

200 YEARS
since 1816



OESTERREICHISCHE NATIONALBANK
EUROSYSTEM

ANNUAL REPORT 2015

including the Intellectual Capital Report and the Environmental Statement
SUSTAINABILITY REPORT 2015



Stability and Security.

2015

The OeNB's legal mandate

Federal Act on the Oesterreichische Nationalbank

(1984 Nationalbank Act)

Federal Law Gazette No. 50/1984, as amended by Federal Law Gazette Part I No. 159/2015

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 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 [...].

The OeNB's Mission Statement

The Oesterreichische Nationalbank (OeNB) contributes essentially to securing price stability and financial stability.

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 sound economic development.
- 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.
- We invest and manage the national monetary and gold reserves professionally in accordance with our stability mandate and furnish banks with central bank liquidity as needed.
- As a central economic policymaking institution, we seek to provide economic and financial expertise and guide policymakers with high-quality, reliable statistics.
- We support financial literacy by offering a broad range of information and education services.

VALUES

- We are committed to the European project and actively support the European integration process.
- We are aware of our responsibility toward Austria and Europe and pursue effectiveness and efficiency in our work.
- Our endeavors are founded on technical expertise and social competence, transparency and responsible corporate governance.
- We welcome change and embrace forward thinking.
- Our staff and their 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.

Names and faces of the OeNB through the ages



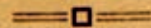
an No 5

26

Oesterreichisch-ungarische Bank.

Generalsekretär.

In Angelegenheiten des Wiener Saldierungs-Vereines.



ad Nr. 2857



Oesterreichisch-ungarische Bank.



Escompte-Gesellschaft, Niederösterreichische.



Credit-Anstalt f. H. Oesterreichisch



Union-Bank.



Verkehrsbank, allgemeine.



Länderbank,

3264
18.

Direktion der k.k. priv. OeNB, Nazion

CIRCULANDUM

an sämtliche verehrte

Herren Directoren

der privilegirten oesterreichischen

National-Bank.



OESTERREICHISCHE NATIONALBANK
EUROSYSTEM

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Foreword by the President



In 2015, the OeNB and the Eurosystem were once more confronted with major challenges. GDP growth in the euro area remained modest, and in Austria, economic expansion was weak for the fourth year in a row. At the same time, possible deflation continued to pose a risk for the euro area – though not so much for Austria, where price increases in the services sector kept inflation at levels somewhat above those seen in other European countries. To address increased deflation risks, the Eurosystem adopted additional monetary policy measures in 2015. Next to continuing its policy of generous long-term liquidity provision, the ECB further reduced key interest rates and expanded its asset purchase programs.

2015 also marked the first year of operation under the Single Supervisory Mechanism (SSM), which implied considerable demands on our statistics and banking supervision staff. Another key issue in the reporting year was the creation of the legal bases for the Single Resolution Mechanism in Austria, and the European Commission proposed a three-stage approach toward implementing a harmonized European Deposit Insurance Scheme (EDIS) by 2024. Other important tasks for the OeNB in 2015 included presenting and launching the new EUR 20 banknote and developing and implementing a new gold storage policy for the OeNB. Under the new policy, large amounts of Austrian gold will be repatriated from abroad and brought back to Vienna. The first transports from London have already been successfully completed, and by 2020, a total of 140 tons of gold will be stored in the vaults of the OeNB and Münze Österreich AG.

In mid-2015, the OeNB's internal optimization and reorganization project OPAL could be brought to a successful con-

clusion according to schedule, paving the way for a sustainable reduction of cost, efficient processes and an optimized organizational structure. Although numerous cost-cutting measures have been scheduled, the OeNB will be able to render its full range of services in continuously high quality and remain an attractive employer for highly qualified experts.

The OeNB posted operating income of EUR 1,171 million in 2015, a remarkable result given the generally difficult economic conditions and the persistently low interest rate level in particular. Compared to 2014, this meant an increase by EUR 360 million that was primarily attributable to a significant rise in income from equity shares and participating interests, but also some one-off effects. Operating profit came to EUR 753 million in 2015, bringing the Austrian government's 90% profit share to EUR 508 million (after corporate income tax).

As one of the oldest central banks worldwide, the OeNB marks the 200th year of its existence in 2016. Preparations for various anniversary products and events are underway to inform the public about the OeNB's central role in Austria's monetary system and policy.

I would like to express my gratitude to the members of the Governing Board and the entire OeNB staff for their extraordinary commitment to safeguarding price stability and financial stability in 2015.

Vienna, April 2016

A handwritten signature in black ink, which appears to read "C. Raidl". The signature is fluid and cursive.

Claus J. Raidl, President

Foreword by the Governor

Renewed turmoil in the global economy – such as the growth slowdown in emerging markets and weak global trade – led to a massive decline in commodity prices in 2015. Though the oil price slump favored an economic upswing, it also drove down annual inflation in the euro area to barely above zero at end-2015. Current data suggest that annual inflation in 2016 likewise will remain significantly below the Eurosystem’s price stability target range of below, but close to, 2%. The recovery path observed in the euro area countries in 2015 also remained moderate by historical comparison.

This macroeconomic situation has required decisive action on the part of the Eurosystem. Therefore, the Governing Council of the ECB eased the monetary policy stance further in several steps in 2015. In January 2015, it decided to expand the existing asset purchase program to include purchases of bonds issued by euro area central governments, agencies and European institutions. The Eurosystem carried out first purchases under this expanded asset purchase program (APP) in March 2015, having committed itself to making monthly purchases of EUR 60 billion. The APP was extended in December 2015, which means that monthly purchases will be carried out at least until the end of March 2017, and in any case until the Governing Council of the ECB sees a sustained adjustment in the path of inflation.

The Eurosystem’s expansionary monetary policy has significantly contributed to further improving financing conditions for businesses and households. In the present situation, however, monetary policy alone cannot put Europe’s economy back

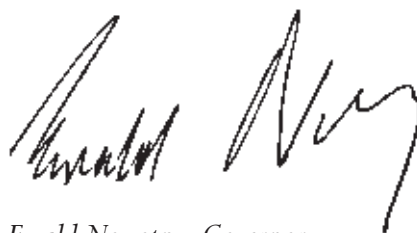
on a sustainable growth path; action in other policy areas is needed as well to create the necessary conditions for this to happen.

As the euro area’s Single Supervisory Mechanism (SSM) had become fully operational in late 2014, the year 2015 also brought new challenges for the OeNB’s banking supervision staff. Under the SSM, the OeNB is actively engaged in supervising Austrian banks in close cooperation with the ECB and the Austrian Financial Market Authority (FMA). Another milestone toward completing banking union was achieved on January 1, 2016, when the Single Resolution Mechanism became fully operational.

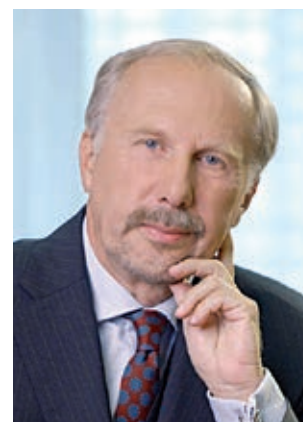
The reporting year also saw the launch of the OeNB’s new gold storage policy. Given that foreign reserve assets and gold holdings are key elements of a central bank’s strategy for crisis prevention and management that have repeatedly proved their ability to build confidence in difficult times, the implementation of the new gold storage policy required great care and circumspection.

Overall, 2015 was a challenging yet very interesting year for the OeNB. I would like to thank the President and the Vice President, the Governing Board and all OeNB staff members for their good work and dedication in 2015.

Vienna, April 2016



Ewald Nowotny, Governor



Ownership structure and decision-making bodies

The OeNB's owners

The OeNB is a stock corporation. However, given its particular status as a central bank, it is governed by a number of special provisions laid down in the Federal Act on the Oesterreichische Nationalbank 1984 (Nationalbank Act). Its nominal capital of EUR 12 million has been held in its entirety by the central government since July 2010.

Functions of the General Council

The General Council is charged with the supervision of all business not falling within the remit of the European System of Central Banks (ESCB). The General Council is convened by the President, as a rule once a month. Pursuant to Article 20 paragraph 2 of the Nationalbank Act, the General Council shall advise the Governing Board in the conduct of the OeNB's business and in matters of monetary policy. Joint meetings of the General Council and the Governing Board must take place at least once every quarter. General Council approval is required for a number of management decisions, e.g. for starting and discontinuing business lines, establishing and closing down branch offices, and acquiring and selling holdings and real property.

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. Finally, the General Council has the exclusive right of decision on issues detailed in Article 21 paragraph 2 Nationalbank Act, e.g. on submitting to the Austrian federal government nominations of three candidates for appointments to the OeNB's Governing Board by the Federal President, on defining general operational principles for all matters outside the remit of the ESCB, on approving the financial statements for submission to the General Meeting, and on approving the cost account and investment plan for the next financial year.

Composition of the General Council

The General Council consists of the President, the Vice President and eight other members. Only Austrian citizens may be members of the General Council. They 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.

The General Council of the OeNB comprised the following members on March 30, 2016:



Claus J. Raidl
President

Term of office:
September 1, 2013, to
August 31, 2018



Max Kothbauer
Vice President

Term of office:
September 1, 2013, to
August 31, 2018



August Astl
*Secretary General,
Austrian Chamber
of Agriculture*

Term of office:
September 8, 2013, to
September 7, 2018



Gottfried Haber
*Head – Economic and Financial
Policy,
Head – Center for Management
in Healthcare,
Danube University Krems*

Term of office:
May 23, 2013, to May 22, 2018



Erich Hampel
*Chairman of the Supervisory
Board,
UniCredit Bank Austria AG*

Term of office:
May 23, 2013, to
May 22, 2018



**Anna Maria
Hochhauser**
*Secretary General,
Austrian Federal Economic
Chamber*

Term of office:
March 1, 2013, to
February 28, 2018



Werner Muhm
*Director,
Vienna Chamber of Labour*

Term of office:
March 1, 2013, to
February 28, 2018



Gabriele Payr
*Consultant for
Wiener Stadtwerke
Holding AG*

Term of office:
August 1, 2014, to
July 31, 2019



Walter Rothensteiner
*Chairman of the
Managing Board,
Raiffeisen Zentralbank
Österreich AG*

Term of office:
August 1, 2014, to
July 31, 2019



Dwora Stein
*Federal CEO,
Union of Private Sector
Employees, Graphical Workers
and Journalists*

Term of office:
September 1, 2013, to
August 31, 2018

Robert Kocmich and Birgit Sauerzopf (alternate) are the representatives delegated by the Central Staff Council to participate in meetings of the General Council pursuant to Article 22 paragraph 5 Nationalbank Act.



Robert Kocmich
*Central Staff Council
Chair*



Birgit Sauerzopf
*Central Staff Council
Deputy Chair*



**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, 2011

Governing Board

The Governing Board is responsible for the overall running of the OeNB and for conducting the OeNB's business. 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 a way that enables the OeNB to fulfill the tasks conferred upon it by directly applicable EU legislation under the Treaty on the Functioning of the European Union (TFEU), the Statute of the ESCB and of the ECB and by federal legislation.

On March 30, 2016, the Governing Board of the OeNB comprised the following members:



From left to right: Executive Director Peter Mooslechner, Governor Ewald Nowotny, Vice Governor Andreas Ittner, Executive Director Kurt Pribil

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 both the Governing Council and the General Council of the ECB. The Governor and his deputy are not bound, in performing

these functions, 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 General Council meeting room in 1925 ...

... and in 2016



Organization of the OeNB

President

Claus J. Raidl

Vice President

Max Kothbauer

Governing Board

Central Bank Policy

Ewald Nowotny, Governor

Compliance Office

Eva Graf, Head

Communications, Organization and Human Resources Department

Markus Arpa, Director

Agenda Office – Governing Board, General Council and General Meeting

Brigitta Lidauer

Personnel Division

Hannes Brodtrager, Head

Organization Division¹

Anna Cordt, Head

Press Office

Christian Gutleiderer, Head

Communications and Financial Literacy Division

Maximilian Hiermann, Head

Economic Analysis and Research Department

Doris Ritzberger-Grünwald, Director

Economic Analysis Division

Ernest Gnan, Head

Economic Studies Division

Martin Summer, Head

Foreign Research Division

Helene Schuberth, Head

Financial Stability, Banking Supervision and Statistics

Andreas Ittner, Vice Governor

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

Markus Schwaiger, Head

Department for Financial Stability and the Supervision of Less Significant Institutions

Philip Reading, Director

Off-Site Supervision Division – Less Significant Institutions

Georg Hubmer, Head

On-Site Supervision Division – Less Significant Institutions

Roland Pipelka, Head

Financial Stability and Macroprudential Supervision Division

Michael Würz, Head

Statistics Department

Johannes Turner, Director

Office for Specific Bank Resolution Matters

Alexander Benkwitz, Head

Statistical Information Systems and Data Management Division

Eva-Maria Springauf, Head

External Statistics, Financial Accounts and Monetary and Financial Statistics Division

Michael Pfeiffer, Head

Supervisory Statistics, Models and Credit Quality Assessment Division

Gerhard Winkler, Head

Payment Systems, IT and Infrastructure

Kurt Pribil, Executive Director

Treasury Risk Monitoring Office

Doris Rijnbeek, Head

Equity Interest Management and Company Law Office

Christa Mölzer-Hellsberg, Head

Northern Austria Branch Office

Josef Kienbauer, Branch Manager

Southern Austria Branch Office

Claudia Macheiner, Branch Manager

Western Austria Branch Office

Armin Schneider, Branch Manager

Equity Interests, Payment Systems and Internal Services Department

Stefan Augustin, Director

Equity Interest and Payments Management Division

Wolfgang Haunold, Head

Cashier's Division

Barbara Nösslinger, Head

Payment Systems Division

Katharina Selzer-Haas, Head

Security Division

Gerhard Valenta, Head

Procurement and Technical Services Division

Thomas Reindl, Head

IT and Customer Services Department

Christoph Martinek, Director

IT Strategy, Architecture and Security Office

Martin Durst, Head

IT Development

Dieter Gally, Head

IT Operations

Peter Deixelberger, Head

Information Management and Services Division

Bernhard Urban, Head

Financial Markets, International Relations and Accounting

Peter Mooslechner, Executive Director

European Affairs and International

Financial Organizations Division

Franz Nauschnigg, Head

Brussels Representative Office

Isabella Lindner, Chief Representative

Legal Division

Matthias Schroth, Head

Treasury Department

Franz Partsch, Director

Treasury – Back Office

Reinhard Beck, Head

Treasury – Strategy Division

Robert Reinwald, Head

Treasury – Front Office

Peter Sixt, Head

New York Representative Office

Gerald Fiala, Chief Representative

Accounting, Controlling and Cash and Gold Inventory Department

Friedrich Karrer, Director

Financial Statements and Tax Matters Division

Elisabeth Trost, Head

Accounting Division

Josef Steiningger, Head

Planning and Controlling Division

Rudolf Butta, Head

¹ Environmental Officer Martin Much.

As on March 30, 2016.

The year 2015 at a glance

Eurosystem takes vital steps to safeguard price stability

In 2015, GDP growth and inflation in the euro area were lower than anticipated owing to an economic slowdown in emerging markets, weak global trade and a decline in commodity prices. To address the increased risk of persistently low inflation, the Eurosystem adopted new monetary policy measures: Next to continuing its policy of generous long-term liquidity provision, the ECB reduced its interest rates further and expanded its asset purchase programs. The ECB will pursue this policy until a sustained adjustment in the path of inflation becomes evident. A first welcome result of this strategy is households' and businesses' broader and easier access to finance. In terms of price growth, Austria has deviated somewhat from the euro area trend as its inflation rate remained comparatively high in 2015 despite modest economic growth. The inflation differential vis-à-vis the euro area is mainly attributable to services sector prices. The tax reform and deficit-increasing expenditure to support refugees will benefit economic growth in 2016.

Supervisory policy strengthens financial stability

In 2015, Austrian banks' profitability recovered but was affected by the low interest rate environment, persistently subdued economic

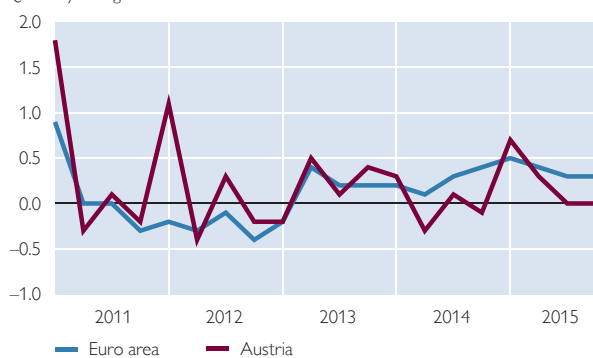
growth, weak credit quality (in particular in Central, Eastern and Southeastern Europe – CESEE) and their cost structures in the domestic market. Though banks have already started to adjust their business models to the low growth and low interest rate environment their profit outlook remains uncertain, not least because of political, economic and macrofinancial risks in some of the CESEE countries. As regards macroprudential supervision, some important steps were implemented: Following an OeNB proposal, the Financial Market Stability Board (FMSB) recommended the activation of a systemic risk buffer (SRB) for selected Austrian banks. Also, the OeNB supports the creation of a legal basis for macroprudential supervisory instruments to reduce the risks of credit-driven real estate bubbles in the future.

The Single Supervisory Mechanism (SSM), which had become operational in November 2014, made important progress toward harmonizing supervisory methods in its first year: Joint Supervisory Teams were set up, cooperation with the national supervisory authorities was successfully initiated and the Supervisory Review and Evaluation Process (SREP) was for the first time conducted according to a common methodology. Moreover, on January 1, 2016, the Single Resolution Mechanism (SRM) became fully operational. To complete banking union, the European Commission has proposed a common European Deposit Insurance Scheme

Chart 1

Real GDP

Quarterly change in %

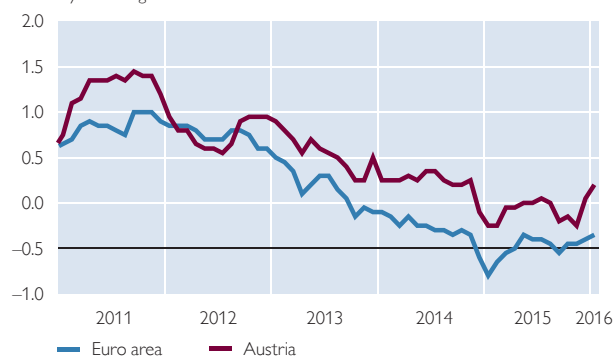


Source: Eurostat.

Chart 2

HICP inflation

Year-on-year change in %



Source: Eurostat.

(EDIS), which is to be realized in three stages by 2024. First, however, a harmonized legal basis has to be created at the European level.

OeNB internal optimization and reorganization project successfully concluded

June 2015 saw the successful conclusion of an optimization and reorganization analysis commissioned by the OeNB (OPAL project). This project had been launched to achieve a sustainable reduction of the OeNB's overall costs and to adjust its business areas and processes to the challenges encountered in recent years, including the monetary policy measures implemented in the euro area and the establishment of the new European supervisory framework.

OeNB records operating profit of EUR 753 million

In 2015, the OeNB's operating profit before writedowns and transfers went up by EUR 360

million to EUR 1,171 million against the previous year. This increase was primarily attributable to a significant rise in income from equity shares and participating interests. Following an allocation of EUR 350 million to risk provisions and writedowns on foreign currency assets and securities totaling EUR 69 million, the operating profit for 2015 came to EUR 753 million. After taxes and dividends – namely EUR 188 million of corporate income tax plus the 90% share of profit due to the central government (pursuant to the Federal Act on the Oesterreichische Nationalbank) in the amount of EUR 508 million – the profit for the year 2015 came to EUR 56 million. The OeNB's net currency position decreased to EUR 14.3 billion, owing to risk-reducing hedging transactions in the amount of EUR 5.1 billion among other factors. Gold and gold receivables accounted for EUR 8.8 billion of the net currency position.

Table 1

Selected OeNB performance indicators

	2014	2015
	<i>EUR million (as at December 31)</i>	
Net currency position	18,531	14,324
Banknotes in circulation	26,237	27,795
Total assets	92,827	106,987
Operating profit before writedowns and transfers	811	1,171
Writedowns on financial assets and positions, transfers to/from risk provisions	-470	-419
Operating profit	341	753
Corporate income tax	85	188
Central government's share of profit	230	508
Profit for the year	26	56
	<i>absolute or in %</i>	
Full-time equivalent staff resources	1,084.0	1,085.9
Share of university graduates in total staff (%)	56	59
Share of women in total staff (%)	39	39
Share of women in management positions (%)	26	28
Queries to OeNB hotlines	25,212	17,376
Cash training course participants (including Euro Shop Tour)	14,192	15,322
Electricity consumption (MWh per employee)	6.7	6.4

Source: OeNB.

OeNB head offices from 1816 to today



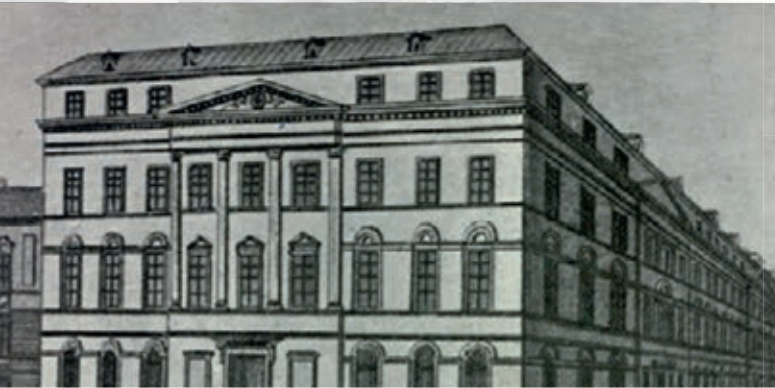
1816–1823

Singerstraße 17–19, 1010 Vienna



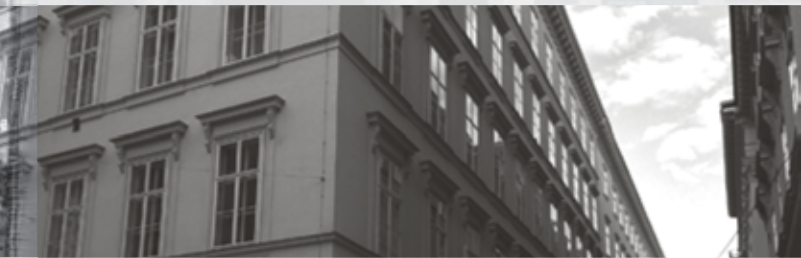
1875–1925

Bankgasse 3, 1010 Vienna



1823–1925

Herrengasse 17, 1010 Vienna



1863–1925

Landhausgasse 4, 1010 Vienna



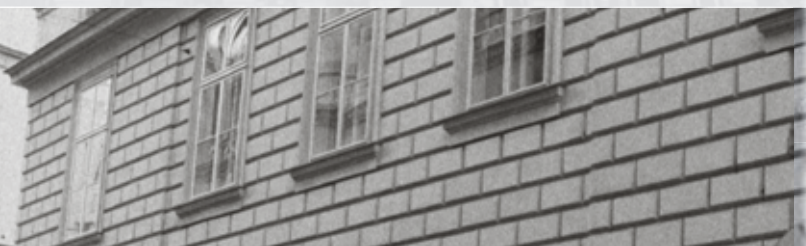
1897–1925

Freyung 1, 1010 Vienna



1860–1925

Palais Ferstel,
Herrengasse 14, 1010 Vienna



1857–1925

Herrengasse 15, 1010 Vienna



since 1925

Otto-Wagner-Platz 3, 1090 Vienna



since 1998

Garnisongasse 15, 1090 Vienna

The OeNB safeguards price stability
and financial stability

Austria's currencies through the ages



Historically low inflation rates and interest rates in 2015

Eurosystem expands asset purchase program to address falling inflation expectations

Euro area economy burdened by the global macroeconomic environment

In 2015, the euro area economy was affected in particular by the following interlinked international developments: First, 2015 saw a narrowing of the growth gap between emerging market and industrial economies. While emerging market economies registered a marked growth setback (recession in Russia and Brazil, slowdown in China), advanced economies continued to recover. Second, the growth rate of global trade declined further, with emerging market economies being the main driver behind this weakness. Third, crude oil prices continued to decline, to below USD 40 per barrel for North Sea Brent by year-end, having been on a downtrend since 2014. Together with a sharp fall in a broad range of other commodity prices, the oil price slump put strong downward pressures on consumer prices. The fall in commodity prices reflects increases in supply but also decreasing demand, e.g. from China. In turn, lower commodity prices deepened the recession in commodity-exporting countries such as Russia.

Lower import demand from emerging economies depressed exports and hence weighed on economic growth in the euro area. Nonetheless, economic activity continued to recover in the euro area in 2015 thanks to increased domestic demand, above all on the back of private consumption. Following a recession in 2012–13 and moderate growth in 2014 (0.9%), real GDP advanced to 1.5% in 2015.

The global setback in commodity prices and its repercussions on consumer prices in the euro area constituted a big challenge for monetary policymaking. Inflation as measured by the HICP continued to decline, having dropped from an average 2.5% in 2012 to 1.3% in 2013, to 0.4% in 2014, to –0.6% in January 2015. Moreover, actual inflation rates consistently

undershot projected rates. While the real economy recovered somewhat, the output gap remained visibly negative. In other words, the spare capacity had a dampening effect on prices. Taken together, these developments were reflected by different measures of inflation expectations, which continued to decrease and hit historical lows in early 2015. Thus, Eurosystem policymakers were faced with heightened risks of too prolonged a period of low inflation.

Monetary policy measures to address falling inflation expectations

As early as in 2014, the Eurosystem started to address the then impaired transmission of the accommodative monetary policy stance to the real economy, and hence the decline in inflation expectations. In addition to lowering key interest rates further, the Governing Council of the ECB announced in June 2014 that the Eurosystem would conduct eight targeted longer-term refinancing operations (TLTROs) between September 2014 and June 2016. This was followed up by another round of key interest rate cuts and the adoption of two additional purchase programs for private sector assets in September 2014. In particular, the Eurosystem started buying covered bonds under a new covered bond purchase program (CBPP3) in October 2014 and asset-backed securities under an asset-backed securities purchase program (ABSPP) in November 2014.

Although the measures adopted in 2014 started to have an impact – such as a visibly enhanced pass-through of key rate cuts to the borrowing costs of households and firms – the Governing Council of the ECB concluded in a reassessment made in January 2015 that the

TLTROs

The purpose of the eight targeted longer-term refinancing operations (TLTROs) announced for the period from 2014 to 2016 is to enable banks to borrow central bank money at a favorable fixed rate for a period of up to four years (until September 2018). The first two TLTROs were settled at a rate of 0.15%. For the four TLTROs allotted in 2015, the Eurosystem applied the rate prevailing for main refinancing operations (0.05%). The underlying idea of the TLTROs is to create an incentive for banks to lend to euro area households and firms.

measures taken so far were inadequate for achieving inflation rates below, but close to, 2% over the medium term. A more forceful monetary policy response was warranted, which the Eurosystem gave in January 2015 by endorsing an expanded asset purchase program (APP; see also box 1). Under the expanded APP, the existing private sector asset purchase programs (ABSPP and CBPP3) were expanded to include securities issued by euro area central governments and agencies as well as European institutions, such as the European Investment Bank or the European Stability Mechanism (ESM). The Eurosystem purchases under the new program, called the public sector purchase program (PSPP), began on March 9, 2015. In sum, the APP now consists of three underlying programs (ABSPP, CBPP3 and PSPP), and the

Expanded asset purchase program (APP)

Under the expanded asset purchase program (APP), the Eurosystem carries out monthly purchases of securities in the amount of EUR 60 billion. It purchases three types of security under three underlying programs: covered bonds (CBPP3), asset-backed securities (ABSPP) and public sector securities (PSPP).

target amount of the combined monthly purchases is EUR 60 billion.

The expanded asset purchase program has been designed to contribute to securing price stability. As endorsed by the Governing Council

of the ECB in January 2015, the asset purchases are intended to be carried out until end-September 2016 and in any case until the Governing Council sees a sustained adjustment in the path of inflation consistent with its aim of achieving inflation rates below, but close to, 2% over the medium term.

Some theory: the transmission channels of asset purchase programs

The idea of the expanded asset purchase program is to create extra demand for securities in individual market segments, thus driving up asset prices and driving down yields. Moreover, investors will seek to diversify to other market segments in order to avoid lower yields (portfolio rebalancing effect). As investors diversify, they create additional demand in other segments, causing yields to go down in those segments as well. Thus, yields are low-

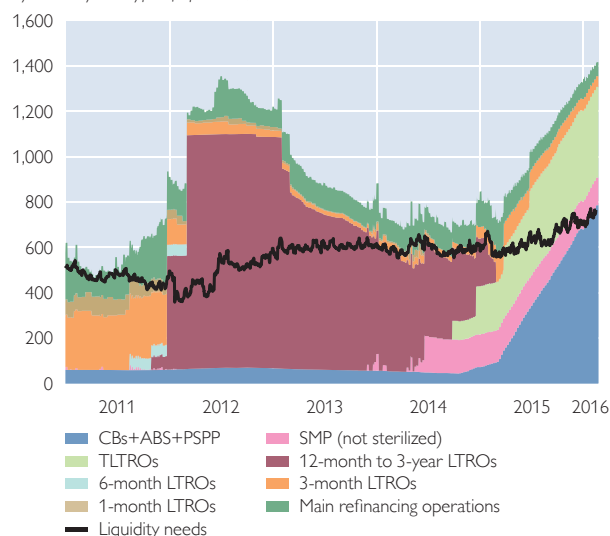
ered on a broad range of financial assets. As a result, borrowing conditions will improve for banks, but also for companies raising funds directly in the capital market, and it will become more attractive for banks to extend loans. Hence, households and businesses will benefit from an easing of borrowing conditions and from enhanced access to financing. In this way, monetary policy accommodation can exert an influence on the real economy and consumer behavior. Macroeconomic demand and the demand for labor increase, which in turn causes prices and wages to rise, and deflationary risks decline.

The sheer volume of the asset purchases is an expression of the Eurosystem’s determination to secure a return of inflation rates to levels close to, but below, 2%. This determination is meant to restore confidence in the European economy, thus stimulating private investment. Moreover, these measures serve to realign inflation expectations with the Eurosystem’s definition of price stability. Since inflation expectations pass through to wage and price setting, they also serve to support a return of consumer price inflation to levels below, but close to, 2%.

Chart 3

Liquidity provision in the euro area

By maturity and type of operation, EUR billion



Source: ECB, OeNB calculations.

Five FAQs on APP implementation by the OeNB

What type of securities does the OeNB buy?

Under the PSPP, the OeNB buys Austrian government bonds denominated in euro with a remaining maturity of 2 to 30 years and a yield above the Eurosystem's deposit facility rate. Moreover, the OeNB purchases securities issued by two Austrian agencies, namely the agency that operates the rail infrastructure of Austria's Federal Railways (ÖBB-Infra) and the agency that operates Austria's highways (ASFINAG). As of 2016, the OeNB may also buy marketable securities issued by regional and local governments located in Austria and qualifying as prime borrowers. Under the CBPP3, the OeNB buys covered bonds issued by Austrian issuers.

How big is the OeNB's share of APP purchases?

The APP purchases are shared by the 19 euro area national central banks on the basis of their shares in the capital key of the ECB. As the ECB itself carries out 8% of the purchases, the participating national central banks' share is reduced accordingly. Thus, the OeNB's actual share is about 2.6%. On December 31, 2015, APP securities (i.e. CBPP3 and PSPP assets) accounted for EUR 14.9 billion of the OeNB's balance sheet assets.

How are the risks arising from asset purchase programs shared?

Risk-sharing works differently for different underlying programs of the APP. Risks arising from the CBPP3 and the ABSPP are borne jointly by the Eurosystem. The same holds true for purchases of securities issued by European institutions as well as for purchases made by the ECB. Any other purchases under the PSPP are not subject to risk-sharing. In other words, any risks arising from purchases of Austrian government bonds as well as ÖBB-Infra and ASFINAG bonds are borne by the OeNB.

Does the OeNB also bear the risk arising from purchases of Italian or Greek government bonds under the PSPP?

The answer is no, with a caveat. Each central bank buys bonds issued by the public sector of its own country and bears the corresponding risk of default. However, since the ECB accounts for 8% of the total volume of euro area government bond purchases and since the Eurosystem as a whole bears the risks arising from the ECB balance sheet, the OeNB also bears a small share of the risk arising from the stock of PSPP assets built up by the ECB through purchases of government bonds issued by other euro area countries. However, no Greek government bonds have been purchased under the PSPP so far, not even by the Bank of Greece, due to the heightened credit risk associated with these bonds.

How high is the OeNB's stock of government bonds compared with the outstanding volume of Austrian government bonds?

The Republic of Austria typically funds itself by issuing bonds, among other things, and the same holds true for Austrian agencies. Those bonds that are eligible for purchases by the OeNB (see question 1) account for an outstanding issuing volume of about EUR 185 billion. Thereof, the OeNB had bought bonds worth EUR 11.4 billion under the PSPP until December 31, 2015. This corresponds to a share of about 6%. The Eurosystem has set a limit to the maximum share of a single security that it is prepared to hold; this issue share limit is 25% (or 33% subject to certain conditions). At about 6%, the OeNB's holdings of Austrian government bonds are well below either limit.

Asset purchase program shows expected effect

Actual recent developments are supporting the relationship predicted by theory. The funding conditions of banks in the euro area have improved, and credit has become more affordable

and more accessible for households and businesses (see box 2). Moreover, the combination of nonstandard measures and interest rate cuts has put downward pressure on the exchange rate of the euro. During 2015, the single currency lost some 10% in value against the U.S.

dollar and some 6% against a trade-weighted currency basket. The weaker euro has improved the competitiveness of exports from the euro area.

Thus, the expanded asset purchase program has supported the European economy, and the output gap should narrow over time. The measures implemented since June 2014 have also had a positive effect on the transmission of monetary policy. According to the Eurosystem staff macroeconomic projections for the euro area, real GDP is expected to grow at an annual rate of 1.7% in 2016, and at an annual rate of 1.9% in 2017. Moreover, inflation expectations recovered soon after the implementation of the APP, and consumer price inflation climbed back into positive territory.

Negative effects from global economic activity in the second half of 2015 required further monetary policy accommodation

Marked volatility of prices in financial and commodity markets in the second half of 2015 once again dampened economic growth and inflation in the euro area. With the outlook for growth deteriorating in emerging economies, export demand for European products went down. Rising insecurity in financial markets put downward pressures also on prices in Euro-

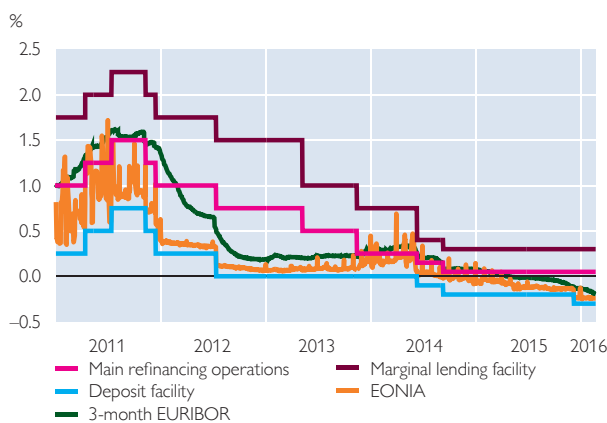
pean stock markets, and a sharp drop in crude oil prices caused energy prices to contract more strongly than had been expected. Toward the end of 2015 it became increasingly evident that these factors were slowing the return of inflation to levels below, but close to, 2% and that a further accommodation of monetary policy was necessary. In particular, Eurosystem staff macroeconomic projections of December 2015 included a downward revision of the outlook for inflation, anticipating annual HICP inflation rates of 1.0% for 2016 and of 1.6% for 2017.

At its December 2015 meeting, the Governing Council of the ECB hence decided to take further accommodative action. Specifically, the Governing Council lowered the interest rate on the deposit facility by 10 basis points, to -0.30% (see chart 4); this rate is relevant for money market rates owing to the high degree of excess liquidity. The interest rates on the main refinancing operations and the marginal lending facility were left unchanged at their levels of 0.05% and 0.30%, respectively. Second, the end date for the monthly purchases of EUR 60 billion under the APP was extended until the end of March 2017, or beyond, if necessary, and in any case until the Governing Council saw a sustained adjustment in the path of inflation consistent with its definition of price stability. Third, the Governing Council decided to keep reinvesting the principal payments on the securities purchased under the APP as they matured, for as long as necessary. The extension of the intended end-date of the Eurosystem’s net asset purchases under the APP and the decision to reinvest principal payments on maturing securities are expected to expand the Eurosystem’s balance sheet by around EUR 680 billion by 2019, which goes to show the dimension of the monetary policy action taken in late 2015.

With a view to enhancing the transmission of monetary policy, the Eurosystem moreover decided that marketable debt instruments issued by regional and local governments that are located in the euro area and qualify as prime borrowers would become eligible for regular

Chart 4

ECB and money market interest rates



Source: Thomson Reuters.

PSPP purchases. Furthermore, the Governing Council decided in December 2015 to continue conducting the main refinancing operations and the three-month longer-term refinancing operations as fixed rate tender procedures with full allotment for as long as necessary, and at least until the end of the last reserve maintenance period of 2017.

The promise of retaining full allotment in such tender procedures gives banks the security that the central bank will continue to meet their liquidity needs in this period. The provision of central bank liquidity through TLTROs also remained ample: The four TLTROs settled in 2015 allotted a total of EUR 205.5 billion, bringing the volume of outstanding TLTRO funds (i.e. including the two operations conducted in 2014) to close to EUR 418 billion.

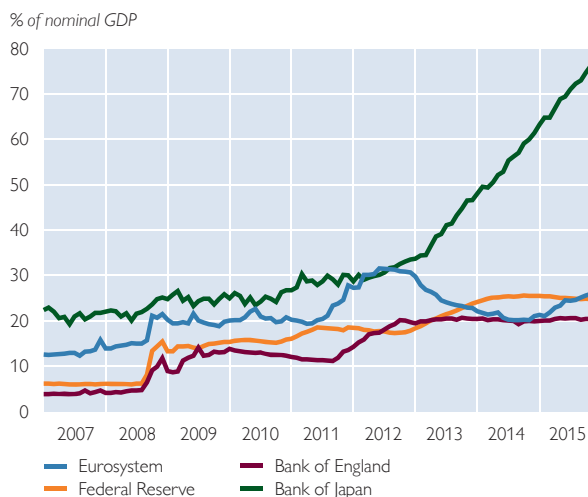
The measures adopted in December 2015 provided for a high degree of monetary policy accommodation. Overall, these measures strengthen the Eurosystem's forward guidance by indicating that liquidity conditions will remain very supportive and interest rates will remain low for a considerably extended period.

Marked increase in central banks' balance sheets around the world

The financial crisis that emerged in the fall of 2008 and the response of central banks have triggered substantial increases in central banks' balance sheets. Global differences in pre-2007 balance sheet data and in post-2008 developments reflect differences in the specific response adopted by individual central banks as well as structural differences in the functioning of individual financial systems. As a case in point, businesses based in the euro area rely far more heavily on banks for funding than their U.S. counterparts, which are more likely to tap the capital market. Hence, total assets alone are not an adequate tool for comparing the monetary policy stance of individual central banks.

Chart 5

Central bank balance sheets¹



Source: OeNB, ECB, Eurostat, OECD, Thomson Reuters.

¹ Eurosystem, Federal Reserve and Bank of Japan: total assets; Bank of England: Sterling liabilities.

In the initial months after the onset of the crisis in 2008, commercial banks showed an increased need for central bank liquidity around the world, as money markets had dried up. In the euro area, the sovereign debt crisis of 2011–12 increased the liquidity needs of banks even further, as is evident from another increase in the euro area central banks' balance sheets. From 2012 onward, the situation calmed down temporarily, and demand for Eurosystem central bank money declined. The contraction of the Eurosystem's balance sheet reflected a decrease in uncertainty rather than a more restrictive monetary policy stance. Apart from regular central bank lending during monetary policy operations, asset purchase programs have been the key driver of central banks' balance sheet increases. While the U.S. Federal Reserve and the Bank of England had adopted such measures already in 2009, and the Bank of Japan relaunched its quantitative easing programs in 2013, the Eurosystem had long focused on providing banks with liquidity

Forward guidance

Forward guidance refers to clear messages from a country's central bank to the public about its intended monetary policy. Such messages are aimed at reducing uncertainty about the future path of interest rates, financial asset prices, inflation rates and economic developments in general. The ECB started to use forward guidance in 2013.

through reverse operations and purchasing covered bonds, given the high relevance of banks in financial intermediation in the euro area. Hence, direct asset purchases did not start to

have a major impact on the consolidated Eurosystem balance sheet until the launch of the APP in 2015.

Box 2

Five FAQs on retail interest rates

What moves banks' retail interest rates?

Essentially, banks are free to set their retail interest rates. However, in a market economy, the competition of other banks makes banks' funding costs a major driver. This is why reference interest rates, such as monetary policy rates or sovereign bond yields, have a strong impact on retail rates.

How have Eurosystem monetary policies affected corporate borrowing rates in the euro area?

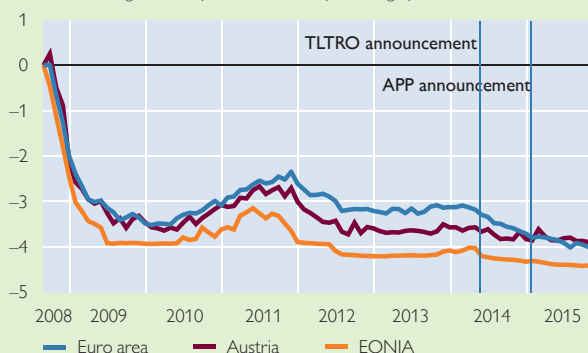
The Eurosystem started to cut monetary policy rates in the fall of 2008, and lowered rates in two waves. Overall, the euro overnight index average (EONIA), which closely mirrors monetary policy rates and at the same time constitutes a key benchmark for banks' retail interest rates, dropped by 4.5 percentage points from late 2008 to the end of 2015 (see chart). While interest rates for corporate loans in the euro area with a lock-in period of less than one year broadly moved in sync with the EONIA in the period from 2008 to 2010, they started to deviate from monetary policy rates amid the sovereign debt crisis from 2010–11 onward. Rising yields for bonds issued by euro area periphery countries drove up banks' funding costs above all in those countries, but in other euro area countries as well, and banks passed on their higher costs to their customers. It took the additional monetary policy measures that the Eurosystem has been implementing since June 2014 to trigger a considerable easing of banks' funding costs, and to prompt a decline in retail rates in turn. While the EONIA dropped by around 30 basis points between June 2014 and December 2015, the Eurosystem's nonstandard measures brought down interest rates for corporate loans in the euro area by as much as close to 70 basis points in the same period, with borrowing rates dropping more sharply in the peripheral countries than in the core euro area countries.

How have Eurosystem monetary policies affected corporate borrowing rates in Austria?

As the sovereign debt crisis had a lesser effect on Austrian bond yields than on yields in other countries, higher funding costs were less of an issue for Austrian banks, as a result of which banks' retail rates did not deviate that strongly from the EONIA from 2010–11 onward. Hence the customers of Austrian banks were not affected that much by costlier loans than bank clients in the euro area periphery countries. That said, retail interest rates for corporate loans climbed from 1.8% to close to 2.7% at the end of 2011 even in Austria. However, compared with banks in other euro area countries, the gap between retail rates and the EONIA closed fairly soon from the end of 2011 onward, so that the latest monetary policy decisions did not narrow the gap any further. By the end of 2015, the borrowing rates for Austrian businesses for loans with a lock-in period of up to one year averaged 1.7%.

Interest rates for loans to nonfinancial corporations

Cumulative change since September 2008 in percentage points



Source: ECB.

Note: Loans with a lock-in period of up to one year.

Box 2 continued

How much do interest rates differ by borrower group in Austria?

Surveys on borrowing rates for corporate loans differentiate between small loans (up to EUR 1 million) and large loans (more than EUR 1 million), with small loans typically being costlier. While interest rates on large loans averaged 1.7% at the end of 2015, interest rates on loans below EUR 1 million carried a 2% rate on average. The latest monetary policy measures have caused this gap to narrow, benefiting above all small and medium-sized companies in Austria. This compares with an average rate of 2% charged for new housing loans in Austria at the end of 2015.

What about changes in deposit rates in Austria?

Just like borrowing rates, the deposit rates banks offer for savings accounts held by Austrian households move in line with the EONIA. They mirrored the cut in monetary policy rates in 2008, but already in 2009, the gap between deposit rates and the EONIA widened. Ultimately, interest rates on savings deposits with an agreed maturity of less than one year only dropped to 1% but no further, whereas the EONIA dropped to a rate as low as 0.35%. Not until late 2011, when it became clear that interest rates were going to remain at low levels for a prolonged time, did Austrian banks start cutting their deposit rates further. At the end of 2015, interest rates for savings accounts with an agreed maturity of up to one year stood at 0.33%, thus remaining visibly above the EONIA (−0.25%).

Box 3

New decision-making regime for the Governing Council of the ECB

Starting in January 2015, the ECB Governing Council meetings dedicated to monetary policy changed from a four-week cycle to a six-week cycle. Nonmonetary policy meetings continue to be held at least once a month. Also starting with the January 2015 meeting, the ECB has published regular accounts of the Governing Council's policy meetings, with a delay of four weeks after the respective meetings. The aim of this adjustment was to make the Eurosystem's monetary policy decisions more transparent and to enhance the understanding of its decisions.

On January 1, 2015, Lithuania joined the euro area, bringing the number of euro area countries to 19 and the number of ECB Governing Council members to 25 (the 6 members of the ECB's Executive Board and the central bank governors of all 19 euro area countries). This enlargement triggered the switch to a rotation system of voting rights in the Governing Council which had been agreed earlier to maintain the Governing Council's ability to take timely and effective decisions. While the 6 members of the ECB's Executive Board maintain permanent voting rights, a total of 15 additional voting rights are shared by the governors representing all euro area countries, based on a staggered approach taking into account the economic strength of the individual countries and the size of their financial sectors. In 2015, the OeNB's governor was not eligible to participate in the vote in the July, August and September meetings of the Governing Council. In 2016, this will be the case in September, October and November.

The principle of rotating voting rights applies to all decision-making other than financial matters of the Eurosystem, both in physical meetings as well as in written procedures. At the same time, the principle of personal participation ensures that even without voting rights, governors retain their right to attend the meetings and to be heard in the debate.

Austria – fourth consecutive year of weak economic growth

Continued low growth and inflation, sustained rise in employment and unemployment

At annual real GDP growth rates of less than 1%, economic activity has been very moderate since 2012. While the Austrian economy had not dipped into a renewed recession in 2012–13 unlike several other euro area countries, it registered very moderate growth in 2014, and above all in 2015, compared with the

euro area as a whole. Real GDP growth did not go beyond 0.7% in 2015 (trend-cycle component, adjusted for seasonal and working-day effects).

However, the weak annual growth rate for 2015 masks a gradual rise in economic momentum during the year, as reflected by a gradual increase in quarter-on-quarter growth rates observed since the third quarter of 2014. This increase has been driven mainly by the growth of gross capital formation, above all by the growth of investment in plant and equipment. Also, the decline in housing investment flattened in 2015. Export growth also picked up considerably between the fourth quarter of 2014 and the third quarter of 2015. Given the concomitant sharper rise of import growth, the contribution of net exports to GDP growth remained limited, though. Real private consumption was dampened by the decline in real disposable income and by pessimistic consumer sentiment. Private consumption demand has in fact been stagnating since the end of 2013.

Driven by the change in energy prices, HICP inflation rose from 0.6% in the first quarter of 2015 to 1.0% in the second quarter, before slowing down to 0.9% and 0.7% in the third and fourth quarters, respectively (based on annual quarter-on-quarter changes). In January 2016, the inflation rate stood at 1.4%. At an annual average of 0.8% observed for 2015, inflation was again higher in Austria in 2015 than in the euro area as a whole or in Germany (see box 4).

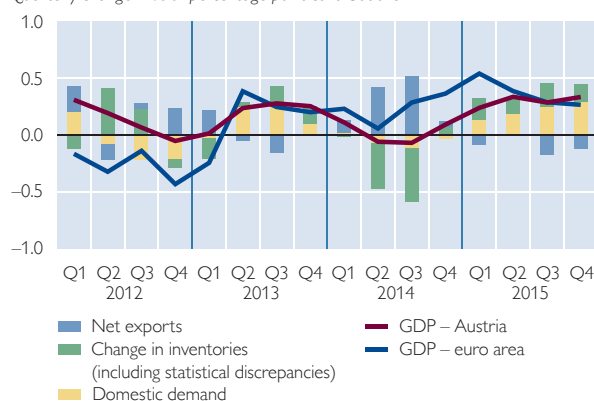
The Austrian labor force grew by 0.9% in 2015 compared with 2014, driven by an increase in labor force participation of women and the net inflow of labor as a result of migration. Migrants from Central, Eastern and Southeastern Europe (CESEE) accounted for the largest shares of labor migration. From 2016 onward, the labor force will also grow on the back of the sharp increase in people seeking and/or having been granted asylum.

Despite a weak economy, employment continued to grow at a surprisingly healthy pace

Chart 6

GDP growth and contributions of demand components in Austria

Quarterly change in % or percentage point contributions

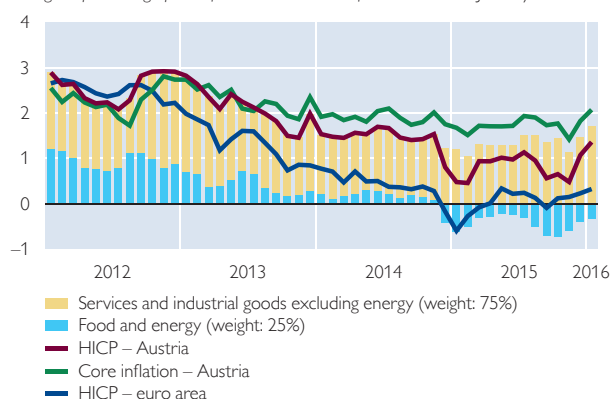


Source: Eurostat, Austrian Institute of Economic Research (WIFO).

Chart 7

HICP inflation and contributions by subcomponents in Austria

Annual change in % for HICP and core inflation; annual change in percentage points for contributions to inflation
Most recent observation: January 2016



Source: Eurostat, Statistics Austria.

The inflation differential between Austria and Germany explained

Austria's inflation rate has deviated from the euro area trend in recent years. In the period from the launch of the euro to the onset of the financial and economic crisis in 2008, HICP inflation in Austria lagged the euro area average by 0.3 percentage points on average. This relationship has since reversed. In 2015, HICP inflation in Austria was measured at 0.8%, exceeding inflation in Germany by 0.7 percentage points and inflation in the euro area by 0.8 percentage points.

Austria's higher inflation rate driven by service sector prices

In recent years, the gap between Austrian inflation and inflation in Germany and the euro area has been attributable almost exclusively to price developments in the service sector. The key drivers of the higher inflation rate in Austria have been restaurant services, telephone services, leisure and sport services, housing-related services and services the prices of which are set or broadly influenced by the public sector (such as education, hospital services, fees). In contrast, the contribution of the goods sector to the inflation differential has been limited.

Service sector prices in Austria heavily influenced by the public sector and labor cost increases

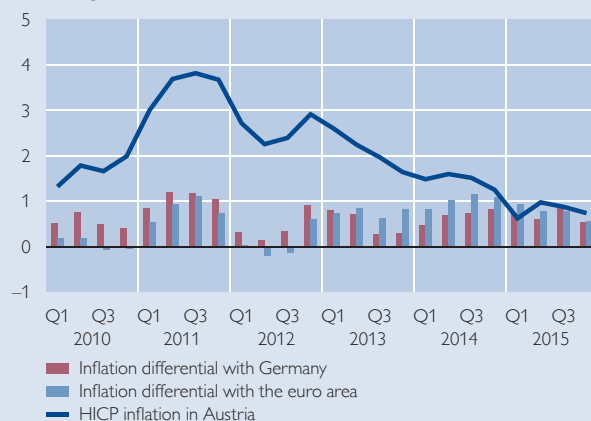
Austria's inflation differential with Germany and the euro area can be traced to regional differences in labor cost growth and the contribution of the public sector to inflation (through administered prices and indirect taxes).

Public sector policies affect HICP inflation directly or indirectly, through the adjustment of prices controlled by the public sector, or through changes in excise taxes. The price-setting role of the public sector is particularly relevant in service sector markets. In recent years, the contribution of the public sector to inflation was invariably higher in Austria than in Germany. The underlying reasons include above all tax increases implemented in the period from 2012 to 2014, in particular petroleum and tobacco tax increases. The hike of reduced VAT rates from 10% to 13% for some services and goods, which is one of the pillars of the tax reform adopted in 2015, is expected to increase the Austrian inflation rate by about 0.2 percentage points cumulatively in 2016 and 2017.

In addition, labor costs have been generating upward price pressures in Austria. In recent years, the growth rates of major labor cost indicators (compensation of employees, negotiated wages, unit labor costs) typically exceeded the growth rates of consumer prices. Regional comparisons find the growth rate of domestic nominal unit labor costs, in particular, to lie above the growth rate of unit labor costs in Germany and in the euro area as a whole.

HICP inflation in Austria and inflation differentials with Germany and the euro area

Annual change in % for HICP; annual change in percentage points for inflation differentials



Source: Eurostat, Statistics Austria.

in 2015, as in previous years. The number of employees rose by 0.7 % on 2014. Given the rise in the total labor force, the jobless figures continued to rise as well, though, to levels that at the end of 2015 exceeded the peaks recorded during the economic crisis of 2009. Based on the Eurostat definition of unemployment, the jobless ratio inched up by 0.1 per-

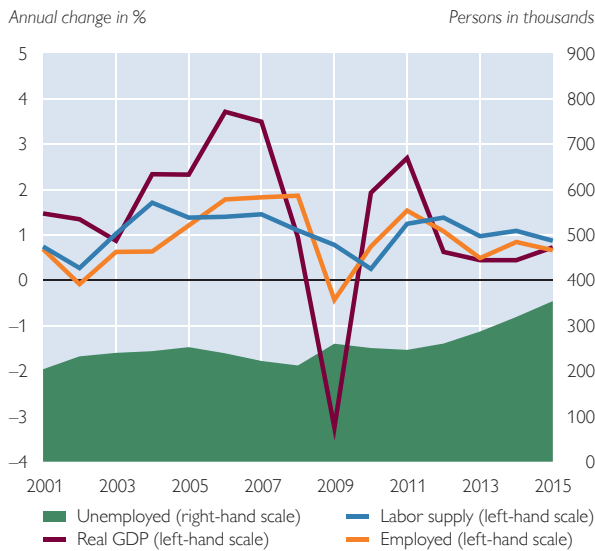
centage point, to 5.7% in the year under review.

Reasons for Austria's weak economic performance in recent years

The protracted weakness of the Austrian economy – four years of subdued growth so

Chart 8

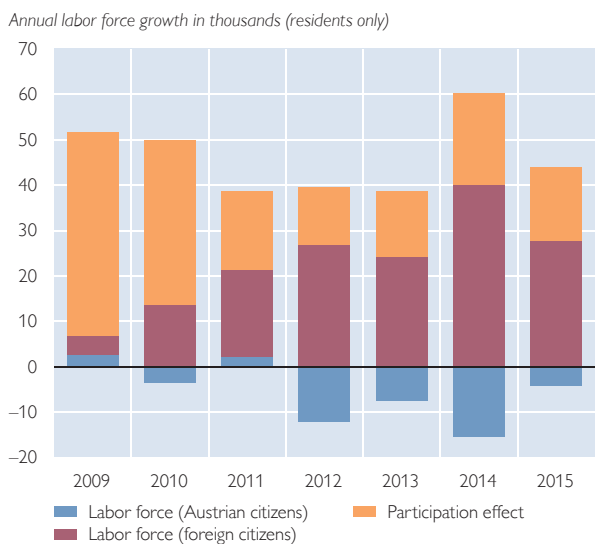
Labor supply, employment and unemployment



Source: Statistics Austria, Austrian Public Employment Service (AMS).

Chart 9

Labor supply: population and participation effects



Source: European Union Labour Force Survey.

far – can be attributed to a range of factors. First, household consumption has been sluggish since 2008 on account of underlying real disposable income growth. While households' real disposable incomes benefited from the rise in employment and nominal wage increases, they also suffered from the weak-

ness of capital income growth, upward pressures on prices and tax increases. Second, gross capital formation grew at below-average rates in the past four years, and in 2013–14 the growth rate was even negative. Most likely, the investment restraint is due to the weak outlook for growth. Third, housing investment contracted despite the very benign financing conditions and high demand for residential property.

Fourth, in recent years, export growth, which had been one of the pillars of the Austrian economy, alongside domestic demand, before the economic crisis, significantly lagged the growth rates measured before 2009, with the growth of goods exports having been particularly slow. Thus, the contribution of net exports, while remaining positive, declined gradually, from 0.7 percentage points on average in the four years preceding the crisis to 0.4 percentage points on average in the period from 2012 to 2015. This decline is likely to reflect a loss in price competitiveness on account of low productivity growth against the backdrop of strong wage growth in 2012 and 2013. Moreover, domestic exports have suffered from weak economic and import growth in major export markets for Austrian goods (Italy and CESEE economies). Last but not least, Austria has lost market shares in Germany, its most important export market, to CESEE economies.

Austrian economy forecast to grow as fast as the euro area economy in 2016 and 2017

The Austrian economy is expected to regain momentum in 2016 on the back of special factors. Private consumption will get a boost from the tax reform measures that took effect in January 2016, as the income tax reform is going to lift real disposable household incomes significantly. Spending to support refugees' needs in housing, food, health, etc. will on the one hand increase the public deficit but at the same time add stimulus to the economy. In addition, the residential housing initiative launched by the government is expected to have positive effects on residential construction investment. Ac-

According to the OeNB's economic outlook of December 2015, these three factors are expected to raise GDP growth by about 0.8 percentage points in sum over the projection horizon. The outlook is also favorable for the European economy, as monetary policy is set to remain accommodative in the euro area and as oil prices continued to fall in early 2016. Hence the OeNB projects economic output in Austria to grow by 1.9% in 2016. Inflation, meanwhile, is projected to total just 0.9% in 2016 despite the recovering economy and despite increased excise taxes, reflecting the further decline in oil prices. The sustained increase of the labor force will keep nudging up the unemployment rate in 2016, too.

Fiscal balance driven by one-off effects

According to the OeNB's economic outlook of December 2015, the Austrian general government deficit improved significantly in 2015, to -1.6% of GDP, from -2.7% GDP in 2014. On the one hand, this improvement reflects a decline in capital transfers to HETA, the asset resolution vehicle created by the Austrian authorities for the failed Hypo Group Alpe Adria. According to the OeNB's latest economic outlook, these capital transfers declined by more than 50% compared with 2014. On the other hand, higher-than-expected tax revenues more than offset additional spending for refugees. For 2016, the OeNB projects the deficit to rise on account of the tax reform measures that were implemented in 2016 (not taking into account potential revenues from intensified measures to combat tax fraud, in line with ESCB guidelines) and, to a lesser extent, on account of higher spending on accommodating refugees. The euro area general government deficit also improved considerably in 2015 (from -2.6% to -2.0% of GDP), according to the Eurosystem staff macroeconomic projections of December 2015, but the level of momentum is unlikely to continue in 2016.

The renewed increase of Austria's debt ratio in 2015, to some 85% of GDP (as indicated by the OeNB's economic outlook of December

2015) above all reflected restructuring measures in the banking sector, same as in 2014. 2016 is expected to see a significant decline in the government debt ratio, driven, among other things, by the winding down of bad bank assets and liabilities. Eurosystem staff macroeconomic projections of December 2015 indicate that the euro area's debt ratio, while being above that of Austria, dropped from 92.1% to 91.1% of GDP in 2015.

Since Austria's structural deficit improved to -0.4% of GDP in 2015 according to the OeNB's economic outlook of December 2015, Austria complied with its medium-term objective (MTO) under the preventive arm of the Stability and Growth Pact, under which Austria is committed to achieving a rate of -0.45% . Looking ahead, the tax reform and the deficit-financed cost of accommodating additional migrants are expected to drive Austria slightly off its MTO path in 2016, though.

Trade in services strengthens Austria's current account balance

Austria reported a current account surplus of EUR 5.8 billion (2.3% of GDP) in the first three quarters of 2015, visibly exceeding the corresponding results for 2014 (+EUR 3.1 billion or 1.3% of GDP). Goods exports accelerated (nominal growth rate of 2.4%), and exports of services continued to grow at a brisk rate (+5.4%). With EUR 13.5 billion (+7.6%) spent by tourists in Austria, 2015 was another good year for the Austrian tourism industry. This result may also have been driven by the depreciation of the euro with respect to major foreign currencies. The number of tourists received increased at a faster rate than the number of overnight stays, which is in line with the ongoing trend toward shorter stays. In terms of nationalities, the statistics reflect a significant increase in the number of German tourists and the continued absence of Russian tourists. Spending abroad by Austrian tourists went down, causing the surplus in the travel account to increase. Cross-border trade in business-related services also developed favorably in a

Maintaining price competitiveness remains a challenge for Austria

Ensuring price competitiveness is of the essence for a small, open economy like Austria. In this respect, the debate typically focuses on short-term price and cost competitiveness. Since the relevant indicators deteriorated in Austria in 2013 and 2014, in particular with regard to Austria's main trading partner, Germany, the topic has also gained in relevance for Austria.

When comparing Austria's price and cost competitiveness with the euro area, it makes sense to differentiate between two groups of countries: In one group of countries – Germany, Austria, France, the Netherlands and Finland – nominal labor costs grew at a relatively moderate rate in a long-term comparison (2000 to 2014). Germany even witnessed a decline from 2003 to 2007. In the second group of countries – Portugal, Spain, Greece and Ireland – nominal unit labor costs increased sharply before the sovereign debt crisis and decreased significantly after 2008. In sum, the second group of countries was roughly on par with the first group in 2014, though.

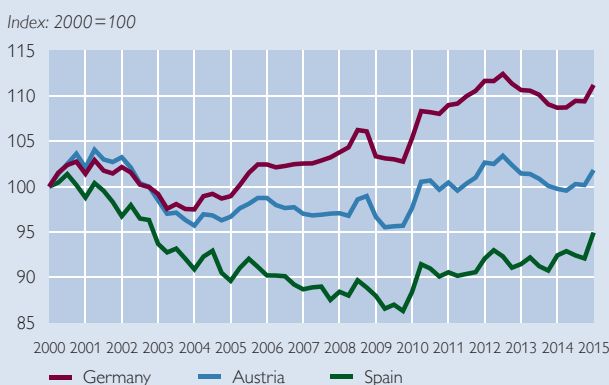
In the first group of countries, Germany stands out with the lowest nominal increase in unit labor costs since 2000, followed by Austria with the second-lowest increase in this long-term comparison. A closer look at the annual figures shows that nominal unit labor costs remained broadly constant in Austria from 2009 to 2011, before starting to climb at an above-average rate in 2011, in tandem with Germany. This increase reflects a marked acceleration of hourly wages (both in the economy as a whole and in the manufacturing industry) and rather subdued progress in terms of labor productivity. Developments in Germany have been similar, yet less pronounced.

In mathematical terms, price competitiveness is defined as the ratio of prices charged by competitors in Austria's export markets and the Austrian export deflator. An increase of the indicator signals an improvement. According to this indicator, Austria lost price competitiveness from 2012 to 2014, with the losses also offsetting some of the gains made in the initial stage of the economic setback (2010 to 2012). In 2015, Austria managed to regain some price competitiveness.

Ultimately, changes in competitiveness will pass through to changes in market shares (shares of domestic exports in the imports made by the target countries of Austrian exports), and to changes in the current account balance. Changes in market shares stabilized in 2013 and 2014 following a protracted decline. Austria's current account balance has been improving slightly since 2012 (2012: 1.5%, 2014: 2.0% GDP). Thus, overall developments have partly run counter to the trend evident from price competitiveness indicators, which suggests that Austria has been performing well in terms of nonprice competitiveness. What matters in a longer-term perspective is that the positive effects from which Austria has been benefiting following EU accession (1995), the launch of the euro (1999) as well as the EU accession of a range of CESEE economies (2004, 2007 and 2013) are fading out (see Breuss, 2015¹). Economic policymakers and businesses will therefore need to take action to keep Austria competitive.

¹ Breuss, F. 2015. In Search of Growth in a Future with Diminishing Expectations. The Case of Austria. WIFO Working Paper 493/2015.

Price competitiveness in Austria



Note: Price competitiveness has been defined as the ratio of prices charged by competitors in individual export markets to the export deflator. A positive change indicates a sharper increase in the price of competitors, i.e. a loss in price competitiveness for competitors.

range of industries. Exports increased by 4.3%, and imports climbed by 3.2%. At the same time, the low level of interest rates depressed banks' income from financial operations.

Review of domestic economic policy by international organizations

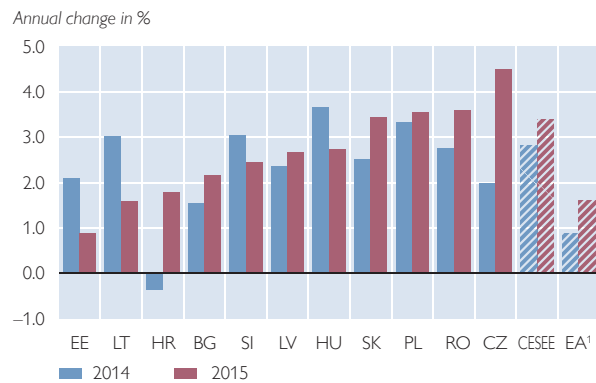
Austria's economic policy was reviewed by three international organizations in 2015.

- First, the review conducted every two years by the Organisation for Economic Co-operation and Development (OECD) was due in July 2015. Among other things, the OECD called upon Austria to implement the EU rules for bailing in creditors of banks supported by the state, continue efforts to merge local governments, reduce the labor tax wedge, raise the effective retirement age, strengthen competition in the service sector, increase gender equality and reduce social exclusion from higher education.
- Second, staff experts of the International Monetary Fund (IMF) visited Austria in December 2015 during their regular annual consultations. The IMF's main recommendations related to measures to improve efficiency and cut spending with a view to lowering the debt ratio and reducing the labor tax wedge; sustained measures to integrate migrants into the labor market; measures to strengthen banks' capital cushions and risk provisions; as well as measures to expand the macroprudential toolkit with respect to real estate-specific instruments.
- Third, in the context of the European Commission's macroeconomic imbalance procedure (MIP) 2016, Austria was subject to an in-depth review along with 17 other EU countries. In the case of Austria, this in-depth review focused on domestic banks with a high exposure to CESEE and the resulting potential negative impact on the supply of credit in Austria. The European Commission found that Austria did not experience significant macroeconomic imbalances.

Stable growth in CESEE economies

The international environment of emerging economies was determined by a number of different factors in 2015: turmoil in Chinese equity markets, uncertainty regarding the timing, the scope and the impact of interest rate hikes in the U.S.A., quantitative easing in the euro area as well as ongoing geopolitical tensions. Many emerging economies saw capital outflows, exchange rate fluctuations and

Chart 10
Real GDP growth in CESEE



Source: Eurostat, Winter 2016 Economic Forecast of the European Commission.

¹ EA: euro area.

heightened financial market volatility. While Turkey, Russia and Ukraine were also affected by these trends, the CESEE EU Member States hardly felt any impact.

CESEE largely resilient to international turmoil

There are several reasons why the CESEE EU countries have shown such resilience: First, they did not experience substantial capital inflows triggered by the accommodative monetary stance in industrial countries, especially in the U.S.A., in recent years. For this reason, there has been no easing of funding conditions in the region. Second, the CESEE EU Member States have suc-

Macroeconomic imbalance procedure

The macroeconomic imbalance procedure (MIP) is a surveillance mechanism to detect and prevent economic trends that may develop into a crisis for the euro area as a whole if left unaddressed. Countries are screened for external or internal imbalances based on a scoreboard of economic indicators. The results may trigger in-depth reviews by the European Commission and the imposition of measures to address imbalances.

cessfully reduced imbalances and adapted their growth models since the crisis. Today all countries of the region have (in part substantial) current account surpluses.

These adjustments have translated into healthy economic growth. In 2015, the economies of the CESEE EU countries expanded by an average rate of slightly above 3%, a growth rate not seen since 2008. All countries of the

region reported an increase in output, which had not been the case since the onset of the financial crisis. The growth differential vis-à-vis the euro area contracted somewhat as the euro area countries started to recover but still came to almost 2 percentage points. Countries maintaining close economic ties with CESEE, like for instance Austria, have benefited from the benign conditions. This shows that European integration continues to generate welfare gains. The deepening of integration progressed in 2015, if slowly, with Bosnia and Herzegovina concluding a Stabilisation and Association Agreement with the EU.

Growth in CESEE driven by stronger domestic demand

Economic growth in the CESEE EU Member States was driven primarily by robust domestic demand. Investment was supported by an increased use of EU funds, which, coupled with a fledgling recovery in real estate markets, had a positive impact on the construction sector as well. Private consumption was underpinned by a strong rise in real wages, low interest rates, improving economic sentiment as well as a brighter labor market outlook. In November 2015, average unemployment dropped to 7.5%, its lowest level since February 2009. At the same time, employment picked up in most countries of the region. Industrial output grew at a healthy pace, which translated into robust export growth. On balance, however, the external sector hardly contributed to overall growth, as imports expanded vigorously on the back of strong domestic demand.

Like the euro area, the CESEE economies saw deflationary tendencies in the year under review, despite sound economic conditions. Inflation rates were negative in many CESEE countries, primarily due to lower energy prices. All countries missed their inflation targets, some of them by a large margin. The CESEE central banks responded by cutting interest rates further; some also implemented non-standard measures (e.g. exchange rate targeting by the Czech central bank).

Deep recession in Russia and Ukraine

In contrast to the CESEE EU Member States, Russia and Ukraine slipped deeper into recession in 2015 as the conflict in eastern Ukraine dragged on and the associated international sanctions remained in effect. The Russian economy was also affected severely by the falling oil price. Both the Russian ruble and the Ukrainian hryvnia depreciated markedly, pushing inflation up to two-digit levels.

Challenges for the European Union

The extraordinary increase in the number of refugees and asylum seekers in the EU in 2015 put great demands on the common European asylum system and the Schengen area. The EU Member States entered into negotiations about an adequate distribution of refugees across the EU and procedures at the Schengen area's borders.

As regards financial assistance for Greece, the European Stability Mechanism (ESM) approved a loan of EUR 86 billion on July 12, 2015, with a three-year availability period. In return, the Greek government committed itself to a macroeconomic adjustment program including specific policy conditionalities.

In early 2016, the European Council and the UK government reached an agreement on issues concerning economic governance, competitiveness, sovereignty, social benefits and free movement. The deal will become effective if the UK votes in favor of staying in the EU in the referendum scheduled to take place in June 2016.

Reorganization measures in international financial organizations

In October 2015, the European Commission proposed merging the euro area's representation at the IMF into a strong, unified "single seat" by 2025 at the latest. Currently, the EU Member States are represented in several constituencies at the IMF. Austria belongs to the same constituency as Hungary, the Czech Republic, Slovakia, Slovenia, Belarus, Kosovo and Turkey.

Five FAQs on the Five Presidents' Report (“Completing Europe’s Economic and Monetary Union”)

What is the Five Presidents' Report?

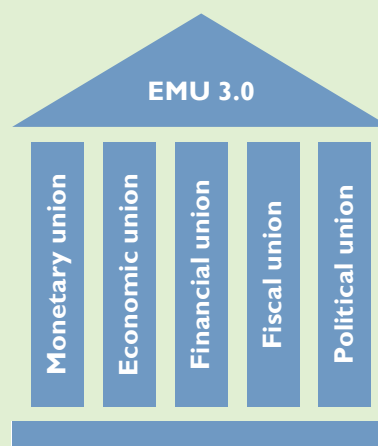
As its name suggests, this report on deepening EMU was prepared by five presidents of EU bodies (under the official title “Completing Europe’s Economic and Monetary Union”). The report was presented by European Commission President Jean-Claude Juncker on June 22, 2015. It was prepared by Juncker in close cooperation with Donald Tusk, the President of the Euro Summit, Jeroen Dijsselbloem, the President of the Eurogroup, Mario Draghi, the President of the ECB, and Martin Schulz, the President of the European Parliament.

Why do we need a deeper EMU?

The financial, economic and sovereign debt crisis showed that EMU’s institutional framework is far from complete. While we do have a common monetary policy, the smooth functioning of a common currency also requires jointly coordinated economic and fiscal policies. We need strong, democratically legitimate institutions that can respond swiftly to crises, reduce economic risks and ensure adequate risk-sharing to correct economic divergence in the euro area and to fully unlock our common currency’s potential for supporting employment and growth.

What are the objectives of the Five Presidents' Report?

The report sets out four objectives of integration: (1) economic union for greater prosperity in all Member States (including a focus on social performance), (2) financial union for stable, functional financial markets, (3) fiscal union for sustainable public finances and (4) political union with a key role for the European Parliament and national parliaments. During the crisis, intergovernmental agreements provided short-term solutions to weaknesses in EMU’s architecture (e.g. by establishing the European Stability Mechanism). In the long run, these agreements need to be integrated into the EU’s legal framework.



What are the specific measures envisaged in the report?

The practical steps outlined in the report include: revamping the European Semester (the EU’s annual cycle of economic policy guidance and surveillance); creating a euro area system of competitiveness authorities as well as an advisory European Fiscal Board; ensuring unified euro area representation at international financial institutions (in particular at the IMF); completing banking union (inter alia by establishing the European Deposit Insurance Scheme); and launching capital markets union as part of the Single Market.¹

When will the measures toward a deeper EMU be implemented?

The roadmap toward deepening EMU sets out two stages: The first stage (2015 to 2017) will build on the existing instruments and treaties and on reforms that have already been implemented (“deepening by doing”). In the second stage (2017 to 2025), more powers and responsibilities are to be shifted to the European level (“completing EMU”). This should result in the agreement of binding benchmarks for convergence, the introduction of a mechanism of fiscal stabilization and the establishment of a euro area treasury. To prepare the transition from stage 1 to stage 2, the European Commission plans to present a White Paper in spring 2017, thereby making the process toward completing EMU as transparent and inclusive as possible.

¹ The OeNB hosted a high-level academic workshop on issues associated with deepening EMU in September 2015.

In the reporting year the IMF conducted a regular review of the basket of major global currencies that provides the basis for the valuation of the special drawing right (SDR), an international reserve asset the IMF created to conduct transactions. Based on the review, the IMF Executive Board decided to include the Chinese renminbi as the fifth currency in the basket with effect from October 1, 2016. The decision was made after the IMF staff had classified the renminbi as “freely usable” according to the IMF’s definition. The Chinese currency’s

share in the SDR basket will be 10.9%, while the revised share of the euro will come to 30.9%.

Furthermore, the IMF’s quota reform entered into force on January 26, 2016. The reform provides for a reweighting of votes to reflect the changes in the relative economic power of the IMF members. The new formula will increase members’ contributions, thus raising the IMF’s capital. Austria’s quota increases from SDR 2.1 billion to SDR 3.9 billion.



Debrecen branch office, around 1900

Western Austria Branch Office, 2016





Gold storage in the olden days ...

... and today



Broad investment diversification as a basis for stable earnings in a low interest rate environment

Monetary policy and economic concerns shape financial market developments

In the course of 2015, further monetary policy easing in the euro area affected financial markets by driving the yields on European government bonds to record lows. Stock markets registered some price gains in early 2015, with the German stock index DAX and the main U.S. stock indices reaching all-time highs in April and May, respectively. From mid-2015 on, however, markets turned increasingly volatile and investors' risk appetite dwindled, which caused stock indices to lose ground again toward the end of the year. This can mostly be explained by concerns about China's economic downturn, which was accompanied by the bursting of its credit-driven stock market bubble, and renewed uncertainty regarding the continuation of the economic adjustment program for Greece.

The heightened volatility observed on financial markets from mid-2015 continued into early 2016: Stock prices plummeted further, and the persistent fall of commodity market prices and the associated economic weakness of the emerging market economies dampened investor sentiment. The price for a barrel of Brent

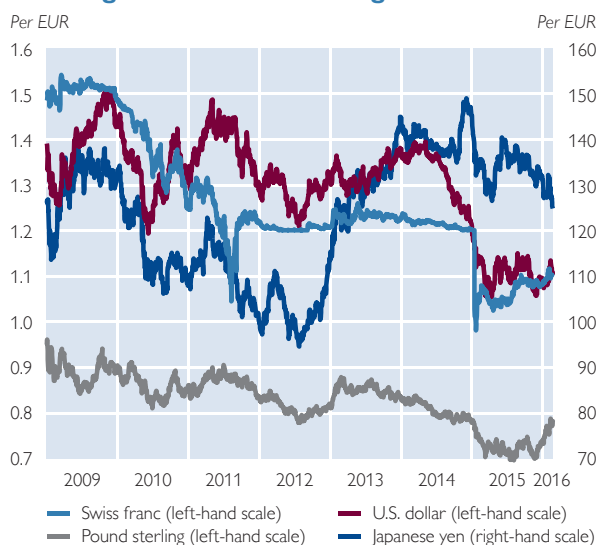
crude oil dropped to below USD 30 in early 2016, the lowest level observed since 2003. Though traditionally considered a safe haven, gold initially did not benefit from this heightened financial market volatility and economic uncertainty, and the price per fine troy ounce continued its decline in 2015, falling to below USD 1,100. It was only in early 2016 that gold prices started to pick up again.

Robust U.S. fundamentals and the end of the Fed's zero interest rate policy benefit U.S. dollar

In the foreign exchange market, the U.S. dollar continued its display of strength vis-à-vis the euro in 2015. On the back of the very robust U.S. economy – GDP growth reached 2.5% in 2015 – the U.S. Federal Reserve System (Fed) ended its zero interest rate policy on December 16, 2015, raising its key interest rates for the first time in ten years. This caused an increase in U.S. yields that widened the yield spread vis-à-vis the euro area, where yields continued to decline against the background of the ECB's expanded asset purchase program (APP).

Chart 11

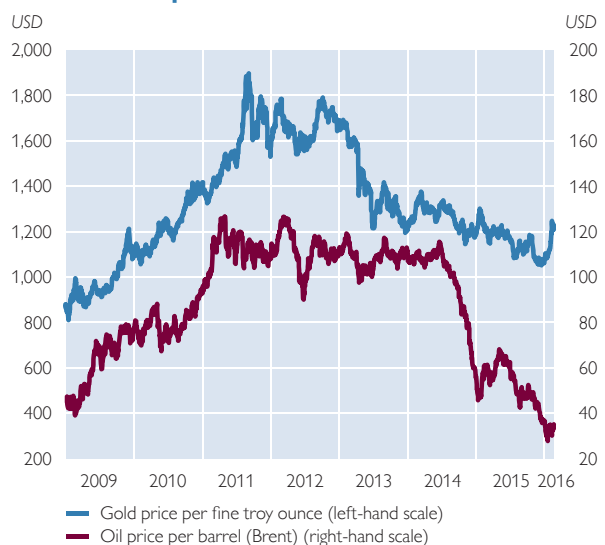
Exchange rate movements against the euro



Source: Thomson Reuters.

Chart 12

Gold and oil prices



Source: Thomson Reuters.

Five FAQs on the OeNB's gold holdings

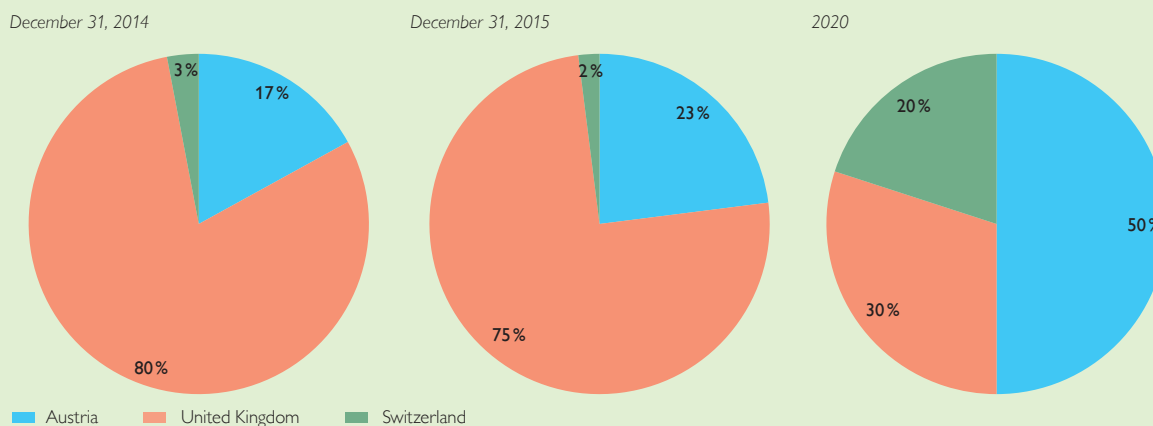
How much gold does the OeNB hold?

Austria's gold reserves, which are held by the OeNB, amount to 280 tons, which corresponds to about 22,400 gold bars. This figure has remained unchanged since 2007. Austria's gold reserves are fully owned by the OeNB, which maintains and manages them with utmost care. The OeNB strives to minimize gold storage costs, at the same time keeping in mind the requirements of its strategy for crisis prevention and management. Apart from maintaining physical gold holdings, central banks also carry out gold leasing transactions depending on the market situation. In a gold leasing transaction, gold is invested against the receipt of interest at maturity. Given the current market situation, the OeNB does not, at the present time, engage in gold leasing transactions.

What does the OeNB's new gold storage policy look like?

Following a regular review of its gold strategy and storage policy, the OeNB has adopted a new gold storage policy: By 2020 at the latest, half of the OeNB's gold holdings are to be stored in Austria. In late 2015, the OeNB already repatriated the first 15 tons of its gold for storage in its own vaults. Once the repatriation has been completed, approximately 140 tons of gold will be held in Austria, of which some 90 tons will be stored in the OeNB's own vaults, and roughly 50 tons in the vaults of Münze Österreich AG. The 140 tons remaining in storage abroad will be divided between London (an estimated 84 tons) and Zurich (56 tons). Using different storage locations helps the OeNB reduce concentration risk, while still being able to quickly use gold in the gold markets of London and Zurich should the need arise.

The OeNB's gold holdings by storage or delivery location



Source: OeNB.

How does the OeNB ensure that Austria's gold bars are genuine?

All gold bars held by central banks as reserve assets must meet the Good Delivery Rules of the London Bullion Market Association relating, for instance, to the dimensions, weight and fineness of a gold bar. The minimum acceptable fineness, which determines the actual gold content, must be 995.0 parts per thousand fine gold. Furthermore, Good Delivery gold bars must have a serial number and the assay stamp of the certified refiner.

As Austrian gold holdings are being repatriated from abroad, the authenticity of each gold bar is verified by using a high-precision scale for determining its weight, ultrasound equipment for examining its core and x-ray fluorescence for determining its purity. Each and every of the 1,200 gold bars brought back to Austria so far has been examined and authenticated.

How much gold do governments hold worldwide? Which are the major centers for gold trade?

According to the IMF, global public sector gold holdings amount to around 32,000 tons, with the United States owning the largest official gold reserves (about 8,133 tons), followed by Germany (about 3,381 tons) and Italy (about 2,452 tons). The gold reserves held by the Eurosystem as a whole amount to about 10,789 tons. London and Zurich remain the most important trading centers for physical gold, whereas gold futures and options are primarily traded in New York. Gold prices are typically quoted in U.S. dollars per troy ounce (1 ounce = 31.103 g).

What role does gold play for central banks?

Gold has traditionally played an important role in the international monetary system. Foreign reserve assets and gold holdings are key elements of a central bank's strategy for crisis prevention and management and have, indeed, repeatedly proved their ability to build confidence in difficult times. In its "Revised Guidelines for Foreign Exchange Reserve Management," the IMF explains that reserve assets may also include monetary gold.

The gold held by all euro area central banks is part of the Eurosystem's reserve assets and thus helps stabilize the euro. In terms of the Eurosystem's overall gold reserves, the OeNB's current gold holdings roughly correspond to the OeNB's share of the ECB's capital. From a monetary policy perspective, the volume of gold held by the OeNB is appropriate relative to the size of both its total reserve assets and the Austrian economy.

As a result, the U.S. dollar appreciated by more than 11% against the euro in 2015. Likewise, the Japanese yen and the Swiss franc, whose minimum exchange rate to the euro had been discontinued by the Swiss National Bank (SNB) in early 2015, picked up by nearly 11% each against the euro. Both currencies are regarded as safe havens in times of increased uncertainty. The currencies of the two major crude oil exporters Canada and Norway recorded the weakest performance among the currencies of the industrialized countries vis-à-vis the euro in 2015. Both Canada and Norway reacted to the slump in crude oil prices by cutting interest rates, which caused their currencies to lose more than 6% each against the euro.

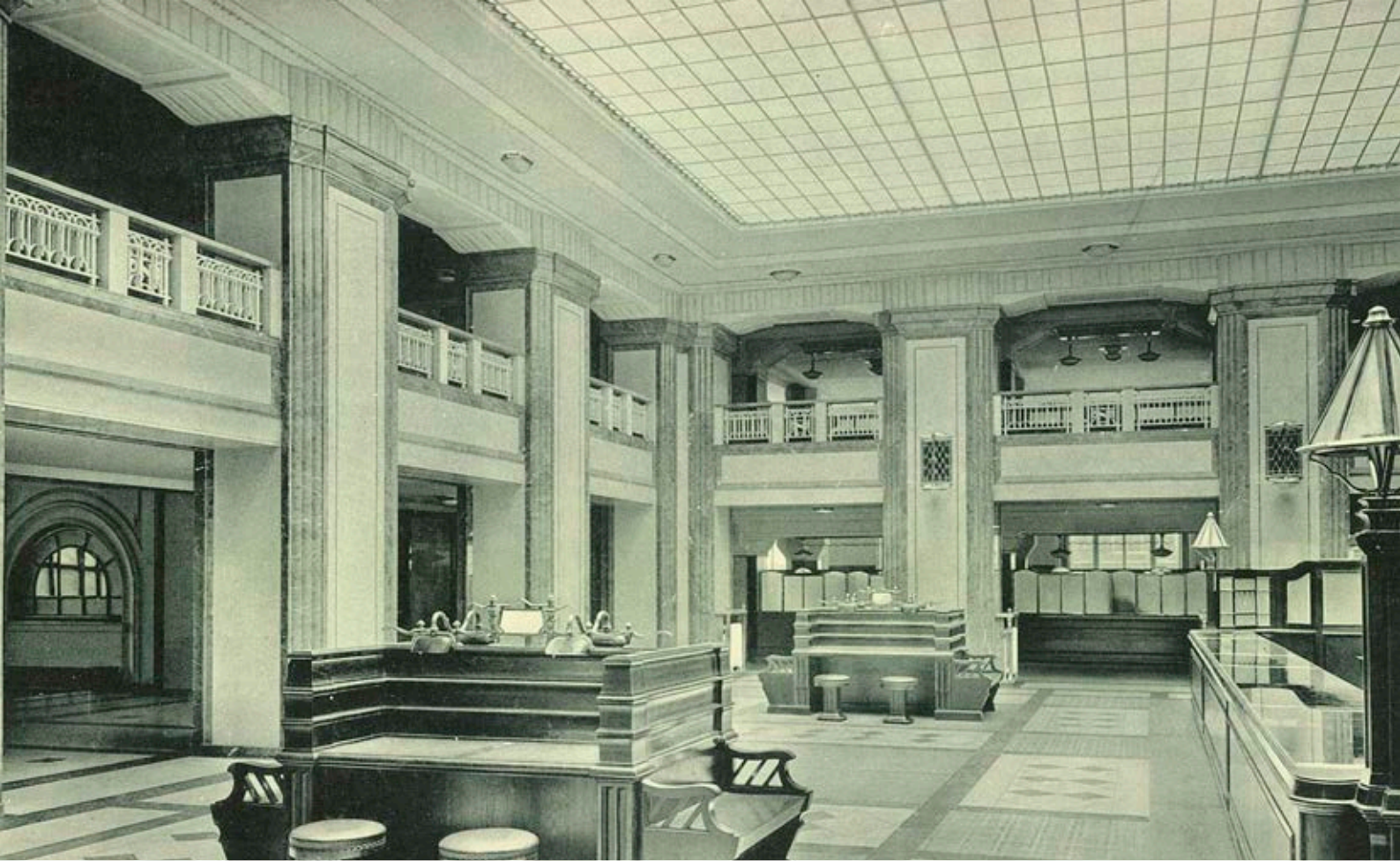
Emerging economies faced the most marked depreciation pressures in 2015 as they were also affected by the continued decline in commodity prices, weak global trade and large capital outflows. The whole situation was further aggravated by concerns about China's economic development. The aggregated economic growth of emerging economies (excluding China) came to barely 2% in 2015, and was thus similarly weak as in the industrialized nations.

OeNB reserve management marked by risk-mitigating measures

In its 2015 investment policy, the OeNB reacted to the volatile financial market developments by hedging its foreign currency holdings to further reduce risk. Security, liquidity and returns remain the major principles guiding the OeNB's investment activities. The OeNB's investment of reserves is governed by international best practice and is subject to a comprehensive risk management system. Moreover, it relies on a well-balanced allocation of foreign reserve assets that contributes to keeping returns stable. Within the framework of the ESCB and in close cooperation with the ECB and the other Eurosystem central banks, the OeNB continues to ensure that banks have access to liquidity and thereby supports the stabilization of economic developments. The OeNB's net financial assets as defined by ANFA (Agreement on Net Financial Assets) came to EUR 16.6 billion on December 31, 2015.

ANFA (Agreement on Net Financial Assets)

This agreement between the national central banks (NCBs) of the euro area and the ECB sets rules and limits for holdings of financial assets which are related to national tasks of the NCBs.



Cashier's hall at the Vienna head office in 1925 ...

... and in 2016: presentation of the OeNB's anniversary books



Supervisory policy strengthens financial stability

Austrian financial institutions still faced with big challenges

Increasing reform pressure on Austrian banks

Austrian banks' profitability suffered from several factors in 2015: the implications of the low interest rate environment, persistently weak economic growth and banks' cost structures in the domestic market. Furthermore, credit

quality, which had deteriorated since the onset of the economic and financial crisis but was stable in the first three quarters of 2015, also continued to act as a drag on profitability as non-performing loans in CESEE remained a concern.¹ The cost-income ratio of Austrian banks has been consistently above 60% for the past few years; this means that domestic banks' operational efficiency is below average by international comparison, which is also the consequence of the Austrian market's high bank branch density.

Bank branch density

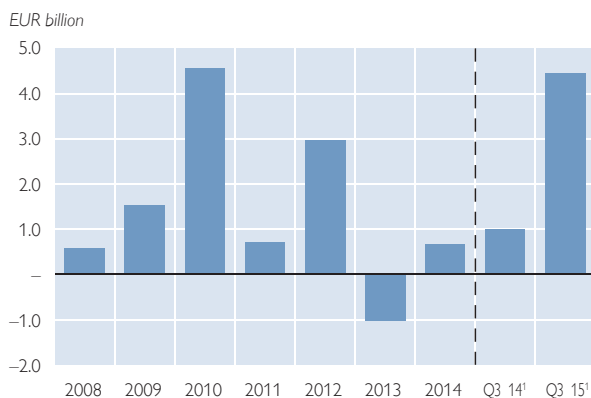
Bank branch density is a term that describes the ratio between a country's population and the number of bank branches. If the number of people per bank branch is comparatively small, bank branch density is high. It is an indicator of institutions' business models as well as costs and competition in a banking system.

The increase in the profitability of Austrian banks in the first three quarters of 2015 was to a large extent attributable to lower credit risk provisions rather than to improvements in business – given that the rise in operating profits very much reflected a decline in loan loss provisions and impairment charges – and net interest income was down. Against this background, banks need to enhance their business models to raise operational efficiency. Some have already started to adapt their business models to the “new normal” of low growth and low interest rates. This is important as sound profitability also significantly contributes to strengthening capitalization.

The capitalization of the Austrian banking sector has improved over the past years through a combination of higher capital and reduced risk-weighted assets. Compared to their European peers, however, Austrian banks continue to record below-average capital ratios. For this reason, the OeNB welcomes the recommendation by the Financial Market Stability Board to activate the systemic risk buffer (SRB) for selected Austrian banks. Banks must build up the SRB over the coming years; this measure is intended to contribute to the strengthening of financial stability in Austria.

Chart 13

Consolidated net profit of Austrian banks

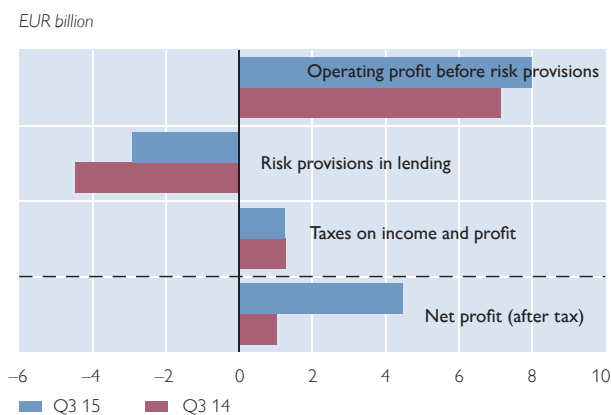


Source: OeNB.

¹ Q3 data are not comparable with end-of-year data.

Chart 14

Key components of Austrian banks' net profit¹



Source: OeNB.

¹ Consolidated data.

¹ In this section, the definition of Central, Eastern and Southeastern Europe (CESEE) also includes the countries of the Commonwealth of Independent States (CIS).

Credit growth remained positive in Austria in 2015. Outstanding loans to nonbanks, i.e. households, nonfinancial corporations, non-bank financial intermediaries and the government, were 1.1% higher in December 2015 than a year earlier. Funding for housing finance remained the driver of credit growth.

Low interest rates imply longer-term challenges for financial institutions

Austrian banks' business models very much build on interest income; in other words, interest income generated from the loans and deposit business accounts for the lion's share of operating income. The current low interest rate environment implies longer-term challenges for Austrian banks, since their funding considerably depends on deposits and there is uncertainty that deposit rates might slip into negative territory. This implies that interest margins, which have traditionally been low in Austria, may come under pressure. In addition, a dense network of branches, another pillar of domestic banks' business models, incurs high costs that weigh on operational efficiency. The negative effects of the low interest rate environment will become visible only gradually (as higher-yielding assets and liabilities mature); therefore, financial institutions would be well advised to take countermeasures early on. Life insurers offering plans with guaranteed minimum rates of return may see their solvency erode unless they adapt their business models in time. The OeNB has analyzed the risks associated with the low interest rate environment on an ongoing basis and monitors vulnerable banks; if necessary, the OeNB also prepares supervisory measures.

Austrian banks' profitability differs across CESEE

The profitability of Austrian banks' subsidiaries in CESEE improved considerably in the third quarter of 2015 compared with one year earlier, with the sector's aggregate net profit al-

most doubling to EUR 1.7 billion. Like before, Austrian subsidiaries in the Czech Republic, Russia, Slovakia and Turkey provided substantial profit contributions, as did subsidiaries in Romania, which had seen strong fluctuations in earnings for years. In Croatia, by contrast, Austrian subsidiaries posted a first-time loss in the third quarter of 2015, after having reported consistent profits despite the recession that has lingered since 2009.

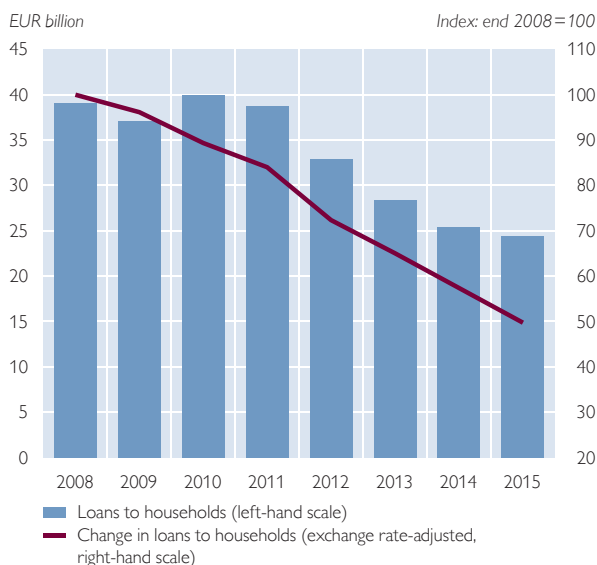
The rise in profitability was mostly due to a EUR 1.3 billion reduction in loan loss provisions, the bulk of which took place at subsidiaries in Romania and Hungary. While the decrease observed in Romania was attributable to a reduction of nonperforming loans and the sale of an Austrian subsidiary, in Hungary, the need for loan loss provisions declined in the wake of foreign currency loan conversions. In many CESEE countries, the macroeconomic environment also contributed to the reduction of loan loss provisions. In Croatia and Russia, by contrast, they increased strongly, albeit from low levels – especially in the latter country. In Croatia, the rise followed foreign currency loan conversions mandated by law; in Russia, it was due to the country's deep recession. Foreign currency loans continue to involve high risks even though their overall volume has decreased. These risks have even increased as CESEE currencies depreciated against the Swiss franc, the U.S. dollar and the euro. In June 2015, Austrian subsidiaries in CESEE recorded outstanding foreign currency loans of just below EUR 73 billion, with the lion's share being denominated in euro.

The profitability outlook for CESEE remains highly uncertain, in particular with regard to the political, economic and macrofinancial environment.

Foreign currency loans in Austria continue to contract

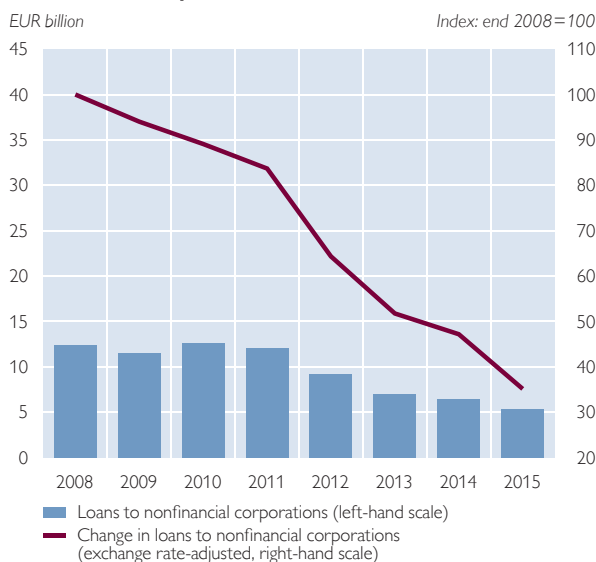
Despite the strong appreciation of the Swiss franc, outstanding foreign currency loans made by Austrian banks to domestic nonbanks

Chart 15

Foreign currency loans in Austria**Households**

Source: OeNB.

Chart 16

Foreign currency loans in Austria**Nonfinancial corporations**

Source: OeNB.

continued to contract in 2015, shrinking by EUR 2.3 billion in the twelve months to December 2015 (by EUR 6.4 billion if adjusted for exchange rate changes) to EUR 34 billion. The largest share of this amount – EUR 24.4 billion – was made up by loans to households, 96% of which were denominated in Swiss francs.

Despite the downtrend in foreign currency loans seen over the past few years, the risks resulting from loans in foreign currency, as well as loans with repayment vehicles, remain high, as about three-quarters of all foreign currency loans to households are bullet loans and linked to repayment vehicles.

A survey conducted by the OeNB in spring 2015 showed that the funding gap between the expected return of repayment vehicles and the loan amounts due at maturity has widened considerably because of the strong appreciation of the Swiss franc. The average funding gap calculated for all outstanding loans with repayment vehicles amounted to around 24% or EUR 6 billion in March 2015. Given the persistently high risk potential of loans with repayment vehicles that results from changes of the Swiss franc's exchange rate against the euro and

the performance of repayment vehicles, the OeNB is planning to conduct a similar survey in 2016.

Macprudential supervision contributes to financial stability

OeNB welcomes use of capital buffers

Drawing on systemic risk analyses of the Austrian banking sector, the OeNB addressed a proposal to the Financial Market Stability Board (FMSB) in 2015, calling for the activation of the systemic risk buffer (SRB) and the other systemically important institutions (O-SII) buffer with a view to strengthening financial stability in Austria. Following this proposal, the FMSB issued recommendations to the Austrian Financial Market Authority (FMA), which implemented these recommendations through adopting

Funding gap in loans with repayment vehicles

Foreign currency loans are often bullet loans, which means that the entire loan amount must be paid back at the end of the term of the loan. Typically, such loans are linked to a repayment vehicle, i.e. an investment or savings plan (such as a life insurance plan) that is intended to ensure that the borrower is able to pay back the loan amount at maturity. If this investment does not yield the expected return or if the borrower incurs exchange rate losses because the currency in which the loan is denominated (e.g. the Swiss franc) appreciates against the local currency, a funding gap between the outstanding loan amount and the investment for repayment will arise.

Five FAQs on macroprudential supervision

What are the tasks and objectives of macroprudential supervision?

Macroprudential supervision aims at safeguarding financial stability and mitigating systemic risk by identifying and analyzing risks to the stability of the Austrian financial system in a forward-looking manner and taking preventive action in a timely fashion.

How do micro- and macroprudential supervision complement each other?

The recent financial crisis has shown that microprudential supervision alone, with its focus on the solvency and stability of individual financial institutions (like banks), cannot safeguard the stability of the financial system. Microprudential supervision is the ongoing monitoring of individual banks; it focuses on assessing compliance with key qualitative and quantitative criteria. Macroprudential supervision is the supervision of the financial system as a whole with the aim of safeguarding the integrity of the financial system and supporting sustainable economic growth.

What is the OeNB's role in macroprudential supervision?

The OeNB is mandated to contribute to maintaining financial stability, minimizing systemic disruption and reducing systemic and procyclical risk (Article 44c Federal Act on the Oesterreichische Nationalbank). In fulfilling this task, the OeNB identifies and analyzes potential threats to financial stability. The OeNB makes its observations, findings and opinions available to the Financial Market Stability Board (FMSB), which was established in 2014 to strengthen cooperation on macroprudential issues. Also, the OeNB submits proposals for recommendations that the FMSB issues to the FMA. Implementation measures adopted by the FMA must be analyzed by the OeNB, which in turn reports to the FMSB.

What macroprudential measures have been implemented in Austria so far?

Austria implemented measures of a macroprudential nature early on:

Minimum standards for granting foreign currency loans and loans with repayment vehicles were introduced as early as in 2003. These minimum standards were tightened substantially in October 2008, when the FMA issued a new recommendation, and in 2010, when the FMA and the OeNB jointly issued guiding principles for doing business in CESEE and the FMA revised the minimum standards for foreign currency lending.

In March 2012, the OeNB and the FMA published the "Supervisory guidance on the strengthening of the sustainability of the business models of large internationally active Austrian banks" ("sustainability package"). The sustainability package is above all aimed at achieving a more balanced funding structure at Austrian banks' foreign subsidiaries, i.e. strengthening stable local funding and increasing large banks' capitalization levels. In addition, it requires banks to develop appropriate recovery and resolution plans that may be implemented in times of crisis.

Since January 1, 2016, the systemic risk buffer has been applicable to institutions that are exposed to long-term noncyclical systemic risks. This buffer serves to mitigate and prevent these risks. Banks must hold the systemic risk buffer as common equity tier 1 capital in addition to the increased capital ratio under the SSM (i.e. the SREP ratio, see box 10). The level of the systemic risk buffer is evaluated annually; according to the current implementation schedule, it will amount to up to 2% of risk-weighted assets at the end of the phasing-in period on January 1, 2019.

Have these measures been effective?

Measures to curb foreign currency lending: The amount of outstanding foreign currency loans denominated in Swiss francs on an exchange-rate adjusted basis has more than halved since October 2008.

Austrian banks' activities in CESEE: Thanks to the sustainability package, the local refinancing situation of Austrian banks' subsidiaries in CESEE has improved. The loan-to-deposit ratio decreased from 117% in 2008 to 90% in the third quarter of 2015 mainly because savings deposits of local nonbanks increased by more than 30%. This means that loan growth in CESEE has increasingly been funded through local sources.

the Capital Buffer Regulation² in late 2015. The OeNB had identified “systemic vulnerability” and an exposure to “systemic cluster risk,” two major channels through which systemic risk may be transmitted to the Austrian banking system.³

Systemic vulnerability means the risk that one or several credit institutions may be particularly affected by disruptions in the financial system or parts thereof. The Austrian financial sector’s systemic vulnerability emerges from the size of the banking sector, banks’ low capital levels compared with those of banks with similar business models, banks’ specific ownership structures and the removal of implied government guarantees.

The term systemic cluster risk, on the other hand, describes a risk that arises from substantial similar risk positions in the banking sector. Such a joint exposure can cause disruptions in several credit institutions that may have serious negative effects on the financial system and the real economy. In Austria, systemic cluster risk has emerged because of domestic banks’ high exposure to emerging economies in CESEE.

Following the FMSB’s recommendation of September 2015, the FMA stipulated in the Capital Buffer Regulation that the SRB rate be set at up to 2% of risk-weighted assets for twelve banks.⁴ In June 2015, the FMSB also recommended the activation of the O-SII buffer. The recommendation was made on the basis of the relevant EBA guidelines and a proposal by the OeNB. As, in cases where both the SRB and the O-SII buffer might be applicable, the higher of the two rates applies, the recommendation on the activation of the O-SII buffer has so far not affected Austrian banks’ capital requirements. Furthermore, to ensure a smooth implementation of the cumulated capital require-

ments, the FMSB recommended a phasing-in process similar to that of Basel III: it granted a four-year implementation horizon for gradually building up the SRB and the O-SII buffers to banks that are directly supervised by the ECB.

On the basis of an OeNB proposal, the FMSB also recommended that the countercyclical capital buffer be set at 0% of risk-weighted assets with effect from January 1, 2016, arguing that no excessive credit growth had been identified in the period under review.

Extending the macroprudential toolkit to address systemic risks arising from real estate funding

The example of countries that slipped into crisis has shown that unsustainable mortgage lending in combination with a surge in real estate prices may give rise to substantial systemic risks.⁵ In Austria, real estate prices are overvalued in Vienna. Yet, there is no evidence that the increase in prices in recent years was ever accompanied by excessive credit growth – not even when prices were growing fastest.⁶ That said, housing loans are the loan category that has posted the highest growth rates in Austria since the onset of the financial crisis. The results of a survey on mortgage lending carried out by the OeNB among selected banks show that for the past few quarters, the loan-to-value and debt-to-income ratios in new mortgage lending

Other systemically important institutions (O-SII) buffer

Based on a distinction between banks with global systemic relevance and so-called “other systemically important institutions” (O-SIIs, i.e. those with a more localized impact), the O-SII buffer mitigates systemic risk that arises from the malfunctioning or the failure of an institution that is systemically important at the national or EU level (Article 23c Austrian Banking Act). The European Banking Authority (EBA) has issued guidelines for the identification of other systemically important institutions (EBA/GL/2014/10). These guidelines set out criteria that have to be applied, such as an institution’s size, importance in the financial sector, complexity, cross-border activities and interconnectedness.

² *Capital Buffer Regulation (Kapitalpuffer-Verordnung, KP-V) of the FMA, Federal Law Gazette II No. 435/2015 of December 21, 2015. The Capital Buffer Regulation entered into force on January 1, 2016. It includes transitional arrangements for the application of the systemic risk buffer from 2016 to 2018.*

³ See also OeNB Financial Stability Report 29, p. 34–37.

⁴ See also www.fmsg.at.

⁵ Cerutti, E., J. Dagher and G. Dell’Ariccia. 2015. *Housing Finance and Real-Estate Booms: A Cross-Country Perspective*, IMF Staff Discussion Note SDN/15/12.

⁶ For OeNB reports and analyses of real estate market developments, see <http://www.oenb.at/en/Monetary-Policy/real-estate-market-analysis/data-and-analyses.html>.

for residential construction have increased from low levels. In the second quarter of 2015, the loan-to-value ratio came to around 70%.

Against this background, the OeNB considers it necessary to expand the macroprudential

Loan-to-value, debt-to-income and debt service-to-income ratios

The loan-to-value ratio expresses the relation between the loan amount and the value of collateral (e.g. real estate). The debt-to-income ratio indicates the overall level of debt in relation to income. The debt service-to-income ratio reflects the share of income borrowers need to service their debt. A cap on these ratios helps prevent excessive lending.

toolbox in particular in the area of real estate lending. It advocates that a recommendation be issued by the FMSB to create the legal basis for additional macroprudential instruments like caps on the loan-to-value, debt-to-income and debt service-to-income ratios.

Various cross-country analyses (e.g. by the IMF and the BIS) have found such limits to be effective in restraining real estate price bubbles and excessive credit growth and in mitigating associated risks. Likewise, in its Article IV consultations with Austria in 2015, the IMF recommended making these tools available to macroprudential supervisors in Austria. By creating the legal basis for the use of such instruments, the OeNB aims at ensuring that macroprudential supervision can act on systemic risks if a real estate price boom and a credit boom coincide.

Regulatory framework for macroprudential supervision in Europe

European legislation on banking supervision (Capital Requirements Regulation and Capital Requirements Directive – CRR and CRD⁷) incorporates the systemic perspective of the supervisory strategy, supplementing the traditional approach that focused on the solvency of individual institutions. Capital buffers to reduce structural risks for the banking system and specific measures against the heightened risks in real estate funding had been the key macroprudential issues in 2014. In 2015, mac-

roprudential supervision was concerned mainly with the implementation of the European regulatory framework for countercyclical capital buffers, the identification of global and national systemically important institutions, and the establishment of additional capital buffer requirements against the risks to the financial system that may emanate from these institutions.

The ongoing analysis of potential risks to the European financial market is part of the mandate of the European Systemic Risk Board (ESRB). The items on the ESRB's agenda in 2015 included the potential negative effects on financial stability of a sustained low interest rate environment and, more generally, low risk premiums across the financial sector, especially in banking, insurance and asset management. In this context, the ESRB published a report on systemic risks in the insurance sector in December 2015. Furthermore, it continued to conduct risk monitoring in European real estate markets and published a comprehensive analysis of the regulatory treatment of sovereign exposures. The latter issue has been the subject of debate also at other international bodies. Finally, the ESRB adopted two recommendations in late 2015 that supplement the harmonized regulatory framework for macroprudential supervision in the EU: the recommendation on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures across the EU and the recommendation on recognising and setting countercyclical buffer rates for exposures to third countries.

Banking union: progress in the harmonization of supervisory frameworks

The first year of the Single Supervisory Mechanism (SSM)

The Single Supervisory Mechanism (SSM)⁸ has been established to safeguard the security and reliability of the European banking system and

⁷ Directive 2013/36/EU of 26 June 2013, Official Journal of the EU L 176/338 of 27 June 2013 and Regulation (EU) No. 575/2013 of 26 June 2013, Official Journal of the EU L 321/6 of 30 November 2013.

⁸ Details on the functioning of the SSM can be found in the OeNB Sustainability Report 2014.

to contribute to the stability of the EU financial system. The SSM ensures the harmonized and effective supervision of banks in the euro area by the ECB. In its capacity as supervisor, the ECB has developed an SSM manual and issues regulations, guidelines and recommendations. The SSM, the Single Resolution Mechanism (SRM) and the European Deposit Insurance System (EDIS) are considered to be the pillars of banking union. Its foundation is the single rulebook, a set of harmonized rules applicable to institutions throughout the EU.

Under the SSM, the ECB has been responsible for the supervision of all banks in the euro area since November 4, 2014. In fulfilling its supervisory responsibilities, the ECB cooperates with the national supervisory authorities. The ECB is in charge of the direct supervision of significant institutions (SIs), which is performed by Joint Supervisory Teams (JSTs), while the national competent authorities (NCAs) are responsible for the supervision of less significant institutions (LSIs). The extent of oversight of LSIs is guided by the principle of proportionality. This means that the depth of oversight and the scope of reporting by the NCAs to the ECB depend on the systemic relevance and the risk profile of each institution. So far, eight Austrian banks have been identified as high-priority LSIs.

The key activities of the SSM in 2015 included the conduct of the Supervisory Review and Evaluation Process (SREP), including the definition of SREP ratios, which was carried out for the first time according to a common methodology for all significant institutions. In cooperation with the national supervisory authorities, the SSM also coordinated the implementation of an ambitious schedule of on-site inspections.

Furthermore, in spring 2015, the SSM initiated the harmonization of the different super-

visory options and national discretions (ONDs) available to national supervisory authorities when deciding how to apply individual provisions under the CRR/CRD IV⁹ package. Under the SSM, the ECB as the competent authority has the mandate to decide on whether and how to exercise these ONDs. In doing so, it aims at ensuring a harmonized approach. The initiative for OND harmonization resulted from the comprehensive assessment exercise, which revealed big differences in the application of ONDs across the SSM countries with – in part – substantial effects on capital ratios (caused by, e.g., a different treatment of deferred taxes, intangible fixed assets or minority interests). The ECB found some 120 ONDs in the application of supervisory requirements. From November to December 2015, the ECB carried out a public consultation on harmonizing the exercise of ONDs available under EU law with the aim of issuing a regulation and guide in March 2016.

As to the classification of institutions as significant or less significant, the ECB carries out a review at least once a year. In 2015, an additional nine European banks were identified as institutions meeting at least one of the criteria defining significant institutions according to the SSM Regulation; these banks hence underwent a comprehensive assessment exercise in the year under review. At the same time, three institutions were found to no longer meet the criteria that would cause a classification as significant. As a result, since December 30, 2015, a total of 129 European banking groups have been classified as significant institutions, after 123 one year earlier.¹⁰ Among the new significant institutions are the Austrian subsidiaries of two Russian institutions (Sberbank Europe AG and VTB Bank (Austria) AG), which have their European headquarters in Vienna. The two banks were identified as significant because of

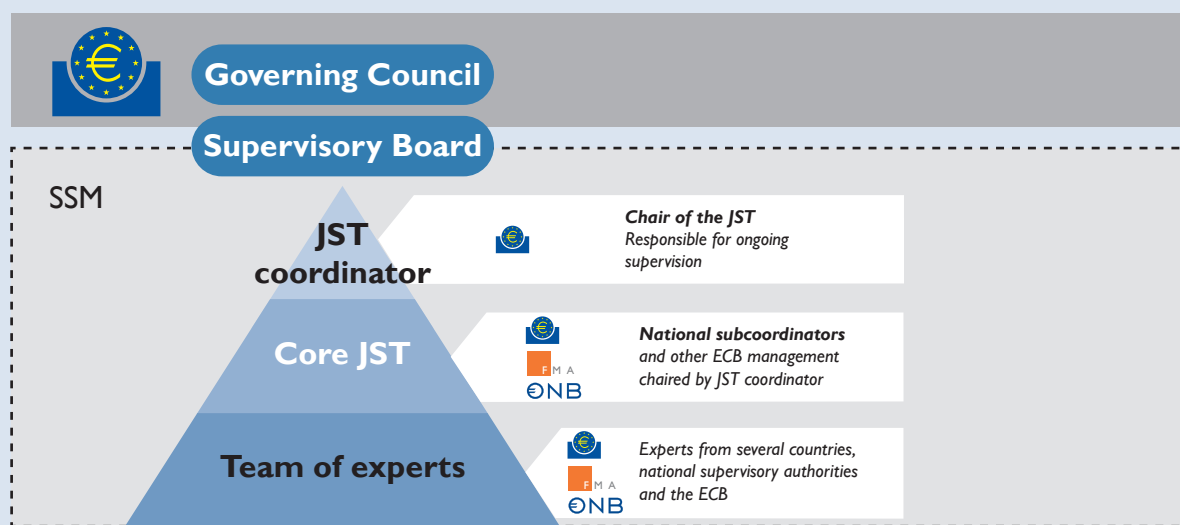
⁹ *The Capital Requirements Regulation (EU) No. 575/2013 (CRR) and the Capital Requirements Directive 2013/36/EU (CRD IV) implement the Basel III capital accord in EU law.*

¹⁰ *To avoid frequent and sudden changes in classification, an institution will be reclassified from significant to less significant only if it does not meet the relevant criteria in three consecutive years. A less significant institution will be reclassified as significant if it fulfills at least one of the decisive criteria in one year.*

Cooperation within Joint Supervisory Teams

Under the SSM, Joint Supervisory Teams (JSTs) have been established to share the responsibility for the ongoing supervision of significant institutions. Each JST comprises an ECB-based coordinator and national subcoordinators representing the supervisory authorities of the SSM countries in which the supervised institution is established (in Austria, the FMA and the OeNB each appoint one subcoordinator). Furthermore, the JST comprises a team of ECB experts and experts from the national supervisory authorities.

Structure of Joint Supervisory Teams (JSTs)



Among the JST members, the supervisory tasks are divided by risk category. This matrix structure of cooperation provides for clear thematic responsibilities and actively fosters the exchange of supervisory practices and approaches among the supervisory authorities represented in the JSTs. The division of responsibilities between FMA and OeNB JST members (FMA: legal evaluation, OeNB: economic evaluation) follows established practice.

The main tasks of the JSTs are monitoring the economic performance of banks, conducting annual capital and liquidity adequacy assessments, analyzing recovery plans, supervising and validating models on an ongoing basis, reviewing requests submitted by banks and preparing decision-making by the SSM Supervisory Board. Thus, the JSTs are responsible for operationalizing all supervisory decisions, covering both the economic and the legal component of supervisory activities.

their cross-border activities. For both Sberbank Europe AG and VTB Bank (Austria) AG, the comprehensive assessment revealed a capital shortfall; however, the two institutions successfully covered this shortfall already before the exercise had been concluded.

The SSM's supervisory priorities for 2016 are business model and profitability risk, credit risk, capital adequacy, risk governance and data quality as well as liquidity.

Single Resolution Mechanism has become fully operational¹¹

The Single Resolution Mechanism (SRM) has been established to facilitate the effective and efficient resolution of failing credit institutions. At the heart of the SRM's institutional framework is the Single Resolution Board (SRB), which controls the Single Resolution Fund (SRF). Starting from January 1, 2016,¹² the SRB took over specific tasks in connection with

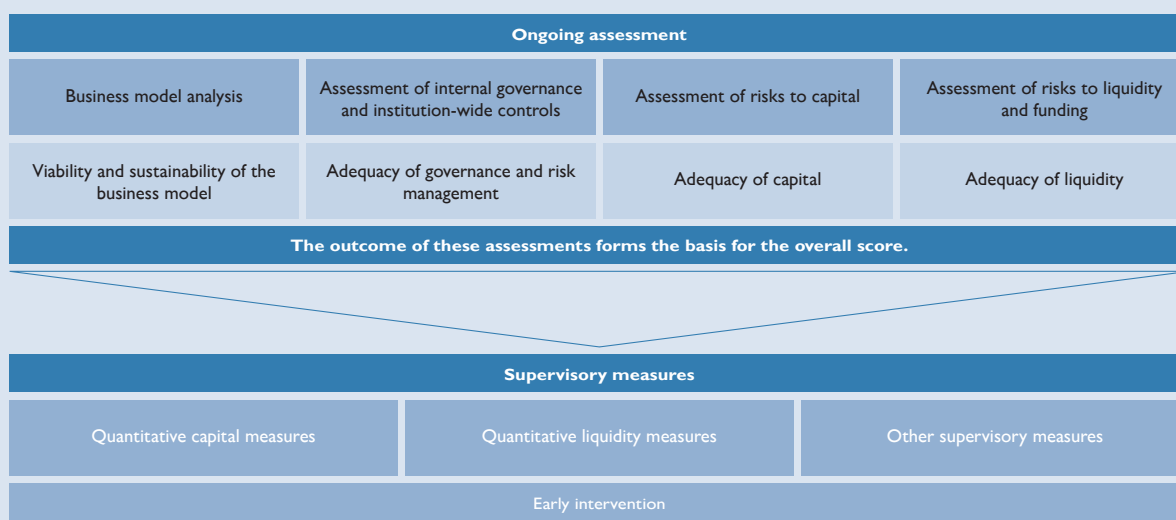
¹¹ Details on the functioning of the SRM can be found in the OeNB's Sustainability Report 2014.

¹² The SRB started work already at the beginning of 2015 as the provisions governing the preparation of resolution planning, the collection of information and the cooperation with national resolution authorities came into force on January 1, 2015.

Supervisory Review and Evaluation Process (SREP)

In 2015, the Supervisory Review and Evaluation Process (SREP) for the ongoing monitoring of credit institutions' risks, governance, capitalization and liquidity was carried out for the first time under a harmonized framework. This framework is based on guidelines published by the EBA in December 2014¹ and a methodology developed jointly under the SSM.

Components of the SREP



The revised SREP framework has a stronger qualitative bias than the national approaches; also, it follows a holistic approach which ensures that the supervisory assessment takes due account of a bank's business model and its internal governance structures. Individual risk categories are reviewed in detail, and the results of these reviews are used for assigning scores from 1 (low risk) to 4 (high risk) to each category. These individual scores provide the basis for an overall score. The overall SREP score enables the competent authorities to adopt quantitative and qualitative supervisory measures as appropriate. SREP capital measures ensure that the supervised institution has adequate risk cover given the type, scope and complexity of its activities.

¹ Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) (EBA/GL/2014/13).

resolution planning (including assessing and facilitating an institution's resolvability) and executing the resolution of failing or failed institutions. Similar to the SSM, the SRM is organized as a decentralized system: there is a clear division of tasks between the SRB and the national resolution authorities. The SRB is responsible for institutions that are directly supervised by the ECB, for cross-border groups, and for banks that receive funds from the SRF.

The national resolution authorities are obliged to support the SRB in planning and executing the SRB's resolution decisions also in cases where institutions under the direct responsibility of the SRB are concerned. To ensure good cooperation between the SRB, the FMA –

which is the competent resolution authority in Austria – and the OeNB, the Bank Recovery and Resolution Act (BaSAG) has been amended to reflect the division of responsibilities under the SRM regime. Prior to this amendment, the BaSAG (unlike, e.g., the Austrian Banking Act) had not stipulated general investigatory powers for the resolution authority but only specific investigatory powers that were limited to special cases. The amended BaSAG gives the resolution authority the power to request information, collect information and require the disclosure of information. Furthermore, it enables the resolution authority to conduct on-site inspections or to request OeNB staff or other qualified experts to conduct on-site inspections.

Five FAQs on the proposed European Deposit Insurance Scheme (EDIS)

Is EDIS likely to change the deposit insurance enjoyed by Austrian savers today?

EDIS will not alter the amount of deposits insured: savings up to EUR 100,000 per depositor per bank will remain covered. Initially, the deadline for payouts will remain unchanged, but it will be gradually reduced to seven working days after the implementation of the Deposit Guarantee Scheme Directive.

What is the schedule for the establishment of EDIS? How will it be put into effect?

EDIS is scheduled to be established in three phases. In phase 1 (2017 to 2020), EDIS will be a reinsurance scheme, according to the relevant proposal by the European Commission. Phase 2, starting in 2020, will see a gradual sharing of deposit insurance funding between national systems and EDIS (co-insurance). In phase 3 (from 2024 on), EDIS will cover all costs, i.e. provide full insurance for national deposit guarantee schemes. The latter will remain in place, for instance to administer payouts and act as point of contact for depositors and banks.

Will banks be required to pay contributions to EDIS in addition to their contributions to national deposit guarantee schemes?

Member States can make legal provisions under which banks' contributions to EDIS count toward their contributions under their national deposit guarantee schemes. This means that banks generally would not face an additional funding burden, making EDIS largely cost-neutral for the banking sector. The target size of EDIS's deposit insurance fund is about EUR 43 billion, which is equivalent to the target amounts of the national deposit funds taken together.

Are there banks that could be excluded from EDIS?

No. Every bank in the EU will be covered by EDIS. It is not planned to exclude certain types of credit institutions.

Who will decide on the payout of EDIS funds?

The Single Resolution Board will take decisions on the use of EDIS funds.

Starting from January 1, 2016, the SRF is being set up under the control of the SRB. The SRF is financed through the financial sector. The level of banks' individual contributions depends on their size and risk profile. By 2024, the SRF is scheduled to have reached its full target size of 1% of the covered deposits of all banks in EU Member States participating in the SRM. The BaSAG includes associated provisions that give the resolution authorities the necessary powers for collecting banks' contributions and transferring them to the SRF.

During its build-up, the SRF will be divided into national compartments, which are to be merged gradually into a single fund until 2024. The transfer of national contributions to

the SRF is laid down in an intergovernmental agreement, not in the SRM Regulation.¹³ The agreement had been ratified by a sufficient number of participating Member States by the end of November 2015 and hence entered into force on January 1, 2016, according to schedule.

European Deposit Insurance Scheme is taking shape

In November 2015, the European Commission published a proposal for a single European Deposit Insurance Scheme (EDIS). EDIS builds on harmonized national deposit guarantee schemes as required by the Deposit Guarantee Scheme

¹³ Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010.

Directive.¹⁴ Under the new system, depositors would continue to enjoy the same level of protection (up to EUR 100,000 per bank and depositor).

EDIS is scheduled to be established in three phases. A reinsurance approach has been proposed as the governing principle in phase 1. At this stage, national deposit guarantee schemes can access EDIS only after the national scheme's own resources have been fully exhausted. EDIS would then provide funds only up to a certain level. Phase 2 would be the co-insurance stage, starting from 2020. In this phase, the coverage of deposits would be increasingly shared between the common fund and the national systems. In other words, the national systems would no longer be required to fully exhaust their own funds before drawing on EDIS funds. The share covered by EDIS would increase gradually. In phase 3, which is scheduled to start in 2024 under the European Commission's proposal, full insurance would be provided by EDIS.

As regards the funding of EDIS, Member States would have the possibility of organizing

contributions in a cost-neutral way that does not put an additional funding burden on banks. EDIS would cover all banks that are subject to the SSM. It would be managed by the Single Resolution Board, which would also decide on the use of EDIS funds and loans to be taken out by EDIS. By July 2024, EDIS's deposit insurance fund is set to amount to EUR 43 billion, according to current calculations.

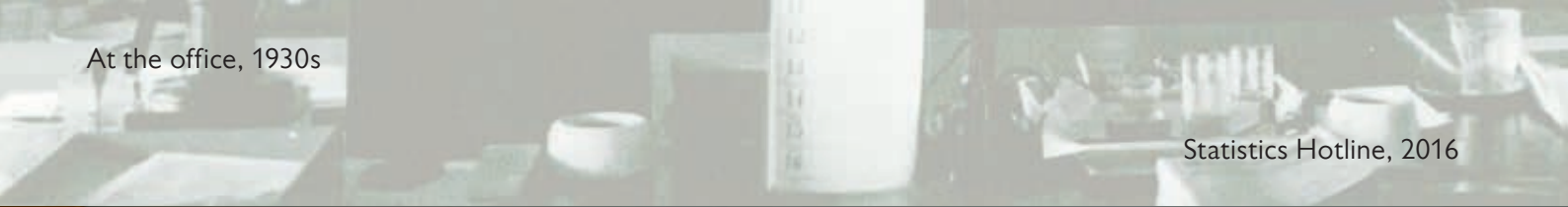
The establishment of EDIS should in principle be welcomed. It would mark the completion of the third pillar of banking union, after the ECB took over banking supervision under the SSM in November 2014 and the SRM became fully operational in early 2016. However, there is still much work that must be undertaken before the preparations for EDIS are complete.¹⁵ Until then, national deposit protection schemes play a central role. In Austria, the Act on Deposit Guarantee Schemes and Investor Compensation (ESAEG), implementing the Deposit Guarantee Scheme Directive (DGSD), governs the protection of savings.

¹⁴ In Austria, Directive 2014/49/EU was implemented through the Act on Deposit Guarantee Schemes and Investor Compensation.

¹⁵ Some Member States have not yet implemented the Bank Recovery and Resolution Directive (BRRD) and the Deposit Guarantee Scheme Directive (DGSD). Also, there is still no harmonized European insolvency law.



At the office, 1930s



Statistics Hotline, 2016



New tools improve performance and efficiency of statistical reporting

Following the successful implementation of a pilot project for the multidimensional reporting of payment statistics in 2014, the year 2015 saw more major changes in the OeNB's statistical reporting. For instance, a new common data model called "smart cubes," which is based on multidimensional microdata, was launched in consultation with Austrian banks. So far, key data had to be collected separately for different statistics, which duplicated reporting in some cases. Under the new model, all transactions data are reported in a detailed breakdown (e.g. by loan currency, by allocation of borrowers to economic sectors, etc.). This data breakdown is then submitted to the OeNB in one comprehensive report, thus preventing duplication. Next to more precise definitions of reporting rules, the main advantage of this new approach is that it avoids redundancies and thereby helps minimize banks' reporting burden.

In the summer of 2015, the OeNB introduced the first smart cube – the securities cube for the new securities issue statistics. On November 30, 2015, the loan cube for the multidimensional reporting of loan data became operational after a test phase. Since January 2016, the OeNB has been testing deposit and impersonal account cubes, which, in combination with the loan and securities cubes, will replace current MFI balance sheet reports.

The data collected by applying these new methods are then fed into the OeNB's secondary statistics, which are designed to meet end users' (e.g. ECB, IMF, EBA) needs (for banking supervision or financial stability purposes, etc.). Individual statistics not covered by the smart cubes will remain unchanged under the OeNB's reporting framework. Apart from establishing the necessary quality assurance procedures (e.g. matching the newly collected data to those of previous reports), work will be necessary to adapt the compilation of data for submission to the ECB.

New ECB reporting requirements

The ECB also initiated changes in reporting in 2015. Following the Governing Council decision of March 5, 2015, reports to the ECB must now include individual bank data on balance sheet items and interest rates. The data base for payment statistics has also been improved substantially under a pertinent ECB regulation, the provisions of which were for the first time applied at the June 2015 reporting date.

Collection of Solvency II data

Following extensive preparations, in the first quarter of 2016 insurance companies submitted the first statistics under the new reporting regime that has been harmonized across the euro area. At the national level, the OeNB was able to reach an agreement with the Austrian Association of Insurance Companies and the Financial Market Authority on sharing data to be collected under Solvency II (the European Commission project to reform capital adequacy provisions for insurance companies); this will create synergies in data collection.

Smart cubes: a new data model for reporting

Together with Austrian banks, the OeNB has worked on a new data model for banks' reports to the OeNB since 2012. This new model serves to generate uniform, strongly interlinked data cubes from microdata on individual transactions recorded in commercial banks' data systems. Moreover, the new, harmonized reporting definitions will serve to increase the consistency and reliability of data reports. Under the new reporting regime, banks generate their reports to the OeNB in the form of smart cubes. These smart cubes are compiled by selecting and aggregating data drawn from banks' granular basic cubes. There are smart cubes e.g. for securities, loan, deposit and impersonal account data.

Setting up SSM operations and developing a common methodology for supervisory statistics

A major factor in supervisory reporting in 2015 was setting up systems and performing test operations under the Single Supervisory Mechanism (SSM). Within the SSM, the OeNB acts as Austria's central reporting agency for all supervisory reporting requirements and, as such, assumes responsibility – under the sequential

European Reporting Framework (ERF)

The European Reporting Framework (ERF) is a strategic long-term project of the ESCB which aims at developing a harmonized and integrated system for the collection of data needed to fulfill ECB reporting requirements. The goal is to significantly increase efficiency in the data collection process by eliminating redundancies wherever possible. In a first step, statistics that are primarily collected for monetary policy purposes, e.g. MFI balance sheet statistics and interest rate statistics, as well as the planned individual loan and securities holdings statistics will be integrated in the ERF.

The responsible working group within the ESCB is chaired by the OeNB. The ERF will become fully effective when applied together with Banks' Integrated Reporting Dictionary (BIRD), which the ECB and NCBs may use on a voluntary basis. BIRD provides standardized definitions and descriptions of transactions, in particular as they relate to reporting requirements, and of their mutual relations. By applying uniform transition rules, it will be possible to fulfill ERF reporting requirements easily and efficiently on the basis of data from banks' respective internal data warehouses.

approach – for a first thorough quality assurance of reported data before submitting them to the ECB (and subsequently to the EBA). Another key issue with regard to the SSM was the development and implementation of new harmonized reporting requirements in the field of financial reporting (FINREP). A major challenge in this context was to merge the many different national accounting standards into one single international reporting format.

In the area of liquidity and leverage ratio reporting, 2015 also saw new developments in the EBA's Implementing Technical Standards (ITS) on Supervisory Reporting. The ITS map statistics reported under the standardized Europe-wide common reporting (COREP) of solvency ratios and the financial reporting (FINREP) of balance sheet data according to the International Financial Reporting Standards (IRFS) under the Capital Requirements Regulation (CRR).

Credit quality assessment tool implemented at Banco de Portugal

In 2015, Banco de Portugal was the fifth national central bank (NCB) of the Eurosystem to connect to the Common Credit Assessment System (CoCAS). This system, which is currently used by the NCBs of Austria, Belgium, Germany, Portugal and Spain, goes back to a bilateral cooperation project between the Deutsche Bundesbank and the OeNB. It is an instru-

ment for assessing corporate credit quality to determine the eligibility of collateral for Eurosystem monetary policy operations.

Special statistics publication on household income, consumption and wealth

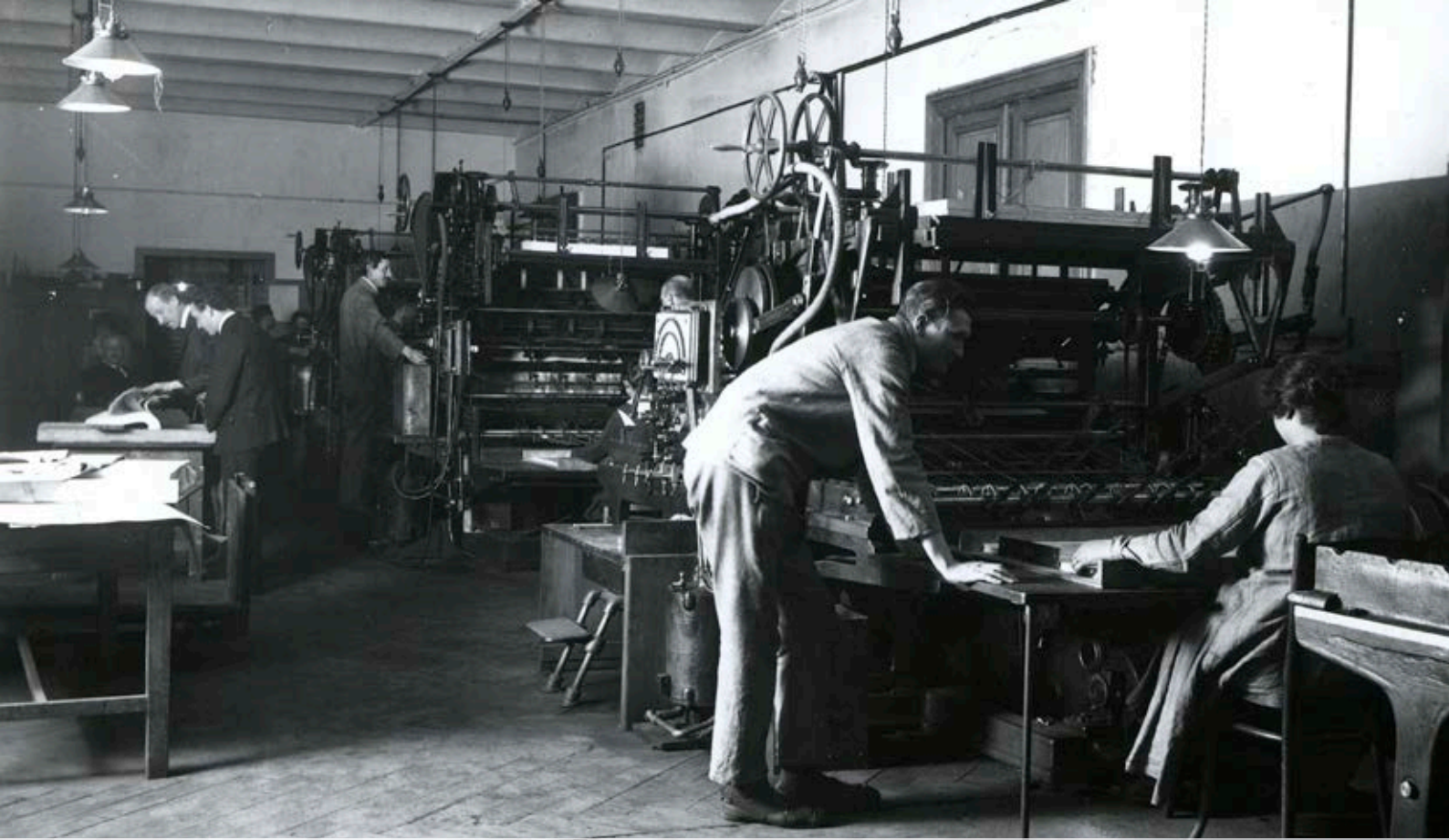
In 2014, households contributed around 60% to Austrian GDP via consumption and investments; their total net wealth at end-2014 came to EUR 1,200 billion. Given households' great economic importance, the OeNB began to publish annual statistics on household income and consumption separately from the financial sector accounts in 2015. These statistics analyze the role of saving, financial investment and borrowing and illustrate the resulting financial and nonfinancial capital stocks, liabilities and property income of the past 20 years.

Backcasting of BOP statistics to match BPM6 completed

In the reporting year, the backcasting of balance of payments (BOP) statistics (including the international investment position) based on the provisions of the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6) and the revised provisions regarding the rest of the world account under the 2008 System of National Accounts was completed for the entire time

series since 1995. Substantial changes resulted from classifying outsourced production processes as “services,” which, in terms of data quality, rendered the balance of payments a better basis for calculating global value chains;

also, the more comprehensive depiction of R&D as services exports or imports is an important change that makes it possible to fully illustrate the relevance of this investment component for GDP.



Banknote printing around 1920 ...

... and in 2016



Introduction of the third euro banknote of the Europa series and preparations for Austria's participation in TARGET2-Securities

The OeNB's role in the cash cycle

In cooperation with its branch offices and subsidiaries – Oesterreichische Banknoten- und Sicherheitsdruck GmbH (OeBS), Münze Österreich Aktiengesellschaft (MÜNZE) and GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H. (GSA) – the OeNB ensures the efficient supply of fit banknotes and coins. This core task covers all phases of the cash cycle, from planning and production to provision, safe storage and the holding of sufficient reserves. The OeNB therefore holds a key position in the Austrian cash cycle.

Given the OeNB's vast experience in efficient cash handling at the national level and the international importance of the euro, the OeNB has established itself as a cash supply hub reaching beyond Austria's borders. Since a number of Austrian banks are active in the CESEE countries, where the euro is widely used as a means of payment and store of value, the OeNB is an important partner for these countries.

Introduction of the new EUR 20 banknote

On November 25, 2015, the third euro banknote of the Europa series was put into cir-

ulation. As with the new EUR 5 and EUR 10 banknotes, the new EUR 20 banknote features modern design elements and new and improved security features (see box 13).

During the gradual launch of the second series of euro banknotes, the OeNB pays particular attention to keeping the population informed about innovations in terms of security features and cash security. The related broad-based information campaign, which is aimed at familiarizing the general public with the new design and security features, comprises brochures (e.g. on the new face of the EUR 20 banknote), advertisements in print and online media and TV spots in the public interest.

In the same vein, the OeNB provides manufacturers of banknote handling machines and their users (banks, vending machine operators, trade and cash-in-transit companies) with detailed information to facilitate the necessary updating and upgrading of such devices.

Trends in cash demand

The total value of euro cash in circulation came to EUR 1,109.4 billion at the end of 2015, up 6.5% against the previous year. While cash

Box 13

The new EUR 20 banknote

The second series of euro banknotes, the Europa series, was launched on May 2, 2013. Following the successful introduction of the new EUR 5 and EUR 10 banknotes, the new EUR 20 banknote was put into circulation on November 25, 2015.

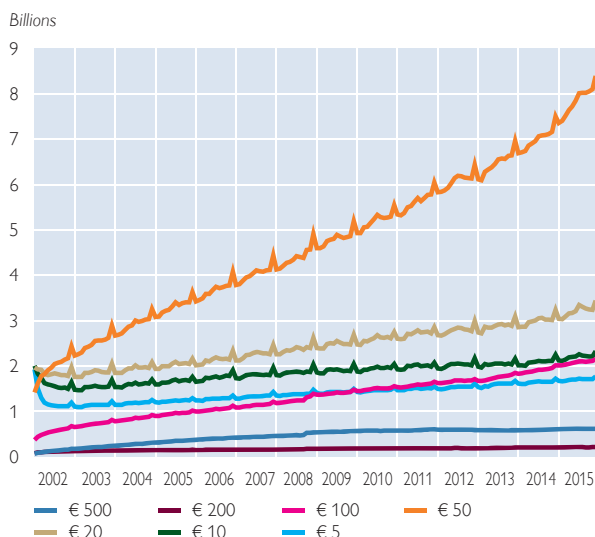
The new EUR 20 banknote has the same security features as the two smaller denominations, e.g. the portrait watermark and the emerald number. In addition, it bears an innovative security feature: a see-through portrait window revealing a portrait of Europa, the mythological figure that is the namesake of the new banknote series. With the introduction of the new EUR 20 banknote, the Eurosystem has taken another important step toward making cash more secure. Checking the new EUR 20 banknote for authenticity is easily possible by applying the FEEL – LOOK – TILT test and does not require any technical equipment.

The euro banknotes of the first series will remain legal tender and can be exchanged free of charge at any Eurosystem central bank for an unlimited period of time. Moreover, euro banknotes of the first series will circulate in parallel until further notice. The date at which they will cease to be legal tender will be announced well in advance. The remaining denominations of the Europa series will be introduced over the next few years.



Chart 17

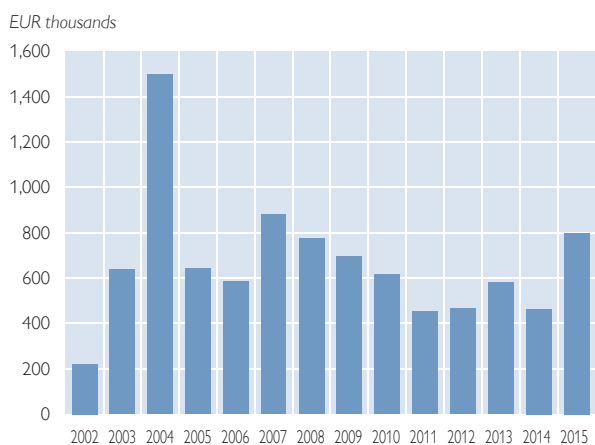
Total euro cash in circulation by denomination



Source: OeNB, ECB.

Chart 18

Economic damage caused by euro counterfeits in Austria



Source: OeNB.

continues to be an important means of payment in the euro area, this continuous rise is also attributable to the euro's growing importance as an international reserve currency. Around one-quarter of euro cash in circulation (in terms of value) is held outside the euro area, predominantly in its neighboring regions (see box 14).

Chart 17 shows the development of euro cash demand broken down by denominations.

Of the seven denominations, it is particularly the low and medium denominations, which are usually dispensed by cash machines, that are used most often in everyday transactions. In 2015, for instance, demand for EUR 50 banknotes was exceptionally high, which was attributable to an increased tendency to hold cash in view of the turbulence in Greece.

As it is not possible, in a currency area, to collect exact data on the circulation of cash in individual countries, the OeNB uses data on initial volumes, growth rates of cash withdrawals at cash machines and annual cash withdrawal volumes as a proxy for estimating the volume and value of euro cash in circulation in Austria. According to current OeNB estimates, the value of euro cash in circulation in Austria comes to around EUR 28 billion.

In 2015, the OeNB put a total of 1.45 billion euro banknotes into circulation; 1.57 billion banknotes were returned to the OeNB. The OeNB processes returned banknotes in cooperation with the GSA and only recirculates them if they meet all the required standards, e.g. regarding authenticity and fitness. This way, the OeNB ensures the high quality of euro cash in circulation and contributes essentially to counterfeit protection in Austria. As a result, counterfeit euro banknotes and coins can be withdrawn from circulation quickly and efficiently to be made available to the police for further investigation.

OeNB steps up efforts to reinforce the protection of the euro against counterfeiting

In 2015, a total of 14,502 counterfeit euro banknotes were recovered from circulation in Austria (2014: 8,461 counterfeits). Across Europe, counterfeits of the EUR 20 banknote of the first series were most often removed from circulation (48%) and, together with counterfeits of the EUR 50 banknote, they account for 83% of all counterfeits recovered in 2015. The situation in Austria is very similar, with counterfeits of EUR 50 and EUR 20 banknotes accounting for 75% of all counterfeits recovered.

The OeNB Euro Survey helps understand the economic behavior of CESEE households

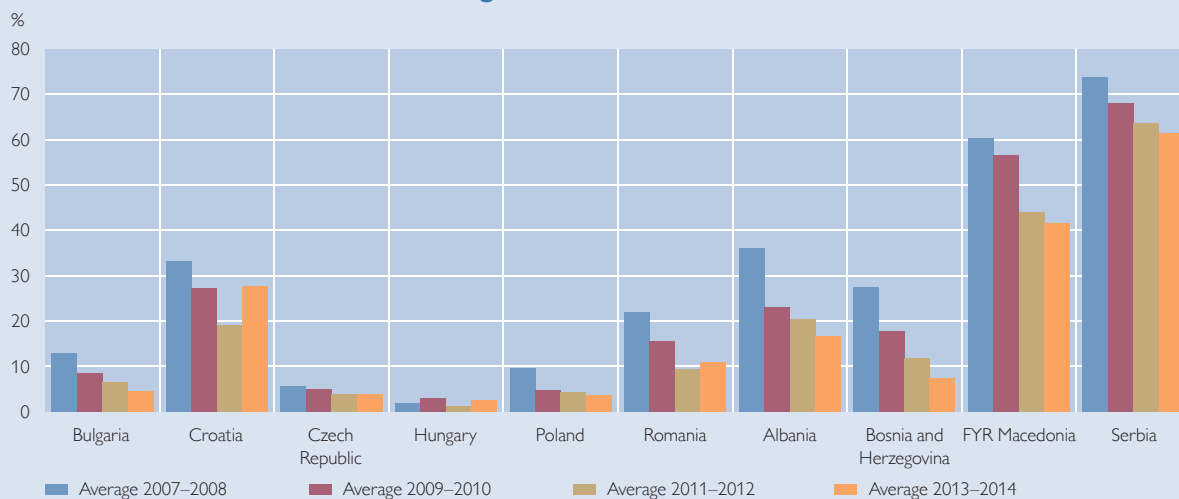
The OeNB's economic policy mandate comprises, *inter alia*, monitoring and analyzing economic developments in the CESEE countries. To this end, the OeNB Euro Survey polls households in ten CESEE countries – six EU Member States (Bulgaria, Croatia, the Czech Republic, Hungary, Poland and Romania) and four non-EU countries (Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia and Serbia).

The OeNB Euro Survey collects unique information on households' (euro) cash holdings, saving behavior and debt and inquires about their economic assessments, expectations and experience as well as socioeconomic background. Survey data analyses produce valuable findings on the use of the euro as a parallel currency and provide an important basis for discussing CESEE and euro area monetary policy, as many of the countries surveyed aim to join the euro area in the long run.

According to an ECB report published in 2011, approximately 25% of all euro banknotes circulate outside the euro area, with CESEE accounting for a considerable share.¹ On the one hand, this is attributable to the fact that economic agents in CESEE resorted to a parallel currency they considered secure and stable as economic transition in their countries was often accompanied by turbulence and crisis. On the other hand, these euro cash holdings were related to some CESEE countries' prospective EU accession and their subsequent obligation to introduce the euro.

OeNB Euro Survey findings show that economically significant amounts of euro cash are held predominantly by households in Southeastern Europe (see chart). In Serbia, the value of euro cash in circulation exceeds that of the local currency in circulation. Disparities in euro cash holdings reflect the depth of economic agents' crisis experience as well as different motives for holding euro cash. While households in the Czech Republic, Hungary and Poland keep euro cash primarily for traveling and shopping abroad, in Southeastern Europe, the

Share of the euro in total cash holdings



Source: OeNB Euro Survey.

Note: Euro cash in relation to euro cash plus national currency cash in circulation. For further details, see Scheiber, T. and H. Stix. 2009. Euroization in Central, Eastern and Southeastern Europe – New Evidence On Its Extent and Some Evidence On Its Causes. OeNB Working Paper 159.

euro is used as a store of value and partially as a secondary means of payment.²

The recent decline in euro cash holdings in CESEE is likely to reflect, *inter alia*, a medium-term trend to shift household portfolios from (euro) cash to (euro) deposits. This may be interpreted as a consequence of slowly returning confidence in the banking system.

¹ See ECB. 2011. Foreign currency lending in CESEE countries: evidence from the OeNB Euro Survey. In: ECB. 2011 The international role of the euro. July.

² See Ritzberger-Grünwald, D. and T. Scheiber. 2012. Euro Cash in Central, Eastern and Southeastern Europe. In: Monetary Policy & the Economy Q1/12. OeNB. 41–55.

OeNB Euro Survey data on CESEE households are also important for Austria and the euro area from a financial stability perspective. Over 75% of banks in CESEE are foreign owned, with Austrian or euro area owners accounting for a significant share.³ Survey data provide a differentiated view on households' risk-bearing capacity and the buildup of imbalances. In addition, they help understand whether individual economic policy measures aimed at altering household behavior have produced the desired results.

For further information on the OeNB Euro Survey, selected results and a comprehensive list of publications, see www.oenb.at.

³ See EBRD. 2012. *Transition Report 2012. Integration Across Borders*. London. European Bank for Reconstruction and Development.

As in previous years, most incidences of counterfeit banknotes were recorded in the greater Vienna area (around 42% of all counterfeit euro banknotes recovered in Austria in 2015). In the reporting year, the overall damage caused by counterfeits in Austria came to EUR 798,440 (2014: EUR 463,140). Despite this marked rise, Austria's share in the total volume of counterfeits recovered from circulation in the euro area remained low at 1.6%. Most people still have only a minimal chance of coming across a counterfeit banknote in Austria. Euro banknotes can be easily checked for authenticity by applying the FEEL – LOOK – TILT test, which does not require any technical equipment.

Preparation for second series of euro banknotes involves numerous equipment tests

In the reporting year, the OeNB Test Center continued to perform free tests in line with ECB guidelines of banknote authentication devices and banknote counting and sorting machines as well as of related innovations in banknote authentication sensor technology. The OeNB Test Center hence tested a total of 127 devices in 2015 in cooperation with 18 international manufacturers, carrying out numerous tests in preparation for the EUR 20 and EUR 50 banknotes of the Europa series to ensure the smooth acceptance of new banknotes across Austria. The test results are published both on the OeNB's and on the ECB's websites.

Efficient and secure payment systems support Austria's financial market infrastructure

Together with the other Eurosystem central banks, the OeNB operates powerful, secure and efficient interbank payment systems, which are an important feature of Austria's financial market infrastructure. By using the payment systems operated by the OeNB and the Eurosystem, market participants can effect large-value and retail payments at low cost and in an efficient manner. TARGET2, the Eurosystem's payment system, provides real-time gross settlement services with immediate finality for domestic and cross-border large-value transactions in euro. The OeNB's Home Accounting Module Austria (HOAM.AT) enables its account holders to manage liquidity transfers, cash transactions and standing facilities (deposit and marginal lending facility) and to monitor compliance with minimum reserve requirements. For the Austrian financial market, around 2.9 million payment orders totaling around EUR 21,300 billion were settled via TARGET2 and HOAM.AT in the reporting year.

For interbank retail payments, participants in the Austrian financial market may use the clearing services operated by the OeNB and the GSA, with Clearing Service.Austria (CS.A) facilitating the settlement of domestic interbank payments and Clearing Service.International (CS.I) that of cross-border interbank payments via EBA Clearing as well as through bilateral cooperation agreements with the Deutsche Bundesbank, the Banca d'Italia and Equens.

Adoption of new legal framework for payment services

Based on the 2007 Payment Services Directive (PSD), the European Commission adopted a Revised Directive on Payment Services (PSD2), which was published in the Official Journal of the European Union on December 23, 2015, and entered into force on January 13, 2016. EU Member States will have until January 13, 2018, to make the amendments to their national legislation necessary to accommodate the new provisions.

One cornerstone of the new legal framework is the extension of its scope to “third party providers” offering inexpensive Internet and mobile payment services. This is intended to allow new providers to enter the market and to make payment services less costly. Moreover, the revised PSD is set to improve security in the continuously growing field of e-commerce (in particular card, Internet and mobile payments) and to accommodate the significant innovation pace. Under PSD2, payment initiation services must involve strong customer authentication to protect customers from fraud and other problems related to payment execution.

In addition to PSD2, the Regulation on interchange fees for card-based payment transactions (Interchange Fees Regulation – IFR) was adopted in spring 2015, establishing caps for interchange fees for card payments. This regulation benefits merchants, whose costs for card acceptance should drop accordingly.

SEPA and TARGET2-Securities: from the vision of an integrated euro payments market to reality

The Single Euro Payments Area (SEPA) was fully completed in 2014. In Austria, the SEPA format has been used for settling all credit transfers and direct debits since August 1, 2014. Migration to the new format went smoothly and without delay.

After the implementation of the SEPA core instruments – SEPA credit transfer and SEPA direct debit – work on further payment innova-

tions is under way with the aim of contributing to an integrated, innovative and competitive payments market. In the securities sector, the implementation of the Eurosystem’s major infrastructure project TARGET2-Securities (T2S) has advanced considerably. The Oesterreichische Kontrollbank Central Securities Depository GmbH (OeKB CSD) is scheduled to migrate to T2S as of February 2017, together with the majority of Austrian market participants. As of fall 2016, the OeNB will provide dedicated cash accounts in T2S. The OeNB has been involved in T2S testing since end-2014 to ensure that liquidity transfers and the related messages will be processed correctly.

Subsidiaries support the OeNB in fulfilling its tasks

The following companies, in which the OeNB holds direct equity interests, support the OeNB in performing its core tasks in cash production, cash provision and cashless payments: Münze Österreich Aktiengesellschaft (MÜNZE), Oesterreichische Banknoten- und Sicherheitsdruck GmbH (OeBS) and GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H. (GSA). The individual subsidiaries carry out their tasks as separate business entities. Owing to their high level of professionalism and customer orientation, the OeNB’s subsidiaries contribute to strengthening trust in the OeNB itself. A well-planned division of labor within the OeNB group enables the OeNB to boost the overall economic utility of its products and services. In fulfilling its mandate, the OeNB group puts great store on quality, cost effectiveness and security.

MÜNZE is the official mint of the Republic of Austria. Its exclusive right to mint coins in Austria is laid down

Multilateral Interchange Fee (MIF)

MIFs are fees charged by a cardholder’s bank (the “issuing bank”) to a merchant’s bank (the “acquiring bank”) for any sales transaction with a payment card; MIFs are determined by card schemes. Merchants or customers ultimately pay the MIF-related costs via the price of a product.

TARGET2-Securities (T2S)

With TARGET2-Securities, the Eurosystem provides European central securities depositories (CSDs) with harmonized and uniform services for settling domestic and cross-border securities transactions.

Five FAQs on TARGET2-Securities (T2S)

What does T2S stand for?

T2S stands for the harmonized and uniform settlement of domestic and cross-border securities transactions in central bank money (currently in euro only; to be extended to include foreign currencies in the future). To support this type of settlement, central securities depositories (CSDs) cooperate closely with central banks. T2S went live on June 22, 2015.

What are the benefits of T2S?

T2S was introduced to remove barriers in the cross-border settlement of securities transactions and to enhance settlement efficiency by optimizing liquidity and collateral management services. Moreover, T2S is intended to foster competition among CSDs and to reduce back office costs and settlement fees all over Europe (in particular for cross-border transactions). Uniform fees for domestic and cross-border transactions are applicable in T2S, independent of transaction volumes.

How is migration to T2S scheduled?

Migration of participating CSDs and their clients to T2S has been scheduled in several waves from June 2015 to September 2017. The majority of Austrian financial market participants plan to migrate to T2S in February 2017. As of fall 2016, the OeNB will provide settlement in central bank money on dedicated cash accounts in T2S. Preparations for T2S migration take place in close cooperation with the partner CSDs of the OeNB's customers. In most cases, the partner CSD is the OeKB CSD.

Which countries participate in T2S?

To date, 23 CSDs have signed the T2S Framework Agreement and currently participate in T2S. Since June 2015, CSDs from Switzerland, Malta, Romania, Greece and Italy have migrated their euro-denominated securities settlement to T2S. T2S migration is scheduled to be completed by September 2017.

What will come after T2S?

T2S constitutes the basis for the full implementation of the Single Market in securities post-trading and thus paves the way for capital markets union. Harmonization is key to the success of T2S, not only regarding financial infrastructures per se, but also with respect to related areas. The harmonization efforts are to be continued after the implementation of T2S.

in the provisions of the Coinage Act. At the end of 2015, the Republic of Austria launched an amendment to the Coinage Act which prohibits the accrual of revenue reserves established for the redemption of circulation coins. While MÜNZE remains obligated to redeem circulation coins, this obligation will be covered by a central government compensation. The amendment was adopted in early 2016, but has become effective retroactively as of December 31, 2015. Of MÜNZE's revenue reserves established for the redemption of circulation coins, EUR 436.6 million have been dissolved accordingly and accounted for in the OeNB's financial statements for the year 2015.

In line with the prevailing legal provisions, MÜNZE meets the domestic demand for legal tender coins. In 2015, MÜNZE supplied the OeNB with a total of 360.7 million euro coins with a face value of EUR 63.4 million. In terms of technology and products, MÜNZE is an international leader with exclusive know-how in precious metal processing and gold coin production. Its innovative product development and the continuous optimization of its range of products help MÜNZE maintain its market position. With effect of March 20, 2015, MÜNZE's shares (33.24%) in its subsidiary Casinos Austria Aktiengesellschaft were transferred to Österreichische Bundes- und Industrie-

beteiligungen GmbH (ÖBIB) in line with the applicable legal framework.

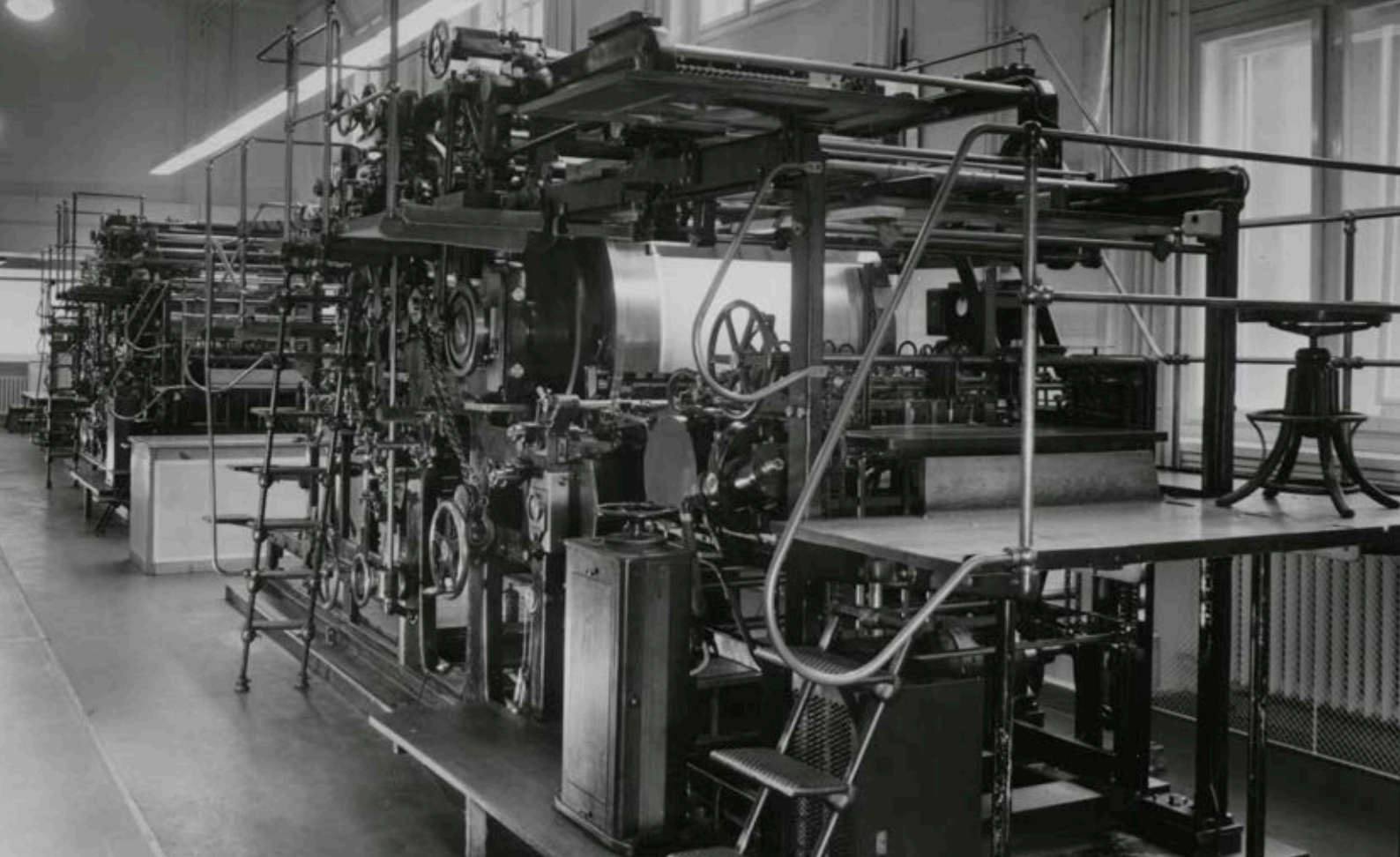
The banknote and security printer OeBS primarily produces banknotes, using state-of-the-art technologies. Moreover, the OeBS makes valuable contributions to research and development in the field of banknote and security printing. Within the Eurosystem, the OeBS produces the share of annual euro banknote production volumes assigned to Austria on the basis of its share in the ECB's capital key. In 2015, the OeBS produced 191 million EUR 10 banknotes. The Eurosystem's entire banknote production volume came to 6 billion banknotes in the reporting year.

The cash logistics company GSA was established as a public-private partnership. The

GSA's majority owner is the OeNB, which holds a 95.34% share, while a number of Austrian commercial banks hold the remaining shares. This cooperation between the central bank and commercial banks helps increase efficiency. In 2015, the GSA processed 1.59 billion banknotes and 2.23 billion coins.

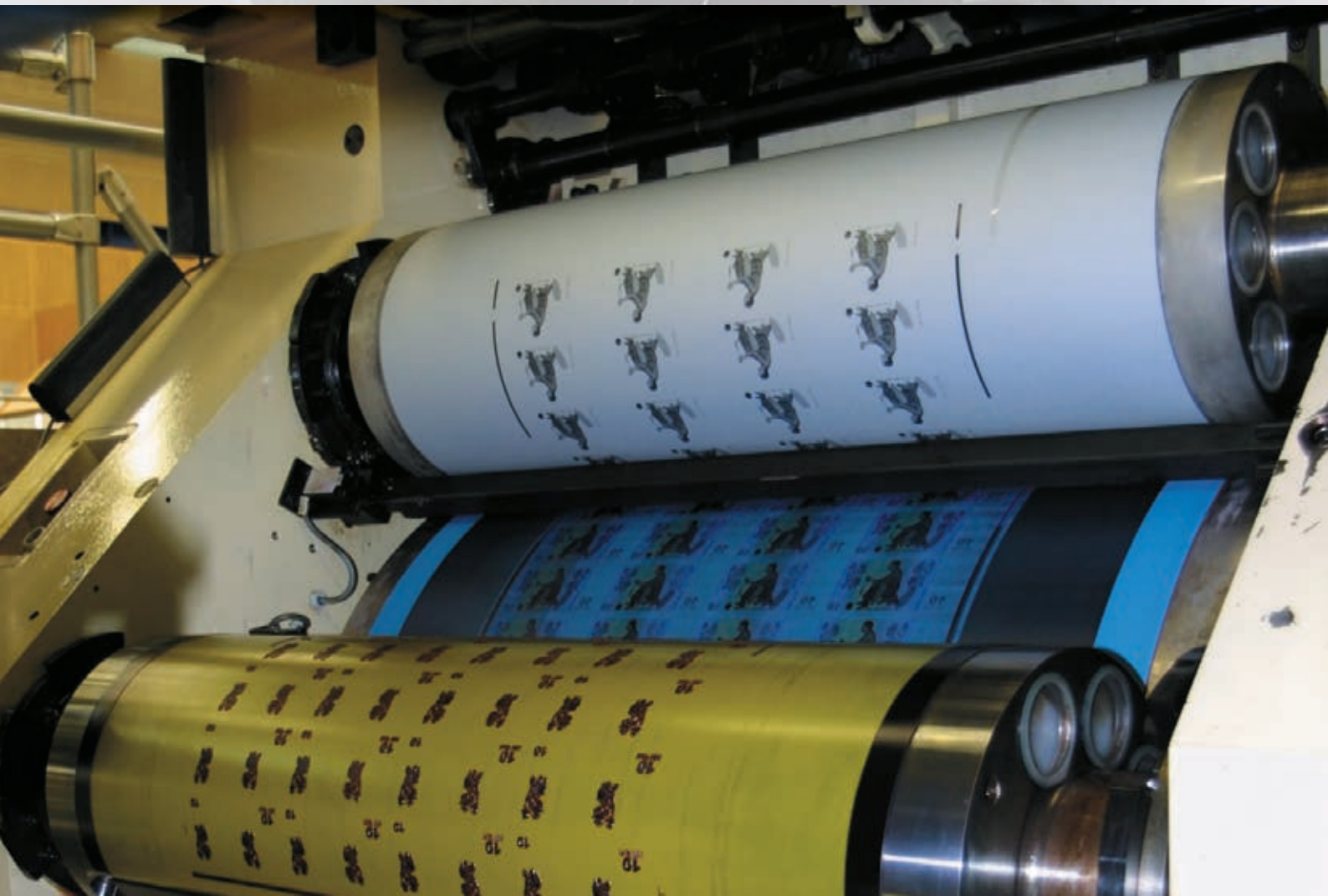
At end-October 2015, the premises management group BLM Betriebs-Liegenschafts-Management GmbH sold three real estate properties owned by the OeNB to three private investors in a public tender procedure, thereby concluding the en bloc sales of OeNB-owned housing.

Table 10 (p. 85) provides a comprehensive list of the OeNB's direct and indirect equity interests.



Security printing in 1925 ...

... and in 2016



The OeNB – a sustainable enterprise



Meeting around 1925 ...

... and in 2016



Future-proofing the OeNB's knowledge strategy and workflows

The OeNB – a knowledge-based enterprise with an optimum business strategy

Faced with many new and modified tasks as well as a low interest rate environment that is weighing on the OeNB's profitability, the Governing Board of the OeNB decided in 2014 to carry out an internal optimization and reorganization project called OPAL. To this end, the OeNB partnered with a renowned external consulting agency, which was charged with identifying far-reaching potential for improvement and cost reduction as well as with developing tailor-made optimization measures.

By analyzing and optimizing the OeNB's business area portfolios, processes and organizational structure, the OPAL project was to raise the OeNB's effectiveness and efficiency. The project target was to reduce the OeNB's annual expenses by at least EUR 20 million by no later than 2020. A catalyst for rethinking the OeNB, the OPAL project has contributed essentially to making the OeNB a more modern, efficient and cost-conscious institution.

The objectives of OPAL, which was completed as planned on June 30, 2015, have been met and even exceeded. In line with the project findings, costs may be reduced by scaling back or cutting tasks, streamlining processes and pruning the organizational structure. Specific

measures comprise, inter alia, cost savings to be accomplished in cash processing as well as IT and telephony, and the scheduled closures of the Southern Austria Branch Office in Graz, the Northern Austria Branch Office in Linz and the New York Representative Office. One department, responsible for internal services, planning and controlling, was dissolved; its business areas have been allocated to other departments. By 2020, the OeNB will, overall, have cut expenses by some EUR 96 million.

To be able to meet this goal, the OeNB also considered recommendations issued by the Austrian Court of Audit and its own institutional as well as human resource requirements. In particular, the OeNB is committed to remaining an attractive employer, ensuring a sound work-life balance, guaranteeing high occupational health and safety standards and offering its employees age- and aging-appropriate work conditions.

These considerable cost savings notwithstanding, the OeNB has not reduced the quality or scope of services provided to its external cooperation partners; nor has it lost its appeal as an employer of highly qualified experts. Most importantly, the optimization measures have not been affecting the OeNB in fulfilling its mandate of safeguarding price and financial stability.

Table 2

Indicators of knowledge-based processes

Indicator	Unit	2012	2013	2014	2015
Process efficiency					
Certified areas	number	8	8	10	10
Entries in the OeNB's terminology database	number	21,043	21,260	21,545	21,892
Degree of automation in procurement processes	%	43	43	31	45
Error-free payment transactions	%	99.9	99.97	99.96	99.98
Staff suggestions for improvements	number	52	60	26	36
Technical infrastructure					
IT services for the ESCB/Eurosystem	number	4	4	4	3
Major IT projects	number	5	7	6	6
Mobile devices (excluding mobile phones)	number	679	776	800	871

Source: OeNB.

Note: For a definition of these indicators, see the list of indicators available at <https://www.oenb.at/en/Publications/Oesterreichische-Nationalbank/Annual-Report/Intellectual-Capital-Report.html>.

Refocusing the OeNB's budget management

Another outcome of the OPAL project has been the establishment of a high-level planning and budget steering committee. In advising the Governing Board in its budget management decisions, this new body makes an important contribution to the OeNB's overall resource and cost efficiency. Moreover, the planning and budget steering committee will address any extraordinary budget-relevant issues and promote information sharing and coordination.

The OeNB's flexible human resources strategy

The OeNB is faced with increasingly complex challenges. To maintain its high level of performance and competitive-

European Supervisor Education Initiative (ESE)

A network which offers training opportunities to staff members of European central banks and financial-sector supervisory authorities. ESE courses are based on uniform standards and reflect international best practices. Initiated in 2009, the ESE network today comprises the Deutsche Bundesbank, the German Federal Financial Supervisory Authority (BaFin), Česká národní banka, Banka Slovenije, De Nederlandsche Bank, the Banque centrale du Luxembourg and the OeNB.

ness, the OeNB continues to support and rely on its well-qualified staff and to invest in its knowledge-based capital, i.e. staff know-how.

Both the number of staff and the distribution of staff across age groups remained virtually unchanged year on year. In the reporting period,

human resource development was largely influenced by the OPAL project. New training opportunities therefore focused in particular on change management with a view to supporting OeNB staff in implementing and adapting to OPAL-induced changes. In November 2015, staff and management, for instance, were invited to participate in an in-house "exChange for Change" event to learn more about change management through lectures and workshops.

One major change that had a high impact on the OeNB and its staff has been the implementation of the Single Supervisory Mechanism (SSM). In this context, the European Supervisor Education Initiative (ESE) has come to play an essential role in promoting professional development in this important area. The fourth

ESE conference, which took place in Prague in October 2015, drew 120 participants from 17 countries, who discussed, among other things, the development of the SSM, the close links between micro- and macroprudential supervision as well as the recovery and resolution of credit institutions.

In 2015, 16 OeNB staff members graduated from the university program in financial market supervision, which had been cofounded by the OeNB, with a certificate or a professional MBA. Also, both the average number of yearly training days per employee and the share of staff members having attended at least one training event per year rose considerably compared with 2014.

At 1.9%, the OeNB's staff fluctuation rate remained low. The long-term commitment of OeNB staff ensures that investment in training activities benefits the OeNB as a whole and that the acquired knowledge is put to sustainable use in the OeNB's task fulfillment. The OeNB's mobility indicators attest to the importance of, and staff members' continued high interest in, job rotations.

In expert organizations like the OeNB, staff loyalty is an important factor. To motivate and develop highly qualified technical experts, the OeNB offers a specialist career track in addition to careers in management. To further strengthen the OeNB as a knowledge-based organization, the scope of the specialist career track was broadened in 2015. This move was aligned with changes in the OeNB's staff-to-manager ratio, which, according to uniform criteria, caters more specifically to the individual management needs of business units.

Diversity is a top priority

When it comes to fostering diversity, the OeNB's actions speak louder than words. To date, the OeNB has already taken numerous measures to offer its staff equal treatment, opportunities and full equality regardless of gender. In 2015, the OeNB identified further fields of action and, in line with the Austrian Federal Equal Treatment

Table 3

Indicators of investment in knowledge-based capital

Indicator	Unit	2012	2013	2014	2015
Staff structure					
Full-time equivalent staff (year-end) ¹	number	1,071.7	1,089.1	1,084.0	1,085.9
aged up to 30 years	%	12.9	12.8	11.3	10.6
aged 31 to 40 years	%	24.2	24.4	27.6	28.1
aged 41 or older	%	62.9	62.8	61.1	61.3
Fluctuation rate	%	0.7	0.9	1.7	1.9
Share of university graduates in total staff	%	51.9	54.1	56.4	59.3
Staff-to-manager ratio	number	7.3	7.2	6.8	6.8
Gender management					
Share of women in total staff	%	40	39	39	39
Share of women in the specialist career track	%	38	35	38	37
Share of women in management positions	%	22	25	26	28
Flexible working arrangements					
Part-time employees	%	10.5	11.2	11.6	11.6
Staff in teleworking scheme	%	5.4	6.3	7.6	8.9
Staff on sabbatical	number	8.0	4.0	6.0	4.0
Mobility					
Participants in in-house job rotation program	number	41	39	46	42
Working visits to national and international organizations (external job rotation)	number	49	42	48	45
Working visits at the OeNB (incoming)	number	5	5	3	1
Interns	number	47	54	56	55
Knowledge acquisition					
Education and training days per employee (annual average)	days	4.6	3.8	3.7	4.8
Education and training participation rate (share of employees that attended at least one training event per year)	%	56.9	61.6	57.6	61.3

Source: OeNB.

Note: For a definition of these indicators, see the list of indicators available at <https://www.oenb.at/en/Publications/Oesterreichische-Nationalbank/Annual-Report/Intellectual-Capital-Report.html>.

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

Act, drew up a set of measures for its first action plan for the advancement of women. This action plan entered into force in 2016.

Ensuring a sound work-life balance is of utmost importance in this context, which is why the OeNB has been a tireless advocate of workplace innovation. Hence, the OeNB already offers flexible working time models, a teleworking scheme and the opportunity to take sabbaticals. Moreover, it encourages fathers of newborns or newly adopted children to take a month of paternity leave. All these arrangements help staff members to strike the right balance between work and family life. The OeNB's recertification on November 10, 2015, under the "work and family" audit program aptly proves its commitment to family-friendly human resources management.

Another dimension to be considered under the Austrian Federal Equal Treatment Act, apart from the gender issue, is sexual orientation. In 2015, the OeNB's equal opportunities officers held an internal workshop on sexual orientation and also engaged in an exchange of information on this issue with other institutions and companies.

Compliance rules strengthen and protect the OeNB and its staff

In 2015, the OeNB's Compliance Office carried out quarterly random checks of securities accounts held by OeNB employees. Moreover, it verified compliance with the OeNB's Internet use policy and the guideline on gifts and invitations.

Compliance rules also apply to OeNB subsidiaries

As part of the OeNB group standards, the OeNB's compliance rules are also rolled out

Public corporate governance

Corporate governance refers to the principles according to which a company is directed and controlled. The OeNB and its subsidiaries are required to implement the Federal Public Corporate Governance Code (B-PCGK) applicable to state-owned and quasi-public companies. The Austrian government adopted this code in fall 2012 to ensure that publicly-owned enterprises make a positive, fair and transparent contribution to Austria's overall economic performance and competitiveness in a manner that is commonly acknowledged, appreciated and accepted. The OeNB publishes an annual corporate governance report (in German only) on its website.

and applied to all its subsidiaries. The year 2015 saw the group-wide implementation of guidelines on conflicts of interest and risk assessment.

Insider compliance rules about to be adjusted

In March 2015, the ECB adopted the Guideline laying down the principles

of a Eurosystem Ethics Framework (Guideline (EU) 2015/855 of the European Central Bank)

and the Guideline laying down the principles of an Ethics Framework for the Single Supervisory Mechanism (Guideline (EU) 2015/856 of the European Central Bank). The staff members of the Eurosystem NCBs and the national competent authorities are subject to compliance with the rules of good conduct contained in these two guidelines. In particular, the guidelines regulate the prevention of misuse of inside information, the avoidance of conflicts of interest and the acceptance of gifts and hospitality. Both guidelines must be implemented at the national level by June 1, 2016. The OeNB already has rules in place that cover all the topics in question and that are broadly in line with the provisions set forth in the ECB's guidelines. Wherever necessary, the OeNB will adapt its rules, for instance, with regard to preventing misuse of inside information, in a timely fashion.

Keeping the public informed

OeNB publications go digital-only

With its broad range of publications – leaflets, periodicals, ad hoc publications, special issues – the OeNB keeps the general public informed about Eurosystem decisions and activities. The scope, language, frequency, content and design of the individual products are closely aligned with the needs of their respective target groups (general public, media representatives, education sector, expert audience).

The OeNB's publications are available on its website, where they are grouped according to subject and may be downloaded free of charge. A total of 150,000 downloads of publications or individual papers were registered in 2015. In line with the international trend toward digital publishing, the OeNB has decided to offer most of its publications in digital format only. To receive e-mail alerts on newly published content, registered users may subscribe to publication-specific newsletters.

The OeNB's wide spectrum of publications has remained unchanged, however. In its periodicals in the areas of economics, financial market policy and statistics, the OeNB regularly presents data and developments relating to the Austrian and global economy and financial markets, and reports on tasks, activities and projects in its various business areas. Prominent examples are Facts on Austria and Its Banks, the OeNB's economic outlook on Austria and the OeNB-BOFIT outlook for selected CESEE countries. Monetary and economic policy-relevant studies and analyses, some of which have a regional focus such as Austria or Central, Eastern and Southeastern Europe (CESEE), are published in research publication series (Monetary Policy & the Economy, Financial Stability Report, Focus on European Economic Integration, Working Papers, Statistiken).

The OeNB's exchange with expert and policy communities

Each year, the OeNB organizes around 200 events that serve as national and international

platforms for an exchange of views on monetary and economic policy and as such strengthen and intensify the dialogue with relevant institutions and partners in all business areas.

The largest audiences (several hundred participants each) are reached with the annual Economics Conference in spring and the annual Conference on European Economic Integration (CEEI) in fall. In 2015, the OeNB partnered with Narodowy Bank Polski, the Polish central bank, to organize the CEEI, which took place in Warsaw in November. Moreover, the OeNB regularly hosts seminars and workshops catering to domestic and international participants. Some 700 presentations in front of external audiences additionally underline the fact that the expertise offered by OeNB staff is in high demand.

The OeNB's new financial literacy platform goes live

The OeNB's new financial literacy website www.eurologisch.at went live on August 31, 2015. It makes the broad range of financial education resources offered by the OeNB even more easily accessible. Moreover, it serves as the central information point for financial literacy in Austria. Users may filter all available materials and activities by target group and topic. With its financial literacy initiative, the OeNB reaches out not only to teachers, school children and students, but also to other target groups.

Eurologisch

Since the launch of the new financial literacy website www.eurologisch.at, all of the OeNB's financial education activities have been brought together under the "Eurologisch" brand name.

By issuing a financial literacy comic book in the tradition of the Mickey Mouse series, the OeNB has ventured into new territory and assumed a pioneering role in the Eurosystem. This comic book, which tells four stories involving money, also includes age-appropriate features on the key OeNB topics of price stability, financial stability, cash and payments.

The OeNB turns 200 in June 2016

On June 1, 1816, Emperor Francis I founded the “privilegierte oesterreichische National-Bank” by issuing two exclusive rights called “patents,” which makes the OeNB one of the oldest central banks in the world. The OeNB marks its 200th anniversary in 2016 with a range of special products, conferences, activities and events to illustrate to the general public the important role the OeNB has been playing for Austria’s monetary system since its foundation in 1816.

In January 2016, MÜNZE Österreich AG, the Austrian mint, and Austrian Post (Österreichische Post AG) presented a EUR 2 commemorative coin and a special-issue anniversary stamp at the OeNB. Two anniversary books were presented soon thereafter: The richly illustrated historical volume “Memories of a Central Bank. Oesterreichische Nationalbank. Since 1816,” which also includes previously unpublished visual materials, takes the reader on a fascinating journey through the OeNB’s 200-year history. In the second book, “The Quest for Stable Money. Central Banking in Austria, 1816–2016,” the authors look at monetary policy and monetary history from a researcher’s perspective. Both books are available for purchase. Historical time series that span the period from 1816 to 2016 and cover central banking topics such as OeNB balance sheets, credit institutions, interest and exchange rates as well as macroeconomic indicators will complement the OeNB’s retrospection and will be available on the OeNB website.

As from April 2016, the OeNB’s Money Museum shows the special exhibition “Guardian of the currency. 200 years Oesterreichische Nationalbank.” In May 2016, the Austrian Broadcasting Corporation ORF will air its feature-length documentary “Money and Life” relating to the OeNB’s eventful history. At end-May, the OeNB plans to launch a radio competition together with the ORF radio station Ö3, which will put listeners’ knowledge of the OeNB and financial literacy to the test.

The OeNB will also mark its bicentennial by hosting several conferences. At the end of April 2016, for instance, the OeNB hosted the annual conference of the European Association for Banking and Financial History (EABH) entitled “Financial Interconnections in History: Did Globalization Increase or Decrease Financial Stability?” In May, the 7th Austrian numismatics conference examining the stability and instability of monetary systems will take place at the OeNB. At the beginning of June 2016, the Governing Council of the ECB will hold its monetary policy meeting in Vienna. Following the Governing Council meeting, the OeNB will host an anniversary ceremony, with distinguished speakers discussing “Central bank policies – past challenges and future perspectives.” Also in June, the Vienna Philharmonic will premiere a work commissioned by the OeNB on the occasion of its 200th anniversary. On September 13 and 14, 2016, the OeNB will host a high-level research and policy conference “Central Banking in Times of Change,” which it jointly organizes with the Bank for International Settlements (BIS). With this conference, the OeNB’s anniversary activities will draw to a close.

On the OeNB’s website www.oenb.at, the section “200th anniversary of the OeNB” provides information about all anniversary-related events and products, major activities and historical publications about the OeNB and Austria’s monetary policy. Moreover, an interactive timeline (in German only) highlights the milestones in the OeNB’s history.



Central banks’ core tasks also take center stage in the “Euro-Logo-Tour,” which provides full-day financial literacy workshops for teenagers aged 13 and 14. In 2015, the

“Euro-Logo-Tour” was extended beyond Vienna and visited schools in all of Austria’s provinces.

The renamed and substantially redesigned “Euro-Fit-Tour” visited senior classes in schools throughout Austria to educate teenagers aged



15 and over about the OeNB's core tasks. For this program, the OeNB cooperates with the Austrian Museum for Social and Economic Affairs.

In addition to these initiatives, both a permanent exhibition, "Money in Austria. From Antiquity to Modern Times," and a special exhibition entitled "Cowrie Shells, Gold and Digital Cash" are on show at the OeNB's Money Museum. Bringing to life the long history of money from bartering to today's globalized economy, the special exhibition presents the broad range of items that have been used as money.

Digital channels help make complex content more accessible

In 2015, the OeNB's external communication largely revolved around nonstandard monetary policy measures and banking supervision – specifically in connection with the Hypo Alpe Adria parliamentary investigative committee – as well as the introduction of the new EUR 20 banknote of the second euro banknote series. Other topics related to the OeNB as an organization were the optimization and reorganization project OPAL, which the OeNB and its external consultant concluded successfully in 2015, but also OeNB pensions and social benefits. At end-2015, the OeNB started bringing home parts of Austria's gold reserves in line with its new gold storage policy – a move which attracted considerable media attention.

Apart from the traditional press activities, the OeNB also chose new avenues in implementing its social media strategy in 2015. From October to December 2015, the OeNB published 75 tweets with text messages, visuals and videos on Twitter. Also by end-December 2015, the OeNB had released 27 videos on the video platform YouTube, with its clip on gold reserves counting about 8,300 views by year-end. The OeNB's social media channels Twitter, YouTube and Facebook (for the Generation Euro Students' Award) were of course also embedded in and cross-linked

with its own website (about 12,300 page views per day), the eurologisch financial literacy site and the OeNB im Dialog communication platform (the latter two are available in German only).

Quarterly media analysis shows that the OeNB has – thanks to its studies and analyses – once again succeeded in strengthening its media profile as an expert organization. At the beginning of 2015, the OeNB started to systematically monitor social media. The results of the regularly conducted OeNB Barometer survey on public opinion on the OeNB and the euro document that confidence in the OeNB remains strong and its image sound. Against the background of a persistently difficult operating environment, this may be seen as a direct result of the OeNB's successful, well-targeted information and communication policy.

Moreover, the OeNB has installed a monthly in-house lecture series, in which OeNB experts explain current central banking issues to their colleagues from other business areas.

The OeNB's CESEE expertise and the Joint Vienna Institute

In 2015, the Joint Vienna Institute (JVI) had 113 courses on offer, which attracted 2,197 participants above all from Central, Eastern and Southeastern Europe and the Commonwealth of Independent States (CIS). The JVI is sponsored by the Austrian Federal Ministry of Finance, the International Monetary Fund (IMF) and the OeNB. In 2015, the OeNB designed and organized eight courses on the following topics: supervision and financial stability, European integration, financial education, financial translation, cash as well as payment systems. Particular attention was paid to offering interactive course elements, including international experts and presenting best practices in a hands-on manner. All courses are continuously evaluated. Since its foundation in 1992, the Joint Vienna Institute has trained 37,407 participants.

Table 4

Indicators of knowledge-based output

Indicator	Unit	2012	2013	2014	2015
Cooperation and networks					
National bodies with OeNB representatives	number	81	83	78	82
International and European bodies with OeNB representatives (ESCB, etc.)	number	261	244	278	287
Technical assistance activities with CESEE and CIS central banks	days	373	569	565	563
Course participants at the Joint Vienna Institute (JVI)	number	1,947	2,145	2,286	2,197
OeNB-hosted national and international events	days	260	255	194	181
Lectures delivered by OeNB staff to external audiences	number	736	771	665	686
Communication and information					
Queries to OeNB hotlines	number	31,863	27,235	25,212	17,376
Research cooperation projects with external partners	number	79	74	56	90
Visitors to the Money Museum	number	18,730	18,733	16,059	13,732
Cash training course participants (including Euro Shop Tour)	number	11,368	17,342	14,192	15,322
Children and teachers reached through school activities	number	21,233	19,179	20,182	18,802
Contacts during the Euro Info Tour	number	32,513	41,956	36,103	35,892
Press conferences	number	16	14	14	12
Press releases	number	173	192	187	153
Publications					
Articles published by OeNB staff	number	178	125	117	139
of which: refereed papers	number	63	47	40	39
Confidence and image					
Confidence index in the second half of the year	%	58.0	57.0	57.0	57.0
Image index in the second half of the year (values between 5.5 and 10.0 signal a positive image)	value	6.5	6.6	6.8	6.3

Source: OeNB.

Note: For a definition of these indicators, see the list of indicators available at <https://www.oenb.at/en/Publications/Oesterreichische-Nationalbank/Annual-Report/Intellectual-Capital-Report.html>.

OeNB continues to provide technical assistance in the Western Balkans

Since 2007, the OeNB has participated in technical assistance programs coordinated by the ECB and financed by the EU under the Instrument for Pre-Accession Assistance (IPA). These programs support capacity and institu-

tion building in a region that is highly relevant for Austria. In 2015, the OeNB, together with other Eurosystem NCBs, successfully concluded technical assistance programs for the central banks of Kosovo and Montenegro. In addition, the OeNB organized tailor-made study visits for experts from the CESEE region.

The OeNB promotes research, science, art and culture

The OeNB also sponsors ...

Established in 1966 to mark the OeNB's 150th anniversary, the OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching provides funding for academic research in Austria. Through its Anniversary Fund, the OeNB directly supports outstanding scientific research projects in the fields of economics and the medical sciences (clinical and patient-oriented research) as well as projects in the humanities and social sciences.

In 2015, the Governing Board of the OeNB approved funding totaling about EUR 8 million for 76 Anniversary Fund research projects. At 505, the total number of funding applications remained high.

The funds earmarked for focus area projects in economics (“Growth – where has it gone to? Where should it come from?”) and in the medical sciences (“Orphan/Rare diseases”) amounted to EUR 1.08 million and EUR 1.33 million, respectively.

amounted to EUR 1.08 million and EUR 1.33 million, respectively.

... humanitarian projects

In light of the dramatic migration movements in Europe, the OeNB decided to erect a container village for asylum seekers on the premises of its seminar and sports center located in Langenzersdorf near Vienna. Managed by the Austrian charity Caritas, this container village, named “Anissa” (which in Arabic means “friendly”), is meant to give shelter to displaced people in need. Volunteers from the OeNB as well as the local community lend a helping hand to the Caritas team in charge. On December 21, 2015, Anissa welcomed its first inhabitants – 12 unaccompanied minors. In the meantime, Anissa is home to a total of 68 asylum seekers, including youths and families.

Environmental Statement 2015 – the OeNB as an environmentally friendly organization¹

Proven track record in environmental protection

The OeNB started taking an active interest in environmental protection many years ago. It achieved EMAS certification as early as in 1999 and has been an EMAS-registered organization ever since. The procurement of certified green electricity and the implementation of a district heating and cooling concept are only examples of the numerous steps the OeNB has taken in recent years to further reduce its emission of greenhouse gases within the framework of its environmental management system.

Thanks to its proactive role in environmental protection, the OeNB was awarded two new environmental labels in 2014:

- The OeNB's multimedia and print production was distinguished with the EU Ecolabel bestowed by the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management. Recognized throughout Europe, the EU Ecolabel helps consumers across the Single Market identify high-quality products and services that have a reduced environmental impact.
- Thanks to the initiative of the OeNB's technical services and facility management, the OeNB's energy management was certified to the ISO 50001 standard.

The OeNB cooperates with various key players in environmental protection: On November 25, 2015, for instance, it joined forces with the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management and hosted an international seminar for the Management Board of the European Environment Agency ("Natural Capital as a Key Policy Objective of the EU").

EMAS

EMAS is short for the EU's Eco-Management and Audit Scheme. This Community scheme was developed at the European Union level (EMAS Regulation) to reward companies and organizations for sound environmental performance.



Preventing waste of resources and power is a key priority of the OeNB's environmental policy – a priority that is reflected in the organization's ongoing efforts to optimize the energy efficiency of its technical facilities. The OeNB's 200th anniversary in 2016 is a fitting occasion to mention that its main building, which was originally completed on March 22, 1925, has been in constant use for about 100 years. Constructed from an award-winning design by architect Leopold Bauer (one of Otto Wagner's students), the outward appearance of the building has hardly changed over the decades. The long-term use of one and the same office building makes perfect sense from an ecological point of view. Whenever an organization rebuilds or relocates, it causes a vast amount of resource and energy consump-

¹ Environmental Statement in line with EMAS Regulation (EC) No 1221/2009; as the OeNB is required to publish an updated EMAS environmental statement in 2015, the information provided relates to the three-year reporting period from 2013 to 2015.

The OeNB's corporate environmental policy

Stability, security and trust guide the OeNB in fulfilling its responsibility toward society. These principles reflect the OeNB's corporate governance, which is geared toward sustainability, and apply equally to the OeNB's core business and to its commitment to people and the environment. A top environmental performer among Austrian enterprises, the OeNB nevertheless seeks to continuously improve its environmental track record. Apart from meeting the environmental standards required by law, the OeNB complies with the principles of the EMAS Regulation.

Responsible resource consumption

The OeNB endeavors to minimize negative impacts on the environment by preventing waste of energy and resources while adhering to sound business management principles.

Green procurement

The OeNB observes ecological criteria in purchasing products and services, especially in tenders. Moreover, the OeNB ensures that selected products are made of environmentally friendly materials and that their life cycle is ecologically sustainable.

Promotion of eco-consciousness among employees

The OeNB promotes ecological awareness and behavior among all its employees by providing targeted information and training measures.

Research and cooperation with partners

The OeNB cooperates with partners and representatives of civil society to implement environmental protection measures. In addition, the OeNB provides impulses beyond the scope of its mandate and works toward a livable environment. Its endeavors also include support for research projects.

Information policy

In providing the public with information, the OeNB pursues an open, responsible policy.

Climate change

The OeNB acknowledges the risks involved in climate change as a key challenge of our times and therefore aims at making its activities fully carbon neutral in the long run.

tion – something the OeNB has been able to avoid.

Environmental management at the OeNB – clear tasks and responsibilities

The OeNB's environmental management system and related activities and procedures are an integral part of the OeNB's business management. Various committed staff members contribute to the realization of the overall environmental concept: The EMAS management representative determines the OeNB's environmental policy and ensures that the organization complies with the obligations laid down in the EMAS Regulation (e.g. compliance with envi-

ronmental laws, establishment and pursuit of environmental objectives, continuous improvements). The OeNB's Environmental Officer is entrusted with developing the OeNB's ecological concept and strategy, implementing the OeNB's environmental management system and signing off on related documents. The Environmental Coordinator and the environmental controllers in the various divisions contribute to implementing the environmental program and to continuously improving the OeNB's environmental performance. As liaisons between the environmental protection team (EPT) and their respective divisions, the environmental controllers promote ecologically sound behavior in their organizational

Table 5

The OeNB's ecological indicators

	Site	2013	2014	2015	Unit ¹	Benchmark ¹		
						+	~	-
Energy								
Electricity consumption per employee ²	Vienna	7.50	6.68	6.44	MWh	< 4.5	6	> 8
Heat consumption	Vienna	63	55	62	kWh per m ²	< 110	130	> 150
District cooling	Vienna	–	–	35	kWh per m ²			
Total energy consumption ³	Vienna	10,527	9,428	12,066	MWh			
of which renewable energy ⁴	Vienna	6,282	5,748	6,417	MWh			
Water								
Water consumption per employee	Vienna	122	88	98	liters per day	< 60	100	> 120
Consumption of materials and products								
Total paper consumption per employee ⁵	all sites	95	78	56	kg	< 100	200	> 500
Consumption of printing/photocopying paper per employee	all sites	7,969	7,066	4,095	sheets	< 8,000	10,000	> 12,000
Share of recycled photocopying paper	all sites	85	85	85	%	> 30%	20%	< 10%
Consumption of cleaning agents ⁶	Vienna	24	18	15	g per m ²	not specified		
Total CO ₂ emissions per employee ⁷	all sites	1.22	1.46	1.47	tons	< 2.8	4	> 4.5

Source: OeNB.

¹ Source: Association of Environmental Management in Banks, Savings Banks and Insurance Companies, guideline of the Austrian Society for Environment and Technology (ÖGUT).

² The decline in electricity consumption is the result of optimized processes and the use of district cooling since end-2014.

³ The expansion of the cooling system and technical failures in the district cooling system increased overall energy consumption in the reporting year.

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

⁵ Measurement of paper consumption is based on paper purchased and therefore includes stocks. Total consumption in 2015: 61,121 kg.

⁶ Total consumption in 2015: 1,008 kg.

⁷ Operation of facilities and business travel; total in 2015: 1,600 tons. Basis for calculation: CO₂ conversion factors according to the Environment Agency Austria (2013). Including energy consumption, business travel (including flight kilometers), transport and emergency generators.

Note: EMAS requires the provision of data on biodiversity. The OeNB's use of land expressed in m² of built-up area has no important impact on biodiversity and is therefore not provided. Other greenhouse gases and air pollutants such as CH₄, N₂O, HFCs, PFCs, SF₆ and SO₂, NO_x and fine dust are either not emitted or amounts are negligible.

units and report back division-specific information to the EPT. Designated OeNB environmental experts on waste management and waste disposal, energy and water management (technical services and facility management) and safety engineering support the environmental protection team. The environmental auditors are specially trained OeNB staff members that conduct environmental audits at the OeNB. Their training and coordination are handled by the auditor forum.

mentary film screenings that provide staff members with new ecological information, creating a knowledge advantage for the organization as a whole.

Environmental controlling at the OeNB creates transparency

Thanks to the objectives defined in the OeNB's environmental policy and numerous imple-

Table 6

Transport mileage

	2013	2014	2015
Business travel by airplane, km	2,541,900	2,638,900	2,656,300
Business travel by car, km	677,800	520,300	527,800
Business travel by train, km	175,200	168,000	208,200
Fuels for transport, liters	36,500	35,829	36,865

Source: OeNB.

The OeNB's environmental protection team – an efficient network

The members of the environmental protection team convene at monthly meetings to exchange up-to-date information and discuss the coordination of OeNB-wide green initiatives. These initiatives regularly include lectures and docu-

Table 7

Waste generation by the OeNB, 2013–2015

Waste code number	2013	2014	2015
Nonhazardous materials	121,178	102,910	84,075
Commercial waste ¹	91101	97,280	83,960
Electronic scrap	35202	3,333	1,694
Large electrical appliances	35221	25	176
Bulky waste ²	91401	11,020	6,420
Treated wood waste	17201	2,520	3,160
Sand filter contents	94704	7,000	7,500
Nonhazardous waste per employee		111	95
Hazardous materials	10,818	43,319	6,421
Waste paint and varnish containing solvents	55502, 59405	163	52
Cooling apparatuses	35205	289	90
Air conditioning devices	35206	0	0
Unsorted batteries, lithium-ion batteries	35338	543	241
Lead accumulators ³	35322	2,215	38,264
Oil separator contents ⁴	54702	3,006	3,660
Oil-contaminated equipment	54930	0	0
Fluorescent tubes, PCB-free capacitors	35210, 35339, 35209	998	3
Laboratory waste	59305	0	52
Monitors, waste from electrical and electronic equipment	35212, 35201, 35220	1,621	914
Cleaning agent waste	59405	43	0
Gases in pressure containers (fire extinguishers), aerosol cans	59802, 59803	1,910	13
Wastes from pharmaceuticals	53510	30	30
Hazardous waste per employee		10	40
Recyclables	128,514	185,705	111,333
Colored glass ⁵	31469	1,810	1,810
Clear glass	31468	1,810	1,810
Metal/cans	35315	2,840	2,840
Biodegradable waste ⁶	91701	12,890	12,890
Plastic packaging material	57118	5,800	5,800
PET waste	57130	0	0
Scrap metal ⁷	35103, 35105	13,132	63,880
Waste paper	18718	85,960	86,570
Styrofoam	57108	0	0
Coated paper and cardboard	18702	4,272	10,105
Total	260,510	331,934	201,829

Source: OeNB.

¹ The reduction of commercial waste was attributable to rigorous waste separation and reuse of recyclable materials; also, there were fewer remodeling works and office relocations than in previous years.

² In 2015, bulky waste only consisted of pieces of furniture, which were disassembled and disposed of with wood or metal waste.

³ Renewal of uninterruptible power supply system in 2014.

⁴ Oil separators in the parking garage.

⁵ Values for recyclables identical over several years in some instances; data as provided by waste disposal contractor. Waste data are calculated in accordance with the simplified compilation method under the relevant waste control regulation.

⁶ Including green waste (garden waste).

⁷ Metal containers had to be disposed of in 2014.

mented measures, the OeNB's ecological indicators have improved over the past years. Monitoring these indicators falls into the scope of environmental controlling. Environmental controlling at the OeNB is based on the regular

compilation of input and output data as well as consumption values, analyses based on benchmarks, environmental reviews, and monitoring of the environmental program's implementation. The controlling function strongly relies

on the OeNB's ecological database EcoControl. Data on environmental audits and measures are documented in this database, which is also used to manage deadlines and milestones.

Thanks to a sophisticated automated energy accounting system, the latest water, power and heating meter readings are available for analysis at all times. It is also worth mentioning that roughly one-quarter of all suggestions for improvement submitted by OeNB staff each year relate to environmental protection – which testifies to the overall corporate commitment to ecological issues.

OeNB purchases electricity generated from renewable resources

To complement the energy generated from its own photovoltaic system, the OeNB has exclusively procured certified green electricity from renewable resources (wind, sunlight, biomass, hydroelectricity) since January 1, 2010. This switch has reduced carbon emissions by more than 50% enabling the OeNB to make a contribution to climate protection and thus to reaching Austria's environmental objectives.

OeNB cuts back on its electricity and heating consumption

While power consumption in Austria has been continuously on the rise, the OeNB has taken comprehensive measures to cut its own use of electricity over the reporting period, achieving a reduction to 5.6 million kWh in 2015 (after 6.4 million kWh in 2012 and about 7 million kWh in the preceding years). The ventilation systems, the IT data center and cooling systems consumed the most energy. The energy required for heating and hot water had still amounted to 4.5 million kWh in 2012, but declined to 4.1 million kWh in the reporting period, which corresponds to 62 kWh per square meter per year.

The OeNB staff's close involvement in international bodies requires a certain amount of travel and transportation activities, with aircraft being the primary carrier for business trips.

While the absolute figures on automotive, train and plane travel tend to fluctuate, train travel increased by almost 25% in 2015, which can be attributed to heightened environmental consciousness and specific incentives. To promote green mobility further, the OeNB provides an in-house charging station for electric bicycles and has increased available bicycle parking.

Efficient irrigation for green areas – further drop in water consumption

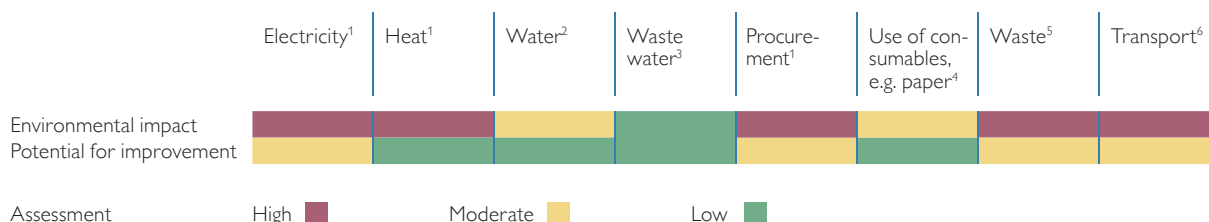
The OeNB draws on Vienna's municipal drinking water network and on its own well, which provides nonpotable water for purposes such as watering, cleaning and toilet flushing. This ensures that high-quality mountain spring water is not inappropriately wasted. Following a reduction to 26.4 million liters in 2009, annual water consumption has continued to drop, reaching 21.1 million liters in 2015.

Sustainable material and product use

The OeNB's paper consumption has sharply declined over the past few years thanks to the increased use of electronic media and heightened awareness among OeNB staff. Moreover, the OeNB has implemented a Follow-You printing concept. Not only does this concept enforce a double-sided print default setting, it also enables employees to exactly control when, where and what they print – making it possible to cancel unnecessary print jobs. Printers are operated exclusively with recycled paper or paper from certified ecological production, and empty toner cartridges are collected and recycled. All these measures make it possible to carry out efficient and environmentally friendly office work. What is more, the OeNB's cleaning contractor is ISO 14000 certified and uses environmentally friendly products.

Table 8

Environmental impact assessment at the OeNB



¹ General impact on resources, greenhouse effect.
² General impact on resources, ecosystems.
³ General impact on biodiversity, ecosystems.
⁴ General impact on resources, ecosystems, greenhouse effect.
⁵ General impact on ecosystems, greenhouse effect, land.
⁶ General impact on soil and air quality, resources, ecosystems, greenhouse effect.
 Source: OeNB.

Table 9

The OeNB's environmental performance up to 2015 and environmental program for 2016

	Responsible	Deadline	Status
Further greening of procurement Procuring environmentally friendly office furniture New guidelines for using laptops and tablets	specialist division, EPT specialist division	2014/2015 2016	implemented in preparation
Responsible resource use, reduction of emissions, further reduction of electricity consumption by 2% Enhancing energy management, evaluating energy saving potential	specialist division	2015/2016	at the implementation stage
Feasibility study: improving the facade insulation of the northern office building	specialist division	2015	implemented
Ventilators: switch to direct drive mechanisms; switch to more efficient motors; savings potential: 100,000 kWh per year	specialist division	2015	at the implementation stage
Continued purchase of certified green electricity	specialist division	2015	implemented
Increasing pump performance to minimize energy consumption	specialist division	2016	continued
Demand-responsive lighting in offices	specialist division	2014	implemented
Controlling room cooling via window sensors	specialist division	2014	implemented
Regulating cleaning agent use by applying dosage systems	specialist division	2014	implemented
Electricity saving projects LED safety lighting and hallway lighting in the OeNB's main building and northern office building	specialist division	2015/2016	at the implementation stage
Central ventilation unit	specialist division	2016	planned
Replacement of boiler in northern office building	specialist division	2016	at the evaluation stage
Promoting green mobility (encouraging bicycle use, e.g. Citybike rental system)	specialist division	ongoing	at the implementation stage
Promoting environmental awareness, training Drawing up instructions for optimized room cooling "Car-free day" and "day of the sun" information events: encouraging staff to use green alternatives	EPT EPT	2015 2016	implemented at regular intervals
Waste Information campaign, e.g. making more information available on the intranet, waste guide Auditing the waste disposal contractor	specialist division waste management officer	2015 2016	implemented in preparation

Source: OeNB.

Waste generation

One-off factors have caused the OeNB's waste generation to increase in the past years (office relocations, exchange of lead accumulators required to ensure the uninterruptible power supply for IT systems, disposal of metal containers). More than half of the waste produced is made up of secondary raw materials that are recycled, such as scrap paper, biogenic waste, plastics, glass and metal. To ensure that waste is properly collected and disposed of, the OeNB uses separate containers and has put up bins for the disposal of CD-ROMs, accumulators and batteries.

Potential for improvement in individual areas

The OeNB regularly monitors and evaluates those direct and indirect environmental aspects of its operations that could result in significant

environmental impacts. The evaluation takes into account aspects like potential environmental hazards, the impact on stakeholders as well as legal issues.

Table 8 provides an overview of the assessment of environmental impacts in different areas and of the potential for organizational improvement.

The most important indirect environmental aspect is green procurement, i.e. the environmental performance and policies of contractors and suppliers. While there is still room for improvement, overall, the table shows that the OeNB has made great achievements in several areas.

Last but not least, the OeNB has collaborated with the WWF for nine years now, funding projects for flood control, thereby restoring river lowlands and allowing animal and plant species to return to their natural habitats.

Box 18

EMAS verification and validation

This Environmental Statement published by the Oesterreichische Nationalbank has been validated in accordance with the EMAS Regulation by Quality Austria Trainings, Zertifizierungs und Begutachtungs GmbH, located at Zelinkagasse 10/3, 1010 Vienna, Austria, AT-V-0004, an independent certification, evaluation and validation organization.



The Lead Verifier 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) and validates the relevant information for the Environmental Statement in accordance with Annex IV point B (a) to (h).

Vienna, April 2016

Martin Nohava, Lead Verifier

Martina Göd, Verifier

The next short update of the Environmental Statement is due to be published in April 2017.

Risk management

Financial risk

The financial risk categories relevant to the OeNB are market, credit and market liquidity risk. Reserve asset and risk management principles are laid down in a rule book adopted by the OeNB's Governing Board. Reserve assets are invested by the OeNB's Treasury Department on the basis of a risk budget that reflects the risk limits designated by the Governing Board, as adopted by the latter on proposal of the Risk Committee. The Risk Committee monitors continuous compliance with the risk budget based on specific risk measurement systems and methods. These systems and methods serve to quantify market and credit risk, taking into account loss-absorbing balances on revaluation accounts to the extent that they may be used to absorb losses. The Risk Committee receives regular reports on risk management and in turn reports to the Governing Board. Strategies for broadening diversification to include new currencies and types of investment as well as the methods and limits used in risk measurement must be authorized by the Governing Board.

Market risk

Market risk is the risk of exposure arising from movements in markets, in particular exchange rate and interest rate changes. To account for risk budget constraints, the Investment Committee defines a strategic asset allocation framework subject to the conditions endorsed by the Governing Board, which include concentration limits for each currency and a standard conservative investment policy in line with central bank requirements. The risk budget also provides benchmarks for managing currency risk and interest rate risk. Compliance with the Treasury Department's risk budget is monitored with Value at Risk (VaR) calculations for market risk. The ECB calculates market risk associated with the conduct of Eurosystem monetary policy operations by means of the risk measure expected shortfall (ES). VaR and ES calculations are uniformly based on one-year

horizons and confidence intervals of 99%. A three-month risk horizon is calculated in addition to risk bandwidths.

The actual risk exposure depends on the amount of assets invested, including gold and SDRs, as well as on the amount of own funds and earmarked funds invested.

In addition, the OeNB makes provision commensurate with its relative capital share in the ECB's paid-up capital for ECB investment risks and for risks arising for the ECB in conducting single monetary policy operations.

The OeNB calculates the risk involved in real estate holdings using an index for real estate stocks that is also based on VaR 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 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 the use of the risk budget. The VaR and ES calculations of ECB and OeNB risk 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 or 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 assets.

Operational risk

Operational risk is the risk of incurring losses due to defects, inadequate procedures or systems, human error or unforeseen events affecting operations. Management of operational risk at the OeNB is governed by the rules laid down in its Risk and Crisis Management Handbook (ORION). Risk valuation takes into account the impact of various risks on the OeNB's reputation and corporate objectives, the probability of their occurrence, and any financial losses which might occur. Risks are monitored on an ongoing basis and are reported to management at regular intervals.

IT security policy

IT security policy defines guidelines and provisions to guarantee a high level of security for the development, operation and use of IT systems at the OeNB. The following bodies and persons have key responsibilities in the IT security process:

- the IT security board, which provides advice on IT security and coordinates and controls related activities and which puts into force IT security provisions;
- the IT security manager, who is responsible for the technical accuracy of the measures submitted for approval as well as for initiating and implementing IT security processes;
- the IT security experts, who are responsible for drafting and implementing IT security guidelines and IT specifications; and
- the technical experts in charge of the respective products.

Regular tests and reports are part of the framework of the IT security processes.

Direct and indirect equity interests

Table 10

Direct and indirect equity interests of the OeNB as on December 31, 2015

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, Freiburg (Germany)	EUR 6,000,000.00
50	PRINT and MINT SERVICES GmbH, Vienna (Austria)	EUR 35,000.00
30,04	Argor Heraeus SA, Mendrisio (Switzerland)	CHF 6,369,000.00
(30.04) 100	Argor-Heraeus Deutschland GmbH, Pforzheim (Germany)	EUR 25,000.00
(30.04) 100	Argor-Heraeus Italia S.p.A., Cavenago Brianza (Italy)	EUR 520,000.00
(15.02) 50	Argor-Aljba SA., Mendrisio (Switzerland)	CHF 1,300,000.00
(3.00) 10	Argor-Heraeus Latin America SpA, Santiago de Chile (Chile)	USD 500,000.00
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
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
95,34	GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H., Vienna (Austria)	EUR 3,336,336.14
25	Studiengesellschaft für Zusammenarbeit im Zahlungsverkehr (STUZZA) G.m.b.H., Vienna (Austria)	EUR 100,000.00
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 Döbling Herrenhaus-Bauträger GmbH, Vienna (Austria)	EUR 40,000.00
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
25	MARINA CITY Entwicklungs GmbH, Vienna (Austria)	EUR 120,000.00
25	MARINA TOWER Holding GmbH, Vienna (Austria)	EUR 35,000.00
(25) 100	MARINA TOWER Entwicklungs GmbH, Vienna (Austria)	EUR 36,336.42
100	IG Netherlands N1 and N2 B.V., Hoofddorp (Netherlands)	EUR 91,000.00
40	U2 Stadtentwicklung GmbH, Vienna (Austria)	EUR 100,000.00
100	BLM Betriebs-Liegenschafts-Management GmbH, Vienna (Austria)	EUR 40,000.00
100	BLM-IG Bauträger GmbH, Vienna (Austria)	EUR 35,000.00
100	OWP5 Betriebs-Liegenschafts-Management GmbH, Vienna (Austria)	EUR 35,000.00

Source: OeNB, subsidiaries.

Note: Figures in parentheses represent the OeNB's indirect equity investments; figures without parentheses represent the shares held by the direct equity investor. The OeNB's share of the paid-up capital of the European Central Bank (ECB), Frankfurt (Germany), which totals EUR 10,825,007,069.61, amounted to 1.9631% as at December 31, 2015. 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 83 shares (at EUR 125.00 each) in S.W.I.F.T. (Society for Worldwide Interbank Financial Telecommunication), La Hulpe (Netherlands).

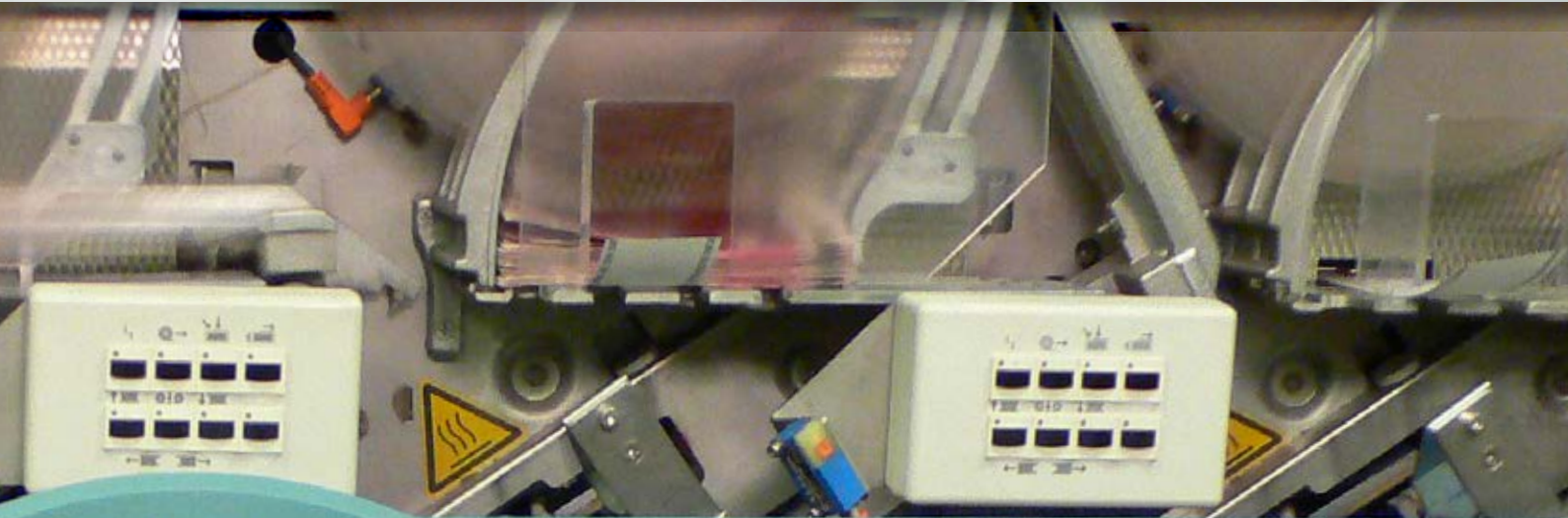
Table 10 shows the OeNB's direct and indirect equity interests in line with Article 68 paragraph 4 Nationalbank Act.



1969: manual banknote counting



2016: banknote-sorting machine



Financial statements
of the Oesterreichische Nationalbank
for the year 2015

Balance sheet as at December 31, 2015

Assets

	December 31, 2015 EUR	December 31, 2014 EUR
1 Gold and gold receivables	8,761,080,931.00	8,892,006,229.75
2 Claims on non-euro area residents denominated in foreign currency	11,636,788,533.60	11,607,252,464.81
2.1 Receivables from the IMF	2,828,026,715.02	2,886,454,786.44
2.2 Balances with banks and security investments, external loans and other external assets	8,808,761,818.58	8,720,797,678.37
3 Claims on euro area residents denominated in foreign currency	1,220,515,937.97	829,263,581.87
4 Claims on non-euro area residents denominated in euro	1,489,326,678.01	2,040,691,641.13
4.1 Balances with banks, security investments and loans	1,489,326,678.01	2,040,691,641.13
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	14,222,680,000.00	12,658,680,000.00
5.1 Main refinancing operations	3,465,000,000.00	3,076,000,000.00
5.2 Longer-term refinancing operations	10,657,680,000.00	9,582,680,000.00
5.3 Fine-tuning reverse operations	–	–
5.4 Structural reverse operations	–	–
5.5 Marginal lending facility	100,000,000.00	–
5.6 Credits related to margin calls	–	–
6 Other claims on euro area credit institutions denominated in euro	69,350.30	174,087.35
7 Securities of euro area residents denominated in euro	29,700,582,449.04	16,404,129,517.03
7.1 Securities held for monetary policy purposes	19,256,340,779.30	6,129,322,865.03
7.2 Other securities	10,444,241,669.74	10,274,806,652.00
8 General government debt denominated in euro	404,821,759.66	407,966,957.05
9 Intra-Eurosystem claims	29,594,344,377.51	30,023,321,762.51
9.1 Participating interest in the ECB	221,613,272.84	221,613,272.84
9.2 Claims equivalent to the transfer of foreign reserves	1,137,636,924.67	1,137,636,924.67
9.3 Claims related to the issuance of ECB debt certificates ¹	x	x
9.4 Net claims related to the allocation of euro banknotes within the Eurosystem	28,235,094,180.00	28,664,071,565.00
9.5 Other claims within the Eurosystem (net)	–	–
10 Items in course of settlement	–	–
11 Other assets	9,956,941,576.94	9,963,943,193.88
11.1 Coins of euro area	122,650,338.21	115,509,199.58
11.2 Tangible and intangible fixed assets	144,577,830.63	147,983,214.75
11.3 Other financial assets	7,889,507,099.91	8,396,758,202.03
11.4 Off balance sheet instruments' revaluation differences	–	–
11.5 Accruals and prepaid expenses	472,620,419.83	397,235,800.72
11.6 Sundry	1,327,585,888.36	906,456,776.80
	106,987,151,594.03	92,827,429,435.38

¹ Only an ECB balance sheet item.

Liabilities

	December 31, 2015	December 31, 2014
	EUR	EUR
1 Banknotes in circulation	27,795,370,995.00	26,236,845,780.00
2 Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	21,531,959,034.62	12,636,298,100.62
2.1 Current accounts (covering the minimum reserve system)	20,208,959,034.62	11,676,298,100.62
2.2 Deposit facility	1,323,000,000.00	960,000,000.00
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	–	–
4 Debt certificates issued¹	×	×
5 Liabilities to other euro area residents denominated in euro	6,602,240,905.93	2,688,712,076.96
5.1 General government	839,880,105.05	181,107,501.34
5.2 Other liabilities	5,762,360,800.88	2,507,604,575.62
6 Liabilities to non-euro area residents denominated in euro	736,565,464.04	461,287,628.53
7 Liabilities to euro area residents denominated in foreign currency	164,047.57	122,247.64
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	2,209,980,275.92	2,070,380,641.89
10 Intra-Eurosystem liabilities	29,146,892,384.38	30,082,509,505.12
10.1 Liabilities equivalent to the transfer of foreign reserves ¹	×	×
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)	29,146,892,384.38	30,082,509,505.12
11 Items in course of settlement	288.96	–
12 Other liabilities	706,057,217.57	437,340,880.22
12.1 Off balance sheet instruments' revaluation differences	28,971,528.13	8,841,874.98
12.2 Accruals and income collected in advance	13,617,743.74	3,018,881.77
12.3 Sundry	663,467,945.70	425,480,123.47
13 Provisions	5,830,859,500.92	5,364,946,517.29
14 Revaluation accounts	8,124,950,685.27	8,594,878,230.43
15 Capital and reserves	4,245,667,590.72	4,228,551,037.55
15.1 Capital	12,000,000.00	12,000,000.00
15.2 Reserves	4,233,667,590.72	4,216,551,037.55
16 Profit for the year	56,443,203.13	25,556,789.13
	106,987,151,594.03	92,827,429,435.38

¹ Only an ECB balance sheet item.

Profit and loss account for the year 2015

	Year ending December 31, 2015 EUR	Year ending December 31, 2014 EUR
1.1 Interest income	939,900,056.78	1,018,373,724.44
1.2 Interest expense	-306,354,021.51	-240,746,162.01
1 Net interest income	633,546,035.27	777,627,562.43
2.1 Realized gains/losses arising from financial operations	287,835,623.28	77,390,263.22
2.2 Writedowns on financial assets and positions	-68,916,992.40	-145,306,432.96
2.3 Transfer to/from provisions for foreign exchange, interest rate, credit and gold price risks	-350,000,000.00	-325,000,000.00
2 Net result of financial operations, writedowns and risk provisions	-131,081,369.12	-392,916,169.74
3.1 Fees and commissions income	4,583,656.11	4,474,864.14
3.2 Fees and commissions expense	-4,032,813.35	-4,076,870.64
3 Net income from fees and commissions	550,842.76	397,993.50
4 Income from equity shares and participating interests	635,361,245.89	280,048,962.56
5 Net result of pooling of monetary income	-14,783,929.91	-19,007,963.98
6 Other income	24,293,802.71	23,990,811.94
Total net income	1,147,886,627.60	670,141,196.71
7 Staff costs	-141,925,769.03	-139,416,332.75
8 Expenses for retirement	-122,034,764.98	-31,152,280.05
9 Administrative expenses	-84,736,068.41	-83,869,569.58
10 Depreciation of tangible and intangible fixed assets	-16,333,841.86	-13,025,210.10
11 Banknote production services	-14,577,242.40	-20,858,835.88
12 Other expenses	-15,702,899.22	-41,061,779.98
Total expenses	-395,310,585.90	-329,384,008.34
Operating profit	752,576,041.70	340,757,188.37
13 Corporate income tax	-188,144,010.43	-85,189,297.09
	564,432,031.27	255,567,891.28
14 Transfer to the pension reserve and central government's share of profit	-507,988,828.14	-230,011,102.15
15 Profit for the year	56,443,203.13	25,556,789.13

Notes on the financial statements 2015

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 1984 (Nationalbank Act), Federal Law Gazette No. 50/1984, as amended¹ 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 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 these accounting rules² and applied them to these financial statements in their entirety. Activities not covered by these rules are treated in accordance with the generally accepted accounting principles referred to in Article 67 paragraph 2 second sentence Nationalbank Act and the provisions of the third volume of the Unternehmensgesetzbuch (Commercial Code) referred to in Article 67 paragraph 3 Nationalbank Act. The OeNB is exempt i.a. 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 the obligation to include management's discussion and analysis under Article 243 Commercial Code.

Format of the balance sheet and the profit and loss account

The balance sheet and the profit and loss account, i.e. the financial statements, for 2015 were prepared in the format laid down by the Governing Council of the ECB.

Accounting policies

The OeNB's financial statements are prepared in conformity with the provisions governing the Eurosystem's accounting and reporting of operations, which follow accounting principles harmonized by 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 specific euro-denominated transactions, financial instruments and related accruals, the Eurosystem national central banks (NCBs) may use either the economic or the cash/settlement approach.

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, both financial assets and liabilities are to be revalued at current market prices or rates. This applies equally to transactions that are disclosed in the balance sheet and to transactions that are not.³

¹ The Nationalbank Act was last amended with effect from December 29, 2015.

² Guideline of the European Central Bank of 11 November 2010 on the legal framework for accounting and financial reporting in the European System of Central Banks (recast) (ECB/2010/20), as amended on July 2, 2015 (ECB/2015/24).

³ 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.

The revaluation 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*, as are any equity instruments (equity shares or equity funds) denominated in foreign currency.

Revaluation of securities and investment fund shares/units takes place on a code-by-code basis, i.e. securities with the same ISIN number/type are grouped together.

The Governing Council decided on December 15, 2014, that the securities currently held for monetary policy purposes are to be accounted for at amortized cost (subject to impairment), regardless of the holding intention. Marketable securities (other than those classified as held-to-maturity) and comparable assets must be valued either at mid-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 valued separately. For 2015, mid-market prices as on December 31, 2015, were used.

Marketable securities classified as held-to-maturity and illiquid equity shares – if held for non-monetary policy purposes – are valued at amortized cost subject to impairment.

The prices of master fund shares are calculated daily by the designated custodian bank or the master fund, using established market information systems on the basis of the assets held by the subfunds. In addition, the master funds, the custodian banks and the fund managers regularly confer to adjust the valuation of sub-fund assets and to reconcile the pricing of less liquid or illiquid assets, which is not exclusively based on established market information systems.

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

Income recognition

Realized gains and losses can only incur in the course of transactions that entail 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 value 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 recognized in the profit and loss account when they exceed previous revaluation gains registered in the corresponding revaluation account; they may not be reversed against new unrealized gains in subsequent years. There shall be no netting of unrealized losses in any one security or currency against unrealized gains in other securities or currencies.

Premiums or discounts arising on 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. Depreciation is calculated on a straight-line basis from the quarter after acquisition throughout the expected economic lifetime of the assets (table 1). Extraordinary depreciation is required if permanent impairment is expected.

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 net of value added tax (low-value assets)	no capitalization

Table 2

	Realized gains (profit and loss item 2.1)	Realized losses (profit and loss item 2.1)	Unrealized losses (profit and loss item 2.2)	Change in unrealized gains
	(posted to profit and loss account)	(posted to profit and loss account)	(posted to profit and loss account)	(posted to revaluation accounts)
	EUR million	EUR million	EUR million	EUR million
Gold	–	–	–	–130.925
Foreign currency				
Holdings for own account	423.900	–189.289	–38.915	+115.495
Securities				
Holdings for own account	88.638	–41.498	–21.528	–48.125
Investment of own funds	17.345	–11.277	–8.474	–14.457
Monetary policy operations	0.017	–0.001	–	–
Equity interests (investment of own funds)	–	–	–	–388.556
Total	529.901	–242.065	–68.917	–466.569

Realized gains and losses and revaluation differences and their treatment in the financial statements of December 31, 2015

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

Banknotes in circulation and intra-Eurosystem balances

Euro banknotes are issued by the ECB and the 19 euro area NCBs, which together comprise the Eurosystem. The total value of euro banknotes in circulation is allocated to the Eurosystem central banks on the last working day of each month in accordance with the banknote allocation key.

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. These claims or liabilities are disclosed under the subitems *Intra-Eurosystem claims/intra-Eurosystem liabilities: Net claims/liabilities 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 by 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 are reduced in annual stages until the first day of the sixth year after the cash changeover, when income on banknotes is allocated fully in proportion to the NCBs' paid-up shares in the ECB's capital. In the reporting year, the adjustments resulted from the entry of Lithuania (2015), Latvia (2014) and Estonia (2011) into the euro area. The respective adjustment periods will terminate at the end of 2020, 2019 and 2016, respectively.

The interest income and expense on these balances is cleared through the accounts of the ECB and is disclosed under item 1 *Net interest income* of the profit and loss account.

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 SMP, CBPP3, ABSPP and PSPP⁴ is due to the euro area NCBs in the financial year in which it accrues. Unless otherwise decided by the Governing Council, the ECB distributes this income in January of the following year by means of an interim distribution of profit. This amount is distributed in full unless the ECB's net profit for the year is less than its income earned on euro banknotes in circulation and securities purchased under the aforementioned programs and subject to any decisions by the Governing Council to make transfers to the provision for foreign exchange rate, interest rate, credit and gold price risks. The Governing Council may also decide to deduct costs incurred by the ECB in connection with the issue and handling of euro banknotes from the interim distribution of profit.

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

Provisions for financial risks and other loss-absorbing capital

In line with the principle of universality, the OeNB's financial risks are covered by the full

range of its financial buffers, i.e. by all financial buffers that it maintains specifically to cover financial risks as well as by any other financial buffers that may be used to absorb balance sheet losses. Taking into account the applicable prohibition of netting, balances on revaluation accounts against which losses may be offset are recognized as risk-mitigating factors in calculating risk exposure. On December 31, 2015, provisions for financial risks were high enough to offset the OeNB's exposure.

Table 3 shows the changes in provisions for financial risks and other loss-absorbing capital from December 31, 2014, to December 31, 2015.

Related-party transactions

Article 238 paragraph 1 no. 12 Commercial Code (formerly Article 237 no. 8b Commercial Code) stipulates that notes on financial statements must include information about material transactions with related parties that were concluded under conditions other than normal market conditions. The OeNB has in place a special reporting framework and a separate internal control system for such instances.

Table 3

	December 31, 2014	Increase	Decrease	December 31, 2015
	EUR million	EUR million	EUR million	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 provisions equivalent to reserves	3,175.000	+350.000	–	3,525.000
	5,148.263	+350.000	–	5,498.263
II. Loss-absorbing capital				
L 15.2 Profit-smoothing reserve	60.623	+14.357	–	74.980
L 15.2 OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching				
OeNB Anniversary Fund (initial funding)	31.500	–	–	31.500
OeNB Anniversary Fund National Foundation endowment	1,500.000	–	–	1,500.000
	1,592.123	+14.357	–	1,606.480
Total	6,740.386	+364.357	–	7,104.743

Note: L = liability item.

⁴ SMP: securities markets programme; CBPP: covered bond purchase programme; ABSPP: asset-backed securities purchase programme; PSPP: public sector purchase programme.

Any business the OeNB transacted with related parties in 2015 was at market conditions.

In the financial year 2015, the OeNB provided funding to economic research institutions (WIFO, IHS, wiiw), to the Austrian Society for European Politics and to the Joint Vienna Institute, with total funding running to EUR 6.457 million (2014: EUR 6.652 million).

The Republic of Austria is the holder of 100% of the OeNB's shares. Pursuant to Article 69 paragraph 3 Nationalbank Act, the central government's share of profit corresponds to 90% of the OeNB's profit for the year after corporate income tax, and by decision of the General Meeting, the central government additionally receives a dividend of up to 10% of its share of the OeNB's capital.

Development of the OeNB's currency positions in the financial year 2015

Table 4 shows the development of the OeNB's currency positions in the financial year 2015.

Net equity

The definition of net equity is in line with Eurosystem provisions established by the ECB (table 5).

Notes on the balance sheet

Assets

1 Gold and gold receivables

Closing balance	EUR million	
December 31, 2015	8,761.081	
December 31, 2014	8,892.006	
Change	-130.925	(-1.5%)

This item comprises the OeNB's gold holdings, which amounted to 9,002,112.493 fine ounces or 279,997 kg of fine gold on December 31, 2015. At a market value of EUR 973.225 per fine ounce (i.e. EUR 31,289.91 per kg of fine gold), the OeNB's gold holdings were worth EUR 8,761.081 million on the balance sheet date.

The annual change reflects valuation as on December 31, 2015.

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

Closing balance	EUR million	
December 31, 2015	11,636.789	
December 31, 2014	11,607.252	
Change	+29.536	(+0.3%)

Table 4

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
Gold and gold receivables	8,761.081	8,892.006	-130.925	-1.5
Claims on non-euro area residents denominated in foreign currency	11,636.789	11,607.252	+29.536	+0.3
Claims on euro area residents denominated in foreign currency	1,220.516	829.264	+391.252	+47.2
Other assets	50.073	59.964	-9.892	-16.5
less:				
Liabilities to euro area residents denominated in foreign currency	0.164	0.122	+0.042	+34.2
Counterpart of Special Drawing Rights allocated by the IMF	2,209.980	2,070.381	+139.600	+6.7
Other liabilities	11.525	0.702	+10.823	n.a.
Revaluation accounts ¹	58.534	97.112	-38.578	-39.7
	19,388.254	19,220.169	+168.085	+0.9
Transactions that are not disclosed in the balance sheet (net)	-5,063.998	-689.182	-4,374.816	n.a.
Total	14,324.256	18,530.987	-4,206.731	-22.7

¹ Resulting from the change in net unrealized exchange rate gains on foreign currency-denominated securities as on December 31, 2014, and December 31, 2015, respectively.

Table 5

	December 31, 2014	Increase	Decrease	December 31, 2015
	EUR million	EUR million	EUR million	EUR million
L 13 Risk provisions equivalent to reserves	3,175.000	+350.000	–	3,525.000
L 14 Revaluation accounts ¹	8,594.878	–	–469.928	8,124.951
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	60.623	+14.357	–	74.980
OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching				
OeNB Anniversary Fund (initial funding)	31.500	–	–	31.500
OeNB Anniversary Fund National Foundation endowment	1,500.000	–	–	1,500.000
Net equity	15,347.264	+364.357	–469.928	15,241.694

Note: L = liability item.

¹ Includes unrealized valuation gains as well as revaluation effects from the revaluation of securities and equity interests recorded in the opening balance sheet of January 1, 1999, which have not been released yet.

Table 6

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
Total claims (Austrian quota) equivalent to SDR 2,113.9 million ¹	2,690.572	2,520.614	+169.958	+6.7
less:				
Balances at the disposal of the IMF	2,373.871	2,039.817	+334.053	+16.4
Receivables from the IMF	316.701	480.797	–164.096	–34.1
SDR holdings	2,067.423	1,900.796	+166.627	+8.8
Other claims against the IMF	443.903	504.862	–60.959	–12.1
Total	2,828.027	2,886.455	–58.428	–2.0

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

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

Receivables from the IMF fell by EUR 194.386 million in 2015 on account of net credit and debit entries.

The changes in receivables from the IMF, moreover, reflect valuation changes, net exchange rate gains and book value reconciliation (totaling +EUR 30.290 million).

The IMF remunerates participations in the Fund at a rate of remuneration that is updated weekly. In 2015, this rate hovered between

0.050% and 0.055% per annum, mirroring the prevailing SDR rate.

*SDR holdings*⁵ were recognized in the balance sheet at SDR 1,624.3 million at December 31, 2015. The increase in holdings by EUR 166.627 million on balance in 2015 resulted from the purchase of SDRs equivalent to +EUR 37.437 million. The remuneration of the participation in the IMF, interest credited, realized gains/losses and revaluation differences totaled +EUR 129.190 million.

Under the IMF's Articles of Agreement, the OeNB is obligated to provide currency on

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

demand in exchange for SDRs up to the point at which its SDR holdings are three times as high as its net cumulative allocation of SDRs, which in the OeNB's case totaled SDR 1,736.3 million at the balance sheet date. See the *Notes on transactions not disclosed in the balance sheet* for information about this obligation to provide currency on demand.

The OeNB's claims arising from the *New Arrangements to Borrow (NAB)* in connection with IMF concessional programs are shown under *other claims on the IMF*. Federal law as promulgated in Federal Law Gazette I No. 114/2010 authorized the OeNB to increase its credit line under the NAB to up to SDR 3.6 billion on behalf of the Republic of Austria. Since the NAB entered into force on March 11, 2011, resources totaling SDR 633.9 million have been drawn from the OeNB's credit line. Repayments ran to SDR 285.1 million, bringing net drawings to SDR 348.8 million, which is equivalent to EUR 443.9 million. As on December 31, 2015, the *transactions not disclosed in the balance sheet* included a contingent liability to the IMF under the NAB. Against remuneration, the IMF could call on these resources for lending purposes, which would result in a claim of the same size.

Federal law as promulgated in Federal Law Gazette I No. 101/2013 authorized the OeNB to provide a temporary credit line with a maximum amount of EUR 6.13 billion under a bilateral agreement with the IMF. In this connec-

tion, a contingent liability to the IMF on which the IMF could call against remuneration, resulting in a claim of the same size, was included in the *transactions not disclosed in the balance sheet* as on December 31, 2015.

On February 4, 2015, the IMF decided to establish a Catastrophe Containment and Relief Trust (CCR Trust). The OeNB agreed to provide Austria's contribution of EUR 2.7 million and made the necessary provision in its financial statements for 2015.

Table 7 shows the changes in 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 the changes in *claims on euro area residents denominated in foreign currency*.

In 2015, an additional USD 210 million was made available in the form of further EUR/USD swaps between the ECB and the Federal Reserve Bank of New York under the Federal Reserve's Term Auction Facility, of which USD 200 million were outstanding as on December 31, 2015.

4 Claims on non-euro area residents denominated in euro

Table 9 shows the changes in asset item 4.1 *Claims on non-euro area residents denominated in*

Table 7

	December 31, 2015 EUR million	December 31, 2014 EUR million	Change EUR million	%
Balances with banks	883.063	1,065.727	-182.664	-17.1
Securities	7,925.699	7,655.071	+270.629	+3.5
Total	8,808.762	8,720.798	+87.964	+1.0

Table 8

	December 31, 2015 EUR million	December 31, 2014 EUR million	Change EUR million	%
Balances with banks	184.063	0.084	+183.980	n.a.
Securities	1,036.453	829.180	+207.273	+25.0
Total	1,220.516	829.264	+391.252	+47.2

Table 9

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
Securities	750.762	610.757	+140.005	+22.9
Marketable securities classified as held-to-maturity	738.565	1,429.935	-691.370	-48.3
Total	1,489.327	2,040.692	-551.365	-27.0

Table 10

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
5.1 Main refinancing operations	3,465.000	3,076.000	+389.000	+12.6
5.2 Longer-term refinancing operations	10,657.680	9,582.680	+1,075.000	+11.2
5.5 Marginal lending facility	100.000	–	+100.000	x
Total	14,222.680	12,658.680	+1,564.000	+12.4

euro on December 31, 2014, and December 31, 2015.

As in 2014, on the balance sheet date, there was no requirement to impair the portfolio of securities classified as held-to-maturity. Marketable securities classified as held-to-maturity are assets with fixed or determinable repayment amounts and fixed maturity, for which there is a positive intent to hold to maturity. Securities other than those held to maturity are recognized at market value.

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

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

In accordance with Article 32.4 of the Statute of the ESCB and of the ECB, any risks from monetary policy operations, if they were to materialize, should eventually be shared in full by the Eurosystem NCBs, in proportion to the ECB capital key shares prevailing in the respective financial year.

5.1 Main refinancing operations

Main refinancing operations are regular liquidity-providing reverse transactions carried out by the Eurosystem NCBs with a weekly frequency in the form of standard (variable or fixed rate) tender operations. All main refinancing operations in 2015 were carried out as fixed rate tender procedures with full allotment. The interest rate for main refinancing operations stood at 0.05% per annum throughout 2015 (unchanged since September 10, 2014).

5.2 Longer-term refinancing operations

Longer-term refinancing operations (LTROs) are regular liquidity-providing reverse transactions that are carried out through monthly standard tenders and that have a maturity of three months. The interest rate for transactions carried out in 2015 was 0.05% per annum (unchanged since September 10, 2014).

In 2014, the Governing Council of the ECB decided for the first time to conduct two targeted longer-term refinancing operations (TLTROs) with a special term of around four years each and with the option of early full or partial repayment after two years.⁶ In this context, the OeNB concluded TLTROs to the amount of

⁶ Decision of the ECB of 29 July 2014 on measures relating to targeted longer-term refinancing operations (ECB/2014/34), as amended on February 10, 2015 (ECB/2015/5).

EUR 7.6 billion with Austrian banks (Eurosystème: EUR 212.4 billion). In the balance sheet year, four further TLTROs with a special term of around three years and with the option of early full or partial repayment after two years were conducted. In this context, the OeNB concluded 15 operations (maturity: September 26, 2018) to the amount of EUR 1.9 billion with Austrian banks (Eurosystème: EUR 205.5 billion).

All LTROs were conducted as fixed rate tender procedures with full allotment.

5.5 Marginal lending facility

In 2015, Austrian banks obtained a total of EUR 12,167 million of overnight liquidity against eligible assets under the marginal lending facility. On December 31, 2015, operations to the amount of EUR 100 million were outstanding.

6 Other claims on euro area credit institutions denominated in euro

Closing balance	EUR million	
December 31, 2015	0.069	
December 31, 2014	0.174	
Change	-0.105	(-60.2%)

This item comprises claims not related to monetary policy operations.

7 Securities of euro area residents denominated in euro

Table 11 shows the changes in *securities of euro area residents denominated in euro* from December 31, 2014, to December 31, 2015.

7.1 Securities held for monetary policy purposes

This item contains securities acquired by the OeNB under the CBPP1, CBPP2, CBPP3,⁷ SMP⁸ and PSPP.⁹ These securities are accounted for at amortized cost (subject to impairment) regardless of the holding intention.

Table 12 shows both the amortized cost (= book value) of these securities and their market value (which is neither reported in the balance sheet nor in the profit and loss account, but is only given here for information purposes).

Under the CBPP1, the ECB and the NCBs purchased euro-denominated covered bonds issued in the euro area. The purchases under this program were fully implemented by the end of June 2010. The CBPP1 provided for purchases by the Eurosystem of securities with a nominal value of EUR 60 billion, the OeNB's share of which was EUR 1.5 billion.

Under the CBPP2, the ECB and the NCBs purchased euro-denominated covered bonds issued in the euro area with the objective of easing funding conditions for credit institutions and enterprises, as well as encouraging credit institutions to maintain and expand lending to

Table 11

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
7.1 Securities held for monetary policy purposes	19,256.341	6,129.323	+13,127.018	n.a.
7.2 Other securities	10,444.242	10,274.807	+169.435	+1.6
of which:				
Marketable securities other than held-to-maturity	7,709.170	6,388.021	+1,321.149	+20.7
Marketable securities classified as held-to-maturity	2,735.071	3,886.786	-1,151.714	-29.6
Total	29,700.582	16,404.130	+13,296.453	+81.1

⁷ Decision of the ECB of 2 July 2009 on the implementation of the covered bond purchase programme (ECB/2009/16), Decision of the ECB of 3 November 2011 on the implementation of the second covered bond purchase programme (ECB/2011/17) and Decision of the ECB of 15 October 2014 on the implementation of the third covered bond purchase programme (ECB/2014/40).

⁸ Decision of the ECB of 14 May 2010 establishing a securities markets purchase programme (ECB/2010/5).

⁹ Decision of the ECB of 4 March 2015 on a secondary markets public sector asset purchase programme (ECB/2015/10).

Table 12

	December 31, 2015		December 31, 2014		Change			
	Book value	Market value	Book value	Market value	Book value	Market value		
	EUR million	EUR million	EUR million	EUR million	EUR million	%	EUR million	%
CBPP1	390.600	399.289	829.142	854.251	-438.542	-52.9	-454.961	-53.3
CBPP2	462.901	499.887	494.353	540.680	-31.452	-6.4	-40.793	-7.5
CBPP3	3,457.761	3,440.665	570.758	574.170	+2,887.002	n.a.	+2,866.495	n.a.
SMP	3,542.897	3,973.566	4,235.070	4,706.681	-692.173	-16.3	-733.115	-15.6
PSPP-gov.	11,402.183	11,377.125	-	-	+11,402.183	x	+11,377.125	x
Total	19,256.341	19,690.533	6,129.323	6,675.782	+13,127.018	n.a.	+13,014.751	+195.0

customers. The program ended as scheduled on October 31, 2012. The CBPP2 ultimately led to securities purchases in the Eurosystem totaling EUR 16.4 billion in nominal terms, of which the OeNB acquired covered bonds to the amount of some EUR 0.5 billion.

On October 2, 2014, the Governing Council of the ECB announced the technical features of the CBPP3. Under this program, the ECB and the NCBs started to purchase euro-denominated covered bonds issued in the euro area with the objective of easing funding conditions for credit institutions. The ECB and the NCBs may make both primary and secondary market purchases of covered bonds denominated in euro and issued in the euro area under this program.

Under the SMP, which was established in May 2010, the ECB and the NCBs were able to purchase euro area public and private debt securities to address the malfunctioning of certain segments of the euro area debt securities markets and to restore the proper functioning of the monetary policy transmission mechanism. By decision of the Governing Council of the ECB, the SMP was discontinued with immediate effect from September 2012.¹⁰

On January 22, 2015, the Governing Council of the ECB decided that asset purchases should be expanded to include a secondary market public sector asset purchase program (PSPP). The PSPP aims to further ease monetary and financial conditions, including those relevant to borrowing conditions of euro area

and nonfinancial businesses and households, thereby supporting aggregate consumption and investment spending in the euro area and ultimately contributing to a return of inflation rates to levels below, but close to 2% over the medium term. Under this program, the ECB and the NCBs may purchase, in the secondary market, euro-denominated bonds issued by euro area central governments or agencies (PSPP government/agency bonds) or by European institutions (PSPP supranational bonds). The combined monthly purchases under the CBPP3, ABSPP (purchases under the ABSPP are only made by the ECB) and PSPP are intended to amount to EUR 60 billion and are currently envisaged to be carried out until at least March 2017.¹¹

Profits or losses on securities held for monetary policy purposes are pooled and redistributed within the framework of the allocation of monetary income within the Eurosystem. For CBPP1 and CBPP2 securities as well as PSPP government/agency bonds, remuneration at the main refinancing rate is assumed; for securities purchased under the other programs (CBPP3, SMP and PSPP supranational bonds), remuneration is based on the actual interest income. Any losses from holdings of CBPP1 and CBPP2 securities and PSPP government/agency bonds are not shared within the Eurosystem. In accordance with Article 32.4 of the Statute of the ESCB and of the ECB, any losses from holdings of CBPP3 and SMP securities or of PSPP supranational bonds are to be shared in full by the

¹⁰ Decision of the Governing Council of the ECB of September 6, 2012.

¹¹ Decision of the Governing Council of the ECB of December 3, 2015.

Eurosystem NCBs, in proportion to the ECB capital key shares prevailing in the business year in which the relevant losses occur.

As a result of an impairment test conducted as at December 31, 2015, on securities purchased under the CBPP1, CBPP2, CBPP3, SMP and PSPP, the Governing Council of the ECB decided that all future cash flows on these securities are expected to be received.¹² Annual impairment tests are conducted on the basis of the estimated recoverable amounts as at year end. As in the previous year, the impairment test as at December 31, 2015, did not result in any requirement to impair.

7.2 Other securities

The change in *other securities* resulted chiefly from transactions. On December 31, 2015, there was no requirement to impair the portfolio of securities classified as held-to-maturity. Securities other than held-to-maturity are recognized at market value.

8 General government debt denominated in euro

Closing balance	EUR million	
December 31, 2015	404.822	
December 31, 2014	407.967	
Change	-3.145	(-0.8%)

This balance sheet item corresponds fully to the claim on the Austrian Federal Treasury from silver commemorative coins issued before

1989, based on the 1988 Coinage Act as promulgated in Federal Law Gazette No. 597/1988 as amended. Table 13 shows the changes in 2015.

Table 13

	EUR million
Government remuneration for silver commemorative coins returned to Münze Österreich AG	+3.768
Proceeds from metal recovery	-1.099
Redemptions made from the central government's profit share in 2014	-5.814
Total	-3.145

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). Since 2014, the liability side of the OeNB's financial statements has contained a provision for the estimated unredeemable amount outstanding. The actual amount can be determined only at the end of 2040.

9 Intra-Eurosystem claims

Closing balance	EUR million	
December 31, 2015	29,594.344	
December 31, 2014	30,023.322	
Change	-428.977	(-1.4%)

This balance sheet item consists of the claims arising from the OeNB's share in the ECB's capital and the claims equivalent to the transfer of foreign reserves to the ECB. Furthermore, this item shows net claims related to the allocation of euro banknotes within the Eurosystem. Table 14

Table 14

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
9.1 Participating interest in the ECB	221.613	221.613	-	-
9.2 Claims equivalent to the transfer of foreign reserves	1,137.637	1,137.637	-	-
9.4 Net claims related to the allocation of euro banknotes within the Eurosystem	28,235.094	28,664.072	-428.977	-1.5
Total	29,594.344	30,023.322	-428.977	-1.4

¹² Decision of the Governing Council of the ECB of January 21, 2016.

shows the changes in *intra-Eurosystem claims* from December 31, 2014, to December 31, 2015.

9.1 Participating interest in the ECB

According to Article 28 of the Statute of the ESCB and of the ECB, the national central banks of the ESCB shall be the sole subscribers to the capital of the ECB. This balance sheet item shows the OeNB's share in the ECB's capital under Article 29 of the Statute of the ESCB and of the ECB.

On January 1, 2015, Lithuania had fulfilled the conditions for euro introduction and Lietuvos bankas joined the Eurosystem.¹³ As a result of its membership in the Eurosystem pursuant to Article 48.1 of the Statute of the ESCB and of the ECB, Lietuvos bankas was required to fully pay up its share in the ECB's subscribed capital, and pursuant to Article 30.1 of the Statute of the ESCB and of the ECB, it was obligated to transfer foreign reserve assets to the ECB in the amount corresponding to its subscribed capital share of 0.4132%.¹⁴

As a result, the OeNB's share in the ECB's paid up capital (capital key) declined from 2.8053% to 2.7888%.

9.2 Claims equivalent to the transfer of foreign reserves

This subitem represents the OeNB's claims arising from the transfer of foreign reserve as-

sets¹⁵ to the ECB. The claims are presented at the euro value the corresponding assets had at the time they were transferred to the ECB. These claims are remunerated at the latest available marginal rate for the Eurosystem's main refinancing operations, adjusted by a 15% haircut. The OeNB does not have a claim on the ECB for the retransfer of these foreign reserve assets as the corresponding claims are denominated in euro. See the *Notes on transactions not disclosed in the balance sheet* for information about additional capital contributions transferred to the ECB.

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

This item reflects the OeNB's claims vis-à-vis the Eurosystem relating to the allocation of euro banknotes within the Eurosystem (see also *Banknotes in circulation and intra-Eurosystem balances*).

11 Other assets

Table 15 shows the changes in *other assets*.

11.1 Coins of euro area

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

Table 15

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
11.1 Coins of euro area	122.650	115.509	+7.141	+6.2
11.2 Tangible and intangible fixed assets	144.578	147.983	-3.405	-2.3
11.3 Other financial assets	7,889.507	8,396.758	-507.251	-6.0
11.5 Accruals and prepaid expenses	472.620	397.236	+75.385	+19.0
11.6 Sundry	1,327.586	906.457	+421.129	+46.5
Total	9,956.942	9,963.943	-7.002	-0.1

¹³ Decision of the Governing Council of the ECB of 23 July 2014 on the adoption by Lithuania of the euro on 1 January 2015 (2014/509/EU).

¹⁴ Decision of the ECB of 31 December 2014 on the paying-up of capital, transfer of foreign reserve assets and contributions by Lietuvos bankas to the European Central Bank's reserves and provisions (ECB/2014/61).

¹⁵ According to Article 30 of the Statute of the ESCB and of the ECB.

Table 16

	Purchase and production costs as at January 1, 2015	Purchases	Sales	Transfer	Purchase and production costs as at December 31, 2015
	Accumulated depreciation as at January 1, 2015	Annual depreciation	Depreciation sales	Depreciation transfer	Accumulated depreciation as at December 31, 2015
	Book value on January 1, 2015				Book value on December 31, 2015
	EUR million	EUR million	EUR million	EUR million	EUR million
Premises	122.349 ¹	0.364	–	–	122.712
	–60.640	–4.645	–	–	–65.285
	61.709				57.428
Assets under construction	7.918	2.104	–	–7.918	2.104
	–	–	–	–	–
	7.918				2.104
Equipment	87.954	10.460	–8.743 ²	7.918	97.589
	–57.901	–10.462	8.735	–	–59.629
	30.053				37.960
Tangible real assets	50.077	0.009	–	–	50.086
	–1.828	–1.209	–	–	–3.037
	48.249				47.050
Intangible fixed assets	0.090	–	–	–	0.090
	–0.036	–0.018	–	–	–0.054
	0.054				0.036
Total	268.388	12.937	–8.743	–	272.582
	–120.405	–16.334	8.735	–	–128.004
	147.983				144.578

¹ Premises acquired prior to December 31, 1956, were booked at the cost recorded in the schilling opening balance sheet (Federal Law Gazette No. 190/1954).

² The disposal of assets at book value (i.e. the underlying historical purchase and production costs less accumulated depreciation) comes to EUR 0.009 million.

11.2 Tangible and intangible fixed assets

Tangible and intangible fixed assets comprise OeNB premises, assets under construction, equipment (including computers, related hardware and software, and motor vehicles), tangible real assets and intangible fixed assets (table 16).

Chiefly expenditures for the purchase of software in the Eurosystem have been capitalized under *assets under construction*. The acquisition and integration of a new treasury system accounted for EUR 1.595 million of purchases in 2015.

Tangible real assets comprise the coins of the OeNB's Money Museum and the OeNB's collection of historical string instruments. On December 31, 2015, the OeNB's collection of valuable string instruments encompassed 29 violins, 6 violoncellos and 3 violas. The string in-

struments are on loan to renowned musicians under the OeNB's cultural promotion program.

Intangible fixed assets consist of the right to use and exploit a movie project commissioned by the OeNB, entitled "Prägende Veränderung – Aufbruch nach Europa."

11.3 Other financial assets

Table 17 shows the changes in *other financial assets*.

EUR 1,595.978 million of the OeNB's total securities portfolio represent investments of *pension reserve assets*, another EUR 1,551.041 million reflect investments of the *OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching* (of which EUR 1,510.312 million

Table 17

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
Securities	7,196.275	7,313.067	-116.792	-1.6
Participating interests	692.715	1,081.160	-388.445	-35.9
Other investment	0.517	2.531	-2.014	-79.6
Total	7,889.507	8,396.758	-507.251	-6.0

Table 18

	EUR million
Net asset value on December 31, 2014	1,081.161
Purchases in 2015	+0.209
Sales in 2015 (at book value)	-
Annual depreciation in 2015	-
Revaluation in 2015	-388.654
Net asset value on December 31, 2015	692.715

were earmarked as an endowment for the National Foundation for Research, Technology and Development, also referred to in brief as the National Foundation). Under its own funds management, the OeNB had invested EUR 4,049.255 million.¹⁶ Revaluations of the own funds portfolios resulted in unrealized

Table 19

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
Accrued income	458.930	383.118	+75.812	+19.8
Prepaid expenses	13.691	14.118	-0.427	-3.0
Total	472.620	397.236	+75.385	+19.0

Table 20

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
Claims arising from ERP loans to companies	668.292	692.227	-23.935	-3.5
Schilling coins	5.337	4.157	+1.180	+28.4
Advances on salaries	8.873	8.674	+0.199	+2.3
Advances	8.840	9.569	-0.729	-7.6
Accounts receivable	4.596	4.359	+0.237	+5.4
Claims on Münze Österreich AG in respect of simultaneous capitalization of the dividend claim in 2015 and 2014	564.070	184.819	+379.251	n.a.
unsettled schilling coin returns	0.054	0.054	-0.000	-0.9
Claims on Betriebs-Liegenschafts-Management GmbH in respect of simultaneous distribution of profit in 2015	40.000	-	+40.000	x
Claims arising from loan acquisitions	25.900	-	+25.900	x
Other accounts receivable	1.624	2.598	-0.974	-37.5
Total	1,327.586	906.457	+421.129	+46.5

¹⁶ The OeNB's own funds shown under liabilities include its capital, the reserve for nondomestic and price risks, the profit-smoothing reserve, earmarked ERP capital and the risk provisions.

price gains of EUR 48.940 million and unrealized price losses totaling EUR 8.474 million.

Of the *participating interests*, EUR 393.431 million formed part of the own funds portfolio and EUR 299.285 million part of the investment portfolio relating to investments of the pension reserve. Table 18 shows the changes in *participating interests*.

The marked reduction in the net asset value of participating interests against the previous year is mainly attributable to an amendment to the Coinage Act. In line with the amendments to the Coinage Act which became effective on December 31, 2015, in its financial statements as at December 31, 2015, Münze Österreich AG reallocated to the profit and loss account all revenue reserves previously established for the redemption of circulation coins as well as its deferred liabilities, thus affecting net income. In Münze Österreich AG's financial statements, the profit to be transferred to the OeNB under Article 3 paragraph 6 Coinage Act has already been recorded under liabilities. Consequently, Münze Österreich AG's capital decreased from EUR 566.346 million in 2014 to EUR 205.284 million in 2015. The net asset value of the OeNB's participating interests in Münze Österreich AG, which is recorded in the OeNB's financial statements, was reduced by the same amount.

Other investments mainly consist of investment income tax repayment claims.

11.5 Accruals and prepaid expenses

Table 19 shows the changes in *accruals and prepaid expenses*.

11.6 Sundry

Table 20 shows the changes in *sundry assets*.

Pursuant to Article 3 paragraph 2 European Recovery Program (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 653.924 million on December 31, 2015). The ERP loan portfolio managed by the OeNB thus totaled EUR 995.879 million on December 31, 2015. The provisions governing the extension of loans from this portfolio are laid down in Article 83 Nationalbank Act.

The residual terms of advances on salaries almost exclusively exceed one year. All advance payments are secured by life insurance plans.

Other claims on December 31, 2015, mainly comprised claims arising from day-to-day business.

Table 21

	December 31, 2015 EUR million	December 31, 2014 EUR million	Change EUR million
Euro banknotes actually put into circulation and taken out of circulation by the OeNB (unadjusted)	-439.723	-2,427.226	+1,987.503
Adjusted for:			
Net claims related to the allocation of euro banknotes within the Eurosystem	28,235.094	28,664.072	-428.977
of which:			
Claims related to the allocation of euro banknotes within the Eurosystem	30,652.295	30,945.425	-293.131
less:			
Liabilities resulting from the ECB's 8% share in euro banknotes in circulation ¹	2,417.200	2,281.354	+135.847
Euro banknotes in circulation²	27,795.371	26,236.846	+1,558.525

¹ The amount corresponds to the OeNB's share in the 8% of the total value of euro banknotes in circulation within the Eurosystem that is allocated to the balance sheet of the ECB.

² This corresponds to 2.5655% of the total amount of euro banknotes in circulation within the Eurosystem (December 31, 2014: 2.5810%).

Liabilities

1 Banknotes in circulation

Closing balance	EUR million	
December 31, 2015	27,795.371	
December 31, 2014	26,236.846	
Change	+1,558.525	(+5.9%)

This item reflects the value of euro banknotes in circulation allocated to the OeNB (table 21).

See section *Banknotes in circulation and intra-Eurosystem balances* for further explanations on this item.

Table 22 shows annual averages of the value of *banknotes in circulation* during the past five years.

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

Table 23 shows the changes in *liabilities to euro area credit institutions related to monetary policy operations denominated in euro*.

2.1 Current accounts (covering the minimum reserve system)

This subitem comprises the credit balances on the transaction accounts of credit institutions that are required to hold minimum reserves with the OeNB. Since January 1, 1999, these

reserves are remunerated at the latest available marginal rate for the Eurosystem's main refinancing operations. Since June 2014, the reserves held in excess of minimum requirements are remunerated at the lower rate of either 0% or the deposit facility rate.

2.2 Deposit facility

The *deposit facility* refers to overnight deposits placed with the OeNB by banks that access the liquidity-absorbing standing facility at a pre-specified rate. In 2015, the volume of such transactions averaged EUR 147.312 million.

5 Liabilities to other euro area residents denominated in euro

Closing balance	EUR million	
December 31, 2015	6,602.241	
December 31, 2014	2,688.712	
Change	+3,913.529	(+145.6%)

This item comprises general government deposits of EUR 839.880 million (+EUR 658.773 million) and current account holdings to the amount of EUR 5,762.361 million (+EUR 3,254.756 million) of credit institutions not required to hold minimum reserves with the OeNB and of enterprises.

6 Liabilities to non-euro area residents denominated in euro

Closing balance	EUR million	
December 31, 2015	736.565	
December 31, 2014	461.288	
Change	+275.278	(+59.7%)

Table 22

	Euro banknotes in circulation, annual average		Change	
	EUR million	EUR million	EUR million	%
2011	21,270	+929	+4.6	
2012	22,204	+934	+4.4	
2013	23,188	+984	+4.4	
2014	25,250	+2,062	+8.9	
2015	26,605	+1,355	+5.4	

Table 23

	December 31, 2015	December 31, 2014	Change	%
	EUR million	EUR million	EUR million	
2.1 Current accounts (covering the minimum reserve system)	20,208.959	11,676.298	+8,532.661	+73.1
2.2 Deposit facility	1,323.000	960.000	+363.000	+37.8
Total	21,531.959	12,636.298	+8,895.661	+70.4

Liabilities to non-euro area residents denominated in euro consist of balances of central banks, credit institutions and supranational financial institutions headquartered outside the euro area.

9 Counterpart of Special Drawing Rights allocated by the IMF

Closing balance	EUR million	
December 31, 2015	2,209.980	
December 31, 2014	2,070.381	
Change	+139.600	(+6.7%)

This item represents the euro equivalent of the SDR 1,736 million allocated gratuitously to the OeNB by the IMF, measured at current market values. The OeNB was allocated SDRs on January 1 from 1970 to 1972, from 1979 to 1981 and on August 28 and September 9, 2009. The increase in this item resulted mainly from realized exchange rate differences and book value reconciliation.

10 Intra-Eurosystem liabilities

Closing balance	EUR million	
December 31, 2015	29,146.892	
December 31, 2014	30,082.510	
Change	-935.617	(-3.1%)

This 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. More-

over, this item covers net balances arising at year-end from the difference between monetary income to be pooled and distributed, the balances arising from the pro rata interim profit distribution by the ECB and pro rata expenses in connection with losses incurred in respect of Eurosystem monetary policy operations.

Interest on *intra-Eurosystem liabilities* with the ECB (excluding the above-mentioned swap transactions) is charged on a daily basis at the prevailing marginal interest rate for the Eurosystem's main refinancing operations.

12 Other liabilities

Table 24 shows the changes in *other liabilities*.

12.3 Sundry

Table 25 shows the changes in *sundry liabilities*.

Pursuant to Article 69 paragraph 3 Nationalbank Act, the *central government's share of profit* corresponds to 90% of the profit for the year after tax and after transfers to the pension reserve.

The subitem *liability from schilling banknotes in circulation with an exchange deadline* is attributable to schilling banknotes with an exchange deadline which were still outstanding on December 31, 2015. Like 2014, 2015 did not mark the end of the exchange period of any schilling banknote.

According to the General Meeting's decision, EUR 10 million of the profit for the year 2014 were apportioned to the *OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching*. The initial OeNB Anniversary Fund was thus endowed with EUR 39.274 million. Of these funds, EUR 9.473 million were paid

Table 24

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
12.1 Off balance sheet instruments' revaluation differences	28.972	8.842	+20.130	n.a.
12.2 Accruals and income collected in advance	13.618	3.019	+10.599	n.a.
12.3 Sundry	663.468	425.480	+237.988	+55.9
Total	706.057	437.341	+268.716	+61.4

Table 25

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
Central government's share of profit	507.989	230.011	+277.978	+120.9
Liability from schilling banknotes in circulation with an exchange deadline	111.200	112.557	-1.357	-1.2
Earmarked funds of the OeNB Anniversary Fund				
OeNB Anniversary Fund (initial funding)	29.801	28.875	+0.926	+3.2
OeNB Anniversary Fund National Foundation endowment	7.584	49.184	-41.600	-84.6
Sundry	6.894	4.853	+2.041	+42.1
Total	663.468	425.480	+237.988	+55.9

out in 2015; another EUR 29.801 million of the remaining undisbursed funds of EUR 16.578 million had been committed by December 31, 2015. In 2015, the OeNB's General Council endorsed 76 new projects which will receive funding amounting to EUR 8.062 million. This means that since funds were first pledged as financial assistance in 1966, a total of EUR 771.373 million has been paid out.

The OeNB transfers the amounts appropriated each year for the National Foundation (investment income of EUR 7.6 million in total for 2015) the day after the OeNB's General Meeting.

13 Provisions

Table 26 shows the changes in *provisions*.

Risk provisions are made for foreign exchange rate, interest rate, credit and gold price risks. To calculate the need to allocate or release risk provisions, the OeNB uses bandwidths for all financial risks it incurs, including the risks arising from the Eurosystem's single monetary policy. These bandwidths are based on risk calculations using VaR and ES (expected shortfall) calculations with a confidence level of 99% over a one-year horizon (plus a three-month horizon for market risk). The bandwidths also reflect the results of stress scenarios for the risks associated with the conduct of Eurosystem monetary policy operations. Taking into account the respective prohibition of netting in the accounting rules, balances on revaluation accounts that may be used to absorb losses are used as a risk-mitigating factor in calculating market risk.

Taking monetary policy, macroeconomic and financial stability considerations into account, the Governing Board determines the size of the risk provisions every year on the basis of the risk bandwidths. In the financial statement for 2015, EUR 350 million were allocated to the risk provisions. As defined by the ECB, these risk provisions constitute central bank-specific provisions equivalent to reserves and are to be included in net equity.

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. To cover its liability under this retirement plan, the OeNB is obligated by the Nationalbank Act to hold a *pension reserve*. With effect from May 1, 1999, the OeNB took out a contract with a pension fund for staff recruited since May 1, 1998, who stand to receive a state pension supplemented by an occupational pension. With the OeNB's direct liability to pay retirement benefits now limited to staff recruited before May 1, 1998, the *pension reserve* set up to secure this liability has become a closed system. Given the legal situation established by Article 81 Second Stability Act 2012 (2. Stabilitätsgesetz 2012), for claim periods from January 1, 2013, until December 31, 2014, the OeNB retained a specified share of pension contributions from the monthly salaries (3%) of all employees that joined the OeNB until March 30, 1993, and from the pensions (3.3%) of all retired OeNB employees and transferred this amount to the central government.

Table 26

	December 31, 2014	Transfer from	Transfer to	December 31, 2015
	EUR million	EUR million	EUR million	EUR million
Risk provisions	3,175.000	–	+350.000	3,525.000
Pension reserve	1,897.840	–	+11.264	1,909.104
Personnel provisions				
Severance payments	54.745	–6.189	+4.270	52.826
Anniversary bonuses	13.322	–1.280	+1.532	13.574
Residual leave entitlements	13.370	–0.340	+0.758	13.787
Supplementary contributions to pension plans	17.273	–0.247	+6.841	23.867
Pension fund contributions	1.250	–0.100	+0.357	1.507
Provisions for death gratuity payments	0.776	–	+0.102	0.878
Provisions for prepaid salaries in 2014 and 2015	0.432	–0.432	+0.433	0.433
Provisions for compulsory social security contributions	0.137	–0.137	+0.135	0.135
Sabbaticals	0.089	–0.015	–	0.074
Provision for pending employment lawsuits	0.427	–0.049	+0.106	0.484
Other provisions				
Schilling banknotes without an exchange deadline	143.789	–2.334	–	141.455
Estimated unredeemable amount outstanding from the Austrian Federal Treasury for silver commemorative coins issued before 1989	27.788	–	+3.307	31.095
Accounts payable	0.364	–0.364	+1.857	1.857
Accounts payable to subsidiaries	1.191	–1.191	+1.009	1.009
Corporate income tax	7.624	–7.624	+99.547	99.547
Provisions for pending lawsuits	8.293	–	+0.688	8.981
Provisions for the IMF's Catastrophe Containment and Relief Trust (CCR Trust)	–	–	+2.700	2.700
Other	1.237	–0.575	+1.884	2.546
Total	5,364.947	–20.877	+486.790	5,830.860

The Act to Limit Specific Pension Benefits (Sonderpensionenbegrenzungsgesetz – SpBegrG) amended Article 81 Second Stability Act 2012, which means previous provisions became ineffective as from December 31, 2014, and were replaced by new ones. Since January 1, 2015, staff members employed under the first and second generations of the OeNB's Conditions of Service have been obliged to pay contributions to the OeNB retirement plan (first generation: 5% in 2015; second generation: 10.25% of basic salaries up to the earnings cap as defined in the General Social Security Act, 3% for any part of salaries in excess of this earnings cap). Under the SpBegrG, 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 since January 1, 2015, 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 calculation of the discount rate is based on zero coupon euro interest rate swaps with a residual maturity of 15 years (2015: 3.94%; 2014: 4.62%). The seven-year moving average of the swap curve as published by the Deutsche Bundesbank, increased by a spread, and the seven-year average of the Harmonised Index of Consumer Prices (HICP) for the euro area (2015: 1.31%; 2014: 1.81%) are taken into account in the calculation formula. Given the above input, a real discount rate of 2.60% per annum results as at December 31, 2015 (December 31, 2014: 2.76% per annum). The lower discount rate assumption implies an increase in the amount of reserve assets required to meet future pension obligations by EUR 41.495 million.

Moreover, the most recent mortality tables are used to calculate the actuarial present value of the projected pension benefits.¹⁷ The calculation takes death, disability or withdrawal from employment upon attainment of pension entitlement age into account as reasons that entitle employees or their dependents to receive benefits from the pension reserve.

The pension entitlement age is governed by the provisions in the respective Conditions of Service and service contracts, in observance of the Act to Limit Specific Pension Benefits. In the 2015 financial statements, the pension scheme liabilities for current employees were stated pro rata; those for retired employees and for prospective beneficiaries that have attained pension entitlement age were stated at their net present value.

The actuarial present value of projected pension benefits amounted to EUR 2,070.279 million on December 31, 2015; it was fully covered by the *pension reserve* and hidden reserves in the real estate portfolio.

Personnel provisions are calculated according to actuarial principles; the corresponding discount rate assumption for December 31, 2015, was reduced from 2.76% per annum to 2.60% per annum. No discount for employee fluctuation was applied in calculating *provisions for severance payments*.

The *provisions for schilling banknotes without an exchange deadline* were drawn down for exchanges of schilling banknotes.

14 Revaluation accounts

The amounts on the *revaluation accounts* (table 27) reflect the valuation gains established in the course of the valuation of assets (on a currency-by-currency and code-by-code basis) as on December 31, 2015. These gains are realizable only in the context of future transactions in the respective categories or may be used to reverse revaluation losses that may arise in future years.

15 Capital and reserves

According to Article 8 Nationalbank Act, the *capital* of the OeNB is EUR 12 million. Since May 27, 2010, the Republic of Austria has been the sole shareholder of the OeNB, with the Ministry of Finance acting as the shareholder's representative.

Table 28 shows the changes in *reserves*.

The change in the *profit-smoothing reserve* resulted from allocations out of the profit for the year 2014, which were made according to the General Meeting's decision of May 28, 2015.

Table 27

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
Revaluation accounts				
Gold	6,543.250	6,674.176	-130.925	-2.0
Foreign currency	661.734	546.239	+115.495	+21.1
Securities	596.556	662.398	-65.842	-9.9
Participating interests	51.378	440.032	-388.654	-88.3
Coins of the OeNB's Money Museum	9.269	9.269	-	-
Total	7,862.187	8,332.114	-469.928	-5.6
Unrealized valuation gains from January 1, 1999 (initial valuation)				
Participating interests	262.764	262.764	-	-
Total	8,124.951	8,594.878	-469.928	-5.5

¹⁷ AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler (actuarial basis for pension insurance published by the Austrian actuaries association AVÖ).

Table 28

	December 31, 2015	December 31, 2014	Change	
	EUR million	EUR million	EUR million	%
Profit-smoothing reserve	74.980	60.623	+14.357	+23.7
Reserve for nondomestic and price risks	1,973.263	1,973.263	–	–
OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching	1,531.500	1,531.500	–	–
Earmarked capital funded with net interest income from ERP loans	653.924	651.165	+2.760	+0.4
Total	4,233.668	4,216.551	+17.117	+0.4

The *reserve for nondomestic and price risks* serves to cover the risks associated with foreign currency and security prices.

The capital of the *OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching* consists of its initial funding (EUR 31.5 million) and of an endowment to support the National Foundation (EUR 1.5 billion), which was established in 2003 by earmarking funds reappropriated from the *freely disposable reserve fund* (EUR 545 million) and from the *general reserve fund* (EUR 955 million).

Funds earmarked for appropriation by the Anniversary Fund may be used to cover a potential 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. ERP capital must not be used to cover any loss for the year.

Notes on transactions not disclosed in the balance sheet

Table 29 shows the changes in *transactions not disclosed in the balance sheet*.

Table 29

	December 31, 2015	December 31, 2014
	EUR million	EUR million
Obligation under the IMF's Articles of Agreement to expand SDR holdings to up to three times the amount of SDRs received gratuitously ¹	4,562.518	4,310.346
Contingent liabilities to the IMF under the New Arrangements to Borrow (NAB) ¹	4,111.754	3,763.024
Contingent liabilities to the IMF under a bilateral agreement ¹	6,130.000	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)	40.876	38.294
Forward purchases (euro- and foreign currency-denominated forward transactions and swaps)	5,035.027	1,247.756
Forward sales (euro- and foreign currency-denominated forward transactions and swaps) ²	5,063.998	1,256.598
Book value reconciliation and realized gains/losses on forward sales and purchases	28.972	8.842
Liabilities from foreign currency investments effected in the OeNB's name for third account	39.029	8.215
Repayment obligation equivalent to interest accrued on pension contributions paid by OeNB staff terminating employment	13.502	12.897
Contingent liabilities equivalent to the OeNB's share of the maximum of EUR 50 billion of reserve assets that the ECB may require the euro area NCBs to transfer under Article 30.1 of the Statute of the ESCB and of the ECB	981.550	981.550
Contingent liabilities arising from bank guarantees given	111.000	111.000
Contingent assets arising from bank guarantees received	7.191	7.191
Contingent assets from a guarantee of the OeKB in respect of payment transactions	1,000.000	1,000.000
Financial assistance granted under the ERP Fund	9.975	10.106

¹ The IMF could call on these contingent liabilities against remuneration, giving rise to a corresponding claim of the same size.

² This item includes U.S. dollar-, pound sterling- and Japanese yen-denominated forward sales to hedge the SDR currency risk as at December 31, 2015, and December 31, 2014.

Table 30

	2015	2014	Change ¹	
	EUR million	EUR million	EUR million	%
1 Net interest income	633.546	777.628	-144.082	-18.5
2 Net result of financial operations, writedowns and risk provisions	-131.081	-392.916	-261.835	-66.6
3 Net income from fees and commissions	0.551	0.398	+0.153	+38.4
4 Income from equity shares and participating interests	635.361	280.049	+355.312	+126.9
5 Net result of pooling of monetary income	-14.784	-19.008	-4.224	-22.2
6 Other income	24.294	23.991	+0.303	+1.3
Total net income	1,147.887	670.141	+477.745	+71.3
7 Staff costs	-141.926	-139.416	+2.509	+1.8
8 Expenses for retirement	-122.035	-31.152	+90.882	n.a.
9 Administrative expenses	-84.736	-83.870	+0.866	+1.0
10 Depreciation of tangible and intangible fixed assets	-16.334	-13.025	+3.309	+25.4
11 Banknote production services	-14.577	-20.859	-6.282	-30.1
12 Other expenses	-15.703	-41.062	-25.359	-61.8
Total expenses	-395.311	-329.384	+65.927	+20.0
Operating profit	752.576	340.757	+411.819	+120.9
13 Corporate income tax	-188.144	-85.189	+102.955	+120.9
	564.432	255.568	+308.864	+120.9
14 Transfer to the pension reserve and central government's share of profit	-507.989	-230.011	+277.978	+120.9
15 Profit for the year	56.443	25.557	+30.886	+120.9

¹ Absolute increase (+) or decrease (-) in the respective item.

Table 31

	2015	2014	Change	%
	EUR million	EUR million	EUR million	
Net interest income from foreign currency investments	140.789	134.264	+6.525	+4.9
Net interest income from euro investments	189.618	336.051	-146.433	-43.6
Monetary policy operations	302.251	316.095	-13.845	-4.4
Intra-Eurosystem balances arising from the allocation of euro banknotes within the Eurosystem	14.616	65.353	-50.737	-77.6
Transfer of foreign reserve assets to the ECB	0.490	1.600	-1.109	-69.4
TARGET2 transactions	-17.869	-61.733	-43.864	-71.1
Other	3.651	-14.002	+17.653	+126.1
Total	633.546	777.628	-144.082	-18.5

Notes on the profit and loss account

Table 30 shows the changes in the *profit and loss account*.

1 Net interest income

Net interest income represents the balance of interest income and interest expense (table 31).

2 Net result of financial operations, writedowns and risk provisions

Table 32 shows *realized gains/losses arising from financial operations*.

Table 33 shows *writedowns on financial assets and positions*.

The *net result of financial operations, writedowns and risk provisions* reflects transfers to risk provisions of EUR 350 million in 2015 (2014: EUR 325 million).

Table 32

	2015	2014	Change	
	EUR million	EUR million	EUR million	%
Foreign currency transactions	234.611	5.819	+228.792	n.a.
Securities transactions	53.225	71.571	-18.346	-25.6
Total	287.836	77.390	+210.446	n.a.

Table 33

	2015	2014	Change	
	EUR million	EUR million	EUR million	%
Securities	-30.002	-4.456	+25.546	n.a.
Foreign currency	-38.915	-140.850	-101.935	-72.4
Total	-68.917	-145.306	-76.389	-52.6

Table 34

	2015	2014	Change	
	EUR million	EUR million	EUR million	%
Dividends				
BIS	2.422	2.083	+0.339	+16.3
Münze Österreich AG	564.070	252.519	+311.551	+123.4
Profit distributions by				
BLM Betriebs-Liegenschafts-Management GmbH	40.000	–	+40.000	x
GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H. (GSA)	0.197	0.175	+0.022	+12.4
Oesterreichische Banknoten- und Sicherheitsdruck GmbH (OeBS)	1.868	–	+1.868	x
Interim profit distribution by the ECB	22.649	23.585	-0.936	-4.0
Distribution of ECB profit for the previous year	4.155	1.687	+2.468	+146.3
Total	635.361	280.049	+355.312	+126.9

4 Income from equity shares and participating interests

Table 34 shows *income from equity shares and participating interests*.

The financial statements for 2015 contain a simultaneous capitalization of the dividend claim on Münze Österreich AG for 2015 to the amount of EUR 564.070 million (2014: EUR 184.819 million). The rise in this item against the previous year is mainly attributable to the 2016 amendment to the Coinage Act.

As decided by the Governing Council of the ECB, EUR 812 million of the ECB's net profit of EUR 1,082 million for 2015 were transferred to the NCBs by means of an interim distribution of profit at end-January 2016, with the OeNB's share coming to EUR 22.6 million.

5 Net result of pooling of monetary income

Table 35 shows the *net result* arising for the OeNB from the calculation of *monetary income* in the Eurosystem.

This item comprises the OeNB's net profit/loss resulting from the reallocation of monetary income within the Eurosystem. 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 actual 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

Table 35

	2015	2014
	<i>EUR million</i>	<i>EUR million</i>
Monetary income	268.490	382.535
Deductible items (in particular interest on the liability base)	-3.460	-65.192
Net monetary income to be pooled	265.031	317.343
Net redistribution of monetary income	250.455	279.036
Monetary income(+)/loss(-) reallocation for the reporting year	-14.576	-38.307
Net income/loss resulting from the revision of monetary income of the previous years	-0.208	+7.130
Realized gains from the liquidation of collateral	-	+12.169
Total	-14.784	-19.008

euro, net intra-Eurosystem liabilities resulting from TARGET2 transactions and deferred interest on liabilities related to monetary policy operations with a maturity of more than one year. Any interest on these liabilities is deducted from the monetary income to be pooled.

The earmarkable assets consist mainly of the following items: lending to euro area credit institutions related to monetary policy operations denominated in euro, 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 deferred interest on monetary refinancing operations with a maturity of more than one year; moreover, a limited amount of the OeNB's gold holdings in proportion to its capital key share (gold is considered to generate no income).

Securities acquired by the OeNB under the CBPP1, CBPP2 and PSPP initiatives generate income at the latest available marginal rate for the Eurosystem's 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 the latest available marginal rate for the Eurosystem's main refinancing operations to the value of the difference.

The monetary income pooled by the Eurosystem is allocated among NCBs according to the subscribed ECB capital key.¹⁸ The pooling and

reallocation of monetary income to NCBs leads to certain net reallocation effects. One reason is that the yields earned on certain earmarkable assets and the interest expense paid 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 amounting to EUR 265.031 million and reallocated to the OeNB amounting to EUR 250.455 million is the net result arising from the calculation of monetary income.

6 Other income

Other income comprises i.a. rental income and income from transactions between the OeNB and OeNB subsidiaries and/or the ECB amounting to EUR 11.877 million and the FMA's reimbursement of OeNB banking supervision costs and the OeNB's direct costs for bank recovery and resolution amounting to the statutory maximum of EUR 8 million and EUR 1 million, respectively.

7 Staff costs

The cost of current employees falls under the heading *staff costs*. These costs are reduced by recoveries of salaries.

¹⁸ Under Article 33.2 of the Statute of the ESCB and 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.

Salaries fell by –EUR 1.279 million (–1.1%) net to EUR 117.137 million against the previous year. The OeNB's outlays were reduced by recoveries of salaries totaling EUR 5.928 million for staff members on secondment to subsidiaries and foreign institutions.

The four members of the OeNB's Governing Board received emoluments totaling EUR 1.125 million in 2015 (2014: EUR 1.106 million; table 36).

Table 36

	Emoluments EUR million
Governor Ewald Nowotny	0.3004
Vice Governor Andreas Ittner	0.2832
Executive Director Kurt Pribil	0.2707
Executive Director Peter Mooslechner	0.2707

The Federal Constitutional Act on the Limitation of Remunerations for Public Officials regulates the remuneration of Governing Board members; it stipulates, inter alia, that the emoluments of the central bank governor must not exceed those of the Austrian Federal Chancellor. The emoluments of the other members of the Governing Board, in turn, must not exceed the emoluments of the Governor of the OeNB. In line with the Federal Constitutional Act on the Limitation of Remunerations for Public Officials, the emoluments for the members of the OeNB's Governing Board were increased by 1.7% per annum from January 1, 2015. Remuneration in kind (tax value of the private use of company cars, insurance subsidies) and other benefits totaled EUR 0.046 million. The emoluments of the OeNB's President and Vice President amounted to EUR 0.120 million in 2015 (2014: EUR 0.118 million). For every day they participate in a meeting of the General Council

or one of its committees, the members of the General Council receive an attendance fee of EUR 250 for donation to charity. Travel expenses associated with the exercise of General Council members' functions are appropriately reimbursed.

Table 37 shows the changes in staff in full-time equivalents (FTEs).

Expenses for severance payments and contributions to severance funds came to EUR 4.983 million (2014: EUR 1.668 million) and EUR 0.667 million (2014: EUR 0.593 million), respectively. Expenses for severance payments for management officials (Governing Board members) totaled EUR 0.0403 million in 2014.

Expenses for compulsory social security contributions as well as compulsory contributions and charges related to wages and salaries totaled EUR 20.634 million (+EUR 0.283 million or +1.4%). Of this amount, EUR 12.095 million (+EUR 0.405 million or +3.5%) were social security contributions, EUR 5.040 million (–EUR 0.016 million or –0.3%) were contributions to the Family Burden Equalization Fund, and EUR 3.389 million (–EUR 0.002 million or –0.1%) were municipal tax payments.

8 Expenses for retirement

This item includes pension plan contributions made in 2015 to the externally managed pension fund and respective reserves set aside, amounting to EUR 11.401 million (2014: EUR 6.586 million). Pension payments totaled EUR 120.862 million (+2.3%), of which –EUR 10.228 million were covered by the investment income of the pension reserve. The cost of remunerating retired board members

Table 37

	Reporting date December 31 ¹			Annual average ¹		
	2015	2014	Change	2015	2014	Change
FTEs staff resources ²	1,085.9	1,084.0	+1.9	1,117.8	1,092.7	+25.1
Total	1,229.2	1,234.8	–5.6	1,245.6	1,241.3	+4.3

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

² Excluding employees on secondment or leave (such as maternity and parental leave).

Table 38

	2015	2014	Change	
	EUR million	EUR million	EUR million	%
Central government's share of profit of 90% under Article 69 paragraph 3 Nationalbank Act	507.989	230.011	+277.978	+120.9

or their dependents amounted to EUR 4.133 million.

9 Administrative expenses

Administrative expenses include, inter alia, rent, operating expenses, maintenance and repair costs of EUR 32.323 million (+EUR 0.398 million) as well as banknote processing expenses of EUR 11.131 million (–EUR 0.258 million). The headline figure also includes EUR 4.249 million (+EUR 0.055 million) that were refunded by OeNB subsidiaries or the ECB, in particular rent, operating costs and security-related service costs, part of which subsidiaries must reimburse to the OeNB. Moreover, expenses for the OeNB's OPAL project, which had been launched to analyze and optimize the OeNB's business area portfolios and which was concluded in mid-2015, came to EUR 2.536 million. *Administrative expenses* for auditing the financial statements came to EUR 0.113 million (2014: EUR 0.109 million), those for other certification services of the auditor to EUR 0.022 million (2014: EUR 0.022 million).

11 Banknote production services

Expenses for *banknote production services* result from the purchase of euro banknotes from the OeBS.

12 Other expenses

Other expenses include EUR 3.307 million of transfers to the provision for the estimated unredeemable amount outstanding from the Austrian Federal Treasury for silver commemorative coins issued before 1989. Another EUR 2.700 million result from funding commitments to the IMF in connection with the CCR Trust.

13 Corporate income tax

Pursuant to Article 72 paragraph 1 Nationalbank Act, the operating profit of the annual accounts 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 Körperschaftsteuergesetz (Corporation Tax Act) 1988.

14 Transfer to the pension reserve and central government's share of profit

Table 38 shows the *central government's share of profit*. As in 2014, the financial statements for 2015 do not contain any *transfer to the pension reserve* under Article 69 paragraph 2 Nationalbank Act.

GOVERNING BOARD (DIREKTORIUM)

Governor Ewald Nowotny
 Vice Governor Andreas Ittner
 Executive Director Kurt Pribil
 Executive Director Peter Mooslechner

GENERAL COUNCIL (GENERALRAT)

President Claus J. Raidl
 Vice President Max Kothbauer
 August Astl
 Gottfried Haber
 Erich Hampel
 Anna Maria Hochhauser
 Werner Muhm
 Gabriele Payr
 Walter Rothensteiner
 Dwora Stein
 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:

Robert Kocmich
 Birgit Sauerzopf

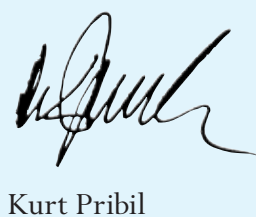
Vienna, March 30, 2016



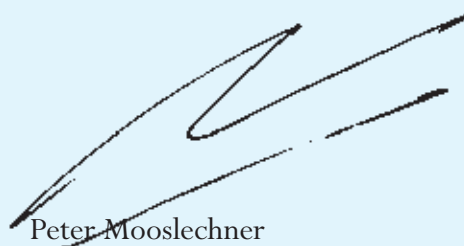
Ewald Nowotny



Andreas Ittner



Kurt Pribil



Peter Mooslechner

Auditors' opinion



Oesterreichische Nationalbank, Wien
Bericht über die Prüfung des Jahresabschlusses zum 31. Dezember 2015
 30. März 2016

Bestätigungsvermerk

Bericht zum Jahresabschluss

Wir haben den beigefügten Jahresabschluss der

**Oesterreichische Nationalbank,
Wien,**

bestehend aus der Bilanz zum 31. Dezember 2015, der Gewinn- und Verlustrechnung für das an diesem Stichtag endende Geschäftsjahr sowie dem Anhang, geprüft.

Verantwortung der gesetzlichen Vertreter für den Jahresabschluss

Die gesetzlichen Vertreter der Gesellschaft sind verantwortlich für die Aufstellung und sachgerechte Gesamtdarstellung dieses Jahresabschlusses in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften und den sondergesetzlichen Bestimmungen des Nationalbankgesetzes 1984 in der geltenden Fassung sowie den ergänzenden 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 "Guideline of the European Central Bank of 11 November 2010 on the Legal Framework for Accounting and Financial Reporting in the European System of Central Banks (ECB/2010/20)" in der Fassung vom 2. Juli 2015 (ECB/2015/24) erlassenen Vorschriften und für die internen Kontrollen, die die gesetzlichen Vertreter als notwendig erachten, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen beabsichtigten oder unbeabsichtigten falschen Darstellungen ist.

Verantwortung des Abschlussprüfers

Unsere Aufgabe ist es, auf der Grundlage unserer Prüfung ein Urteil zu diesem Jahresabschluss abzugeben. Wir haben unsere Abschlussprüfung in Übereinstimmung mit den österreichischen Grundsätzen ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern die Anwendung der internationalen Prüfungsstandards (International Standards on Auditing – ISA). Nach diesen Grundsätzen haben wir die beruflichen Verhaltensanforderungen einzuhalten und die Abschlussprüfung so zu planen und durchzuführen, dass hinreichende Sicherheit darüber erlangt wird, ob der Jahresabschluss frei von wesentlichen falschen Darstellungen ist.

Eine Abschlussprüfung beinhaltet die Durchführung von Prüfungshandlungen, um Prüfungsnachweise für die im Jahresabschluss enthaltenen Wertansätze und sonstigen Angaben zu erlangen. Die Auswahl der Prüfungshandlungen liegt im pflichtgemäßen Ermessen des Abschlussprüfers. Dies schließt die Beurteilung der Risiken wesentlicher beabsichtigter oder unbeabsichtigter falscher Darstellungen im Jahresabschluss ein. Bei der Beurteilung dieser Risiken berücksichtigt der Abschlussprüfer das für die Aufstellung und sachgerechte Gesamtdarstellung des Jahresabschlusses durch die Gesellschaft relevante interne 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. Eine Abschlussprüfung umfasst auch die Beurteilung der Angemessenheit der angewandten Rechnungslegungsgrundsätze und der Vertretbarkeit der von den gesetzlichen Vertretern ermittelten geschätzten Werte in der Rechnungslegung sowie die Beurteilung der Gesamtdarstellung des Jahresabschlusses.

Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen.

Prüfungsurteil

Unsere Prüfung hat zu keinen Einwendungen geführt. Nach unserer Beurteilung entspricht der Jahresabschluss den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage der Gesellschaft zum 31. Dezember 2015 sowie der Ertragslage der Gesellschaft für das an diesem Stichtag endende Geschäftsjahr in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften und den sondergesetzlichen Bestimmungen.

Aussagen zum Geschäftsbericht

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 Z 5 UGB, Anwendung.

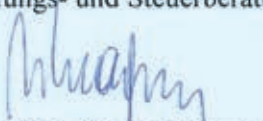
Der Geschäftsbericht ist auf Grund der gesetzlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob die sonstigen Angaben im Geschäftsbericht nicht eine falsche Vorstellung von der Lage der Gesellschaft erwecken. Der Bestätigungsvermerk hat auch eine Aussage darüber zu enthalten, ob der Geschäftsbericht mit dem Jahresabschluss in Einklang steht.

Der Geschäftsbericht steht nach unserer Beurteilung in Einklang mit dem Jahresabschluss.

Wien, am 30. März 2016



KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft


DDr. Martin Wagner
Wirtschaftsprüfer

Die Veröffentlichung oder Weitergabe des Jahresabschlusses mit unserem Bestätigungsvermerk darf nur in der von uns bestätigten Fassung erfolgen. Dieser Bestätigungsvermerk bezieht sich ausschließlich auf den deutschsprachigen und vollständigen Jahresabschluss samt Geschäftsbericht. Für abweichende Fassungen sind die Vorschriften des § 281 Abs 2 UGB zu beachten.

Auditors' opinion – OeNB translation for information purposes

Oesterreichische Nationalbank, Vienna

Auditors' report on the German version of the financial statements as of December 31, 2015

March 30, 2016

Auditors' opinion

Report on the financial statements

We have audited the accompanying financial statements of the

**Oesterreichische Nationalbank,
Vienna,**

which comprise the balance sheet as of December 31, 2015, the profit and loss account for the fiscal year ended December 31, 2015, and the notes.

Management's responsibility for the financial statements

The management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with the Austrian Generally Accepted Accounting Principles and under the special provisions of the Federal Act on the Oesterreichische Nationalbank (Nationalbank Act), as amended, as well as the supplementary provisions established by the Governing Council of the ECB, pursuant to Article 26.4 of the Statute of the European System of Central Banks and of the European Central Bank, in the Guideline of the European Central Bank of 11 November 2010 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2010/20) as amended on July 2, 2015 (ECB/2015/24) and for the internal control the management of the company deems necessary for preparing financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Austrian standards on auditing, which require that the International Standards on Auditing (ISA) are applied. According to the applicable standards, we must comply with professional guidelines and plan and perform the audit so as to obtain reasonable assurance whether the financial statements are free from material misstatement.

Oesterreichische Nationalbank, Vienna*Auditors' report on the German version of the financial statements as of December 31, 2015*

An audit involves procedures to obtain audit evidence about the amounts and other disclosures in the financial statements. The procedures selected depend on the auditors' professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditors consider internal control relevant to the company's preparation and fair representation of the financial statements in order to choose audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes an evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as an evaluation of the overall presentation of the financial statements.

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

Audit opinion

Our audit did not give rise to any objections. In our opinion, the financial statements comply with legal requirements and give a true and fair view of the financial position of the company as of December 31, 2015, and of its financial performance for the fiscal year from January 1, 2015, to December 31, 2015, in accordance with the Austrian Generally Accepted Accounting Principles and the applicable special provisions.

Statement on the Annual Report

The provisions of Article 243 paragraphs 1 to 3 of the Commercial Code (Report of the Management Board) with the exception of paragraph 2 last sentence and paragraph 3 nos. 1, 2 and 5 Commercial Code are applicable to the Annual Report to be prepared under Article 68 paragraph 1 Nationalbank Act.

Pursuant to statutory provisions, the Annual Report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the company's financial position. The auditors' opinion also has to contain a statement as to whether the Annual Report is consistent with the financial statements.

In our opinion, the Annual Report is consistent with the financial statements.

Vienna, March 30, 2016

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Martin Wagner
Wirtschaftsprüfer

The financial statements including our auditors' opinion may be published or distributed only in the version audited by us. This auditors' opinion applies exclusively to the full German version of the financial statements and the Annual Report of the Oesterreichische Nationalbank. Any other versions are subject to Article 281 paragraph 2 Commercial Code.

Profit for the year and proposed profit appropriation

Pursuant to Article 69 paragraph 3 Nationalbank Act, the OeNB allocates a share of EUR 507.989 million of its profit to the central government (item 14 of the profit and loss account). This leaves the profit for the year shown

in the balance sheet and the profit and loss account at EUR 56,443,203.13.

In its meeting of March 30, 2016, the Governing Board decided to submit the following appropriation proposal to the General Council:

	EUR
to pay a 10% dividend on the OeNB's capital stock of EUR 12 million	1,200,000.00
to allocate to the <i>OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching</i>	
for the funding of research projects	10,000,000.00
for the Anniversary Fund reserve	6,000,000.00
to transfer to the profit-smoothing reserve	39,243,203.13
	56,443,203.13

Report of the General Council on the Annual Report and the financial statements for 2015

The General Council (Generalrat) fulfilled the duties incumbent on it under the Nationalbank 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 2015 were given an unqualified auditor's opinion after examination by the auditors elected at the General Meeting of May 28, 2015, KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 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 April 19, 2016, the General Council approved the Annual Report of the Governing Board and the financial statements for the year 2015. The General Council submits the Annual Report and recommends that the General Meeting approve the financial statements of the Oesterreichische Nationalbank for the year 2015 and discharge the General Council and the Governing Board of its responsibilities regarding the preceding business year. Moreover, the General Council requests that the General Meeting approve the appropriation of the profit for the year in accordance with the proposal made in the notes to the financial statements for the year 2015 (see above).

Notes

Abbreviations

ABS	asset-backed security	GDP	gross domestic product
ABSPP	asset-backed securities purchase program	GSA	Geldservice Austria Logistik für Wertgestionierung und Transportkoordination G.m.b.H.
AG	Aktiengesellschaft (stock corporation)	HICP	Harmonised Index of Consumer Prices
BaSAG	Federal Act on the Recovery and Resolution of Banks	HOAM.AT	Home Accounting Module Austria
APP	expanded asset purchase program	IHS	Institute for Advanced Studies
BIS	Bank for International Settlements	IMF	International Monetary Fund
BOFIT	Bank of Finland's Institute for Economics in Transition	JST	Joint Supervisory Team
BOP	balance of payments	JVI	Joint Vienna Institute
BRRD	Bank Recovery and Resolution Directive	LIBOR	London Interbank Offered Rate
CB	covered bond	LTRO	longer-term refinancing operation
CBPP	covered bond purchase program	MFI	monetary financial institution
CEEI	the OeNB's Conference of European Economic Integration	MIF	multilateral interchange fee
CESEE	Central, Eastern and Southeastern Europe(an)	MÜNZE	Münze Österreich Aktiengesellschaft
CET1	common equity tier 1	NAB	New Arrangements to Borrow
CIS	Commonwealth of Independent States	NCB	national central bank
CRD IV	Capital Requirements Directive IV	OeBS	Oesterreichische Banknoten- und Sicherheitsdruck GmbH
CRR	Capital Requirements Regulation	OECD	Organisation for Economic Co-operation and Development
CSD	central securities depository	OeKB	Oesterreichische Kontrollbank Aktiengesellschaft
CS.A	Clearing Service.Austria	OeNB	Oesterreichische Nationalbank
CS.I	Clearing Service.International	OPAL	optimization and reorganization project at the OeNB
DAX	German stock index	OPEC	Organization of the Petroleum Exporting Countries
EBA	European Banking Authority	PSD(2)	Payment Systems Directive (2)
ECB	European Central Bank	PSPP	public sector purchase program
EMAS	Eco-Management and Audit Scheme	SDR	Special Drawing Right
EONIA	euro overnight index average	SEE	Southeastern Europe(an)
ERF	European Reporting Framework	SEPA	Single Euro Payments Area
ERP	European Recovery Program	SMP	Securities Markets Programme
ERPB	European Retail Payments Board	SRB	Single Resolution Board
ES	expected shortfall	SRB	systemic risk buffer
ESA 2010	European System of Accounts 2010	SRF	Single Resolution Fund
ESE	European Supervisor Education Initiative	SRM	Single Resolution Mechanism
ESCB	European System of Central Banks	SSM	Single Supervisory Mechanism
ESM	European Stability Mechanism	T2S	TARGET2-Securities
ESRB	European Systemic Risk Board	TARGET2	Trans-European Automated Real-time Gross settlement Express Transfer system
EU	European Union	TFEU	Treaty on the Functioning of the European Union
EURIBOR	euro interbank offered rate	TLTRO	targeted longer-term refinancing operation
FAQ	frequently asked question	TU Wien	Vienna University of Technology
FMA	Austrian Financial Market Authority	VaR	value at risk
Fed	U.S. Federal Reserve System	WIFO	Austrian Institute of Economic Research
FMSB	Financial Market Stability Board	wiiw	The Vienna Institute for International Economic Studies
FTE	full-time equivalent		

Legend

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:

– = 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>.

Geschäftsbericht (Nachhaltigkeitsbericht) Annual Report (Sustainability Report)

German | annually
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.

<http://www.oenb.at/en/Publications/Oesterreichische-Nationalbank/Annual-Report.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.

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.

<http://www.oenb.at/Geldpolitik/Konjunktur/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.

<http://www.oenb.at/en/Publications/Economics/Monetary-Policy-and-the-Economy.html>

Fakten zu Österreich und seinen Banken Facts on Austria and Its Banks

German | twice a year
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.

<http://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.

<http://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.

<http://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 14 tables (also available on the OeNB's website) provides information about key financial and macroeconomic indicators.

<http://www.oenb.at/Publikationen/Statistik/Statistiken---Daten-und-Analysen.html>

Statistiken – Daten & Analysen: Sonderhefte **Statistiken – Daten & Analysen: Special Issues**

German | irregularly

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).

<http://www.oenb.at/en/Publications/Statistics/Special-Issues.html>

Research Update

English | quarterly

This newsletter informs international readers about selected research findings and activities of the OeNB’s Economic Analysis and Research Department. It offers information about current publications, research priorities, events, conferences, lectures and workshops. Subscribe to the newsletter at:

<http://www.oenb.at/en/Publications/Economics/research-update.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:

<http://www.oenb.at/en/Publications/Economics/CESEE-Research-Update.html>

OeNB Workshops Proceedings

German, English | irregularly

This series, launched in 2004, documents contributions to OeNB workshops with Austrian and international experts (policymakers, industry experts, academics and media representatives) on monetary and economic policymaking-related topics.

<http://www.oenb.at/en/Publications/Economics/Workshops.html>

Working Papers

English | irregularly

This series provides a platform for discussing and disseminating economic papers and research findings. All contributions are subject to international peer review.

<http://www.oenb.at/en/Publications/Economics/Working-Papers.html>

Proceedings of the Economics Conference

English | annually

The OeNB’s annual Economics Conference provides an international platform where central bankers, economic policymakers, financial market agents as well as scholars and academics exchange views and information on monetary, economic and financial policy issues. The proceedings serve to document the conference contributions.

<http://www.oenb.at/en/Publications/Economics/Economics-Conference.html>

Proceedings of the Conference on European Economic Integration

English | annually

The OeNB’s annual Conference on European Economic Integration (CEEI) deals with current issues with a particular relevance for central banking in the context of convergence in Central, Eastern and Southeastern Europe as well as the EU enlargement and integration process. For an overview see:

<http://www.oenb.at/en/Publications/Economics/Conference-on-European-Economic-Integration-CEEI.html>

The proceedings have been published with Edward Elgar Publishers, Cheltenham/UK, Northampton/MA, since the CEEI 2001 (www.e-elgar.com).

Publications on banking supervisory issues

German, English | irregularly

<http://www.oenb.at/en/Publications/Financial-Market/Publications-of-Banking-Supervision.html>

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