

In 2020 and 2021, the Institute for Empirical Social Studies (IFES) conducted the fifth Austria-wide survey on the payment behavior of households on behalf of the OeNB. The results of this survey covering people aged 15 or older are representative for Austria with regard to respondents' age, gender and place of residence. Because of pandemic-related lockdowns and other social distancing provisions, the field phase lasted from September 2020 to April 2021.

According to the survey results, cash transactions at the point of sale (POS), which made up some 66% of all POS transactions, went down by 13 percentage points in the 2020 to 2021 observation period when compared with

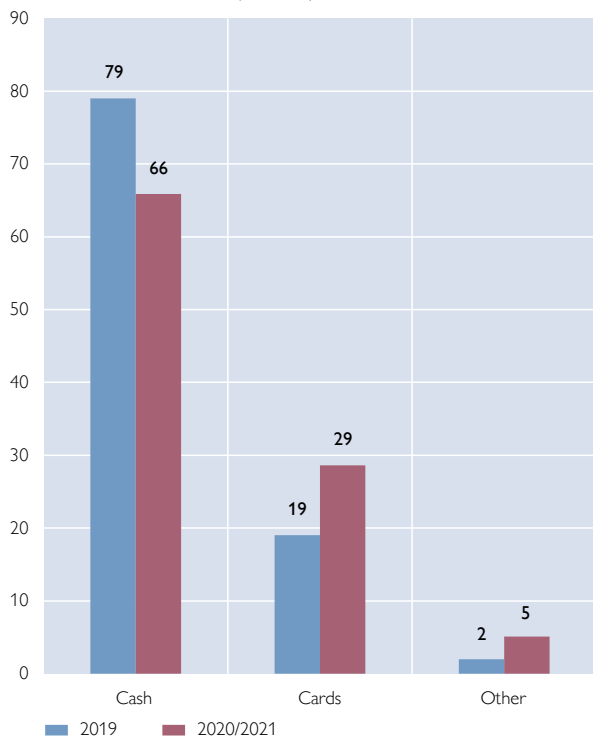
2019. This notwithstanding, cash remains the most popular means of payment in Austria. Yet, people use cash less frequently in everyday payments because of the general trend toward electronic payments and, most prominently, because of changes triggered by the COVID-19 pandemic. Such changes appear to have amplified consumers' tendency to pay by card. Moreover, pandemic-related restrictions affected cash-intensive activities such as travel, recreation and cultural activities. Also, in supermarkets, consumers were specifically asked to use cards and contactless payment options. In this context, respondents said they chose cashless payments because they felt that using banknotes and coins carried the risk of contracting the coronavirus. Almost one-fourth of respondents of the recent survey said that they had changed their payment behavior since the beginning of

Chart 21

How people pay at the point of sale (POS) in Austria and the euro area

Payment preferences of consumers in Austria

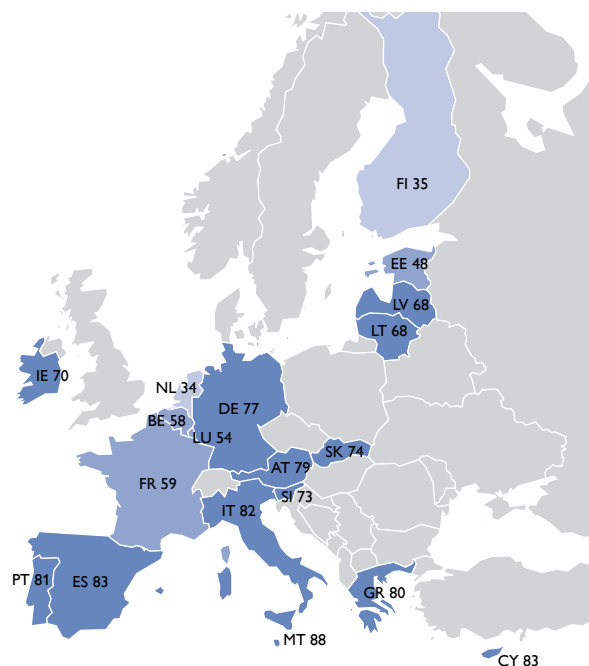
Based on total POS transactions (n=10,692), %



Source: OeNB, ECB (SPACE, 2019).

Share of cash payment transactions across the euro area

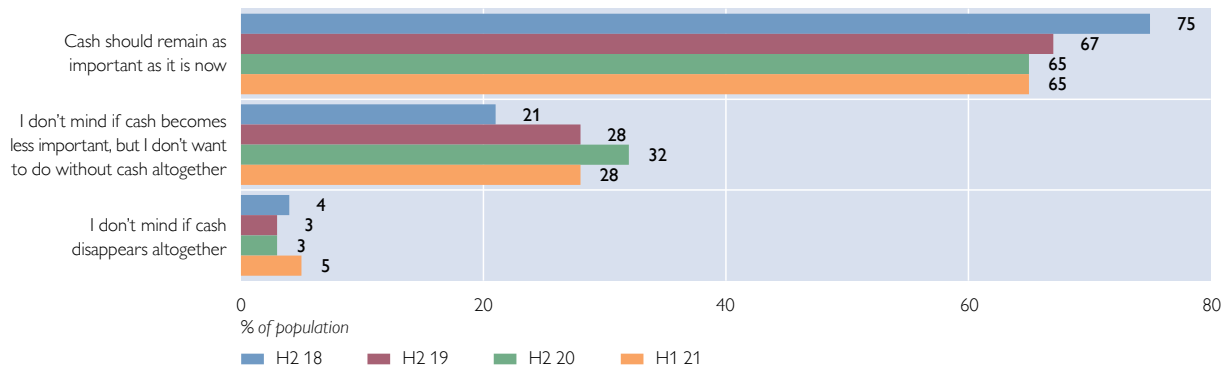
%



Source: ECB, Deutsche Bundesbank and De Nederlandsche Bank, Study on the payment attitudes of consumers in the euro area (SPACE) 2019.

Chart 22

People's attitude to future cash use in Austria (2018–2021)



Source: OeNB.

the pandemic in March 2020. An OeNB study¹⁵ examining the relation between the decrease in cash payments and the contagion risk arising from cash use as subjectively perceived by survey respondents shows that respondents tended to pay less frequently in cash the higher they thought the related contagion risk would be. According to the study, perceived contagion risk often tended to be strongly overrated. In fact, many scientific studies have shown that the risk of contracting the coronavirus from using cash is very low.

Compared with 2019 figures, debit card transactions went up by 10 percentage points to 29% of POS payments while credit cards were used for no more than 2% of POS payments. At 44% in the observation period, the share of contactless debit card payments without PIN verification rose by a marked 16 percentage points compared with ECB data from 2019 (28%). During the pandemic the transaction limit for contactless payments was raised from EUR 25 to EUR 50, and this is more likely to have caused the surge in such payments than the perceived contagion risk arising from cash.

What likewise rose significantly during the pandemic is the share of online sales in total consumption. Around 30% of survey respon-

dents said that they had shopped more on the internet during the observation period than before. Unlike in over-the-counter trade, the most popular means of payment on the internet is payment by credit transfer (31%).

It will remain to be seen whether the changes in people's payment behavior observed during the pandemic both at the POS and on the internet will have a lasting influence on payments in the long term once pandemic-related restrictions (e.g. temporary closure of certain industries, tightening of opening and closing hours, registration obligation as well as obligation to provide proof of vaccination, negative test or recovery, hygiene measures and travel restrictions) have been fully lifted and both economic and social life will gradually return to normal. Another factor will be to what extent retailers actually provide digital payment options such as PayPal or Apple Pay.

In the first half of 2021, the vast majority of respondents (93%) wanted cash to remain available also in the future; most of them (65%) would prefer if cash kept its current form. Only 5% of all respondents said they would not mind if cash disappeared altogether.¹⁶ It is the OeNB's declared aim to ensure that people in Austria have a free choice of payment instruments also

¹⁵ Höpferger, D. and C. Rusu. 2022. *Payment behavior in Austria during the COVID-19 pandemic*. In: *Monetary Policy & the Economy Q4/21*. OeNB. 85–104.

¹⁶ In chart 22, the category "Don't know"/no answer accounts for the remaining 2% in the survey figures for 2019 and 2021.

in the future. Essential prerequisites for meeting this objective are both the nationwide supply with cash and its unlimited acceptance in retail trade.

The OeNB acts as cofounder of the Austrian Payments Board

With Austria’s retail payment infrastructure undergoing major changes, the Austrian Payments Board (APB) was established as a new platform to promote the dialogue between Austrian banks that offer key retail payment services in Austria and the OeNB. The APB convenes two to three times a year. In the reporting year, the APB’s work focused on the European Payments Initiative (EPI) and on the digital euro. Launched by major European banks and payment services network operators, the EPI project aims at establishing a Europe-wide payment solution that leverages both instant and card payments. As to the digital euro, the APB established a specific subgroup, the digital euro forum (Forum zum digitalen Euro – FDE), after the ECB had launched the investigation phase of its digital euro project. The FDE will deal exclusively with issues concerning the digital euro. In a coordinating capacity, the FDE is to support the flow of

information between the ECB project and the Austrian financial market.

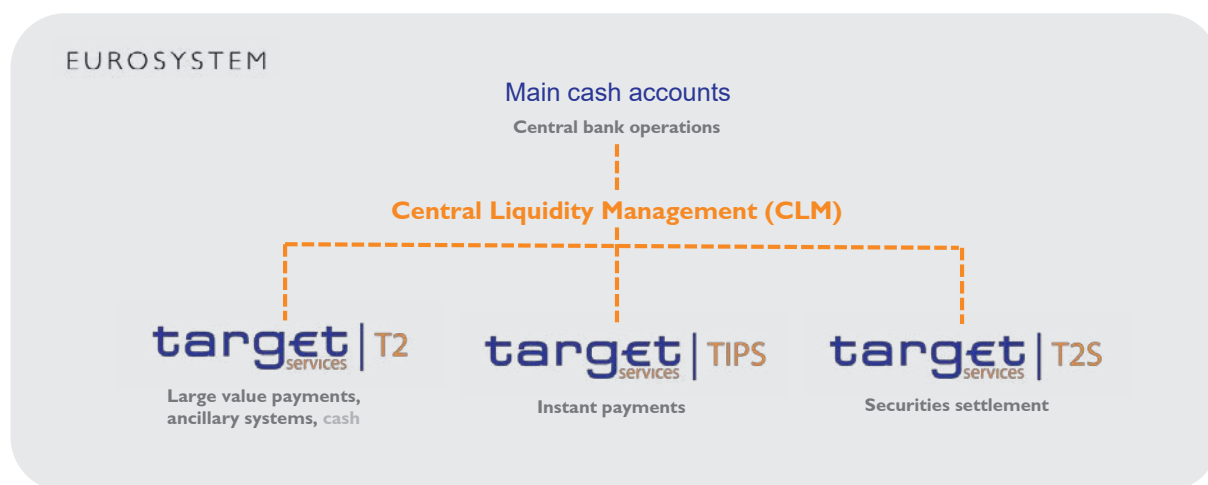
T2-T2S consolidation soon to be completed

In 2017, the Governing Council of the ECB decided to consolidate the Eurosystem’s real-time gross settlement system TARGET2 (T2) and the securities settlement platform TARGET2-Securities (T2S). The technical and functional improvements will now be implemented in 2022. The entire Eurosystem infrastructure as well as the infrastructures of banks connected to TARGET2 will be migrated to a new, consolidated platform over the same weekend. This “big bang” scenario has proved challenging during tests and preparations and cannot be compared with previous system migrations, which took place in waves. Apart from fully migrating the consolidated platform to the XML format according to ISO 20022, separating traditional high-value payments from central bank operations to manage liquidity, which so far have both been settled in T2, is the most important innovation.

From November 2022, a dedicated Central Liquidity Management (CLM) module will be in place for central bank and liquidity management

Figure 1

Eurosystem market infrastructures from November 2022



Source: OeNB.

operations. The CLM module will hold main cash accounts (MCAs) as a central source of liquidity for subordinate services – large-value payments (T2), instant payments (TIPS) and securities settlement (T2S) (figure 1).

The Eurosystem Collateral Management System – a joint service for Europe

In the future, Eurosystem collateral will be managed under TARGET services within the Eurosystem Collateral Management System (ECMS). The ECMS will combine into one system the 19 national collateral management systems currently in operation at the Eurosystem central banks; its launch is planned for November 2023. The ECMS will keep track of the collateral and credit positions of all Eurosystem counterparties, including Austrian banks. Through joint access to TARGET services (including ECMS), counterparties will benefit from harmonized, highly efficient procedures enabling the cross-border mobilization of collateral that is required to participate in the monetary policy operations of the Eurosystem.

OeNB subsidiaries respond to current challenges with innovation

In performing its core tasks in cash production, cash supply and cash logistics, the OeNB is supported by three subsidiaries with a combined staff of more than 600 employees: Münze Österreich AG (MÜNZE), the Oesterreichische Banknoten- und Sicherheitsdruck GmbH (OeBS) and GELDSERVICE AUSTRIA (GSA). The subsidiaries carry out their tasks as separate business entities, guided by the principles of quality, security, sustainability and cost effectiveness.

Within European monetary union, MÜNZE is the official mint of the Republic of Austria. Its exclusive right to mint and issue coins in Austria is laid down in the provisions of the Coinage Act. In 2021, MÜNZE supplied the OeNB with a total of 122.5 million euro coins with a face value of EUR 30.6 million. Moreover, MÜNZE continually develops new and innovative product lines, e.g. various coin series and gold investment products, to meet customers'

rising demand for precious metals. MÜNZE has successfully maintained its global position as a reliable producer also in times of crisis.

The OeBS conducts R&D activities and produces banknotes for the Eurosystem and for international customers. On behalf of the OeNB, the OeBS produces the share of annual euro banknote production volumes allocated to Austria on the basis of the OeNB's share in the ECB's capital key. In 2021, the OeBS produced roughly 190 million EUR 5 banknotes. Cooperation at the central bank level continued with the OeBS producing euro banknotes for the Belgian central bank. Banknote production at the OeBS also helps the OeNB meet the logistical requirements resulting from Austria's strategic position as a cash supply hub in Central Europe. Despite the challenging conditions created by the COVID-19 pandemic, the OeBS has continued to develop and expand its role as a competence center for securities printing and detectors by relying on innovation, sustainability and in-house technical developments.

The GSA provides services in the fields of cash logistics and processing for the OeNB, banks, payment service providers and trading companies. The GSA's regional cash centers in Vienna, Graz, Linz, Salzburg, Innsbruck, Klagenfurt and Bregenz support the OeNB in its task of supplying euro cash all over Austria; in doing so, they contribute to ensuring the high quality of cash in circulation. The GSA uses state-of-the-art counting and sorting machines for banknotes and coins. In supplying cash across Austria, the GSA has proved a reliable and flexible partner also during the COVID-19 pandemic.

The OeNPAY Financial Innovation HUB GmbH (OeNPAY) began operations in 2021. It runs a competency network that supports efforts to implement digital payments across Austria and promotes financial innovations in cooperation with all stakeholders in payment services. Its objective is to ensure easy, stable and safe payments for all. To this end, the OeNPAY relies on trend scouting, among other techniques, giving consideration to both mega and technological trends when identifying and

preparing relevant new developments to make them accessible to all stakeholders. Being a wholly-owned subsidiary of the OeNB, the OeNPAY has taken care to adopt a neutral market position.

The real estate investment group IG-Immobilien Gruppe serves to optimally manage the OeNB's real estate investments. It is, inter alia, responsible for preserving and sustainably improving the value of OeNB real estate holdings and for optimizing current earnings on the individual properties.

The premises management group BLM Betriebs-Liegenschafts-Management GmbH is in charge, in particular, of providing premises the OeNB or its subsidiaries require to carry out their business activities.

On their websites, the OeNB's subsidiaries publish annual reports pursuant to the Federal Public Corporate Governance Code adopted by the Austrian federal government on October 30, 2012. Table 12 provides a comprehensive list of the OeNB's direct and indirect equity interests.

“Mantegazza” violin crafted by Giovanni Battista Guadagnini in Turin in 1774; violin “ex Meinel” created by Giovanni Battista Guadagnini in Turin around 1770 to 1775; violoncello made by Giovanni Tononi in Bologna in 1681



The members of the Minetti Quartet: Maria Ehmer, Anna Knopp, Milan Milojevic, Leonhard Roczek



Photos: Minetti Quartet: Irène Zandeli; instruments: Graphisches Atelier Neumann.

In chamber music ensembles, the exchange among the instruments may be compared with voices in a conversation, closely attuned to one another. What is also critical is the chemistry between instrument and musician. Drawing on external expertise, we are committed to finding musicians that are a perfect fit for our instruments. A case in point is the Minetti Quartet whose members play three of our instruments.

“I derive so much joy and motivation from playing the Guadagnini violin and listening to its unique sound!”
Anna Knopp, second violin.



Viola crafted by Giovanni Paolo Maggini in Brescia in the early 17th century.

Sustainability as a corporate strategy



Photo: Rebecca Kerschbaum.

Lara Kusztrich (at the back, to the right of conductor Martin Kerschbaum) on a violin made by Vincenzo Ventapane in Naples in 1770, and the Vienna Classical Players while recording the 2021 CD in Baumgartner Casino

For over 15 years, we have been producing a classical music CD series (“Wertvolle Klänge”) featuring recordings of musicians playing on our historical string instruments. These CDs, which showcase talented musicians performing solo pieces, chamber music or symphonies, are not on sale. A popular Christmas gift for our staff, the CDs also serve as presents for hosts and guests alike. Every other year, the CDs we record include a contemporary piece composed by the winner of a composition prize that we award in cooperation with the Austrian Broadcasting Corporation ORF to students enrolled at Austria’s music universities.

Green light for new OeNB projects

The OeNB initiates a change in corporate culture

The OeNB is widely recognized as an attractive employer but to keep this status, it must keep changing. This is all the more true as the pace of changes in the working world, such as the strong tendency toward working from home, has picked up over the last few years. In addition, as our staff is becoming more diverse from one year to the next, so are their needs, which are the needs of different generations at different stages of their lives.

The guiding principle of human resources development at the OeNB is to make the OeNB a leading central bank within the ESCB, not least with regard to innovation. This is only possible, however, if we can continue to rely on the expertise of our staff, keep attracting new talent and strictly focus on this guiding principle in our incentive and consequence management and our recruiting policies.

To this end, the OeNB's Governing Board in cooperation with the OeNB's General Council initiated a project in 2021 to bring about a change in corporate culture that will help the OeNB remain attractive for new talents and that will further improve performance orientation. A set of specific measures was developed and began to be implemented in 2022.

The following target areas were identified:

- transparency and commitment;
- further development and feedback;
- leadership and career;
- incentive and consequence management.

The key assumption feeding into the OeNB's change in corporate culture is that critical and active leadership is a major success factor. This also implies improvements in our culture of discussion and communication across all company levels. As a first step, managers at all levels have been invited to contribute to developing the sets of measures needed to facilitate the intended change. One of the objectives of this endeavor is that managers accept more responsibility for staff performance. As part of their staff leadership duties, they are called upon to

give constructive feedback when they see room for improvement and take adequate measures to correct and prevent underperformance.

Another focus apart from strengthening the culture of discussion and communication has been on examining and adjusting present arrangements and fringe benefits.

Preserving and promoting the health of our staff – both at the individual and the organizational level – is one of the OeNB's priorities. This is why we regularly evaluate and adjust existing measures supporting sports and health activities. In this spirit, we plan to offer our employees enhanced access to full medical checkups as our contribution to promoting preventive health care.

During the COVID-19 crisis, most of our staff switched to working from home, at least temporarily; with this measure, the OeNB was able to keep up the operation of its critical infrastructure and functions while contributing to social distancing and thus to preventing new infections. Both our staff and the OeNB as an organization have gained sound experience with remote work during this exceptional situation that has now lasted for close to two years. Based on this experience, arrangements have been made to allow staff to continue to work remotely for up to 40% of their normal working hours once the pandemic is over.

The OeNB's COVID-19 crisis management has stood the test

Coronavirus task force continues to provide valuable expertise

In 2020, the OeNB had established a coronavirus task force, the Corona Working Group, to coordinate and handle all issues related to the COVID-19 pandemic. The task force continued to meet regularly in 2021. Its members from the areas of risk monitoring, human resources, facilities and security management, the press office, the staff council and the company health center continually supported the OeNB's Governing Board in its pandemic-related decisions

and provided valuable input to drafting the OeNB's COVID-19 strategy and to establishing the best possible conditions for maintaining the OeNB's business operations in a safe and responsible manner during the pandemic.

Number of virtual meetings goes up as people increasingly work from home

As the COVID-19 pandemic continued throughout 2021, OeNB staff mostly kept working from home to ensure maximum protection. Remote working days averaged 157.4 per staff member in the reporting year. Under these circumstances, the OeNB's intranet and virtual newsroom became increasingly important as a social hub beyond the facilitation of office communication, building on the Team OeNB campaign launched in 2020. While well-received Team OeNB activities were continued in 2021 (e.g. staff interviews about work during the pandemic, coffee roulette meetings, Skype lectures explaining complex OeNB issues, Friday art tours presenting items from the OeNB's collection), staff were also invited to join in at new virtual events. There were campaigns covering monthly themes (e.g. advancement of women, cybersecurity), photo competitions, betting games for the European Football Championship and a hiking tip exchange. Staff members shared short video messages about how it felt to be working on site with almost nobody else present ("Inside OeNB") or

what it was like to be working from their homes ("OeNB@home"). In the summer of 2021, a photo booth was installed on site so staff returning to work on the OeNB's premises after months of remote work could take pictures with their colleagues to share in the virtual newsroom. Moreover, the Bank History Archives started the monthly "Nahaufnahme" (Close-up) intranet series that presents pictures from the archives and provides interesting background information, related stories and historical context.

Business continuity planning in the spotlight

The OeNB is aware of its responsibility as an operator of critical infrastructure and has been able to maintain its particularly critical functions also during the pandemic. The relocation of one of the OeNB's data centers and a backup site to locations further away from the OeNB's premises, which was completed in 2020, stood the test in 2021 even though the pandemic created additional challenges. To minimize the effect of various system failure scenarios to the OeNB's business operations and to further improve the organization's resilience, the OeNB takes great care to identify potential threats on a continuous basis and to have mitigating measures in place. For 2022, related efforts will focus on taking further safeguarding measures against a possible blackout scenario.

Table 1

Trends in Webex, Skype and MS Teams meetings

	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Webex meetings, number	3,824	3,154	2,646	1,500	1,228
Participants, number	16,314	13,002	12,645	7,480	5,645
Overall duration, minutes	178,298	154,678	136,389	78,341	63,264
Skype meetings, number	25,426	28,295	27,916	16,001	21,292
Participants, number	98,052	106,248	107,377	59,811	83,005
Overall duration, minutes	883,121	1,060,514	1,058,495	565,584	728,265
MS Teams meetings, number	x	x	x	871	2,790
Participants, number	x	x	x	1,019	3,580

Source: OeNB.

A new platform for suggesting improvements

In the reporting year, the existing system for collecting staff suggestions for improvements was enhanced by implementing a web-based IT system that enables the participatory and cooperative development and evaluation of new ideas in a digital framework. The new platform supports idea development by applying a design thinking approach and thus ideally complements the OeNB's Innovation Lab, which may come into play when ideas are taken one step further to building prototypes for demonstration purposes. Our hopes for more submissions of new ideas for improvement were fulfilled shortly after the new platform went live.

Continuous optimization of infrastructure for hybrid meetings and video production

Experience from 2021 has shown that, as virtual and hybrid events are here to stay, it is essential that we ensure top-quality information transmission and make expert use of different media channels. All in all, demand for high-grade digital content has kept rising. Professional internet and TV appearances have become the norm. They rely on an adequate technical environment, however. Bearing this in mind, the OeNB made continuous improvements

during the year and also evaluated two related projects in parallel. One of these projects concerns the OeNB's main hall, the Kassensaal, which currently serves to hold press conferences and all types of events. Additional video cameras have been installed in the Kassensaal and the business continuity management for events has been improved. Apart from these short-term measures, long-term improvements have been made to the lighting and sound equipment, paving the way for diversified use. All these changes will be incorporated in an architectural redevelopment of the main hall in the coming year.

The second project comprises setting up a modern video and recording studio with state-of-the-art lighting, video and sound equipment and a choice of background designs, much like a TV studio. This will allow for greater flexibility in meeting a wide range of requirements for professional presentations and appearances in a cost-effective manner. The new studio can be used e.g. for press conferences, trainings and webinars as well as for conferences that take place as webcasts or webinars only. Moreover, the studio will also serve to produce digital content for in-house and external audiences and provide an adequate setting for participating in meetings, press conferences and interviews organized by third parties.

Table 2

Indicators of knowledge-based processes

Unit	2018	2019	2020	2021	
Process efficiency					
Certified areas	number	10	10	10	10
Entries in the OeNB's terminology database	number	22,901	23,308	23,748	24,178
Error-free payment transactions	%	99.95	99.88	99.91	99.87
Staff suggestions for improvements	number	48	41	19	58 ¹
Technical infrastructure					
IT services for the ESCB/Eurosystem	number	3	3	3	3
Major IT projects	number	6	5	5	7

Source: OeNB.

¹ 22 suggestions for improvements + 36 ideas submitted in an in-house competition for climate change projects.

Human resources management in year two of the pandemic

As the central bank of the Republic of Austria, the OeNB operates in an environment of increasingly complex challenges; to remain an attractive employer and ensure its high level of performance and competitiveness, the OeNB continuously strives to optimize the working conditions for its employees.

Going digital and working from home

Digital transformation remained a key priority in human resources development also in the reporting year, in particular as OeNB staff continued to work mostly from home. Taking this situation into account, we sought to offer additional opportunities for training and education to complement virtual trainings by establishing an e-learning platform to provide a modern, state-of-the-art framework enabling our staff to develop new skills and competences. Thanks to these new training formats, the number of staff participating in further education and training events was on the rise again in 2021: The education and training participation rate increased slightly to 63.4%; the average number of training days per employee came to 3.2, which almost compares to pre-pandemic levels.

The OeNB introduces a new talent management scheme and successfully passes “workandfamily” recertification audit

The OeNB has always made great efforts to become more attractive as an employer and to provide the best possible opportunities for our staff. In keeping with this tradition, we developed a comprehensive talent management framework in 2021. The new framework will ensure, ideally, that the talents and potentials of all members of staff are identified and promoted, expectations remain realistic and processes become transparent.

An additional factor contributing to the OeNB’s position as an attractive employer is the fact that we regularly participate in the “workandfamily” audit to be certified as a family-friendly employer. In 2021, another three-year audit period was concluded. Over

this period, we successfully implemented a number of measures such as improving our meeting practices with a focus on convening at family-friendly hours, expanding our offer of holiday camps for children of staff, adapting working arrangements to enable care for family members, and organizing a seminar for working parents on how to balance work and family life. At the end of 2021, the OeNB was successfully recertified for the next three years under “workandfamily” standards. During the present audit period, the OeNB will focus on strengthening health promotion, fostering paternity leave, supporting hybrid working and virtual leadership and implementing a mentoring program.

The OeNB is an equal opportunity and diversity supporter

The OeNB is aware of the sociopolitical role it plays as an enterprise and employer and is therefore proactive in taking measures to promote equality and inclusion in society. The OeNB pursues an equal opportunities strategy with a view to promoting gender equality at work. In particular, we are committed to fostering modern, gender-neutral career opportunities and roles. With its second action plan for the advancement of women, which reflects current legislation and covers the period from 2022 to 2027, the OeNB actively promotes diversity as a key value of its corporate culture and also strives to increase the share of women in expert and management positions. At the moment, the share of women in expert career track (36.9%) or management (27.9%) positions at the OeNB is clearly below the 50% required by law (table 3). By implementing the new action plan, the OeNB aims at sustainably raising the share of women in these positions.

Apart from fostering gender equality, the OeNB also takes action to promote diversity and inclusion. In the reporting year, we continued to participate in the [myAbility Talent program](#), which connects enterprises and highly qualified students with disabilities or chronic conditions. Under this program, students have a chance to experience everyday working life while enterprises can meet talented young people with a wide variety of potentials. As a result, the

OeNB was happy to offer two internships to program participants in 2021. For its successful five-year cooperation with myAbility, the OeNB was awarded “gold partner” status.

On the International Day of Persons with Disabilities in 2021, the OeNB again participated in the #PurpleLightUp movement by lighting up its main building purple as a sign of solidarity with the concerns of persons with disabilities.

Our efforts to create optimal conditions for our staff and to prove a reliable employer have been effective. The staff fluctuation rate, which had already been at low levels, declined further in the reporting year, to 1.7%, and the various flexible working arrangements and opportunities for job mobility continue to be well received (table 4).

Table 3

Share of women in expert career track and management positions by career levels

	Share of women %
Expert career track	
Level 1	36.8
Level 2	41.5
Level 3	29.7
Level 4	42.9
Total	36.9
Management positions	
Head of unit	26.8
Deputy head of division	28.6
Head of division	28.2
Director of department	30.0
Total	27.9

Source: OeNB.

Note: As at December 31, 2021.

Table 4

Indicators of investment in knowledge-based capital

Unit	2018	2019	2020	2021	
Staff structure					
Full-time equivalent staff (year-end) ¹	number	1,079.3	1,069.6	1,097.5	1,133.2
aged up to 30 years	%	9	7	7	9
aged 31 to 40 years	%	29	29	29	28
aged 41 years or older	%	62	64	64	63
Fluctuation rate	%	2.8	2.6	2.1	1.7
Share of university graduates in total staff	%	64.9	65.8	67.4	69.9
Staff-to-manager ratio	number	7.0	7.1	7.6	7.7
Flexible working arrangements					
Part-time arrangements	%	16.0	18.3	18.6	20.8
Teleworking arrangements	%	11.2	12.8	12.9	7.1
Remote work (annual average per employee) ²	days	x	x	131.9	157.4
Sabbaticals	number	6	5	3	7
Gender management					
Share of women in total staff	%	38.8	39.3	39.6	39.7
Share of women in management positions	%	27.9	28.8	26.3	27.9
Share of women in expert career track	%	37.9	36.2	35.2	36.9
Share of women in part-time jobs	%	x	72.9	72.7	62.5
Share of women in teleworking jobs	%	x	47.6	47.3	45.3
Share of women in education and training participation rate	%	x	x	41.0	39.2
Mobility					
Participants in in-house job rotation program	number	40	30	23	43
Working visits to national and international organizations (external job rotation)	number	56	57	43	45
Working visits to the OeNB (incoming)	number	32	31	5	2
Internships	number	75	77	70	79
Knowledge acquisition					
Education and training days (annual average per employee)	days	4.1	3.9	1.7	3.2
Education and training participation rate (share of employees who attended at least one training event per year)	%	82.2	82.2	61.9	63.4

Source: OeNB.

¹ Figures include part-time employees on a pro rata basis.

² Unlike long-term teleworking arrangements, remote work arrangements are possible at short notice as the need arises.



Photo: Julia Wesely

Sophie Druml is a beneficiary of the program promoting students.



Photos: Jan Röhrmann.

*"This beautiful Vuillaume violin
"ex Applebaum" means the world
to me. It's an endless fountain of
inspiration; and yes, we're a match
made in heaven. I was fascinated by
the revelation that my mother, while
studying in St. Louis, Missouri, was
a chamber music student of Michael
Tree, a member of the Guarneri
Quartet, who happened to be Samuel
Applebaum's son – i.e. the son of the
violin's previous owner and eponym."
Sophie Druml, soloist*



Violin "ex Applebaum" crafted by Jean Baptiste Vuillaume in Paris in 1858 (front and scroll)

This violin is named after the well-known violinist and music educator Samuel Applebaum (1904–1986), who lived and worked in New York City and New Jersey. The violin made by the French violinmaker and dealer Jean Baptiste Vuillaume had been modeled on a violin by Giuseppe Guarneri del Gesù.

Digital communication is advancing steadily

OeNB communication rises to meet new challenges

The economic impact of the COVID-19 pandemic has become a key issue in the OeNB's communication of its core topics – monetary and financial stability, cash, payments and statistics. Thus, we examine and discuss the effects of the COVID-19 crisis in a wide range of OeNB studies, analyses, comments and postings. The media have shown great interest in particular in our contributions on cyclical and property price developments, inflation, financial stability as well as on the digital euro and on trends in Austria's external sector. As was to be expected, the number of followers has increased across all the OeNB's social media channels. The most popular channel at the moment is the OeNB's LinkedIn channel (more than 7,000 followers). The new online video series **Ein. Blick Wissenschaft** (Science insights) presents winners of OeNB scholarships, sharing their success stories and detailing some of their projects. This format is particularly popular on Twitter, where it helped attract more than 1,200 new followers this year. A popular feature on the OeNB's Instagram channel are reels (30-second video clips). In November 2020, the OeNB started a podcast series and has meanwhile produced 23 episodes, which continue to be available for download; the podcast has around 2,300 subscribers and has recorded more than 3,550 viewings so far. To ensure effective reporting of the OeNB's social media activities to the individual business areas, we implemented an automated social media content analysis tool.

In 2021, the OeNB organized a series of events to promote the exchange of opinions on monetary and economic policy issues, which met with strong interest from national and international experts. Because of the pandemic, most of these conferences, *journées fixes*, press conferences, workshops and seminars were held as hybrid or purely virtual events, much like in 2020. The events that attracted the

largest audiences of several hundreds of participants each were the OeNB's Economics Conference on "Gender, money and finance," the conference on "Climate protection: state of play, division of labor, steps forward" and the OeNB's Conference on European Economic Integration (CEEI) on "Recalibrating tomorrow's global value chains – prospects for CESEE." A total of more than 1,500 participants joined the events organized to inform external sector reporting agents on the new reporting structure and reporting application for balance of payments data.

Enhanced cooperation in financial education activities

Financial education is one of the OeNB's strategic focus areas for the period from 2020 to 2025. Apart from offering a wide range of teaching and information material in German (www.eurologisch.at), the OeNB also promotes financial education through a series of cooperations. Following several months of close collaboration between the OeNB and the Federal Ministry of Finance, for instance, Austria's strategy for financial education was presented in September 2021. The agreed national action plan aims to raise financial literacy levels in Austria and to raise awareness, in general, for issues like finance, capital markets, the accumulation of wealth and sustainable financial planning. The OeNB contributed to drafting the financial education strategy and will also be involved in implementing the action plan in cooperation with the Federal Ministry for Education, Science and Research and the Federal Ministry for Social Affairs, Health, Care and Consumer Protection.

Toward the end of 2021 the round table series on financial education in Austria came to an end. After five years of successful exchange and interesting discussions with noncommercial providers of financial education, this working group will now continue its activities within the framework of Austria's financial education

strategy. The initiatives presented at the round table discussions repeatedly sparked new projects and fruitful cooperations.

2021 also saw the fifth anniversary of our cooperation with the Institute for Business Education at Vienna University of Economics and Business. The respective cooperation agreement to promote financial education in Austria was signed in 2016. It focuses on joint research, teaching and events. Under this agreement, OeNB representatives have been holding various seminars at the Institute for Business Education. Moreover, the OeNB has expanded its activities to a number of other universities in Austria, supporting them in the fields of teacher training and continuing education.

The OeNB is a founding member of Stiftung Wirtschaftsbildung, a national foundation for economic education that started operations in early 2021, and in its cooperation with the foundation has also relied on its expertise in impact analysis and assessment. Currently, we cooperate in implementing a school pilot project testing how to enhance economic education in lower secondary education at 30 Austrian schools. There are also plans to develop a toolkit based on scientific standards and requirements for evaluating the quality of financial education measures, which we will share with other institutions to support them in evidence-based decision-making and evaluation.

Even though the OeNB's Money Museum had to remain closed for 14 weeks in 2021 in line with pandemic-related restrictions, it welcomed 2,995 visitors in the reporting year. The special exhibition "FUNNY MONEY. Money in caricature" was extended for one year until the summer of 2022 and opened, as a smaller version, at OeNB – Western Austria in Innsbruck on October 1, 2021. A special highlight in the reporting year was the Museum Night on October 1, 2021, that was organized by the Austrian Broadcasting Corporation ORF and took place under strict conditions in response to the pandemic. 800 persons visited the Money Museum during the Museum Night.

A major contribution to the Money Museum's collection was made by incorporating thousands of historical banknote counterfeits that had been submitted to the OeNB's Cashier's Division. Last but not least, the Money Museum supported the Austrian State Archives by providing visual materials to their exhibition presenting historically relevant Austrian documents at the Federal Chancellery under the heading "Österreich in Europa. Dokumente aus dem Staatsarchiv, die Geschichte schrieben."

The Joint Vienna Institute continues its online courses

The Joint Vienna Institute (JVI) offers training to central bank experts and public sector officials from many different countries on a broad range of topics with a focus on economic, fiscal, monetary and financial market policy. The course participants mostly come from CESEE countries and the Commonwealth of Independent States (CIS). The JVI is co-sponsored by the Austrian Federal Ministry of Finance, the IMF and the OeNB. From its foundation in 1992 up to 2021, the JVI has trained a total of 48,742 course participants.

The pandemic continues to pose great challenges to the JVI, however. Resuming face-to-face teaching was not possible in the reporting year, but unlike in 2020, when the number of courses held had dropped dramatically, 94% of planned JVI courses (115 weeks of training courses) did take place in a virtual setting in 2021. The OeNB offered seven weeks of training in the following subject areas: supervision and financial stability, European integration, financial education, climate change and green finance as well as diversity and inclusion. Three courses were rescheduled for 2022 for reasons of didactics. The number of course participants has gone down by about one-third since before the pandemic as group sizes have been reduced. The number of registrations for JVI courses has halved. Still, feedback from course participants shows that satisfaction with courses offered at

the JVI and related learning effects continue to be high. Many participants state, however, that they had to perform other tasks while participating in online courses and that the virtual setting created concentration challenges and technical issues. What they miss most are peer learning and networking opportunities. The advantages of virtual courses, on the other hand, are greater flexibility and lower costs.

The JVI also developed a successful webinar series during the pandemic: Its 34 webinars in 2021 reached 3,043 participants. The OeNB contributed its expertise to this series as well.

Regional program for EU candidates and potential candidates concluded amid challenging conditions

The OeNB is a member of the ESCB Working Group on Central Bank Cooperation, which i.a. coordinates large-scale EU-funded programs supporting non-EU central banks in bringing their practices in line with EU standards. A regional program for EU candidates and potential candidates in the Western Balkans that had been under way since 2019 was successfully concluded in the reporting year. Preparations for a follow-up program have begun.

Table 5

Indicators of knowledge-based output

	Unit	2018	2019	2020	2021
Cooperation and networks					
National bodies with OeNB representatives	number	84	85	79	75
International and European bodies with OeNB representatives (ESCB, etc.)	number	356	323	331	345
Technical assistance activities with CESEE and CIS central banks	days	451	494 ¹	345	376
Joint Vienna Institute (JVI) course participants	number	2,282	2,410	756	1,578
OeNB-hosted national and international events	days	209	200	43	120
Lectures delivered by OeNB staff to external audiences	number	870	879	474	659
Communication and information					
Queries to OeNB hotlines	number	12,449	11,432	9,756	7,337
Research cooperation projects with external partners	number	100	150	126	106
Money Museum visitors	number	11,482	11,019	2,790	2,995
Cash training course participants (including Euro Shop Tour)	number	5,979	16,939	3,354	1,562
Children and teachers reached through school outreach activities	number	29,252	27,914	12,172	9,850
Seminars for teachers	number	21	25	27	51
Contacts during the Euro Info Tour	number	30,208	19,189	x ²	x
Press conferences	number	13	20	9	8
Press releases	number	187	114	114	101
Publications					
Articles published by OeNB staff	number	119	79	72	98
of which: refereed papers	number	30	36	27	32

Source: OeNB.

¹ Corrected figure.

² The Euro Info Tour was discontinued in 2020.



"I'm glad that the OeNB has invited me on several occasions to perform concerts in Absam in particular and in the village's surroundings (Innsbruck, Hall) – and I'm more than happy to do so again. I'm ever so grateful when I hold the violin in my hands. We've been a team for a while now, are breathing in sync so to speak, and I can easily produce any sound as I envision it in my mind. A huge thank you to the OeNB for making this happen."
Vesna Stankovic, concertmaster at the Symphony Orchestra of the Volksoper Vienna.

Violin crafted by Jacob Stainer in Absam in 1671 (front, back and scroll)



In violinmaking's heyday, only a select few violinmakers north of the Alps succeeded in making a name for themselves. One of them was Jacob Stainer (roughly 1618 to 1683), who, upon his return from his training years in Italy, settled down in his home village Absam in Tyrol, a village near Innsbruck. Well into the late 18th century, Stainer's instruments were very much sought after for their sound, fetching even higher prices than the instruments crafted by Stradivari or Guarneri del Gesù. Only from the 19th century onward, when the concert halls became ever larger, musicians started to prefer Italian violinmakers' instruments given their stronger sound.

The OeNB is committed to its social responsibility

The OeNB is active as a reliable partner and promoter in six different areas

Business development

The European Recovery Program (ERP), more widely known as the Marshall Plan, was established by the United States to help rebuild Europe after World War II. Today, ERP funds serve to finance low-interest rate loans aimed to strengthen Austria as a business location. The OeNB was instrumental in implementing the Marshall Plan and to this day continues to administer the ERP central bank assets. Most recently, the OeNB was managing 564 ERP loans granted in the industry, trade and services sectors, with an outstanding volume totaling EUR 764 million.

Research funding

It is the declared aim of the OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching to ensure fair conditions in the competition for funding for highly focused basic research projects on central bank-related issues and, in doing so, to contribute to making economic research in Austria more attractive overall.

Guided by these strategic considerations, the Governing Board of the OeNB approved funding totaling around EUR 6.5 million for 34 Anniversary Fund research projects in 2021. Most of these funds (EUR 1.45 million) went to Vienna University of Economics and Business for seven approved projects; the University of Vienna received EUR 1.04 million for six approved projects.

Independent economic research in Austria

Independent high-quality empirical economic research produces important input for policy-making and keeps the public informed by analyzing economic policy measures. Overall, independent economic research is thus a major public good. The OeNB acknowledges and

supports this notion and considers designing a new funding program key to making a valuable financial contribution to economic research in Austria that will ensure the latter's independence from politics and industry. The formal criteria for the retargeted funding program of 2021 are designed in a way to make funding available to all Austrian research institutions that fulfill specific legal, technical and infrastructural conditions. In this way, the group of potential beneficiaries has been enlarged when compared with those institutions that previously received basic financing.

In the first quarter of 2022, our new funding program for Austrian economic research institutions will invite tenders for a slightly higher budget of EUR 12 million in total for a three-year funding period from 2022 to 2024. In September 2022, the OeNB's Governing Board and General Council will allocate the funding budget to the eligible institutions in a transparent manner according to clearly defined criteria (eligible projects must be scientific, analytical, application oriented, informative and/or instructive). In their decision-making, the OeNB's Governing Board and General Council will be supported by independent assessments from international experts.

Arts and culture

With its collection of historical string instruments, the OeNB aims at contributing to Austria's excellent reputation as a musical nation. Currently, the OeNB's collection numbers 45 instruments, all crafted by the most renowned violinmakers of the Italian and French schools and lent to selected musicians free of charge. This partnership makes it possible to preserve this unique cultural heritage of sound bodies for future generations. Even though the pandemic continued in 2021, concerts with instruments from the OeNB's collection could be held in the reporting year in Linz, Innsbruck and, during the Carinthian

Summer Music Festival, at Ossiach Abbey, thanks to our long-standing cooperation with the Austrian broadcasting station Ö1.

The OeNB is proud of its commitment to promoting the arts and culture. By purchasing major artworks – like the painting “Himmel und Wolken” (Sky and clouds) by Max Weiler in 2021 – we contribute to keeping Austria’s cultural assets in the country. Moreover, we particularly focus on supporting young Austrian artists by purchasing their works for our art collection. In this segment, our activities concentrate on abstract art. To make part of our collection accessible to the public, we loaned selected works to exhibitions in Graz, Innsbruck and Krems in the reporting year. Moreover, a number of paintings from the OeNB’s collection are on permanent loan to the Albertina Museum, the Leopold Museum and Schönbrunn Palace in Vienna and Bruck Castle in Lienz, East Tyrol.

The Shoah Wall of Names Memorial

With the Memorial to the Jewish children, women and men of Austria who were murdered in the Shoah, a place of reverence has been created for the victims of Nazism that came from Austria’s Jewish community.

The memorial was built in Ostarrichi Park in front of the OeNB’s main building. Covering a total of around 2,500 square meters, it is partly located on OeNB property. A corresponding easement contract has been concluded between the OeNB, the City of Vienna and the Association for the Building of a Wall of Names Memorial dedicated to the Jewish Children, Women and Men of Austria who were murdered in the Shoah.

The OeNB supported the construction of the memorial by carrying out preparatory measures in a project led by our Facilities and Security Management Division and was also involved in organizing the opening ceremony on November 9, 2021.

Figure 2

The Shoah Wall of Names Memorial



Photo: OeNB.

A closer look at the Shoah Wall of Names Memorial

Built at a central location in Vienna, the Shoah Wall of Names Memorial offers a quiet environment for remembering the fate of the more than 65,000 Jewish children, women and men from Austria that were murdered in the Shoah and for honoring their lives.

The new memorial is located in Ostarrichi Park, in front of the OeNB's main building. It consists of a series of stone walls forming an ellipse and bearing the names of the Jewish holocaust victims from Austria. At its center, nine trees – one for each Austrian province – form a green island among the walls. This architectural design creates a contemplative space for commemoration. 64,425 names have been engraved on the memorial's walls so far, and new names are being added continually.

The memorial was funded by contributions from all stakeholders (Republic of Austria, all nine regional governments) and private donations. The major part of funding was provided by the federal government.

Development aid

The development aid group within the OeNB has been run for more than 35 years by dedicated volunteers from among active and retired OeNB staff. The group helps finance humanitarian projects by collecting membership fees and donations from the OeNB's staff and Governing Board. In line with the UN Sustainable Development Goals, the group provides funding for selected humanitarian projects that aim to eradicate extreme poverty and hunger,

achieve universal primary education, improve the health of mothers and children, promote the economic participation of women and ensure the sustainable use of natural resources.

Apart from eight projects in Africa and Asia that were suggested by OeNB staff in 2021, the group's general meeting also chose to support a development aid club in Guatemala in its project helping indigenous people defend their ancestral lands against land theft by international corporations.

“For over 25 years now, the Guadagnini has been my one and only. In turn, I’m but one of many who have played it, and more will follow in the future, and I’m jealous of them.”
Herbert Kefer, violist.

“This second to none cello has blessed me with incredible shades of color and sound. On the one hand, it’s an ancient, historical cultural artifact; on the other, it’s an ageless, zippy instrument with a bright timbre, whose individual notes come through crisply. And it’s also “modest” – while sounding unspectacular at home, it’s just dazzling in concert halls.”
Othmar Müller, cellist.

Photo: Nancy Horowitz



The members of the Artis Quartet: Peter Schuhmayer, Johannes Meissl, Herbert Kefer and Othmar Müller.

Violoncello crafted by Andrea Amati in Cremona in the late 16th century; viola created by Giovanni Battista Guadagnini in Turin in 1784; violin made by Andrea Guarneri in Cremona in the mid-17th century



Photos: Graphisches Atelier Neumann.

The oldest instrument in our collection is a violoncello crafted by Andrea Amati in Cremona in the late 16th century. Amati is credited with having established the Cremonese violinmaking tradition, and he exercised a decisive influence on Stradivari and Guadagnini as well as the Guarneri family. During performances of the Artis Quartet, concertgoers may enjoy the sound of instruments crafted by these master luthiers, while at the same time catching a glimpse of the long tradition of violinmaking.

Enterprise risk management

In the OeNB's strategy for 2020 to 2025, the implementation of an enterprise risk management (ERM) framework was defined as one of the OeNB's strategic objectives. The OeNB already has a number of different risk management systems in place that serve to reduce risks associated e.g. with investment, equity holdings, IT systems or compliance as well as risks arising from specific projects. These systems are now gradually being harmonized. The first milestone in this harmonization process was reached in 2021 when the OeNB's management adopted specific ERM business area regulations defining harmonized minimum requirements for risk management and a joint risk policy, thereby enabling a common understanding of risk management processes at the OeNB. In addition, an enterprise risk forum was established at the OeNB in 2021 as a platform where representatives of the various risk management systems can exchange their expertise on risk-specific issues at quarterly meetings.

Operational risk

Operational risk categories comprise all risks arising from deficiencies or inadequacies in internal processes or systems, human errors or disruptions from external events. They may damage corporate reputation, impair the achievement of corporate objectives or cause financial damage for the OeNB. In cooperation with the responsible business areas, operational risk management aims to assess, control and continually monitor the current risk situation and to reduce identified risks by taking adequate risk-mitigating measures. The management of operational risk at the OeNB is governed by the ERM business area regulations and, more specifically, by staff rules on operational risk management. The OeNB is aware of its responsibility as an operator of critical infrastructure and therefore considers the potential impact of operational risk more closely also in the context of business continuity and crisis management. Specific contingency requirements – such as the establishment of a second data center and a

backup data site at more distant locations – have been met to help maintain the OeNB's business operations.

Information security risk

The OeNB's IT department operates an information security management system certified to ISO 27001, examining and dealing with information security risk on a systematic basis. Technical and organizational vulnerabilities are identified in line with protection requirements defined by the OeNB to ascertain whether they present a confidentiality, an integrity or availability risk. In this context, protection and security of information need to be balanced with costs and usability.

To meet the cyber resilience oversight expectations (CROE) for financial market infrastructures adopted by the Governing Council of the ECB, the OeNB's Governing Board included the issue of cyber resilience in the OeNB's corporate strategy. Gaps identified in a preliminary examination will be closed under a targeted information security program covering the years up to 2025.

Financial risk

The financial risk categories relevant to the OeNB are market, credit and market liquidity risk. Climate risk has received increased attention as an additional driver of financial risk. Reserve asset and risk management principles are laid down in specific rules of procedure adopted by the OeNB's Governing Board. In line with these rules of procedure, the OeNB's Treasury Department is subject to rules and requirements that reflect the risk limits designated by the Governing Board, as adopted by the latter on proposal of the OeNB's Risk Committee. The Risk Committee monitors continuous compliance with these rules and requirements based on specific risk measurement systems and methods. The systematic consideration of climate risk and environmental, social and corporate governance (ESG) criteria is regarded as essential for the future. The Risk

Committee receives regular reports on risk management and in turn reports to the Governing Board. Moreover, the Risk Committee decides which methods are to be used for risk measurement. Investment in new currencies and asset classes as well as applicable risk limits must be authorized by the Governing Board upon in-depth analysis.

Market risk

Market risk is the risk of exposure arising from changes in financial market prices, as driven in particular by exchange rate, stock price and interest rate changes. To limit market risk for OeNB investments, the OeNB's Governing Board lays down rules that must be observed in market risk management. Market risk is primarily measured in terms of the expected shortfall. Calculations are consistently based on a one-year horizon and a confidence interval of 99%. The actual risk exposure depends on the amount of assets invested, including gold, on holdings of unhedged Special Drawing Rights (SDRs) as well as on the amount of own funds and earmarked funds invested. In addition, the OeNB makes provision commensurate to its relative share in the ECB's paid-up capital for ECB investment risk and for risks arising for the ECB from conducting Eurosystem monetary policy operations. The OeNB calculates the risk involved in real estate holdings using various real estate indices based on value-at-risk calculations with a one-year horizon and a confidence interval of 99%.

Credit risk

Credit risk is the risk that a counterparty will fail to meet some or all of its obligations. In principle, the OeNB manages the credit risk arising from its own funds portfolio and related investment activities with a limit system which provides up-to-date information on all risk limits and exposures. Credit risk arising from Eurosystem monetary policy operations is calculated by the ECB and accounted for on a pro rata basis in OeNB risk reporting. Credit risk arising from holdings for own account and investments of own funds is calculated by the OeNB and taken into account when monitoring utilization of the risk framework. The credit risk calculations of the Eurosystem, the ECB and the OeNB are consistently based on a one-year horizon and a confidence interval of 99%.

Market liquidity risk

Market liquidity risk is the risk that a market may be too thin and may not be able to fully accommodate all trades, so that the securities trading volume is lower than desired and securities cannot be traded quickly enough or perhaps only at a discount. To prevent incurring market liquidity risk, the OeNB analyzes the market liquidity of financial products, adjusts holdings to issuing volumes and limits the maximum residual maturities of transactions. Security and liquidity considerations take precedence over yield in managing the OeNB's assets.



From left to right: violin crafted by Andrea Guarneri in Cremona in the mid-17th century; violin "ex Guilet" created by Giuseppe Guarneri filius Andreae in Cremona after 1732; violin "ex Sorkin" made by Giuseppe Guarneri del Gesù in Cremona in 1731; violin "ex Carrodus" crafted by Giuseppe Guarneri del Gesù in Cremona in 1741.

The Wiener Symphoniker in concert in the Great Hall (“Großer Saal”) of the Wiener Konzerthaus



Photo: Stefan Oláh.

The Tonkünstler Orchestra in front of the Cloudtower (“Wolkenturm”), an open-air concert pavilion in Grafenegg, Lower Austria



Photo: Mark Glassner.

Next to the Vienna Philharmonic, the Wiener Symphoniker and the Tonkünstler Orchestra are among Austria’s most important orchestras that carry the torch for the Viennese sound style and serve as Austria’s musical ambassadors in international concert halls. We are very proud that by lending our instruments to members of these orchestras we may contribute to preserving their unique orchestral sound.

The OeNB's Environmental Statement 2021

Comprehensive Environmental Statement in line with EMAS Regulation (EC) No 1221/2009

Sustainability is a top priority for the OeNB, which is why we started to operate to the environmental reporting standards of the EU's Eco-Management and Audit Scheme (EMAS) around 20 years ago. And even before then, we had taken care to minimize our environmental impact, inter alia, by implementing energy-saving measures and using environmentally compatible cleaning agents and eco-friendly printing paper.

Meanwhile, environmental action must be seen, in particular, in the context of the European Green Deal, which the European Commission adopted in 2019. Its goal is to reduce the EU's net greenhouse gas emissions to zero by 2050 and thus make Europe the first continent to become climate neutral.¹⁷ To the extent that this is in line with its mandate, the OeNB is firmly committed to contributing its share to fighting climate change. To this end, we stepped up efforts in 2021 to become a climate-neutral enterprise that achieves net zero emissions, i.e. a balance between the amount of greenhouse gas emissions produced and those removed from the atmosphere. Achieving climate neutrality is a major milestone in reaching our sustainability target of continuously reducing our ecological footprint as an enterprise. The OeNB plans to reach net zero emissions by 2040 (box 10). In November 2021, the OeNB and the FMA acknowledged the objectives of the UN Climate Change Conference (COP26) in Glasgow, emphasizing their commitment to pursue ambitious operational ecology goals to comply with their high credibility standards. Going beyond in-house optimization, the OeNB also contrib-

utes, at both the national and European level, to generating expertise on the impact of climate change. To reach our climate goals, we first need to know how to effectively mitigate this impact on society, the economy and the financial system and what adjustments to make (box 5).

For the OeNB, the key to becoming climate neutral lies in combining continuous monitoring with reducing or offsetting emissions where these cannot be fully avoided.

- **Monitoring emissions**

Changes will only be possible if we are aware of our ecological footprint. Therefore, we need to consistently record all emissions we generate through our business activities, ranging from office operation to business trips and investments, taking care to continually enhance and fine-tune our monitoring procedures.

- **Reducing emissions**

Reducing emissions is essential in the fight against global warming. Since we adopted eco management under EMAS and, in particular, since we implemented energy management according to ISO 50001 in 2014, we have consistently strived to identify potential ways to save energy. According to our environmental policy, avoiding and reducing emissions has priority over offsetting them.

- **Offsetting emissions**

Under its compensation strategy and as an immediate step toward greater sustainability, the OeNB participates in climate projects promoting e.g. the regeneration of fauna and flora along dedicated sections of Austrian rivers such as the Traun, Inn and March and the implementation of corresponding flood control measures. In addition, our financial literacy activities have recently focused more closely on green finance.

¹⁷ Austria's [government program](#) contains the commitment for Austria to become climate neutral by 2040, but corresponding climate legislation is still pending.

The OeNB's corporate environmental policy

Stability, security and trust guide us in fulfilling our responsibility toward society. These principles are reflected in the OeNB's corporate governance, which is geared toward sustainability, and apply equally to its core business and to its commitment to people and the environment. The OeNB is a top environmental performer among Austrian enterprises – nevertheless we seek to continuously improve our environmental track record. Apart from meeting the environmental standards required by law, we comply with the principles of the EMAS Regulation.

Responsible resource consumption

We endeavor to minimize negative impacts on the environment while observing business management principles. It is our aim to avoid unnecessary resource and energy consumption with the help of a comprehensive energy management system.

Ecologically sound procurement

We observe ecological criteria for purchases of products and services, especially in tenders. Specifically, we give preference to products that are made of environmentally friendly materials and whose energy efficiency and life cycles are ecologically sustainable.

Ecological awareness among staff

We promote environmental thinking and action throughout the OeNB. To achieve and maintain a high level of eco-consciousness, we offer a range of related information and training events for staff.

Research and cooperation with partners

We cooperate with partner organizations and representatives of civil society to implement environmental protection measures. Beyond the scope of the OeNB's mandate, we work toward a livable environment e.g. by supporting related research projects.

Information policy

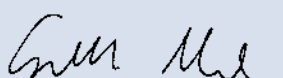
We pursue an open, responsible policy in providing the public with information.

Climate change

We acknowledge the risks involved in climate change as a key challenge of our times. We therefore strive to make the OeNB's activities fully carbon neutral and we implement dedicated projects aimed at becoming a climate neutral enterprise by 2040. In doing so, minimizing our greenhouse gas emissions takes priority over carbon offsets.



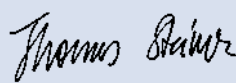
Robert Holzmann
Governor



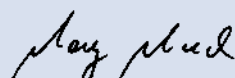
Gottfried Haber
Vice Governor



Eduard Schock
Executive Director



Thomas Steiner
Executive Director



Martin Much
Environmental Officer

Vienna, March 2020

Efficient environmental management according to EMAS

The OeNB's corporate environmental policy (box 10) is defined by its EMAS management representative, who is responsible for ensuring that the OeNB complies with the obligations laid down in the EMAS Regulation, such as compliance with environmental laws (in particular with waste and energy legislation), establishment and pursuit of environmental objectives, voluntary activities and binding commitments. To achieve the continued improvement required under EMAS, the OeNB has defined projects and activities in its environmental program that serve to realize its environmental objectives.

Developing the OeNB's ecological strategy and practical guidelines based on its environmental management system is the job of the OeNB's Environmental Officer. The OeNB's environmental protection team (EPT) is responsible for implementing our environmental program, steadily improving our environmental performance and communicating environmental issues within the organization. The EPT consists of the Environmental Coordinator, experts for energy, waste, water and security matters as well as environmental controllers from individual business areas. Internal environmental audits are conducted by specially trained environmental auditors from among our staff who meet as a group to undergo further specialization and coordinate their approach. EPT members meet up monthly to keep each other informed and coordinate OeNB-wide green initiatives. These initiatives also include lectures and documentary film screenings that raise ecological awareness, provide specific training and spread green know-how.

The OeNB's environmental management system relies on an environmental database which contains the documentation of environmental audits as required under EMAS and gives evidence of the OeNB's compliance with legal provisions in this field. Corresponding

task monitoring and all relevant activities are on schedule.

Promoting ecological awareness in publications and at events

The OeNB regularly organizes or participates in conferences and events dealing with green issues, and it supports publications discussing the environment and climate change. In 2021, for instance, we commissioned a study on investments in digital transformation and decarbonization in Austria, which was completed by the Austrian Institute of Economic Research (WIFO) in June. Moreover, we provided EUR 650,000 of funding from our Anniversary Fund (around 10% of the subsidies paid out in 2021 and thus more than in recent years) to three climate- and environment-related study projects. In addition, OeNB authors also presented a number of studies on climate issues (box 5) in the reporting year.

A number of OeNB events in 2021 dealt with climate protection and related issues. An East Jour Fixe on June 3, 2021, discussed the second transition of the countries in Central, Eastern and Southeastern Europe (CESEE), namely the transition toward carbon neutrality. At an online conference on October 7, 2021, which the OeNB organized in cooperation with SUERF – The European Finance and Money Forum, Lord Nicholas Stern discussed effective climate protection strategies for monetary and fiscal policymakers and financial markets. Co-organized with The Vienna Institute for International Economic Studies (wiiw), the Global Economy Lecture 2021 took place on November 3, 2021. Keynote speaker Professor Sir Partha Dasgupta elaborated on the economic link between population, consumption and biodiversity. And finally, on November 22 and 23, 2021, the OeNB's Conference on European Economic Integration (CEEI), which we organized together with the European Investment Bank (EIB), examined, inter alia, the ecological aspects of global value chains from a CESEE perspective.

Certified ISO 50001 energy management

Since most of our staff continued to work primarily from home also in the second year of the pandemic, office energy consumption remained limited in 2021: Electricity consumption amounted to just 5.1 MWh per full-time equivalent (FTE) staff, and district heating consumption stayed at very low levels.

For many years, we have exclusively procured electricity from renewable sources certified with the Austrian Ecolabel. Further measures to reduce greenhouse gas emissions include continued heat recovery, a photovoltaic system that was integrated into the building facade in 1998, the sustainable use of buildings, an optimized lighting concept (LED lighting), improved technical facilities (pump, sunblind and ventilation controls, district heating, district cooling, “free cooling” rooftop systems). Moreover, the OeNB strives to raise ecological awareness among employees, e.g. by encouraging the use of public transport both for getting to work and for business travel. The newly established environmental communication task force prepared contributions for the OeNB intranet and newspaper articles on questions of energy and environmental management. Moreover, plug-in hybrid vehicles with electric motors have been added to the OeNB’s company vehicle fleet and five electric bicycles have been made available to staff for errands around Vienna, which improved our green mobility score not least because we exclusively procure certified electricity from renewable sources. The fact that the OeNB has been certified under energy management standard ISO 50001 since 2014 underlines our commitment to energy efficiency.

The OeNB’s ecological indicators

With staff working mostly from home during the pandemic, the OeNB’s energy consumption, CO₂ emissions and waste generation have declined (table 6). In total, the OeNB generated 447.1 tons of CO₂ equivalents in 2021. Moreover, total paper consumption remained low as the pandemic and a number of optimization measures drove up the use of electronic media. In fact, we reduced paper consumption for

good as the OeNB’s Business and Economics Library went digital. In line with the digital strategy for the library, both daily papers and expert journals can now be accessed via online subscriptions, and subscriptions for print copies have been canceled. The corresponding CO₂ equivalents were calculated on the basis of conversion factors according to the Environment Agency Austria, taking into account indirect greenhouse gas emissions.

Promoting environmental awareness among our staff

To promote green mobility, the OeNB subsidizes yearly passes for public transport and has revised its staff agreement for business trips with a view to creating incentives for staff to use eco-friendly transportation on their way to and from work and when traveling on business. Moreover, an electronic workflow has been implemented to handle all business travel management procedures, which not only resulted in economic advantages but also in ecological benefits (lower paper consumption). Dedicated newsletters and articles on the intranet advocate traveling by train instead of by airplane or car and using the electric bicycles (“OeNBikes”) which we provide for errands around town (complete with specific training units). As mentioned above, the high share of OeNB staff working more frequently from home over the past two years in response to the pandemic also helped reduce the OeNB’s emissions.

Some environmental impact scores and ecological indicators need to be improved

In line with the EMAS Regulation, we regularly review the direct and indirect environmental aspects of measures that might have a significant impact on the environment. In doing so, we must consider issues such as an aspect’s potential to cause environmental harm, the degree of environmental vulnerability, the scale or severity of the impact, concerns of interested parties and legal requirements. Table 11 gives an overview of environmental impact assessments for different areas and of the potential for organizational improvement.

Table 6

The OeNB's ecological indicators (2019–2021)

	Unit	2019	2020	2021
Energy				
Electricity consumption per FTE ^{1,2}	MWh	6.50	5.57	5.10
Heat consumption	kWh per m ²	37	38	46
District cooling	kWh per m ²	43	39	53
Total energy consumption (buildings) ³	MWh	14,249	13,143	12,813
<i>of which: renewable energy</i> ⁴	MWh	7,837	9,427	8,959
Total energy consumption including business travel	MWh	16,411	13,842	13,171
Water				
Drinking water consumption per FTE	liters per day	x	x	16
Industrial water consumption per FTE	liters per day	x	x	15
Total water consumption per FTE ⁵	liters per day	87	59	31
Consumption of materials and products				
Total paper consumption per FTE ⁶	kg	44	24	15
Consumption of printing/copying paper per FTE	sheets	4,967	4,072	2,307
Share of recycled copying paper	%	38	53	46
Consumption of cleaning agents ⁷	g per m ²	16	7	5
Total CO ₂ emissions per FTE ⁸	tons	1.5	0.7	0.4

Source: OeNB.

¹ Number of employees (full-time equivalents – FTEs): 2019 = 1,069.6; 2020 = 1,087.5; 2021 = 1,133. The OeNB's environmental management system according to EMAS covers the following locations: Vienna (main building, Otto-Wagner-Platz 3; northern office building, Rotenhausgasse 4; and the areas in the Money Center that are assigned to the OeNB, Garnisongasse 15; all 1090 Vienna) and OeNB – Western Austria (Adamgasse 2, 6020 Innsbruck).

² All energy data on buildings include the Money Center but exclude the location OeNB – Western Austria and the Brussels Representative Office (around 20 FTEs).

³ Since 2020, lower energy consumption due to COVID-19 containment measures.

⁴ Since 2010, the OeNB has purchased green electricity from certified providers.

⁵ Excluding the location OeNB – Western Austria and the Brussels Representative Office; lower water consumption in 2021 due to COVID-19 containment measures.

⁶ Total consumption in 2021: 17,018 kg, based on paper purchased (i.e. including stocks).

⁷ Total consumption in 2021: 484 liters; lower consumption in 2021 due to COVID-19 containment measures.

⁸ Operation of facilities (including emergency generators) and business travel and transport; total in 2021: 405 tons, lower emissions due to COVID-19 containment measures; conversion factors according to the Environment Agency Austria, including indirect greenhouse gas emissions.

Note: Land used: 20,758 m², sealed surface: 17,860 m², green area: 4,520 m² (including green roof areas). The following indicators required by EMAS are not provided in this table because of negligible values: emissions of greenhouse gases and air pollutants such as CH₄, N₂O, HFC, PFC, SF₆ or SO₂, NO_x and fine dust.

Table 7

Sources of greenhouse gas emissions at the OeNB (2019–2021)

	2019	2020	2021
	Tons of CO ₂ ¹		
Scope 1 emissions			
Vehicle fleet	108.4	60.6	60.7
Cooling agents	3.6	0.0	5.0
Emergency generator tests	18.9	11.7	12.0
Subtotal	130.9	72.3	77.7
Scope 2 emissions			
Electricity	95.4	107.9	79.3
District heating	69.2	91.0	73.2
District cooling	167.1	151.2	146.5
Subtotal	331.7	350.1	299.0
Scope 3 emissions			
Business travel by airplane	1,032.7	282.7	61.0
Business travel by car	80.9	29.2	9.1
Business travel by train	3.2	0.7	0.3
Subtotal	1,116.8	312.6	70.4
Total	1,579.4	734.9	447.1

Source: OeNB.

¹ Greenhouse gas emissions including indirect effects.

Note: Figures for 2019 were calculated ex post using current conversion factors.

Table 8

Transport mileage (2019–2021)

	2019	2020	2021
Business travel by airplane, km	2,609,057	676,192	154,907
Business travel by car, km	356,642	117,300	39,933
Business travel by train, km	250,200	83,400	20,400
Fuels for transport, liters	34,879	20,123	19,768

Source: OeNB.

Table 9

Waste generation by the OeNB (2019–2021)

	2019	2020	2021	Waste code number
	kg			
Nonhazardous materials	72,396	44,390	39,190	
Commercial waste ¹	60,410	34,976	26,600	91101
Electronic scrap ²	3,167	3,394	1,080	35202
Electrical appliances, large and small	165	344	2,356	35221, 53231
Bulky waste ³	0	0	0	91401
Wood waste, treated and untreated ³	7,380	5,676	8,800	17201, 17202
Fire extinguishers, with or without residual content	1,274	0	354	35105, 59802
Sand filter contents	0	0	0	94704
Nonhazardous waste per FTE	68	40	35	
Hazardous materials	28,611	9,322	10,639	
Waste paint, waste varnish, solvents, cleaning agents	0	14	0	55502, 59405
Refrigeration equipment	100	181	81	35205
Refrigerants containing CFCs	71	0	0	55205
Refrigeration and air-conditioning equipment	0	0	0	35206
Unsorted batteries, lithium and nickel-cadmium batteries	366	506	268	35338, 35337, 35323
Lead storage cells ⁴	23,736	330	990	35322
Heating oil and fuels	0	0	0	54108
Oil separator contents ⁵	2,980	4,280	8,600	54702
Visual display units, PCB-free capacitors	345	282	0	35210, 35339, 35209
Laboratory waste	0	0	0	59305
Large visual display units and electronic devices	837	609	700	35212, 35201, 35220
Solvent-water mixtures, other oil-water mixtures	0	0	0	55374, 54408
Filter materials and absorbents with harmful additives	3	0	0	31435
Cleaning agent and solvent waste ⁶	0	0	0	59405, 55377
Gases in pressure containers, aerosol cans	173	2,160	0	59801, 59803
Plastic packaging material with hazardous residual content	0	0	0	57127
Asbestos cement	0	960	0	31412
Hazardous waste per FTE	27	8	9	
Recyclables	102,210	90,990	87,965	
Colored glas	2,790	4,290	5,500	31469
Clear glas	3,020	4,000	6,000	31468
Metal/cans	2,280	0	0	35315
Biodegradable waste ⁷	11,290	11,300	11,300	91701
Plastic packaging material including PET waste, cans	6,160	9,800	9,800	57118, 57130 or 91207
Iron and steel waste ⁸	19,330	10,570	13,160	35103, 35105
Waste paper ⁹	57,190	35,250	28,970	18718
Styrofoam/polysterene	150	110	210	57108
Data carriers	0	0	50	57119
Waste paper and cardboard, coated ⁹	0	15,670	12,975	18702
Recyclables per FTE	96	83	78	
Total waste	203,217	144,702	137,794	

Source: OeNB.

¹ Reduction in this category is attributable to rigorous waste separation and reuse of recyclable materials in general and, from 2020, also to pandemic-related containment measures in particular.

² Increase in 2020 due to more frequent and varied use (e.g. mobile devices, digital working environment).

³ Furniture is disassembled and disposed of with wood and metal waste, which keeps bulky waste volumes low most of the time.

⁴ Lead storage cells are required to ensure uninterrupted power supply; overhaul of the telephone system in 2021.

⁵ Oil separators in the parking garage.

⁶ Tank cleaning where required.

⁷ Including green waste (garden/park waste).

⁸ Metal containers had to be disposed of in 2019.

⁹ Fluctuations due to office moves and archive clearances.

Table 10

The OeNB's environmental performance up to 2021 and environmental program for 2022

	Year	Status	Action
Further greening of procurement			
Hiring a new cleaning contractor with EMAS certification	2022	to be continued	business area
Procuring office material according to ecological criteria	2022	to be continued	business area
Responsible resource use, reduction of emissions, further reduction of electricity consumption by 2% against 2014			
Climate targets coordination project	2022	planned	business area
Implementing occupancy-based lighting at the workplace	2021	implemented	business area
Developing the mobility strategy further (e-bikes)	2021	implemented	EPT
Evaluating district heat connection of OeNB – Western Austria	2022	planned	IG Immobilien Management GmbH
Electricity saving projects			
Switching to LED lighting on service floors (main building, northern office building)	2022	to be continued	business area
Modernizing plumbing, cooling and heating installations	2022	to be continued	business area
Planning project for energy-improvement of northern office building facade	2023	planned	business area
Replacing lighting in northern office building (mail room)	2022	planned	business area
Planning project for renewal of ventilation station (eastern top floor)	2022	planned	business area
Promoting environmental awareness, training			
Promoting green mobility (bicycle use, including training for OeNBikes)	2022	to be continued	business area
Training new staff (including remote training)	2022	planned	EPT
Urban gardening, information: plants in the city	2022	to be continued	business area
Networking and communication			
Membership in the Central Banks and Supervisors Network for Greening the Financial System (NGFS)	2022	to be continued	EPT
Information campaign, including lectures, more information on the intranet	2021	implemented	EPT
Cooperating with partners such as the Club of Rome, the WWF (World Wide Fund for Nature) and OEGUT (Austrian Society for Environment and Technology)	2022	to be continued	EPT
Auditing the waste disposal contractor	2022	planned	waste management officer
Greening the food offered at the OeNB further, reducing plastic material	2022	implemented	EPT

Source: OeNB.

Note: EPT = environmental protection team.

Table 11

Evaluation of environmental aspects at the OeNB (direct and indirect impact according to EMAS)

	Electricity consumption ¹	Heat consumption ¹	District cooling consumption ¹	Water consumption ²	Waste water generation ³	Procurement ¹	Consumption of materials, e.g. paper ⁴	Waste accumulation ⁵	Mobility including business travel, transport ⁶
Environmental relevance	High	High	High	Medium	Low	High	Medium	High	High
Potential for improvement	Medium	Low	Low	Low	Low	Medium	Low	Medium	Medium

Source: OeNB.

¹ Fundamental impact on resources and greenhouse gas emissions.

² Fundamental impact on resources and ecosystems.

³ Fundamental impact on biodiversity and ecosystems.

⁴ Fundamental impact on resources, ecosystems and greenhouse gas emissions.

⁵ Fundamental impact on ecosystems, greenhouse gas emissions and land surfaces.

⁶ Fundamental impact on soil and air quality, resources, ecosystems and greenhouse gas emissions.

EMAS validation

This comprehensive Environmental Statement published by the Oesterreichische Nationalbank, Otto-Wagner-Platz 3, 1090 Vienna, Austria, has been validated in accordance with the EMAS Regulation by TÜV SÜD, Franz-Grill-Straße 1, Arsenal Objekt 207, 1030 Vienna, Austria, AT-V-0003.

The Lead Verifier of TÜV SÜD herewith confirms that the OeNB's environmental policy, its environmental program and environmental management system, its environmental review and its environmental audit procedures conform to Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 (EMAS Regulation), as amended by Commission Regulation (EU) 2018/2026 of 19 December 2018, and validates the relevant information for the Environmental Statement in accordance with Annex IV section B points (a) to (h).

Vienna, January 2022



Kurt Kefer, Lead Environmental Verifier

The next update of the OeNB's Environmental Statement will be published as part of the OeNB's sustainability report in spring 2023.



From left to right: the 9 violins in our collection that were all crafted by Antonio Stradivari in Cremona (from left to right): "ex Benecke," 1694; "ex Rouse-Boughton," around 1698; "ex Brüstlein," 1707; "ex Hämmerle," 1709; "ex Smith-Quersin," after 1713; "ex Baron Oppenheim," 1716; "ex Viotti – ex Arnold Rosé," 1718; "ex Rawack," 1722; "Chaconne," 1725.

Direct and indirect equity interests

Table 12

Direct and indirect equity interests of the OeNB as on December 31, 2021

Share in %	Company	Capital issued
100	Münze Österreich Aktiengesellschaft, Vienna (Austria)	EUR 6,000,000.00
100	Schoeller Münzhandel GmbH, Vienna (Austria)	EUR 1,017,420.00
(100) 100	Schoeller Münzhandel Deutschland GmbH, Hamburg (Germany)	EUR 6,000,000.00
50	PRINT and MINT SERVICES GmbH, Vienna (Austria)	EUR 35,000.00
22.25	proionic GmbH, Raaba-Grambach (Austria)	EUR 52,877.00
16.67	World Money Fair Holding GmbH, Berlin (Germany)	EUR 30,000.00
(16.67) 100	World Money Fair Berlin GmbH, Berlin (Germany)	EUR 25,000.00
(16.67) 100	World Money Fair AG, Basel (Switzerland)	CHF 300,000.00
12.28	Stirtec GmbH, Premstätten (Austria)	EUR 95,050.00
100	Oesterreichische Banknoten- und Sicherheitsdruck GmbH, Vienna (Austria)	EUR 10,000,000.00
50	PRINT and MINT SERVICES GmbH, Vienna (Austria)	EUR 35,000.00
0.25	Europafi S.A.S., Vic-le-Comte (France)	EUR 133,000,000.00
100	GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H., Vienna (Austria)	EUR 3,336,336.14
100	OeNPAY Financial Innovation HUB GmbH, Vienna (Austria)	EUR 35,000.00
100	IG Immobilien Invest GmbH, Vienna (Austria)	EUR 40,000.00
100	Austrian House S.A., Brussels (Belgium)	EUR 5,841,610.91
100	City Center Amstetten GmbH, Vienna (Austria)	EUR 72,000.00
100	EKZ Tulln Errichtungs GmbH, Vienna (Austria)	EUR 36,000.00
100	HW Hohe Warte Projektentwicklungs- und ErrichtungsgmbH, Vienna (Austria)	EUR 35,000.00
100	IG Belgium S.A., Brussels (Belgium)	EUR 19,360,309.87
100	IG Hungary Irodaközpont Kft., Budapest (Hungary)	EUR 11,852.00
100	IG Immobilien Beteiligungs GmbH, Vienna (Austria)	EUR 40,000.00
100	IG Immobilien M97 GmbH, Vienna (Austria)	EUR 120,000.00
100	IG Immobilien Management GmbH, Vienna (Austria)	EUR 40,000.00
100	IG Immobilien Mariahilfer Straße 99 GmbH, Vienna (Austria)	EUR 72,000.00
100	IG Immobilien O20-H22 GmbH, Vienna (Austria)	EUR 110,000.00
100	IG Netherlands N1 and N2 B.V., Uithoorn (Netherlands)	EUR 91,000.00
100	BLM Betriebs-Liegenschafts-Management GmbH, Vienna (Austria)	EUR 40,000.00
100	BLM-IG Bauträger GmbH, Vienna (Austria)	EUR 35,000.00
(100) 100	OWP5 Betriebs-Liegenschafts-Management GmbH, Vienna (Austria)	EUR 35,000.00
100	BLM New York 43 West 61 st Street LLC, New York (USA)	USD 10.00

Source: OeNB, subsidiaries.

Note: The OeNB's share of the subscribed capital of the European Central Bank (ECB), Frankfurt (Germany), which totals EUR 10,825,007,069.61, amounted to 2.3804% as at December 31, 2021. The OeNB also holds 8,000 shares (at SDR 5,000 each) and 564 nonvoting shares in the Bank for International Settlements (BIS), Basel (Switzerland), as well as 56 shares (at EUR 125.00 each) in S.W.I.F.T. (Society for Worldwide Interbank Financial Telecommunication), La Hulpe (Belgium).

Table 12 shows the OeNB's direct and indirect equity interests in line with Article 68 paragraph 4 Nationalbank Act.



Photo: Nikolaj Lund.

“When I received the “ex Benecke” Stradivari, it had not been played for a very long time, and it was really fascinating for me to observe the way the instrument “was waking up” from day to day. Recording my CD with this violin was such a rewarding experience for me, and not just for the sounds it allowed me to draw out!”
Fedor Rudin, soloist.

Violin “ex Benecke” crafted by Antonio Stradivari in Cremona in 1694 (front and back views)



Our latest acquisition is the violin “ex Benecke” crafted by Antonio Stradivari in Cremona in 1694. Purchased after an international call for tender, this instrument now takes pride of place in our collection. A long-pattern model, this instrument’s body is somewhat longer. Stradivari developed this model with a view to achieving darker sounds. The violin was owned by the Benecke family for over five decades and is in excellent condition.

Photos: Jan Röhrmann.



Financial statements
of the Oesterreichische Nationalbank
for 2021

Balance sheet as at December 31, 2021

Assets

	December 31, 2021 EUR	December 31, 2020 EUR
1 Gold and gold receivables	14,488,739,030.49	13,898,209,778.76
2 Claims on non-euro area residents denominated in foreign currency	15,494,813,442.70	10,912,863,651.92
2.1 Receivables from the IMF	8,007,217,853.56	3,079,753,691.07
2.2 Balances with banks and security investments, external loans and other external assets	7,487,595,589.14	7,833,109,960.85
3 Claims on euro area residents denominated in foreign currency	1,163,865,733.49	771,905,877.21
4 Claims on non-euro area residents denominated in euro	287,522,712.67	1,015,347,528.40
4.1 Balances with banks, security investments and loans	287,522,712.67	1,015,347,528.40
4.2 Claims arising from the credit facility under ERM II	–	–
5 Lending to euro area credit institutions related to monetary policy operations denominated in euro	87,425,540,000.00	67,211,130,000.00
5.1 Main refinancing operations	15,000,000.00	90,000,000.00
5.2 Longer-term refinancing operations	87,410,540,000.00	67,121,130,000.00
5.3 Fine-tuning reverse operations	–	–
5.4 Structural reverse operations	–	–
5.5 Marginal lending facility	–	–
5.6 Credits related to margin calls	–	–
6 Other claims on euro area credit institutions denominated in euro	9,769.76	78,899.61
7 Securities of euro area residents denominated in euro	114,769,945,846.80	92,424,500,009.29
7.1 Securities held for monetary policy purposes	107,646,927,227.03	84,659,117,873.38
7.2 Other securities	7,123,018,619.77	7,765,382,135.91
8 General government debt denominated in euro	386,205,576.19	390,704,880.94
9 Intra-Eurosystem claims	31,936,697,882.09	32,906,380,934.72
9.1 Participating interest in the ECB	294,367,249.37	276,510,617.00
9.2 Claims equivalent to the transfer of foreign reserves	1,180,823,432.72	1,180,823,432.72
9.3 Claims related to the issuance of ECB debt certificates ¹	×	×
9.4 Net claims related to the allocation of euro banknotes within the Eurosystem	30,461,507,200.00	31,449,046,885.00
9.5 Other claims within the Eurosystem (net)	–	–
10 Items in course of settlement	–	–
11 Other assets	8,955,057,426.04	8,894,899,068.92
11.1 Coins of euro area	116,448,081.30	121,424,585.82
11.2 Tangible and intangible fixed assets	175,991,219.77	125,768,446.81
11.3 Other financial assets	6,865,862,804.63	6,928,635,285.58
11.4 Off balance sheet instruments' revaluation differences	–	11,288,237.68
11.5 Accruals and prepaid expenses	890,830,482.40	818,926,055.40
11.6 Sundry	905,924,837.94	888,856,457.63
Total assets	274,908,397,420.23	228,426,020,629.77

¹ Only an ECB balance sheet item.

Liabilities

	December 31, 2021 EUR	December 31, 2020 EUR
1 Banknotes in circulation	41,582,593,050.00	38,624,235,600.00
2 Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	124,649,535,676.22	110,434,278,331.13
2.1 Current accounts (covering the minimum reserve system)	112,099,535,676.22	100,826,278,331.13
2.2 Deposit facility	12,550,000,000.00	9,608,000,000.00
2.3 Fixed-term deposits	–	–
2.4 Fine-tuning reverse operations	–	–
2.5 Deposits related to margin calls	–	–
3 Other liabilities to euro area credit institutions denominated in euro	947,989,663.95	–
4 Debt certificates issued¹	x	x
5 Liabilities to other euro area residents denominated in euro	12,596,208,806.99	14,199,458,192.76
5.1 General government	9,267,294,833.81	10,779,409,334.70
5.2 Other liabilities	3,328,913,973.18	3,420,048,858.06
6 Liabilities to non-euro area residents denominated in euro	4,001,497,704.39	1,460,872,402.57
7 Liabilities to euro area residents denominated in foreign currency	35,145.84	33,232.86
8 Liabilities to non-euro area residents denominated in foreign currency	–	–
8.1 Deposits, balances and other liabilities	–	–
8.2 Liabilities arising from the credit facility under ERM II	–	–
9 Counterpart of Special Drawing Rights allocated by the IMF	6,803,578,847.87	2,046,419,510.68
10 Intra-Eurosystem liabilities	57,148,227,675.87	37,135,019,198.48
10.1 Liabilities equivalent to the transfer of foreign reserves ¹	x	x
10.2 Liabilities related to the issuance of ECB debt certificates	–	–
10.3 Net liabilities related to the allocation of euro banknotes within the Eurosystem	–	–
10.4 Other liabilities within the Eurosystem (net)	57,148,227,675.87	37,135,019,198.48
11 Items in course of settlement	–	–
12 Other liabilities	1,253,601,247.62	397,879,624.78
12.1 Off balance sheet instruments' revaluation differences	14,996,265.10	–
12.2 Accruals and income collected in advance	1,132,612,877.32	337,623,648.12
12.3 Sundry	105,992,105.20	60,255,976.66
13 Provisions	6,977,404,069.77	6,666,596,239.08
14 Revaluation accounts	14,648,961,599.45	13,169,144,567.95
15 Capital and reserves	4,292,409,460.28	4,291,205,662.81
15.1 Capital	12,000,000.00	12,000,000.00
15.2 Reserves	4,280,409,460.28	4,279,205,662.81
16 Profit for the year	6,354,471.98	878,066.67
Total liabilities	274,908,397,420.23	228,426,020,629.77

¹ Only an ECB balance sheet item.

Profit and loss account for the year 2021

	Year ending December 31, 2021 EUR	Year ending December 31, 2020 EUR
1.1 Interest income	2,187,368,123.58	1,805,048,009.44
1.2 Interest expense	-2,097,243,232.59	-1,430,881,624.79
1 Net interest income	90,124,890.99	374,166,384.65
2.1 Realized gains/losses arising from financial operations	392,523,737.62	-99,165,110.45
2.2 Expenses related to financial assets and positions	-219,142,580.31	-309,717,004.73
2.3 Transfer to/from provisions for financial risks	-220,000,000.00	71,830,556.17
2 Net result of financial operations, write-downs and risk provisions	-46,618,842.69	-337,051,559.01
3.1 Fees and commissions income	10,169,889.56	9,531,478.20
3.2 Fees and commissions expense	-8,705,383.39	-7,160,956.35
3 Net income from fees and commissions	1,464,506.17	2,370,521.85
4 Income from equity shares and participating interests	92,356,017.95	123,412,089.84
5 Net result of pooling of monetary income	284,289,405.39	201,964,075.57
6 Other income	90,379,898.33	62,888,979.48
Total net income	511,995,876.14	427,750,492.38
7 Staff costs	-164,684,776.39	-160,840,950.02
8 Expenses for retirement	-129,028,682.76	-135,025,884.97
9 Administrative expenses	-80,587,825.27	-82,898,126.91
10 Depreciation of tangible and intangible fixed assets	-13,115,960.49	-12,749,657.49
11 Banknote production services	-23,867,604.36	-14,743,837.44
12 Other expenses	-6,568,098.51	-11,732,239.16
Total expenses	-417,852,947.78	-417,990,695.99
Operating profit	94,142,928.36	9,759,796.39
13 Corporate income tax	-23,537,684.09	-3,500.00
Annual net profit	70,605,244.27	9,756,296.39
14 Transfer to the pension reserve and central government's share of profit	-64,250,772.29	-8,878,229.72
15 Profit for the year	6,354,471.98	878,066.67

Notes on the financial statements for 2021

General notes on the financial statements

Legal framework

The Oesterreichische Nationalbank (OeNB) is obligated under Article 67 paragraph 2 of the Federal Act on the Oesterreichische Nationalbank 1984¹ (hereinafter Nationalbank Act), Federal Law Gazette No. 50/1984, as amended, to prepare its balance sheet and its profit and loss account in conformity with the rules established by the Governing Council of the ECB under Article 26.4 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank (Statute of the ESCB and of the ECB). The OeNB has adopted the ESCB's accounting rules² and applied them to these financial statements in their entirety. Activities not covered by these rules are treated as regulated by the generally accepted accounting principles referred to in Article 67 paragraph 2 second sentence Nationalbank Act and, according to Article 67 paragraph 3 Nationalbank Act, the provisions of the third volume of the Unternehmensgesetzbuch (Commercial Code) are applied in addition. The OeNB is exempt, inter alia, from Article 199 Commercial Code (contingent liabilities arising from guarantees) and from Articles 244 et seq. Commercial Code (consolidated financial statements). Moreover, Article 68 paragraph 3 Nationalbank Act exempts the OeNB from including specific disclosures under Article 243 Commercial Code. In light of the provisions of Article 72 Nationalbank Act, no differences can arise between the carrying values reported by the OeNB in the balance sheet for commercial and for tax purposes.

Format of the balance sheet and of the profit and loss account

The balance sheet and the profit and loss account in the financial statements for 2021

were prepared in the format laid down by the Governing Council of the ECB. Transactions that are not disclosed in the balance sheet are recorded and disclosed separately because the Eurosystem's accounting format does not provide for off balance sheet transactions (see section *Notes on transactions not disclosed in the balance sheet*). In 2021, the profit and loss account item 2.2 *Write-downs on financial assets and positions* was renamed into *Expenses related to financial assets and positions*, because this profit and loss account item, apart from write-downs on financial assets and positions, for the first time also included expenses related to participating interests.

Valuation rules and accounting policies

The OeNB's financial statements are prepared in conformity with valuation rules and accounting policies which are applied by the Eurosystem and which follow accounting principles harmonized by European Union (EU) law and generally accepted international accounting standards. These standards comprise the following accounting principles: economic reality and transparency, prudence, recognition of post-balance sheet events, materiality, going-concern basis, accruals principle, consistency and comparability.

Time of recording

Foreign exchange transactions, financial instruments denominated in foreign currency and related accruals must be recorded at trade date (economic approach) while securities transactions (including transactions with equity instruments) denominated in foreign currency may be recorded according to the cash/settlement approach. Interest accrued in relation to foreign currency transactions, including premiums or discounts, must be recorded on a daily basis from the spot settlement date. To record

¹ The Nationalbank Act was last amended with effect from August 14, 2018 (Federal Law Gazette I No. 61/2018).

² Guideline of the ECB of 3 November 2016 on the legal framework for accounting and financial reporting in the European System of Central Banks (recast) (ECB/2016/34), as amended on November 11, 2021 (ECB/2021/51).

euro-denominated transactions, financial instruments and related accruals, either the economic or the cash/settlement approach may be used.

Foreign currency transactions whose exchange rate is not fixed against the accounting currency are recorded at the euro exchange rate prevailing on the day of the transaction.

Basis of accounting

At year-end, valuation is based on current market prices or rates. This applies equally to transactions that are disclosed in the balance sheet and to transactions that are not.

The valuation of foreign currency holdings comprises the entire position in a given currency (including off balance sheet instruments). Moreover, holdings of Special Drawing Rights (SDRs), including holdings of specific foreign currencies that serve to hedge the SDR currency risk, are treated as a single holding. Own funds invested in foreign exchange assets are treated as a separate currency item under *other financial assets*, and so are any equity instruments (equity shares and equity funds) denominated in foreign currency.

Revaluation of securities and investment fund shares/units takes place on a security-by-security basis, i.e. securities with the same International Securities Identification Number (ISIN) are grouped together.

Securities currently held for monetary policy purposes (debt securities) are accounted for at amortized cost (subject to impairment). Marketable securities (other than securities currently held for monetary policy purposes and those classified as held-to-maturity³) and similar assets are valued either at market prices or on the basis of the relevant yield curve prevailing on the balance sheet date, on a security-by-security basis. Options embedded in securities are not separated for valuation purposes. For the year ending December 31, 2021, market prices as on December 31, 2021, were used.

Marketable securities classified as held-to-maturity and non-marketable securities are

valued at amortized cost subject to impairment. Illiquid equity shares and any other equity instruments held as permanent investments are valued at cost subject to impairment.

Participating interests are valued on the basis of the net asset value of the relevant company.

Income recognition

Realized gains and losses may only occur in the course of transactions entailing a reduction in securities or currency positions. They correspond to the difference between the transaction value and the acquisition value calculated according to the average cost method and must be included in the profit and loss account.

Unrealized gains and losses arise during revaluation and correspond to the difference between the market price and the acquisition value calculated according to the average cost method. Unrealized gains must not be taken to the profit and loss account but must be transferred to a revaluation account on the liabilities side of the balance sheet. Unrealized losses are set off against unrealized gains from previous periods in the corresponding revaluation account, and additional losses are transferred to the profit and loss account. They may not be reversed against new unrealized gains in subsequent years. Unrealized losses in any one security or currency are not netted against unrealized gains in other securities or currencies (prohibition of netting).

Premiums or discounts arising on purchased securities are calculated and presented as part of interest income and are amortized over the remaining life of the securities.

Tangible and intangible fixed assets

Tangible and intangible fixed assets are valued at cost less depreciation. As a rule, depreciation is calculated on a straight-line basis from the quarter after acquisition throughout the expected economic lifetime of the assets. Acquisitions of string instruments and art objects as well as

³ *Held-to-maturity securities are securities with fixed or determinable payments and a fixed maturity that the OeNB intends to hold until maturity.*

additions to the collection of the OeNB's Money Museum are excluded from this provision. They are capitalized at acquisition cost, and are not depreciated according to the straight-line method as these assets do not lose their value gradually over time. Extraordinary depreciation is required if permanent impairment is expected. In line with the ESCB's accounting rules, no write-ups are added to amortized cost should the reasons for impairment no longer apply. The depreciation periods applicable to the individual assets are listed in table 1.

Realized gains and losses as well as valuation differences and their treatment in the financial statements of December 31, 2021

Realized gains and losses as well as valuation differences are shown in table 2.

Table 1

Asset	Depreciation period
Computers, related hardware and software, motor vehicles	4 years
Intangible assets	5 years
Equipment, furniture and plant in building	10 years
Buildings	25 years
Fixed assets costing less than EUR 10,000 including value added tax (low-value assets)	depreciation in the year of acquisition

Banknotes in circulation, intra-Eurosystem balances and interim ECB profit distribution

Banknotes in circulation

The ECB and the 19 euro area national central banks (NCBs), which together comprise the Eurosystem, issue euro banknotes. The banknotes in circulation presented in the balance sheet of the OeNB (and of the other Eurosystem central banks) are calculated as per the last working day of each month in accordance with the banknote allocation key of the Eurosystem.⁴

The ECB has been allocated a share of 8% of the total value of euro banknotes in circulation, whereas the remaining 92% have been allocated to the NCBs according to their weightings in the capital key of the ECB. The share of banknotes allocated to the OeNB is disclosed in the balance sheet under liability item 1 *Banknotes in circulation*.

The difference between the value of the euro banknotes allocated to the OeNB in accordance with the banknote allocation key and the value of the euro banknotes that the OeNB actually puts into circulation gives rise to remunerated intra-Eurosystem balances. If the value of the euro banknotes put into circulation exceeds the value of the euro banknotes allocated in accordance with the banknote allocation key, the OeNB records *net liabilities*

Table 2

	Realized gains profit and loss account item 2.1	Realized losses profit and loss account item 2.1	Unrealized losses profit and loss account item 2.2	Change in unrealized gains liability item 14
	EUR million	EUR million	EUR million	EUR million
Gold	–	–	–	+590.529
Foreign currency	110.773	6.385	41.777	+510.713
Securities	326.288	38.153	169.501	+242.923
Participating interests (investment of own funds)	–	–	–	+10.079
Total	437.061	44.538	211.277	+1,354.243

⁴ Banknote allocation key means the percentages that result from taking into account the ECB's share (8%) in the total euro banknote issue and applying the capital key to the NCBs' share (92%) in such total.

related to the allocation of euro banknotes within the Eurosystem. Conversely, the OeNB records net claims related to the allocation of euro banknotes within the Eurosystem.

From the cash changeover year until five years following the cash changeover year, the intra-Eurosystem balances arising from the allocation of euro banknotes are adjusted in order to avoid significant changes in NCBs' relative income positions as compared to previous years. The adjustments are effected by taking into account the differences between the average value of banknotes put in circulation of each NCB in the reference period and the average value of banknotes that would have been allocated to them during that period under the ECB's capital key. The adjustments will be reduced in annual stages until the first day of the sixth year after the cash changeover year, when income on banknotes (seigniorage) will be allocated fully in proportion to the NCBs' paid-up shares in the ECB's capital. In the year under review, no adjustments were made. The last adjustment period terminated at the end of 2020.

The interest income and expense on these balances is cleared through the accounts of the ECB and is disclosed under the profit and loss account item 1 *Net interest income*. In the year under review, no interest accrued because the interest rate on the main refinancing operations was 0% throughout the year.

Intra-Eurosystem balances

Intra-Eurosystem balances result primarily from cross-border payments in the EU that are settled in central bank money in euro. They are primarily settled in TARGET2 – the Trans-European Automated Real-time Gross settlement Express Transfer system 2 – and give rise to bilateral balances in the TARGET2 accounts of EU central banks. These bilateral balances are netted and then assigned to the ECB on a daily basis, leaving each NCB with a single net bilateral position vis-à-vis the ECB only. The OeNB's intra-Eurosystem balances vis-à-vis the ECB arising from TARGET2, as well as other intra-Eurosystem balances denominated in

euro (e.g. interim ECB profit distributions to NCBs, monetary income results), are presented net under liability item 10.4 *Other liabilities within the Eurosystem (net)*. Intra-ESCB balances vis-à-vis non-euro area NCBs not arising from TARGET2 are disclosed either under *claims on non-euro area residents denominated in euro* or *liabilities to non-euro area residents denominated in euro*.

Intra-Eurosystem claims arising from the OeNB's participating interest in the ECB are reported under asset item 9.1 *Participating interest in the ECB*.

Intra-Eurosystem claims arising from the transfer of foreign reserves to the ECB by the OeNB at the time of joining the Eurosystem are denominated in euro and reported under asset item 9.2 *Claims equivalent to the transfer of foreign reserves*.

Intra-Eurosystem balances arising from the allocation of euro banknotes within the Eurosystem are reported net under asset item 9.4 *Net claims related to the allocation of euro banknotes within the Eurosystem*.

Interim ECB profit distribution

The Governing Council of the ECB has decided that the seigniorage income of the ECB, which arises from the 8% share of euro banknotes allocated to the ECB, as well as the income arising from the securities held under

- the Securities Markets Programme (SMP),
- the third covered bond purchase programme (CBPP3),
- the asset-backed securities purchase programme (ABSPP),
- the public sector purchase programme (PSPP) and
- the pandemic emergency purchase programme (PEPP)

are distributed in January of the following year by means of an interim profit distribution, unless otherwise decided by the Governing Council. This income is distributed in full unless it is higher than the ECB's net profit for the year and subject to any decisions by the Governing Council to make transfers to the provision for financial risks. The Governing Council may

also decide to reduce the amount of the income on euro banknotes in circulation to be distributed in January by the amount of the costs incurred by the ECB in connection with the issue and handling of euro banknotes.

The amount distributed by the ECB to the OeNB is disclosed in the profit and loss account item 4 *Income from equity shares and participating interests*.

Provisions for financial risks and loss-absorbing capital

The OeNB's risk provisions are broken down into provisions for financial risks and loss-absorbing capital. They are part of the OeNB's net equity, which is shown in table 5. The risk provision is established in line with the ESCB's accounting rules and serves to cover financial risks (i.e. market, liquidity and credit risks). As defined by the ECB, it constitutes a central bank-specific provision equivalent to reserves.

The risk range capturing the individual risks is established by calculating baseline and stress measures. The baseline measures reflect the current risk profile, while the stress measures provide for typical stress phases during the investment horizon. All risk measures represent an expected shortfall (ES) with a confidence level of 99% over a one-year

horizon. The risk range, which is based on a reasoned estimate, is contrasted with the risk coverage capital. Apart from the provisions for financial risks, the latter comprises foreign currency and securities revaluation accounts. In line with the prohibition of netting, the existing revaluation accounts are only recognized as coverage for the corresponding risks.

Under the principle of universality, the OeNB's financial risks are compared with the corresponding financial provisions. On December 31, 2021, the stress measures captured financial risks in the amount of EUR 7,610.297 million. The main risk drivers were the OeNB's own funds portfolio and monetary policy. The risk coverage capital, in turn, ran to EUR 7,826.242 million.

Table 3 shows the provisions for financial risks and loss-absorbing capital.

Related-party transactions

Article 238 paragraph 1 item 12 Commercial Code stipulates that the notes on the financial statements must include information about material transactions with related parties that were not concluded under normal market conditions. The OeNB has a special reporting system and internal control measures for such instances in place.

Table 3

	December 31, 2020 EUR million	Increase EUR million	Decrease EUR million	December 31, 2021 EUR million
I. Provisions for financial risks				
L 15.2 Reserve for nondomestic and price risks	1,973.263	–	–	1,973.263
L 13 Risk provision (equivalent to reserves)	4,178.169	+220.000	–	4,398.169
	6,151.432	+220.000	–	6,371.432
II. Loss-absorbing capital				
L 15.2 Profit-smoothing reserve	148.422	+0.278	–	148.700
L 15.2 OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching				
OeNB Anniversary Fund National Foundation ¹ endowment	1,452.900	–	–	1,452.900
OeNB Anniversary Fund (initial funding)	40.000	–	–	40.000
	1,641.322	+0.278	–	1,641.600
Total	7,792.754	+220.278	–	8,013.032

¹ National Foundation for Research, Technology and Development.

Note: L = liability item.

Any business the OeNB transacted with related parties in 2021 was at normal market conditions.

In the financial year 2021, the OeNB provided funding to several economic research institutions (Austrian Institute of Economic Research (WIFO), Institute for Advanced Studies (IHS), The Vienna Institute for International Economic Studies (wiiw)) as well as to economic education providers (Austrian Society for European Politics (ÖGfE), Joint Vienna Institute (JVI) and the foundation for economic literacy called Stiftung für Wirtschaftsbildung), with total funding running to EUR 5.464 million (2020: EUR 5.445 million).

Information under section 9.2 Corporate Governance Code of the OeNB

The relations maintained by the OeNB with its shareholder as well as with the members of the Governing Board and of the General Council comply with the legal and statutory provisions (see section *Related-party transactions* for information related to Article 238 paragraph 1 item 12 Commercial Code).

The Republic of Austria is the sole shareholder of the OeNB. Pursuant to Article 69 paragraph 3 Nationalbank Act, the central government's share of profit corresponds to 90% of the OeNB's annual net profit. Of the then remaining profit for the year, the central government additionally receives, by decision of the General Meeting, a dividend of up to 10% of its share of the OeNB's capital.

Lending by the OeNB to its employees in the form of advances on salaries and employer loans is reported in asset item 11.6 *Sundry*.

The remuneration received by the members of the Governing Board and of the General Council is reported in the profit and loss account item 7 *Staff costs*.

In 2021, the OeNB did not transact any business with Governing Board members that did not directly concern the latter's tasks as members of the Governing Board.

There are no services and work contracts between members of the General Council and the OeNB in evidence that extend beyond the former's activities as members of the General Council.

Impact of the COVID-19 pandemic

The financial year 2021 continued to be influenced by the COVID-19 pandemic. In the course of 2020, the Governing Council of the ECB had adopted comprehensive monetary policy measures to mitigate the impact the COVID-19 pandemic had on the euro area economy. These measures were prolonged in 2021. As part of its Eurosystem tasks, the OeNB participated in implementing these measures, the result of which is reflected in the OeNB's balance sheet and profit and loss account.

The pandemic had no effect on the accounting policies and valuation rules or on the going-concern principle.

The OeNB did not receive any grants, such as short-time work support, fixed cost grants or investment premiums, and did not apply for any COVID-19-related payment deferrals or debt relief.

The OeNB's net currency position

Table 4 shows the net currency position of the OeNB.

Net equity

The presentation of net equity by the NCBs of the Eurosystem is in line with that of the ECB (table 5).

Notes on the balance sheet

Assets

1 Gold and gold receivables

Closing balance	EUR million
December 31, 2021	14,488.739
December 31, 2020	13,898.210
Change	+590.529 (+4.2%)

The OeNB's gold holdings amounted to 9,002,107.528 fine ounces or 279,996.84 kg of fine gold on December 31, 2021. Given a valuation price of EUR 1,609.483 per fine ounce (i.e. EUR 51,746.08 per kg of fine gold), the value of the asset item *gold and gold receivables* increased to EUR 14,488.739 million on the balance sheet date.

Table 4

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
Gold and gold receivables	14,488.739	13,898.210	+590.529	+4.2
Claims on non-euro area residents denominated in foreign currency	15,494.813	10,912.864	+4,581.950	+42.0
Claims on euro area residents denominated in foreign currency	1,163.866	771.906	+391.960	+50.8
Other assets	27.115	36.193	-9.079	-25.1
<i>less:</i>				
Liabilities to euro area residents denominated in foreign currency	0.035	0.033	+0.002	+5.8
Counterpart of Special Drawing Rights allocated by the IMF	6,803.579	2,046.420	+4,757.159	n.a.
Other liabilities	0.638	0.422	+0.216	+51.1
Revaluation accounts ¹	19.571	56.052	-36.482	-65.1
	24,350.710	23,516.246	+834.465	+3.5
Transactions not disclosed in the balance sheet (net)	-203.073	-253.221	-50.148	-19.8
Total	24,147.638	23,263.025	+884.613	+3.8

¹ Resulting from the change in net unrealized exchange rate gains on foreign currency-denominated securities and off balance sheet transactions as at the balance sheet date.

Table 5

	December 31, 2020	Increase	Decrease	December 31, 2021
	EUR million	EUR million	EUR million	EUR million
L 13 Risk provision (equivalent to reserves)	4,178.169	+220.000	-	4,398.169
L 14 Revaluation accounts ¹	13,169.145	+1,479.817	-	14,648.962
L 15.1 Capital	12.000	-	-	12.000
L 15.2 Reserves				
Reserve for nondomestic and price risks	1,973.263	-	-	1,973.263
Profit-smoothing reserve	148.422	+0.278	-	148.700
OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching				
OeNB Anniversary Fund National Foundation endowment	1,452.900	-	-	1,452.900
OeNB Anniversary Fund (initial funding)	40.000	-	-	40.000
Net equity	20,973.899	+1,700.095	-	22,673.994

¹ Valuation gains may only be used to set off future valuation losses in the corresponding valuation units (prohibition of netting) or may be realized through transactions related to the corresponding stocks.

Note: L = liability item.

Table 6

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
Austria's quota equivalent to SDR 3,932.0 million ¹	4,859.559	4,634.255	+225.304	+4.9
less:				
Balances at the disposal of the IMF	3,651.140	3,645.417	+5.723	+0.2
Claim on the participation in the IMF	1,208.419	988.838	+219.581	+22.2
SDR holdings	6,745.811	1,988.526	+4,757.285	n.a.
Other claims on the IMF	52.988	102.390	-49.402	-48.2
Total	8,007.218	3,079.754	+4,927.464	+160.0

¹ Pursuant to Federal Law Gazette No. 309/1971, the OeNB manages the entire quota on its own account on behalf of the Republic of Austria.

2 Claims on non-euro area residents denominated in foreign currency

Closing balance	EUR million	
December 31, 2021	15,494.813	
December 31, 2020	10,912.864	
Change	+4,581.950	(+42.0%)

Table 6 shows asset item 2.1 *Receivables from the IMF*.

The increase in Austria's quota by EUR 225.304 million is entirely due to valuation changes, effects resulting from exchange rate movements and book value adjustments. The balances at the disposal of the IMF decreased by EUR 165.757 million due to credits (repayments) and debits (such as drawdowns) and increased by EUR 171.479 million on account of valuation changes, effects resulting from exchange rate movements and book value adjustments. The claim on the participation in the IMF therefore increased by EUR 219.581 million to EUR 1,208.419 million in 2021 (2020: EUR 988.838 million).

The IMF adjusts its rate of remuneration on a weekly basis. In 2021, this rate hovered between 0.050% and 0.115% per annum, mirroring the prevailing SDR interest rate.

SDR holdings⁵ were recognized in the balance sheet at EUR 6,745.811 million (SDR 5,458.218 million) as at December 31, 2021. The EUR 4,757.285 million net increase during the year 2021 resulted largely from the general gratuitous SDR allocation (+EUR 4,560.814 million),

SDR valuation gains (+EUR 299.291 million), realized net losses and book value adjustments (-EUR 105.476 million), interest credited and remuneration received from the IMF (+EUR 0.585 million) as well as a payout related to the debt relief granted to Sudan (+EUR 12.945 million). Sales of SDRs amounted to EUR 10.875 million.

Under the IMF's Articles of Agreement, the OeNB is obligated to provide currency on demand in exchange for SDRs up to the point at which its SDR holdings are three times as high as its gratuitously allocated SDRs (see liability item 9 *Counterpart of Special Drawing Rights allocated by the IMF*). The fourth general gratuitous allocation of SDRs by the IMF became effective on August 23, 2021. This allocation increased the OeNB's gratuitously allocated SDR holdings by SDR 3,768.645 million to SDR 5,504.959 million or EUR 6,803.579 million (2020: SDR 1,736.314 million or EUR 2,046.420 million). See section *Notes on transactions not disclosed in the balance sheet* for information about the obligation to provide currency on demand, which would result in a claim of the same size.

The OeNB's other claims on the IMF arise from Austria's funding commitments to the IMF under the New Arrangements to Borrow (NAB) and bilateral borrowing agreements with the IMF.

The currently applicable NAB, which entered into effect on January 1, 2021, and will be valid until December 31, 2025, provide for an Austrian

⁵ Pursuant to Federal Law Gazette No. 440/1969, the OeNB is entitled to participate in the SDR system on its own account on behalf of the Republic of Austria and to enter the SDRs purchased or allocated gratuitously on the asset side of the balance sheet.

credit line of up to SDR 3,636.980 million (EUR 4,494.944 million), which corresponds to the maximum volume laid down by federal law.⁶ Until December 31, 2020, the credit line had amounted to SDR 1,818.490 million.

So far, the IMF has drawn a total of SDR 637.400 million from its credit line with the OeNB under the NAB, and it has paid back SDR 594.526 million, which brings net drawings to SDR 42.874 million (EUR 52.988 million) at the balance sheet date.

For the undrawn part of the NAB commitment as on December 31, 2021, the OeNB's balance sheet includes a contingent liability. The IMF could call on these resources for lending purposes against remuneration, which would result in a claim of the same size (see section *Notes on transactions not disclosed in the balance sheet*).

The OeNB is authorized to provide the IMF with a temporary credit line of up to EUR 6.13 billion under a bilateral borrowing agreement with the IMF (Federal Law Gazette I No.

101/2013). The current bilateral borrowing agreement under this framework entered into force on January 1, 2021. This agreement is valid until December 31, 2023, and may be extended once by one year. Under the current agreement, the credit line has been reduced to EUR 2.6 billion (SDR 2.1 billion). So far, there have not been any drawdowns by the IMF.

Related to this bilateral borrowing agreement, the OeNB's balance sheet contains a contingent liability to the IMF which would result in a claim of the same size in the event of drawdowns against remuneration by the IMF (see section *Notes on transactions not disclosed in the balance sheet*).

Table 7 shows asset item 2.2 *Balances with banks and security investments, external loans and other external assets*.

3 Claims on euro area residents denominated in foreign currency

Table 8 shows *claims on euro area residents denominated in foreign currency*.

Table 7

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
Securities	7,349.651	7,400.770	-51.119	-0.7
Balances with banks	137.945	432.340	-294.396	-68.1
Total	7,487.596	7,833.110	-345.514	-4.4

Table 8

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
Securities	960.755	518.667	+442.088	+85.2
Balances with banks	203.110	253.239	-50.129	-19.8
Total	1,163.866	771.906	+391.960	+50.8

⁶ Federal Law Gazette I No. 137/2020 of December 22, 2020.

4 Claims on non-euro area residents denominated in euro

Table 9 shows the composition of asset item 4.1 *Balances with banks, security investments and loans*.

As in the previous year, at the balance sheet date, no impairment losses were recorded for held-to-maturity securities. Securities other than held-to-maturity are recognized at market prices.

5 Lending to euro area credit institutions related to monetary policy operations denominated in euro

Table 10 shows liquidity-providing transactions executed by the OeNB.

Income accruing to the Eurosystem NCBs in their performance of monetary policy operations is allocated to the NCBs (see profit and loss account item 5 *Net result of pooling monetary income*). In accordance with Article 32.4 of the Statute of the ESCB and of the ECB, losses from monetary policy operations, if they were to materialize, are to be shared (by decision of the Governing Council of the ECB) in full by the Eurosystem NCBs in proportion to the prevailing ECB capital key shares.

Losses can only materialize if both the counterparty fails and the recovery of funds received from the realization of the collateral

provided by the counterparty is not sufficient. For specific collateral which can be accepted by NCBs at their own discretion, risk sharing has been excluded by the Governing Council of the ECB.

5.1 Main refinancing operations

The *main refinancing operations* provide credit institutions in the euro area with liquidity on a weekly basis. They are executed with a maturity of normally one week, on the basis of standard tenders.⁷ Since October 2008, these operations have been conducted as fixed rate tender procedures with full allotment. These operations play a key role in achieving the aims of steering interest rates, managing market liquidity and signaling the monetary policy stance.

The interest rate on the main refinancing operations has stood at 0% per annum since March 16, 2016.⁸

5.2 Longer-term refinancing operations

Longer-term refinancing operations aim to provide counterparties with longer-term liquidity, in addition to the main refinancing operations. In 2021, these operations were conducted as fixed rate tender procedures with full allotment with a maturity of three months. No such operations were outstanding on the balance sheet date.

Table 9

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
Securities	187.320	889.999	-702.680	-79.0
Held-to-maturity securities	100.203	125.348	-25.145	-20.1
Total	287.523	1,015.348	-727.825	-71.7

Table 10

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
5.1 Main refinancing operations	15.000	90.000	-75.000	-83.3
5.2 Longer-term refinancing operations	87,410.540	67,121.130	+20,289.410	+30.2
Total	87,425.540	67,211.130	+20,214.410	+30.1

⁷ *Guideline of the ECB of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60), as amended on May 6, 2021 (ECB/2021/23).*

⁸ *Decision of the Governing Council of the ECB of March 10, 2016.*

As a rule, the interest rate on *longer-term refinancing operations* is equivalent to the interest rate on the main refinancing operations. Exceptions apply to the refinancing operations described in more detail below.

Pandemic emergency longer-term refinancing operations (PELTROs)

In light of the COVID-19 pandemic, on April 30, 2020, the Governing Council of the ECB decided to conduct, starting from May 21, 2020, a new series of seven additional longer-term refinancing operations, called pandemic emergency longer-term refinancing operations (PELTROs), that matured in the third quarter 2021. The PELTROs were conducted as fixed rate tender procedures with full allotment. These operations provide a liquidity backstop to the euro area banking system and contribute to preserving the smooth functioning of the money market during the extended pandemic period. The tenor of the operations conducted by the OeNB ranged from eight to 16 months. Over the life of the respective PELTRO, the interest rate is 25 basis points below the average rate applied in the Eurosystem's main refinancing operations. On December 10, 2020, the Governing Council of the ECB decided to offer four additional PELTROs in 2021, allotted on a quarterly basis, each with a tenor of one year.

The 11 PELTROs conducted by the OeNB with Austrian credit institutions amounted to EUR 0.5 billion in total (Eurosystem: EUR 29.9 billion). Of these operations, EUR 0.2 billion were outstanding on the balance sheet date.

Targeted longer-term refinancing operations (TLTROs II and III)

In 2016 and 2017, the Governing Council of the ECB decided to launch four targeted longer-term refinancing operations (TLTROs II).⁹ These operations had a four-year maturity. According

to the decisions taken by the Governing Council of the ECB, the final interest rate applicable to each TLTRO II operation depended on the lending behavior of the counterparties in the period from February 1, 2016, to January 31, 2018.

All in all, the OeNB conducted 63 TLTRO II operations with Austrian credit institutions in the total amount of EUR 20.0 billion (Eurosystem: EUR 740.2 billion). The last of these operations matured in 2021.

In 2019, the Governing Council of the ECB introduced a new series of seven quarterly targeted longer-term refinancing operations (TLTROs III) starting from September 2019. On December 10, 2020, the Governing Council of the ECB added three further operations to this series, which were conducted between June and December 2021. These operations have a three-year maturity. For the first seven TLTROs III, from September 2021, starting 12 months after the settlement of each TLTRO III, participants have the option on a quarterly basis of terminating or reducing the amount of the TLTRO III concerned before maturity. For the eighth or subsequent TLTROs III, participants have that option on a quarterly basis starting in June 2022.¹⁰ According to the initial decisions taken by the Governing Council of the ECB, the final interest rate applicable to each TLTRO III operation could be as low as the average interest rate on the deposit facility prevailing over the life of the operation. Furthermore, in response to the COVID-19 pandemic, in 2020¹¹ the Governing Council of the ECB decided that for the period between June 24, 2020, and June 23, 2021, and the period between June 24, 2021, and June 23, 2022 – referred to as the special interest rate period and the additional special interest rate period, respectively – the interest rate applicable can be as low as 50 basis points below the average interest rate on the deposit facility prevailing over the same

⁹ Decision of the ECB of 28 April 2016 on a second series of targeted longer-term refinancing operations (ECB/2016/10), as amended on July 22, 2019 (ECB/2019/22).

¹⁰ Decision of the ECB of 22 July 2019 on a third series of targeted longer-term refinancing operations (ECB/2019/21), as amended on April 30, 2021 (ECB/2021/21).

¹¹ Decisions of the Governing Council of the ECB of April 30, 2020, and of December 10, 2020.

period, but in any case may not become less negative than -1% ¹². The actual interest rate can only be known at the maturity or early repayment of each operation and before that a reliable estimate is only possible as far as the interest rate-related data regarding the special interest rate period and the additional special interest rate period have already been communicated to the counterparties. Consequently, it was deemed a prudent approach to use the deposit facility rate minus 50 basis points, but in any case not higher than -1% , for calculating the TLTRO III interest over the two special interest rate periods, and the deposit facility rate for calculating the TLTRO III interest over the rest of the life of an operation, until more reliable data are available. This means that for the 2021 financial statements the following rates are used for calculating the TLTRO III interest accruals: the interest rates over the special interest rate period until June 23, 2021, for which the interest rate-related data were communicated to the counterparties on September 10, 2021, and the deposit facility rate minus 50 basis points, with a ceiling of -1% , over the additional special interest rate period from June 24, 2021, until December 31, 2021.

The interest rate on the deposit facility has stood at -0.50% per annum since September 18, 2019.¹³

By December 31, 2021, the OeNB had conducted a total of 124 TLTRO III operations

with Austrian credit institutions, namely 47 operations totaling EUR 20.6 billion (Eurosystem: EUR 589.9 billion) in 2021, 64 operations totaling EUR 64.0 billion (Eurosystem: EUR 1,648.3 billion) in 2020, and 13 operations totaling EUR 2.8 billion (Eurosystem: EUR 101.1 billion) in 2019. By December 31, 2021, EUR 0.2 billion had been repaid early, while a total of EUR 87.2 billion were outstanding.

7 Securities of euro area residents denominated in euro

Table 11 shows the composition of this balance sheet item.

7.1 Securities held for monetary policy purposes

On December 31, 2021, this balance sheet item consists of the securities acquired by the OeNB within the scope of the CBPP2, the CBPP3, the SMP, the PSPP and the PEPP. These securities are accounted for at amortized cost subject to impairment (see section *Valuation rules and accounting policies*).

Table 12 provides an overview of the Eurosystem's asset purchase programs.

In 2021, the Eurosystem conducted net purchases under the APP at a monthly pace of EUR 20 billion on average. In December 2021, the Governing Council of the ECB decided¹⁴ on a monthly net purchase pace of EUR 40 billion in the second quarter and EUR 30 billion in the third quarter of 2022. From October 2022

Table 11

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
7.1 Securities held for monetary policy purposes	107,646.927	84,659.118	+22,987.809	+27.2
7.2 Other securities	7,123.019	7,765.382	-642.364	-8.3
of which:				
Securities	6,797.451	7,158.952	-361.501	-5.0
Held-to-maturity securities	325.568	606.430	-280.863	-46.3
Total	114,769.946	92,424.500	+22,345.446	+24.2

¹² Should for instance the interest rate on the deposit facility be reduced to -0.6% , the interest rate could be as low as -1.1% . If the interest rate on the deposit facility increased to -0.4% , the interest rate would remain at -1% .

¹³ Decision of the Governing Council of the ECB of September 12, 2019.

¹⁴ Decision of the Governing Council of the ECB of December 16, 2021.

Table 12

	Start date	End date	Decision	Universe of eligible securities ¹
Completed/terminated programs				
CBPP1	July 2009	June 2010	ECB/2009/16	Covered bonds of euro area residents
CBPP2	November 2011	October 2012	ECB/2011/17	Covered bonds of euro area residents
SMP	May 2010	September 2012	ECB/2010/5	Public and private debt securities issued in the euro area ²
Asset purchase programme (APP)				
CBPP3	October 2014	active	ECB/2020/8, as amended	Covered bonds of euro area residents
ABSPP	November 2014	active	ECB/2014/45, as amended	Selected tranches of asset-backed securities of euro area residents
PSPP	March 2015	active	ECB/2020/9	Bonds issued by euro area central, regional or local governments or recognized agencies as well as issued by international organizations and multilateral development banks located in the euro area
CSPP	June 2016	active	ECB/2016/16, as amended	Bonds and commercial paper issued by non-bank corporations established in the euro area
Pandemic emergency purchase programme (PEPP)				
PEPP	March 2020	active	ECB/2020/17, as amended	All asset categories eligible under APP ³

¹ Further eligibility criteria for the specific programs can be found in the decisions of the Governing Council of the ECB.

² Only public debt securities issued by five euro area treasuries were purchased under the SMP.

³ A waiver of the eligibility requirements was granted for securities issued by the Greek government.

onward, the Governing Council of the ECB will maintain net asset purchases at a monthly pace of EUR 20 billion for as long as necessary.

In addition, in 2021 the Eurosystem carried on its net asset purchases under the PEPP with a total envelope of EUR 1,850 billion¹⁵. Purchases were conducted in a flexible manner based on the assessment of financing conditions and the inflation outlook. In December 2021, the Governing Council of the ECB also decided to discontinue net asset purchases under the PEPP at the end of March 2022, but they could

be resumed, if necessary, to counter negative shocks related to the pandemic. Furthermore, the Governing Council of the ECB extended the reinvestment horizon for the principal payments from maturing securities purchased under the PEPP until at least the end of 2024. PEPP reinvestments can be adjusted flexibly across time, asset classes and jurisdictions at any time. The future roll-off of the PEPP portfolio will be managed to avoid interference with the appropriate monetary policy stance.

¹⁵ If favorable financing conditions can be maintained with asset purchase flows that do not exhaust the envelope over the net purchase horizon of the PEPP, the envelope need not be used in full.

Table 13

Book value	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
CBPP2	139.485	144.424	-4.939	-3.4
CBPP3	10,826.662	9,340.947	+1,485.715	+15.9
SMP	163.765	525.802	-362.037	-68.9
PSPP gov ¹	60,466.743	57,597.819	+2,868.924	+5.0
PEPP gov ¹	35,750.017	16,933.517	+18,816.500	+111.1
PEPP CBs ²	300.256	116.609	+183.647	+157.5
Total	107,646.927	84,659.118	+22,987.809	+27.2

¹ Government/agency bonds.

² Covered bonds.

Table 14

Market price	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
CBPP2	140.359	150.498	-10.139	-6.7
CBPP3	10,819.401	9,664.036	+1,155.365	+12.0
SMP	185.099	568.315	-383.216	-67.4
PSPP gov ¹	62,312.382	61,680.415	+631.967	+1.0
PEPP gov ¹	35,145.165	17,285.118	+17,860.047	+103.3
PEPP CBs ²	294.013	120.662	+173.350	+143.7
Total	108,896.419	89,469.044	+19,427.375	+21.7

¹ Government/agency bonds.

² Covered bonds.

Table 15

Nominal value	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
CBPP2	139.500	144.500	-5.000	-3.5
CBPP3	10,739.369	9,241.743	+1,497.626	+16.2
SMP	169.050	534.050	-365.000	-68.3
PSPP gov ¹	54,690.886	51,103.853	+3,587.033	+7.0
PEPP gov ¹	31,484.050	14,644.400	+16,839.650	+115.0
PEPP CBs ²	294.400	111.700	+182.700	+163.6
Total	97,517.255	75,780.246	+21,737.009	+28.7

¹ Government/agency bonds.

² Covered bonds.

Tables 13, 14 and 15 show the amortized cost (= book value), the market prices and the nominal value of the securities held by the OeNB.

Profits or losses on securities held for monetary policy purposes are pooled and redistributed under the framework of the allocation of monetary income within the Eurosystem. For securities purchased under the CBPP1¹⁶ and CBPP2 as well as government/agency bonds purchased under the PSPP and the PEPP, remuneration at the interest rate on the main refinancing operations is assumed. Any losses incurred under these programs are not shared by the Eurosystem NCBs. For securities purchased under other programs,¹⁷ remuneration is based on the actual return. In accordance with the decision of the Governing Council of the ECB taken under Article 32.4 of the Statute of the ESCB and of the ECB, losses from these securities holdings, if they were to materialize, are shared in full by the Eurosystem NCBs, in proportion to the ECB capital key shares prevailing in the financial year in which the relevant losses occur.

The Governing Council of the ECB assesses on a regular basis the financial risks associated with the securities held under all the monetary policy asset purchase programs. Impairment tests are conducted on an annual basis, using data as at the year-end, and are approved by the Governing Council of the ECB. In these tests, impairment indicators are assessed separately for each program.

As a result of an impairment test conducted at the end of 2021 on securities purchased under the abovementioned asset purchase programs, the Governing Council of the ECB decided that all future cash flows on these securities are expected to be received. As in the previous year, no losses were therefore recorded for the securities held in any of these programs as at December 31, 2021.

¹⁶ The last covered bonds the OeNB had purchased under the CBPP1 were repaid in 2017.

¹⁷ SMP, CBPP3, ABSPP, PSPP supranational bonds, CSPP and PEPP (covered bonds, asset-backed securities, supranational bonds, corporate sector securities).

Table 17

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
9.1 Participating interest in the ECB	294.367	276.511	+17.857	+6.5
9.2 Claims equivalent to the transfer of foreign reserves	1,180.823	1,180.823	–	–
9.4 Net claims related to the allocation of euro banknotes within the Eurosystem	30,461.507	31,449.047	–987.540	–3.1
Total	31,936.698	32,906.381	–969.683	–2.9

7.2 Other securities

As in the previous year, at the balance sheet date, no impairment losses were recorded for held-to-maturity securities. Securities other than held-to-maturity are recognized at market prices.

8 General government debt denominated in euro

Closing balance	EUR million
December 31, 2021	386.206
December 31, 2020	390.705
Change	–4.499 (–1.2%)

This balance sheet item corresponds fully to the claim on the Austrian Federal Treasury from silver commemorative coins issued by the former Austrian State Mint before 1989, based on the 1988 Coinage Act (Federal Law Gazette No. 597/1988, as amended); Article 21 paragraph 1 item 2 of this Act authorizes the OeNB to include in its balance sheet an unremunerated claim on the central government in the amount of the face value of the accumulated silver coins. Table 16 shows the changes in 2021.

The central government will have to repay any redeemable amount outstanding on December 31, 2040, in equal annual installments over the five following years (2041 to 2045). The unredeemable amount as outstanding at

Table 16

Changes in 2021	EUR million
Government remuneration for silver commemorative coins returned to Münze Österreich AG	+2.374
Proceeds from metal recovery	–1.059
Redemptions made from the central government's share of profit in 2020	–5.814
Total	–4.499

the end of 2040 (equaling 7.5% of the face value of the silver commemorative coins that are (still) in circulation) is covered by a provision (see liability item 13 *Provisions*).

9 Intra-Eurosystem claims

Closing balance	EUR million
December 31, 2021	31,936.698
December 31, 2020	32,906.381
Change	–969.683 (–2.9%)

Table 17 shows the composition of this balance sheet item.

9.1 Participating interest in the ECB

Pursuant to Article 28 of the Statute of the ESCB and of the ECB, the NCBs of the ESCB are the sole subscribers to the capital of the ECB. For the OeNB, this balance sheet item includes the initial paid-up share in the ECB's subscribed capital and the net amount paid by the OeNB due to the increase in its share in the ECB's equity value resulting from all previous adjustments of the ECB's capital key.

Subscriptions depend on shares which are fixed in accordance with Article 29 of the Statute of the ESCB and of the ECB and are subject to adjustment every five years or whenever there is a change in composition of the ESCB national central banks. As a result of the departure of the United Kingdom from the EU and the resulting withdrawal of the Bank of England from the ESCB, the weightings assigned to the remaining NCBs in the ECB's capital key were adjusted with effect from February 1, 2020. The OeNB's share in the ECB's capital fully paid up by the Eurosystem NCBs (relative capital key) amounted to 2.9269% as at the balance sheet date.

The subscribed capital of the ECB is EUR 10,825 million. After the Bank of England's withdrawal from the ESCB on January 31, 2020, the ECB kept its subscribed capital unchanged and the share of the Bank of England in the ECB's subscribed capital was reallocated among both the euro area NCBs and the remaining non-euro area NCBs. As a result, the OeNB's share in the ECB's subscribed capital increased by 17.1% to EUR 257.7 million.

The ECB's paid-up capital also remained unchanged at EUR 7,659 million in 2020, as the remaining NCBs covered the withdrawn Bank of England's paid-up capital of EUR 58 million. In addition, the Governing Council of the ECB decided that the euro area NCBs would pay up in full their increased subscriptions in two annual installments in 2021 and 2022.¹⁸ As a result, the OeNB was required to pay up an installment of EUR 17.9 million on December 29, 2021, increasing its share in the paid-up capital of the ECB from EUR 222.0 million in 2020 to EUR 239.8 million in 2021. Another installment will be paid up in 2022. The total paid-up capital of the ECB increased from EUR 7,659.4 million in 2020 to EUR 8,269.5 million in 2021, and it will increase to EUR 8,879.6 million in 2022.

9.2 Claims equivalent to the transfer of foreign reserves

This balance sheet item represents the OeNB's claims arising from the transfer of foreign

reserve assets to the ECB. The claims are presented at the euro value the corresponding assets had at the time they were transferred to the ECB. Pursuant to Article 30.2 of the Statute of the ESCB and of the ECB, these contributions of the NCBs to the transfer of foreign reserve assets to the ECB are fixed in proportion to their share in the ECB's subscribed capital. The remuneration of these claims is calculated daily at the latest available interest rate on the main refinancing operations, adjusted to reflect a zero return on the gold component. The claims on the ECB do not constitute claims for a re-transfer of foreign reserve assets. See section *Notes on transactions not disclosed in the balance sheet* for information about any additional capital contributions to be transferred to the ECB.

9.4 Net claims related to the allocation of euro banknotes within the Eurosystem

This balance sheet item consists of the OeNB's claims vis-à-vis the Eurosystem relating to the allocation of euro banknotes within the Eurosystem (see section *Banknotes in circulation, intra-Eurosystem balances and interim ECB profit distribution*).

11 Other assets

Table 18 shows *other assets*.

11.1 Coins of euro area

This balance sheet item represents the OeNB's stock of fit coins issued by euro area countries.

Table 18

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
11.1 Coins of euro area	116.448	121.425	-4.977	-4.1
11.2 Tangible and intangible fixed assets	175.991	125.768	+50.223	+39.9
11.3 Other financial assets	6,865.863	6,928.635	-62.772	-0.9
11.4 Off balance sheet instruments' revaluation differences	-	11.288	-11.288	-100.0
11.5 Accruals and prepaid expenses	890.830	818.926	+71.904	+8.8
11.6 Sundry	905.925	888.856	+17.068	+1.9
Total	8,955.057	8,894.899	+60.158	+0.7

¹⁸ See in particular *Decision of the ECB of 22 January, 2020 on the paying-up of the European Central Bank's capital by the national central banks of Member States whose currency is the euro and repealing Decision (EU) 2019/44 (ECB/2020/4)*; *Decision of the ECB of 22 January, 2020 on the paying-up of the European Central Bank's capital by the non-euro area national central banks and repealing Decision (EU) 2019/48 (ECB/2020/2)*; and *Decision of the ECB of 22 January, 2020 laying down the terms and conditions for transfers of the European Central Bank's capital shares between the national central banks and for the adjustment of the paid-up capital and repealing Decision (EU) 2019/45 (ECB/2020/5)*.

11.2 Tangible and intangible fixed assets

Table 19 shows the composition of this balance sheet item.

Equipment contains, inter alia, office equipment, the art collection, IT hardware and software as well as motor vehicles.

Tangible real assets comprise the OeNB's Money Museum collection items carried as assets (coins, historical banknotes and historical securities, objects related to the history of money and stamps) and the OeNB's collection of his-

torical string instruments. On December 31, 2021, unchanged against the previous year, the latter comprised 36 violins, six violoncellos and three violas. The string instruments are on loan to musicians under the OeNB's cultural promotion program.

The increase in tangible real assets is largely due to the recognition of old stocks of historical banknotes and historical securities as assets, without affecting income (see also liability item 14 *Revaluation accounts*).

Table 19

	Purchase and production costs as at January 1, 2021	Purchases	Sales	Transfer	Purchase and production costs as at December 31, 2021
	Accumulated depreciation as at January 1, 2021	Annual depreciation	Depreciation sales	Depreciation transfer	Accumulated depreciation as at December 31, 2021
	Book value as at January 1, 2021				Book value as at December 31, 2021
	EUR million	EUR million	EUR million	EUR million	EUR million
Land and buildings ¹	119.422	0.559	-0.255	-	119.726
	-83.694	-4.656	0.196	-	-88.154
	35.728				31.573
Assets under construction	2.391	-0.000	-	-2.391	-
	-	-	-	-	-
	2.391				-
Equipment	96.903	7.946	-6.659	2.391	100.580
	-67.618	-8.408	6.325	-	-69.702
	29.285				30.878
Tangible real assets	61.443	55.145	-0.001	-	116.587
	-3.078	-0.052	0.000	-	-3.130
	58.365				113.458
Intangible fixed assets	0.090	0.083	-	-	0.173
	-0.090	-	-	-	-0.090
	-				0.083
Total	280.249	63.733	-6.916	-	337.066
	-154.480	-13.116	6.521	-	-161.075
	125.768				175.991

¹ The book value of developed land equals zero. Land and buildings acquired prior to December 31, 1956, were booked at the cost recorded in the opening schilling balance sheet (Federal Law Gazette No. 190/1954).

Table 20

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
Securities	6,142.657	6,215.452	-72.795	-1.2
Participating interests	722.604	712.406	+10.198	+1.4
Other investment and claims	0.602	0.777	-0.176	-22.6
Total	6,865.863	6,928.635	-62.772	-0.9

11.3 Other financial assets

Table 20 shows *other financial assets*.

EUR 1,865.582 million of the OeNB's total securities portfolio represent investments of pension reserve assets, another EUR 1,575.886 million reflect investments of the OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching (of which EUR 1,538.300 million were earmarked as an endowment for the National Foundation). Under its own funds management, the OeNB had invested EUR 2,701.188 million.¹⁹

Of the participating interests, EUR 421.668 million formed part of the own funds portfolio and EUR 300.936 million part of the investment portfolio relating to investments of the pension reserve. Table 21 shows the changes in participating interests.

On December 31, 2020, the OeNB established the OeNPAY Financial Innovation HUB GmbH (OeNPAY). This wholly-owned subsidiary started its operations on January 1, 2021. Given that the OeNPAY does not intend to realize a profit, it concluded a five-year loss compensation agreement with the OeNB with effect from January 1, 2021 (see liability item 13 *Provisions* and profit and loss account item 2.2 *Expenses related to financial assets and positions – expenses related to participating interests*).

Table 21

	EUR million
Net asset value on December 31, 2020	712.406
Purchases in 2021	–
Sales in 2021 (at book value)	–
Annual depreciation in 2021	–
Revaluation in 2021	+10.198
Net asset value on December 31, 2021	722.604

11.5 Accruals and prepaid expenses

Table 22 shows the composition of this balance sheet item.

11.6 Sundry

Table 23 shows the composition of this balance sheet item.

Pursuant to Article 3 paragraph 2 ERP Fund Act, the OeNB's maximum financing commitment corresponds to the sum by which the federal debt was written down initially (EUR 341.955 million) plus interest accrued on a reserve account (EUR 665.546 million on December 31, 2021). The ERP loan portfolio managed by the OeNB thus totaled EUR 1,007.502 million on December 31, 2021. The provisions governing the financing of loans from this portfolio are laid down in Article 83 Nationalbank Act.

The residual terms of advances on salaries mostly exceed one year. All advance payments

Table 22

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
Accrued income	13.966	12.323	+1.643	+13.3
Prepaid expenses (especially accrued interest)	876.865	806.603	+70.261	+8.7
Total	890.830	818.926	+71.904	+8.8

¹⁹ The OeNB's own funds shown under liabilities include its capital, the reserve for nondomestic and price risks, the profit-smoothing reserve, earmarked capital funded with net interest income from ERP loans and the risk provision.

Table 23

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
Claims arising from ERP loans to companies	763.963	745.341	+18.622	+2.5
Claims on Münze Österreich AG in respect of dividends for 2021 and 2020, respectively	70.135	59.031	+11.104	+18.8
unsettled schilling coin returns	0.030	0.014	+0.016	+118.9
Employer loans	16.378	17.895	-1.517	-8.5
Balancing item relating to forward sales or purchases	16.060	–	+16.060	x
Accounts receivable	11.015	11.258	-0.243	-2.2
Claims on the tax authorities arising from settlement	9.259	22.792	-13.533	-59.4
corporate income tax prepayment	–	4.997	-4.997	-100.0
Advances	8.532	16.012	-7.480	-46.7
Advances on salaries	7.341	8.318	-0.976	-11.7
Schilling coins	2.440	2.526	-0.086	-3.4
Other accounts receivable	0.772	0.673	+0.099	+14.6
Total	905.925	888.856	+17.068	+1.9

and employer loans are secured by life insurance or credit default insurance contracts.

Liabilities

1 Banknotes in circulation

Closing balance	EUR million
December 31, 2021	41,582.593
December 31, 2020	38,624.236
Change	+2,958.357 (+7.7%)

This item consists of the OeNB's share of total euro banknotes in circulation (table 24).

See section *Banknotes in circulation, intra-Eurosystem balances and interim ECB profit distribution* for further explanations on this item.

2 Liabilities to euro area credit institutions related to monetary policy operations denominated in euro

Table 25 shows the composition of this balance sheet item.

Table 24

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
Total value of euro banknotes put into circulation	11,121.086	7,175.189	+3,945.897	+55.0
Adjusted for: net claims related to the allocation of euro banknotes within the Eurosystem	30,461.507	31,449.047	-987.540	-3.1
of which:				
Claims related to the allocation of euro banknotes within the Eurosystem	34,077.708	34,807.976	-730.268	-2.1
less:				
Liabilities resulting from the ECB's share in euro banknotes in circulation ¹	-3,616.200	-3,358.929	+257.271	+7.7
Total²	41,582.593	38,624.236	+2,958.357	+7.7

¹ This corresponds to the OeNB's share in the 8% of the total value of euro banknotes in circulation that is recorded in the balance sheet of the ECB.

² This corresponds to 2.6925% of the total amount of euro banknotes in circulation as at December 31, 2021, and December 31, 2020.

Table 25

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
2.1 Current accounts (covering the minimum reserve system)	112,099.536	100,826.278	+11,273.257	+11.2
2.2 Deposit facility	12,550.000	9,608.000	+2,942.000	+30.6
Total	124,649.536	110,434.278	+14,215.257	+12.9

2.1 Current accounts (covering the minimum reserve system)

This balance sheet item contains the credit balances on the transaction accounts of credit institutions that are required to hold minimum reserves²⁰, excluding funds of credit institutions that are not freely disposable, and excluding accounts of credit institutions that are exempt from minimum reserve requirements.

According to the recast of the regulation on minimum reserve requirements in 2021, funds of credit institutions that are not freely disposable may not be used for fulfilling the minimum reserve requirements. From 2021 onward, the respective amounts are no longer disclosed under this item, but under liability item 3 *Other liabilities to euro area credit institutions denominated in euro*. Banks' minimum reserve balances have been remunerated since January 1, 1999, at the latest available interest rate on the main refinancing operations used by the Eurosystem. Reserves held in excess of minimum requirements have been remunerated at the lower rate of either 0% or the deposit facility rate since June 2014. Starting on October 30, 2019, the Governing Council of the ECB introduced a two-tier system for reserve remuneration, which exempts part of credit institutions' excess liquidity holdings from negative remuneration at the rate applicable on the deposit facility. This part is remunerated at the annual rate of 0%. The volume of reserve holdings in excess of minimum reserve requirements that is exempt from negative remuneration – the exempt tier – was determined as a multiple of six²¹

on an institution's minimum reserve requirement. The non-exempt tier of excess liquidity holdings continues to be remunerated at the lower of either 0% or the deposit facility rate.

2.2 Deposit facility

The item *deposit facility* refers to overnight deposits placed with the OeNB by credit institutions that access the liquidity-absorbing standing facility at a prespecified rate. The interest rate on the deposit facility has stood at –0.50% per annum since September 18, 2019.

3 Other liabilities to euro area credit institutions denominated in euro

As at December 31, 2021, this item included cover assets and any credit balances on the current accounts of credit institutions required to hold minimum reserves that are not freely disposable.

In 2020, this balance sheet item was zero.

5 Liabilities to other euro area residents denominated in euro

Closing balance	EUR million	
December 31, 2021	12,596.209	
December 31, 2020	14,199.458	
Change	–1,603.249	(–11.3%)

This balance sheet item comprises general government deposits of EUR 9,267.295 million (2020: EUR 10,779.409 million) and current account holdings to the amount of EUR 3,328.914 million (2020: EUR 3,420.049 million) of financial institutions not required to hold minimum reserves and of enterprises.

²⁰ Regulation of the ECB of 22 January 2021 on the application of minimum reserve requirements (ECB/2021/1).

²¹ The multiplier may be adjusted by the Governing Council of the ECB over time in line with changing levels of excess liquidity holdings.

6 Liabilities to non-euro area residents denominated in euro

Closing balance	EUR million
December 31, 2021	4,001.498
December 31, 2020	1,460.872
Change	+2,540.625 (+173.9%)

This balance sheet item consists of balances of central banks, credit institutions and supra-national financial institutions resident outside the euro area.

9 Counterpart of Special Drawing Rights allocated by the IMF

Closing balance	EUR million
December 31, 2021	6,803.579
December 31, 2020	2,046.420
Change	+4,757.159 (n.a.)

This balance sheet item represents the euro equivalent of the SDR 5,504.959 million (2020: SDR 1,736.314 million) allocated gratuitously to the OeNB by the IMF, measured at current market prices. The OeNB was allocated SDRs on each January 1, from 1970 to 1972 and from 1979 to 1981 as well as on August 28 and September 9, 2009, and most recently on August 23, 2021 (see asset item 2.1 *Receivables from the IMF*). The increase in this item largely results from the latest SDR allocation.

10 Intra-Eurosystem liabilities

Closing balance	EUR million
December 31, 2021	57,148.228
December 31, 2020	37,135.019
Change	+20,013.208 (+53.9%)

This balance sheet item shows the OeNB's net liabilities arising from transactions with the NCBs participating in TARGET2 and with the ECB. It also comprises the nonremunerated liabilities to the ECB resulting from EUR/USD swap transactions between the ECB and the OeNB. Moreover, this item covers the Eurosystem balance arising at year-end from the monetary income reallocation and the balances arising from the interim ECB profit distribution.

Intra-Eurosystem liabilities with the ECB (excluding the abovementioned swap transactions) are remunerated on a daily basis at the prevailing interest rate on the main refinancing operations.

12 Other liabilities

Table 26 shows the composition of *other liabilities*.

12.3 Sundry

Table 27 shows the composition of sundry liabilities.

Pursuant to Article 69 paragraph 3 Nationalbank Act, the central government's share of

Table 26

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
12.1 Off balance sheet instruments' revaluation differences	14.996	–	+14.996	x
12.2 Accruals and income collected in advance	1,132.613	337.624	+794.989	n.a.
12.3 Sundry	105.992	60.256	+45.736	+75.9
Total	1,253.601	397.880	+855.722	n.a.

Table 27

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
Central government's share of profit of 90% under Article 69 paragraph 3 Nationalbank Act	57.190	7.903	+49.288	n.a.
Earmarked funds of the OeNB Anniversary Fund				
OeNB Anniversary Fund (initial funding)	32.280	40.196	–7.916	–19.7
OeNB Anniversary Fund National Foundation endowment	12.212	0.690	+11.522	n.a.
Sundry	4.310	11.467	–7.157	–62.4
Total	105.992	60.256	+45.736	+75.9

profit corresponds to 90% of the annual net profit after transfers to the pension reserve.

The item earmarked funds of the OeNB Anniversary Fund refers to the funds not yet disbursed at the balance sheet date.

13 Provisions

Table 28 shows *provisions*.

In view of the risk range and having taken monetary policy, macroeconomic and financial stability considerations into account, the Governing Board allocated EUR 220.000 million to adjust the risk provision in the financial statements for 2021.

The OeNB's retirement plan for employees recruited up to April 30, 1998, is based on internally funded pensions. The legal basis of

this plan is the Nationalbank Act. It obligates the OeNB to hold a pension reserve to cover its liability under this retirement plan. All employees recruited from May 1, 1998, are covered by the pension system under the General Social Security Act (Allgemeines Sozialversicherungsgesetz – ASVG). With effect from May 1, 1999, a contract between the OeNB and a pension fund was concluded for these employees. This means that the OeNB's direct liability to pay retirement benefits is limited to staff recruited before May 1, 1998, and that, as a result, the pension reserve set up to secure this liability has become a closed system.

Since January 1, 2015, staff members employed under the first and second generations of the OeNB's Conditions of Service have been

Table 28

	December 31, 2020	Use/release	Allocation	December 31, 2021
	EUR million	EUR million	EUR million	EUR million
Risk provision	4,178.169	–	+220.000	4,398.169
Pension reserve	2,104.519	–	+74.780	2,179.299
Personnel provisions				
Supplementary contributions to pension plans	112.786	–34.319	–	78.467
Severance payments	62.565	–6.309	+1.316	57.573
Anniversary bonuses	18.387	–2.393	+4.618	20.612
Compensation for the pension fund agreement (third-generation Conditions of Service)	–	–	+18.823	18.823
Residual leave entitlements	16.752	–0.594	+1.756	17.914
Other emoluments	3.417	–3.417	+8.302	8.302
Death gratuity payments	3.807	–	+0.412	4.219
Overtime entitlements	1.305	–0.083	–	1.222
One-off contributions for employees on secondment or leave	0.816	–0.178	+0.241	0.878
Prepaid salaries in 2020 or 2021	0.263	–0.263	+0.362	0.362
Sabbaticals	0.133	–0.055	–	0.078
Compulsory social security contributions	0.064	–0.064	+0.069	0.069
Partial retirement (early-exit scheme)	–	–	+0.021	0.021
Other provisions				
Schilling banknotes without an exchange deadline	108.479	–1.409	–	107.070
Estimated unredeemable amount outstanding from the Austrian Federal Treasury for silver commemorative coins issued before 1989	45.293	–2.004	–	43.289
Corporate income tax	–	–	+23.532	23.532
Loss compensation OeNPAY	–	–	+6.815	6.815
Accounts payable	6.440	–3.147	+3.367	6.660
Accounts payable to subsidiaries	1.816	–1.815	+2.655	2.656
Sundry	1.587	–1.100	+0.888	1.374
Total	6,666.596	–57.150	+367.958	6,977.404

obliged, pursuant to the Act to Limit Specific Pension Benefits (Sonderpensionenbegrenzungs-gesetz – SpBegrG), to pay pension contributions to the OeNB (first generation: 10.25% as from 2018; second generation: 10.25% of basic salaries up to the earnings cap as defined in the General Social Security Act, and as from 2017, 5% for any part of salaries in excess of this earnings cap). Retired staff who are entitled to pension or supplementary pension payments under the first and second generations of the OeNB's Conditions of Service have been obliged to make a special pension contribution (of between 3.3% and 25%) to the OeNB from their monthly pension benefits as well as from special payments they are entitled to.

The actuarial present value of projected pension benefits, amounting to EUR 3,182.511 million on December 31, 2021, was not fully covered by the pension reserve and hidden reserves in the real estate portfolio. The EUR 509.333 million funding gap as at December 31, 2021, was recorded as a contingent liability (see section *Notes on transactions not disclosed in the balance sheet*, table 31).

In line with the average cost method, the discount rate is derived from the seven-year moving average of the interest rate (discount interest rates pursuant to Article 253 paragraph 2 of the German Commercial Code based on the last 84 month-end values) applied to an average residual maturity of 15 years as published by the Deutsche Bundesbank on November 30, 2021, i.e. 1.36% (2020: 1.64%). The latest assumptions adopted for the annual assessment base growth rates are 2.3% per annum (2020: 2.1%) in the qualifying period and 1.8% for current pension payments (as in the previous year).

The actuarial present value of projected pension benefits was calculated by applying the actuarial basis for pension insurance published by the Actuarial Association of Austria AVÖ (AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung). The reasons that entitle employees or their dependents to receive benefits from the pension reserve are death, disability or withdrawal from employment upon attainment of pension entitlement age. Fluctuations

are not taken into account. The pension entitlement age is governed by the provisions in the applicable Conditions of Service and service contracts, in observance of the Act to Limit Specific Pension Benefits. The pension scheme liabilities for beneficiaries are stated pro rata. The net present value is used for prospective beneficiaries that have attained pension entitlement age and for those who have qualified for benefits. The adjusted discount rate caused the projected pension benefits to rise by EUR 137.292 million and the change in the assumed assessment base growth rate caused the projected pension benefits to rise by EUR 5.887 million in 2021.

Beyond pension benefits, provisions for severance payments, anniversary bonuses, residual leave entitlements, death gratuity payments and supplementary contributions to pension plans are calculated according to actuarial principles. Except for the pension entitlement age, the calculations are based on the same legal provisions, methods and assessment bases as those used to calculate the actuarial present value of projected pension benefits to be covered by the pension reserve. Starting with the 2021 financial statements, the pension entitlement age to be used for these calculations has been aligned with the age at which employees whose employment contracts are subject to compulsory pension insurance initially joined the OeNB. For employees who joined the OeNB aged 25 or older, the statutory retirement age is used. For employees who joined the OeNB under the age of 25, the lower of their initial recruitment age plus 40 years or the earliest possible corridor pension age or the statutory retirement age is used. In both cases, the OeNB accounts for the transitional provisions that apply to women. Up to the 2020 financial statements, the OeNB uniformly used 62 years as the pension entitlement age, subject to transitional provisions for women.

The provisions for death gratuity payments and for supplementary contributions to pension plans are calculated in the same way as the pension reserve. In addition, with regard to the provisions for supplementary contributions to pension plans, the pension fund is assumed to

yield an average future investment income of 3.5% per annum.

The discount rate used for calculating the provisions for severance payments, for partial retirement (early-exit scheme) and for sabbaticals is the seven-year moving average of the interest rate (discount interest rates pursuant to Article 253 paragraph 2 of the German Commercial Code based on the last 84 month-end values) applied to an average residual maturity of eight years as published by the Deutsche Bundesbank on November 30, 2021, i.e. 0.87% (2020: 0.98% at an average residual maturity of seven years). Assuming an average residual maturity of ten years, this discount rate as applied to the calculation of the provisions for anniversary bonuses equals 1.05% (2020: 1.19% at an average residual maturity of nine years). The relevant assessment bases were all assumed to increase by 2.3% per annum in 2021 (2020: 2.1%).

The adjustment of the pension entitlement age reduced the provisions for severance payments by EUR 0.378 million, while the adjusted discount rate and the change in the assumed assessment base growth rates raised these provisions by EUR 0.216 million and EUR 0.387 million, respectively. The provisions for anniversary bonuses increased in line with the adjusted pension entitlement age (+EUR 2.615 million), the adjusted discount rate (+EUR 0.136 million) and the change in the assumed assessment base growth rates (+EUR 0.191 million).

The provisions for death gratuity payments and for supplementary contributions to pension plans are calculated in the same way as the pension reserve. The provisions for supplementary contributions to the pension plans increased by EUR 1.364 million as a result of the adjusted discount rate and by EUR 0.979 million due to the change in the assumed assessment base growth rates. At the same time, the provisions for supplementary contributions to the pension plans decreased by EUR 34.576 million due to the revised pension entitlement age.

The changes in the provisions for anniversary bonuses and other long-term personnel

provisions are recorded in the profit and loss account item 7 *Staff costs* under *salaries*; the change in the provisions for severance payments is recorded under *expenses for severance payments and contributions to severance funds*. The change in the provisions for supplementary contributions to pension plans is recorded in the profit and loss account item 8 *Expenses for retirement*. If the netting of transfers to and transfers from the respective provisions yields a positive balance, this amount is recorded under the profit and loss account item 6 *Other income*.

The OeNB established provisions for the compensation for the pension fund agreement it expects to pay in 2022 to employees subject to the third generation of the Conditions of Service. The provisions cover that part of the payment obligation that exceeds the actuarial present value of the provisions for supplementary contributions to pension plans of the respective employees as at December 31, 2021 (see also the profit and loss account item 8 *Expenses for retirement*).

The level of the provision for schilling banknotes without an exchange deadline, which was established on December 31, 2002, without affecting income, relates to the expected amount of schilling banknotes to be redeemed, while taking into account the annual exchange amounts in the past. As exchange expectations remained largely unchanged compared to last year, the provision was only reduced for the exchange made in 2021 in the amount of EUR 1.409 million.

On account of a loss compensation agreement according to which the OeNB, starting from the financial year 2021, covers any annual losses of the OeNPAY of up to a total amount of EUR 8 million for a period of five years, the OeNB established a long-term provision on December 31, 2021, to cover for the residual amount – after having deducted the loss compensation for the financial year 2021 (see also the profit and loss account item 2.2 *Expenses related to financial assets and positions – expenses related to participating interests*).

14 Revaluation accounts

Table 29 shows the composition of this balance sheet item. The amounts on the revaluation accounts reflect the valuation gains established in the course of the valuation of assets (by individual valuation units) as on December 31, 2021. These gains are realizable in the context of future transactions in the respective categories or may be used to reverse revaluation losses that may arise in future years. Any other use is inadmissible.

15 Capital and reserves

According to Article 8 Nationalbank Act, the capital of the OeNB is EUR 12 million and is divided equally into 150,000 shares. The Republic of Austria has been the sole shareholder of the OeNB since May 27, 2010, with the Ministry of Finance acting as the shareholder's representative. Table 30 shows *reserves*.

The profit-smoothing reserve may be used to level out the annual result. The change resulted from allocations out of the profit for the

year 2020, which were made according to the General Meeting's decision of March 23, 2021.

The reserve for nondomestic and price risks serves to cover the OeNB's financial risks.

The capital of the OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching consists of its initial funding (EUR 40.0 million) and an endowment to support the National Foundation (EUR 1,452.9 million).

Funds earmarked for appropriation by the Anniversary Fund to the National Foundation may be used to obtain a balanced annual result, funds from the initial funding of the Anniversary Fund may be used to cover any loss for the year.

Earmarked capital funded with net interest income from ERP loans represents the cumulative interest income accruing to the OeNB from lending out of the ERP loan portfolio managed by the OeNB. Appropriation of this ERP capital is subject to international law; this item is earmarked exclusively for ERP loans. Therefore, ERP capital must not be used to cover any loss for the year.

Table 29

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
Revaluation accounts				
Gold	12,270.909	11,680.380	+590.529	+5.1
Foreign currency	555.581	44.869	+510.713	n.a.
Securities	1,366.942	1,053.665	+313.277	+29.7
Participating interests	128.420	118.222	+10.198	+8.6
Collection of the OeNB's Money Museum ¹	64.368	9.269	+55.100	n.a.
	14,386.221	12,906.404	+1,479.817	+11.5
Valuation gains from January 1, 1999				
Participating interests	262.741	262.741	–	–
Total	14,648.962	13,169.145	+1,479.817	+11.2

¹ Results from the entry as assets of coins acquired before 2004 and the recognition of old stocks of historical banknotes and historical securities as assets in 2021 (see also asset item 11.2 Tangible and intangible fixed assets).

Table 30

	December 31, 2021	December 31, 2020	Change	
	EUR million	EUR million	EUR million	%
Profit-smoothing reserve	148.700	148.422	+0.278	+0.2
Reserve for nondomestic and price risks	1,973.263	1,973.263	–	–
OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching	1,492.900	1,492.900	–	–
Earmarked capital funded with net interest income from ERP loans	665.546	664.621	+0.926	+0.1
Total	4,280.409	4,279.206	+1.204	+0.0

Notes on transactions not disclosed in the balance sheet

Table 31 shows transactions not disclosed in the balance sheet.

Notes on the profit and loss account

Table 32 shows the profit and loss account.

Table 31

	December 31, 2021	December 31, 2020
	EUR million	EUR million
Obligation under the IMF's Articles of Agreement to provide currency for SDRs up to the point at which the OeNB's SDR holdings are three times as high as its gratuitously allocated SDRs ¹	13,664.926	4,150.733
Contingent liabilities to the IMF under the NAB ¹	4,441.955	2,040.882
Contingent liabilities to the IMF under the bilateral borrowing agreement ¹	2,641.000	6,130.000
Obligation to make supplementary contributions to the stake in the capital of the BIS (8,564 shares of SDR 5,000 each)	39.691	37.851
Forward purchases (euro-denominated forward transactions and swaps)	204.136	256.585
Forward sales (foreign currency-denominated forward transactions and swaps)	204.136	256.585
Liabilities from foreign currency investments effected in the OeNB's name for third account	64.311	70.091
Repayment obligation upon termination of employment equivalent to the interest accrued on pension contributions paid by OeNB staff	18.043	17.554
Contingent liabilities relating to the funding gap in the pension reserve	509.333	537.894
Contingent liabilities equivalent to the OeNB's share of the maximum of EUR 50 billion of reserve assets that the ECB may call up under Article 30.1 of the Statute of the ESCB and of the ECB	1,190.200	1,190.200
Contingent assets arising from bank guarantees received	7.838	9.331
Contingent assets from OeKB guarantees for payment transactions	1,000.000	1,000.000
Financial assistance granted under the ERP Fund	7.380	7.372

¹ These contingent liabilities may be activated by the IMF against remuneration, giving rise to a corresponding claim of the same size.

Table 32

	2021	2020	Change ¹	%
	EUR million	EUR million	EUR million	
1 Net interest income	90.125	374.166	-284.041	-75.9
2 Net result of financial operations, write-downs and risk provisions	-46.619	-337.052	-290.433	-86.2
3 Net income from fees and commissions	1.465	2.371	-0.906	-38.2
4 Income from equity shares and participating interests	92.356	123.412	-31.056	-25.2
5 Net result of pooling of monetary income	284.289	201.964	+82.325	+40.8
6 Other income	90.380	62.889	+27.491	+43.7
Total net income	511.996	427.750	+84.245	+19.7
7 Staff costs	-164.685	-160.841	+3.844	+2.4
8 Expenses for retirement	-129.029	-135.026	-5.997	-4.4
9 Administrative expenses	-80.588	-82.898	-2.310	-2.8
10 Depreciation of tangible and intangible fixed assets	-13.116	-12.750	+0.366	+2.9
11 Banknote production services	-23.868	-14.744	+9.124	+61.9
12 Other expenses	-6.568	-11.732	-5.164	-44.0
Total expenses	-417.853	-417.991	-0.138	-0.0
Operating profit	94.143	9.760	+84.383	n.a.
13 Corporate income tax	-23.538	-0.004	+23.534	n.a.
Annual net profit	70.605	9.756	+60.849	n.a.
14 Transfer to the pension reserve and the central government's share of profit	-64.251	-8.878	+55.373	n.a.
15 Profit for the year	6.354	0.878	+5.476	n.a.

¹ Absolute increase (+) or decrease (-) in the respective item.

1 Net interest income

Net interest income represents the balance of interest income and interest expense (table 33).

2 Net result of financial operations, write-downs and risk provisions

Table 34 shows the *net result of financial operations, Write-downs and risk provisions*.

In 2021, the profit and loss account item 2.2 *Write-downs on financial assets and positions* was renamed into *Expenses related to financial assets and positions*, because this profit and loss account item, apart from write-downs on financial assets and positions, for the first time included expenses related to participating interests. The latter was due to the loss compensation for the OeNPAY.

On December 31, 2021, the expenses related to participating interests comprised the loss compensation for the financial year 2021 in the amount of EUR 1.050 million and the expense for establishing a long-term provision to cover for the residual amount of compensation for the subsequent four financial years (for details see asset item 11.3 *Other financial assets* and liability item 13 *Provisions*).

In preparing the OeNB's financial statements for 2021, the Governing Board decided to transfer EUR 220.000 million to the risk provision. In 2020, EUR 296.831 million were used from the risk provision to offset the write-downs on foreign currency without affecting income, whereas EUR 225.000 million were transferred to the risk provision.

Table 33

	2021	2020	Change	
	EUR million	EUR million	EUR million	%
Monetary policy operations and deposits	-297.912	-153.089	+144.823	+94.6
Securities held for monetary policy purposes	175.470	274.036	-98.566	-36.0
Negative remuneration of general government deposits and of current account holdings of credit institutions and enterprises not required to hold minimum reserves	106.493	84.539	+21.953	+26.0
Net interest income from foreign currency investments	66.447	111.458	-45.011	-40.4
Net interest income from euro investments	35.144	55.675	-20.532	-36.9
Sundry	4.483	1.546	+2.937	+189.9
Total	90.125	374.166	-284.041	-75.9

Table 34

	2021	2020	Change	
	EUR million	EUR million	EUR million	%
2.1 Realized gains/losses arising from financial operations	392.524	-99.165	+491.689	n.a.
of which:				
Currencies (gold and foreign currency)	104.389	-202.601	+306.989	+151.5
Securities	288.135	103.436	+184.699	+178.6
2.2 Expenses related to financial assets and positions	-219.143	-309.717	-90.574	-29.2
of which:				
Write-downs on foreign currency	-41.777	-296.831	-255.054	-85.9
Write-downs on securities	-169.501	-12.886	+156.614	n.a.
Expenses related to participating interests	-7.865	-	+7.865	x
2.3 Transfer to/from provisions for financial risks	-220.000	71.831	+291.831	n.a.
Total	-46.619	-337.052	-290.433	-86.2

4 Income from equity shares and participating interests

Table 35 shows *income from equity shares and participating interests*.

In light of the special circumstances related to the COVID-19 pandemic, the BIS dividend payout for its financial year 2019/2020 was deferred to the year 2021. The dividend payout in 2021 therefore totaled EUR 5.358 million.

The Governing Council of the ECB decided to transfer EUR 150 million of the ECB's profit for the year 2021 as an interim profit distribution to the NCBs; the OeNB's share amounted to EUR 4.390 million.

5 Net result of pooling of monetary income

Table 36 shows the OeNB's *net result of pooling of monetary income* in the Eurosystem.

This profit and loss account item comprises the OeNB's net result from the reallocation of

monetary income within the Eurosystem. In 2020, this item also included the OeNB's share in the provision against losses in monetary policy operations.

The ECB calculates monetary income annually in accordance with Article 32 of the Statute of the ESCB and of the ECB.

The amount of the OeNB's monetary income is determined by measuring the annual income that it derives from the earmarkable assets held against its liability base. The liability base consists of banknotes in circulation, liabilities to euro area credit institutions related to monetary policy operations denominated in euro, the OeNB's net intra-Eurosystem liabilities resulting from TARGET2 transactions as well as deposit liabilities to defaulted Eurosystem counterparties, which have been reclassified from liability item 2.1 *Current accounts (covering the minimum reserve system)*. Any interest paid on these liabilities

Table 35

	2021	2020	Change	
	EUR million	EUR million	EUR million	%
Dividends				
Münze Österreich AG	70.135	59.031	+11.104	+18.8
BIS	5.358	–	+5.358	x
Distribution of ECB profit				
Interim profit distribution	4.390	36.884	–32.494	–88.1
Profit distribution for the previous year	11.212	27.291	–16.079	–58.9
Distribution of OeBS profit	1.000	–	+1.000	x
Distribution of GSA profit	0.261	0.206	+0.055	+26.7
Total	92.356	123.412	–31.056	–25.2

Table 36

	2021	2020	Change	
	EUR million	EUR million	EUR million	%
Monetary income ¹	–746.478	–292.015	+454.463	+155.6
Deductible items ²	500.369	217.308	+283.061	+130.3
Monetary income to be pooled (net)	–246.109	–74.706	+171.402	n.a.
Redistribution of monetary income	34.249	126.481	–92.232	–72.9
Net result for monetary income reallocation for the reporting year	280.358	201.187	+79.170	+39.4
Net income/loss from the revision of monetary income of the previous years	3.931	–1.716	+5.648	n.a.
Use/release of provision against losses in monetary policy operations	–	2.493	–2.493	–100.0
Total	284.289	201.964	+82.325	+40.8

¹ Due to the interest expense on longer-term refinancing operations, in particular TLTROs III, the OeNB's monetary income results in a negative balance in both 2020 and 2021.

² Due to the negative interest rates on excess minimum reserves, the OeNB recorded net income in both 2020 and 2021.

is deducted from the monetary income to be pooled.

The earmarkable assets consist of the following items: lending to euro area credit institutions related to monetary policy operations denominated in euro, securities held for monetary policy purposes, net intra-Eurosystem claims equivalent to the transfer of foreign reserve assets to the ECB and net intra-Eurosystem claims related to the allocation of euro banknotes within the Eurosystem as well as accrued interest recorded at quarter-end on monetary policy assets the maturity of which is one year or longer. Moreover, a limited amount of the OeNB's gold holdings in proportion to its capital key share is included (gold is considered to generate no income).

Securities acquired by the OeNB under the CBPP2 and government/agency bonds acquired under the PSPP and under the PEPP generate income at the latest available interest rate on the main refinancing operations. Where the value of the OeNB's earmarkable assets exceeds, or falls short of, the value of its liability base, the difference is offset by applying to the difference the latest available interest rate on the main refinancing operations.

The monetary income pooled by the Eurosystem is allocated among NCBs according to their share in the fully paid-up capital.²² The pooling and reallocation of monetary income leads to certain net reallocation effects. One reason is that the net result on certain earmarkable assets and the net result on certain liability base items may differ to a varying degree among the Eurosystem NCBs. In addition, usually each Eurosystem NCB's share of earmarkable assets and in the liability base deviates from its share in the subscribed capital of the ECB. The difference between the monetary income pooled by the OeNB (–EUR 246.109 million) and the income reallocated to the OeNB (EUR 34.249 million) results from the calculation of monetary income.

6 Other income

Other income comprises e.g. income from the partial release of the provisions for supplementary contributions to pension plans in the amount of EUR 32.470 million (see also liability item 13 *Provisions* and profit and loss account item 8 *Expenses for retirement*). This item also comprises rental income and income from transactions with OeNB subsidiaries and the ECB amounting to EUR 16.609 million. Moreover, this item comprises income in the amount of EUR 12.945 million resulting from the IMF credit transfer related to the debt relief granted to Sudan. The FMA's reimbursement to the OeNB for the direct costs resulting from banking supervision and the costs related to bank recovery and resolution amounts to the statutory maximum of EUR 8 million and EUR 2 million, respectively. Moreover, this item comprises income in the amount of EUR 5.810 million from passing on the expenses for banknote deliveries to another NCB.

7 Staff costs

Staff costs comprise the cost of current employees. These costs are reduced by recoveries of salaries.

Salaries increased by EUR 3.435 million net to EUR 136.884 million compared to the previous year (2020: EUR 133.449 million). The OeNB's outlays were reduced by recoveries of salaries totaling EUR 4.318 million (2020: EUR 4.645 million) for staff members on secondment to affiliates and other institutions.

The members of the OeNB's Governing Board received emoluments (table 37) totaling EUR 1.210 million in 2021 (2020: EUR 1.192 million).

Table 37

Emoluments in line with the Act on the Limitation of Remunerations for Public Officials	
	EUR million
Governor Robert Holzmann	0.323
Vice Governor Gottfried Haber	0.304
Executive Director Eduard Schock	0.291
Executive Director Thomas Steiner	0.291

²² Under Article 33.2 of the Statute of the ESCB and of the ECB, income will not be reallocated if the pooled amount is fully or partially retained by the ECB to cover an annual loss incurred by the ECB.

The remuneration of Governing Board members is regulated by the Federal Constitutional Act on the Limitation of Remunerations for Public Officials (BezÜgebegrenzungsgesetz – BezBegrBVG); pursuant to Article 3 paragraph 1 of this Act, the emoluments were increased by 1.5% with effect from January 1, 2021. Remuneration in kind (tax value of the private use of company cars, insurance subsidies) and other benefits totaled EUR 0.039 million (2020: EUR 0.037 million).

The emoluments (payments in cash and kind) due to the OeNB's current President and Vice President pursuant to Article 24 Nationalbank Act were set by the General Meeting with effect from January 1, 2019. The President received remuneration in the amount of EUR 0.015 million (2020: EUR 0.088 million). As in the previous year, the Vice President received remuneration in the amount of EUR 0.044 million. Since March 2021, the President has been foregoing any remuneration, dedicating it instead, until the end of his term of office, to the new "Presidential Innovation Fellowships (OeNB)" funding format established on his initiative. The other members of the General Council perform their duties of office without remuneration. They receive an attendance fee of EUR 250 for donation to charity for every day they participate in a meeting of the General Council or one of its subcommittees. Travel expenses associated with the exercise of General Council members' functions are reimbursed (2021: EUR 23.00; 2020: EUR 419.70).

Table 38 shows staff in full-time equivalents (FTEs).

Contributions to severance funds were made in the amount of EUR 1.122 million in 2021 (2020: EUR 1.033 million), of which, as

in the previous year, EUR 0.019 million were made for management officials (Governing Board members). Expenses for severance payments amounted to EUR 1.477 million (2020: EUR 2.986 million).

Expenses for compulsory social security contributions as well as compulsory contributions and charges related to wages and salaries totaled EUR 25.964 million in 2021 (2020: EUR 24.336 million). Of this amount EUR 17.157 million (2020: EUR 15.618 million) were social security contributions, EUR 4.785 million (2020: EUR 4.775 million) were contributions to the Family Burden Equalization Fund, and EUR 3.852 million (2020: EUR 3.803 million) were municipal tax payments.

8 Expenses for retirement

All pension expenses relate to the OeNB's defined benefit retirement plan based on internally funded pensions for employees recruited up to April 30, 1998. Pension expenses amounted to EUR 126.022 million (2020: EUR 125.887 million), of which EUR 21.907 million were covered by investment income on the pension reserve (2020: no coverage). Pension expenses include the remuneration of retired Governing Board members or their dependents (totaling EUR 4.326 million; 2020: EUR 4.109 million).

The OeNB's other legal and contractual obligations totaled EUR 24.914 million, of which EUR 6.091 million resulted from pension plan contributions and supplementary contributions to pension plans (2020: EUR 9.139 million). Without prejudice to the conclusion of a staff agreement and the corresponding decision by the General Council, the Governing Board endorsed a declaration of intent about a com-

Table 38

	Reporting date December 31 ¹			Annual average ¹		
	2021	2020	Change	2021	2020	Change
FTEs ²	1,133.2	1,097.5	+35.7	1,123.9	1,088.4	+35.4
Total	1,227.7	1,203.4	+24.3	1,226.3	1,197.2	+29.1

¹ Figures include part-time employees on a pro rata basis.

² Excluding interns and employees on secondment or leave (such as maternity and parental leave).

pensation for the pension fund agreement that concerns employees subject to the third generation of the Conditions of Service who are set to retire after December 31, 2025. To this effect, the OeNB established provisions in the amount of EUR 18.823 million, which cover that part of the expected payment obligation that exceeds the actuarial present value of the provisions made for the respective employees as at December 31, 2021.

As a result of the adjustment of the pension entitlement age underlying the actuarial calculations, the provision requirement for supplementary contributions to pension plans was reduced. The netting of any transfers to and transfers from the provisions and consideration of any additional amounts payable resulted in income in the amount of EUR 32.470 million, which is recorded in the profit and loss account item 6 *Other income*. In 2020, the expense related to supplementary contributions to pension plans amounted to EUR 3.188 million.

9 Administrative expenses

Administrative expenses include, inter alia, rent, maintenance, operating expenses and repair costs of EUR 34.783 million (2020: EUR 35.373 million) as well as banknote processing expenses of EUR 11.258 million (2020: EUR 10.633 million). The headline figure also includes expenses that the OeNB charges entirely to subsidiaries or the ECB (in particular rent, operating costs and security-related service costs) in the amount of EUR 4.494 million (2020: EUR 4.583 million). In 2021, the OeNB moreover again charged one other NCB expenses for banknote deliveries in the amount of EUR 5.522 million (2020: EUR 6.143 million). Administrative expenses for auditing the OeNB's financial statements amounted to EUR 0.098

million (2020: EUR 0.090 million), those for other certification services to EUR 0.039 million (2020: EUR 0.054 million).

Pursuant to Article 238 paragraph 1 item 14 Commercial Code, material obligations arising from the use of tangible fixed assets not disclosed in the balance sheet must be recorded separately. These obligations amount to EUR 11.817 million in the subsequent financial year (2020: EUR 11.727 million). In the subsequent five financial years, these obligations total EUR 58.651 million (2020: EUR 58.290 million). In line with new insights, the values of the previous year were adjusted by a total of EUR 2.849 million, of which EUR 0.475 million relate to obligations of the subsequent financial year and EUR 2.374 million to obligations in the subsequent five financial years.

11 Banknote production services

These expenses result from the purchase of euro banknotes from the OeBS.

13 Corporate income tax

Pursuant to Article 72 paragraph 1 Nationalbank Act, the operating profit of the financial statements drawn up pursuant to Article 67 Nationalbank Act and in accordance with Article 69 paragraph 1 Nationalbank Act constitutes the OeNB's taxable income within the meaning of Article 22 paragraph 1 of the Corporate Income Tax Act 1988. In 2020, the OeNB's taxable corporate income was for the last time reduced pursuant to Article 20 paragraph 3 National Foundation Act; accordingly, the OeNB had to pay the minimum amount of corporate income tax only. Table 39 shows the calculation of the *corporate income tax*.

Table 39

	2021	2020	Change	
	EUR million	EUR million	EUR million	%
Operating profit	94.143	9.760	+84.383	n.a.
Reduction of taxable corporate income under Article 20 paragraph 3 National Foundation Act	–	–30.304	–30.304	–100.0
Taxable corporate income	94.143	–	+94.143	x
Corporate income tax expense (financial year)	23.536	0.004	+23.532	n.a.
Corporate income tax expense (resulting from previous periods)	0.002	–	+0.002	x
Corporate income tax	23.538	0.004	+23.534	n.a.

14 Transfer to the pension reserve and central government's share of profit

The transfer to the pension reserve and the central government's share of profit are shown in table 40.

15 Profit for the year

With the statutory allocations having been made in line with Article 69 paragraphs 2 and 3 Nationalbank Act (see profit and loss account item 14 *Transfer to the pension reserve and central*

government's share of profit), the balance sheet and the profit and loss account show a profit for the year 2021 of EUR 6,354,471.98 (2020: EUR 878,066.67).

In its meeting held on February 4, 2022, the Governing Board decided to submit the profit appropriation proposal shown in table 41 to the General Council.

The appropriation of profit is to be endorsed at the General Meeting.

Table 40

	2021	2020	Change	
	EUR million	EUR million	EUR million	%
Transfer to the pension reserve under Article 69 paragraph 2 Nationalbank Act	7.061	0.976	+6.085	n.a.
Central government's share of profit of 90% under Article 69 paragraph 3 Nationalbank Act	57.190	7.903	+49.288	n.a.
of which:				
Annual redemption under Article 21 paragraph 2 Coinage Act	5.814	5.814	–	–
Transfer to the central government	51.376	2.089	+49.288	n.a.
Total	64.251	8.878	+55.373	n.a.

Table 41

	Recommendation 2021	Use 2020
	EUR	EUR
Dividend payout on the OeNB's capital stock of EUR 12 million under Article 69 Nationalbank Act (up to 10%)	1,200,000.00	600,000.00
Allocation of funds to the OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching		
Funds earmarked for promotion by the OeNB	5,000,000.00	–
Transfers to the profit-smoothing reserve	154,471.98	278,066.67
Profit for the year	6,354,471.98	878,066.67

Post-balance sheet events

Fiscal Advisory Council and Productivity Board Act 2021 (Fiskalrat- und Produktivitätsratgesetz 2021 – FPRG 2021)

With the entry into force of the Fiscal Advisory Council and Productivity Board Act 2021 on January 1, 2022, a Productivity Board was established, for which the Office of the Fiscal Advisory Council provides the secretariat. The core tasks of the Fiscal Advisory Council remain largely unchanged. Pursuant to Article 7 paragraph 11 of the Fiscal Advisory Council and Productivity Board Act, the OeNB will provide the staff required by the Productivity Board and cover the respective administrative expenses. To comply with the monetary financing prohibition under Article 123 paragraph 1 of the Treaty on the Functioning of the European Union (TFEU) and Article 41 Nationalbank Act, the central government will, up to an amount of EUR 0.250 million, reimburse the OeNB for the costs directly related to the tasks of the Productivity Board. To ensure that no credit facility is granted to the central government, Article 7 paragraph 12 Fiscal Advisory Council and Productivity Board Act states that the central government on a quarterly basis effects in advance a credit transfer in the amount of EUR 0.0625 million.

War in Ukraine – sanctions against Russia

In line with its established crisis and risk management processes, the OeNB monitors and analyzes

potential effects of the war in Ukraine with respect to both its own operations and the Austrian financial market. It does so in close coordination with the Austrian federal government and the ECB. In its risk assessment, the OeNB takes into account the measures and sanctions against Russia that the European Commission is coordinating among the EU member states. To ensure full compliance with its mandate, the OeNB stands ready to take risk-mitigating action as appropriate.

The potential impact on the OeNB's operating profit cannot be estimated at this point in time.

In the banking sector, a Russian bank based in Austria faced massive liquidity outflows in several countries as a result of the imposed sanctions. The Single Resolution Board and the ECB in the meantime determined the bank as failing or likely to fail. The Austrian Financial Market Authority (FMA) prohibited the bank from continuing business operations, and an expert supervisor (i.e. government commissioner) was appointed. This does not jeopardize financial stability in Austria. According to the OeNB's assessment, a potential failure of the Russian bank based in Austria would not have a material impact on the OeNB's business operations, and no material losses are expected following the liquidation of the collateral. The OeNB will continue monitoring the situation and take action as appropriate.

GOVERNING BOARD (DIREKTORIUM)

Governor Robert Holzmann
Vice Governor Gottfried Haber
Executive Director Eduard Schock
Executive Director Thomas Steiner

GENERAL COUNCIL (GENERALRAT)

President Harald Mahrer
Vice President Barbara Kolm
Bettina Glatz-Kremsner
Erwin Hameseder
Stephan Koren
Franz Maurer
Susanne Riess
Peter Sidlo
Christoph Traunig
Brigitte Unger
State Commissioner Harald Waiglein
Deputy State Commissioner Alfred Lejsek

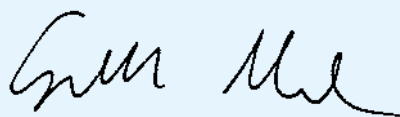
In accordance with Article 22 paragraph 5 Nationalbank Act, the following representatives of the Central Staff Council participated in discussions on personnel, social and welfare matters:

Birgit Sauerzopf
Christian Schrödinger

Vienna, March 8, 2022



Robert Holzmann



Gottfried Haber



Eduard Schock



Thomas Steiner

Bestätigungsvermerk der Abschlussprüfungsgesellschaft

Oesterreichische Nationalbank, Wien

31. Dezember 2021

BESTÄTIGUNGSVERMERK

Bericht zum Jahresabschluss

Prüfungsurteil

Wir haben den Jahresabschluss der

Oesterreichische Nationalbank, Wien,

bestehend aus der Bilanz zum 31. Dezember 2021, der Gewinn- und Verlustrechnung für das an diesem Stichtag endende Geschäftsjahr und dem Anhang, geprüft.

Nach unserer Beurteilung entspricht der beigefügte Jahresabschluss den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage zum 31. Dezember 2021 sowie der Ertragslage der Gesellschaft für das an diesem Stichtag endende Geschäftsjahr in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften und den sondergesetzlichen Bestimmungen des Nationalbankgesetzes 1984 in der geltenden Fassung sowie den Bestimmungen der vom Rat der Europäischen Zentralbank gemäß Artikel 26 Abs 4 des "Protokolls über die Satzung des Europäischen Systems der Zentralbanken und der Europäischen Zentralbank" mittels der "Leitlinie der Europäischen Zentralbank vom 3. November 2016 über die Rechnungslegungsgrundsätze und das Berichtswesen im Europäischen System der Zentralbanken (EZB/2016/34)", zuletzt geändert am 11. November 2021 (EZB/2021/51), erlassenen Vorschriften.

Grundlage für das Prüfungsurteil

Wir haben unsere Abschlussprüfung in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung durchgeführt. Diese Grundsätze erfordern die Anwendung der International Standards on Auditing (ISA). Unsere Verantwortlichkeiten nach diesen Vorschriften und Standards sind im Abschnitt "Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses" unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von der Gesellschaft unabhängig in Übereinstimmung mit den österreichischen unternehmensrechtlichen und berufsrechtlichen Vorschriften, und wir haben unsere sonstigen beruflichen Pflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns bis zum Datum des Bestätigungsvermerks erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu diesem Datum zu dienen.

Verantwortlichkeiten der gesetzlichen Vertreter und des Unterausschusses des Generalrates für Rechnungslegung und interne Kontrollsysteme für den Jahresabschluss

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses und dafür, dass dieser in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften und den sondergesetzlichen Bestimmungen des Nationalbankgesetzes 1984 in der geltenden Fassung sowie den Bestimmungen der vom Rat der Europäischen Zentralbank gemäß Artikel 26 Abs 4 des "Protokolls über die Satzung des Europäischen Systems der Zentralbanken und der Europäischen Zentralbank" mittels der "Leitlinie der Europäischen Zentralbank vom 3. November 2016 über die Rechnungslegungsgrundsätze und das Berichtswesen im Europäischen System der Zentralbanken (EZB/2016/34)", zuletzt geändert am 11. November 2021 (EZB/2021/51), erlassenen Vorschriften ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie als notwendig erachten, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen falschen Darstellungen aufgrund von dolosen Handlungen oder Irrtümern ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen, Sachverhalte im Zusammenhang mit der Fortführung der Unternehmenstätigkeit - sofern einschlägig - anzugeben, sowie dafür, den Rechnungslegungsgrundsatz der Fortführung der Unternehmenstätigkeit anzuwenden, es sei denn, die gesetzlichen Vertreter beabsichtigen, entweder die Gesellschaft zu liquidieren oder die Unternehmenstätigkeit einzustellen oder haben keine realistische Alternative dazu.

Der Unterausschuss des Generalrates für Rechnungslegung und interne Kontrollsysteme ist verantwortlich für die Überwachung des Rechnungslegungsprozesses der Gesellschaft.

Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses

Unsere Ziele sind, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen falschen Darstellungen aufgrund von dolosen Handlungen oder Irrtümern ist, und einen Bestätigungsvermerk zu erteilen, der unser Prüfungsurteil beinhaltet. Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, durchgeführte Abschlussprüfung eine wesentliche falsche Darstellung, falls eine solche vorliegt, stets aufdeckt. Falsche Darstellungen können aus dolosen Handlungen oder Irrtümern resultieren und werden als wesentlich angesehen, wenn von ihnen einzeln oder insgesamt vernünftigerweise erwartet werden könnte, dass sie die auf der Grundlage dieses Jahresabschlusses getroffenen wirtschaftlichen Entscheidungen von Nutzern beeinflussen.

Oesterreichische Nationalbank, Wien

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Als Teil einer Abschlussprüfung in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, üben wir während der gesamten Abschlussprüfung pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung.

Darüber hinaus gilt:

- Wir identifizieren und beurteilen die Risiken wesentlicher falscher Darstellungen aufgrund von dolosen Handlungen oder Irrtümern im Abschluss, planen Prüfungshandlungen als Reaktion auf diese Risiken, führen sie durch und erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass aus dolosen Handlungen resultierende wesentliche falsche Darstellungen nicht aufgedeckt werden, ist höher als ein aus Irrtümern resultierendes, da dolose Handlungen kollusives Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen oder das Außerkraftsetzen interner Kontrollen beinhalten können.
- Wir gewinnen ein Verständnis von dem für die Abschlussprüfung relevanten internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit des internen Kontrollsystems der Gesellschaft abzugeben.
- Wir beurteilen die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte in der Rechnungslegung und damit zusammenhängende Angaben.
- Wir ziehen Schlussfolgerungen über die Angemessenheit der Anwendung des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit durch die gesetzlichen Vertreter sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die erhebliche Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen können. Falls wir die Schlussfolgerung ziehen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, in unserem Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch die Abkehr der Gesellschaft von der Fortführung der Unternehmenstätigkeit zur Folge haben.
- Wir beurteilen die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse in einer Weise wiedergibt, dass ein möglichst getreues Bild erreicht wird.

Wir tauschen uns mit dem Unterausschuss des Generalrates für Rechnungslegung und interne Kontrollsysteme unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschließlich etwaiger bedeutsamer Mängel im internen Kontrollsystem, die wir während unserer Abschlussprüfung erkennen, aus.

Bericht zum Geschäftsbericht gemäß § 68 NBG

Auf den gemäß § 68 Abs 1 NBG zu erstellenden Geschäftsbericht finden die Bestimmungen des § 243 Abs 1 bis 3 UGB (Lagebericht), mit Ausnahme von Abs 2 letzter Satz und Abs 3 Z 1, 2 und 5 UGB, Anwendung.

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Geschäftsberichts in Übereinstimmung mit den gesetzlichen Vorschriften.

Wir haben unsere Prüfung in Übereinstimmung mit den Berufsgrundsätzen zur Prüfung des Geschäftsberichts durchgeführt.

Die im Geschäftsbericht enthaltenen Jahresabschlussinformationen (Lagebericht) sind aufgrund der österreichischen unternehmensrechtlichen Vorschriften darauf zu prüfen, ob sie mit dem Jahresabschluss in Einklang stehen und ob sie nach den geltenden rechtlichen Anforderungen aufgestellt wurden.

Unser Prüfungsurteil zum Jahresabschluss deckt die im Geschäftsbericht enthaltenen anderen (sonstigen) Informationen, die nicht den Jahresabschluss und die gemäß § 68 NBG geforderte Darstellung der direkten und indirekten Beteiligungen und den Lagebericht betreffen, nicht ab und wir geben keine Art der Zusicherung darauf.

In Verbindung mit unserer Prüfung des Jahresabschlusses ist es unsere Verantwortung, diese sonstigen Informationen zu lesen und zu überlegen, ob es wesentliche Unstimmigkeiten zwischen den sonstigen Informationen und dem Jahresabschluss gibt oder mit unserem, während der Prüfung erlangten Wissen gibt oder diese sonstigen Informationen sonst wesentlich falsch dargestellt erscheinen. Falls wir, basierend auf den durchgeführten Arbeiten, zur Schlussfolgerung gelangen, dass die sonstigen Informationen wesentlich falsch dargestellt sind, müssen wir dies berichten. Wir haben diesbezüglich nichts zu berichten.

Urteil

Nach unserer Beurteilung sind die im Geschäftsbericht zu § 243 Abs 1 bis 3 UGB (Lagebericht), mit Ausnahme von Abs 2 letzter Satz und Abs 3 Z 1, 2 und 5 UGB enthaltenen Jahresabschlussinformationen und die Darstellung der direkten und indirekten Beteiligungen nach den geltenden rechtlichen Anforderungen aufgestellt worden und stehen in Einklang mit dem Jahresabschluss.

Oesterreichische Nationalbank, Wien

31. Dezember 2021

Erklärung

Angesichts der bei der Prüfung des Jahresabschlusses gewonnenen Erkenntnisse und des gewonnenen Verständnisses über die Gesellschaft und ihr Umfeld wurden wesentliche fehlerhafte Angaben im Geschäftsbericht nicht festgestellt.

Wien, am 8. März 2022

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Unterschrieben 

Ernst Schönhuber
qualifiziert elektronisch unterfertigt

Mag. Ernst Schönhuber
Wirtschaftsprüfer

Unterschrieben 

Andrea Stippl
qualifiziert elektronisch unterfertigt

Mag. Andrea Stippl
Wirtschaftsprüferin

TRANSLATION

4. AUDITOR'S REPORT^{*)}

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

Oesterreichische Nationalbank, Vienna.

These financial statements comprise the balance sheet as of December 31, 2021, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as at December 31, 2021 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles and the statutory requirements of the 1984 Federal Act on the Oesterreichische Nationalbank (Nationalbank Act), as amended, and the requirements of the rules adopted by the Governing Council of the European Central Bank in accordance with Article 26 paragraph 4 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank by means of the Guideline of the European Central Bank of November 3, 2016 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2016/34), as amended on November 11, 2021 (ECB/2021/51).

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under these regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Responsibilities of the Management and the Subcommittee of the General Council on Accounting and Internal Control Systems for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and the statutory requirements of the National Bank Act, as amended, and the requirements of the rules adopted by the Governing Council of the European Central Bank in accordance with Article 26 paragraph 4 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank by means of the Guideline of the European Central Bank of November 3, 2016 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2016/34), as amended on November 11, 2021 (ECB/2021/51), for them to present a true and fair view

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of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Subcommittee of the General Council on Accounting and Internal Control Systems is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the application of ISA, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Subcommittee of the General Council on Accounting and Internal Control Systems regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Annual Report according to Article 68 Nationalbank Act

The Annual Report to be prepared pursuant to Article 68 paragraph 1 Nationalbank Act is subject to the requirements of Article 243 paragraphs 1 to 3 of the Commercial Law (management report) with the exception of paragraph 2 last sentence and paragraph 3 nos. 1, 2 and 5 Commercial Law.

Management is responsible for the preparation of the annual report in accordance with statutory requirements.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Annual Report.

According to the relevant rules under Austrian Generally Accepted Accounting Principles, financial information contained in the Annual Report (management report) is to be audited as to whether it is consistent with the financial statements and whether it has been drawn up in accordance with the applicable statutory requirements.

Our audit opinion on the annual financial statements does not cover the other information contained in the Annual Report that does not relate to the annual financial statements and the presentation of direct and indirect investments and the Annual Report required by Article 68 Nationalbank Act, and therefore does not imply any assurance in this regard.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion

In our opinion, the financial information contained in the Annual Report in line with Article 243 paragraphs 1 to 3 of the Commercial Law (management report) with the exception of paragraph 2 last sentence and paragraph 3 nos. 1, 2 and 5 Commercial Law, as well as the presentation of information on direct and indirect investments are in line with the applicable statutory requirements and are consistent with the financial statements.

Oesterreichische Nationalbank, Vienna

December 31, 2021

TRANSLATION*Statement*

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Vienna, March 8, 2022

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Ernst Schönhuber mp Mag. Andrea Stippl mp
Wirtschaftsprüfer / Certified Public Accountant Wirtschaftsprüferin / Certified Public Accountant

*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the annual report are identical with the German audited version.

Report of the General Council on the Annual Report and the financial statements for 2021

The General Council (Generalrat) fulfilled the duties incumbent on it under the 1984 National-bank Act by holding its regular meetings, by convening subcommittees to examine specific issues and by making informed decisions. The Governing Board (Direktorium) periodically reported to the General Council on the OeNB's operations and results, on the conditions in the money, capital and foreign exchange markets, on important day-to-day management issues, on all developments of significance for an appraisal of monetary and economic developments, on the arrangements made for auditing the OeNB's finances, and on any other significant dispositions and events affecting the OeNB's

operations. The financial statements for the year 2021 were given an unmodified auditor's opinion after examination by the auditors elected at the General Meeting of March 27, 2018, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., on the basis of the OeNB's books and records as well as the information and evidence provided by the Governing Board. In its meeting of March 21, 2022, the General Council approved the Governing Board's Annual Report and the financial statements for 2021. The General Council submits the Annual Report and the financial statements to the General Meeting for adoption.

Notes

Abbreviations

ABSPP	asset-backed securities purchase programme	ICAS	Inhouse Credit Assessment System
AMS	Public Employment Service Austria	IFRS	International Financial Reporting Standards
APB	Austrian Payments Board	IMF	International Monetary Fund
APP	(expanded) asset purchase programme	IRB	internal ratings-based
ATM	automated teller machine	IReF	Integrated Reporting Framework
BIS	Bank for International Settlements	ISO	International Organization for Standardization
CBPP	covered bond purchase programme	IT	information technology
CCyB	countercyclical capital buffer	JVI	Joint Vienna Institute
CEEI	Conference on European Economic Integration (OeNB)	LTRO	longer-term refinancing operation
CESEE	Central, Eastern and Southeastern Europe(an)	MÜNZE	Münze Österreich AG
CET1	common equity tier 1	NAB	New Arrangements to Borrow
CHF	Swiss franc	NCB	national central bank
CLM	Central Liquidity Management	NGFS	Central Banks and Supervisors Network for Greening the Financial System
CoCAS	Common Credit Assessment System	OeBS	Oesterreichische Banknoten- und Sicherheitsdruck GmbH
COP26	UN Climate Change Conference in Glasgow (2021)	OECD	Organisation for Economic Co-operation and Development
CRD	Capital Requirements Directive	OeKB	Oesterreichische Kontrollbank Aktiengesellschaft
CRR	Capital Requirements Regulation	OeNB	Oesterreichische Nationalbank
CSPP	corporate sector purchase programme	OeNPAY	OeNPAY Financial Innovation HUB GmbH
EBA	European Banking Authority	OPEC	Organisation of the Petroleum Exporting Countries
ECB	European Central Bank	OPEC+	OPEC and its oil-producing allies
EIB	European Investment Bank	O-SII	other systemically important institution
EMAS	Eco-Management and Audit Scheme	PELTRO	pandemic emergency longer-term refinancing operation
EPI	European Payments Initiative	PEPP	pandemic emergency purchase programme
EPT	environmental protection team (OeNB)	PSPP	public sector purchase programme
ERM II	exchange rate mechanism II	Q&As	questions and answers
ERP	European Recovery Program	R&D	research and development
ERPB	Euro Retail Payments Board	SDR	Special Drawing Right
ERM	enterprise risk management	SEPA	Single Euro Payments Area
ESCB	European System of Central Banks	SMP	Securities Markets Programme
ECMS	Eurosystem Collateral Management System	SREP	supervisory review and evaluation process
ESG	environmental, social and governance (criteria)	SRI	sustainable and responsible investment
ESRB	European Systemic Risk Board	SSM	Single Supervisory Mechanism
EU	European Union	SyRB	systemic risk buffer
EUR	euro	T2S	TARGET2-Securities
FMA	Austrian Financial Market Authority	TARGET2 (T2)	Trans-European Automated Real-time Gross settlement Express Transfer system, second generation
Fed	US Federal Reserve System	TLTRO	targeted longer-term refinancing operation
FMSB	Financial Market Stability Board	UK	United Kingdom
FTE	full-time equivalent	UN	United Nations
GDP	gross domestic product	US(A)	United States (of America)
GIMPI	OeNB reporting regulation serving the construction of price indices for commercial real estate markets	USD	US dollar
GSA	GELDSERVICE AUSTRIA		
HICP	Harmonised Index of Consumer Prices		

Conventions used in tables

- x = no data can be indicated for technical reasons
- .. = not available
- 0 = the numerical value is zero or smaller than half of the unit indicated

Legend entries in the financial statements:

- x = no data can be indicated for technical reasons
- = the numerical value is zero
- 0 = the numerical value is smaller than half of the unit indicated
- n.a. = not applicable

Discrepancies may arise from rounding.

Periodical publications

Starting from 2016, the OeNB's periodical publications are available in electronic format only. They can be downloaded at <https://www.oenb.at/en/Publications.html>. If you would like to be notified about new issues by e-mail, please register at <https://www.oenb.at/en/Services/Newsletter.html>.

Annual Report (Sustainability Report)

German, English | annually

This report informs readers about the Eurosystem's monetary policy and underlying economic conditions as well as about the OeNB's role in maintaining price stability and financial stability. It also provides a brief account of the key activities of the OeNB's core business areas. The OeNB's financial statements are an integral part of the report.

<https://www.oenb.at/en/Publications/Oesterreichische-Nationalbank/Annual-Report.html>

Property Market Review – Austria and CESEE Property Market Review – Austria

English | Q1 and Q3
German, English | Q2 and Q4

This publication analyzes developments on real estate markets given their importance for both price and financial stability, with an alternating regional focus.

<https://www.oenb.at/en/Publications/Economics/property-market-review.html>

Inflation aktuell

German | quarterly

This publication presents the OeNB's analysis of recent inflation developments in Austria and its inflation outlook for Austria for the current and next year. In addition, it provides in-depth analyses of topical issues.

<https://www.oenb.at/Publikationen/Volkswirtschaft/inflation-aktuell.html>

Konjunktur aktuell

German | seven times a year

This publication provides a concise assessment of current cyclical and financial developments in the global economy, the euro area, Central, Eastern and Southeastern European countries, and in Austria. The quarterly releases (March, June, September and December) also include short analyses of economic and monetary policy issues.

<https://www.oenb.at/Publikationen/Volkswirtschaft/konjunktur-aktuell.html>

Monetary Policy & the Economy

English | quarterly

This publication assesses cyclical developments in Austria and presents the OeNB's regular macroeconomic forecasts for the Austrian economy. It contains economic analyses and studies with a particular relevance for central banking and summarizes findings from macroeconomic workshops and conferences organized by the OeNB.

<https://www.oenb.at/en/Publications/Economics/Monetary-Policy-and-the-Economy.html>

Facts on Austria and Its Banks

German, English | twice a year

This publication provides a snapshot of the Austrian economy based on a range of structural data and indicators for the real economy and the banking sector. Comparative international measures enable readers to put the information into perspective.

<https://www.oenb.at/en/Publications/Financial-Market/Facts-on-Austria-and-Its-Banks.html>

Financial Stability Report

English | twice a year

The reports section of this publication analyzes and assesses the stability of the Austrian financial system as well as developments that are relevant for financial stability in Austria and at the international level. The special topics section provides analyses and studies on specific financial stability-related issues.

<https://www.oenb.at/en/Publications/Financial-Market/Financial-Stability-Report.html>

Focus on European Economic Integration

English | quarterly

This publication presents economic analyses and outlooks as well as analytical studies on macroeconomic and macro-financial issues with a regional focus on Central, Eastern and Southeastern Europe.

<https://www.oenb.at/en/Publications/Economics/Focus-on-European-Economic-Integration.html>

Statistiken – Daten & Analysen

German | quarterly

This publication contains analyses of the balance sheets of Austrian financial institutions, flow-of-funds statistics as well as external statistics (English summaries are provided). A set of 13 tables (also available on the OeNB's website) provides information about key financial and macroeconomic indicators.

<https://www.oenb.at/Publikationen/Statistik/Statistiken---Daten-und-Analysen.html>

Statistiken – Daten & Analysen: Special Issues

German, English | irregularly

In addition to the regular issues of the quarterly statistical series "Statistiken – Daten & Analysen," the OeNB publishes a number of special issues on selected statistics topics (e.g. sector accounts, foreign direct investment and trade in services).

<https://www.oenb.at/en/Publications/Statistics/Special-Issues.html>

CESEE Research Update

English | quarterly

This online newsletter informs readers about research priorities, publications as well as past and upcoming events with a regional focus on Central, Eastern and Southeastern Europe. Subscribe to the newsletter at:

<https://www.oenb.at/en/Publications/Economics/CESEE-Research-Update.html>

Workshops – Proceedings of OeNB Workshops

German, English | irregularly

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English | annually

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English | annually

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Publisher and editor	<i>Oesterreichische Nationalbank, Otto-Wagner-Platz 3, 1090 Vienna, Austria PO Box 61, 1011 Vienna, Austria www.oenb.at oenb.info@oenb.at Phone (+43-1) 40420-6666</i>
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Pictorial design	<i>Chiara Galbusera, Robert Musil</i>
Photos	<i>OeNB, Graphisches Atelier Neumann and Jan Röhrmann (photos of instruments) unless otherwise noted (see photo credits)</i>
Layout and typesetting	<i>Melanie Schuhmacher</i>
Printing and production	<i>Oesterreichische Nationalbank, 1090 Vienna</i>
Data protection information	<i>www.oenb.at/en/dataprotection</i>
ISSN 2311-0007 (online)	

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EU Ecolabel: AT/028/024

