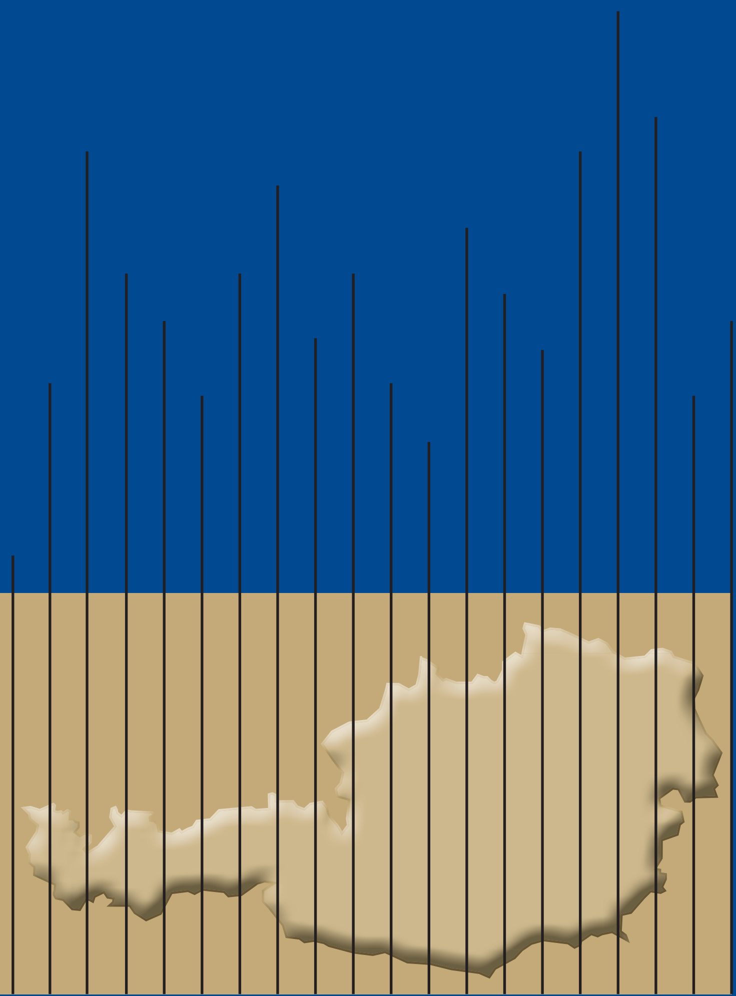
OESTERREICHISCHE NATIONALBANK
EUROSYSTEM

FACTS ON AUSTRIA AND ITS BANKS



Stability and Security.

October 2015 – Key indicators updated January 2016

Contents

Cut-off date for data: October 20, 2015; key indicators (pages 4 and 5) updated January 31, 2016.

Key indicators for the Austrian economy

Cut-off date for data: January 31, 2016.

Economic indicators

	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	2014	2015	2016	2017
Economic activity	*EUR billion (four-quarter moving sums)*								
Nominal GDP	329.7	331.2	333.0	335.0	337.2	329.7	337.2	349.6	361.5
	Change on previous period in % (real)								
GDP	0.1	0.2	0.3	0.3	0.3	0.4	0.7	1.9	1.8
Private consumption	0.0	0.1	0.1	0.1	0.2	0.1	0.2	1.6	1.4
Public consumption	0.0	0.2	0.3	0.3	0.6	0.8	0.8	1.3	1.1
Gross fixed capital formation	–0.2	0.2	0.4	0.6	0.4	–0.1	0.4	2.3	2.2
Exports of goods and services	0.1	0.2	0.9	1.5	0.8	2.2	2.3	3.9	4.5
Exports of goods	–0.3	0.2	1.3	1.6	1.0	2.0	2.3	4.1	4.5
Imports of goods and services	0.1	0.4	0.9	2.0	1.1	1.1	2.1	3.6	4.3
Imports of goods	–0.2	0.5	1.2	2.0	1.0	0.5	2.0	3.9	4.2
	% of nominal GDP								
Current account balance	×	×	×	×	×	2.0	2.7	2.8	3.1
Prices	*Annual change in %*								
HICP inflation	1.3	0.6	1.0	0.9	0.7	1.5	0.8	1.3	1.7
Compensation per employee	1.6	1.7	1.9	2.0	0.3	1.8	1.8	1.3	1.6
Unit labor costs	2.4	2.2	2.0	1.7	0.0	2.2	1.8	0.4	0.8
Productivity	–0.7	–0.5	–0.1	0.3	0.3	–0.4	0.1	0.9	0.8
Income and savings	*Annual change in %*								
Real disposable household income	–0.3	–1.6	–0.3	2.9	–1.0	0.6	–0.4	2.8	1.0
	% of nominal disposable household income								
Saving ratio	×	×	×	×	×	7.9	7.1	8.1	7.7
Labor market	*Change on previous period in %*								
Payroll employment	0.3	0.3	0.2	0.3	0.2	0.9	1.0	1.2	1.1
	% of labor supply								
Unemployment rate (Eurostat)	5.6	5.6	5.8	5.7	6.1	5.6	5.8	6.1	6.3
Public finances	*% of nominal GDP*								
Budget balance	×	×	×	×	×	–2.7	–1.6	–2.0	–1.7
Government debt	×	×	×	×	×	84.2	84.9	83.3	81.7

Source: OeNB, Eurostat, Statistics Austria.

Note: All data for 2015-2017 are based on the OeNB's June 2015 forecast; the forecasts for the current account balance and the savings ratio are no longer valid due to historical data revsions. x = data not available.

Financial indicators

	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	2011	2012	2013	2014
Austrian banking system	*Consolidated in EUR billion*								
Total assets	1,096	1,078	1,105	1,079	1,076	1,166	1,164	1,090	1,078
Equity capital[1]	88.7	87.6	88.6	89.5	87.3	88.1	88.2	89.0	87.6
Exposure to CESEE[2]	194.0	184.8	189.6	197.1	197.9	216.1	209.8	201.8	184.8
Structural indicators	*Consolidated in %*								
Total capital adequacy ratio[1]	15.5	15.6	15.4	15.9	15.9	13.6	14.2	15.4	15.6
Tier-1 capital ratio[1]	11.9	11.8	11.6	12.2	12.2	10.3	11.0	11.9	11.8
Leverage[3]	5.8	5.7	5.7	5.9	5.9	5.8	6.1	6.5	5.7
Credit growth and quality (AT)	*Annual change in %*								
Flow of loans to nonbanks	0.5	0.7	0.7	0.4	0.7	2.3	0.4	–0.4	0.7
	Share of loans to nonbanks in %								
Share of foreign currency loans	11.6	11.1	11.7	11.3	10.5	17.3	14.4	12.3	11.1
Loan loss provision ratio	3.6	3.3	3.3	3.3	3.1	3.2	3.3	3.5	3.3
Nonperforming loan ratio	4.4	4.4	4.4	4.6	4.3	4.5	4.7	4.1	4.4
Profitability	*Consolidated in EUR billion*								
Net result after tax	1.0	0.7	1.2	2.6	4.5	0.7	3.0	–1.0	0.7
	Consolidated in %								
Return on assets	0.2	0.1	0.5	0.6	0.7	0.1	0.3	0.0	0.1
Cost-to-income ratio	66.8	69.1	62.2	60.3	61.7	66.4	61.7	73.0	69.1
Subsidiaries in CESEE[4]	*%*								
Loan-to-deposit ratio	100.3	96.7	96.6	93.9	90.3	105.8	99.4	95.8	96.7
Return on assets (annualized)	0.4	0.3	0.9	1.0	0.8	0.7	0.8	0.8	0.3
Cost-to-income ratio	50.0	52.7	52.2	48.9	50.6	50.1	52.4	52.7	52.7
Loan loss provision ratio	7.6	7.3	7.1	7.0	7.2	7.3	7.6	8.0	7.3
Households and nonprofit institutions serving households	*EUR billion*								
Financial assets	576.5	583.2	595.3	597.7	592.4	528.0	548.7	566.9	583.2
Financial liabilities (loans)	166.1	166.8	170.3	171.1	171.6	164.4	164.5	164.6	166.8
of which foreign currency loans	*26.7*	*25.4*	*27.5*	*26.7*	*24.9*	*38.7*	*32.9*	*28.4*	*25.4*
of which foreign currency housing loans	*20.3*	*19.5*	*21.4*	*20.8*	*19.5*	*27.7*	*24.3*	*21.5*	*19.5*
Nonfinancial corporations	*EUR billion*								
Financial assets	456.7	469.9	485.8	484.0	488.2	390.6	410.7	448.6	469.9
Financial liabilities	702.0	712.4	734.8	729.8	734.9	606.2	646.0	692.7	712.4
of which loans and securities (other than shares and other equity)	*357.4*	*357.5*	*369.6*	*366.5*	*371.4*	*316.6*	*331.0*	*351.8*	*357.5*
of which shares and other equity	*251.5*	*261.0*	*263.0*	*263.9*	*269.7*	*216.6*	*226.8*	*248.3*	*261.0*
	EUR billion (four-quarter moving sums)								
Gross operating surplus	72.3	71.9	72.4	73.1	74.0	73.7	73.6	72.7	71.9

Source: OeNB, Statistics Austria.

[1] Capital ratios are based on CRD IV definitions from 2014 onward, which limits the comparability with earlier measures.
[2] CESEE exposure of majority Austrian-owned banks (BIS definition).
[3] Defined according to Basel III provisions from 2014 onward. Earlier measures correspond to tier-I capital after deductions in % of total assets.
[4] From 2014 onward, these figures include the pro-rata share of Yapi ve Kredi Bankasi, a joint venture of UniCredit Bank Austria in Turkey.

Note: x = data not available.

Overview of major economic developments in Austria[1]

The Austrian economy is robust

- *Austria outperformed the euro area in terms of GDP growth and, hence, welfare levels in the last decade. The growth rates for 2014 and 2015 lag behind euro area growth, though.*
- *The Austrian economy is well diversified and its sectoral structure is well balanced.*
- *Given high employment and low unemployment rates by international standards as well as a low strike frequency, social stability is high.*
- *Since the launch of the euro in 1999, HICP inflation has averaged 1.9% in the euro area and in Austria, thus being in line with the ECB's price stability target. Yet since September 2012, HICP in Austria has exceeded inflation in the euro area and in individual euro area countries.*
- *House prices have risen markedly in some domestic regions and market segments since the onset of the financial crisis, but for the country as a whole they are broadly in line with economic fundamentals. Austria has not experienced a real estate bubble and bust in recent years.*
- *Austria's saving ratio (2014: 7.9%) is below the euro area average. The large stock of financial assets held by the household sector totaled EUR 583 billion (or 177% of GDP) in 2014, serving as an important refinancing source for other economic sectors.*
- *Austria's household debt ratio (2015 Q1: 89.7% of net income) has decreased significantly in recent years; both this ratio and Austria's corporate debt ratio (2015 Q1: 244.3% of gross operating surplus or 95% of GDP) are below the corresponding euro area ratios.*
- *Given high employment growth in a context of moderate output growth, Austria has been losing ground in unit labor costs and productivity per employee vis-à-vis the euro area.*
- *Foreign trade in goods is well diversified both by region and by product type. In 2014, Austria transacted about half of its foreign trade with other euro area countries, i.e. without any exchange rate risk. Almost one-third of goods exports went to Germany.*
- *A steady string of current account surpluses since 2002 (2014: 2.0% of GDP) confirms the international competitiveness of the Austrian economy and has enabled Austria to balance its international investment position (2014: EUR 7.2 billion or 2.2% of GDP).*
- *Austria's public debt ratio increased significantly in 2014, to 84.2%. This increase was driven above all by the reorganization of the Hypo Alpe Adria group. The corresponding capital transfers were also the main reason for the increase in the general government budget deficit, which reached –2.7% in 2014. The outlook for 2015 implies a marked improvement of the budgetary position.*
- *In the 2015 Alert Mechanism Report of the European Commission – published within the European semester for economic policy coordination with a view to detecting and correcting macroeconomic imbalances within the EU – Austria received very good scores. The results for 2015 put Austria among the 10 EU member countries which do not require an in-depth review.*

[1] *Cut-off date for data: October 20, 2015.*

Profits have improved but challenges persist for Austrian banks – supervisory measures taken to ensure financial stability

- *The consolidated net result of Austrian banks totaled EUR 2.6 billion in the first half of 2015, which is an improvement by EUR 3.2 billion compared with the corresponding 2014 result. This improvement was driven by an increase in net interest income, better provisioning results, a strong decrease in depreciation and amortization costs as well as lower credit risk provisions. Moreover, following the restructuring of Hypo Alpe Adria International, the consolidated net result no longer reflects the performance of Hypo.*
- *Overall, the risks identified for the Austrian banking sector continue to persist: the comparatively weak profitability performance of domestic business; the substantial but broadly diversified exposures to Central, Eastern and Southeastern Europe (CESEE) and the heightened concentration of profits in a small number of CESEE countries; the relatively large size of the Austrian banking system compared to other European countries; and capital positions that are below those of peer banks.*
- *The capital positions of domestic banks have gradually improved since 2008 as a result of both supervisory action and banking sector efforts. However, capitalization continues to be below the average of European peers. In contrast, the leverage ratios of Austrian banks are more favorable than those of their European peers. Principally, Austrian banks will need to make further efforts to strengthen their risk resilience.*
- *Yet the activities of Austrian banks' subsidiaries in CESEE remain an important business area. In recent years, profits were increasingly concentrated in the Czech Republic and Slovakia, as well as Russia and Turkey (which are subject to higher volatility). The net result for the first half of 2015 generated by Austrian banks' subsidiaries in CESEE totaled EUR 1.5 billion (+47% year on year).*
- *With a view to improving the stability of the domestic financial system, the Austrian Financial Market Stability Board has endorsed recommendations for the activation of macroprudential capital buffers, specifically a systemic risk buffer to counteract long-term non-cyclical systemic risks as well as a capital buffer for other systemically important institutions in Austria, based on guidelines issued by the European Banking Authority.*
- *These buffers will enhance a series of earlier macroprudential measures: The Austrian Financial Market Authority (FMA) and the OeNB have been cautioning against the risks arising from foreign currency loans and loans with an accompanying repayment vehicle for more than ten years. Responding to supervisory guidance, banks have been granting fewer new foreign currency loans both in Austria and in CESEE. And outstanding loan stocks, while remaining a source of risk – especially Swiss franc loans following the removal of the floor against the euro – are gradually diminishing.*
- *Macroprudential guidance for large internationally active Austrian banks adopted by the Austrian authorities in March 2012 ("sustainability package") has since led to a more balanced refinancing structure of Austrian banks' subsidiaries in CESEE and has reduced their reliance on liquidity transfers from their parent banks in Austria.*
- *Legislation transferring the Directive on Deposit Guarantee Schemes (DGSD) into national law – the Act on Deposit Guarantee Schemes and Investor Compensation – entered into effect on August 15, 2015. So far, this directive has been implemented by 11 EU member countries, including Austria.*

1 The Austrian economy is in a structurally strong position

1.1 Austria is one of the most robust economies in the euro area

Output growth in Austria lags behind euro area growth in 2014 and 2015

While the Austrian economy outperformed the euro area in the period from 2006 to 2013 in terms of GDP growth (with the exception of 2010), domestic growth lagged behind euro area growth in 2014, and will do so also in 2015. The IMF expects this growth gap to close in 2016, projecting 1.6% of GDP growth for both Austria and the euro area.

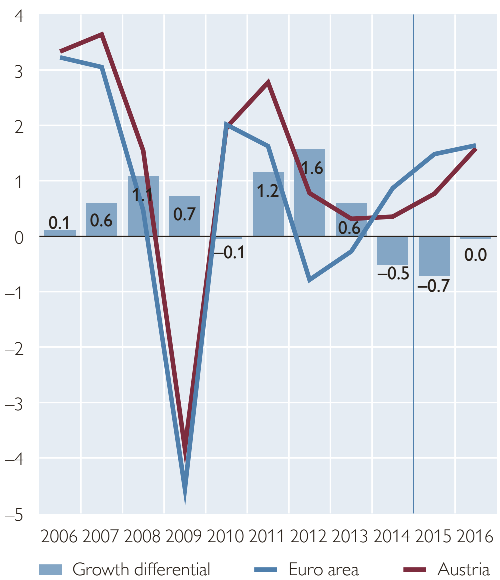
Austria's weaker GDP growth compared with the euro area can be traced to developments in the euro area as well as in the domestic economy. The euro area went through a second recession in 2012 and 2013 (after 2009). Following sweeping structural adjustments, some crisis states (Spain and Ireland) started to achieve significantly higher growth rates than the euro area, thus raising the euro area average. Austria, meanwhile, has been recording higher inflation rates than the euro area in recent years. High domestic inflation has caused the real disposable income of households to stagnate, which has dampened private consumption in Austria. At the same time, the domestic economy has been losing price competitiveness, which has dented Austria's export performance.

In 2016, the Austrian economy will benefit from a range of positive, growth-supporting effects: the economic recovery in the euro area, the ongoing accommodation of Eurosystem monetary policy, the low level of energy prices and the tax reform adopted by the Austrian government in March 2015 will provide additional scope for private consumption spending. Together, these factors should

Chart 1

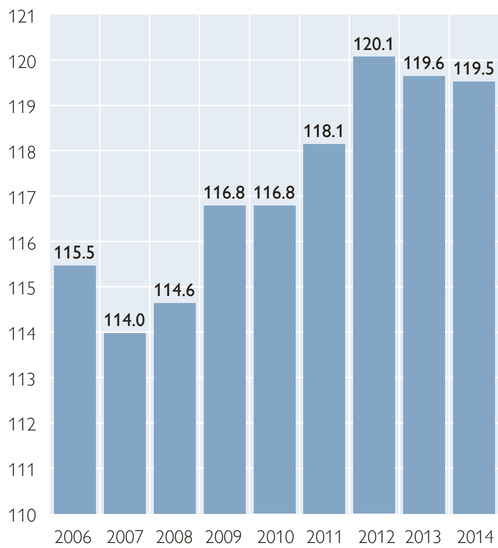
Growth differential between Austria and the euro area

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



Welfare differential between Austria and the euro area

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



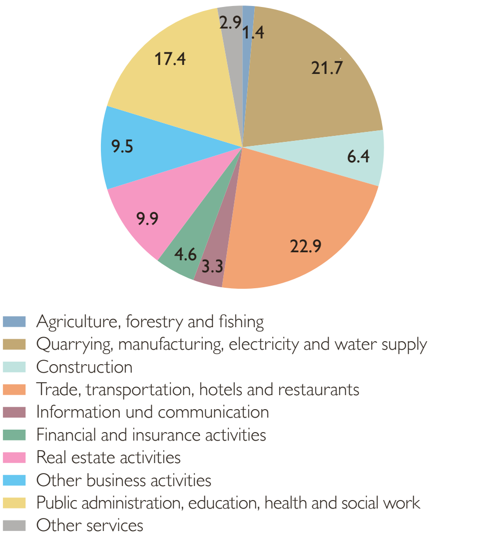
Source: Eurostat, IMF.

Note: Data for 2015 to 2016 as published in the IMF WEO of October 2015.

Chart 2

Gross value added in Austria in 2014

% of total gross value added, at current prices



Source: Statistics Austria.

refuel the Austrian economy and bring it back onto a sustainable growth path.

The sectoral structure of the Austrian economy is well balanced

The Austrian economy is solidly based on a well-balanced sectoral structure. The largest share of gross value added (close to 30%) is generated by the range of private sector services. In addition, activities classified under "quarrying, manufacturing, electricity and water supply" as well as "trade, transportation and hotels and restaurants" account for more than 20% each. Manufacturing in Austria is characterized by a high diversity of industries. The construction sector's contribution to gross value added (some 6.4%) is relatively low by international standards.

Austria recorded the second-lowest unemployment rate in the EU in 2014

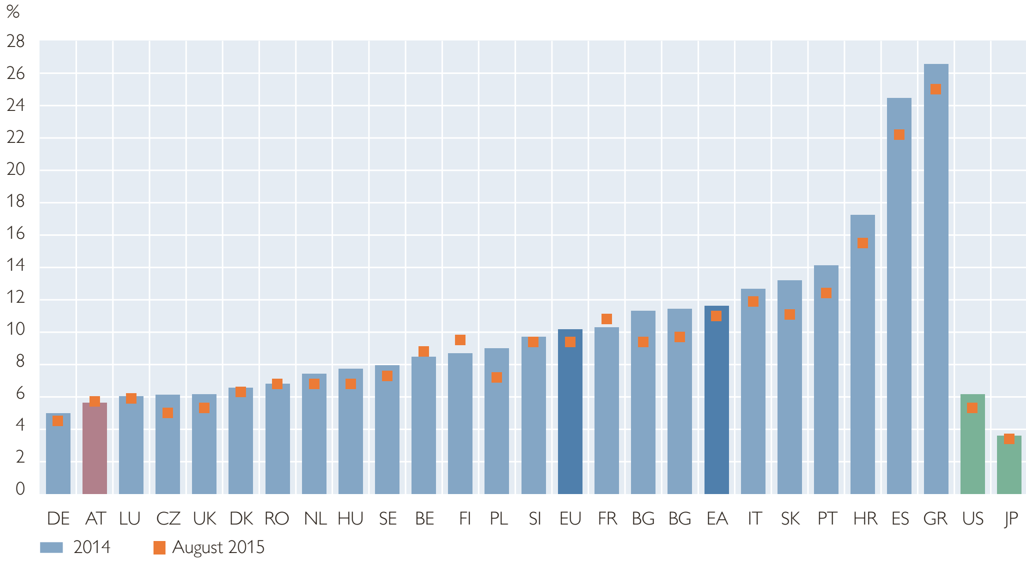
The Austrian labor market not only proved resilient to the financial and economic crisis but has also been outperforming international developments in the subsequent economic upswing. While employers cut working hours in the crisis year 2009, the number of employees decreased only marginally and has in fact been growing at an above-average rate since then, even under the adverse economic conditions of 2012–2014. As the total labor force has clearly increased, unemployment figures have been rising since mid-2011, though, to levels that are very high for Austria in a historical context. Yet in an EU-wide comparison, Austria still ranked among the top-five countries in August 2015. The Austrian labor market continues to be characterized by its basic flexibility and benefits in particular from the balance of interests achieved by the social partners as well as from well-designed social and employment measures (e.g. subsidized short-term working). In the same vein, Austria is among the top-ranking countries worldwide as regards social stability (measured, for example, by the frequency of strikes).

Inflation low by historical standards, but high compared with other euro area countries

The Eurosystem has met its price stability goal of keeping inflation close to, but below 2% since the introduction of the euro in January 1999. Notwithstanding the distinct rise in inflation before the onset of the economic crisis in 2008 and during the recovery phase in 2011 and notwithstanding the decline in inflation in mid-2009 and early 2015, HICP inflation has averaged 1.9% in the euro area as well as in Austria since 1999. A comparison of HICP inflation rates for Austria and the euro area shows that domestic inflation was consistently below euro area inflation until 2009. Subsequently, domestic inflation moved in sync with euro area

Chart 3

Unemployment rates

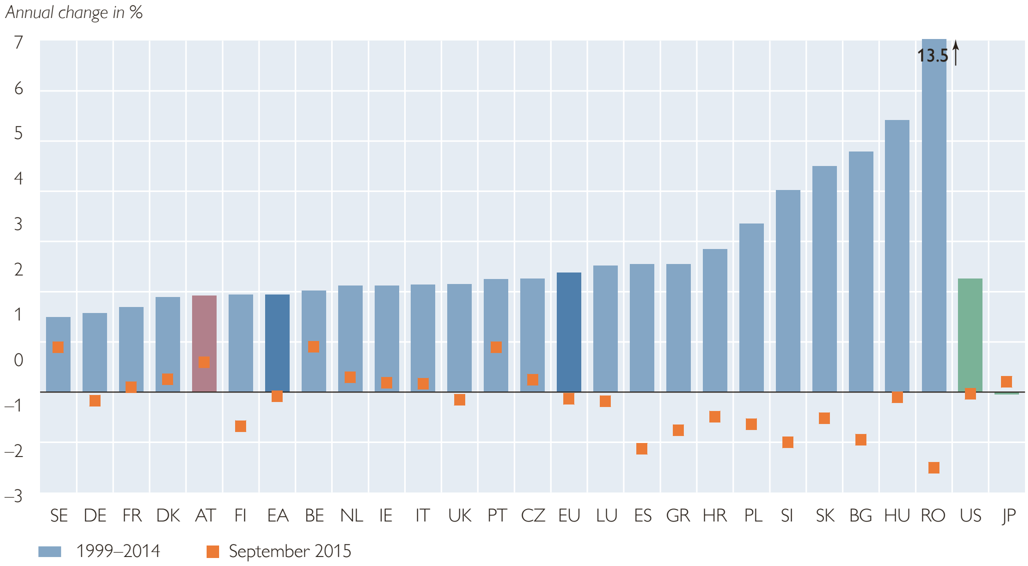


Source: Eurostat.

Note: EE, GR, HU, UK, JP: July 2015; IE, NL, FI, SE: September 2015.

Chart 4

HICP inflation rate



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

Note: JP: August 2015.

inflation from 2009 to 2012. Since September 2012, HICP inflation in Austria has exceeded euro area inflation, though.

As with GDP growth, these developments can be explained with inflation developments in some euro area countries which are going through a phase of price and wage cuts or even declining price and wage growth, with a view to improving their competitiveness. Inflation in these countries is suppressing the inflation measure for the euro area as a whole. At the same time, this inflation differential also reflects domestic developments, such as comparatively strong price increases in the service sector and tax increases. Finally, despite the significant drop in oil prices, there are currently no signs of a prolonged period of deflation in either the euro area or Austria.

Austrian real estate market: price increases but no bubble

In the period from 2004 (when comparable data for EU members became available) to 2014, real estate prices in Austria rose at a clearly stronger pace than prices in the euro area and the EU. However, unlike other EU countries (like Spain, Ireland and Cyprus) Austria did not experience the development and, ultimately, bursting of real estate price bubbles, which are masked by the period aggregates. The OeNB closely monitors price developments on the housing market and launched a fundamentals indicator for residential property prices in January 2014.

High level of financial assets – stable and moderate levels of household and corporate debt

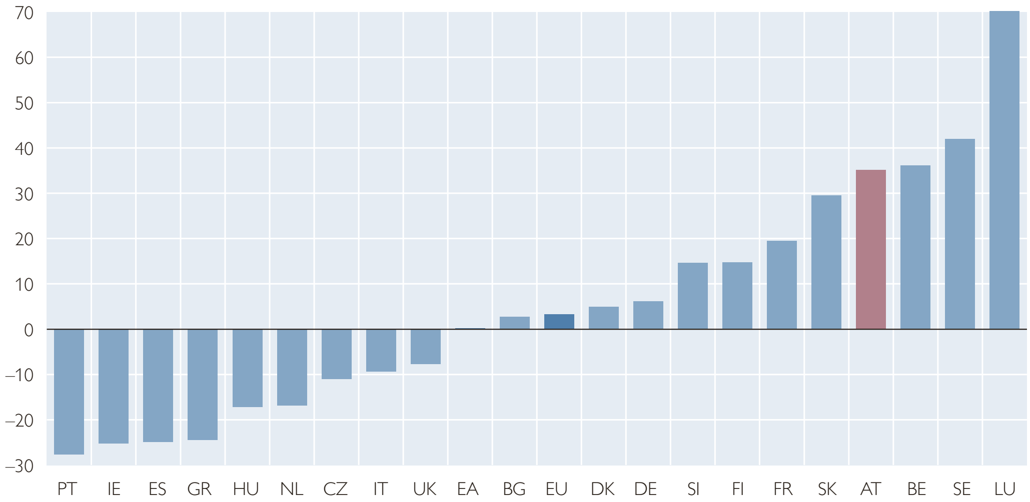
In 2014, households including nonprofit institutions serving households saved about 7.9% of their net disposable incomes. With total financial assets coming to some EUR 583.2 billion (176.9% of GDP) at the end of 2014, the household sector is a key supplier of capital to other sectors in Austria.

Austrian household debt totaled 51.7% of GDP in the first quarter of 2015, which is significantly below the euro area average of 68.1% (Q2 2015). At 244.3% of the gross operating surplus or 95.0% of GDP, corporate debt in Austria in the first quarter of 2015 was also below the euro area average of 261.9% relative to gross operating surplus and 106.3% relative to GDP (Q2 2015 respectively).

Chart 5

Real house prices in EU Member States, 2004–2014

Change against 2004 in %

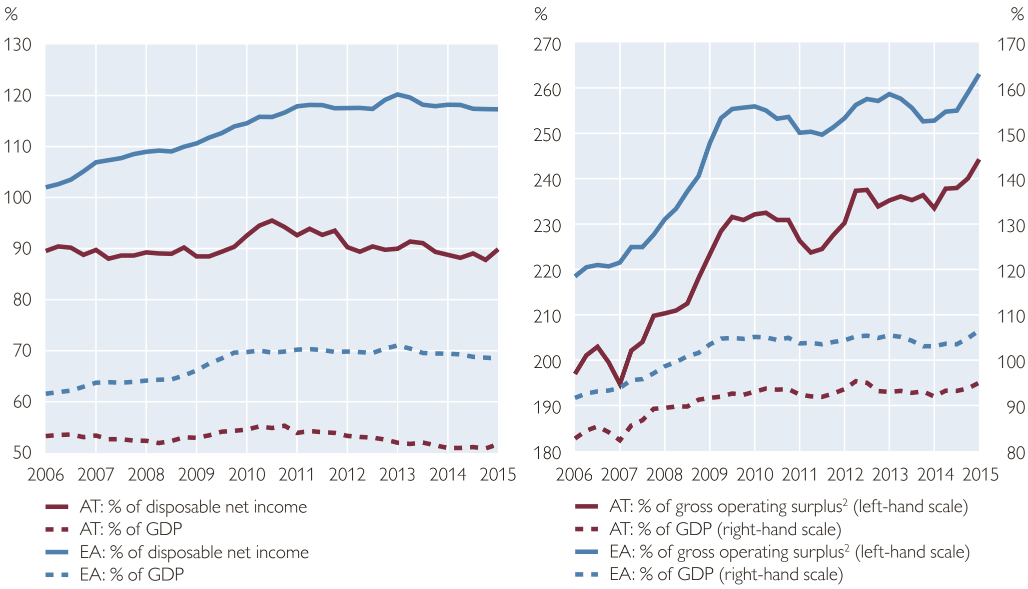


Source: ECB.

Note: Data for HU: 2004–2011; no data for RO, PL.

Chart 6

Household debt | **Corporate debt[1]**



Source: EA data: ECB, Austria data: OeNB.

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

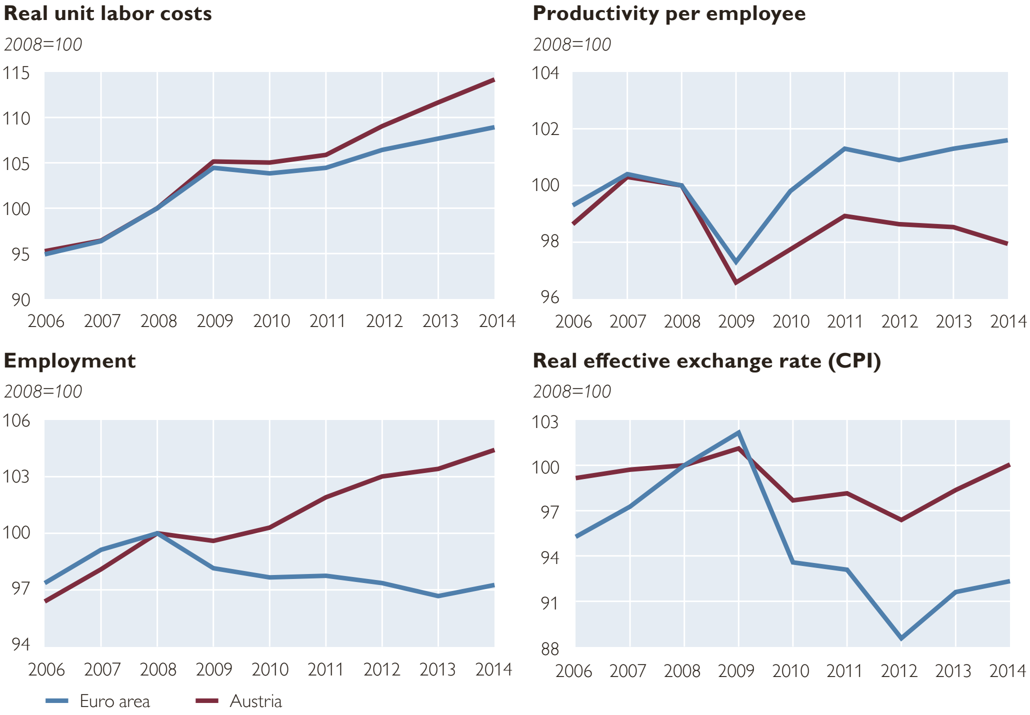
1.2 The competitiveness of the Austrian economy has come under pressure

Favorable employment climate dampened productivity growth

In the aftermath of the crisis, Austria has been losing in price competitiveness on account of comparatively weaker productivity gains. Labor hoarding in the corporate sector during the crisis years, stronger GDP growth in 2010–2011 and the delayed opening of the domestic labor market to EU CESEE nationals, in 2011, have caused headcount employment to increase at a visibly stronger pace in Austria than in the euro area. Employment continued to increase in the period from 2012 to 2014 despite the low growth environment. As a consequence, Austria has been losing ground in both unit labor costs and productivity per employee relative to the euro area. Furthermore, the euro area was losing competitiveness before the crisis based on real effective exchange rates (deflated with the CPI), but regaining competitiveness between 2009 and 2012, whereas the real effective exchange rate for Austria has remained broadly stable. This also translates into a loss of competitiveness for Austria vis-à-vis the euro area. 2013 and 2014 saw an appreciation of real effective exchange rates for both Austria and the euro area, which also translates into a loss of price competitiveness. Moreover, since September 2012, Austria has faced higher inflation rates than the euro area and its main trading partners, Germany and Italy. This inflation gap results in a real appreciation of the real effective exchange rate, which will continue to dampen Austria's competitiveness position in the coming years.

Chart 7

International competitiveness



Source: Eurostat.

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

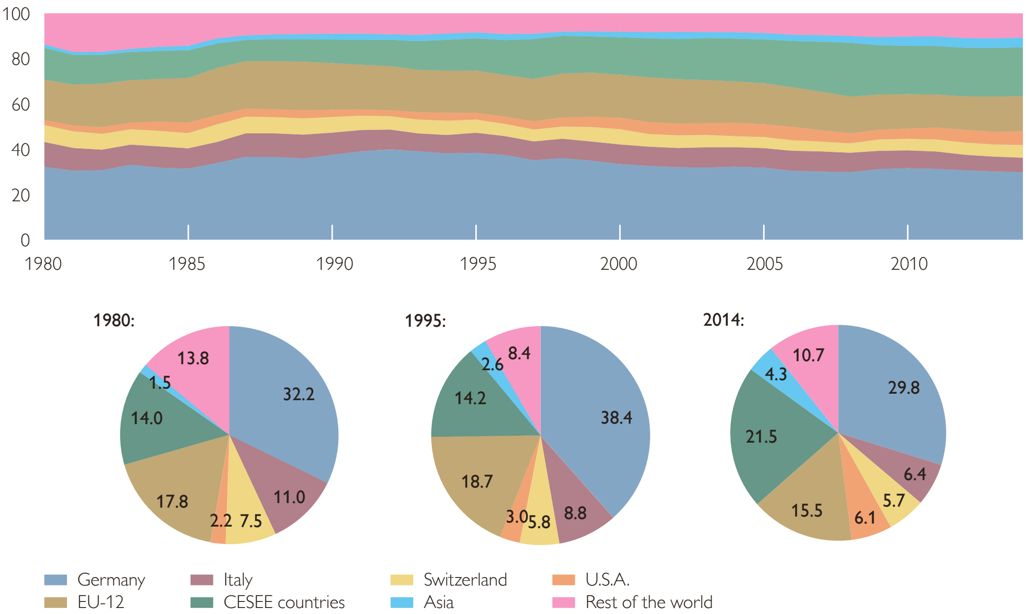
In 2014, about half of Austria's goods exports went to euro area countries, thus remaining unaffected by the euro's exchange rate changes. Unpegging the Swiss franc from the euro did not have substantial trade effects for Austria. Among Austria's trade partners, Germany is still the most important partner by far, accounting for a share of close to 30% of Austria's total goods exports. Next in the ranking are Italy, the U.S.A., Switzerland and France. On balance, the share of shipments destined for euro area countries has been on a steady decline since the mid-1990s (1995: 63%). At the same time, exports to the CESEE countries and the dynamic Asian economies – China, India and Korea – have been on the rise, with the CESEE share increasing from 14% in 1995 to 22% in 2014. Importantly, Austria's foreign trade is highly diversified in terms of goods categories. With a share of 39% of total exports, machinery and transport equipment constitute the single largest export item. Furthermore, manufactured goods, chemicals as well as commodities and transactions not classified elsewhere together account for some 47% of exports.

With goods exports accounting for 72% of total exports, Austria's export performance is largely driven by goods, but services also play a significant role: Take tourism, which has traditionally been an important pillar of the Austrian economy. Yet Austria has also gained strength in technology-driven service exports. According to the technology balance of payments, Austria is a net exporter of technology and know-how transfers of about EUR 3 billion or 1% of GDP, which

Chart 8

Regional pattern of Austrian goods exports 1980–2014

% of total nominal exports of goods



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.

allows Austria to compete with countries like Finland, Germany and Japan. The fastest growing export category is computer services, which have replaced services provided by architects and engineers as the leading technology industry. Research and development services have also been growing dynamically in the long term, yet subject to severe setbacks following the financial, fiscal and economic crisis in recent years. Apart from IT services providers, manufacturing companies are the key players in the international transfer of technological know-how, above all companies working in the electronics industry and in the field of machinery construction. In a regional perspective, Austria is a net exporter of technology-related know-how to Germany, Switzerland, Russia and China, whereas it imports know-how on balance from the U.S.A. and the U.K.

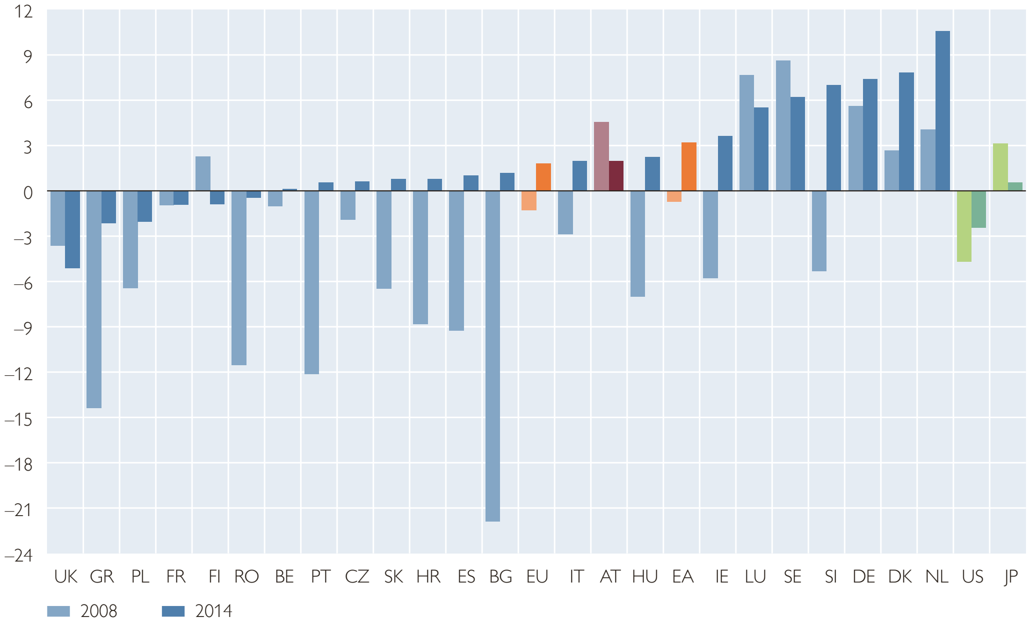
Current account surpluses confirm Austria's international competitiveness

Austria has been logging current account surpluses every year since 2002, i.e. exports of goods and services have since then exceeded imports. In 2014, Austria's current account showed a surplus of 2.0% of GDP, compared with 3.2% for the euro area and 1.8% for the EU. Austria is forecast to continue to post current account surpluses.

Chart 9

Current account

% of GDP



Source: Eurostat.

Note: BPM6; average from EC and IMF data.

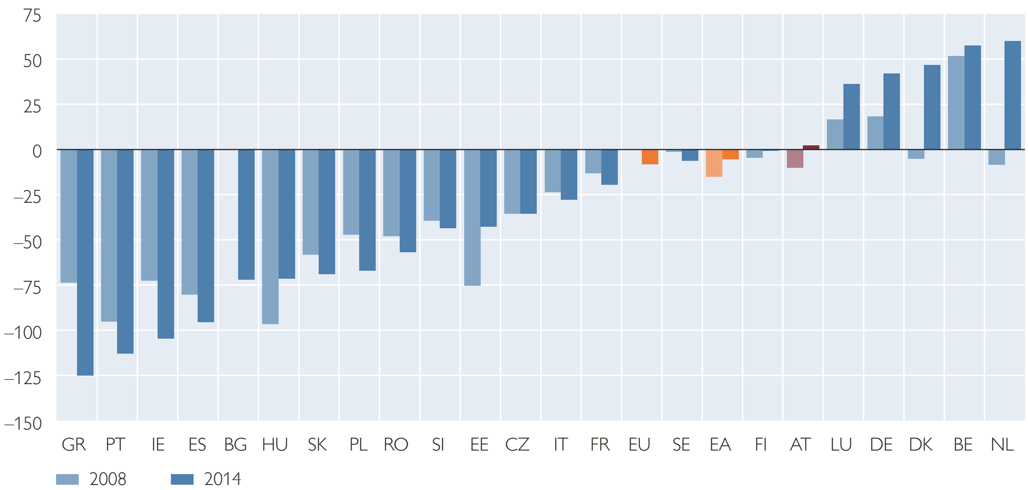
Steady improvement of Austria's international investment position

Due to its sustained current account surplus, Austria closed the international investment position (IIP) gap in recent years, reporting a positive net IIP of EUR 7.2 billion (2.2% of nominal GDP) in 2014. This compares with a net negative IIP of 5.3% for the euro area and of 8.2% for the EU.

Chart 10

Net international investment position

% of GDP



Source: Eurostat, ECB (SDW).

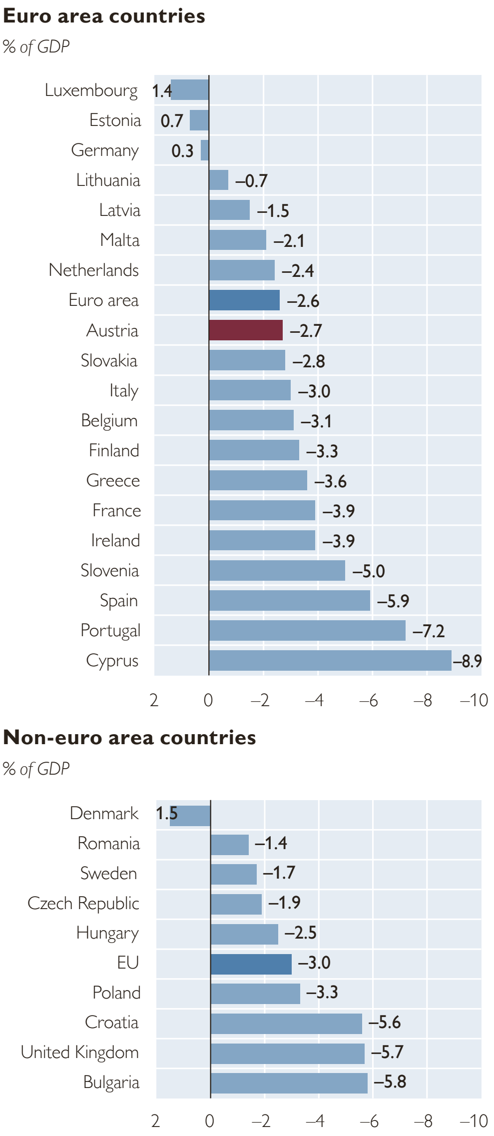
Note: EU without HR and UK.

1.3 Austria's general government deficit and debt ratios are below the euro area averages

Like all other EU countries, Austria recorded an increase in its general government deficit during the economic and financial crisis, but it was back on track to meet the Maastricht limit of 3% of GDP in 2011. In 2014, the general government budget deficit increased to 2.7% of GDP due to capital transfers to the nationalized Hypo Alpe Adria group. The outlook for 2015 implies a marked improvement of the budgetary position.

Chart 11

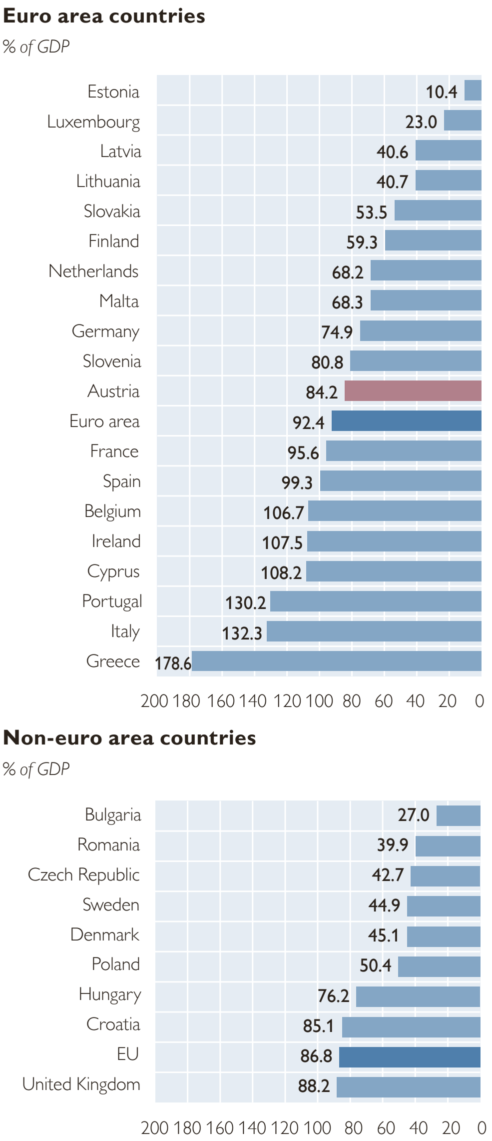
Budget balances of EU Member States in 2014



Source: Eurostat.

Chart 12

Public debt of EU Member States in 2014



Source: Eurostat.

Implementation of the European System of Accounts (ESA) 2010 had a considerable impact on Austria's general government debt ratio. Based on ESA 2010 data, Austria recorded a general government debt ratio of 64.8% of GDP (ESA 1995: 60.2%) in 2007 before the crisis, a crisis-related increase to 82.4% (ESA 1995: 72.5%) in 2010 and a decrease thereafter to 80.8% (ESA 1995: 74.5%) in 2013. In 2014, further capital transfers to nationalized banks drove the public debt ratio back up to 84.2% of GDP.

Austria achieved its medium-term budgetary objective ("preventive arm") in 2014

After deficits above 3% of GDP in 2009 and 2010, Austria recorded deficits below 3% of GDP in the period from 2011 to 2014. These developments triggered an excessive deficit procedure (EDP) for Austria and later gave rise to its abrogation in spring 2014.

Regarding the debt ratio, the "1/20 rule" stating that debt in excess of 60% of GDP must be reduced by at least 1/20th per year on average will not become binding for Austria until 2017, because Austria was subject to an excessive deficit procedure when this rule was enacted (end-2011). In the transition phase, Austria has to take measures to achieve a structural balance by 2016, which would be consistent with fulfilling the 1/20 benchmark. According to the European Commission, Austria is fully on track in this respect based on current information.

Table 1

EU fiscal governance requirements

	Release	2010	2011	2012	2013	2014	Source	Requirement
		% of GDP						
Budget balance	Oct. 2015	–4.5	–2.6	–2.2	–1.3	–2.7	Statistics Austria	>= –3% of GDP
Public debt	Oct. 2015	82.4	82.2	81.6	80.8	84.2	Statistics Austria	from 2017: Reduction of difference to 60% of GDP by 1/20 per year on average
Structural balance	May 2015	–3.0	–2.4	–1.7	–1.1	–0.4	EC	MTO (target value) is –0.45% of GDP

Source: Statistics Austria, European Commission (EC).

With the excessive deficit procedure having been abrogated, Austria is now subject to the rules of the preventive arm of the Stability and Growth Pact. According to estimates by the European Commission, Austria broadly reached its medium-term objective (MTO) for the structural balance of –0.45% of GDP in 2014, which implies that no additional major fiscal adjustments are necessary in 2015. However, the tax reform of 2016 may lead to a significant deviation from the MTO and generate new consolidation needs according to the OeNB's assessment. In line with domestic legislation, the target value of –0.45% of GDP will also be a statutory requirement from 2017 onward.

Austria without marked macroeconomic imbalances

Table 2

Macroeconomic imbalance procedure scoreboard: Austria without marked external imbalances in 2015

Indicator	Threshold	Indicator for Austria	Austria above threshold
Average current account balance in % of GDP over the past 3 years	+6/–4	1.4	No
Net international investment position in % of GDP	–35	–0.2	No
Percentage change of real effective exchange rates over the past 3 years	+/–5 (EA) +/–11 (non-EA)	0.7	No
Percentage change of export market shares over the past 5 years	–6	–17.0	Yes
Percentage change of nominal unit labor costs over the past 3 years	+9 (EA) +12 (non-EA)	6.4	No
Year-on-year changes in house prices relative to deflated house prices	6	2.5	No
Private sector credit flow in % of GDP	15	0.2	No
Private sector debt in % of GDP	160	125.5	No
General government sector debt in % of GDP	60	81.2	Yes
Average unemployment rate over the past 3 years	10	4.5	No
Year-on-year percentage change in total financial sector liabilities, unconsolidated	16.5	–3.6	No

Source: Eurostat.

Under the European semester of economic policy coordination, the European Commission started to compile annual Alert Mechanism Reports (AMR) in 2012 to detect and correct macroeconomic imbalances within the EU. Under this mechanism, countries are examined against a scoreboard of currently 11 economic indicators. A significant deviation from the thresholds defined for these indicators results in an in-depth qualitative review of the given economy by the European Commission, which will then issue economic policy recommendations. The results for 2015, in which Austria exceeded two thresholds but otherwise received good scores, put Austria among the 10 EU member countries which do not require an in-depth review.

Austria doing well compared with European peer countries

For comparisons of economic developments, countries with the best possible rating of AAA no longer form an adequate peer group for Austria, as only two other euro area countries (Germany and Luxembourg) continue to hold such a rating. More meaningful comparisons are comparisons with the most important euro area countries (Germany, France, Italy) as well as other European countries that are comparable with the Austrian economy in size and structure (the Netherlands, Switzerland, Sweden, Belgium, Finland and the Czech Republic).

Based on the IMF World Economic Outlook (WEO) of October 2015, Austria lags behind most peer countries in terms of GDP growth in 2015 but is able to close this gap in 2016. As indicated above, one of the key reasons is that domestic growth is being held back by Austria's comparatively higher inflation. This effect is also evident from the IMF WEO, which expects Austria to record the highest inflation rate of all countries shown here. In contrast, Austria's unemployment rate (while not as low as the rates of Switzerland, Germany and the Czech Republic) is still low by international standards. Furthermore, Austria's current account balance is slightly positive. This compares with high surpluses for the Netherlands and Germany, as well as for Sweden and Switzerland, but current account deficits for France and Finland. The budget balance forecasts put Austria in the mid-ranks, with a striking lack of improvement of the budget balance from 2015 to 2016 on the negative side.

Table 3

Austria and peer European countries in comparison

	DE	FR	IT	NL	CH	SE	BE	AT	FI	CZ
	Real GDP growth, annual change in %									
2015	1.5	1.2	0.8	1.8	1.0	2.8	1.3	0.8	0.4	3.9
2016	1.6	1.5	1.3	1.9	1.3	3.0	1.5	1.6	0.9	2.6
	Consumer price index, annual change in %									
2015	0.2	0.1	0.2	1.0	–1.1	0.5	0.7	1.0	0.0	0.4
2016	1.2	1.0	0.7	1.3	–0.2	1.1	1.1	1.7	1.3	1.5
	Unemployment rate, in % of employees									
2015	4.7	10.2	12.2	7.2	3.4	7.7	8.5	5.8	9.5	5.2
2016	4.7	9.9	11.9	7.0	3.6	7.6	8.3	5.6	9.5	4.9
	Current account balance, in % of nominal GDP									
2015	8.5	–0.2	2.0	9.6	7.2	6.7	2.1	1.6	–1.1	1.7
2016	8.0	–0.4	2.3	9.2	7.0	6.7	2.1	1.7	–0.8	1.2
	Budget balance, in % of GDP									
2015	0.5	–3.8	–2.7	–2.1	–0.2	–1.4	–2.8	–2.0	–3.2	–1.8
2016	0.3	–3.4	–2.0	–1.8	–0.2	–0.7	–2.3	–1.7	–2.8	–1.1
	Government debt, in % of GDP									
2014	70.7	97.1	133.1	67.6	46.2	43.9	106.7	86.7	61.9	40.6
2019	68.2	98.0	132.3	65.6	45.5	42.6	106.2	85.6	64.0	40.0

Source: IMF (World Economic Outlook), October 2015.

2 Profits have improved but challenges persist for Austrian banks – supervisory measures taken to ensure financial stability

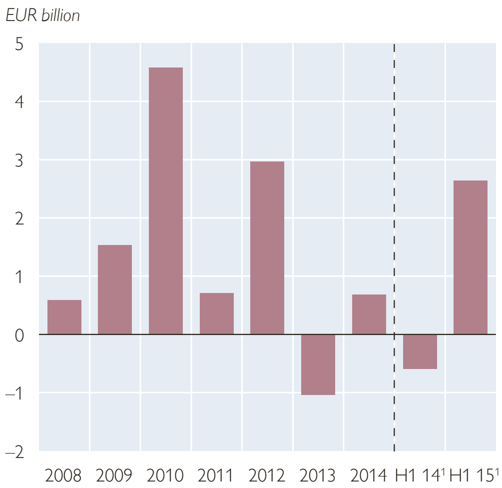
2.1 Improved profitability and capitalization – identified risks for financial stability persist

Profitability of Austrian banks improved in the first half of 2015

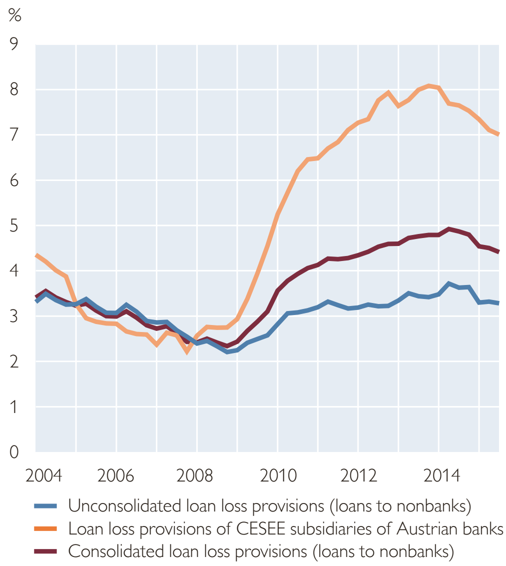
The consolidated net result of Austrian banks totaled EUR 2.6 billion in the first half of 2015, which is an improvement by EUR 3.2 billion compared with the corresponding 2014 result. On an annualized basis, these figures translate into a return on assets of 0.6% for 2015 as a whole. This improvement of the net result was driven by an increase in net interest income, better provisioning results as well as a strong decrease in depreciation and amortization costs. Credit risk provisions declined to EUR 1.9 billion, but asset quality continues to be a challenge. Another strong positive influence stems from the fact that, following the restructuring of Hypo Alpe Adria International, the consolidated net result no longer reflects the performance of Hypo. Despite these improvements, the profitability of Austrian banks will continue to be influenced by low nominal macroeconomic growth, flat yield curves and structural issues.

Chart 13

Consolidated net profit of Austrian banks



Loan loss provisions of Austrian banks



Source: OeNB.

[1] *Half-year data are not comparable with year-end data.*

Overall, the risks identified for the Austrian banking sector continue to persist: the comparatively weak profitability performance of domestic business; the substantial but broadly diversified exposures to Central, Eastern and Southeastern Europe (CESEE) and the heightened concentration of profits in a small number of CESEE countries; the relatively large size of the Austrian banking system compared to other European countries; and capital positions that are below those of peer banks.

Table 4

Aggregated profit and loss account of Austrian banks

	2008	2009	2010	2011	2012	2013	Q2 14	Q4 14	Q2 15
	EUR billion								
Net interest income	19.3	19.5	20.4	20.4	19.3	18.6	9.1	19.3	9.3
Fee and commission income	8.5	7.2	7.7	7.6	7.3	7.6	3.7	7.7	3.9
Trading income	–2.1	2.6	1.0	0.8	1.1	0.7	0.5	0.4	–0.08
Operating profit	7.9	15.6	13.5	10.4	12.1	8.0	2.9	8.9	5.7
Net result after tax	0.6	1.5	4.6	0.7	3.0	–1.0	–0.6	0.7	2.6

Source: OeNB.

Note: A structural break in consolidated reporting occurred in 2008.

Improved capitalization, but Austrian banks lagging behind peer banks

While Austrian banks have continuously strengthened their capital positions in recent years, their capital ratios have been declining slightly since early 2014. The core equity tier-1 ratio (CET1) of the Austrian banking sector dropped slightly to 11.5% in Q1 2015 (–0.2 percentage points compared with Q4 2014).

Table 5

Capital ratios of Austrian banks on a consolidated basis

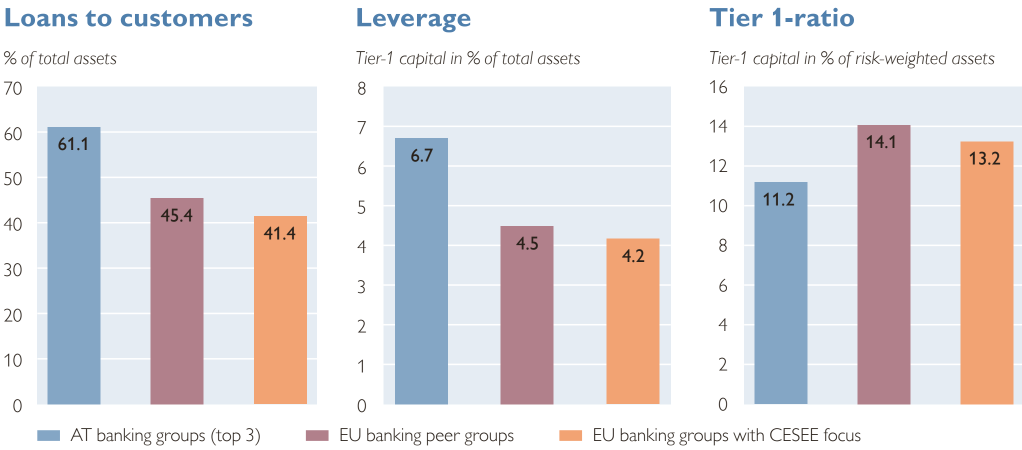
	2008	2009	2010	2011	2012	2013	2014	Q1 15
	% of risk-weighted assets							
Total capital adequacy ratio	11.0	12.8	13.2	13.6	14.2	15.4	15.6	15.4
Tier-1 capital ratio	7.7	9.3	10.0	10.3	11.0	11.9	11.8	11.6
Core tier-1 capital ratio (Core equity tier-1 as from 2014)	6.9	8.5	9.4	9.8	10.7	11.6	11.7	11.5

Source: OeNB.

Note: A structural break in consolidated reporting occurred in 2008.
Capital ratios are based on CRD IV definitions from 2014 onward, which limits the comparability with earlier measures.

In view of the phasing in of more stringent capital requirements under Basel III, the recommendation of the Austrian Financial Market Stability Board for the activation of macroprudential capital buffers (see 2.3) and given the risk exposure of domestic banks to CESEE and to outstanding foreign currency loans, Austrian banks will need to make further efforts to strengthen their risk resilience. This is all the more valid as the capital ratios of Austrian banks, while having improved since 2008, are below those of their European peer banks. In contrast, the leverage ratios of Austrian banks are more favorable than those of international peers.

Chart 14



Source: OeNB, BankScope.

Note: The data are weighted averages as of June 2015 or latest available date.

Box 1

Hypo Group Alpe Adria AG & HETA Asset Resolution AG – major developments since 2014

The domestic statutory framework for the resolution of Hypo Alpe-Adria-Bank International AG (also known as HBInt) – providing for splitting the bank's assets into core and noncore assets, with the intention of transferring the latter onto a wind-down vehicle without a banking license – was adopted by the Austrian Council of Ministers on ***June 11, 2014.*** *On* ***October 30, 2014,*** *the Austrian Financial Market Authority (FMA) issued the administrative decision providing for the deregulation of the bank. At the same time, Hypo Alpe-Adria-Bank International AG was renamed HETA Asset Resolution AG (HETA).*

In parallel, the core banking assets intended for sale were removed from the bank and transferred to Hypo SEE-Holding, which has an Austrian banking license and has since been renamed Hypo Group Alpe Adria AG. This makes Hypo Group Alpe Adria AG the new parent of the banking subsidiaries of the former Hypo Alpe-Adria-Bank International AG in Southeastern Europe (SEE). On ***December 23, 2014,*** *HETA (which had retained the mandate to sell Hypo Group Alpe Adria) reported to have signed a deal on the sale of its SEE network of subsidiaries to a group of bidders, consisting of a U.S. fund (Advent International) and the EBRD (European Bank for Reconstruction and Development). July 17, 2015, marked the closing of the privatization of Hypo Group Alpe Adria AG.*

On ***February 27, 2015,*** *HETA informed the supervisory authorities as well as its owner, the Republic of Austria, that it was running the risk of insolvency according to preliminary figures of the asset quality review. In its response, the finance minister declined to provide additional public funding to support ongoing capital and liquidity needs (under the Financial Market Stability Act). Therefore, the FMA in its capacity as the Austrian resolution authority under the Federal Act on the Recovery and Resolution of Banks (BaSAG, i.e. the act transferring the new EU banking resolution regime into national law) issued an administrative decision initiating the resolution of HETA.*

The administrative ruling published by the FMA on ***March 1, 2015,***[1] *provides for a temporary moratorium on the liabilities of HETA against its creditors until May 31, 2016, in accordance with BaSAG, in order to enable to draw up a resolution plan which conforms with the aims of the new EU resolution regime for banks.*

[1] *For more details see https://www.fma.gv.at/en/about-the-fma/media/press-releases/press-releases-detail/article/fma-ordnet-per-bescheid-die-abwicklung-der-heta-asset-resolution-ag-gemaess-dem-bundesgesetz-z.html.*

In the legal dispute between HETA and Bayerische Landesbank (BayernLB) about the Equity Substitution Act, a first-level ruling was issued by the regional court of Munich I on ***May 8, 2015.*** *Essentially, the court accepted the legal arguments of BayernLB and rejected the repayment claims made by HETA.*

In a ruling issued on ***July 3, 2015,*** *and published on July 28, 2015, the Austrian constitutional court repealed the Act on the Recovery of Hypo Alpe Adria Bank International AG (HaaSanG), under which part of the Hypo liabilities totaling some EUR 1.6 billion had been declared null and void in 2014. In view of this decision, these liabilities were newly recognized in the balance sheet for June 30, 2015.*

On ***July 7, 2015,*** *a Memorandum of Understanding concluded between the Republic of Austria and the State of Bavaria providing for the conclusion of a creditors pool agreement with regard to the legal dispute between HETA and BayernLB was made public. The settlement amount of some EUR 1.23 billion offered by Austria corresponds to about 45% of the amount HETA would have had to repay to BayernLB under the decision of the Munich court. Unlike the liabilities of HETA bond creditors, these liabilities are not subject to government guarantees. On* ***October 15, 2015,*** *the Austrian parliament adopted a law which put the settlement with Bavaria on a legal basis. This law moreover allows the federal government to grant a long-term loan to Carinthia to fund a discounted purchase of HETA bonds guaranteed by Carinthia.*

2.2 Austrian banks' operations remain committed to CESEE

Austrian banks are significant foreign banks in CESEE

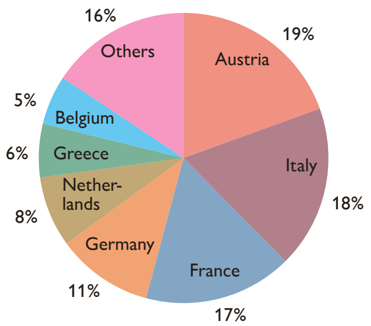
In mid-2015, the consolidated foreign claims of majority Austrian-owned banks totaled approximately EUR 316 billion, with cross-border funding provided to CESEE accounting for EUR 197 billion.

Changes in bank profitability, asset quality, overall exposure and credit expansion reflect the heterogeneity of developments in CESEE observed since the outbreak of the global financial crisis in 2008. In recent years, Austrian banks have expanded their exposure to Russia and Turkey at a comparatively strong rate, among other things also in the consumer loan segment. At the same time, the exposure of Austrian banks has been lowered the most to Ukraine since end-2008 through the sale of banking subsidiaries or through deleveraging measures.

Chart 15

EU-15 banks' shares in total exposure to CESEE[1]

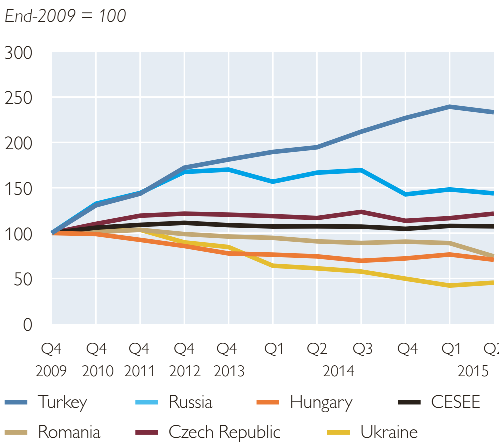
Q1 15



Source: OeNB, BIS.

[1] Banks in majority domestic ownership.

Austrian banks' exposure to CESEE[2]

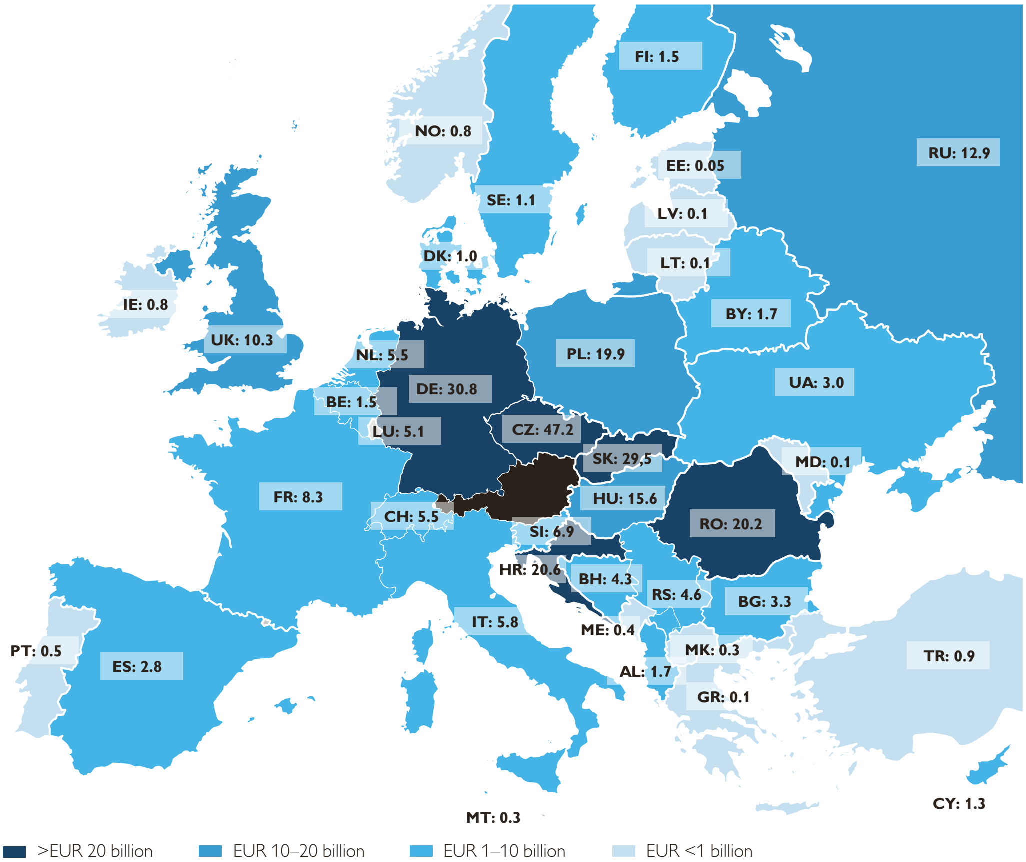


[2] All Austrian banks (i.e. domestically and foreign-owned) incl. the joint venture in Turkey.

Chart 16

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

EUR billion



Source: OeNB. The data refer to Q2 2015.

[1] In majority domestic ownership (BIS definition).

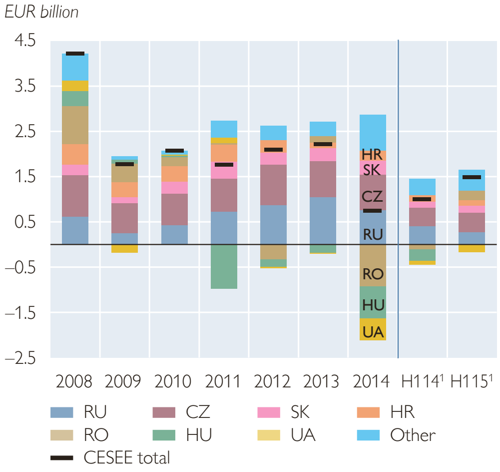
The CESEE economies have felt the impact of the euro area debt crisis in recent years. The conflict between Ukraine and Russia that erupted in 2014 and the related economic sanctions have added to uncertainty and weakened the economic outlook for the region. Nonetheless, the CESEE economies have a higher growth potential than Western European economies because GDP per capita levels are comparatively lower in the region. Before the economic crisis hit the region in 2009, its growth differential to the euro area had risen to more than 3%. Following a setback to approximately 0.5% in the crisis years 2009 and 2010, this differential has since been fairly stable within a range from 1% to 2%.

CESEE business is a major profit contributor

The activities of Austrian banks' subsidiaries in CESEE remain an important business area, even though their higher profits come with higher risks in some markets. In recent years, profits were increasingly concentrated in the Czech Republic and Slovakia as well as in Russia and Turkey, which are subject to higher volatility. This shift underlines the necessity of a sustainable growth strategy for the region.

Chart 17

Distribution of net profits from Austrian banks' subsidiaries in CESEE



Source: OeNB.

[1] Half-year data are not comparable with year-end data.

The net result for the first half of 2015 generated by Austrian banks' subsidiaries in CESEE was EUR 1.5 billion (+47% compared with the first half of 2014). The profits Austrian banks generated in the countries with a higher degree of economic stability, such as the Czech Republic and Slovakia, continued to be comparatively high. In Russia, in contrast, where banks' business operations initially had been characterized by rapid growth and high profits, business slowed down and profits declined, reflecting, among other things, heightened needs for loan loss provisioning, increased funding costs and exchange rate volatility. While the losses made in Ukraine increased, positive offsetting effects on aggregate CESEE-generated profits came from Hungary and Romania, where results improved.

2.3 Macroprudential measures as a key pillar of financial stability

Macroprudential supervision provides recommendations for capital buffers

In September 2015, the Austrian Financial Market Stability Board (FMSB) adopted recommendations, addressed at the Financial Market Authority (FMA), for activating macroprudential capital buffers with a view to strengthening the domestic banking sector. Specifically, the FMSB recommended introducing a systemic risk buffer to counteract long-term noncyclical systemic risks as well as a capital buffer for other systemically important institutions in Austria, based on guidelines issued by the European Banking Authority, resulting in a cumulative systemic risk buffer of up to 2% of risk-weighted assets for identified institutions.[2]

To facilitate implementation, systemic risk buffer requirements (and the transitional buffer ratios during the phasing-in process) shall, as a rule, enter into force at the beginning of a calendar year, with January 1, 2016 as the initial start date.

[2] *For further information, see http://www.fmsg.at/en/publications/press-releases/fifth-meeting.html.*

Table 6

Systemic risk buffer: list of identified institutions	Applicable systemic risk buffer			
	1.1.2016	1.1.2017	1.1.2018	1.1.2019
	% of risk weighted assets			
Erste Group Bank	0.25	0.50	1.00	2.00
Raiffeisen Zentralbank	0.25	0.50	1.00	2.00
Raiffeisen Bank International	0.25	0.50	1.00	2.00
UniCredit Bank Austria	0.25	0.50	1.00	2.00
Raiffeisenlandesbank Oberösterreich	0.25	0.50	1.00	1.00
Raiffeisen-Holding Niederösterreich-Wien	0.25	0.50	1.00	1.00
BAWAG P.S.K.	0.25	0.50	1.00	1.00
Sberbank	0.25	0.50	1.00	1.00
HYPO NOE Gruppe Bank	1.00	1.00	1.00	1.00
Vorarlberger Landes- und Hypothekenbank	1.00	1.00	1.00	1.00
Hypo Tirol Bank	1.00	1.00	1.00	1.00
Oberösterreichische Landesbank	1.00	1.00	1.00	1.00

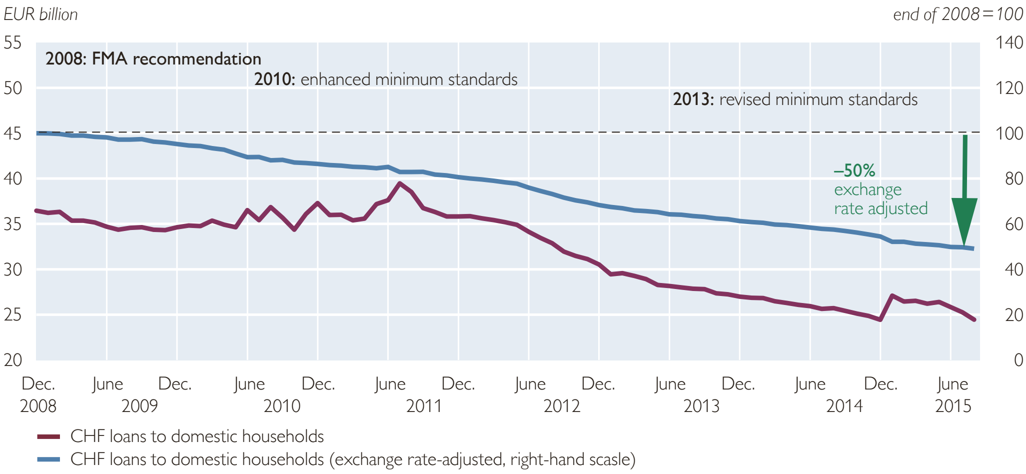
Note: *When both the systemic risk buffer (SRB) and the buffer for other systemically important institutions (O-SII buffer) might be applicable, the higher of the two applies.*

Foreign currency loans in Austria and CESEE: supervisory measures proved effective

The FMA and the OeNB have been cautioning against the risks arising from foreign currency loans and loans with an accompanying investment vehicle for more than ten years. A framework of guidelines for granting and managing loans with repayment vehicles was first published by the FMA in 2003 ("minimum standards"). In 2006, banks were encouraged to support a financial literacy initiative, i.e. to distribute a leaflet illustrating the risks of borrowing in foreign currency. In the fall of 2008, the FMA launched its recommendation to stop granting foreign currency-denominated loans to households. In 2010, Austrian banks made a commitment to stop extending foreign currency loans associated with high levels of risk in CESEE, in line with supervisory guidance provided to this effect

Chart 18

Foreign currency loans denominated in CHF to domestic households



Source: OeNB.

("guiding principles"). The FMA's minimum standards were expanded in 2010 and revised in 2013.

The supervisory measures were effective in limiting the outstanding stock of foreign currency loans extended to domestic households to EUR 25 billion at the end of August 2015. Adjusted for exchange rate effects, the volume of foreign currency loans outstanding to households even dropped to half the amount registered in 2008. On an individual level, however, the burden for foreign currency loan borrowers increased significantly when the Swiss National Bank removed its long-standing exchange rate floor of 1.20 Swiss francs per euro in early 2015, thus causing the Swiss franc to appreciate sharply. This is especially relevant for loans with repayment vehicles, which account for some 75% of all outstanding foreign currency loans taken out by Austrian households and nonfinancial corporations. Supervisors have stepped up efforts to specifically address the situation at banks where large funding gaps coincide with short residual maturities for loans with repayment vehicles.

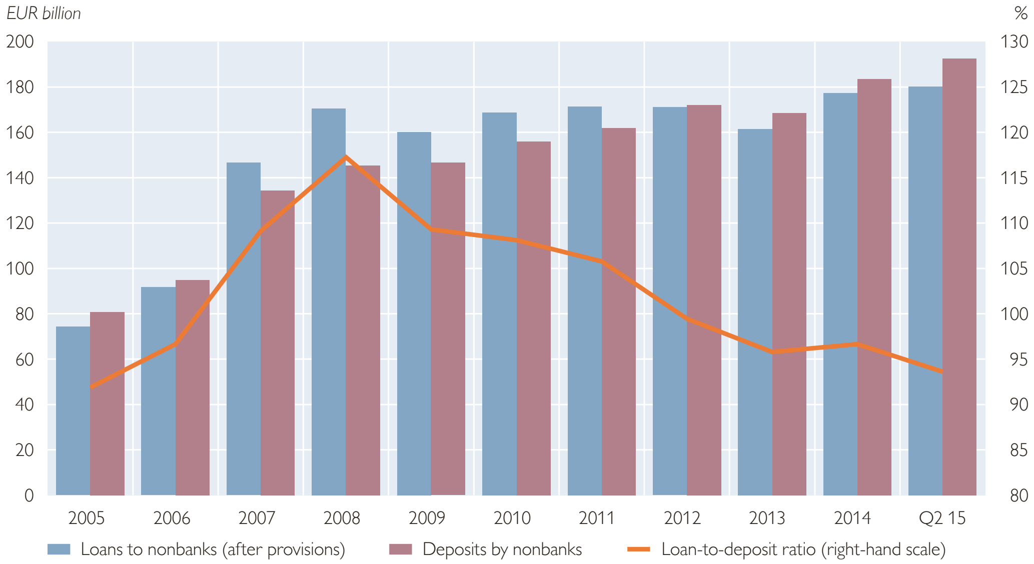
In CESEE, the subsidiaries of Austrian banks had approximately EUR 71 billion outstanding in foreign currency loans at the end of June 2015, which corresponds to a reduction of close to 15% year on year (adjusted for exchange rate effects). This decline was largely driven by statutory restructuring measures in Hungary and by the sale of one foreign subsidiary.

Sustainability package for large banks' business models

Another macroprudential measure is the supervisory guidance for large internationally active Austrian banks that the Austrian supervisory authorities adopted in March 2012 ("sustainability package"). Among other things, the measure is aimed at ensuring that exposed banking subsidiaries rebalance their refinancing structures. This promotes a sustainable growth model, while at the same time avoiding

Chart 19

Local funding situation of Austrian subsidiaries in CESEE



Source: OeNB.

pronounced credit cycles. In recent years, the sustainability package has led to more sustainable business models of Austrian banks' subsidiaries in CESEE and has reduced their dependence on liquidity transfers from their Austrian parent banks, which totaled EUR 22 billion at the end of June 2015 (down from a peak of EUR 48 billion in Q2 2011).

2.4 Substantial progress in the establishment of the EU banking union

Box 2

Deposit Guarantee Schemes and Investor Compensation Act adopted in line with EU directive

Objective and legal basis

Harmonized deposit guarantee schemes – the third pillar of the banking union – are intended to align the conditions of national deposit guarantee schemes.

The applicable EU framework, the Deposit Guarantee Scheme Directive, was adopted in spring 2014 after lengthy negotiations and had to be transferred into national law by July 2015. Austria enacted the directive with the Act on Deposit Guarantee Schemes and Investor Compensation, which took effect on August 15, 2015. So far the directive has been enacted into national law by 11 EU countries, including Austria.

Enhanced depositor protection

All deposits made with EU-based banks are now protected up to an amount of EUR 100.000 per depositor and per credit institution. Further changes include a widening of depositor coverage to include large corporations (other than financial services providers) and enhanced protection of specifically earmarked deposits (such as compensation money or private real estate transactions) up to an amount of EUR 500.000.

Joint deposit guarantee scheme

The Deposit Guarantee Schemes Act provides for some major statutory changes, such as the establishment of a joint deposit guarantee scheme from January 1, 2019, with mandatory participation for all credit institutions. At present, five different deposit guarantee schemes co-exist in Austria, which will remain operational until December 31, 2018. An exception has been made for institutional protection schemes (IPS), which may be authorized by the FMA to constitute a separate deposit guarantee scheme, subject to specific provisions, such as a minimum level of deposits. Hence, several deposit guarantee schemes may exist in Austria beyond December 31, 2018.

Funding mechanism

Furthermore, ex ante funds will be built up through regular contributions of credit institutions and administered by the deposit guarantee schemes. The target level for ex ante funds is 0.8% of their covered deposits (i.e. about EUR 1.54 billion), to be reached by July 3, 2024.[1] *After a bank failure, banks would have to pay additional (ex post) contributions if the available financial means of the deposit guarantee schemes do not suffice to meet depositor claims. As a last resort, deposit guarantee schemes could also take out loans, subject to the possibility of a federal guarantee for loan repayment, which would have to be adopted on a case-by-case basis through ad hoc legislation.*

Enhanced supervisory role

Finally, the supervisory role has been enhanced: while deposit guarantee schemes used to be subject to reporting requirements only, they will be subject to close supervision in the future. In Austria, supervisory responsibilities will be shared by the FMA and the OeNB, in line with the existing dual supervisory regime.

[1] *This translates into annual contributions of EUR 170 million to be made in the course of 9 years.*

Current debate

What remains to be seen is whether the new law may have to be amended in the near future in view of developments at the EU level. While the jurisdiction for the other two pillars of the banking union – a single supervisory mechanism and a single resolution mechanism – lies with European institutions, deposit guarantee schemes as the third pillar continue to be part of the national jurisdiction of the EU countries. The EU directive has only harmonized the fundamental rules. The latest Five Presidents Report – "Completing Europe's Economic and Monetary Union," reported by the President of the European Commission, in close cooperation with the presidents of the European Parliament, the Eurogroup, the Euro Summit and the ECB – called for the launch of a European Deposit Insurance Scheme. According to this report, taking steps in this direction should be a priority. To speed up implementation, the report suggests devising a single deposit insurance scheme as a re-insurance system at the European level for the national deposit guarantee schemes.

3 Annex of tables

Table 1

(Eurosystem and OeNB forecasts, June 2015)

Real GDP[1]

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Annual change in %										
Austria	3.4	3.6	1.5	–3.8	1.9	2.8	0.8	0.3	0.4	0.8	1.6
Euro area	3.2	3.0	0.5	–4.5	2.0	1.6	–0.8	–0.3	0.9	1.5	1.6
EU	3.4	3.1	0.5	–4.4	2.1	1.7	–0.5	0.2	1.4	1.9	1.9

Consumer price indices[1]

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Annual change in %										
Austria	1.7	2.2	3.2	0.4	1.7	3.6	2.6	2.1	1.5	1.0	1.7
Euro area	2.2	2.1	3.3	0.3	1.6	2.7	2.5	1.4	0.4	0.2	1.0
EU	2.2	2.3	3.7	1.0	2.1	3.1	2.6	1.5	0.6	0.1	1.1

Unemployment rates[1]

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	% of labor force										
Austria	5.3	4.9	4.1	5.3	4.8	4.6	4.9	5.4	5.6	5.8	5.6
Euro area	8.4	7.5	7.6	9.5	10.0	10.1	11.3	12.0	11.6	11.0	10.5
EU	8.2	7.2	7.0	9.0	9.6	9.6	10.4	10.8	10.2	x	x

Current account balances[1]

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	% of GDP										
Austria	3.3	3.8	4.5	2.6	2.9	1.6	1.5	1.9	2.0	1.6	1.7
Euro area	0.3	0.3	–0.6	0.3	0.4	0.6	1.9	2.5	3.0	3.1	3.0
EU	–0.2	–0.5	–1.3	–0.1	0.0	0.2	1.0	1.5	1.6	2.1	2.1

Budget balances[1]

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	% of GDP										
Austria	–2.5	–1.3	–1.4	–5.3	–4.5	–2.6	–2.2	–1.3	–2.7	–2.0	–1.7
Euro area	–1.5	–0.6	–2.2	–6.3	–6.2	–4.1	–3.7	–3.0	–2.6	–2.0	–1.7
EU	–1.6	–0.9	–2.5	–6.7	–6.4	–4.5	–4.3	–3.3	–3.0	x	x

Government debt ratios[1]

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	% of GDP										
Austria	67.0	64.8	68.5	79.7	82.3	82.2	81.6	80.8	84.2	86.7	85.6
Euro area	67.4	65.1	68.7	78.5	84.0	86.1	89.5	91.3	92.3	93.7	92.8
EU	60.4	57.8	61.0	73.0	78.4	81.0	83.8	85.5	86.8	x	x

Source: Eurostat, OeNB, ECB.

[1] The data for 2015 to 2016 are based on the IMF autumn forecast (October 2015).

Note: x = data not available.

Table 2

General government interest payments[1]

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	% of GDP									
Austria	3.2	3.1	3.1	3.0	3.2	2.9	2.8	2.6	2.5	2.4

Source: Statistics Austria.

[1] *According to the EDP notification (Maastricht), including swap transactions.*

Table 3

Household debt

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	% of disposable net income									
Austria	×	88.8	88.6	90.2	90.4	93.5	93.5	89.8	89.4	88.2
Euro area	×	107.8	111.1	112.1	115.7	118.4	118.7	118.7	117.3	116.4
	% of GDP									
Austria	×	53.1	52.4	53.0	54.3	55.3	53.9	52.6	51.4	50.8
Euro area	×	64.6	65.4	66.4	70.8	71.0	70.8	70.5	69.4	68.5

Source: ECB, OeNB.

Table 4

Corporate debt[1]

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	% of gross operating surplus[2]									
Austria	×	199.5	209.8	218.1	230.9	230.9	227.6	233.9	236.4	240.1
Euro area	×	219.6	226.4	238.8	252.7	251.0	248.7	254.2	250.5	255.4
	% of GDP									
Austria	×	84.1	89.3	91.3	92.4	93.6	92.6	93.2	93.1	93.8
Euro area	×	92.8	96.5	100.8	103.5	103.9	102.9	103.7	102.2	103.4

Source: ECB, OeNB.

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

Table 5

Residential property price index

	2010	2011	2012	2013	2014	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15
	Index 2000=100									
Austria excluding Vienna	121.1	124.0	137.4	141.1	145.4	147.3	146.5	144.5	150.2	150.1
Vienna	143.9	156.1	180.7	196.3	204.6	207.3	202.2	204.4	206.8	208.7
	Annual change in %									
Austria excluding Vienna	5.5	2.3	10.8	2.7	3.1	4.3	2.6	3.2	4.8	1.9
Vienna	7.8	8.5	15.7	8.7	4.2	5.8	2.2	1.0	1.1	0.6

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

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