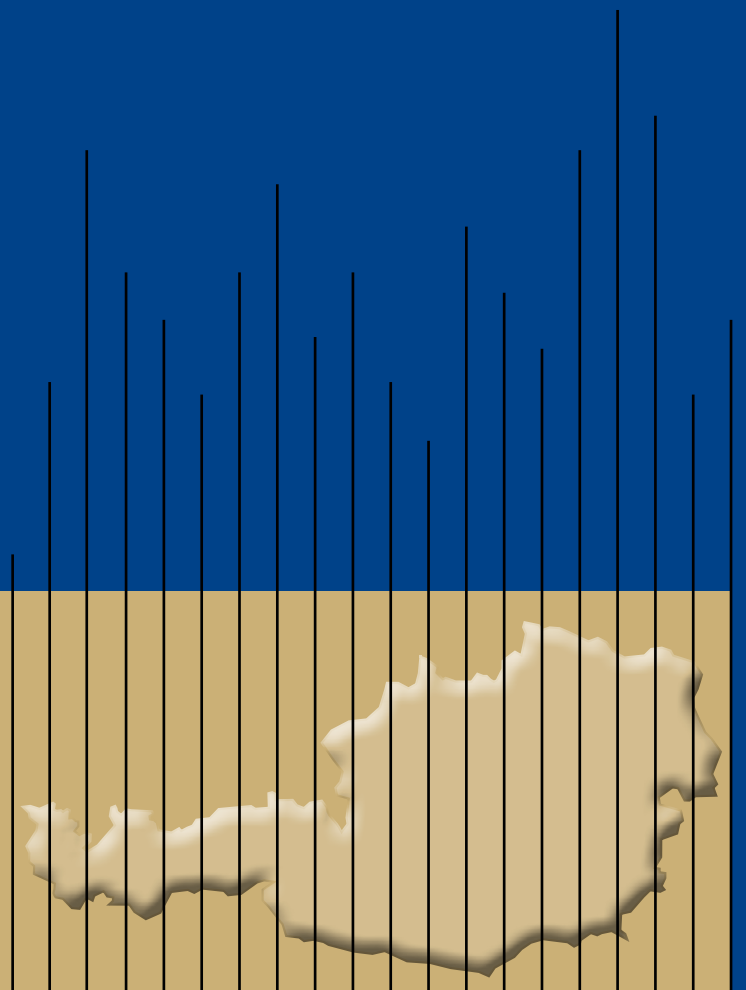


FACTS ON AUSTRIA AND ITS BANKS

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OESTERREICHISCHE NATIONALBANK
EUROSYSTEM

FACTS ON AUSTRIA AND ITS BANKS

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Cutoff date: March 29, 2019.

Key indicators for the Austrian economy

Table 1

Key indicators

	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	2018	2019	2020	2021
Economic activity									
<i>EUR billion (four-quarter moving sums)</i>									
Nominal GDP	370,8	374,9	379,1	383,2	386,8	386,8	402,9	418,0	432,3
<i>Change on previous period in % (real)</i>									
GDP ¹	0.8	0.8	0.6	0.4	0.4	2.7	2.0 (1.6) ¹⁾	1.9	1.7
Private consumption	0.4	0.5	0.4	0.3	0.4	1.7	1.7	1.6	1.3
Public consumption	-0.1	0.1	0.1	0.0	0.1	0.3	1.5	1.2	1.3
Gross fixed capital formation	0.8	1.0	1.0	0.7	0.4	3.4	2.6	2.2	1.7
Exports of goods and services	1.6	1.0	0.7	0.8	0.7	4.3	3.8	4.0	3.7
Exports of goods	1.8	1.0	0.8	0.7	0.8	4.6	3.7	4.0	3.7
Imports of goods and services	0.7	0.8	0.7	0.6	0.6	2.9	3.6	3.8	3.4
Imports of goods	0.7	0.6	0.6	0.5	0.8	2.5	3.5	3.7	3.4
<i>% of nominal GDP</i>									
Current account balance	x	x	x	x	x	2.3	2.4	2.6	2.8
Prices									
<i>Annual change in %</i>									
HICP inflation	2.4	2.0	2.1	2.2	2.1	2.1	1.9 ²	1.9 ²	1.9
Compensation per employee	1.7	2.1	2.5	2.6	2.4	2.4	2.7	2.5	2.1
Unit labor costs	0.5	0.8	1.4	1.6	1.8	1.4	1.8	1.6	1.4
Productivity	1.1	1.3	1.1	1.0	0.6	1.0	0.8	0.9	0.8
<i>Annual change in %</i>									
Income and savings									
Real disposable household income	0.8	0.5	0.7	0.4	0.6	1.8	2.1	1.6	1.3
<i>% of nominal disposable household income</i>									
Saving ratio	x	x	x	x	x	6.9	7.1	7.1	7.0
Labor market									
<i>Change on previous period in %</i>									
Payroll employment	0.6	0.6	0.5	0.4	0.5	2.2	1.4	1.1	1.0
<i>% of labor supply</i>									
Unemployment rate (Eurostat)	5.4	5.0	4.7	4.9	4.7	4.8	4.7	4.7	4.5
<i>% of nominal GDP</i>									
Public finances									
Budget balance	x	x	x	x	x	0.1	0.1	0.4	0.5
Government debt	x	x	x	x	x	73.8	70.7	67.5	64.8

Source: OeNB, Eurostat, Statistics Austria, WIFO.

¹ Based on the latest developments we expect a downward revision of GDP growth in 2019 compared to the December 2018 forecast; details see chapter 1.1;

² Source: OeNB March 2019 forecast.

Note: 2018 and quarterly data: QNQ-data from March 1, 2019. All data for 2019-2021 are based on the OeNB's December 2018 forecast.

Table 2

Key indicators for Austrian banks

	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	2015	2016	2017	2018
Austrian banking system – consolidated									
Structure									
<i>EUR billion</i>									
Total assets ¹	948.9	967.0	972.4	981.4	986.0	1056.7	946.2	948.9	986.0
Exposure to CESEE ²	210.1	212.5	218.0	219.3	217.1	186.4	193.3	210.1	217.1
Number of credit institutions in Austria	628.0	628.0	622.0	613.0	597.0	738.0	672.0	628.0	597.0
Number of inhabitants per bank branch in Austria	2329.8	2353.5	2392.0	2399.0	2417.0	2106.8	2226.1	2329.8	2417.0
Solvency¹									
<i>EUR billion</i>									
Equity capital	85.0	84.0	85.0	84.3	86.5	87.8	80.7	85.0	86.5
<i>% of risk-weighted assets</i>									
Solvency ratio	18.9	18.4	18.4	18.0	18.6	16.3	18.2	18.9	18.6
Tier-1 capital ratio	15.9	15.6	15.7	15.4	16.0	12.9	14.9	15.9	16.0
Common equity tier 1 ratio (CET-1)	15.6	15.1	15.1	14.8	15.4	12.8	14.9	15.6	15.4
<i>% of selected balance sheet items</i>									
Leverage ³	7.7	7.5	7.6	7.5	7.7	6.3	7.6	7.7	7.7
Profitability¹									
<i>EUR billion</i>									
Net result after tax	6.6	1.6	3.6	5.5	6.9	5.2	5.0	6.6	6.9
<i>%</i>									
Return on assets (annualized) ⁵	0.8	0.7	0.8	0.8	0.8	0.5	0.6	0.8	0.8
Cost-to-income ratio	64.6	69.4	66.2	65.2	65.2	62.8	74.5	64.6	65.2
Credit quality^{1,4}									
<i>%</i>									
Loan loss provision ratio	2.2	2.1	2.0	1.9	1.8	4.0	3.2	2.2	1.8
Nonperforming loan ratio (NPL ratio)	3.4	3.3	3.0	2.9	2.6	6.5	5.1	3.4	2.6
Credit developments									
<i>%</i>									
Annual growth of credit to nonbanks in Austria	3.0	3.9	4.5	4.6	4.9	1.1	1.6	3.0	4.9
Share of foreign currency loans in Austria	6.5	6.2	6.0	6.0	5.7	10.2	9.0	6.5	5.7
Austrian subsidiaries in CESEE¹									
<i>EUR billion</i>									
Net profit/loss after tax (aggregated)	2.6	0.8	1.6	2.4	2.9	2.0	2.4	2.6	2.9
<i>%</i>									
Return on assets (annualized) ⁵	1.3	1.5	1.5	1.5	1.4	0.7	1.3	1.3	1.4
Cost-to-income ratio	53.3	57.1	53.6	51.9	51.5	51.1	52.7	53.3	51.5
Loan loss provision ratio ⁴	3.3	3.3	3.1	3.0	2.7	7.0	6.1	3.3	2.7
Nonperforming loan ratio (NPL ratio) ⁴	4.5	4.2	3.9	3.8	3.2	11.5	8.6	4.5	3.2
Share of foreign currency loans ¹	27.0	x	25.0	x	25.4	38.0	30.0	27.0	25.4
Loan-to-deposit ratio ¹	79.1	79.6	82.0	82.2	75.8	88.4	80.2	79.1	75.8
Financial assets of households and nonfinancial corporations									
<i>EUR billion</i>									
Households									
Financial assets	654.5	655.9	662.6	663.1	x	608.9	635.9	654.5	x
Financial liabilities (loans)	183.4	183.4	184.7	187.3	x	172.9	179.9	183.4	x
of which foreign currency loans	16.5	15.8	15.4	15.4	15.0	24.4	21.2	16.5	15.0
of which foreign currency housing loans	14.1	13.5	13.3	13.2	12.9	19.2	17.8	14.1	12.9
<i>EUR billion</i>									
Nonfinancial corporations									
Financial assets	533.6	545.0	545.6	550.1	x	469.8	506.6	533.6	x
Financial liabilities	808.3	818.7	819.5	828.2	x	710.7	756.9	808.3	x
of which loans and securities (other than shares and other equity)	384.1	393.1	394.0	396.1	x	351.3	370.7	384.1	x
of which shares and other equity	264.8	267.2	268.1	266.9	x	226.1	241.8	264.8	x
<i>EUR billion (four-quarter moving sums)</i>									
Gross operating surplus and mixed income	86.9	87.4	89.4	90.7	91.4	79.8	83.3	87.4	x

Source: OeNB, Statistics Austria.

¹ Due to the restructuring of the CESEE business of UniCredit Bank Austria in 2016, data comparability is limited.

² Exposure of majority Austrian-owned banks (BIS definition).

³ Defined according to Basel III.

⁴ As of 2017Q2, data are based on FINREP including total loans and advances.

⁵ End-of-period profit/loss expected for the full year after tax and before minority interests as a percentage of average total assets.

Note: X = data not available.

Overview

Austrian economy among top performers in the euro area

- After two boom years (2017 and 2018), Austria's economic growth slowed down in early 2019 as a result of a difficult external environment. While domestic demand, supported by strong wage increases and very dynamic employment growth, continues to support real GDP growth, export momentum weakened significantly at the end of 2018. Compared with the OeNB growth forecast of December 2018, the expectations for real growth of the Austrian economy for the year 2019 were therefore reduced and now stand at 1.6%.
- Austria's economy continues to be characterized by a broadly diversified and sectorally balanced economic structure.
- The healthy upturn in 2017 and 2018 has led to a sustained decrease in unemployment. The unemployment rate (EU definition) dropped from 6.2% to 4.7% between summer 2016 and winter 2018. Austria maintains an excellent record of social stability, which rests on high employment, low unemployment by international standards and a low frequency of strikes.
- Recording an average inflation rate of 1.8% since the introduction of the euro in 1999, Austria has been among those countries that have successfully maintained price stability in line with the Eurosystem's definition (i.e. HICP inflation at a rate "below, but close to, 2% over the medium term"). For the years 2019 and 2020, the OeNB expects an inflation rate in Austria of slightly below 2.0%. The positive inflation gap with the euro area and Germany observed in the past years clearly narrowed in 2018.
- The Austrian real estate market has been buoyant since the mid-2000s. According to the results of the OeNB fundamentals indicator for residential property prices, real estate price growth in Austria, especially in Vienna, can less and less be explained by economic fundamentals. However, the strong price growth seen in recent years has not been going hand in hand with a – by historical standards – above-average increase in lending to households.
- Austria's saving ratio dropped sharply after the economic crisis and stood at 6.9% in 2018. Financial assets held by households totaled EUR 654.5 billion or 177% of GDP. The household sector's debt ratio stood at nearly 50% of GDP in the third quarter of 2018. Corporate debt in Austria equaled 90 % of GDP (Q3 2018). Both indicators are below the euro area average.
- Given stable price competitiveness as measured by the real effective exchange rate, Austrian exporters benefited greatly from the pickup in global trade in 2017 and 2018. On the back of robust growth in important export markets, like CESEE, in 2017 and 2018, Austrian nominal goods exports expanded by 8.2% and 5.7%, respectively, on the previous year.
- Austria's foreign trade in goods is well diversified both by region and product type. In 2018, more than half of foreign trade took place with other euro area countries and was therefore not exposed to any direct exchange rate risks. After Germany, which still accounted for an export share of more than 30% in 2018, CESEE is Austria's second most important export market. The share of goods exports to this region rose from 12% in 1992 to 21% in 2018.
- The steady string of current account surpluses seen since 2002 (2018: 2.3 % of GDP) confirms the international competitiveness of the Austrian economy. Austria's net international investment position is positive, standing at EUR 14.8 billion (3.8 % of GDP) in 2018.
- Austria's budget balance ratio was +0.1% of GDP in 2018. The significant improvement in 2018 was mainly due to the very good economic environment and the further decline in interest expenses. Thus, the federal government's goal of achieving a balanced general government budget in 2019 has already been achieved ahead of schedule. The debt ratio has been declining since 2016. In 2018, the significant drop by just over 4 percentage points to 74.1% of GDP was not only due to the budget surplus but also due to the significant improvement from 83.0% in 2016 to 78.3% in 2017; the latter had been attributable primarily to higher GDP growth as well as the winding down of assets held by state-owned "bad banks."
- Austria continues to maintain an AAA sovereign rating with DBRS and holds an AA+ rating with Standard & Poor's, Fitch and Moody's (Aa1).

Austrian banks face rising risks despite benign environment

- The strong upswing in Austria and CESEE is reflected in Austrian banks' 2018 results. The consolidated net profit amounted to EUR 6.9 billion (+5% year on year) in 2018. This performance was helped by the fact that risk provisions were reduced to a historically low level. Austrian banks' subsidiaries in CESEE mirrored this trend, posting an aggregate net profit of EUR 2.9 billion for the year 2018 (up 11% on the previous year). Credit quality also continued to improve.
- Credit growth gained further momentum in 2018. In Austria, lending to nonfinancial corporations was buoyant and lending to households for residential property purchases stayed rather vivid. Systemic risks emanating from real estate financing are limited in Austria at present, but compliance with sustainable lending standards is vital to ensure that such risks can be kept at bay also in the future. Therefore, on the OeNB's initiative, the Austrian Financial Market Stability Board (FMSB) quantified its understanding of sustainable real estate lending in its meeting of September 21, 2018.
- In CESEE, credit growth was driven by lending to households in 2018. CESEE remains Austrian banks' most important foreign market. Credit growth has been particularly strong in the Czech Republic and Slovakia, the two biggest markets of Austrian subsidiary banks in CESEE in terms of exposure and profit contributions. Lending in CESEE is primarily in local currency and based on local deposits. As a result, the stock of foreign currency loans continues to decrease.
- Austrian banks' capitalization has improved significantly since the onset of the financial crisis in 2008. Most recently, however, the increase in the CET1 ratio has slowed down and Austrian banks' CET1 ratio is slightly below average by international comparison. The fact that capital levels have dropped despite favorable economic conditions, characterized by dynamic credit growth, improving credit quality and high profits, underlines that retained profits are a key factor in Austrian banks' capitalization. A balance between profit distributions and the buildup of capital is called for.
- The external ratings of Austrian banks continued to improve in 2018. Since end-May, the Austrian banking sector has been ranked among the world's 13 most stable banking systems according to S&P.¹ In the same vein, the IMF (in its Article IV mission concluding statement) and the European Commission identified improvements in banks' capitalization, profitability and business models (referring, in particular, to de-risking in CESEE). Moody's changed the outlook for the Austrian banking sector from positive to stable in August 2018, assuming a slower increase in capitalization due to increased dividend payments, among other factors. At the same time, the Austrian supervisory authorities' proactive approach and macroprudential initiatives toward sustainable lending have been positively acknowledged.
- In November 2018, the Austrian federal government decided to restructure the banking supervisory framework; the reform is set to take effect on January 1, 2020. The Financial Market Authority (FMA) will take over microprudential analysis from the OeNB, while the OeNB will remain in charge of financial stability monitoring and macroprudential analysis and oversight. In addition, a competence center for financial market strategy and financial market development as well as a pool of experts dealing with quality assurance in official bank inspections shall be established at the OeNB. Work toward implementing the restructuring of the supervisory framework is underway and scheduled to be concluded by end-2019.

¹ S&P's draws on Banking Country Risk Assessments (BICRA) for its bank ratings. There are ten BICRA groups, ranging from 1 (lowest risk) to 10 (highest risk). Austria is assigned to group 2, and there is currently no banking system that qualifies for group 1.

1 Austria ranks among the top economies in the euro area

1.1 Austria is one of the best performing advanced economies worldwide

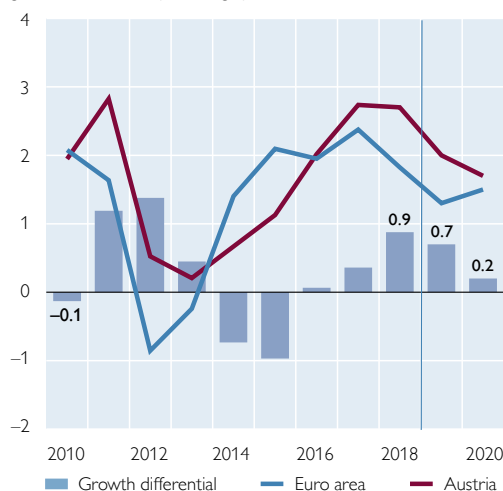
Declining global growth weighs on Austrian economy

At the beginning of 2016, the Austrian economy embarked on a recovery. Buoyed by lively investment activity and healthy private consumption growth as a result of an income tax reform, domestic demand was the major driver of growth at first. From the second half of 2016 onward, export activity picked up markedly as global trade was recovering. The combination of strong domestic and improving foreign demand resulted in the strongest economic momentum since the boom before the onset of the global financial and economic crisis. In 2017 the Austrian economy outpaced GDP growth in the euro area for the first time since 2013, also exceeding that of Germany, Austria's most important trading partner. Although the pace of growth gradually slowed in the course of 2018, the Austrian economy expanded by 2.7% in 2018 as a whole. Thus, Austria once again grew faster than the euro area and Germany. The deceleration was attributable to weaker external activity (weaker world trade growth in the second half of 2018): the slowdown of the Chinese economy, growing economic uncertainties as a result of increased global risks (trade war and Brexit) and negative domestic special effects in Germany and in Italy. Based on the weaker outlook for the first half of 2019 (OeNB Economic Indicator of February 2019), the growth rate for the Austrian economy for the full year 2019 as shown in the OeNB December 2018 outlook has been revised downward and now stands at 1.6%.² The IMF also forecasts a slowdown of the Austrian economy in 2019 and 2020, but remains more optimistic overall than the OeNB. In the

Chart 1

Growth differential between Austria and the euro area

Real GDP: annual change in %;
growth differential in percentage points

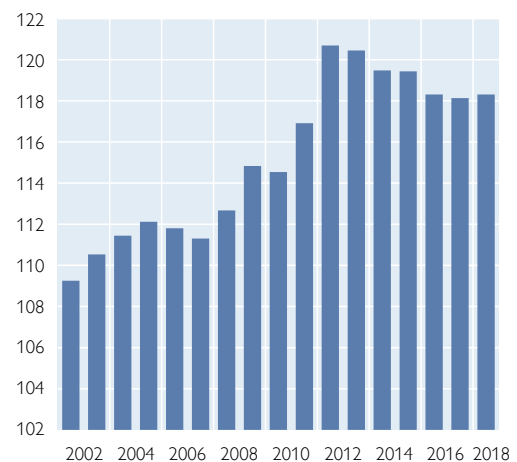


Source: Eurostat, WIFO, IMF.

Note: Austria and euro area 2018 and 2019: IMF WEO, April 2019.

Austrian GDP per capita relative to the EU-15

GDP per capita at purchasing power standards;
euro area = 100



² This is also in line with the current assessment by the Austrian research institutes WIFO and IHS, which expect a growth rate of 1.7% and 1.5%, respectively, for 2019.

years 2019 and 2020, Austria will maintain its lead in terms of growth over the euro area.

Sectoral structure of the Austrian economy is well balanced

Given that Austria is a highly developed economy, the tertiary sector plays a crucial role. Private sector services (information and communication, financial and insurance activities, real estate activities, other business activities and other services) contribute the largest share – slightly above 30% – to gross value added, followed by activities classified under “quarrying, manufacturing, electricity and water supply” as well as “trade, transportation, hotels and restaurants,” which account for slightly more than 20% each. Furthermore, manufacturing in Austria is characterized by a large variety of industries. At 6½%, construction’s contribution to gross value added is high by European standards.

Upswing leads to sustained decrease in unemployment

As the economy gathered momentum in 2016, employment growth accelerated, reaching 1.9% in 2017 and 2.3% in 2018 – the highest rate since 1991. Since mid-2016, the economic upswing has been robust enough to keep unemployment firmly on a downward path even though labor supply keeps rising strongly. The jobless rate dropped from 6.2% to 4.7% in the fourth quarter of 2018. In an EU-wide comparison, Austria ranked among the Member States with the lowest unemployment rates in 2018. The Austrian labor market is characterized by a high level of flexibility (in European terms) and a balancing of interests between employers and employees. Hence, Austria is also among the best performers worldwide in rankings of alternative indicators that measure, for instance, social stability (such as the frequency of strikes).

Inflation difference vis-à-vis the euro area gradually narrowed in 2018

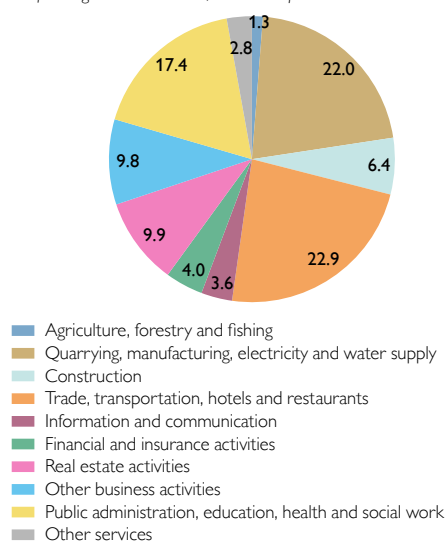
Recording an average inflation rate of 1.8% since the introduction of the euro in 1999, Austria has been among those countries that have successfully maintained price stability in line with the Eurosystem’s definition (i.e. HICP inflation at a rate “below, but close to, 2% over the medium term”).

In the past few years, Austria had recorded a markedly positive inflation gap with the euro area and Germany, which, however, steadily declined over the course of 2018, shrinking to +0.4 and +0.2 percentage points, respectively, for the year as a whole. In the period from 2011 to 2017, the inflation gap between Austria on the one hand and the euro area and Germany on the other averaged 0.7 and 0.6 percentage points, respectively. This gap has been attributable above all to comparatively stronger price growth in the domestic service sector. The reduction observed in the inflation differential observed since last year has been driven

Chart 2

Gross value added in Austria in 2018

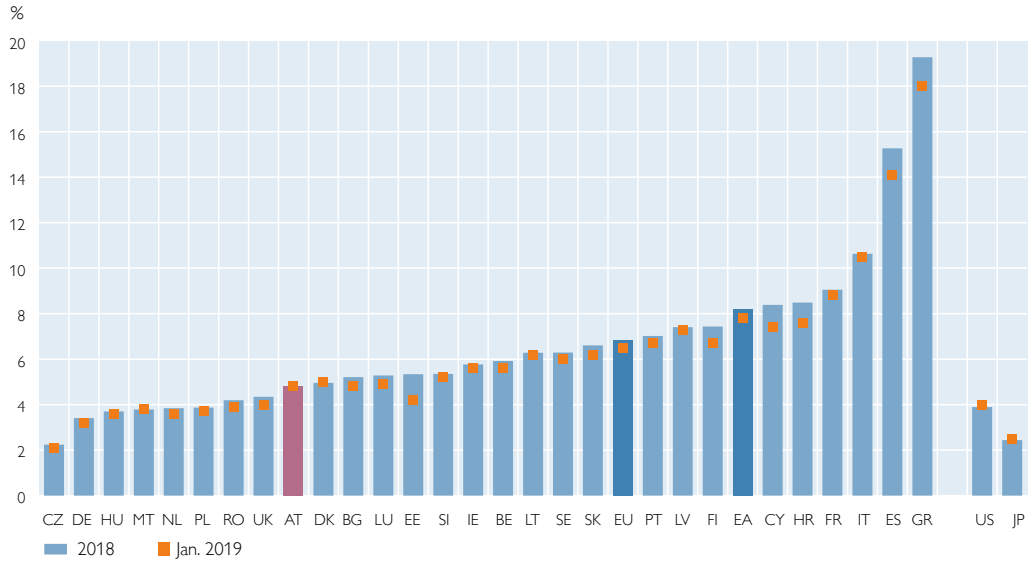
% of total gross value added, at current prices



Source: Statistics Austria.

Chart 3

Unemployment rates

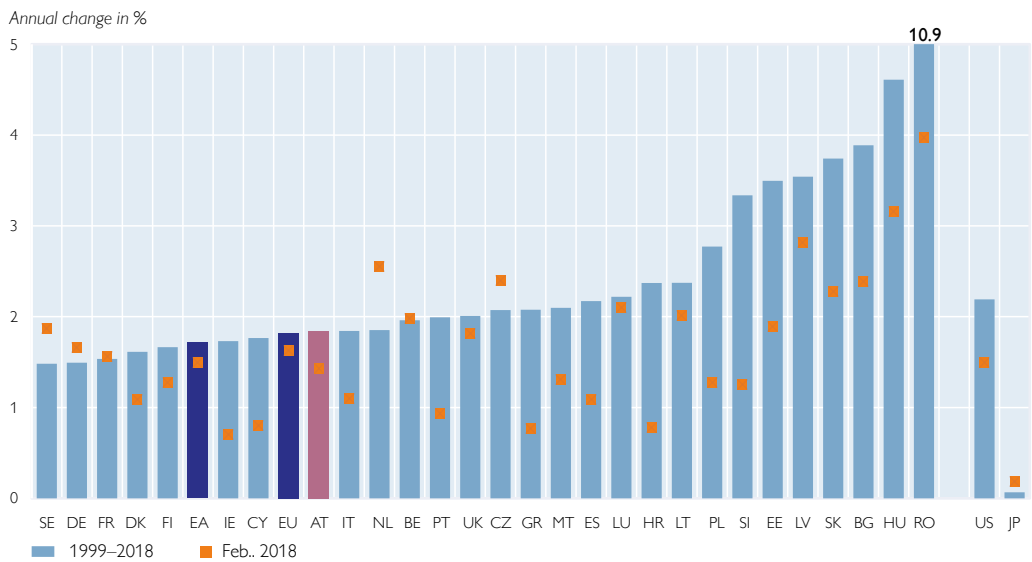


Source: Eurostat.

Note: EE, GR, HU: December 2018; UK: November 2018 and 2017, respectively; IE: February 2019.

Chart 4

HICP inflation rate



Source: Eurostat, Statistics Bureau of Japan, U.S. Bureau of Labor Statistics.

Note: JP and UK: Jan. 2019.

by all sub-components of the HICP and also, in particular, by the reduction of VAT on overnight stays. For 2019 and 2020, the OeNB expects an annual inflation rate of 1.9% in both years; for the euro area, the ECB forecasts an inflation rate of 1.2% and 1.5%, respectively (as of March 2019).

Real estate prices continue to grow rapidly

Prices in the Austrian real estate market have been growing very strongly over the past few years. 2016 saw residential property prices rise by 7.3%, which was the second highest increase recorded since the start of the data series in 2000. In 2017, price growth decelerated notably (+3.8%), just to gather fresh momentum again in the first three quarters of 2018 (+6.8%). While from 2005 to 2013, real estate prices had gone up particularly strongly in Vienna (at an average annual rate of 8%), since 2015, price growth has been picking up not only in Vienna but also, particularly strongly, in Austria's other provinces.

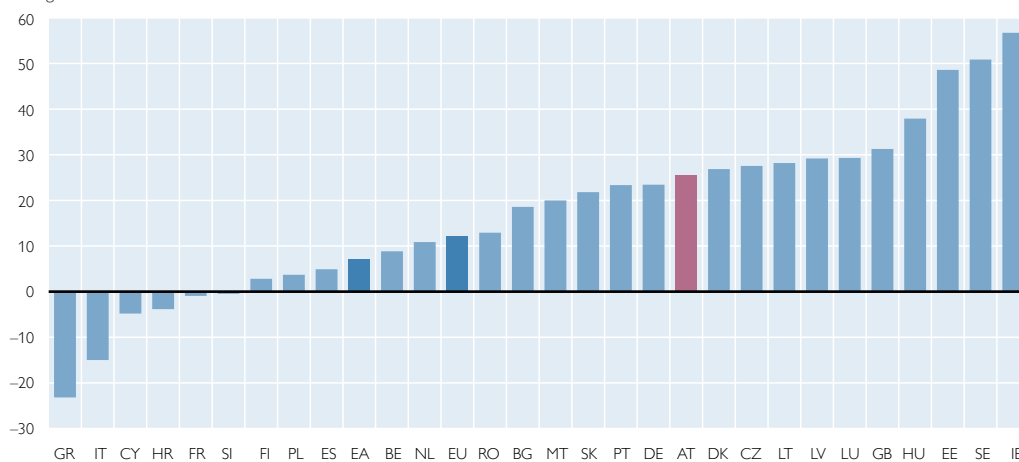
Demographic developments that gave rise to increasing demand for housing were among the main factors driving real estate price growth over the past few years. In addition to that, residential construction had been subdued up until 2016; together, these trends contributed to substantial excess demand for residential property. Since 2017, both stronger growth of investment in residential construction and first signs of diminishing demographic pressure have helped reduce excess demand. However, demand is still supported by continued favorable financing conditions and the ongoing low interest environment. Therefore, residential property price growth, especially in Vienna, has been increasingly deviating from fundamentals that are part of the OeNB's fundamentals indicator for residential property prices.

That said, price growth has not been going hand in hand with an above-average increase in real estate lending. The growth of outstanding real estate loans to households has been almost unchanged at 4½% to 5% since 2015 (2018: 4.8%). Also, Austrian households' debt is low, by international standards, and stable. The two most important risk factors in household borrowing – the high share of both bullet loans in foreign currency and variable rate loans – have diminished significantly over the past few years. The share of foreign currency loans in the total stock of housing loans amounted to no more than 12% in 2018, compared to 38% in 2009, and the share of variable rate loans (with an initial rate fixation period of up to one

Chart 5

Change in house prices in EU Member States between 2012 and 2017

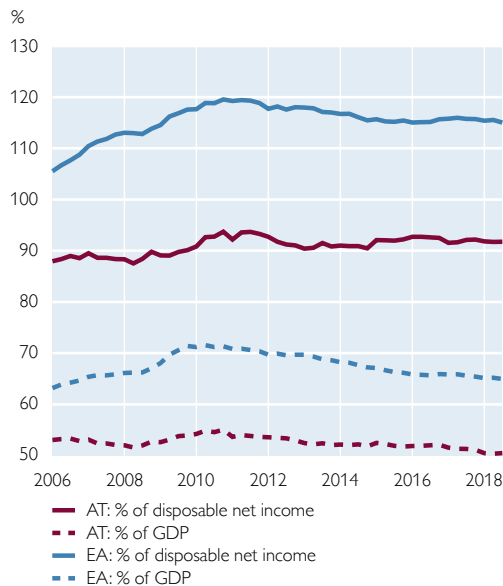
Change on 2012 in %



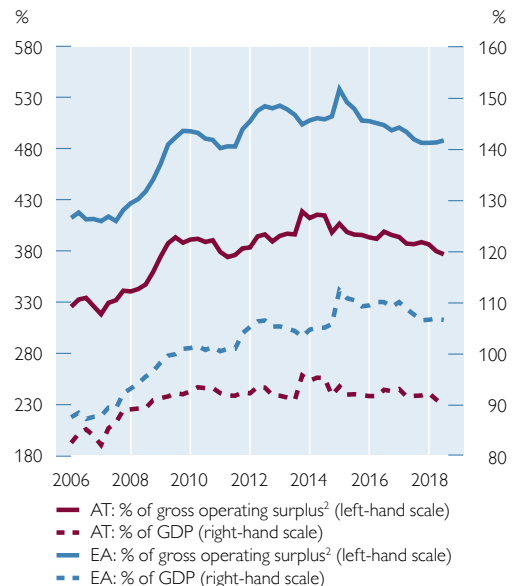
Source: ECB.

Note: Prices of new and existing dwellings (current prices).

Chart 6

Household debt

Source: ECB.

¹ Short- and long-term loans, money and capital market instruments.² Including mixed income of the self-employed.**Corporate debt¹**

year) in new loans dropped from 84% in 2014 to 44% in 2018. Also, Household Finance and Consumption Survey (HFCS) data show that Austrian households' debt-servicing capacity is strong by international standards.

Household and corporate sectors: high levels of financial assets, low debt

In 2018, households saved about 6.9% of their net disposable income. With total financial assets amounting to some EUR 654.5 billion (176.5% of GDP) at the end of 2017, the household sector is a key supplier of capital to other sectors in Austria. Households' debt totaled 50.5% of GDP in the third quarter of 2018, which is clearly below the euro area average of 64.9%. Likewise, at 376.5% of gross operating surplus or 89.8% of GDP, corporate debt in Austria was lower than the euro area average (488.2% and 106.4%, respectively) in the third quarter of 2018.

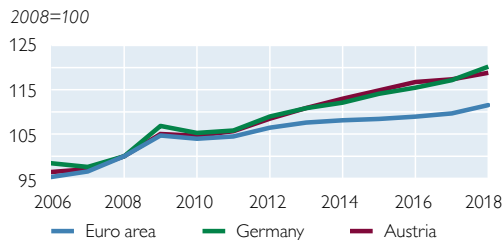
1.2 Continued current account surpluses confirm international competitiveness of Austrian economy**Price competitiveness of Austrian economy stable**

The Austrian economy's price competitiveness as measured by the real effective exchange rate (REER) has hardly changed over the past ten years (REER defined as nominal exchange rate for the manufacturing industry, deflated with the GDP deflator (price competitiveness) and by unit labor costs (cost competitiveness) for the total economy; for all euro area countries and the 19 most important trading partners from Austria; source: ECB). The real-effective depreciation by 2% since 2008 means a slight improvement in competitiveness. Nominal unit labor costs have risen at rates comparable to those of Germany. In contrast, unit labor costs in

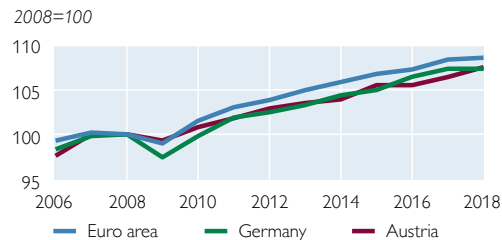
Chart 7

International competitiveness

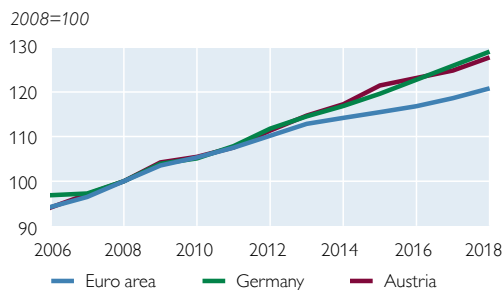
Unit labor costs



Productivity per hour worked



Compensation per hour worked



Real effective exchange rate



Source: Eurostat.

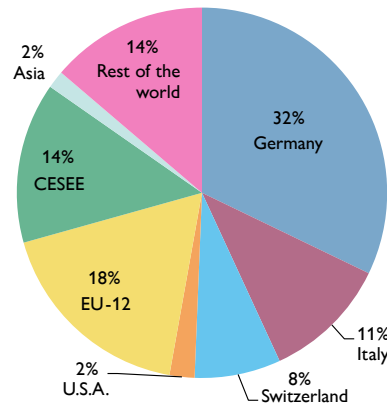
the euro area grew less against the background of structural adjustments after the economic crisis. While productivity per hour in Austria, Germany and the euro area expanded at almost the same pace, hourly wage growth in the euro area was slower than in Austria and Germany. Given the stable level of price competitiveness, Austrian exporters have recently benefited from the pickup in global trade. On the back of robust growth in important export markets – especially in CESEE – in 2017 and 2018, Austrian nominal goods exports expanded by 8.2% and 5.7%, respectively, year on year (source: Statistics Austria).

Austria's external trade is regionally diversified, exposure to foreign exchange risk is low

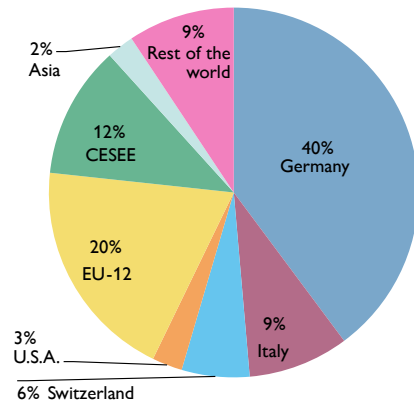
In 2018, more than half of Austria's goods exports went to the euro area, which meant that they were not exposed to any direct exchange rate risk. Among Austria's trade partners in the euro area, Germany is still the most important one by far, with a share of 30% in Austria's total goods exports, followed by Italy, which accounts for a share of 6.5%. Furthermore, CESEE is a very important export market for Austria. Exports to the region have expanded rapidly in the past years. While the share of goods exported to the euro area has declined since 1996, the share of goods exported to CESEE has steadily increased (1996: 15%, 2017: 21%). Given that CESEE's growth advantage vis-à-vis the euro area has recently widened again (to 2 percentage points), the region will definitely remain a central growth market for Austrian exporters in the near future. Next to CESEE, the U.S.A., Switzerland and Asia rank among Austria's most important export markets outside the euro area.

Regional pattern of Austrian goods exports

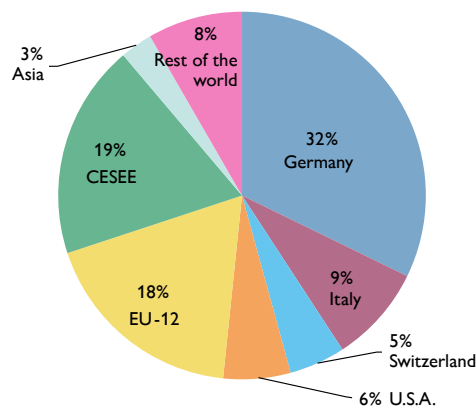
1980



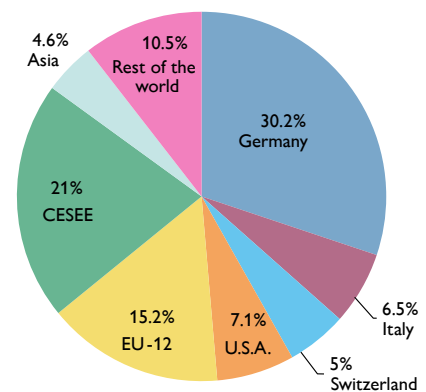
1992



2004



2017



Source: Statistics Austria.

Note: Asia: CN, JP, KR; EU-12: BE, DK, FI, FR, GR, IE, LU, NL, PT, ES, SE, UK;

CESEE countries: BG, EE, LV, LT, PL, RO, SK, SI, CZ, HU, AL, BA, HR, ME, RS, BY, MD, RU, UA.

The sectoral structure of Austria's external trade follows the pattern typically observed in highly industrialized nations. At 40%, machinery and transport equipment make up the lion's share of Austria's goods exports. Other important pillars of Austrian export activity include manufactured goods, chemicals, and commodities and transactions not classified elsewhere, which together account for some 46% of goods exports.

Next to goods exports, which make up 70% of total exports, services exports (30%) also play an important role. While in recent years, goods exports have grown more strongly than services exports, the positive balance of goods (EUR 4.5 billion) is still below the balance of services (EUR 10.3 billion). The balance of services was substantially driven by the tourism sector, with overnight stays having seen new record highs. Other services exports, e.g. exports of business-related services, expanded vigorously as well: According to the technology balance of payments, Austria has turned into a net exporter of technology-related know-how of EUR 3.3 billion or 1% of GDP.

Box 1

Brexit: economic impact on Austria low

The U.K.'s decision to leave the EU and the ensuing uncertainty about how the withdrawal would be implemented is likely to have weighed on U.K. growth over the past two years. The economic impact of Brexit has been investigated in numerous empirical studies. A number of different transmission channels must be analyzed to be able to effectively ascertain the economic effects. There are studies that focus on the long-term impact of Brexit (over a 5- to 15-year horizon) and contain quantifications of direct trade effects resulting from the imposition of tariffs and other non-tariff trade barriers. Some studies also seek to analyze and quantify effects with respect to exchange rates, FDI, productivity, capital stock as well as migration, the EU budget and financial markets. Given that these studies differ greatly in terms of their underlying assumptions, it is not possible to directly compare their results.

Nevertheless, they provide some indication of potential economic effects. For instance, it can be expected that Brexit will have a substantial adverse impact on the U.K.'s GDP, thereby causing income losses in the U.K., whereas the impact on the EU will be much weaker overall. Having said that, the impact on the individual Member States is likely to vary widely from country to country; for Austria, it is expected to be comparatively small. All studies (except for Vandenbussche et al., 2018) suggest that Austria is set to experience a loss in GDP of less than

Estimated by	Time horizon	Country/ region	GDP change on baseline in %	
			Soft Brexit	Hard Brexit
HM Government	15 years	UK	Common market	Customs union
	compared to now		-1.4 (-2.4 to -0.9)	-6.7 to -4.9 (-8.1 to -3.4)
Bank of England Nov.2018	5 years compared to now	UK	Economic partnership -0.75 to +1.75	"Disruptive & disorderly" -7.75 to -4.75
Oberhofer, Pfaffermayr (2017/2018)	6 years; general equilibrium solution	UK	-1.86 (-3.74 to -0.3)	-3.05 (-5.73 to -0.79)
		EU	-0.06 (-0.18 to +0.04)	-0.01 (-0.24 to 0.02)
		AT	0.01 (-0.02 to 0.04)	-0.02 (-0.05 to 0.01)
Felbermayr et al. (2017)	Static, long-run equilibrium effects	UK	-0.65 to -0.36	-1.73 to -1.13
		EU	-0.12 to -0.07	-0.26 to -0.21
		AT	-0.06 to -0.03	-0.12 to -0.09
Vandenbussche et al. (2017)	Static, long-run equilibrium effects	UK	-1.21	-4.47
		EU	-0.38	-1.54
		AT	-0.25	-0.99
Dhingra et al. (2017)	Static (trade) general equilibrium + dynamic effects	UK	-1.3	-2.7
		EU	-0.3	-0.85
		AT	-0.1	-0.2
Rojas-Romagosa (2016)	Computable general equilibrium model (medium to long term)	UK	-3.4	-4.1
		EU	-0.6	-0.8
		AT	-0.3	-0.4

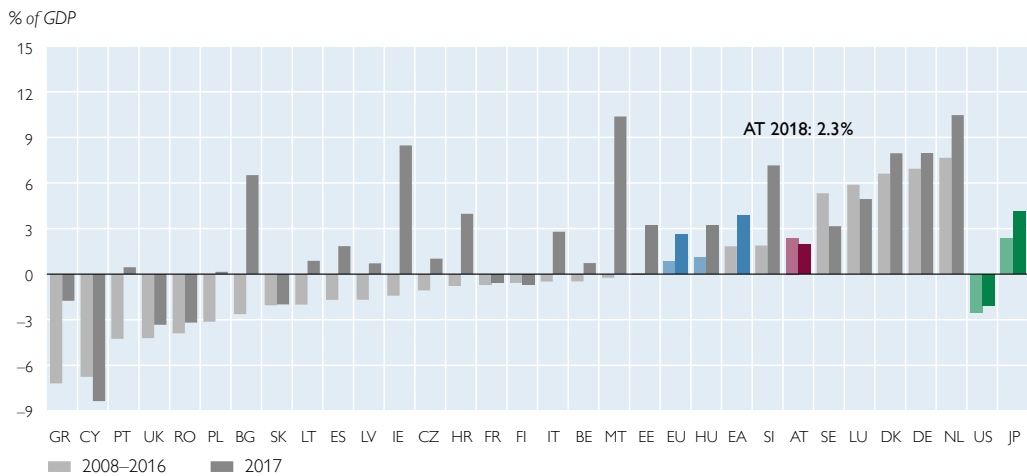
0.5% over the long term in case of a hard Brexit. This does not mean, however, that individual Austrian businesses or regions may not be affected more strongly (e.g. regions with traditionally high numbers of tourists from the U.K.).

Current account surpluses confirm Austria's international competitiveness

Austria has constantly recorded current account surpluses since 2002. In 2018, the current account surplus amounted to EUR 9.0 billion or 2.3% of GDP. The increase of 0.4 percentage points compared to 2017 is mainly due to a significant improvement in the balance of goods (+0.9 percentage points), while the primary and secondary

Chart 9

Current account balances of EU Member States, the U.S.A. and Japan

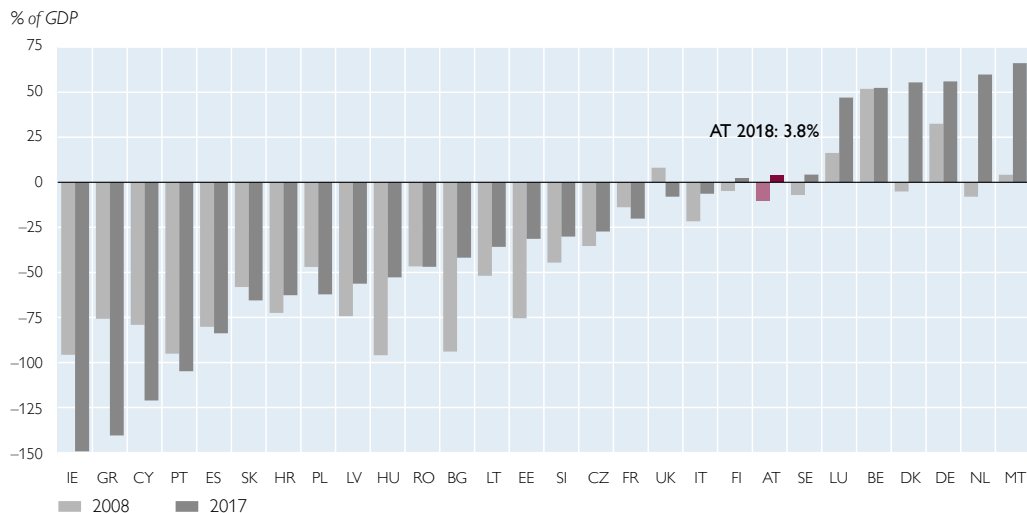


Source: Eurostat, OeNB, WIFO.

Note: U.S.A. and Japan: averages derived from European Commission and IMF data.

Chart 10

Net international investment position



Source: Eurostat, ECB (SDW), OeNB, WIFO.

income balances declined (by -0.5 percentage points in total). In light of the strong competitiveness of the Austrian economy all forecasts currently predict that Austria will continue to post current account surpluses in the coming years.

Austria's net international investment position positive since 2013

Due to its sustained current account surplus – since 2002 Austria has recorded a cumulated surplus of EUR 123 billion – Austria has steadily improved its net international investment position (IIP). In 2013, its net IIP entered positive territory, and in 2018, it came to EUR 14.8 billion (3.8% of GDP). Overall, Austria's net international investment position is fairly balanced, compared to high deficits in Ireland, Greece and Cyprus and high surpluses in Malta, Germany and the Netherlands.

1.3 Significant decline in Austria's budget deficit and debt thanks to good economic situation

The general government budget balance amounted to $+0.1\%$ of GDP in 2018 (compared with -0.8% of GDP in 2017). This is the first time since the mid-1970s that a general government surplus (best value) has been achieved. The significant improvement in 2018 was essentially due to the very good economic environment and a further decline in interest expenses. Thus, the federal government's target of achieving a balanced general government budget balance in 2019 has already been achieved ahead of schedule.

Since 2016, the debt ratio has also been falling again. The significant decline by just over 4 percentage points to 73.8% of GDP in 2018 is attributable to the budget surplus as well as high nominal GDP growth and the recovery of assets from the state's bad banks.

Austria achieved a structural budget balance of -0.3% of GDP in 2017

Under the preventive arm of the Stability and Growth Pact of the European fiscal framework, Austria has a structural budget balance target of -0.3% of GDP. Based on the latest output gap estimates of WIFO, Austria roughly achieved this result in 2018. A slight improvement in the structural balance is expected for 2019, as expansionary measures such as the family bonus will be more than offset by the reduction in subsidies and a further decline in interest expenditure. A possible tax reform the funding of which is not ensured beforehand could again lead to a deviation from the structural budgetary objective from 2020/21.

Table 3

EU fiscal governance requirements

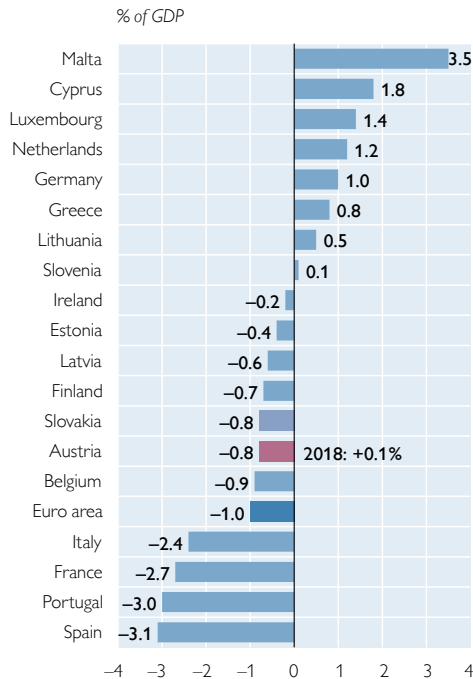
	Release	2014	2015	2016	2017	2018	Source	Requirement
		% of GDP						
Budget balance	March 2019	-2.7	-1.0	-1.6	-0.8	0.1	Statistics Austria	$\geq -3\%$ of GDP
Public debt	March 2019	84.0	84.7	83.0	78.2	73.8	Statistics Austria	from 2017: reduction of difference to 60% of GDP by an average 1/20 per year,
Structural balance	March 2019	-0.6	0.0	-1.1	-0.8	-0.3	Statistics Austria, EC	from 2017: MTO (target value) is -0.5% of GDP

Source: Statistics Austria, European Commission (EC), Ministry of Finance.

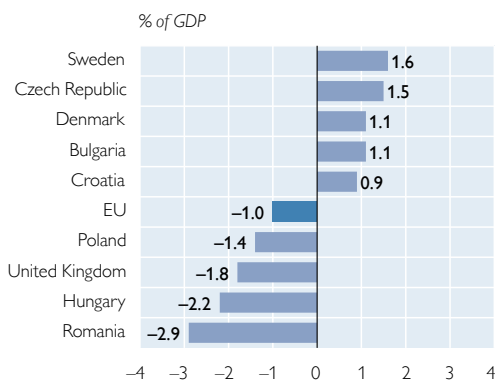
Chart 11

Budget balances of EU Member States in 2017

Euro area countries



Non-euro area countries

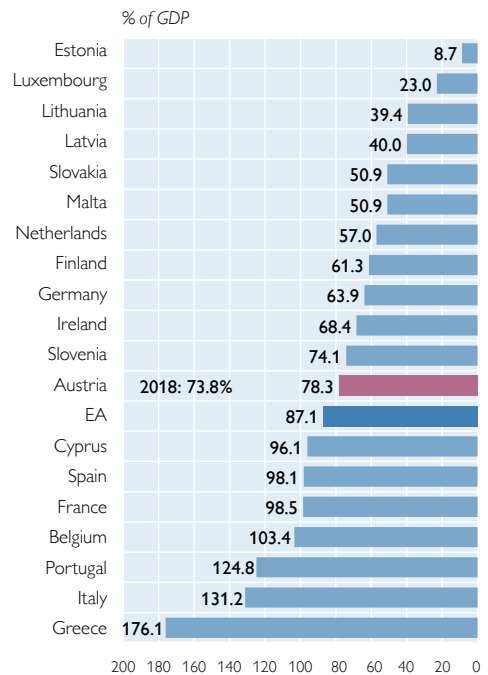


Source: Eurostat.

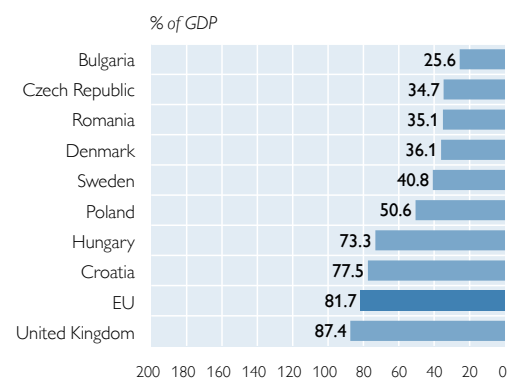
Chart 12

Public debt of EU Member States in 2017

Euro area countries



Non-euro area countries



Source: Eurostat.

Top external assessment of the Austrian economy

Due to difficult economic conditions, most European countries have lost their AAA ratings. Austria maintains an AAA rating with DBRS and holds an AA+ rating with Standard & Poor's, Fitch and Moody's (Aa1). In July 2018, Fitch changed the outlook for Austria from "stable" to "positive" and confirmed this assessment in spring 2019. Thus there is a prospect of achieving the top rating "AAA" again. S&P also confirmed both its rating and its stable outlook in March 2019. Further improvements in ratings could be achieved given Austria's comparably high growth potential and good growth performance as well as a further reduction of government debt, as targeted by the federal government.

2 Austrian banks face rising risks despite benign environment

2.1 Profitability and capitalization need to be strengthened further

Profitability has reached pre-crisis levels, driven mainly by risk provisions in 2018

The strong upswing in Austria and CESEE is reflected in Austrian banks' 2018 results. Credit growth has gained further momentum, and for the first time in several years, interest income was up after having decreased since 2010.

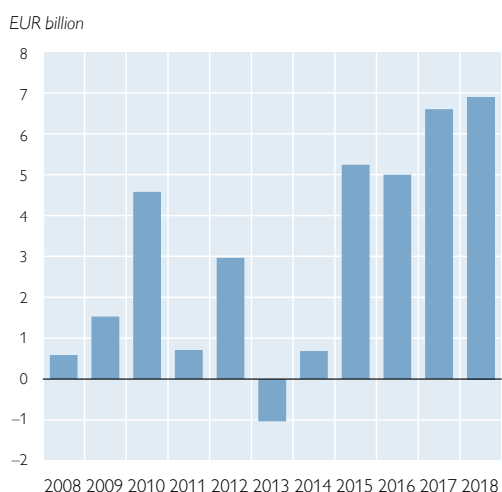
Austrian banks' consolidated net profit amounted to EUR 6.9 billion in 2018 (+5% year on year). This performance was helped by the fact that risk provisions were reduced to a historically low level. However, a deterioration in credit quality triggered by a macroeconomic downturn would necessitate a renewed increase in risk provisions, which, in turn, would weigh on banks' results. Therefore, the prudent management of profits (also with a view to further capital increases) is necessary to ensure that profitability will remain sustainable also when the economy slows down.

Although risk provisions have been released, the coverage ratio – i.e. loan loss provisions to nonperforming loans – remained at a solid level, also by international comparison.

Banks' restructuring efforts and the adjustments of their business models as well as supervisory measures implemented in the past few years have strengthened financial stability in Austria. However, banks are called upon to take further steps toward enhancing their cost efficiency and resilience to improve their capacity to absorb the effects of a potential economic downturn.

Chart 13

Consolidated net profit of Austrian banks



Source: OeNB.

Table 4

Aggregated profit and loss account of Austrian banks (consolidated)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
EUR billion									
Net interest income	20.4	20.4	19.3	18.6	19.3	18.3	14.6	14.5	15.2
Fee and commission income	7.7	7.6	7.3	7.6	7.7	7.7	6.6	6.9	7.1
Trading income	1.0	0.8	1.1	0.7	0.4	-0.0	0.1	0.1	-0.6
Operating profit	13.5	10.4	12.1	8.0	8.9	10.5	5.7	8.1	8.4
Net result after tax	4.6	0.7	3.0	-1.0	0.7	5.2	5.0	6.6	6.9

Source: OeNB.

Note: For figures as of end-2016 comparability with previous figures is limited due to the restructuring of UniCredit Bank Austria in 2016.

Domestic lending by Austrian banks has gathered pace

Credit growth gained further momentum in 2018. Credit to nonfinancial corporations in Austria has been growing particularly sharply since mid-2017; in December 2018, the annual growth rate stood at 6.7%. Lending to households has increased at a rate between 3% and 4% since end-2016, with housing loans posting slightly higher growth rates (4.6% on average).

Credit quality continues to improve

Austrian banks' credit quality has continued to improve in the domestic market and in CESEE markets. The ratio of nonperforming loans (NPL ratio) has dropped further both at the consolidated level and for the domestic business, amounting to 2.6% and 2.0%, respectively, in the fourth quarter of 2018. Once again, Austrian banks' subsidiaries in CESEE posted the sharpest decrease in their NPL ratio, which improved from 4.5% to 3.2% in the fourth quarter of 2018 on the previous year.

Capitalization below average by international comparison

The capitalization of Austrian banks was below average in the third quarter of 2018, compared to both EU banks and the significant institutions (SIs) under the Single Supervisory Mechanism (SSM). The consolidated common equity tier 1 (CET1) ratio of Austrian banks stood at 14.8% at the end of September 2018, slightly below the EU average of 15.1%. At year-end 2018, the consolidated CET1 ratio of Austrian banks stood at 15.4%, which is –0.2 percentage points lower, when compared to the previous year. This is the first time in years that the year-end CET1 ratio had not increased. The gap between Austrian banks and their SSM peers is more pronounced: The CET1 ratios of Austrian SIs was 12.9% at the end of the third quarter of 2018, which compares to an average ratio of 14.2% for all SIs covered by the SSM. That said, the Austrian banking sector as a whole is now significantly better capitalized than before the outbreak of the financial crisis more than ten years ago.

The fact that capital levels have dropped despite favorable economic conditions, characterized by dynamic credit growth, improved credit quality and high profits, underlines that retained profits are a key factor in Austrian banks' capitalization. Therefore, a balance between profit distributions and the buildup of capital is called for.

Box 2

Austrian banks' performance in stress test meets expectations

In the 2018 stress test conducted by the European Banking Authority (EBA), the CET1 ratios for the Austrian banking groups Erste Group Bank AG (Erste Group) and Raiffeisen Bank International AG (RBI) were higher than in the 2016 exercise, even in the adverse scenario. The assumptions underlying the hypothetical adverse scenario designed by the EBA included a slump in economic growth, negative exchange rate developments and a fall in real estate prices as well as a very pessimistic growth outlook for CESEE, which would be of particular relevance to Austrian banks. These assumptions placed an above-average strain on banks with a strong deposit base.

At slightly below –4 percentage points, the effect the adverse scenario had on the two Austrian banks' capital positions roughly corresponded to the average of all banks included in the stress test exercise. Erste Group's and RBI's stressed capital ratios were once again below the average of all banks covered by the stress test, which can be attributed to the fact that

despite significant improvements, the two banks had entered the stress test with capital ratios clearly below average.

In addition to the EBA's stress test, the OeNB conducts an annual stress test for the entire Austrian banking sector with a focus on less significant institutions (LSIs) in line with its statutory mandate. This exercise is based on the same adverse scenario as that used by the EBA. The results for the banking system confirm the findings for the two SIs; higher capital levels help mitigate losses in times of stress. This notwithstanding, banks must enhance their cost structure, profitability and capitalization further as long as the economic environment remains favorable. Stress tests allow forward-looking "what if" analyses on the basis of various scenarios. They are one among several analytical tools used to arrive at an overall risk assessment of a bank or the entire banking sector.

2.2 Austrian banks' foreign operations still focus on CESEE

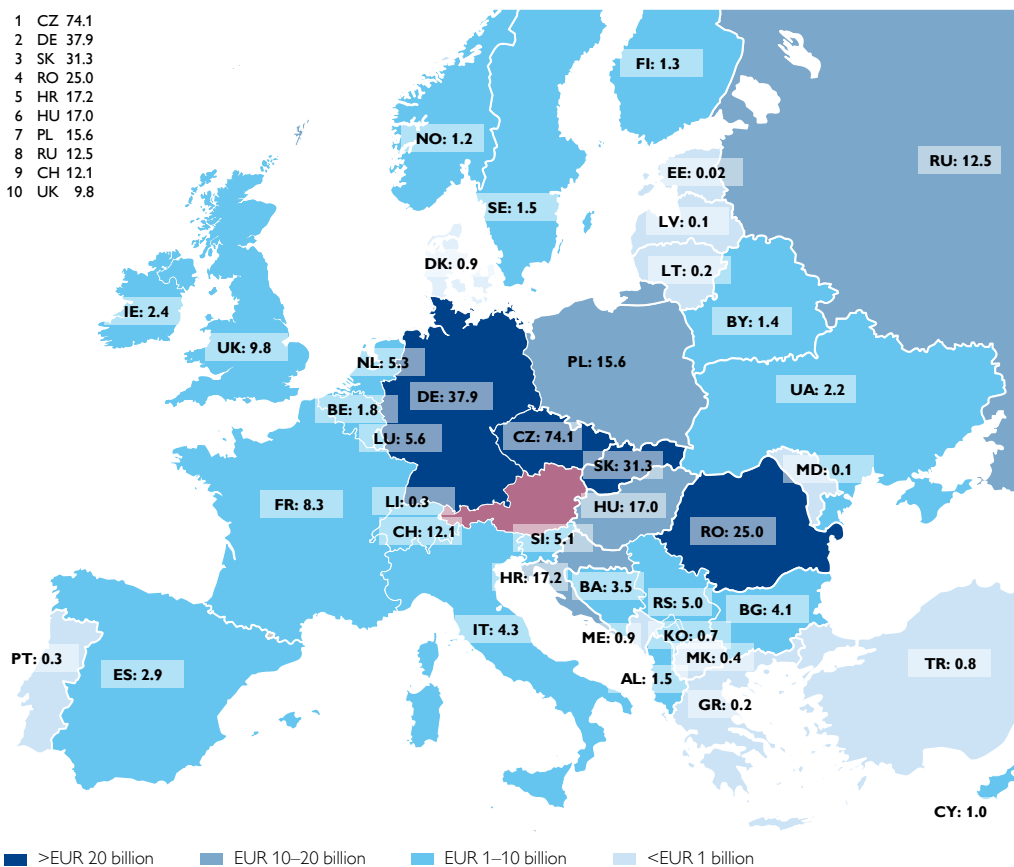
At the end of September 2018, the consolidated foreign claims of banks in Austrian majority ownership³ totaled EUR 326 billion (see chart 14), with claims on CESEE accounting for some two-thirds of this amount. As regards the aggregate CESEE-related

Chart 14

Austrian banks'¹ consolidated foreign claims (immediate borrower basis)

EUR billion

- 1 CZ 74.1
- 2 DE 37.9
- 3 SK 31.3
- 4 RO 25.0
- 5 HR 17.2
- 6 HU 17.0
- 7 PL 15.6
- 8 RU 12.5
- 9 CH 12.1
- 10 UK 9.8



Source: OeNB, Q3 2018.

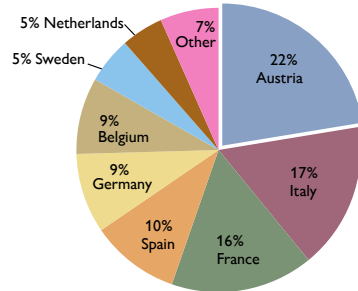
¹ In majority domestic ownership.

³ Consolidated foreign claims (immediate counterparty basis) as defined by the Bank for International Settlements (BIS).

Chart 15

EU-15 banks' shares in total exposure to CESEE

Total: EUR 976 billion



Source: BIS.

Note: Q3 2018. Data include banks in majority domestic ownership.

claims of EU-15 banks, the Austrian banking sector's share added up to 22% at the end of September 2018 (see chart 15).

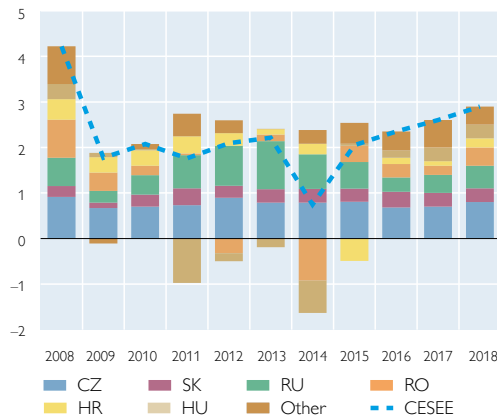
Profitability of Austrian banks' CESEE subsidiaries has increased further

Austrian banks' subsidiaries in CESEE benefited from relatively benign economic conditions, posting aggregate year-end profits of EUR 2.9 billion in 2018 (see chart 16), up almost 11% on the previous year. Profits increased comparatively strongly for subsidiaries in Romania, but also in Croatia, and were also up in the Czech Republic and Slovakia.

Chart 16

Net results of Austrian banks' CESEE subsidiaries

EUR billion



Source: OeNB.

Note: From 2016 onward, figures do not include subsidiaries of UniCredit Bank Austria.

Austrian banks' CESEE subsidiaries record buoyant credit growth

The favorable macroeconomic environment supported the growth of credit, in particular to households, in a number of CESEE countries. New lending by Austrian subsidiary banks in the region focused on household loans in 2018. Exchange-rate adjusted credit growth in this segment reached 8% year on year in 2018. Lending by Austrian subsidiary banks grew particularly strongly in the Czech Republic and Slovakia, the two biggest markets for Austrian banks in terms of exposure and profit contributions.

Austrian subsidiary banks' lending to households in CESEE is primarily in local currency and based on local deposits. As a result, the stock of foreign

currency loans continues to decrease. These developments show that the macroprudential measures initiated by the OeNB and the FMA (Guiding Principles on foreign currency lending, Sustainability Package) still have the intended effect.

In light of the overall increased growth of credit to households, a number of supervisory authorities in CESEE have also stepped up their monitoring activities and launched macroprudential measures.

2.3 Macprudential measures strengthen financial stability

Foreign currency loans in Austria and CESEE continue to decline sharply

Prudent and timely supervisory measures have contributed to the fact that foreign currency loans no longer pose a systemic risk for the Austrian banking sector. In 2018, outstanding foreign currency loans to households and nonfinancial corporations in Austria contracted by 10.2% to EUR 18.5 billion (exchange rate-adjusted). As a result, the foreign currency share in total loans dropped to 9.2% for loans to households and to 2.3% for loans to nonfinancial corporations. With the aim of further raising borrowers' awareness, in particular with regard to potential risks, in early 2019, the OeNB, the FMA and the Austrian Economic Chamber reviewed and distributed to domestic banks their information leaflet about the risks of foreign currency loans in Austria.

The volume of foreign currency loans granted by Austrian subsidiaries in CESEE has shrunk by two-thirds since end-2010, standing at EUR 29.8 billion at end-2018. This implied that the share of foreign currency loans (of which the euro-denominated loans account for 80%) in total loans dropped from 47% to 25% over the same period.

Funding situation of Austrian banks' CESEE subsidiaries has improved further

The OeNB's and FMA's supervisory guidance on strengthening the sustainability of the business models of large internationally active Austrian banks ("Sustainability Package") aims at improving foreign subsidiaries' stable local funding base to prevent excessive credit growth, thereby reinforcing financial stability both in host countries and in Austria. The OeNB's ongoing analysis confirms that Austrian banks' CESEE subsidiaries have a balanced funding base; at year-end 2018, the loan-to-deposit ratio stood at 76%, compared with 106% at end-2011.

Macprudential capital buffers strengthen financial stability

The systemic risk buffer (SyRB),⁴ which was first activated in Austria on January 1, 2016, is currently being applied to 13 banks at the consolidated level. A review of the SyRB conducted in 2018 showed that banks are building up capital without constraining lending in Austria and in CESEE. Improvements from a systemic risk perspective were found in terms of capitalization, sector size, foreign exposure as well as ownership and group structures. Despite these improvements, the fundamental assessment that had led to the activation of the SyRB remained unchanged, however. Given that these systemic risks may manifest themselves both at the consolidated and the unconsolidated level and that, in particular within cross-border banking groups, capital allocation in crisis situations would not be flexible, the SyRB has been applied to seven banks also at the unconsolidated level since January 1, 2018.

The OeNB also carries out an annual evaluation of the significance of individual banks for the entire Austrian financial system and an assessment of whether the malfunctioning or failure of individual banks could trigger systemic risks (other

⁴ The SyRB was designed to mitigate long-term noncyclical systemic risks. Its activation was recommended by the FMSB in June and September 2015. At the end of the phase-in period (i.e. from January 1, 2019) the SyRB amounts to up to 2% of risk-weighted assets.

systemically important banks, O-SIIs).⁵ Also, following a regular review, it was decided on the basis of OeNB analyses that the countercyclical capital buffer was to be maintained at 0% of risk-weighted assets, given that credit growth had been found to be not excessive (meeting of the FMSB on February 18, 2019).

Sustainable lending standards in real estate financing in Austria

International experience has shown that the bursting of credit-financed real estate price bubbles may generate high costs for a banking system, an economy and public finances. Unlike many other countries, Austria has not seen such adverse developments in the real estate sector in the past decades. However, in light of persistently low interest rates and the prospect of a further rise in property prices, it cannot be ruled out that lending standards may be loosened. Systemic risks emanating from real estate financing are limited in Austria at present, but compliance with sustainable lending standards is vital to ensure that such risks can be kept at bay also in the future. Sustainable lending standards are in the interest of both the banking sector on the one hand and borrowers and businesses on the other. Therefore, on the OeNB's initiative, the FMSB quantified its understanding of sustainable lending in its meeting of September 21, 2018.

Table 5

Sustainable real estate lending standards in Austria

Minimum borrower down payment	Benchmark: 20% of loan
Maturity	More than 35 years should be granted only in exceptional cases
Debt servicing	Benchmark: no more than 30% to 40% of the borrower's net income; calculations of income and expenditure must be conservative (income must be verified, regular, sustainable).

The OeNB will continue to closely monitor developments in the real estate market as well as the banks' compliance with the FMSB's understanding of sustainable lending. If systemic risks from real estate financing should arise, based on the OeNB's analysis, the FMSB can recommend that the FMA take measures in line with Article 22b Banking Act.⁶

2.4 Adjustments in the Austrian banking sector and macroprudential measures contribute to improved external ratings

The external ratings of Austrian banks continued to improve in 2018. Since end-May 2018, the Austrian banking sector has been ranked among the world's 13 most stable banking systems according to S&P.⁷ This means that the Austrian banking sector is seen on par with the banking systems of, for instance, Germany,

⁵ The O-SII buffer is prescribed for banks whose malfunctioning or failure may trigger a systemic risk which could entail serious negative consequences for the financial system and the real economy (Article 23c in conjunction with Article 2 para. 41 Austrian Banking Act).

⁶ This includes, among other things, the specification of caps on the loan-to-value ratio, the debt service-to-income ratio and maturities.

⁷ SAP draws on Banking Country Risk Assessments (BICRA) for its bank ratings. There are ten BICRA groups, ranging from 1 (lowest risk) to 10 (highest risk). Austria is assigned to group 2, and there is currently no banking system that qualifies for group 1.

France, Belgium and the Netherlands. In the same vein, the IMF (in its Article IV mission concluding statement) and the European Commission identified improvements in banks' capitalization, profitability and business models (referring, in particular, to de-risking in CESEE). The high NPL coverage ratios were also seen as a positive factor. However, the IMF also called on banks to take additional measures to strengthen their capital buffers, increase cost efficiency and ensure sustainable lending. Moody's changed the outlook for the Austrian banking sector from positive to stable in August 2018, assuming a slower increase in capitalization due to increased dividend payments, among other factors. At the same time, the Austrian supervisory authorities' proactive approach and macroprudential initiatives toward sustainable lending have been positively acknowledged. The developments currently seen in the Austrian real estate market and in real estate funding are not considered a systemic risk at this point. Also, the sovereign ratings for Austria issued by Fitch and S&P in spring 2019 confirmed improvements in the Austrian banking sector, but the assessments also identified potential for further action. Profitability increased on the back of lower risk provisions, while the cost-income ratio remained unchanged. In addition, banks are seen to be dependent on CESEE business, e.g. in terms of profitability. The Sustainability Package and the fact that a legal basis has been established to address risks resulting from real estate financing are considered measures with a positive impact.

2.5 Transfer of banking supervisory responsibilities to the FMA

In November 2018, the Austrian federal government decided to restructure the banking supervisory framework; the reform is set to take effect on January 1, 2020. The Financial Market Authority (FMA) will take over microprudential analysis from the OeNB, while the OeNB will remain in charge of financial stability monitoring and macroprudential analysis and oversight. In addition, a competence center for financial market strategy and financial market development as well as a pool of experts dealing with quality assurance in official bank inspections shall be established at the OeNB. Work toward implementing the restructuring of the supervisory framework is underway and scheduled to be concluded by end-2019.

3 Annex of tables

Table A1

Real GDP¹

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	<i>Annual change in %</i>									
Austria	2.9	0.7	0.0	0.7	1.1	2.0	2.6	2.7	2.0	1.7
Euro area	1.6	-0.9	-0.2	1.4	2.1	2.0	2.4	1.8	1.3	1.5
EU	1.8	-0.4	0.3	1.8	2.3	2.0	2.4	1.9	1.6	1.7

Consumer price indices¹

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	<i>Annual change in %</i>									
Austria	3.6	2.6	2.1	1.5	0.8	1.0	2.2	2.1	1.8	2.0
Euro area	2.7	2.5	1.4	0.4	0.2	0.2	1.5	1.8	1.5	1.8
EU	3.1	2.6	1.5	0.6	0.1	0.2	1.7	1.9	1.6	1.7

Unemployment rates¹

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	<i>% of labor force</i>									
Austria	4.6	4.9	5.4	5.6	5.7	6.0	5.5	4.9	5.1	5.0
Euro area	10.2	11.4	12.0	11.6	10.9	10.0	9.1	8.2	8.0	7.7
EU	9.7	10.5	10.9	10.2	9.4	8.6	7.6	7.0	x	x

Current account balances¹

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	<i>% of GDP</i>									
Austria	1.6	1.5	1.9	2.5	1.7	2.5	2.0	2.3	2.0	1.9
Euro area	0.8	2.2	2.8	3.0	3.4	3.5	4.0	3.9	3.7	3.6
EU	0.4	1.2	1.6	1.6	1.8	1.9	2.6	2.1	2.0	1.9

Budget balances¹

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	<i>% of GDP</i>									
Austria	-2.6	-2.2	-2.0	-2.7	-1.0	-1.6	-0.8	0.1	-0.1	-0.3
Euro area	-4.2	-3.7	-3.1	-2.5	-2.1	-1.6	-1.0	-0.6	-1.0	-0.9
EU	-4.6	-4.3	-3.3	-2.9	-2.3	-1.7	-1.0	-0.7	-1.0	-0.1

Government debt ratios¹

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	<i>% of GDP</i>									
Austria	82.4	81.9	81.3	84.0	84.7	83.0	78.2	73.8	71.2	68.4
Euro area	86.8	89.8	91.7	92.0	90.0	89.2	87.0	85.0	83.6	81.8
EU	81.4	83.8	85.7	86.4	84.4	83.3	81.6	81.6	80.2	78.6

Source: Eurostat, Statistics Austria, IMF.

¹ The data for 2019 to 2020 are based on the IMF World Economic Outlook forecast (March 2019).

Note: x = data not available.

Table A2

General government interest payments

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	% of GDP									
Austria	3.1	2.9	2.8	2.7	2.6	2.4	2.3	2.1	1.8	1.6

Household debt

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	% of disposable net income									
Austria	90.1	93.7	93.3	91.1	90.8	90.5	92.2	92.5	92.2	x
Euro area	117.6	119.6	118.9	118.0	117.0	115.5	115.4	115.7	115.7	x
	% of GDP									
Austria	53.9	55.0	53.6	53.0	52.0	51.8	51.7	52.1	51.1	x
Euro area	71.4	71.3	70.4	69.7	68.6	67.2	66.2	65.9	65.4	x

Corporate debt¹

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	% of gross operating surplus ²									
Austria	387.9	390.3	382.2	389.2	418.5	398.0	395.5	395.5	388.4	x
Euro area	497.6	488.7	499.1	519.7	503.9	511.7	507.6	498.0	485.7	x
	% of GDP									
Austria	91.9	93.1	92.2	91.7	95.5	91.6	91.7	92.5	91.6	x
Euro area	100.8	101.1	103.8	105.1	103.2	105.6	109.1	109.0	106.4	x

Residential property price index

	2013	2014	2015	2016	2017	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18
	Index 2000=100									
Austria excluding Vienna	141.1	145.4	152.9	166.7	174.9	175.0	178.8	186.2	187.1	192.0
Vienna	196.3	204.6	209.2	217.2	220.4	221.6	220.1	227.7	229.4	236.1
	Annual change in %									
Austria excluding Vienna	2.7	3.1	5.1	9.1	4.9	4.5	7.3	10.0	6.0	9.7
Vienna	8.7	4.2	2.2	3.8	1.5	3.4	0.3	3.5	4.2	6.5

Source: OeNB, Austria Immobilienbörse, Prof. Wolfgang Feilmayr, Department of Spatial Planning, Vienna University of Technology, Statistics Austria, ECB.

¹ Short- and long-term loans, money and capital market instruments.

² Including mixed income of the self-employed.

Note: x = data not available.

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