



OESTERREICHISCHE NATIONALBANK

EUROSYSTEM

# ANNUAL REPORT 2020

including the Intellectual Capital Report and the Environmental Statement

SUSTAINABILITY REPORT 2020



# 2020

Security through stability.

## The OeNB's legal mandate

### **Federal Act on the Oesterreichische Nationalbank – selected provisions**

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

#### **Article 2**

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

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

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

#### **Article 44a**

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

#### **Article 44b**

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

#### **Article 44c**

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

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

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

# The OeNB's Mission Statement

**Security through stability. The euro – our currency.**

## Our mission

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

## Our values

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



OESTERREICHISCHE  
NATIONALBANK

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## Foreword by the President



Harald Mahrer

Ladies and gentlemen,

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. For more than a year now, the COVID-19 pandemic has been holding Austria, Europe and the entire world in its grip. Drastic measures aimed to contain the spread of the disease, including several lockdowns, have fundamentally changed the way we live and work today. While the economic and social impacts are set to leave their mark, public health recommendations, such as testing and vaccinations, are likely to help ease the strain.

The economic fallout of the pandemic in Austria has taken on proportions unprecedented since World War II, with the recession triggered by the financial crisis in 2009 paling in comparison. In 2020, GDP growth contracted by some 7% in Austria, and unemployment rose to record levels. The recession called for massive support measures to temporarily help companies stay liquid and people keep their jobs. As a result of the fiscal and economic policy measures, both Austria's budget deficit and government debt have been on the rise. Monetary policymakers likewise responded quickly, expanding the asset purchase programs already in place and launching new, targeted programs. This action aimed to prevent financial market distortions and to mitigate the economic downturn, which was putting downward pressure on prices.

Banks were granted regulatory, supervisory and operational relief in the face of the COVID-19 pandemic, which enabled them to supply the real economy with credit. This proved critical in particular in the first few months of the pandemic as it allowed companies to meet their liquidity needs. The Austrian banking sector remained resilient even under the difficult conditions prevailing in 2020 and continued to fulfill its intermediary function without fail.

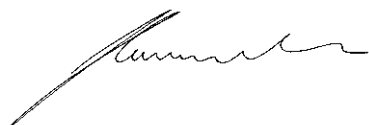
In response to the economic emergency, central banks stepped in and took monetary policy action, which caused the risk position of the Oesterreichische Nationalbank (OeNB) to increase. This rise, combined with market distortions and reduced earnings, drove down the OeNB's profit markedly in 2020.

Teaming up with the PSA Payment Services Austria GmbH, the OeNB laid the foundation, in 2020, for modernizing and future-proofing Austria's infrastructure for settling retail payments. With the OeNPAY Financial Innovation HUB GmbH, the OeNB moreover established another subsidiary.

As a central economic policymaking institution, the OeNB has been playing its part in helping overcome these difficult times. The OeNB responded to the pandemic by taking organization-wide measures and enabling most staff members to work from home. This notwithstanding, the OeNB safeguarded the provision of critical cash services and payment systems, and it also accomplished all of its other core tasks in a reliable fashion. The OeNB's solid IT infrastructure and advances in going paperless ensured that most of the OeNB's staff were able to switch to remote working, while at the same time staying safe.

In closing, I would like to express my gratitude to the members of the Governing Board and of the General Council as well as to all our colleagues at the OeNB for their outstanding commitment and performance under exceptional circumstances.

Vienna, March 2021



Harald Mahrer, President

## Foreword by the Governor



Robert Holzmann



Ladies and gentlemen,

Amid the COVID-19 pandemic, the gross domestic product (GDP) of the euro area contracted by an unparalleled 7% in real terms in 2020. The recession was above all driven by the plunge in private consumption and tourism exports following pandemic-related measures. Inflation remained subdued as both demand and the oil price were weakening. Consumer prices as measured by the Harmonised Index of Consumer Prices (HICP) only increased by 0.2% in 2020.

Throughout 2020, the Eurosystem took swift and targeted action to mitigate the economic fallout of the COVID-19 crisis. The Governing Council of the European Central Bank (ECB) adopted its first set of pandemic-related monetary policy measures on March 12, 2020. In the following months, the measures were expanded, prolonged and adjusted to mitigate financial market distortions, the recession and, hence, the downward pressure on price growth. The temporary pandemic emergency purchase programme (PEPP) proved to be a vital Eurosystem measure, which, at the time of writing this report, comprised an envelope of EUR 1,850 billion. In addition, the Eurosystem provided banks with targeted refinancing operations and temporarily eased the criteria for eligible collateral. At the same time, the ECB's key interest rates remained at an historically low level throughout 2020. Apart from its measures targeted at the euro area, the Eurosystem intensified its cooperation with central banks of both EU and non-EU countries to ensure that the financial system had access to adequate liquidity in euro and US dollars.

In addition to the crisis response, the Eurosystem prioritized the review of its monetary policy strategy in 2020. This strategy review has been focusing on the definition of price stability as well as incentives and instruments with which to achieve price stability. Together with the other national central banks (NCBs) of the euro area, the OeNB has been closely involved in the review, which is expected to end in September 2021. Both at the European and national level, the ECB and the euro area NCBs moreover lent their ears to interest groups and civil society organizations. During its "The OeNB listens" event on October 30, 2020, the OeNB reached out to numerous stakeholders in Austria to hear their take on the monetary policy strategy review. What is more, the OeNB aims to continue engaging in an open and direct dialogue with the Austrian public.

In June 2020, the OeNB presented its new strategy covering the period from 2020 to 2025. The OeNB will continue to steadfastly fulfill its core tasks, namely maintaining price stability and financial stability as well as safeguarding cash supply and payment systems. In addition, it is particularly keen to advance financial innovations, improve the Austrian public's financial literacy and push ahead with digital transformation to modernize its organization. Another priority are both internal and external communication.

To conclude, I would like to thank all OeNB employees, the President and Vice President, the General Council as well as the other members of the Governing Board for their excellent cooperation and outstanding performance in the past few months. Pulling together as a team, we helped tackle the economic crisis at hand by successfully accomplishing our core tasks also under the difficult circumstances brought on by the COVID-19 pandemic.

Vienna, March 2021

A handwritten signature in black ink, appearing to read "R. Holzmann", with a long horizontal flourish extending to the right.

Robert Holzmann, Governor

## Members of the OeNB's General Council

December 31, 2020



**Harald Mahrer**  
*President*

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



**Barbara Kolm**  
*Vice President*

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



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

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



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

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



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

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



**Franz Maurer**  
*Partner, LIVIA Group*

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



**Susanne Riess**  
*Chair of the Managing Board, Bausparkasse Wüstenrot AG*

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



**Peter Sidlo**

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



**Christoph Traunig**  
*Executive Partner, St. Stephan Capital Partners*

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



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

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



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

*Term of office:*  
from July 1, 2012



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

*Term of office:*  
from April 1, 2016

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



**Birgit Sauerzopf**  
*Chair, Central Staff Council*



**Christian Schrödinger**  
*Deputy Chair, Central Staff Council*

# The OeNB's ownership structure and decision-making bodies

## The OeNB's owner

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

## The General Council of the OeNB

### Functions

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

Also, the General Council must approve appointments of members of supervisory boards and executive bodies of companies in which the OeNB is a shareholder. Appointments of second-tier officials of the OeNB must likewise be approved by the General Council. Finally, the General Council has the exclusive right of decision on matters detailed in Article 21 paragraph 2 Nationalbank Act, e.g. on submitting to the Austrian federal government a short list of three candidates for appointments to the OeNB's Governing Board by the Federal President, on defining general operational principles in matters

outside the remit of the ESCB, on approving the annual accounts (financial statements) for submission to the General Meeting, and on approving the cost account and investment plan for the next financial year.

### Composition

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

### Personnel changes of the General Council (between January 1, 2020, and March 4, 2021)

By January 1, 2020, the federal government had not yet appointed candidates to fill the mandates terminated early by General Council members Gabriele Payr, with effect from end-February 2019, and Gottfried Haber, with effect from July 10, 2019. On January 15, 2020, Walter Rothensteiner resigned early from his mandate as General Council member with effect from end-January 2020.

To fill these vacancies, the federal government, in its meeting on March 4, 2020, adopted the decision to appoint as members of the General Council, pursuant to Article 23 Nationalbank Act as amended, for a period of five years each and with a term of office from March 6, 2020, to March 5, 2025: Erwin Hameseder, Chairman of the Managing Board of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H.; Susanne Riess, Chair of the Managing Board of Bausparkasse Wüstenrot AG; and Brigitte Unger, Professor of Public Sector Economics at Utrecht School of Economics.

**Members of the OeNB's Governing Board**  
**December 31, 2020**



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

## **The Governing Board of the OeNB**

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

The Governing Board comprises the Governor, the Vice Governor and two further members, all of whom are appointed by the

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

Further provisions pertaining to the Governing Board are set out in Articles 32 through 36 of the Nationalbank Act. See [www.oenb.at](http://www.oenb.at) for additional information about the OeNB's Governing Board.

# The OeNB's organization

**President**  
Harald Mahrer

**Vice President**  
Barbara Kolm

## Governing Board

### Central Bank Policy

Robert Holzmann, Governor

Office of the Governor  
Markus Arpa, Head

Brussels Representative Office  
Isabella Lindner, Chief Representative

### International Affairs, Protocol and Media Relations Department

Markus Arpa, Director

Agenda Office – Governing Board, General Council and General Meeting  
Brigitta Lidauer, Head

EU and International Affairs Division  
Thomas Gruber, Head

Press Office  
Christian Gutleiderer, Head

### Economic Analysis and Research Department

Doris Ritzberger-Grünwald, Director

Economic Analysis Division  
Ernest Gnan, Head

Economic Studies Division  
Martin Summer, Head

Foreign Research Division  
Helene Schubert, Head

### Financial Stability, Banking Supervision and Statistics

Gottfried Haber, Vice Governor

Compliance Office  
Eva Graf, Head

Internal Audit Division  
Axel Aspetsberger, Head

### Department for the Supervision of Significant Institutions

Karin Turner-Hrdlicka, Director

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

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

Supervision Policy, Regulation and Strategy Division  
Josef Meichenitsch, Head

### Department for Financial Stability and the Supervision of Less Significant Institutions

Markus Schwaiger, Director

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

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

Financial Stability and Macroeprudential Supervision Division  
Michael Würz, Head

### Statistics Department

Johannes Turner, Director

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

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

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

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

## **Payment Systems, Financial Literacy, IT and Infrastructure**

Eduard Schock, Executive Director

### **Financial Literacy and Information Activities Division**

Maximilian Hiermann, Head

### **Risk Monitoring Division**

Doris Rijnbeek, Head

### **OeNB – Western Austria**

Armin Schneider, Head

## **Equity Interests, Payment Systems and Internal Services Department**

Stefan Augustin, Director

### **Equity Interest and Payments Management Division**

Wolfgang Haunold, Head

### **Payment Systems Division**

Katharina Selzer-Haas, Head

### **Cashier's Division**

N. N.

### **Facilities and Security Management Division<sup>1</sup>**

Thomas Reindl, Head

### **Procurement and Sales Division**

Christa Mölzer-Hellsberg, Head

## **IT and Customer Services Department**

Christoph Martinek, Director

### **IT Strategy and Information Security<sup>2,3</sup>**

Martin Durst, Head

### **IT Operations**

Jürgen Schwalbe, Head

### **IT Development**

Dieter Gally, Head

### **Information Management and Services Division**

Bernhard Urban, Head

## **Treasury, Human Resources and Accounting**

Thomas Steiner, Executive Director

### **Human Resources Division**

Susanna Konrad-El Ghazi, Head

### **Legal Division**

Matthias Schroth, Head

## **Treasury Department**

Franz Partsch, Director

### **Treasury – Front Office**

Daniel Nageler, Head

### **Treasury – Back Office**

Reinhard Beck, Head

## **Accounting and Financial Steering Department**

Rudolf Butta, Director

### **Financial Statements and Tax Matters Division**

Elisabeth Trost, Head

### **Controlling and Research Funding Division**

Paul Grassel, Head

### **Organization Division<sup>4</sup>**

Anna Cordt, Head

### **Treasury – Strategy Division**

Robert Reinwald, Head

### **Accounting Division**

Markus Kaltenbrunner, Head

<sup>1</sup> Environmental Officer Martin Much

<sup>2</sup> IT Security Officer Thomas Toth

<sup>3</sup> Data Protection Officer Bernhard Horn

<sup>4</sup> OeNB Chief Equalities Officer Nicola Antesberger

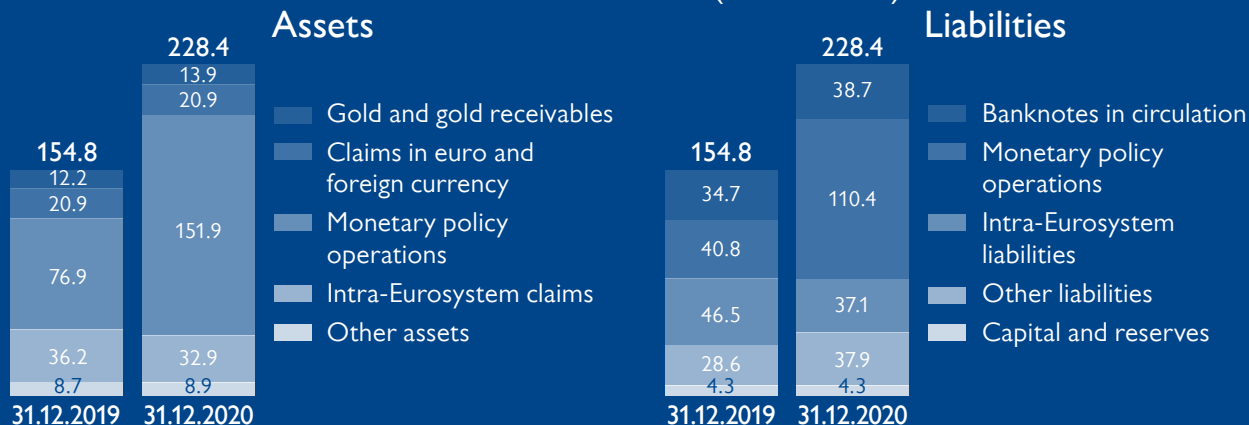
As on January 1, 2021

# The OeNB at a glance

Operating profit in 2020  
**EUR 10 million**

Central government's share of profit in 2020  
**EUR 8 million**

## OeNB balance sheet (EUR billion)



## OeNB staff in 2020

Number of staff (FTEs)

**1,098**

Share of women in total staff

**39.6%**

Share of women in management positions

**26.3%**

Share of women in the expert career track

**35.2%**

Remote work per employee

**130.7 days**

## Austria as a financial location

### Selected indicators for the Austrian banking system

**558**

Number of credit institutions in Austria

Q3 2020.

**15.6** Consolidated common equity tier 1 (CET1) ratio (+8.7 percentage points against 2008), in %

Q3 2020.

**2.5** Consolidated net profit (−52% against 2019) in EUR billion

Q3 2020.

**2.3** Cost of risk (+815% against 2019) in EUR billion

Q3 2020.

**15.6** (Legislative and nonlegislative) moratoria (4.5% of loans) in EUR billion

October 2020.

**11** Share of new loans to nonfinancial corporations covered by state guarantees in %

April to September 2020.

**15.1** Foreign currency loans in Austria (−77% against October 2008) in EUR billion

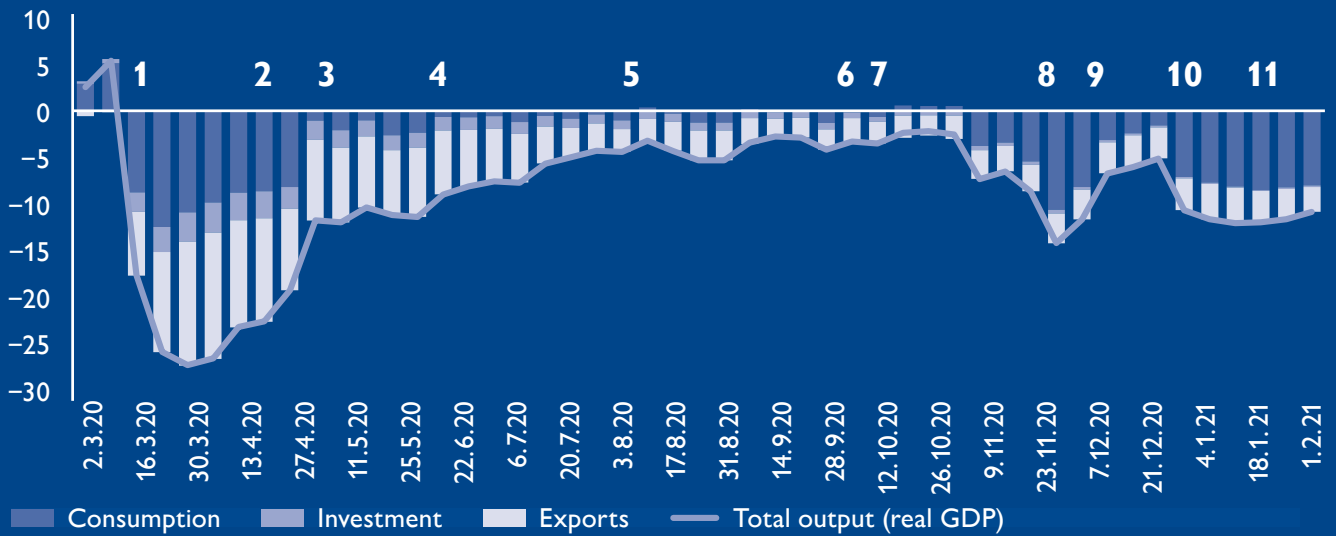
Q3 2020.



# Economic indicators for Austria

## Weekly GDP indicator

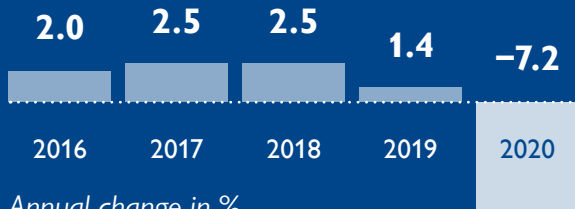
Annual change in real GDP in %  
 Import-adjusted growth contributions in percentage points



- 1: Lockdown (March 16)
- 2: Small shops reopen (April 14)
- 3: All shops reopen (May 2)
- 4: Borders reopened gradually (June 4)
- 5: Face masks mandatory again (July 24)
- 6: Travel warnings for Vienna/Austria (as from September 16)
- 7: Containment measures tightened (as from September 21 and October 25)
- 8: Partial lockdown (November 3)
- 9: Lockdown (November 17)
- 10: Partial lockdown (December 7)
- 11: Lockdown (December 26)

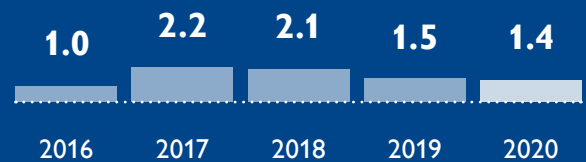
Source: OeNB.

### Real GDP



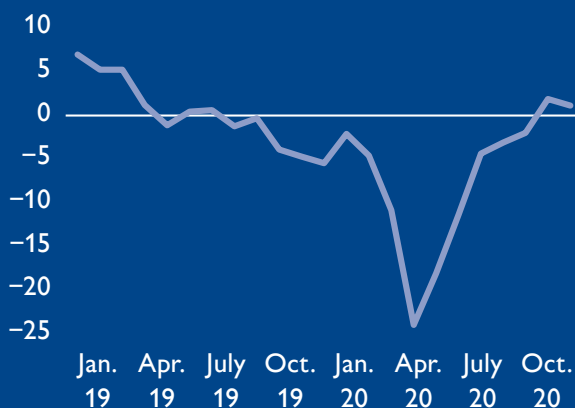
Annual change in %  
 Source: Statistics Austria.

### HICP inflation rate



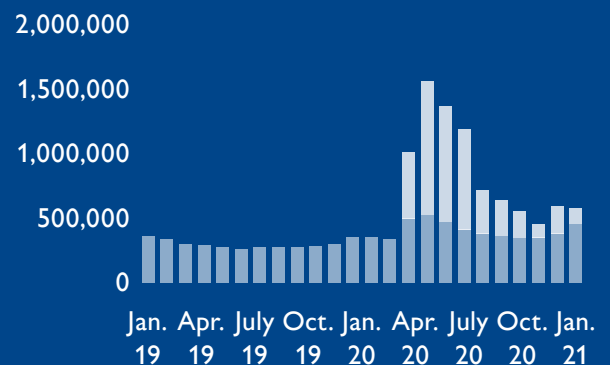
Annual change in %  
 Source: Statistics Austria.

### Industrial production



Annual change in %  
 Source: Statistics Austria.

### Unemployment and short-time work



Registered unemployed persons  
 Recipients of short-time work benefits  
 Source: Austrian Public Employment Office.



## One year in pandemic mode from the OeNB's perspective

Like many other institutions and enterprises, the Oesterreichische Nationalbank (OeNB) had to adjust its daily work routines to meet the new challenges posed by the COVID-19 pandemic in 2020. Most of our staff shifted to working from home, for instance. In several areas where we provide critical systems and services, we resorted to splitting teams into groups to ensure our employees' safety and health as well as business continuity. These split teams have been taking turns working from home and on site.

The pandemic has redefined "business as usual," and virtual meetings have left the corridors at the OeNB empty also in early 2021. Take a look at the chapter dividers in this year's Annual Report to learn more about our new way of working.

The OeNB contributes to safeguarding  
price stability and financial stability



## Intensifying our dialogue with the public

In a virtual event called “The OeNB listens,” we invited representatives of key Austrian institutions to share their views on the ongoing review of the Eurosystem’s monetary policy strategy. “We wanted to find out what people care about, what their hopes and expectations are and what they are concerned about. We were interested in learning what they think about monetary policy and where they think it should be going,” explained OeNB Governor Robert Holzmann.



## Fast and focused: the Eurosystem's policy response to the coronavirus pandemic

### Eurosystem responds to COVID-19 crisis by adopting substantial set of non-standard measures

As measured by the IMF's World Economic Outlook, global economic output contracted by 3.5% in 2020, in the face of the COVID-19 pandemic and government measures aimed at containing its impact. With a 4.9% decline, advanced economies suffered a larger setback than emerging economies, whose output diminished by 2.4%. Trade indicators complete the picture, with world trade plunging by 9.6% in 2020. Crude oil prices slumped by 60% in the first four months of 2020. While rebounding in the following months, Brent crude oil prices still ended the year some 25% below their January 2020 levels.

As the COVID-19 pandemic was unfolding in early 2020, financial markets showed strong signs of distortions. Risk aversion increased on a global scale in late February to early March, causing market volatility to rise, stock prices to fall, and risk premiums to widen. Amid these conditions, funding became more difficult for euro area banks. This jeopardized the stable flow of credit to businesses and households, which is essential for keeping the economy going.

What added to the climate of uncertainty for economic agents in the euro area beyond the COVID-19 pandemic were the United Kingdom's exit from the EU on January 31, 2020, and negotiations about post-Brexit relations between the EU and the UK from 2021.

The euro area's real gross domestic product (GDP) shrank by 7.3% in 2020, according to Eurosystem staff macroeconomic projections released in December 2020. The recession was driven by weak household consumption and business investment as well as by feeble exports. As regards inflation, the substantial drop in demand and the decline in crude oil prices had a downward effect. Consumer prices as measured by the Harmonised Index of Consumer Prices (HICP) rose by a mere 0.2% in 2020. In 2021,

price pressures are expected to remain moderate by and large. This will be mainly due to three factors: the continued frailty of demand, low wage pressures and the appreciation of the euro. HICP inflation is projected to rise gradually to 1.0% in 2021, and to inch up to 1.4% until 2023 (Eurosystem staff macroeconomic projections, December 2020). All in all, the data imply that HICP inflation rates stand to remain below the price stability target of close to, but below, 2% in the years ahead.

In 2020, public authorities across the euro area and the pivotal EU policymaking institutions were faced with the challenge of alleviating the impact of the pandemic-related recession. The consensus was that the situation called for an adequate fiscal response to support vulnerable firms and their employees. All told, transfer payments and subsidies paid to euro area firms and households, including job retention schemes, reached some 4.5% of GDP in 2020, according to ECB estimates. Some of these measures will be continued in 2021. Consequently, the euro area's gross debt ratio is expected to rise to some 100% of GDP in 2021, from 84% in 2019.

The national initiatives were flanked with a new set of tools at the EU level that were agreed by all EU member states. First and foremost, a EUR 750 billion temporary recovery instrument called NextGenerationEU is meant to help repair the immediate economic and social damage done by the coronavirus pandemic and the ensuing containment measures. The financing required will be raised by the European Commission through borrowing on capital markets. Second, access to SURE, a new instrument for temporary support to mitigate unemployment risks in an emergency, will help member states cover the cost of protecting jobs and income jeopardized by the pandemic-related recession. The SURE instrument has an overall firepower of up to EUR 100 billion. The financial support is provided in the form of EU loans granted to member states on favorable terms.

In the realm of monetary policy, the Eurosystem likewise moved fast to put in place targeted measures to counter distortions in financial markets, the recession and the ensuing downward pressure on prices. A first package of monetary policy measures was adopted by the Governing Council of the European Central Bank (ECB), of which the OeNB governor is a member, on March 12, 2020. In the course of 2020, these measures were expanded and prolonged, to tackle the increasing economic fallout of the pandemic.

As a first step, the Governing Council of the ECB decided to top up the existing expanded asset purchase programme (APP) with a temporary envelope of additional net asset purchases of EUR 120 billion until the end of 2020. This measure enhanced the impact of the regular APP purchases, which continued to run at a monthly pace of EUR 20 billion. As before, the principal payments on securities purchased under the APP were reinvested as securities matured.

#### **Expanded asset purchase programme (APP)**

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

categories eligible under the APP. The goal of the PEPP is to alleviate market tensions, create and maintain favorable financing conditions and support the smooth transmission of monetary policy. Purchases of sovereign bonds across

#### **Pandemic emergency purchase programme (PEPP)**

The PEPP is the crisis tool that the Eurosystem adopted to address the economic consequences of the COVID-19 pandemic. Thus, the Eurosystem systematically buys assets, between March 2020 and March 2022, with a view to maintaining favorable financing conditions and supporting the smooth transmission of monetary policy.

It became clear rather quickly, though, that the financial market tensions related to the pandemic were more pronounced than initially assumed. Therefore, the ECB launched a temporary pandemic emergency purchase programme (PEPP), with the proposed purchases including all asset

euro area countries are guided by the Eurosystem capital key, which spells out the contributions of the euro area central banks to the ECB's capital. In this respect, PEPP purchases are fully aligned with APP purchases. The PEPP pur-

chases are, however, subject to a higher degree of flexibility over time, across asset classes and among jurisdictions. Also, under the PEPP, the range of eligible assets was broadened.

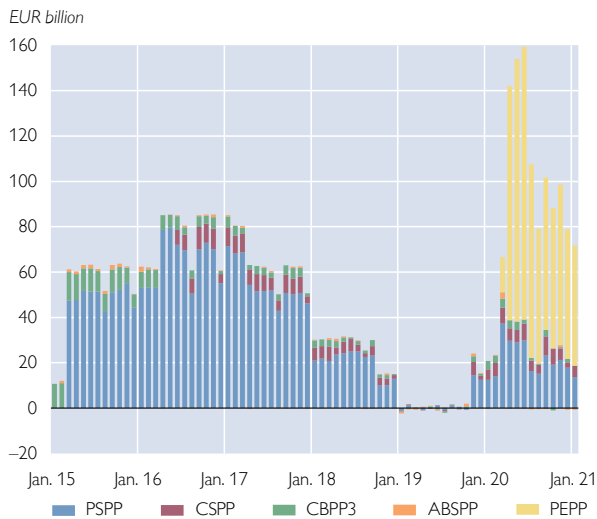
In the course of 2020, the PEPP envelope was enlarged in several steps, to a total of EUR 1,850 billion. Net purchases started in March 2020 and will be terminated once the COVID-19 crisis phase is over, but in any case not before the end of March 2022 (chart 1). Redemptions from maturing PEPP securities will be reinvested at least until the end of 2023.

The OeNB contributes to the APP and PEPP purchases, alongside the other 18 national central banks and the ECB that together form the Eurosystem. Specifically, the OeNB buys Austrian sovereign bonds (PSPP and PEPP segment) and covered bonds issued by Austrian banks (CBPP3 and PEPP segment). To buy covered bonds – eligible for the CBPP3 and the corresponding PEPP segment – the OeNB mobilized close to EUR 2 billion in 2020, bringing the corresponding balance sheet items up to a total of EUR 9.5 billion. Under the PSPP and the corresponding PEPP segment, the OeNB moreover bought Austrian sovereign bonds worth close to EUR 24 billion, thus enlarging the relevant section of the sovereign bond portfolio to some EUR 74.5 billion until year-end.

In parallel, the Governing Council of the ECB adjusted the terms and conditions governing the third series of the Eurosystem's targeted longer-term refinancing operations (TLTROs III). The interest rate for TLTRO III operations has been set to equal the average rate applied to the Eurosystem's main refinancing operations over the life of the respective operation. Yet, for all TLTRO III operations outstanding between June 2020 and 2022, this rate was cut by 50 basis points. For counterparties whose lending pattern fulfills specific constraints stipulated by the ECB, the interest rate applied during those two years may even be 50 basis points below the average interest rate on the deposit facility prevailing over the same period. These measures provided incentives for banks to maintain the level of credit support for those segments that have been affected most by the spread of the

Chart 1

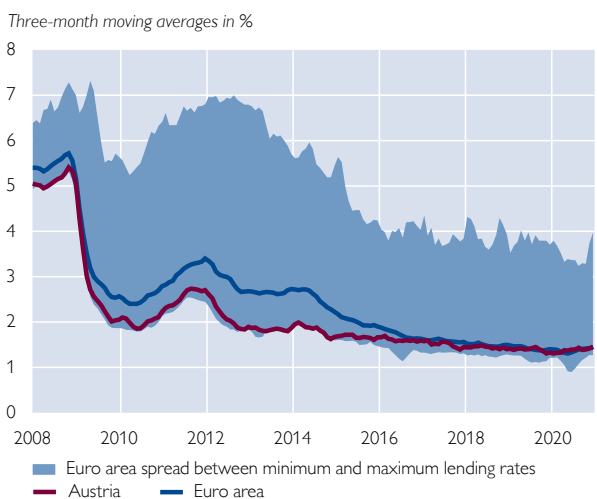
### Eurosystem expands its asset purchase programs



Source: ECB.

Chart 2

### Interest rates on loans to nonfinancial corporations (new business)



Source: ECB.

coronavirus or the measures adopted to contain the spread, namely small and medium-sized enterprises and households.

In Austria, these favorable interest rate conditions for TLTROs III helped commercial banks keep their retail lending rates at low levels in 2020, amid heightened uncertainty and more expensive market financing (chart 2). Retail interest rates banks charge for new loans

to nonfinancial corporations in Austria were among the lowest in the euro area throughout 2020. At 1.4%, the annual average was just slightly above the historically low level of 1.3% measured at the start of 2020.

Furthermore, the borrowing allowance, which limits the TLTRO III lending of commercial banks, was raised gradually. For the four operations conducted from March 2020 to December 2020, the borrowing allowance was 50% of eligible loans (as outstanding on February 28, 2019). This metric was raised to 55% for the four operations scheduled between March 2021 and December 2021. This entails a comparatively higher share of TLTRO funding for banks that specialize in consumer and corporate lending and whose share of such loans in total assets is high relatively speaking. All ten TLTROs III for which banks were or will be able to bid at quarterly intervals between September 2019 and December 2021 come with an unchanged maturity of three years. Thus, the central bank funding provided in the tenth operation scheduled for December 2021 will be available until December 2024.

To lend special support to banks in the period between the two TLTROs III conducted in March and June 2020, the Eurosystem offered additional longer-term refinancing operations at weekly intervals, given that financing conditions in financial markets were particularly tight. The interest rate for these LTRO bridge operations was the same as the average interest rate for the deposit facility. These operations matured with the allotment of the fourth TLTRO III on June 24, 2020.

#### Targeted longer-term refinancing operations (TLTROs III)

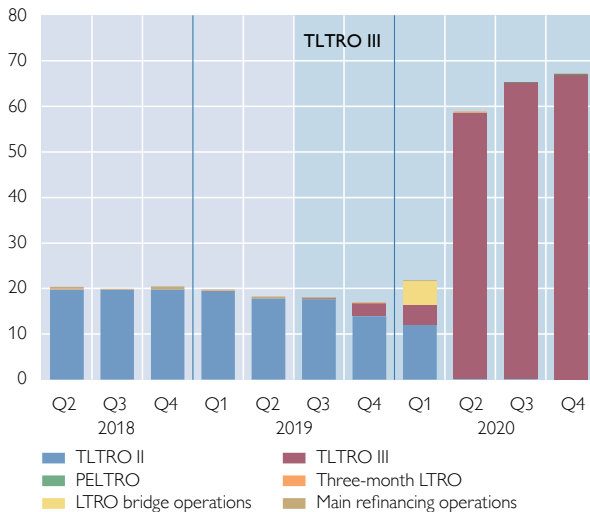
Loans against collateral with a maturity of three years that banks can take out from Eurosystem central banks. The applicable interest rate depends on the amount of onward lending by banks.

To provide an effective backstop against liquidity shortages, the ECB moreover launched, in May 2020, a new series of pandemic emergency longer-term refinancing operations (PELTROs). All in all, the ECB offers 11 PELTROs with maturities between 8 and 16 months. Like all other operations, PELTROs are carried out as fixed rate tenders with full allotment. The interest rate applied to PELTROs is 25 basis points

Chart 3

### Central bank liquidity provided through tender operations in Austria

EUR billion (quarter-end levels of liquidity provision in Austria)



Source: OeNB.

below the interest rate on the main refinancing operations prevailing over the life of the respective PELTRO. These conditions are not subject to any constraints.

All Eurosystem tender operations are conducted by the national central banks of the euro area countries. Thus, Austrian commercial banks, as a rule, turn to the OeNB to obtain central bank liquidity. Demand for central bank liquidity was relatively stable in Austria in recent years but increased substantially from June 2020, when the TLTRO III conditions were adjusted. In the June TLTRO III alone, the bids submitted by Austrian banks totaled almost EUR 54 billion, which is the largest amount ever allotted by the OeNB in a tender operation. Until end-2020, TLTRO III lending rose to EUR 67 billion (chart 3).

#### Pandemic emergency longer-term refinancing operations (PELTROs)

Loans against collateral with maturities between 8 and 16 months that banks can take out from Eurosystem central banks. The applicable interest rate is 25 basis points below the average interest rate applied to the Eurosystem's main refinancing operations prevailing over the life of the respective PELTRO.

To enable commercial banks to make full use of the Eurosystem's refinancing operations in general and TLTROs III and PELTROs in particular, the ECB eased the criteria for eligible collateral temporarily, pre-

sumably until June 2022. These measures include, among other things, adjustments to the country-specific frameworks for additional credit claims (ACCs), which makes it easier to use credit claims as collateral. Thus, the OeNB decided to temporarily accept loans guaranteed by two special purpose banks that administer public loans and subsidies to Austrian firms (Austria Wirtschaftsservice GmbH – aws) and to the tourism industry in particular (Österreichische Hotel- und Tourismusbank GmbH – ÖHT). In addition, the OeNB temporarily lowered the threshold for using domestic credit claims as collateral, from EUR 25,000 to EUR 5,000. This made it possible to also use loans to small businesses as collateral. Furthermore, the valuation haircuts for collateral were cut by a fixed factor of 20%, which raised the collateral value of assets. Finally, the ECB adopted measures to temporarily mitigate the effect of pandemic-induced rating downgrades on counterparties' availability of collateral. Specifically, the Governing Council decided to grandfather the eligibility of marketable assets and the issuers of such assets that fulfilled minimum credit quality requirements on April 7, 2020, in the event of a deterioration in credit ratings. This ensured that any rating downgrades after April would not necessarily have an impact on collateral eligibility.

In addition, the Governing Council of the ECB left the key policy rates for the euro area unchanged throughout 2020. The interest rate on the main refinancing operations was left at 0.00%, the interest rate for the marginal lending facility at 0.25%, and the interest rate for the deposit facility at -0.50%. Accordingly, the €STR, the euro short-term rate calculated and published by the ECB since October 2019, fluctuated within a narrow range from -0.53% to -0.56%. The €STR reflects the average cost of unsecured overnight borrowing, as reported daily by around 50 euro area banks.

Through its forward guidance, the Governing Council continued to communicate its intention to keep the ECB's policy rates at their present or lower levels until it has seen the inflation outlook robustly converge to a level sufficiently close



to, but below, 2% within its projection horizon, and until such convergence has been consistently reflected in underlying inflation dynamics.

As in previous years, the scope of action taken by the Eurosystem was not limited to the euro area but also extended to international cooperation. For instance, the ECB participated in a coordinated action with the Bank of Canada, the Bank of England, the Bank of Japan, the US Federal Reserve System and the Swiss National Bank, which was aimed at enhancing the provision of US dollar liquidity through the standing swap line arrangements. The frequency of operations was stepped up temporarily, and the interest rate premiums were decreased.

Moreover, the ECB established bilateral swap lines and opened repo lines with several other

non-euro area central banks, both within and outside the EU. These swap and repo lines enabled the central banks of Albania, Bulgaria, Croatia, Denmark, Hungary, North Macedonia, Romania, San Marino and Serbia to provide euro liquidity to their domestic financial institutions. Last but not least, 2020 saw the creation of a new backstop facility, called the Eurosystem repo facility for central banks (EUREP). Providing precautionary euro repo lines to central banks outside the euro area against adequate collateral, EUREP addresses possible euro liquidity needs in case the COVID-19 shock causes market dysfunction. EUREP and the aforementioned swap arrangements and repo lines will presumably remain in place until March 2022.

Box 1

### Monetary policy strategy review

*Committed to the principles of good governance, the Eurosystem seeks to critically review its monetary policy framework at regular intervals. This way, it makes sure its policymaking remains aligned with the scientific state of the art as well as with changing economic conditions. The current monetary policy strategy was defined in 1998 and some of its key elements were clarified in 2003. In 2020, the Eurosystem therefore launched a broad-based review of its monetary policy strategy, planning to involve, next to the experts of the national central banks, also interest groups and civil society organizations. The review is expected to be concluded in the second half of 2021.*

*In this exercise, the Eurosystem has been focusing on its quantitative definition of price stability, and also on the approaches and instruments it may use to achieve price stability. Reviewing economic and monetary analysis and communication practices is an important part as well. The Eurosystem is also factoring in how other considerations, such as financial stability, employment and environmental sustainability, can be relevant to the pursuit of the ECB's mandate. Ultimately, the Governing Council of the ECB is taking stock of how the monetary policy strategy has helped fulfill the ECB's mandate under the Treaty over the years to decide whether any elements of the strategy need to be adjusted. To this end, the review has been based on thorough analysis and open minds, with the Eurosystem central banks engaging with all stakeholders.*

*The OeNB reached out to stakeholders in Austria to hear their take on monetary policy strategy and its review on October 30, 2020 ("The OeNB listens"). During this event, the OeNB entered into a dialogue with a wide spectrum of stakeholders. They ranged from representatives of workers' and employers' organizations and research institutions to a host of groups representing the interests of the young and the elderly, families, teachers, the finance industry as well as trade associations and environmental groups. Between them, these organizations represent a fair share of the general public in Austria, and of the working population in particular. Interested parties had a chance to watch a live stream of the discussion and ask questions. The input thus collected adds important perspectives to the ongoing monetary policy strategy review.*

*This listening event was a first for the OeNB, but more events along these lines will follow, as the OeNB is prepared to keep listening. For a central bank, it is of utmost relevance to learn about the concerns of the general public and about people's hopes and expectations. Monetary policymakers have a vested interest in knowing how monetary policy measures are perceived by the public, how such action affects people's lives, and what people expect from monetary policy going forward.*

## COVID-19 pandemic sends Austria into deep recession in 2020

### Strict lockdown of spring 2020 causes the Austrian economy to nosedive

The COVID-19 pandemic and the containment measures adopted to keep the virus from spreading resulted in a contraction of Austria's GDP from March 2020 that is without precedent in more recent economic history. Unlike in earlier recessions, the economy was affected through both supply and demand channels. The extreme proportions of the downturn in the second quarter and the ensuing rapid recovery in the third quarter become particularly evident when we compare the quarterly growth rates of 2020 with those of 2009, when the economy hit bottom during the global financial and economic crisis (chart 4). The OeNB's

newly developed weekly GDP indicator, which draws on almost real-time data (box 2), was instrumental in keeping a closer tab on economic developments during the spring lockdown and the ensuing recovery in spring and summer.

### Economy affected less severely by second lockdown in late fall 2020

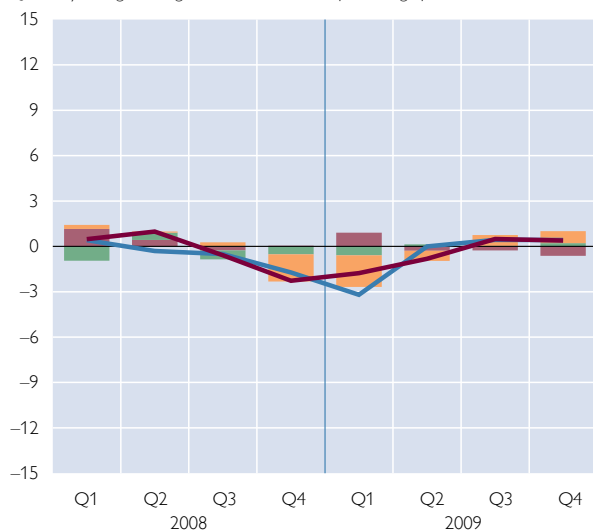
In October, Austria recorded a spike in new coronavirus infections. When even stricter containment measures failed to stem the spreading of the virus, by November, Austria once more went into lockdown. The second lockdown again caused economic activity to shrink, but to a much lesser extent than in spring (box 2). In 2020 as a whole, the impact on annual GDP growth remained limited, but it will be more pronounced in 2021.

Chart 4

## GDP growth in Austria in 2008–2009 versus 2020: growth contributions from demand components (adjusted for imports)

### Global financial and economic crisis 2008–2009

Quarterly change in %; growth contributions in percentage points



### COVID-19 pandemic 2020

Quarterly change in %; growth contributions in percentage points



Source: Eurostat, WIFO.

Note: GDP figures for Austria are adjusted for the trend cycle.

**The weekly OeNB GDP indicator helps assess economic developments in real time<sup>1</sup>**

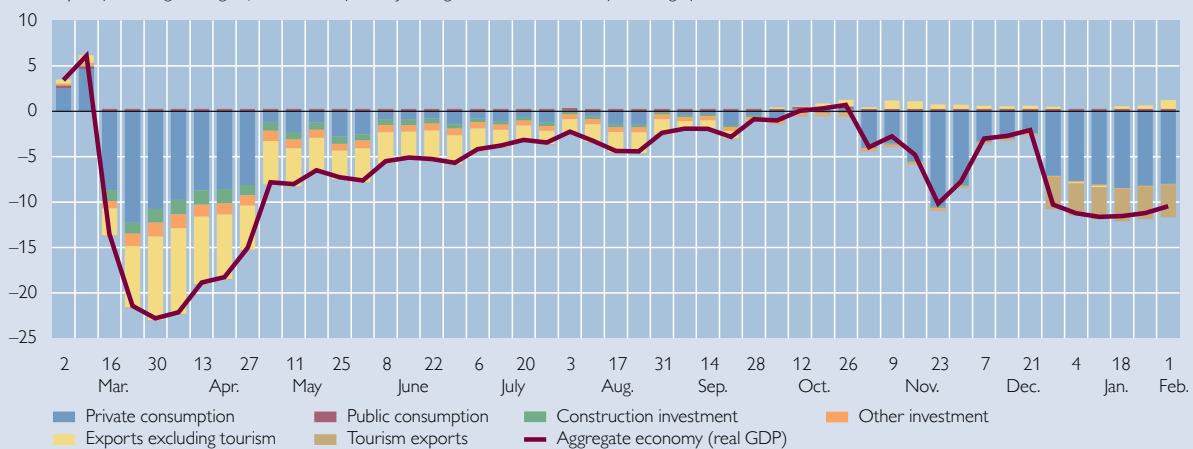
The COVID-19 pandemic has presented economic researchers with new challenges as they need to estimate, in a timely fashion, the size of the economic slump, the subsequent gradual recovery and post-pandemic developments. Typically, economic indicators become available only with substantial time lags and tend to be published on a monthly or quarterly basis. To overcome this problem, the OeNB compiled a new set of economic indicators relying on data that are collected on a daily or weekly basis, which means they are available almost in real time. The indicators capture data on truck mileage (provided by Austria’s highway authority ASFINAG), payments (provided by several payment service providers), the labor market (provided by the Public Employment Service Austria), electricity consumption (provided by E-Control and Austrian Power Grid), mobility (provided by Google and Apple) and the financial market. The enterprises mentioned proved very cooperative in making these data available. On the basis of these real-time economic data, we calculate a new indicator for economic activity in Austria that reflects developments in real GDP on a weekly basis.<sup>2</sup>

According to the weekly OeNB GDP indicator<sup>3</sup>, economic activity in Austria slumped by around one-quarter in the second half of March 2020. By the last week of March 2020, it had dropped to a level that was 27% below the comparable 2019 figure. The abrupt setback was driven at roughly equal rates by domestic demand and exports. Private consumption expenditure had contracted markedly, which was striking given that this GDP component is normally rather insensitive to the business cycle. Yet, the first lockdown in Austria had impacted private consumption disproportionately strongly.

Chart 5

**Weekly OeNB GDP indicator for Austria (2020–2021)**

Year-on-year percentage change of real GDP; import-adjusted growth contributions in percentage points



Source: OeNB.

Note: March 16: lockdown; April 14: small shops reopen; May 2: all shops reopen; May 15: restaurants reopen; May 29: hotels reopen; from June 4: borders reopen gradually; July 24: face masks mandatory again; from August 17: Austria issues travel warnings (for Croatia, the Balearic Islands); from September 16: travel warnings issued for Vienna and for Austria; from September 21 and from October 25: containment measures tightened; November 3: partial lockdown; November 17: lockdown; December 7: partial lockdown; December 26: lockdown. All dates given refer to 2020.

The sudden recession in the second half of March 2020 was followed by a slight recovery in April that was carried by all demand components except tourism exports. But at end-April, Austria’s output gap (weekly year-on-year GDP decline) still amounted to a substantial –18%. Significant signs of recovery were not recorded before the first full week of May, when the year-on-year output gap of –11% was less than half the size recorded at the peak of the spring lockdown. Once accommodation establishments and borders reopened, the recovery continued

<sup>1</sup> For technical details, see Fenz, G. and H. Stix. 2021. Monitoring the economy in real time with the weekly OeNB GDP indicator: background, experience and outlook. In: Monetary Policy & the Economy Q4/20-Q1/21. OeNB. 17–40.

<sup>2</sup> We estimate demand-side GDP components by using bridge equations, i.e. forecasting equations that link up variables based on mixed frequencies.

<sup>3</sup> The weekly OeNB GDP indicator is published regularly on the OeNB’s website as an interactive chart.

steadily. In early summer, Austria's output gap came to no more than –5%. It did not improve notably over the summer, however. The gradual recovery in individual sections of the economy, such as tourism or construction, was canceled out by dwindling pent-up demand, in consumption in particular, and ongoing challenges faced by a range of service providers. In the first half of September 2020, Austria's output gap reached its lowest level, hovering around –3%.

The measures taken to contain the second wave of COVID-19 infections further amplified the differences in sectoral developments. The partial lockdown that started in Austria on November 3, 2020, and the second lockdown that was in force from November 17, 2020, caused another downturn in the services sector, which hit tourism, the recreation industry and retail trade in particular. In contrast, goods exports and export-oriented industries as well as construction continued to recover even after the new containment measures had entered into force. During the first week of Austria's second lockdown, economic output was down 8½% on the year; at end-November 2020, the output gap had widened to up to –13%. Still, the output gap was only half the size recorded in spring. The less severe outcome was mainly attributable to the fact that disruptions in global value chains were significantly less pronounced during Austria's second lockdown than they had been in spring 2020. Also, in addition to lessons learned, there were no disruptions in the production sector.

After the second lockdown (November 17 to December 6, 2020), Austria entered into a three-week partial lockdown during which retail trade reopened while accommodation establishments and restaurants remained closed. During these three weeks, the output gap narrowed to –6.6% year on year, again matching the values recorded during the first partial lockdown in the first half of November 2020. On December 26, 2020, lockdown measures in Austria were tightened again. Schools, universities, retail shops and close contact service providers were shut down again and social distancing rules were tightened. The lockdown measures did not apply to the production of goods and the construction sector, however. Given this situation, the output gap widened again to just under –11% and remained at this level until early February 2021. The containment measures continued to have a very mixed impact on the individual sectors of the economy. The almost complete loss in tourism exports, for example, remained unchanged, and recreation and cultural services were faced with major drops in sales. Retail trade also felt another blow, with shops having to close again right after Christmas. Domestic exports of goods and services excluding tourism, by contrast, continued to post figures that were above the previous year's levels, thus signaling that industrial production was intact – a trend that even strengthened toward the end of January 2021. Performance in the construction sector likewise exceeded the overall economic average.

During the first lockdown in spring 2020, GDP losses, in terms of the difference to 2019 GDP levels, came to as much as EUR 2 billion per calendar week. During the second and third lockdowns in the fall and after Christmas, they amounted to around EUR 1 billion per week. From March 16, 2020, to February 7, 2021, GDP losses in Austria totaled EUR 33.1 billion. When we consider the 1¼% pre-pandemic growth forecast for the Austrian economy for the year 2020, aggregate GDP losses increase to EUR 37.6 billion or 9.4% of 2019 GDP.

### **External trade: setback triggered by first lockdown made up in second half of 2020**

In the spring, extensive border closures had led to supply-chain disruptions, which severely hampered exports. In the second half of 2020, in contrast, goods exports kept rebounding broadly despite Austria's second lockdown. From the middle of the fourth quarter, they even surpassed 2019 levels, according to OeNB estimates. Overall, goods and services exports

were burdened above all by travel exports, initially as a result of travel warnings and then owing to the total shutdown of the hospitality industry in Austria. Given that tourism in general, and winter tourism in particular, is highly relevant to the Austrian economy, the OeNB pays great attention to monitoring and analyzing the relevant developments in a timely manner (box 3). New current account analyses will be made available by the OeNB in mid-2021.

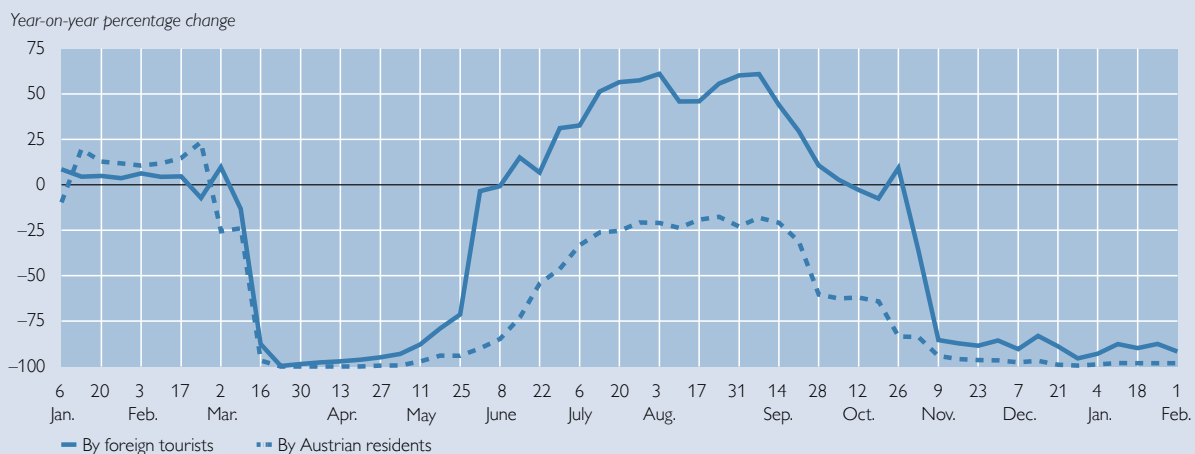
### Austrian tourism strongly affected by COVID-19 pandemic

Tourism is among the economic sectors that have been hit hardest by the COVID-19 pandemic. In Austria, the tourism industry contributes as much as 7.3% to economic value added – an above-average share by international standards. Drawing on real-time data from several payment card providers, the OeNB started in the summer of 2020 to observe trends in domestic tourism. As we keep track of Austrian and foreign tourists' expenditure on a weekly basis this way, we are able to estimate trends in tourism about one month before official figures on overnight stays are published by Statistics Austria.<sup>4</sup> Austrian tourism developed largely in sync with the overall economy until the late summer of 2020 (see box 2). As a result of the first lockdown imposed in March 2020, card payments by Austrian residents in accommodation establishments came to a complete and abrupt stop, and so did foreign tourists' card payments in both accommodation establishments and restaurants (chart 6). Once accommodation establishments had reopened at end-May 2020, Austrian tourists' card payments increased sharply, reaching – and later on even surpassing – 2019 levels. Expenditure by foreign tourists in Austria went up only gradually, by contrast, and remained around 20% below 2019 levels throughout the summer of 2020.<sup>5</sup> Yet, even during the summer months, the rise in domestic tourists' expenses in Austria failed to compensate for the decline in spending by foreign tourists; moreover, in pre-crisis times, foreign tourists' expenses in Austria clearly exceeded domestic tourists' spending abroad.

From mid-September 2020, sales by Austrian accommodation establishments declined again. This downturn resulted from rising numbers of new COVID-19 infections both in Austria and its neighboring countries, to which major countries of origin, above all Germany, responded by increasingly issuing travel warnings for Austria. The fall holidays interrupted the downtrend only briefly. The nation-wide shutdown of accommodation establishments and restaurants from November 3, 2020, caused tourist expenditure in Austria to drop to almost zero again. Still, figures were slightly better during Austria's second lockdown than during the first one in spring 2020, as business travel continued to be allowed now. Given that the Austrian government decided to keep accommodation establishments closed until after the Christmas holidays, we anticipate a 95% drop (year on year) in the number of overnight stays in November and December 2020. For the full year 2020, we expect that the total loss of the winter pre-season, including the week around Christmas, will translate into a 36% year-on-year short-

Chart 6

### Tourists' payment card expenditure in Austria (2020–2021)



Source: Payment service providers, OeNB calculations.

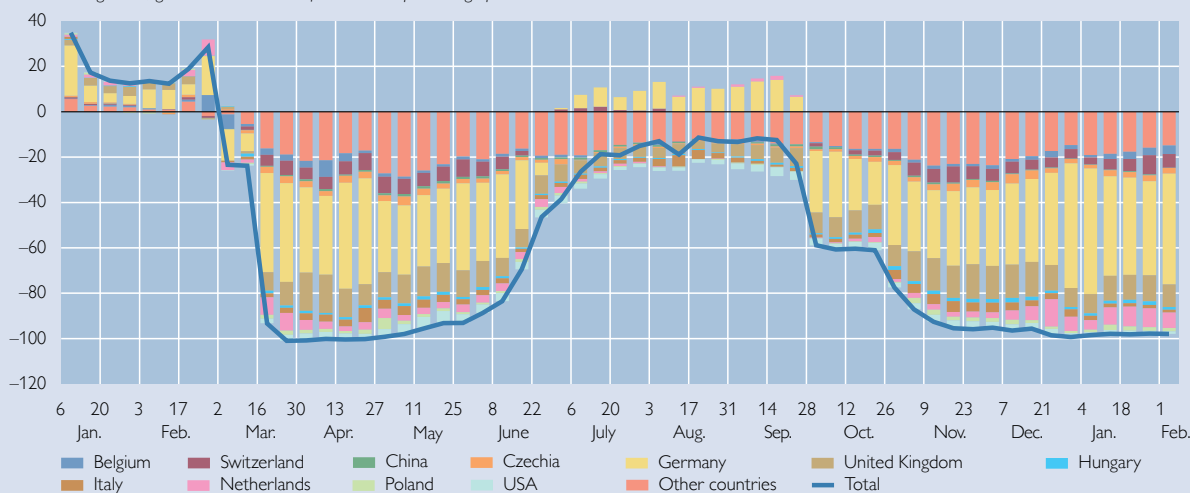
Note: March 16: lockdown; May 29: hotels reopen; from June 4: borders reopen gradually; from August 17: Austria issues travel warnings (for Croatia, the Balearic Islands); from September 16: travel warnings issued for Vienna and for Austria; November 3: partial lockdown; November 17: lockdown; December 7: partial lockdown; December 26: lockdown. All dates given refer to 2020.

<sup>4</sup> For a detailed analysis, see Fenz, G., H. Stix and K. Vondra. 2021. Austrian tourism sector badly hit by COVID-19 pandemic. In: *Monetary Policy & the Economy Q4/20-Q1/21*. OeNB. 41–63.

<sup>5</sup> Because of the COVID-19 pandemic, people started using noncash payment options more frequently, which is why payment card expenditure data tend to overestimate total tourism expenditure in 2020.

### Foreign tourists' payment card expenditure for accommodation and restaurant services in Austria, by country of origin (2020–2021)

Annual change in %; growth contributions of countries in percentage points



Source: Payment service providers, OeNB calculations.

fall in the number of overnight stays in Austria. In January 2021, the situation remained unchanged. And the overall situation for Austrian tourism is not likely to change as long as accommodation establishments and restaurants remain closed by public order, namely at least until the beginning of March 2021, and the main countries of origin still have travel warnings for Austria in place.

One payment card provider's data are broken down by countries of origin, which allows us to analyze foreign tourists' expenditure along these lines (chart 7). Our analysis confirms Germany's role as a key country of origin for Austrian tourism. In 2019 in Austria, every second foreign tourist, in terms of overnight stays, came from Germany, and German tourists booked four out of ten of the total overnight stays that were booked in Austria. Given the shift to noncash payments, German tourists' payment card expenditure in Austria went up in the summer of 2020 against 2019, although the number of overnight stays by German tourists remained constant year on year. When German tourists stayed away from early October 2020, this caused the second slump in Austrian tourism in the reporting year.

### Short-time work support cushions surge in domestic unemployment

Austria's labor market did not remain unscathed by the sharp economic downturn in the spring of 2020. Within a mere 2½ weeks, the number of individuals registered as unemployed jumped by more than 200,000. Like in 2009, the deployment of short-time work schemes was instrumental in keeping unemployment numbers from rising further; in the second quarter of 2020, an average 882,000 individuals were registered for short-time work support. Factoring in the average reduction of working time, we arrive at a contraction of work volumes by 394,000 full-time equivalents. This number

may also serve as a benchmark for the number of jobs saved through short-time work schemes. Thus, amid the spring lockdown, up to 547,000 individuals lost their jobs or, in the absence of short-time work schemes, would have lost their jobs. Over the summer, both the incidence of unemployment and the take-up of short-time work went down visibly. The renewed lockdown in late fall led to a resurgence of unemployment and short-time work, but to a much lesser extent than during the spring lockdown. All in all, in 2020, the number of payroll employees shrank by more than 80,000 year on year to 3.7 million individuals. The number of

unemployed people averaged out at 410,000 in 2020, up from 301,000 a year earlier. Thus, Austria's unemployment rate (national definition) increased from 7.4% in 2019 to 9.9% in 2020.<sup>6</sup>

### Domestic inflation exceeds euro area inflation also in 2020

Crude oil prices halved in 2020 amid the massive global economic downturn observed in the spring. In the first half of the year, inflation pressures thus eased in Austria. HICP inflation dropped from more than 2% in January and February to 0.6% in May, with the sharp decline having been cushioned by both supply restrictions and price rigidities, however.

By July 2020, HICP inflation was back up at 1.8%, three times the level registered in May. Inflation measures observed in 2020 are subject to a heightened degree of uncertainty, however, because the lockdowns affected the collection of prices, especially in the services industry. The government-mandated shutdowns, over several weeks in a row, of the hospitality industry and of close contact services, such as hairdressing salons, triggered a shift in consumption patterns and also caused issues for

price collection. In such instances, national statistical offices were advised by Eurostat to carry forward the last observed prices. In November 2020 for example, the carry-forward method had to be applied, according to Eurostat, to 18% of the products contained in Austria's HICP goods basket. Thus, the official inflation rates shown in 2020 for the hospitality industry and recreational and cultural services, which signal sharp price increases despite a major setback in sales, need to be interpreted with caution.

By November 2020, HICP inflation had declined to 1.1%. Weak demand and the unfavorable

**Price rigidity**  
Also known as price stickiness or sticky prices; refers to the resistance of market prices to change quickly.

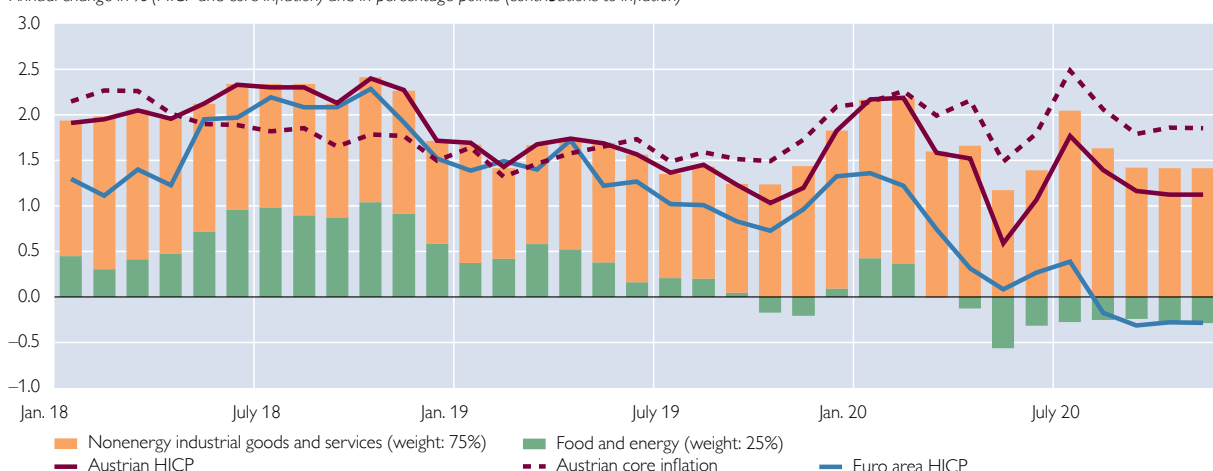
climate for consumption had a moderating impact on inflation in the second half of the year above all for nonenergy industrial goods. Core inflation, which excludes energy and food prices, dropped as well, from 2.7% in July 2020 to 1.8% in November 2020, reflecting weakening growth rates for nonenergy industrial goods and services.

HICP inflation for 2020 as a whole totaled 1.4%, with core inflation amounting to 2.0%. As a result, Austria's inflation differential to

Chart 8

### Austria's HICP inflation diminishes in 2020 as contributions from food and energy decline

Annual change in % (HICP and core inflation) and in percentage points (contributions to inflation)



Source: Eurostat, Statistics Austria.

<sup>6</sup> According to Eurostat's definition, the domestic unemployment rate rose to 5.3% in 2020 (2019: 4.5%). Eurostat's definition does not capture the full increase in unemployment.

the euro area average widened substantially in 2020, to 1.1 percentage points, reflecting above all diverging price levels in the hospitality industry, the most visible economic victim of COVID-19.

### **Mixed response of Austria's residential housing market to COVID-19 pandemic**

The COVID-19 pandemic has also been affecting residential property prices in Austria. Prices accelerated throughout the first three quarters of 2020, with residential property prices exceeding 2019 prices by 9.5% in the third quarter. Above-average growth rates were recorded especially for single-family homes, which confirmed assumptions that increased working from home has raised demand for living outside big cities and/or in houses with a garden. For the third quarter of 2020, the OeNB fundamentals indicator for residential property prices implied an upward deviation of prices from fundamentals by 17% across Austria, and by 24% for prices in Vienna.

The COVID-19 pandemic also had direct repercussions for residential housing construction, including a temporary suspension of construction activity during the spring lockdown. The annual growth rate of investment in residential construction dropped by 5.5% in the first half of 2020. In other words, the pandemic situation accelerated the bottoming of the current residential construction investment cycle in Austria, which had started to flatten two years ago. The outlier was Vienna, where the number of housing completions observed in 2020 is estimated to have been almost twice as high as the combined average of the period from 2015 to 2018. 2021 may see

building project delays because building permit issuance has been subject to lockdown delays.

### **Measures to ease economic crisis sharply drive up budget deficit**

Following a budget surplus in 2019, we witnessed a massive deterioration of Austria's budget balance in 2020, and a strong increase of the gross debt ratio. The main reasons were twofold: automatic stabilizers kicked in as the economy collapsed, and the federal government adopted a large-scale discretionary spending program with a view to keeping the economic repercussions of the pandemic in check. Compared with these two factors, additional health care spending (e.g. on tests and equipment) remained limited.

The measures with the highest impact on the budget balance (short-time work subsidies, fixed cost grants, lockdown compensation for lost turnover) are of a temporary nature. By contrast, there is only a limited number of comparatively smaller measures that will continue to affect the budget permanently (lower income tax rates) or for multiple years (investment incentives for the private sector). Moreover, some of the GDP lost in 2020 will presumably be offset by higher growth rates in the years ahead. Therefore, even without any consolidation, the budget deficit has been projected to improve again noticeably until the mid-2020s. Last but not least, two other factors should contribute to keeping consolidation needs at visibly lower levels after the pandemic-related recession than after the Great Recession in 2008 and 2009: the better fiscal starting point and the sharp downward trend with regard to public interest rate expenditure.

Box 4

#### **Fiscal measures taken in Austria to ease the economic impact of the COVID-19 pandemic<sup>7</sup>**

*Targeted fiscal policy measures must accompany the Eurosystem's accommodative monetary policy to effectively counteract the impact the COVID-19 pandemic has been having on the economy. When the COVID-19 crisis unfolded in spring 2020 and when the second lockdown was imposed in Austria in November and December 2020, the measures taken had two objectives: to ensure the proper functioning of the health care system and*

<sup>7</sup> For a detailed analysis, see Prammer, D. 2021. Unprecedented fiscal (re)actions to ease the impact of the COVID-19 pandemic in Austria. In: *Monetary Policy & the Economy Q4/20-Q1/21*. OeNB. 153–173.



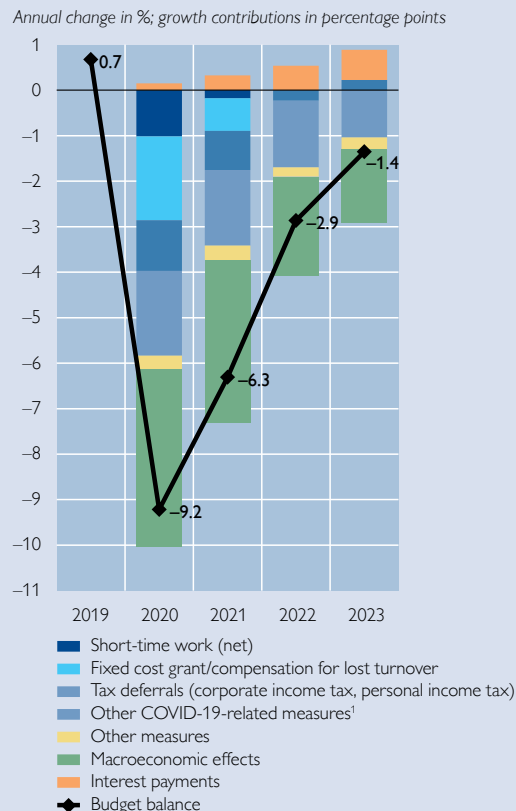
to support businesses and households. Moreover, as was the case with monetary policy measures, particular attention was given to strengthening the liquidity position of businesses. The set of fiscal policy measures adopted included granting tax deferrals, reducing advance tax payments, introducing a fixed cost grant, compensating for (part of) lost turnover, extending public guarantees for bank loans and offering payment moratoria. The short-time work scheme prevented layoffs and enabled enterprises to keep their employees on the payroll, and the hardship fund kept micro-enterprises and single proprietorships in business. Compensating businesses and households for income losses caused by the containment measures helped save production capacities that might have otherwise been lost permanently.

The fiscal policy measures taken in Austria since the summer of 2020 had two objectives as well. First and foremost, conventional economic stimuli, such as income tax cuts, VAT cuts for certain sectors as well as one-off payments of unemployment and child-care benefits, were intended to jump-start the economy after the lockdown. These measures were meant to stimulate consumer demand, in particular of households faced with liquidity constraints. Second, a number of initiatives were taken to promote private and public sector investment. Measures to support private investment comprise e.g. the loss carryover for 2020, accelerated depreciation and investment subsidies. Ideally, such fiscal stimuli are tied to long-term objectives – in Austria, these are primarily digitalization and climate protection. By enabling the shift to new, as well as environmentally friendly, technologies and new ways of working, measures tied to long-term goals can contribute to raising an economy’s long-term growth potential and thus its resilience.

It will be necessary, however, to carefully devise an exit strategy for the time when these emergency economic support measures will no longer be needed. After all, measures preserving the production potential may reduce incentives to adjust to changing business conditions and can thus lead to a loss in the long-term growth potential. At the same time, particular care must be taken not to restrict businesses’ investment and employment opportunities by a premature pullback of support measures. This might create a situation in which businesses would e.g. be forced to make major debt or tax repayments when they are not yet ready.

Chart 9

### Changes in Austria’s budget balance since 2019



Source: OeNB.

<sup>1</sup> Including economic stimulus package.

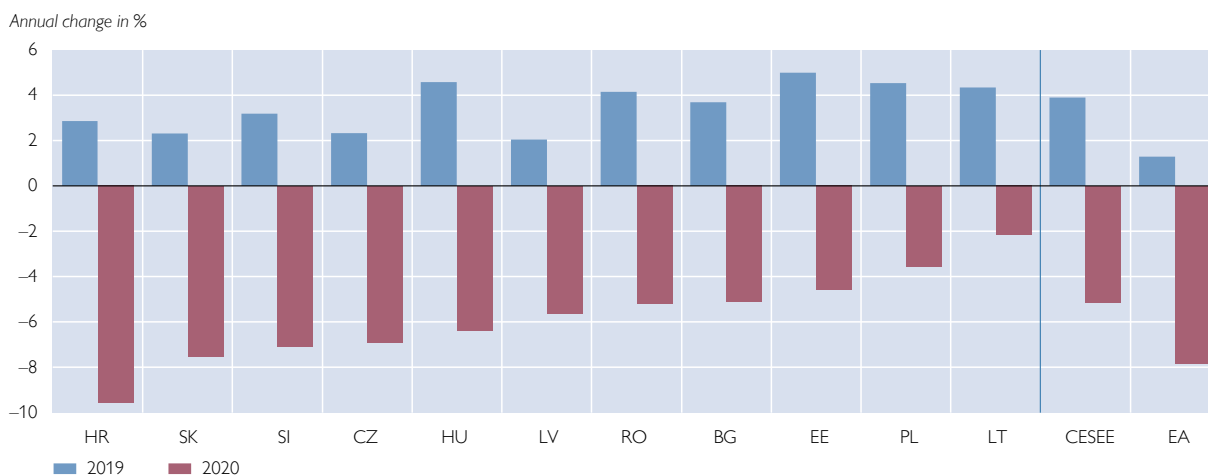
### Support measures ease heightened insolvency risk of Austrian firms amid pandemic-related recession

In light of the deep recession, the OeNB developed a new model for forecasting sectoral insolvency rates for Austrian firms.<sup>8</sup> As at

end-December 2020, the data generated with the new tool show a marked increase of the insolvency ratios of Austrian firms, from 1.0% in the years from 2017 to 2019 to 1.3% (2020), 2.9% (2021) and 1.5% (2022). Were it not for the support measures that the government

<sup>8</sup> Puhr, C. and M. Schneider. 2021. Have mitigating measures helped prevent insolvencies in Austria amid the COVID-19 pandemic? In: *Monetary Policy & the Economy Q4/20-Q1/21*. OeNB. 77–110.

### Significant decline of real GDP growth in CESEE



Source: Eurostat, European Commission autumn forecast (November 2020).

adopted (fixed cost grants, short-time work schemes, loan moratoria and forbearance, deferrals of taxes and social security contributions), these ratios would stand at 3.9% (2020), 3.0% (2021) and 1.3% (2022). The insolvency ratio simulations feed into an analysis of how the pandemic-related recession impacted Austrian banks (box 6).

### CESEE economies also weaken visibly amid COVID-19 pandemic

Following several years of dynamic growth with average annual growth rates of about 4% and above, the economies of the EU member states in Central, Eastern and Southeastern Europe (CESEE<sup>9</sup>) started cooling down somewhat in late 2019. Once the novel coronavirus was spreading across the world in spring 2020, economic activity ground to a halt also in CESEE: Output growth in the region shrank by more than 5% on average, with some countries reporting even sharper setbacks. Thus, 2020 will go down in history as the year of the sharpest economic downturn in CESEE since the transition period of the early 1990s.

And yet, the recession was somewhat less severe in the CESEE EU member states than in the euro area. In spring 2020, the CESEE EU

countries outperformed most Western European countries in keeping infection rates low. They began easing their lockdown restrictions in May, and the summer months witnessed a broad-based and robust recovery of economic activity. The second wave of the pandemic, however, hit CESEE particularly hard. The resurgence of new infections since September 2020 and the sometimes severe tightening of containment measures dealt another blow to the region's economy in the fourth quarter of 2020.

Monetary policymakers in the CESEE EU economies took swift and comprehensive action in response to the new economic conditions. While the Eurosystem's monetary policy decisions enhanced monetary accommodation in those CESEE economies that are part of the euro area, most non-euro area countries in the region lowered their national policy rates. For instance, the Czech central bank cut its key policy rate in three steps from 2.25% to 0.25%, the Polish central bank in three steps from 1.5% to 0.1%, the Hungarian central bank in two steps from 0.9% to 0.6% and the Romanian central bank in three steps from 2.5% to 1.5%.

The central banks of some CESEE countries, including Croatia, Hungary, Poland and

<sup>9</sup> Bulgaria, Czechia, Estonia, Croatia, Latvia, Lithuania, Hungary, Poland, Romania, Slovenia and Slovakia.

Romania, started to buy bonds issued by their respective governments. To provide the banking sector with sufficient liquidity, some national central banks in the area also adjusted minimum reserve requirements for banks and conducted longer-term refinancing operations. Furthermore, the adequate provision of liquidity was supported through the establishment of liquidity lines between the ECB and the central banks of Bulgaria, Croatia, Hungary and Romania.<sup>10</sup> A number of countries also imple-

mented loan repayment moratoria and eased macroprudential regulations for the banking sector, for instance with regard to the size and planned adjustment of anticyclical capital buffers (e.g. in Bulgaria, Czechia, Lithuania and Slovakia) or with regard to the collateral framework and debt-servicing capacity rules for borrowers (e.g. in Slovenia). Last but not least, Croatia's central bank intervened in the foreign exchange markets to counter downward pressures on the Croatian kuna.

Box 5

### The Western Balkans receive coordinated financial aid from international institutions<sup>11</sup>

*Fast and coordinated support from the EU and international institutions such as the IMF or the World Bank were crucial in helping the Western Balkans close pandemic-related funding gaps. As a sign of its strong solidarity, the EU reaffirmed its support for the European perspective of the Western Balkans and mobilized financial support amid the COVID-19 crisis with the Zagreb Declaration of May 2020.<sup>12</sup> The European Union herewith meets its special responsibility in assisting the Western Balkans. The European Commission announced that it would provide over EUR 3.3 billion jointly with the European Investment Bank (EIB) for the benefit of the health sector and for social and economic recovery in the Western Balkans. This includes EUR 750 million of EU macrofinancial assistance.<sup>13</sup>*

#### **IMF funding and EU macrofinancial assistance (MFA)**

*Given the urgency of the situation, the European Commission for the first time proposed to provide MFA even to countries that do not have a full-fledged IMF program in place. Unconditional emergency funding under the IMF's Rapid Financing Instrument (RFI) was considered sufficient for countries to qualify for MFA.*

*The IMF had earmarked about USD 40 billion as RFI funding to IMF member countries in March 2020, and temporarily raised the annual access limit from 50% to 100% of the respective quota (and from 100% to 150% of quota on a cumulative basis) until April 2021. With the exception of Serbia, all Western Balkan countries have applied for RFI assistance.*

*The crisis MFA program on which the EU agreed in view of the pandemic is shorter in duration than usual and demands only limited reforms to be recorded in memoranda of understanding. The loans with a maximum average duration of 15 years are made available for 12 months and disbursed in only two installments. The amount of granted MFA funds is based on a preliminary estimate of each partner's residual external financing needs.*

The CESEE countries also adopted comprehensive fiscal stimulus packages to support economic activity. Measures to cushion the worst economic effects of the COVID-19 pandemic include lockdown compensation payments for firms, subsidies for wage and social security payments, higher minimum wages, short-time

work schemes as well as tax deferrals and public guarantees. Across the region, the size of fiscal stimulus varied depending on individual conditions and the available fiscal room for maneuver, but above all in the Central European countries, the amount of fiscal stimulus provided was comparable with Austrian levels. Beyond

<sup>10</sup> Bulgaria and Croatia: euro-denominated swap agreements; Hungary and Romania: euro-denominated repurchase agreements.

<sup>11</sup> World Bank. 2020. *An Uncertain Recovery. Western Balkans regular economic report No. 18. Fall 2020, Figure 5.1.*; OeNB. 2020. *The impact of the COVID-19 crisis on financial stability in Austria – a first assessment. In: Financial Stability Report 39. 39–64.*

<sup>12</sup> European Council, press release, May 6, 2020.

<sup>13</sup> European Commission, press release, April 29, 2020.

the above measures, the CESEE EU member states also benefited from the EU's crisis response programs.

### **EU support in response to the pandemic**

The EU and its member states have taken broad action to minimize the economic fallout of the COVID-19 pandemic. In April 2020, the EU implemented its Coronavirus Response Investment Initiative (CRII). This first package provided an upfront cash injection of EUR 8 billion, which could accelerate up to EUR 37 billion of public investment across the EU. EU member states were also granted maximum flexibility in applying EU spending rules and access to the EU Solidarity Fund. At a Special European Council in July 2020, EU leaders agreed on a comprehensive recovery package for Europe with an overall budget of EUR 1,824 billion for the period from 2021 to 2027, combining the multiannual financial framework (MFF) for this period (EUR 1,074 billion) with an extraordinary recovery effort called NextGenerationEU. For the NextGenerationEU instrument, the EU has set aside EUR 750 billion: EUR 390 billion in the form of grants and EUR 360 billion in the form of loans. The centerpiece of the instrument is the Recovery and Resilience Facility (RRF) with a scope of EUR 672 billion in loans and grants, which will be available from 2021 onward. On top of that, three additional safety nets totaling EUR 540 billion have been provided by three EU institutions: EUR 100 billion by the European Commission for temporary support to mitigate unemployment risks in an emergency (SURE) to help EU citizens; EUR 240 billion by the European Investment Bank (EIB) to help businesses; and EUR 200 billion by the European Stability Mechanism (ESM) to help EU member states. The combined funds available under the EU's recovery plan and the additional safety nets thus total EUR 2,364 billion.

Work had been ongoing since late 2019 on a reform of the ESM, with a view to strengthening its role in the euro area. The ESM will act as a common backstop to the Single Resolution Fund (SRF) by means of a credit line and will

replace the ESM Direct Recapitalisation Instrument for banks. The corresponding treaty agreements were signed on January 27, 2020, thus launching ratification procedures in all EU member states. The credit line will be available as of the beginning of 2022.

### **The UK leaves the EU with a deal**

On January 31, 2020, the United Kingdom officially left the EU, with the Bank of England leaving the European System of Central Banks (ESCB) at the same time. The ECB kept its subscribed capital unchanged at EUR 10.8 billion after the Bank of England's withdrawal from the ESCB. Based on an updated capital key, the Bank of England's 14.3% share in the ECB's subscribed capital was redistributed among the other 27 national central banks of the ESCB. In this process, the OeNB's share increased to 2.3804% on February 1, 2020 (from 2.0325%). December 31, 2020, marked the end of the Brexit transition period, i.e. the UK's departure from the EU's Single Market and the customs union. By the end of 2020, the future relationship between the EU and the UK had been agreed successfully. Essentially, the agreement reached is a free trade agreement setting out arrangements in areas such as trade in goods and services between the EU and the UK. Apart from that, continued cooperation has been agreed in areas of mutual interest.

### **Bulgaria and Croatia join ERM II**

With effect from July 13, 2020, the Bulgarian lev and the Croatian kuna have been part of the European exchange rate mechanism II (ERM II). The central rate of the Bulgarian lev was set at EUR 1 = BGN 1.95583 (the Bulgarian lev's long-standing fixed exchange rate), and the central rate of the Croatian kuna was set at EUR 1 = HRK 7.53450 (the Croatian kuna's market rate at the time). In parallel, the Governing Council of the ECB adopted an agreement on July 10, 2020, on close cooperation between the ECB and the Bulgarian and Croatian central banks in the context of the Single Supervisory Mechanism (SSM) (see section Supervisory processes within the SSM and in

Austria well aligned). ERM II participation represents an important milestone in Bulgaria's and Croatia's efforts to join the euro area. To qualify for euro adoption, Bulgaria and Croatia must participate in ERM II without severe tensions for at least two years and achieve sustainable convergence with regard to other economic and legal criteria. Fulfillment of the convergence criteria is examined in the regular convergence reports prepared by the European Commission and the ECB.

### **Austria provides important funding for the IMF**

February 7, 2020, marked the completion of the IMF's 15<sup>th</sup> general review of quotas and its quota formula review. In the absence of sufficient consensus among IMF member states, IMF quotas were not increased and the quota formula was left unchanged. Thus, the total IMF quotas, which are denominated in Special Drawing Rights (SDRs), continue to stand at about SDR 477 billion, and Austria's quota continues to stand at SDR 3.932 billion. The 16<sup>th</sup> general review, including a quota formula review, is to be completed no later than December 15, 2023.

Furthermore, the IMF's Executive Board approved a doubling of the volume of its New Arrangements to Borrow (NAB) on January 16, 2020, for a new NAB period from January 1, 2021, to December 31, 2025. The NAB are a crisis tool that enables the IMF to top up its regular funding with additional resources from the strongest economies among its member states. Following ratification by all NAB-participating countries, this reform took effect on January 1, 2021, as scheduled. The 38 NAB participants contribute an aggregate amount of SDR 361 billion to the IMF's resource envelope. Austria participated in the NAB reform, and the OeNB has been authorized to grant the IMF a NAB credit line of up to SDR 3.63698 billion based on a legal act published on

December 22, 2020, in Austria's Federal Law Gazette Part I No. 137/2020.

On March 31, 2020, the IMF's Executive Board also adopted a framework for a new round of bilateral borrowing. The 2020 Bilateral Borrowing Agreements have an initial term of three years through end-2023 and may be extended for one further year. Austria's new bilateral loan agreement, effective from January 1, 2021, was initially concluded to amount to EUR 6.13 billion, as did the predecessor agreement. However, as the doubling of Austria's NAB contribution became effective on the same day, Austria was entitled to a reduction under the roll-back clause reducing Austria's bilateral borrowing agreement to EUR 2.641 billion.

With the doubling of its NAB amount and the conclusion of a new bilateral loan agreement, Austria has been making a substantial contribution to securing the effectiveness of the global financial safety net, with the IMF as its center, in particular in view of increased global funding requirements amid the COVID-19 pandemic.

The IMF's annual Article IV consultations with Austria were held from February 24 to March 3, 2020. The 2020 round also completed the 2019 Article IV consultations, which had started in May 2019, but had not been concluded due to a government change in Austria. The preliminary findings of the 2020 Article IV consultations were presented at a press conference on March 3, 2020, together with the results of Austria's Financial Sector Assessment Program (FSAP).

IMF member countries are represented at the IMF's Executive Board meetings in constituencies. Austria is a member of the Central and Eastern European constituency, and the First Alternate Executive Director of this constituency, a permanent function, is Austrian. For the period from November 1, 2020, to October 31, 2022, the Hungarian representative holds the office of Executive Director of this constituency.

## A word from the members of the OeNB's Governing Board



Robert Holzmann, Governor



Gottfried Haber, Vice Governor



Eduard Schock, Executive Director



Thomas Steiner, Executive Director

### Keeping our staff safe has always been our top priority.

#### Robert Holzmann, Governor:

Meeting the biggest crisis since the Great Depression of the 1930s head-on, the OeNB has proved a pillar of strength also in these trying times. Throughout the pandemic, we have continued to safeguard both financial and price stability, meeting the OeNB's long-standing commitment to provide for security and stability.

#### Gottfried Haber, Vice Governor:

This past year has shown that the OeNB and its staff can be trusted to fulfill their tasks in an extremely efficient and reliable way also in difficult times. Like the OeNB, the Austrian banking system has passed the test of resilience.

#### Eduard Schock, Executive Director:

Even in these demanding times, we have stood ready to ensure the smooth supply of cash. People in Austria have a preference for paying in cash, and we want them to know that they can count on us.

#### Thomas Steiner, Executive Director:

On the board we all agree that the health and safety of our staff must come first. For this reason, we provide COVID-19 testing, wear masks and keep a safe distance. Plus, also on the board, we have been working in split teams as much as possible.



## Reserve management amid the COVID-19 pandemic

### The OeNB maintains a well-diversified reserve portfolio

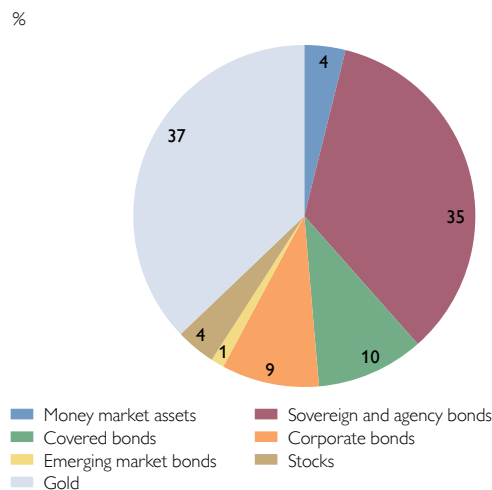
The OeNB's investment activities are subject to comprehensive risk management procedures and controls. Above all, these activities are aimed at maintaining a high degree of liquidity and security to ensure the ready availability of funds for coordinated intervention in financial markets whenever action should be required. Reserve asset allocation is characterized by a broad degree of diversification (chart 11). Apart from gold reserves, the OeNB's investment portfolio is well diversified across currencies, regions and financial instruments (above all debt securities, but equity securities as well). The OeNB's funds are typically invested in convertible currencies of countries with excellent credit ratings, in bonds issued by governments, agencies and supranational institutions and in covered bonds. Other assets such as corporate bonds and stocks have been included in the OeNB's portfolio with a view to improving its risk-to-return ratio. In recent years, this investment strategy has been a key pillar of stability supporting the fulfillment of the OeNB's tasks within the ESCB.

### Financial markets fueled by monetary and fiscal policy support measures

Financial market developments in 2020 heavily reflected the repercussions of the COVID-19 pandemic and the support measures public authorities and central banks adopted to cushion its economic impact. Toward the end of the first quarter of 2020, the spreading of COVID-19 in Europe was leading to major market distortions across the globe. At the time, the US stock exchange index Standard & Poor's (S&P) 500, for instance, plunged by more 30% within a couple of weeks, a decline last seen in 2008. Subsequently, however, markets reversed strongly, propped up by policy rate cuts, the large asset purchase programs of major central banks and cross-border liquidity support provided by central banks, i.a. through swap and repurchase arrangements. These unprecedented monetary policy measures, in combination

Chart 11

### The OeNB's reserve portfolio is well diversified



Source: OeNB.

Note: At the end of 2020, the OeNB's reserve assets added up to about EUR 37 billion.

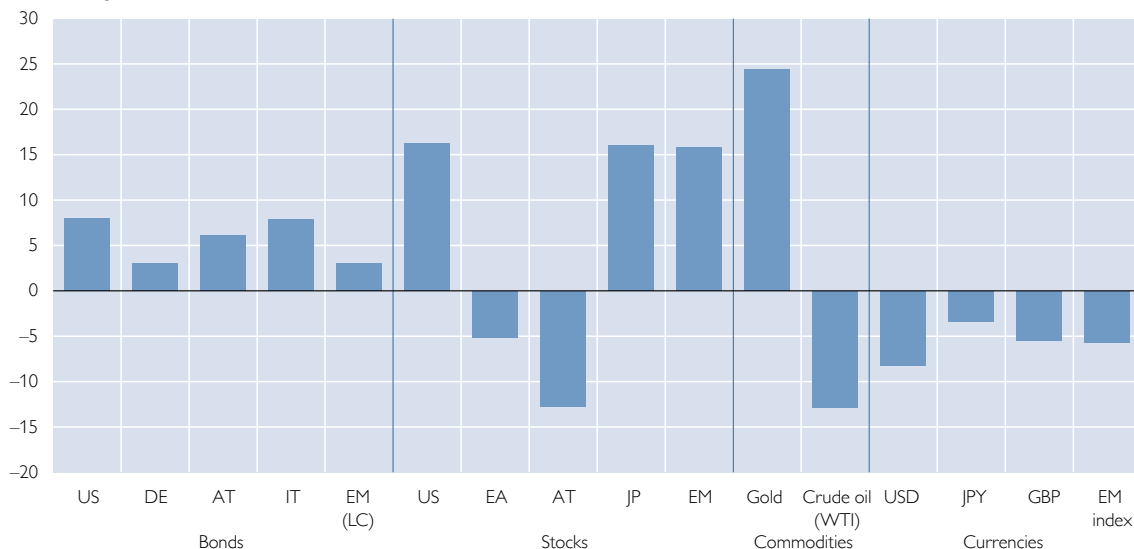
with public support packages of equally historic proportions, caused yields and risk premiums to decline sharply.

The yield decline was particularly pronounced for US bonds: The yields of ten-year US Treasury bonds dropped by about 1 percentage point to 0.9% in 2020. Mirroring generally lower interest rate levels in Europe, yield declines were somewhat more moderate in Europe: Yields dropped by about 0.4 percentage points to -0.57% for ten-year German sovereign bonds and by 0.45 percentage points to -0.43% for Austrian sovereign bonds. The sharp setback of yields on government bonds reflected the strong expansion of this asset class (chart 12).

In the fourth quarter of 2020, markets were boosted by news of COVID-19 vaccine progress, enabling major stock markets to end 2020 with a profit. The S&P 500 rebounded especially strongly, as some major US firms in particular were reaping the benefits of the economic transformation prompted by the various lockdown periods (with businesses and consumers embracing high-tech solutions and online orders booming). At +16.0%, Japan's leading index Nikkei 225 performed nearly as strongly as the S&P 500 (+16.3%). Stock market performance

## Financial market performance fueled by monetary and fiscal support measures

Performance gain or loss in 2020 in %



Source: Bloomberg.

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

in Europe, meanwhile, was clearly weaker. While the EURO STOXX 50 declined by 5.1%, Austria's leading stock market index, the ATX, even lost 12.8% in 2020.

The pandemic also shook up commodity prices. While crude oil prices receded by close to 13% on account of weak demand in 2020, the price of gold soared by more than 24% given heightened insecurity and falling interest rates.

The euro appreciated strongly in 2020. As monetary union continued to deepen, boosted by NextGenerationEU funds, the euro gained close to 9% against the US dollar during the year. As the center of the pandemic moved from Europe to the United States during the summer of 2020, the euro's exchange rate against the US dollar increased to a rate of EUR 1 = USD 1.18 in late July, compared with EUR 1 = USD 1.08 in mid-May. The weakening of the US dollar also reflects the Fed's particularly accommodative monetary policy stance. The Fed cut its policy rates by 1.5 percentage points and launched large liquidity-providing programs, causing the yield advantage of US dollar-denominated assets over euro-denominated assets to shrink visibly. For the pound

sterling, 2020 was characterized by the uncertainty about a post-Brexit trade deal between the UK and the EU. The agreement reached toward year-end did little to reverse the pound sterling's slide, which ultimately totaled about 5.5% against the euro in 2020.

Currencies with a greater sensitivity to economic and commodity price fluctuations, such as the Norwegian krone and the Australian dollar, came under heavy devaluation pressure given market distortions toward the end of the first quarter of 2020, but were able to reverse most of the losses against the euro until year-end. In this climate, some emerging market currencies (including the Turkish lira, the Russian ruble and the Brazilian real) traded particularly weakly, as reflected by a more than 13% drop of J.P. Morgan's Emerging Market Currency index against the euro.

### OeNB reserve management marked by risk-reducing measures

The OeNB's investment strategy in 2020 was characterized by adjustments in view of financial market developments and a range of risk-reducing measures. First and foremost, the OeNB increased the share of safe-haven currencies, to account



for more than half of the OeNB's foreign currency assets. In particular, the OeNB has been investing in assets denominated in US dollars and Japanese yen. Moreover, the OeNB adjusted the allocation of its managed portfolios in 2020, temporarily reducing the share of cyclical assets such as stocks. The assets of the managed portfolios are generally considered to be riskier assets than the OeNB's other assets. The contracts for managed portfolios are tendered among external asset managers in a multi-tier bidding process.

The challenges created by the pandemic and the protracted period of low interest rates have, yet again, highlighted the relevance of a balanced allocation of the OeNB's reserve assets and proper portfolio diversification. Above all, gold as a crisis currency has once more proved its worth. The assets invested in euro-denominated sovereign bonds, which account for some 15% of the OeNB's entire investment portfolio, generated a performance gain of about 1% in 2020. In contrast, the OeNB's debt securities portfolio, which contains both euro- and foreign currency-denominated assets, incurred a performance loss of about 1.75%, because the foreign currency portfolio was hit by the appreciation of the euro. The OeNB's externally managed portfolios also exhibited a performance loss in 2020, which offset the performance gains achieved in

previous years somewhat. Yet, these fluctuations were more than compensated by the strong performance gain (about 14%) of the OeNB's gold reserves (chart 13), which account for slightly more than one-third of reserve assets. Thus, yet again, gold has shown itself to be an anchor of stability under the OeNB's crisis prevention and crisis management strategy.

**Managed portfolio**  
Managed portfolios are investment portfolios that are managed by external asset managers. These asset managers invest the assets entrusted to them in line with the investment goals defined by their clients.

### Beyond profit: in pursuit of social responsibility in investing

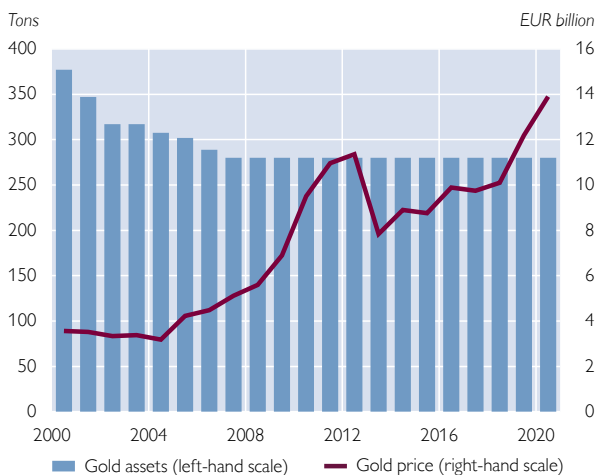
For many years, explicit sustainability criteria have informed the OeNB's risk management decisions. Reflecting international standards, the OeNB initially defined exclusion criteria to prevent reputation risks. Since 2011, external asset managers making investments for the OeNB must have signed the UN-supported Principles for Responsible Investment. These principles address environmental, social and corporate governance (ESG) issues as well as responsible disclosure rules and ownership policies and practices.

With the widespread adoption of ESG criteria, the options for investing sustainably in international financial markets have broadened in recent years. Thus, the OeNB has been awarding portfolio management contracts containing ESG criteria and/or ESG benchmarks for selected asset classes since 2018, to ensure compliance with sustainable environmental standards, a responsible consideration of social aspects and good corporate governance in investment decisions. The OeNB's internal portfolio managers have also been giving increasing preference to financial instruments that meet these quality standards. The application of ESG criteria will be developed further in the light of experience and in accordance with accepted procedures.

**Environmental, social and corporate governance (ESG)**  
More and more financial and nonfinancial firms around the world believe that management decisions should give due consideration to environmental, social and corporate governance (ESG) issues. An increasing number of rating agencies and investors (such as the signatories of the UN-supported Principles for Responsible Investment) have come to include ESG criteria into their approach to securities analyses.

Chart 13

### Market value of OeNB gold holdings rises sharply



Source: OeNB.

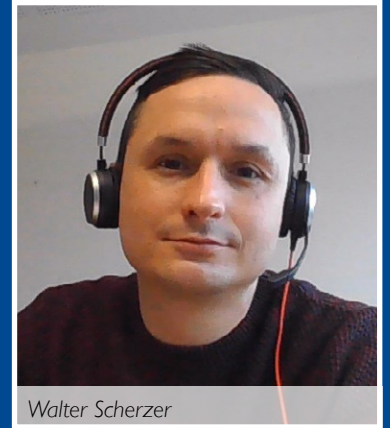
## Maintaining a solid IT infrastructure



Daniela Karanitsch

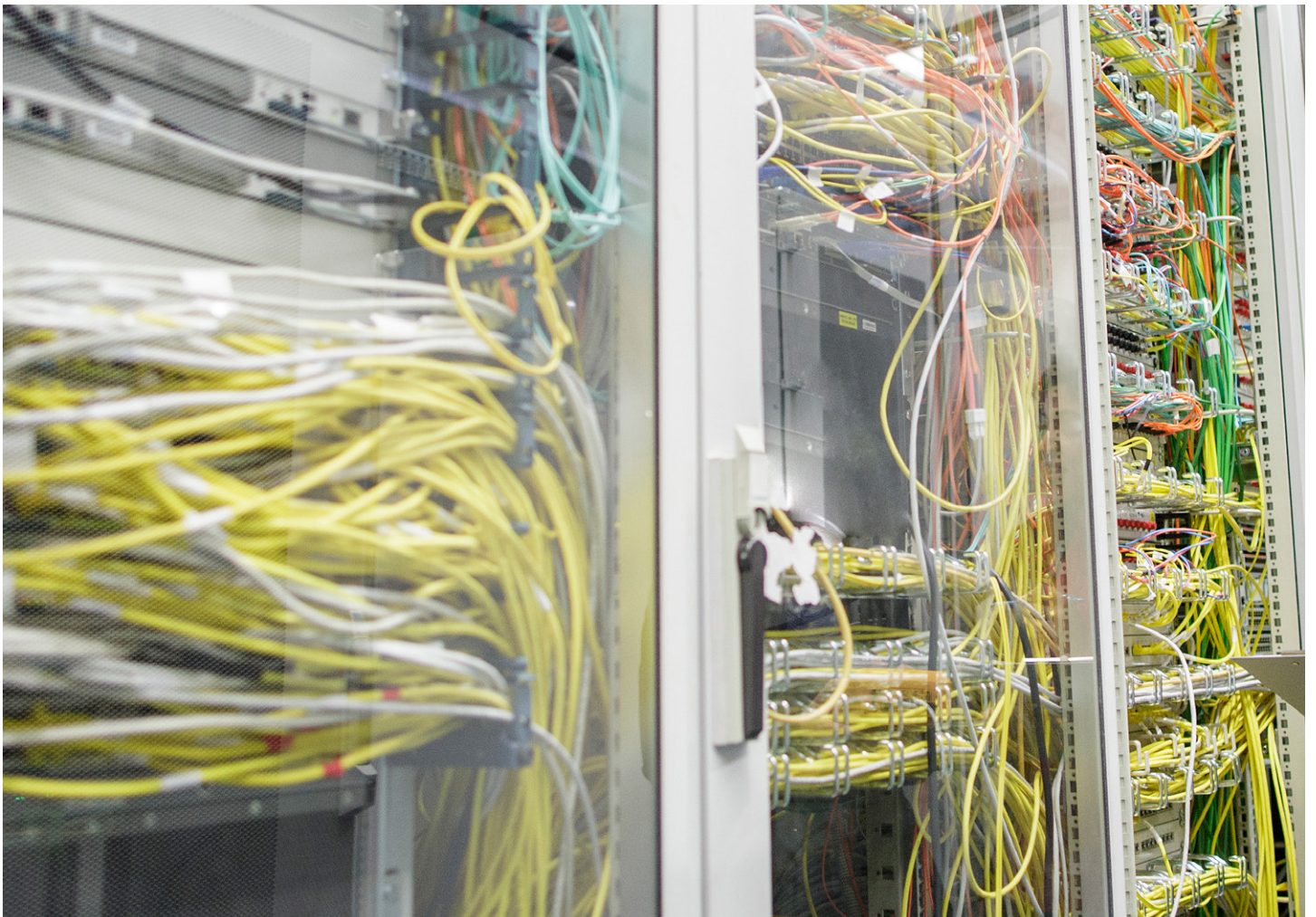


Philip Lang-Schönberger



Walter Scherzer

Thanks to our modern and robust IT infrastructure, we were able to swiftly switch to working remotely when the need arose. In addition, our IT support team stood ready throughout the year to provide their full range of services. In the second and third quarters of 2020, we counted a total of 40,000 Skype meetings and just under 7,000 Webex meetings – about ten times as many as we had in 2019.



## The OeNB contributes to maintaining financial stability

### Increased bank resilience has been key in COVID-19 response

#### Solid capitalization enables banks to be effective financial intermediaries

The spreading of the coronavirus in the first quarter of 2020 put an end to the hitherto benign macrofinancial conditions in Austria and CESEE<sup>14</sup> by creating heightened uncertainty in the real economy and in financial markets, in particular in March 2020. To cushion the economic impact of the pandemic, the authorities put in place a broad range of support measures, including economic and supervisory measures (see box 7 and section Supervisory and regulatory response to COVID-19 includes temporary easing of requirements and adjustment of procedures and processes). The role of banks was crucial in this context; after all, they continued to supply the real economy with loans and liquidity. Liquidity needs increased sharply as sales slumped when new infections resurged in the fall of 2020, fueling uncertainty about the trajectory of the pandemic and triggering the rollout of again more stringent containment measures.

Steadfastly fulfilling its intermediary function, the Austrian banking sector remained resilient even under the difficult conditions prevailing in 2020. The annual growth rate of lending to domestic nonfinancial corporations rose by 5.8% until September 2020, i.e. at a visibly faster pace than in early 2020. In the second and third quarters, 11% of new loans to nonfinancial corporations were backed by public guarantees. The take-up of public guarantees was strongest in the sectors most exposed to the COVID-19 containment measures and by firms with weaker credit ratings. With regard to loans to households, growth of mortgage

lending remained strong, but growth of consumer loans slumped.

Unlike during the global financial and economic crisis of 2008 and 2009, banks have been a part of the solution in the current situation, given that they have significantly improved their risk resilience. Austrian banks have solid capital and liquidity buffers. Their common equity tier 1 (CET1) ratio amounted to 15.6% at the end of September 2020, unchanged from September 2019.<sup>15</sup> Compared with the level of bank capitalization before the financial crisis of 2008, the Austrian banking sector has since more than doubled its equity ratio in line with tightened regulatory requirements. Moreover, the loss absorption capacity of capital has improved as well. The increased intake of deposits from nonbanks and ample liquidity provided by the ECB, which also substituted for interbank funding, added to solid liquidity conditions in 2020. The supervisory liquidity coverage ratio rose to almost 170%, compared with pre-pandemic levels of below 150%.

The increased resilience of Austrian banks – boosted by prudential measures and, in particular, macroprudential capital buffers – has had a positive impact on banks' lending capacity as well as on external ratings. In November 2020, for instance, the rating agency Moody's listed the Austrian banking system among just 6 (out of 19) banking systems of European countries with a stable outlook.<sup>16</sup> Based on Standard & Poor's latest Banking Industry Country Risk Assessment (BICRA)

#### Public loan guarantees

To help nonfinancial corporations meet short-term liquidity needs generated by the COVID-19 pandemic, Austria's government stands ready to back working capital loans with guarantees (up to 100%). These public loan guarantees were implemented by COFAG, the Austrian COVID-19 funding agency, and three special purpose banks, namely Austria Wirtschaftsservice (aws), Österreichische Hotel- und Tourismusbank (ÖHT) and Oesterreichische Kontrollbank (OeKB).

<sup>14</sup> This section is based on a broad definition of Central, Eastern and Southeastern Europe (CESEE) that also includes Belarus, Russia and Ukraine.

<sup>15</sup> To put the observation on risk resilience in perspective, it should be noted that the volume of risk-weighted assets has remained virtually unchanged as lending activity increased in an environment of heightened macrofinancial risks. Moreover, as has been pointed out, supervisory requirements have been eased temporarily.

<sup>16</sup> The other five countries with a stable outlook were Czechia, Ireland, Poland, Sweden and Switzerland.

scores, Austrian banks rank among the world's safest banks. On the BICRA scale, Austria is in group 2, with no country being in the top group. On its latest mission to Austria to conduct the Financial Sector Assessment Program (FSAP), which started in 2019 and was completed in early 2020, the IMF also found the Austrian financial sector to be resilient to shocks.<sup>17</sup>

### Uncertain, but challenging profit outlook for Austrian banks due to COVID-19 pandemic

As the number of corporate insolvencies in Austria is set to increase amid the pandemic despite the large-scale economic support measures, Austrian banks will also face a marked rise in the cost of credit risk. Banks have been making risk provisions accordingly, which visibly affected their net profit in the first three quarters of 2020. On a consolidated basis, they reported a net profit of EUR 2.5 billion for that period, which corresponds to a year-on-year decline of 51.8%. This decline was driven by a

sharp rise in the cost of credit risk (by EUR 2.1 billion to EUR 2.3 billion). Austrian banks' subsidiaries in CESEE reported an aggregated net profit after tax of EUR 1.6 billion for the first three quarters of 2020, down by one-quarter compared with the same period of 2019. Even so, Austrian banks' CESEE subsidiaries continued to be a key pillar of consolidated profits. The outlook for Austrian banks for 2021 is nonetheless characterized by challenging conditions, expectations of a rise in nonperforming loans (NPLs) and the need to maintain high risk provisions.

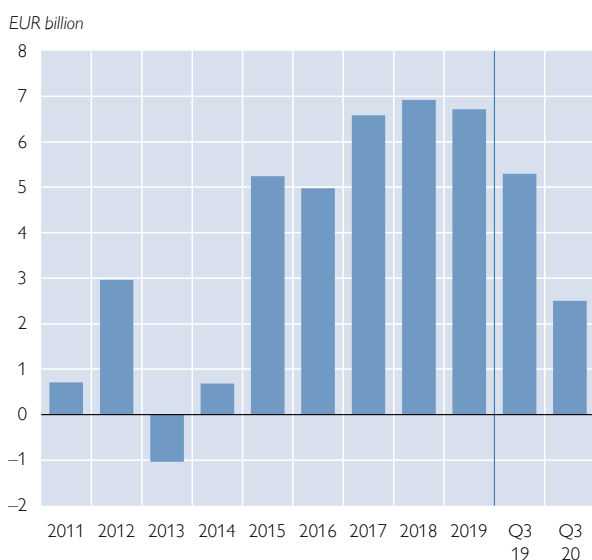
The pandemic-related support measures (including loan moratoria) adopted in Austria were instrumental in preventing major loan defaults in 2020, which is why the NPL ratio remained at low levels (2.0% in September 2020). However, leading indicators of loan quality (for instance, IFRS indicators) have been signaling a deterioration. In general, the support measures have kept the real economy going and they have been benefiting the banking system, indirectly, through the prevention of loan defaults – while also making it more difficult to adequately assess the risk situation. In the longer term, the higher corporate leverage ratios resulting from pandemic-related measures negatively affect firms' debt servicing capacity, and these effects will be more pronounced the later the economic recovery takes hold and the weaker it will be.

The volume of lending by Austrian banks to businesses in Austria totaled EUR 170 billion at the end of September 2020. The most vulnerable economic sectors of the COVID-19 pandemic (including the hospitality industry and the transportation business) account for some 9% thereof, both in Austria and in the loan portfolios of Austrian banks doing business in CESEE.

The take-up of legislative and nonlegislative loan moratoria in Austria was rather high in the second quarter of 2020 but shrank in the second half of the year. The loan moratoria granted by

Chart 14

#### Consolidated net profit of Austrian banks



Source: OeNB.

<sup>17</sup> See OeNB. 2020. Annual Report 2019. Box 6: Risk resilience of Austria's banking industry confirmed by the IMF's FSAP and by stress tests. 55.

Austrian banks until end-October 2020 totaled EUR 15.6 billion, or roughly 5% of all loans outstanding to households and nonfinancial corporations. Recourse to loan moratoria was highest among firms operating in the hospitality industry or providing health care and social services, and among firms offering other business services.

In view of rising credit risks (following the eventual lifting of public support measures) and heightened uncertainty, banks must be adequately capitalized. As recommended by the European Systemic Risk Board (ESRB) and the Single Supervisory Mechanism (SSM) (see section Supervisory and regulatory response to COVID-19 includes temporary easing of requirements and adjustment of procedures and processes), banks ought to refrain from or limit dividend payouts until September 30, 2021. Applying sustainable

lending standards, especially in real estate lending, and complying with the quantitative guidance issued by the Financial Market Stability Board (FMSB) continue to be essential.<sup>18</sup> The pandemic also adds to existing challenges for the banking sector, such as the protracted period of low interest rates and the need to increase cost efficiency (in particular given pressure on interest margins). Cost efficiency continues to be relatively weak, as reflected by the cost-to-income ratio, which remains high at 68% (September 2020). At the same time, banks face the necessity to develop and implement strategies to deal with the challenges of new information technologies.

#### Loan moratorium

A loan moratorium provides for a change in the agreed payment plan, above all for a suspension, deferral or reduction of the installments for loan repayment, interest payments, or repayment rates including interest for a predefined period. All other terms and conditions of the loan contract, such as the agreed interest rate itself, remain unchanged.

Box 6

### OeNB stress test confirms that Austrian banking sector remains resilient even subject to tighter coronavirus restrictions

To analyze the economic fallout of the COVID-19 pandemic on Austrian firms as well as the impact of public support programs, the OeNB developed a new corporate insolvency model.<sup>19</sup> The model shows that insolvency rates as aggregated across all sectors are rising visibly on average for the period from 2020 to 2023 compared with 2019. But the increase would be significantly higher in the absence of the public support measures (see section Support measures ease heightened insolvency risk of Austrian firms amid pandemic-related recession).

To assess the impact of the pandemic on Austrian banks, the OeNB feeds both the modeled insolvency rates and information on support measures adopted in Austria and in other countries into its stress test. Different stress test scenarios serve to generate a range of “what if” assessments. They are one among several analytical tools used to arrive at an overall risk assessment for individual banks or the banking sector as a whole.

The analysis that the OeNB conducted in the third quarter of 2020 was based on two scenarios. The baseline scenario assumed that the pandemic would fade after the first lockdown in the spring of 2020, while the adverse scenario was built on a later and weaker economic recovery and conservative assumptions for other risks. In the adverse scenario, the capitalization of Austrian banks, as indicated by the common equity tier 1 (CET1) ratio, drops from 15.6% in early 2020 to 11.2% at end-2022. Given the underlying assumptions, this is a conservative assessment. Yet, at 11.2%, the capitalization ratio for the end of the forecasting horizon still exceeds the ratio that had been measured before the outbreak of the 2008 financial crisis, as banks have been strengthening capitalization in recent years. Apart from strong capitalization, banks have also been benefiting indirectly from public action taken to support the economy, because this has kept a lid on the size of loan defaults. Judging from the adverse scenario, even a worsening of the COVID-19 pandemic would not lead to major distortions of Austria’s banking sector.

<sup>18</sup> The guidance spells out the FMSB’s expectations regarding sustainable lending standards for real estate financing (including minimum borrower downpayments, loan maturities and debt servicing).

<sup>19</sup> Guth, M., C. Lipp, C. Pühr and M. Schneider, 2020. Modeling the COVID-19 effects on the Austrian economy and banking system. In: Financial Stability Report 40. OeNB. 63–86. Pühr, C. and M. Schneider. 2021. Have mitigating measures helped prevent insolvencies in Austria amid the COVID-19 pandemic? In: Monetary Policy & the Economy Q4/20-Q1/21. OeNB. 77–110.

## Macroprudential measures strengthen Austria's financial stability

Acting on the OeNB's analyses, the Austrian Financial Market Stability Board (FMSB) renewed its recommendations on the systemic risk buffer (SyRB) and on the buffer for other systemically important institutions (O-SII) in June 2020. While the systemic risk buffer addresses the heightened vulnerability of Austria's banking system to imbalances in the financial system, or parts thereof, stemming from financial interlinkages, the O-SII buffer addresses risks arising for the financial system and the real economy from the failure of a systemically important institution.

According to the EU's revised Capital Requirements Directive (CRD V), the SyRB and the O-SII buffer will be additive once the new rules have been implemented at the national level, while until then the higher of the two applies.<sup>20</sup> The FMSB geared the recommendations it issued in June 2020 to the high uncertainty about the future path of the pandemic, which means that the overall buffer requirements

were left broadly unchanged despite the upcoming change in the legal framework conditions.<sup>21</sup>

Apart from the implementation of macroprudential capital buffers, measures to ensure sustainable standards for real estate financing remain crucial. The OeNB will therefore continue to monitor developments in the Austrian real estate markets as well as banks' compliance with the standards of sustainable lending communicated by the FMSB.<sup>22</sup> 2020 also saw the launch of a reporting framework for collecting data on residential housing loans, which will improve the monitoring of lending standards in this segment.

Compliance with supervisory guidance issued by the OeNB and the Austrian Financial Market Authority (FMA) – notably guidance on the reduction of foreign currency lending and guidance for large internationally active Austrian banks to strengthen the sustainability of their business models (Sustainability Package) – continues to contribute to lowering the vulnerability of the Austrian banking sector.

Box 7

### Five FAQs on macroprudential supervision in Austria

#### **What is the goal of macroprudential supervision?**

The ultimate objective of macroprudential supervision is preserving financial stability. Risks to financial stability emanate from systemic risks. Such risks may jeopardize the financial system as a whole or parts of it, which could have severe negative repercussions not only for the financial system but also the real economy.

#### **What is the role of capital buffers?**

Capital buffers are the key component of the macroprudential toolkit. The idea is for banks to build up capital buffers in "good times" (outside periods of stress) to ensure they can continue lending and absorb risks "in bad times." In times of stress, banks can use, i.e. draw down, their capital buffers. Banks must hold these buffers in the form of common equity tier 1 (CET1). The buffers are placed on top of minimum capital requirements to enhance banks' resilience against shocks.

#### **What measures have been taken so far?**

The Austrian banks that have been instructed to build up macroprudential capital buffers have so far set aside more than EUR 18 billion, or about 4% of their risk-weighted assets, in the form of CET1. The capital buffers that have been activated to date include the systemic risk buffer (SyRB), the buffer for other systemically important institutions (O-SII), the countercyclical capital buffer (CCyB) and the

<sup>20</sup> Implementation at the national level is expected to be completed in the first half of 2021.

<sup>21</sup> FMSB guidance 3/2020, issued on June 15, 2020.

<sup>22</sup> On the OeNB's initiative, the FMSB quantified its understanding of sustainable lending in its meeting of September 21, 2018.

capital conservation buffer. The SyRB and the O-SII buffer are not additive at present, with banks having to meet the higher of the two.

#### **What are the consequences of buffer usability?**

Macroprudential buffers work like automatic stabilizers. When banks operate below their buffer requirements, banks face automatic restrictions on distributions, including dividends, bonus payments, and coupon payments on additional tier 1 (AT1) instruments. This helps reinforce the stability of the banking system. Since the outbreak of the COVID-19 pandemic, the Austrian Financial Market Authority (FMA) and the OeNB have been informing banks that they can use their buffers to maintain a steady supply of credit to the economy. Communicating this message proactively was meant to prevent potential stigma effects for banks.

#### **What is the track record of macroprudential supervision so far?**

Macroprudential supervision has been instrumental in strengthening the crisis resilience of the Austrian banking sector and in ensuring the supply of credit. Macroprudential capital buffers have played a decisive role in improving Austrian banks' perception by investors, international financial institutions and rating agencies. Beyond the banking sector, the real economy has benefited from lower funding costs.

## **National and European banking supervisors work hand in hand to effectively deal with COVID-19-related challenges**

### **Supervisory processes within the SSM and in Austria well aligned**

Establishing the Single Supervisory Mechanism (SSM) in 2014 laid the groundwork for banking supervision on a pan-European scale and was instrumental in stabilizing the European banking sector after the latest financial crisis. Thanks to proactive supervision, much progress has been made in recent years in fostering a sound and resilient banking system in Europe. In a similar vein, it was important to Europe's banking supervisors to protect the economy from risks arising from the COVID-19 pandemic and to support the financial system in serving the economy. To this end, SSM-wide supervisory practices and requirements have been adjusted in a number of ways. In Austria, the OeNB and the FMA continue to play a major role in supervising significant credit institutions, and, within the overall SSM context, they are directly responsible for less significant institutions.

Amid the COVID-19 pandemic, banks today exhibit a visibly greater resilience to risks than during the financial crisis of 2008 and 2009, as they can build on high capital ratios and relatively good liquidity ratios. That this is the case is in no small part due to measures which the

ECB has adopted, as they have enabled banks to build up sound liquidity buffers, increasingly in the form of central bank reserves. With regard to credit risk, we see that the cost of risk, which was on a steady decline in recent years, has been rising for significant institutions in Austria and those directly supervised by the SSM. The rising cost of risk has been the key driver of shrinking bank profits.

Banks continue to face economic pressures to keep developing their business models further.

Banking stock prices started 2020 already at historically low levels. Financial instruments were hit hardest by the sharp market downturn

Chart 15

### **Cost of risk of significant institutions**



in March 2020 and have been slow to recover compared with other market segments. Low market prices compared with banks' book values have made an accelerated consolidation within the banking sector more likely, as low market valuation increases the attractiveness of potential acquisitions – something we have observed in

#### Close cooperation

While the euro area countries are SSM-participating countries as a rule, other EU countries may seek to participate in the SSM under close cooperation agreements between the ECB and their national competent authorities. Once close cooperation has been established, the national competent authorities of these countries are full-fledged SSM members and may also join the Single Resolution Mechanism (SRM).

some European countries. To facilitate sustainable consolidation projects, the ECB published a new guide on the supervisory approach to consolidation in the banking sector. The aim of the guide is to provide a uniform and clear reference framework and to explain the current supervisory approach.

Upon joining the European exchange rate mechanism II in 2020, Bulgaria and Croatia also fully operationalized their close cooperation with the SSM. Consequently, the ECB took on direct supervision of five Bulgarian and eight Croatian significant institutions in October 2020, after having assessed the significance of the two countries' banks.

### Supervisory and regulatory response to COVID-19 includes temporary easing of requirements and adjustment of procedures and processes

In response to the COVID-19 pandemic, numerous measures were also adopted in the area of banking supervision and regulation. The overarching aim of this action taken, inter alia, by the ECB, which oversees banking supervision

#### Supervisory review and evaluation process (SREP)

One of the key tasks of banking supervision is to ensure the sustained viability of credit institutions. To remain viable, banks need above all (1) an effective business model, (2) adequate risk management systems, (3) solid capitalization ratios and (4) comfortable liquidity positions and a stable funding base. They are the core elements that supervisors look at during the annual SREP reviews.

from a European perspective in the SSM, the Single Resolution Board (SRB) and the European Banking Authority (EBA) is twofold: to increase banks' capacity to lend to the real economy by providing temporary relief with regard to capital

and liquidity requirements, and to show greater operational flexibility in the implementation of bank-specific supervisory measures.

Among other things, the ECB allowed banks to use their capital and liquidity buffers. It also lowered the standards for meeting the Pillar 2 capital requirement (P2R), by bringing forward a measure that was initially scheduled to come into effect in January 2021. Moreover, the EBA eased regulatory requirements for legislative and nonlegislative loan repayment moratoria, provided they meet specific constraints.

The key measures for providing operational relief for banks included a pragmatic approach to the supervisory review and evaluation process (SREP), the postponement of the EU-wide stress test, the reduction of recovery plan reporting to core elements and the easing of requirements for resolution planning. Moreover, nonessential data requests were either dropped or rescheduled, and the deadlines for other reports and disclosures were extended.

With a view to strengthening the resilience of the banking sector, the ECB, in March 2020, issued recommendations to significant institutions, and the FMA to Austria's less significant institutions, not to pay out any dividends for the time being, to refrain from share buybacks aimed at remunerating shareholders and to be extremely moderate with regard to variable remuneration. This approach is in line with the recommendations provided by the European Systemic Risk Board (ESRB) and the EBA.

The ECB updated these recommendations in mid-December 2020, responding to the prevailing degree of elevated economic uncertainty. Banks were called on to continue refraining from, or limiting, dividend payouts or share buybacks aimed at remunerating shareholders. Moreover, the ECB and the FMA specified that, until September 30, 2021, any dividends and share buybacks should remain below 15% of the cumulated profit for the financial years 2019 and 2020, and should not be higher than 20 basis points of the CET1 ratio, whichever is lower.



## Enhanced regulatory framework for banks

In addition to the temporary supervisory relief measures implemented for banks, the EU adopted a number of “quick fix” modifications to the Capital Requirements Regulation (CRR) to cushion the fallout from the COVID-19 pandemic. The changes include a privileged treatment of loans guaranteed by public institutions. Moreover, the application date of the revised SME supporting factor and of the new infrastructure supporting factor was brought forward.<sup>23</sup> In addition, the European Commission proposed a set of measures aimed at easing both corporate funding and recapitalization on capital markets and the securitization of nonperforming loans (NPLs) and SME loans. Anticipating a rise in NPLs in the aftermath of the COVID-19 pandemic, the European Commission also updated its action plan aimed at preventing a future buildup of NPLs. The Basel Committee on Banking Supervision, in turn, postponed the implementation of the outstanding part of the Basel III standards, published in December 2017, by one year. The revised implementation date is January 1, 2023, with corresponding EU legislation expected to follow suit. The EBA’s latest macroeconomic impact analysis concludes that the Basel III reforms will cause banks’ tier 1 capital requirements to rise by 18.5% (13.1% in the EU-specific scenario) until 2028, when the transition periods end.<sup>24</sup>

Furthermore, the European Commission presented its new capital markets union (CMU) 2020 action plan. Based on the final report of a high-level forum on the CMU, this plan proposes 16 action points, including measures to make financing more accessible to SMEs and to facilitate the integration of national capital markets into a genuine single market.

As a key issue for the future, banking supervisors have been embracing the topic of sustain-

able or green finance, as evidenced by a number of activities at the global, European and national level. The OeNB, for instance, participates in the Network for Greening the Financial System. This network published climate scenarios in mid-2020, as a common reference point for central bank analyses on transition and physical risks. The OeNB also contributes to the EBA’s Sustainable Finance Network. In November 2020, this network published, for consultation, a discussion paper on the management and supervision of environmental, social and corporate governance (ESG) risks for credit institutions and investment firms. The feedback sought will inform the EBA’s final report, due in June 2021, which may feed into draft legislation to be proposed by the European Commission.

The ECB has also been taking action in the area of green finance. In late November 2020, it published a guide on climate-related and environmental risks for banks, which spells out supervisory expectations and will, from the first quarter of 2021, serve as the basis for the supervisory dialogue with banks on this matter.

An issue yet to be resolved at the European level is the completion of the European banking union through the establishment of a European deposit insurance scheme (EDIS). The purpose of EDIS is to secure cross-border protection of deposits. As proposed by the European Commission in 2015, the scheme would develop over time and in stages. By 2024, protection would be provided by a common deposit insurance fund (DIF) corresponding to 0.8% of deposits covered throughout the EU (some EUR 43 billion). The fund is to be financed through banks’ contributions, which would vary in line with banks’ individual risk profiles. Like the national deposit guarantee schemes that are in place, EDIS would provide for the protection of EUR 100,000 per customer per bank.

<sup>23</sup> A multiplication factor of 0.75 will be applied to the capital requirements for lending to entities operating or financing physical structures or facilities, systems and networks that provide or support essential public services. The funded assets must meet several conditions, e.g. they must contribute to environmental objectives.

<sup>24</sup> The EU-specific scenario provides for additional features, such as the application of the SME supporting factor, exemptions for credit valuation adjustment, implementation of the change in prudential treatment of software assets and exercise of the jurisdictional discretion for calculating operational risk capital.

#### Deposit guarantee scheme

Deposit guarantee schemes guarantee that deposits will be paid out at all times, even if a bank is placed into insolvency or becomes illiquid. In a payout event, all deposits up to EUR 100,000 per customer and bank will be protected.

words, should EDIS operate on the basis of the mutualization of risk? Another issue yet to be resolved are additional risk reduction measures, e.g. changes in capital requirements for sovereign bonds.

In Austria, the number of deposit guarantee schemes was narrowed down to two with effect from January 1, 2019. With the exception of the savings bank (Sparkassen) sector, which continues to run a dedicated system (Sparkassen-Haftungs GmbH), all other banks now contribute to a central deposit insurance scheme (Einlagensicherung Austria – ESA).

In 2020, malversations unearthed in the course of OeNB inspections at Commercialbank Mattersburg led to the bank's insolvency and to a deposit guarantee event. Proving its worth and stability, the Austrian guarantee scheme provided for the rapid payout of covered deposits in line with statutory requirements. In the

#### On-site inspections

To arrive at a comprehensive assessment of banks, supervisors complement off-site analysis with on-site analysis. In Austria, the OeNB is in charge of performing on-site inspections, acting on behalf of the ECB in the case of significant institutions – which have been subject to direct supervision by the ECB since the Single Supervisory Mechanism (SSM) became fully operational in November 2014. In the case of less significant institutions, which are indirectly supervised by the ECB under the SSM, the OeNB continues to act on behalf of the FMA. The findings gained from on-site inspections provide the starting point for official action taken by the ECB and the FMA.

assessment, draw conclusions and evaluate the potential for expanding the supervisory toolbox.

Prudential supervision of credit institutions is aimed at reinforcing the stability of the banking and financial system as a whole rather than the stability of individual banks. In other words, banking supervision is not designed to prevent individual banks' market exit or

Negotiations on EDIS at the EU level have stalled so far for lack of a consensus on its design: Should the scheme cover only liquidity needs or losses as well? In other

insolvency. But it aims to reduce the likelihood of occurrence and to contain negative repercussions for the banking system. The legal framework for dealing with banks that are failing or likely to fail – the Bank Recovery and Resolution Directive (BRRD) – was adopted in 2014.

#### Essential in times of heightened uncertainty: monitoring, transparency and forward-looking analyses

Legislative and nonlegislative moratoria and guarantees have helped firms stay afloat during the COVID-19 pandemic. To get a handle on the effects of COVID-19-related measures, OeNB staff experts studied the data and intensified monitoring activities, in particular with regard to potential loan defaults, market risks, business processes, and capital and liquidity adequacy.

The pandemic also temporarily changed the conditions for the OeNB's on-site inspections of SSM-supervised institutions. In the case of significant institutions, inspections and internal model reviews have been limited to off-site inspections based on remote working solutions since mid-March 2020. In the case of less significant institutions supervised by the national competent authorities, the OeNB adjusted the usual procedures and processes on an ad hoc basis, depending on the importance of the inspection at hand and the prevalence of coronavirus infection rates. While remote analysis was the procedure of choice, a mix of procedures was used in 2020, ranging from fully physical inspection to fully remote inspection. The concomitant challenges notwithstanding, the OeNB managed to implement the bulk of its inspection program for 2020. The inspections focused on risk management processes and risk models and, of course, on COVID-19-relevant issues. With regard to COVID-19, the focus was above all on reviewing the adequacy of risk alert systems, adequately mapping the current impact of the coronavirus on borrower credit assessments as well as on checking the adequate implementation of support measures, such as moratoria.

### Bank recovery and resolution as key pillars of a common approach to bank resolution

Together with the implementation of macro-prudential supervision, the framework created by the Bank Recovery and Resolution Directive provides important protection against the use of taxpayer money for bank bailouts. In the event of a crisis, an effective resolution regime will make sure to achieve a bank's recovery or resolution with as little public aid as possible. From a financial stability perspective, the use of public funding for precautionary recapitalization must be the exception rather than the rule and must be preceded by a thorough review. As a rule, public aid will be warranted as a measure to safeguard the stability of the financial system or to enable the banking system to keep funding the economy.

Under the Single Resolution Mechanism (SRM), the Single Resolution Board (SRB) is in charge of planning and implementing, in a uniform manner, the resolution of significant institutions and other cross-border groups. Planning and implementing the resolution of Austrian banks which are not directly supervised by the SRB falls within the remit of Austria's resolution authority, the FMA. The FMA, in turn, draws on the expertise of the OeNB. Here, the OeNB above all develops bank resolution plans and supports the FMA, as the resolution authority, with reviews and analyses if a bank is in default or about to default. In addition, the OeNB is consulted by the FMA on specific economic questions relating to financial stability, where the OeNB has a comparative knowledge advantage.

In 2020, the OeNB and the FMA agreed on a cooperative approach to banking crisis management. The manual documenting this approach

contains a blueprint for dealing with a crisis event and defines the required procedures and processes. The joint manual serves to enhance interinstitutional cooperation and to foster the implementation of the SRM, launched in 2015, which continues to be put in place step by step.

### OeNB and FMA jointly define supervisory priorities

Looking ahead to 2021, the OeNB and the FMA defined their common supervisory priorities, which broadly reflect the current supervisory priorities of the Single Supervisory Mechanism. The key objectives are to (1) strengthen banking resilience and financial stability further through adequate alert mechanisms and transparency in communication; (2) keep improving governance practices; (3) challenge and support banks in improving business model sustainability amid the accelerated digital transformation of work processes, as well as with regard to ensuring the implementation of adequate practices for dealing with cyber security risks; and (4) promote green and sustainable finance. On the last point, joining early efforts to develop a European strategy for sustainable finance supervision constituted an important contribution to establishing a methodological framework for analyzing the impact of climate risks and for starting to integrate this perspective into the supervisory agenda. This work is to be followed up with developing a climate stress test. Other supervisory priorities include the evaluation of lessons learned from managing the COVID-19 crisis with a view to adjusting standard operations accordingly, for instance by integrating decentralized and virtual work processes and expanding digital communication platforms for interacting with supervised institutions.

### Addressing climate change: chances and risks for the Austrian financial sector

Two analyses published in the OeNB's Financial Stability Report in November 2020 provide first insights into the challenges climate change and the transition to a low-carbon economy pose to Austrian banks and financial service providers.

The first of these studies discusses Austrian banks' exposure to the risks brought about by climate change.<sup>25</sup> The authors find that, on the one hand, climate change may affect the value of financial assets and impair financial stability. On the other hand, a disorderly transition from an economy largely relying on fossil fuels to one relying on renewable energy sources may result in transition risks. Altogether, Austrian banks hold around 26%, or EUR 228 billion, of their financial assets in the six sectors that are most energy dependent and thus particularly sensitive to climate change. Transition risks could result from disruptive changes in climate policies, technological innovations or demand-side shocks. Austrian banks' exposure to the sectors fossil fuels and utilities is relatively low; the lion's share of their climate risk-sensitive assets is concentrated in the buildings sector. The results of the analysis are broken down by a number of bank characteristics, namely bank size, banking sector, banks' geographical location and financial instruments used. Bonds deemed to be green by stock exchanges account for 2% of Austrian banks' outstanding bonds. The authors did not identify any concentrations in specific segments of Austrian banks' bond holdings. The Austrian banking sector's direct exposure to climate risk-sensitive sectors seems to be comparable to that seen in other countries. However, some banks are exposed to elevated climate-related transition risks. Thus, both banks and supervisors should monitor this risk closely.

The second study discusses the opportunities that sustainable, or green, financing is opening up for the Austrian financial sector.<sup>26</sup> It first identifies how much investment is needed at the global, European and Austrian level to fund the transition to a low-carbon economy. In Austria, annual investment needs will come to some EUR 17 billion between 2021 and 2030 according to the Austrian government's National Energy and Climate Plan. Public funding alone will not suffice, however, to cope with the enormous challenge of transforming the economy. Therefore, private capital will have to be increasingly mobilized to finance sustainable projects and help green finance break out of its niche. In light of this, the development of Austria's green finance market segments, although dynamic, is still rather sobering. The Austrian market for sustainable finance products is, indeed, underdeveloped by international standards and is dominated by mutual funds, most of which are owned by institutional investors. Depending on the definition of green finance, such holdings of sustainable financing instruments in Austria amount to EUR billion figures in the low double digits. This merely translates into a low single-digit percentage share in total financial wealth. And even this share may not necessarily reflect only climate-friendly investments as the commonly used umbrella term ESG (environmental, social and corporate governance) also covers social and corporate governance aspects apart from narrowly defined green finance. While surveys show that customers' awareness of sustainable finance products is still low, reported customer preferences indicate that demand will continue to expand rapidly. Still, transparency will have to be increased to prevent the "greenwashing" of finance products, i.e. claims that they are environmentally sustainable while in fact this is not always the case. To prevent such practices, regulators and supervisors should help overcome market barriers and supply- and demand-side dysfunctions. To this end, they can take various measures, e.g. adopt common definitions for sustainable finance products, raise transparency, advance harmonization, offer certification, impose mandatory disclosure rules and the requirement to provide financial advice, and offer financial education. Noteworthy efforts in this respect are the European Commission's action plan on sustainable finance, the ECB's announcement of paying greater attention to climate issues and the Austrian government's Green Finance Agenda. In the same vein, independent ecolabels and online information platforms help make sustainable finance products more transparent to customers. All in all, green finance can only complement, but not replace, legislative efforts to make the economy sustainable. Probably the most effective way to foster green finance would be to adequately price greenhouse gas emissions – an approach that would also be most in line with the polluter pays principle.

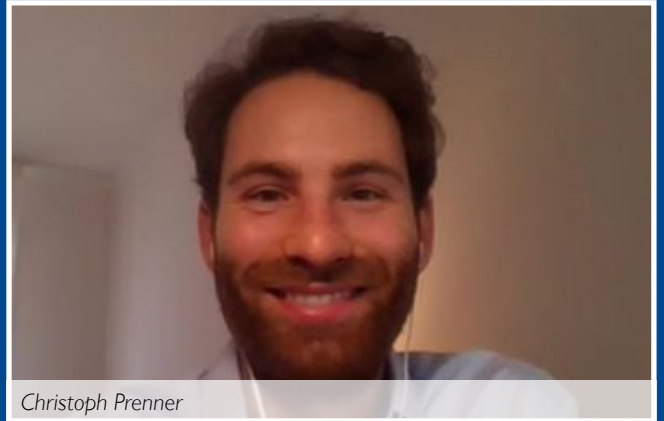
<sup>25</sup> Battiston, S., M. Guth, I. Monasterolo, B. Neudorfer and W. Pointner. 2020. Austrian banks' exposure to climate-related transition risk. In: *Financial Stability Report 40*. OeNB. 31–44.

<sup>26</sup> Breitenfellner, A., S. Hasenhüttel, G. Lehmann and A. Tschulik. 2020. Green finance – opportunities for the Austrian financial sector. In: *Financial Stability Report 40*. OeNB. 45–61.

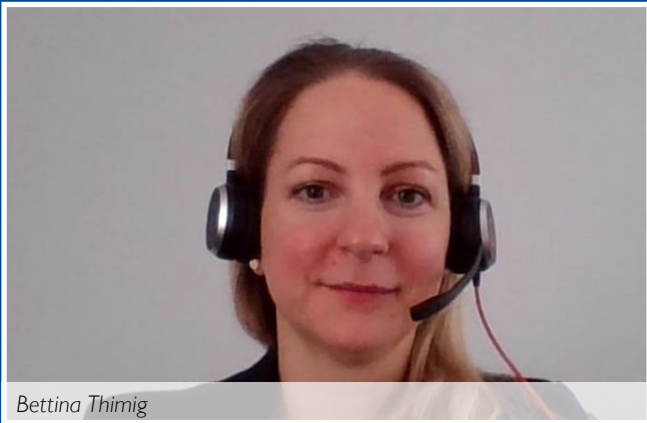
## Financial stability is always a top priority



Peter Breyer



Christoph Prenner



Bettina Thimig



Elisabeth Woschnagg

Rising to the occasion, in banking supervision, we reacted swiftly to the new situation and adjusted regulatory frameworks – all with a view to guaranteeing the performance and stability of the Austrian financial sector.





Once the Austrian government's first round of COVID-19 containment measures took effect on March 16, 2020, the majority of OeNB staff switched to working remotely. This notwithstanding, we continued to fulfill the OeNB's critical functions and core tasks without fail.

## Reliable statistics provide guidance in periods of economic difficulty

The COVID-19 pandemic was the dominant factor in 2020 also in the field of statistics, with established methods and processes of economic statistics in particular being tested to maximum capacity and proving their full functionality. To ensure the continued and smooth collection of reliable data and evidence also during the pandemic, it was key for the OeNB to communicate well with reporting agents (mostly banks and nonfinancial corporations). Also, work on a number of current focus areas, in particular at the international level, was continued although conditions kept changing as the pandemic evolved.

### The OeNB's role within the ESCB's strategy for statistics

In 2020, the OeNB helped support the creation of a harmonized and integrated European reporting framework by sharing with its European peers the strategic and practical experience it had gained in developing and implementing an integrated reporting framework that combines statistical, resolution and supervisory reporting at the national level. A feasibility study carried out by the European Banking Authority (EBA) evaluated the creation of a common standard data dictionary, a joint committee and a central data warehouse. The first half of 2020 was devoted to collecting evidence and conducting research, while in the second half, an in-depth analysis and assessment of potential options began. The findings of this process will be presented in a comprehensive report. In a first step toward integration, the ESCB plans to harmonize the respective reporting requirements for banks under its Integrated Reporting Framework (IReF). Until April 2021, a cost-benefit analysis is being performed with the key players in data reporting, data processing and data usage. Its results will feed into an IReF reporting regulation to be published in 2021 or 2022. The first round of reporting based on this regulation can be expected as of 2024.

Chaired by the OeNB, the ESCB working group on AnaCredit deals with issues related to the development and operation of the AnaCredit database, which facilitates the large-scale collection of granular credit data based on a core set of concepts and definitions harmonized across the euro area. In 2020, the AnaCredit working group focused in particular on making data accessible to authorized users from all fields of central banking and supervision.

The OeNB also participates in the expert network on consolidated banking data (CBD); in 2020, it contributed in particular to a feasibility study on centralized CBD calculation at the ECB and to a revision of the corresponding ECB guideline.

At the beginning of 2020, the OeNB took over the chair, for the next two years, of the European Committee of Central Balance Sheet Data Offices (ECCBSO), a consultative body of central banks on issues regarding the balance sheet data of nonfinancial corporations. Work in 2020 focused not only on pandemic-related analyses, but also on the data and methods required for measuring climate risks and on integrating balance sheet data with other data sources.

As a member of the coordination group of the Statistics Committee, the OeNB made major contributions to defining the ESCB's statistics strategy for the next few years and was able, in particular, to share its experience in the vertical and horizontal integration of statistics and in data governance.

Moreover, the OeNB chairs the strategic ECB working group "From Micro to Macro and from Macro to Micro," which in 2020 analyzed the connections between different data

#### Consolidated banking data (CBD)

Aggregate data reported by consolidated banking groups and unconsolidated individual credit institutions while taking account of regulatory intragroup links.

#### Data dictionary

A data dictionary is a repository of metadata describing the definitions, semantic meaning and structure of data. A data dictionary enhances data accessibility and usability.

sources, identifying microdata as the crucial link between statistical and supervisory data. Further potential for the future use of microdata was also identified. The results produced by the working group provide fundamental guidance for the Statistics Committee's further strategic considerations.

### **Fine-tuning of reporting requirements and reporting framework**

To support credit institutions in minimizing the economic impact of the COVID-19 pandemic, the EBA eased regulatory requirements for moratoria on loan repayments and issued guidelines to this effect. In addition, many EU member states launched state guarantee programs for new lending. To be able to monitor the risks and volumes related to these measures, rapid action was necessary in harmonizing the reporting of corresponding data across Europe and adjusting the existing reporting framework accordingly (integrating statistical measures for credit institutions' liquidity situation; reporting of risk positions, loan moratoria and guarantees).

Since the fall of 2020, reporting agents deemed statistically relevant have received electronic notifications to submit data for the OeNB's annual surveys on FDI and affiliated companies abroad. This was the last process in the collection of data on external assets and liabilities that went digital.

The OeNB produces the Austrian balance of payments (BOP) and related statistics. The reporting framework for the external statistics required in this process has been revised with the aim of keeping the reporting burden at a minimum; compliance with the new framework will be mandatory as of the December 31, 2021, reporting date under the OeNB's new BOP Reporting Regulation 1/2022. The OeNB thus implements new international requirements in the reporting of cross-border payment transactions, taking account of recent developments in payments.

In supervisory reporting, 2020 saw continued efforts toward implementing the EU banking package (CRR II, CRD V, BRRD II). Apart from implementing numerous amendments to the regulatory reporting framework, a cost-benefit analysis was developed to identify ways to reduce the reporting burden under current EBA requirements in particular for small, noncomplex institutions.

In December 2020, the ECB amended its regulation on payment statistics; in the run-up to this amendment, the OeNB had shared its expertise in an ESCB task force while communicating closely with reporting agents to keep them up to date with the latest reporting requirements. Above all, reporting requirements were expanded to cover payment innovations and include the obligation to report fraudulent payment transactions. The new reporting framework supports the multi-use of data by integrating the requirements of both the ECB and the EBA within one reporting process.

In the beginning of 2021, a project was launched to develop the OeNB's data reporting model further with a view to providing data in machine-readable format. Machine-readability will significantly improve data development, maintenance, analysis, accessibility (both for in-house users and banks) and data integration with other statistics systems in use at the OeNB.

### **Better and easier access to statistical data via myData**

A series of new OeNB projects under the common heading "myData" aim to make it easier for both in-house and external users to access data that are available at the OeNB. To better support these goals, the organizational structure of the OeNB's Statistics Department was adjusted from January 1, 2021. Basically, horizontal statistics functions were pooled in one division. This new organizational unit will, inter alia, be in charge of introducing a data governance framework at the OeNB. This framework will



create the conditions necessary to make the available programs and databases more flexible and to help improve users' understanding of data.

As part of the myData project, a preliminary examination was carried out to identify the requirements a modern data analytics platform must fulfill to be able to provide a safe environment for projects and collaboration in the fields of data science and advanced analytics. Another preliminary examination dealt with the collection of existing metadata with a view to generating a repository of metadata to further increase data usability. As part of its ongoing efforts to adjust the range of statistical data it makes available online to the current needs of data users, the OeNB published more, and more detailed, tables on loans and deposits, securities, reserve requirements and insurance statistics in 2020.

### Credit assessment of nonfinancial corporations

The Common Credit Assessment System (CoCAS) was jointly developed by the Deutsche Bundesbank and the OeNB. It supports central

banks' in-house credit assessment systems (ICAS) by generating ratings of nonfinancial corporations from balance sheet data.

One Eurosystem central bank signed a five-year contract to use CoCAS from 2021, while another Eurosystem central bank left the CoCAS partnership because of a strategic decision at the national level to enhance the central bank's own ICAS. Work on developing a statistical rating model for CoCAS based on less rigid assumptions – which would make the model more flexible and accessible – began in 2018 and was stepped up thereafter. In 2020, work on the new rating model was completed; 2021 will see the new model go into action. Another key issue in 2020 was the use of AnaCredit data in ICAS. By heading the ICAS Expert Group, the OeNB was able to help move the related initiatives forward.

#### Data governance

Data governance is a concept in data management that comprises processes, roles, institutions, regulations and standards. Data are considered an economic commodity (asset) whose benefit for a given institution must be maximized. By implementing data governance measures, the use of data is to be enhanced to fully exploit their potential.



## Euro cash in transit

To transport cash, the OeNB uses its own, fourth-generation, fleet of cash-in-transit vehicles. Averaging 70 trips from Vienna to the rest of Austria per year, our vehicles cover a distance of some 47,000 km, which is greater than the length of the equator. Cash transports are escorted by public sector security officials, under a long-standing cooperation between the OeNB and the Federal Ministry of the Interior that started more than 50 years ago. Despite the pandemic, we managed to perform all the transports necessary in 2020 to ensure the supply of cash across Austria. Thanks to the untiring commitment of our team in charge, we also continued to provide Slovenia and Slovakia with euro cash.



## Secure and efficient payments: the OeNB delivers on core competences also in times of crisis

### Trends in cash demand

Despite the use of payment innovations, cash continues to play a major role in Austria. Together with its subsidiary GELDSERVICE AUSTRIA (GSA), the OeNB introduced a total of 1.22 billion euro banknotes into the cash cycle in 2020, while 1.36 billion euro banknotes were returned from circulation. Recirculation of returned banknotes into the cash cycle is, as a rule, preceded by authentication and fitness checks. Moreover, the OeNB monitors compliance with the provisions on the processing and recirculation of cash by professional cash handlers other than the OeNB, thus contributing essentially to keeping cash security and the

quality of cash in circulation in Austria at high levels.

Given its vast experience in cash logistics planning and cross-border cash transports, the OeNB has established itself as a cash supply hub in central Europe. This is also why the OeNB has become a key location for holding Euro-system Strategic Stock. Given Austrian banks' activities in CESEE, significant amounts of euro cash are circulating in the region, being used both as means of payment and a store of value. In 2020, around 21% of all lodgments of euro banknotes with the OeNB and around 9% of total withdrawals of euro cash from the OeNB were managed via international banknote wholesalers.

Box 9

### The role of cash during the COVID-19 pandemic

*Cash was one of the issues that moved to the center of public attention during the COVID-19 pandemic. At the beginning of the first lockdown in Austria in March 2020, cash demand went up significantly, in particular demand for higher denominations (EUR 100 and EUR 200 banknotes). The reason for this uptrend was heightened uncertainty among the population, who wanted to make sure they had enough cash at hand.*

*By closely monitoring the situation, the OeNB and GELDSERVICE AUSTRIA (GSA) were able to swiftly react to the rising demand for cash. Continuous cash supply across Austria was ensured through the close cooperation with Austrian banks and cash-in-transit companies as well as organizational measures that guaranteed smooth operations; the latter included keeping longer opening hours at the OeNB's wholesale customer counter, providing additional OeNB and GSA staff on standby duty during weekends, and having cash-in-transit companies running extra cash transports out of turn.*

*From mid-April 2020, cash demand in Austria subsided again. This was i.a. attributable to a decline in cash payments as private consumption slumped because retail shops remained closed during the lockdown. The gradual easing of containment measures resulted in another rise in cash demand, starting in July 2020 and continuing until Austria's second lockdown in November 2020. Unlike the first lockdown, the November lockdown did not see a rise in cash demand though.*

*On average, in 2020, both banknote lodgments and banknote withdrawals in Austria declined sharply as a result of the COVID-19 pandemic, dropping by around 27% and around 28%, respectively, against 2019 figures.*

*One question that arose during the pandemic was whether viruses can be transmitted via banknotes and coins. People's concerns about potential infection risks related to using cash were reflected in changes in payment behavior. With many supermarket operators inviting customers to opt for contactless payment, an increase in card payments was observable from March 2020. The limit for contactless payments without PIN was raised from EUR 25 to EUR 50, which also drove up noncash payments. Still, cash continues to be widely used in Austria.*

*A study commissioned by the ECB to establish whether viruses can be transmitted via cash showed that banknotes and coins do not pose any heightened risk of contagion.*

*As an operator of critical infrastructure, the OeNB has been able to fulfill its cash delivery commitments, both at the national and international levels, and to ensure nationwide cash supply at all times throughout the pandemic – even though containment measures required staff to work either in split teams or remotely from home.*

Since the introduction of euro cash in 2002, both the volumes and value of euro cash in circulation have increased steadily – a trend that continued also in 2020 despite the COVID-19 pandemic (chart 16). The euro is becoming more and more important in particular as a store of value, both in the euro area and abroad.

A total of 26.47 billion euro banknotes were in circulation at end-2020, worth EUR 1,434.51 billion. This corresponds to a 10% rise in terms of volume and an 11% rise in terms of value. Both the number and value of euro coins in circulation went up as well, by 2.2% to 138.07 billion euro coins worth around EUR 30.41 billion (+1.4%). The total value of euro cash in circulation thus came to EUR 1,464.91 billion (up 10.7% against the comparable period of 2019).

With euro banknotes circulating across euro area countries and beyond, the actual circulation of euro banknotes in Austria can only be estimated. For a number of years, the OeNB has based its estimations on the amounts of banknotes actually lodged with the OeNB, considering the velocity of circulation, amounts

processed by cash handlers other than the OeNB or the GSA as well as data reported by banknote wholesalers. According to these estimations, around 553.0 million euro banknotes worth EUR 31.1 billion<sup>27</sup> were in circulation in Austria at end-2020 (2019: 627.4 million banknotes worth EUR 31.4 billion). This corresponds to a 12% decrease in volume and a 1% decrease in value against 2019 – a downtrend that can be attributed to the COVID-19 pandemic.

### Fewer incidences of counterfeiting in Austria

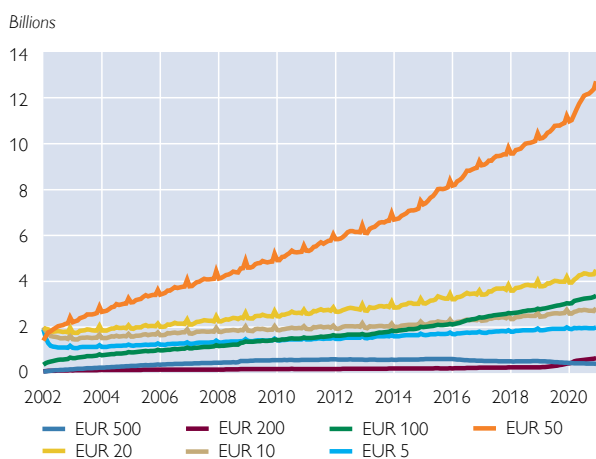
A total of 6,321 counterfeit euro banknotes were recovered from circulation in Austria in 2020 (2019: 7,977) (see chart 17). This decline also reflects the situation created by the COVID-19 pandemic. As a result of Austria's lockdowns and the related limitations to consumer spending, fewer counterfeits were recovered in Austria in 2020 than in previous years. Counterfeits of the EUR 50 banknote topped the list (1,865 counterfeit banknotes recovered), followed by counterfeits of the EUR 20 banknote (1,796 counterfeits) and the EUR 10 banknote (1,388 counterfeits). Together, these three denominations account for 79.9% of all counterfeit euro banknotes recovered in Austria in the reporting year. The situation in Europe is very similar, with counterfeits of the EUR 50, EUR 20 and EUR 10 banknotes together accounting for around 83% of all counterfeits recovered.

Around 48% of counterfeits recovered from circulation in Austria belong to the “movie money” or “prop copy” category. These are simply fake prints without any security features that were initially produced for movie or theater productions and have the words “movie money” or “prop copy” printed on them.

Most incidences of counterfeit banknotes in Austria (around 26.4%) continued to be recorded in Vienna, followed by Styria (17.8%) and Upper Austria (12.2%). In 2020, the overall damage

Chart 16

### Continuous rise in number of euro banknotes in circulation

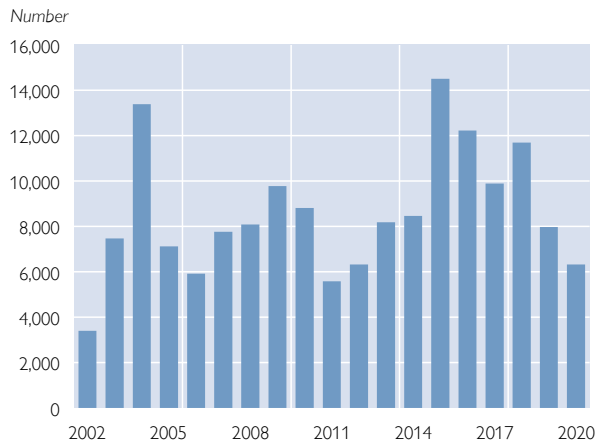


Source: OeNB, ECB.

<sup>27</sup> The estimated value of euro banknotes in circulation differs from the value of banknotes in circulation recognized in the balance sheet, which is calculated on the basis of the ECB's capital key. In addition, the estimates also reflect national particularities in payment behavior.

Chart 17

### Number of counterfeit euro banknotes in Austria continues to decline



Source: OeNB.

caused by euro counterfeits in Austria came to EUR 320,190 (2019: EUR 551,950.)

Compared with other euro area countries, Austria's share in overall counterfeits continues to be relatively low at 1.4%. This means that most people still have only a minimal chance of coming across counterfeit banknotes in Austria.

### New market structures for future-proof cashless payments

Teaming up with PSA Payment Services Austria GmbH, the OeNB laid the foundation, on September 30, 2020, for a new infrastructure for settling retail payments in Austria, with the PSA acting as a shared services platform to which the OeNB and its subsidiary GSA moved the operation of retail payment clearing services at the beginning of 2021. Apart from fulfilling its payment system oversight function, the OeNB will continue to act as a settlement agent to ensure the secure settlement of all transactions in central bank money.

This forward-looking arrangement was coordinated with all Austrian banking groups and, as such, will be an ideal starting point for modernizing the settlement of retail payment transactions in Austria. As a key investment in future-proof cashless payments, the new infra-

structure will support both real-time payment systems and other similar projects and initiatives in the fields of paytech and fintech.

Also, at the end of 2020, the OeNB established another subsidiary, OeNPAY Financial Innovation HUB GmbH (see section Subsidiaries support the OeNB in fulfilling its tasks).

With digital payments becoming more and more popular and more and more frequent in the euro area, the Eurosystem decided to consider the possibility of a digital euro, publishing a comprehensive report on the subject on October 2, 2020 (box 11).

### The Eurosystem retail payments strategy

In recent years, substantial progress has been made in creating a secure, efficient and integrated European payments market. A major milestone in this context was the implementation of the Single Euro Payments Area (SEPA) infrastructure. In SEPA, all cross-border cashless payments are as fast, safe and cost-efficient as national payments.

But even 20 years after the introduction of the single currency, there is still no common European card payment scheme. At the moment, ten European countries still have only national card schemes in place that do not accept payment cards issued in other EU countries. Given this high fragmentation of the European market for point of sale (POS) and online payments, more than two-thirds of all card payment transactions in the EU at end-2016 were made with international card payment schemes.

Under its newly revised 2019 retail payments strategy, the Eurosystem supports the development of pan-European, banking industry-led payment solutions under European governance to meet consumers' rising need for secure, low-cost instant payments across Europe. Against this background, the ECB welcomes the European Payments Initiative (EPI), a network of currently 16 banks from five European countries aim-

#### Shared services platform

A shared services platform consolidates particular business operations to be performed by an organization in a centralized hub. This approach requires the standardization of processes and increases operational efficiency.

ing to create a pan-European payment solution based on the SEPA Instant Credit Transfer (SCT Inst) scheme.

### **Timeline for T2-T2S consolidation extended**

The Eurosystem's project to consolidate TARGET2 (T2) and TARGET2-Securities (T2S) comprises the following core elements: the introduction of a Central Liquidity Management component, the separation of retail payments from central bank operations and the euro area-wide migration to ISO 20022 standards. Given the challenges posed by the COVID-19 pandemic and the rescheduling of SWIFT's migration to ISO 20022, the consolidated system is now scheduled to start operations in November 2022.

### **Subsidiaries support the OeNB in fulfilling its tasks**

In performing its core tasks in cash production, cash provision and cashless payments, the OeNB is supported by the following companies: Münze Österreich Aktiengesellschaft (MÜNZE), the Oesterreichische Banknoten- und Sicherheitsdruck GmbH (OeBS) and GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H. (GSA). These subsidiaries carry out their tasks as separate business entities, setting great store by quality, security, sustainability and cost effectiveness.

Within European monetary union, MÜNZE is the official mint of the Republic of Austria. Its exclusive right to mint and issue coins in Austria is laid down in the provisions of the Coinage Act. In line with the prevailing legal provisions, MÜNZE meets the domestic demand for euro coins. In 2020, MÜNZE supplied the OeNB with a total of 134.1 million euro coins with a face value of EUR 43.0 million. Moreover, MÜNZE is internationally renowned for first-class precious metal processing and the production of innovative and durable precious metal investment products and collectors' items. MÜNZE continually develops new and innovative product lines, e.g. collector coins and various coin series.

During the COVID-19 pandemic, demand for gold and silver intensified. In this crisis environment, MÜNZE was able to strengthen its global position as a reliable producer.

In its capacity as a Eurosystem technology partner, the OeBS focuses its R&D activities on technologies for the printing of security features and for banknote authentication sensors used in banknote-sorting machines. Within the Eurosystem, the OeBS produces the share of annual euro banknote production volumes allocated to Austria on the basis of the OeNB's share in the ECB's capital key. In 2020, the OeBS produced 40 million EUR 50 banknotes and 134.58 million EUR 5 banknotes of the second, i.e. Europa, series. For the first time in 2020, the OeBS produced euro banknotes for the Belgian central bank within the framework of central bank cooperation. After the first wave of the pandemic in Austria, when all operations were suspended except for critical services, the OeBS stepped up efforts to compensate the lockdown-related reductions in output. Despite the challenging conditions created by the pandemic, however, the OeBS managed to keep up normal operations in line with legal requirements during most of the year.

Individual tasks defined in the Eurosystem's R&D strategy have been assigned to specific national central banks. Since 2012, the OeBS has been entrusted by the ECB to perform banknote test prints for the Eurosystem and monitor patents to avoid unnecessary duplication in banknote prototype production.

The GSA, whose core tasks include cash logistics, was established as a limited liability company. Its majority owner was the OeNB, with the remaining shares primarily held by Austrian commercial banks. In November 2020, all other shareholders sold their GSA shares to the OeNB, which has since held 100% ownership in the GSA.

The GSA's regional cash centers in Vienna, Graz, Linz, Salzburg, Klagenfurt, Innsbruck and Bregenz support the OeNB in its task of supplying euro cash all over Austria; in doing so, they contribute to maintaining the high quality of cash in circulation.

Since 2011, the GSA had been operating a clearing house for the settlement of national interbank payments, Clearing Service Austria (CS.A). On behalf of the OeNB, the GSA operated Clearing Service International (CS.I), which Austrian commercial banks may use to settle cross-border payments within SEPA. From 2021, PSA Payment Services Austria GmbH has taken over the operation of clearing services for retail payments from the OeNB and the GSA, acting as a shared services platform for Austrian banks.

At the end of 2020, the OeNB established another wholly owned subsidiary as a limited liability company, OeNPAY Financial Innovation HUB GmbH. OeNPAY was designed to act as a catalyst for the creation of secure, innovative and internationally competitive payment services in Austria and to offer efficient, targeted and market-neutral coordination services to domestic banks and financial services providers. Specifically, the services offered by OeNPAY range

from providing specialist, technical and economic advice to support for innovative business models in the field of paytech.

The real estate investment group IG-Immobilien-Gruppe serves to optimally manage the OeNB's real estate investments. It is, inter alia, responsible for preserving and sustainably improving the value of OeNB real estate holdings and for optimizing current earnings on the individual properties. The premises management group BLM Betriebs-Liegenschafts-Management GmbH is in charge, in particular, of the provision of premises required by the OeNB or its subsidiaries to carry out their business activities.

On their websites, the OeNB's subsidiaries publish annual reports pursuant to the Federal Public Corporate Governance Code adopted by the federal government on October 30, 2012.

Table 11 provides a comprehensive list of the OeNB's direct and indirect equity interests.

Box 10

### A cash access point can be reached in three minutes on average: access to cash in Austria's rural areas is good

People mainly obtain cash from automated teller machines (ATMs) or at bank branches<sup>28</sup>. As cash continues to play a major role in Austria both for everyday payments and as a store of value, the accessibility of ATMs and bank branches and their spatial distribution matters. Providing people in Austria and the Austrian economy with cash is one of the OeNB's core tasks, which it fulfills in cooperation with its subsidiaries.

From end-2005 to end-2019, the number of ATMs in Austria went up by 1,600, from around 7,400 to around 9,000. Over the same period, the number of bank branches went down by around 1,000, which means that the total number of cash access points (ATMs plus bank branches) increased by around 600.

To be able to assess the accessibility of cash access points and to identify areas of low accessibility, an OeNB study calculated the distances from people's homes to the nearest cash access points in a high spatial resolution. The **main findings** of this exercise are:

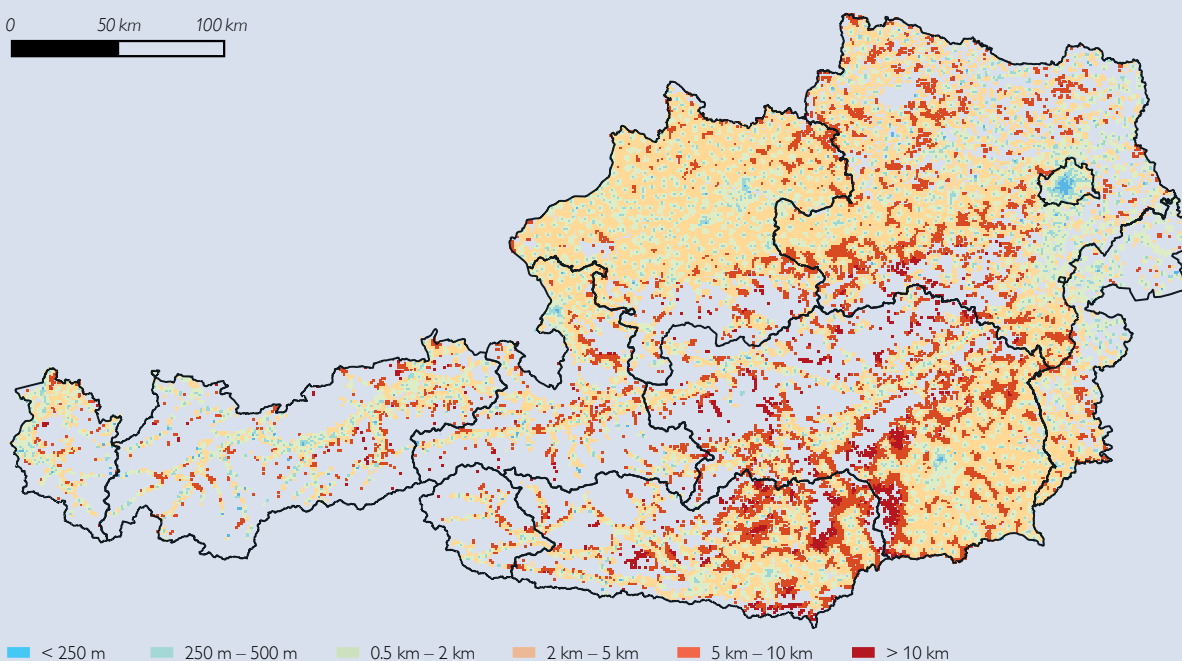
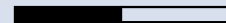
- On average, the nearest cash access point for people living in Austria is 1.2 km from their homes. It can be reached, on average, within a walk or drive of just under three minutes.
- In larger cities, the average distance to the nearest ATM or bank branch is around 0.5 km. In medium-sized towns of 5,000 to 10,000 inhabitants, it is 1.3 km. In towns and villages of 2,000 inhabitants or less, it is around 2 km.
- Two-thirds of Austria's population have a cash access point within less than 1 km, and for 97.3% of them, this distance is less than 5 km.
- Even in towns and villages of less than 2,000 inhabitants, just above 9 out of 10 inhabitants can obtain cash within less than 5 km from their homes.

These findings show that in Austria, the average distance to the nearest ATM or bank branch is moderate, which means that people have good access to cash.

<sup>28</sup> Bank branches refer to staffed branches or head offices. See Stix (2020b) for details.

### Average distance to nearest ATM or bank branch

0 50 km 100 km



■ < 250 m   
 ■ 250 m – 500 m   
 ■ 0.5 km – 2 km   
 ■ 2 km – 5 km   
 ■ 5 km – 10 km   
 ■ > 10 km

Source: OeNB, Statistics Austria.

Note: All results and municipal boundaries refer to 2019.

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### Five FAQs on a digital euro

#### How do central banks see the future of digital money?

As more and more areas of the economy are going digital, efforts are ongoing at central banks around the world to explore the case for issuing central bank digital money for end-users. Given that access to digital payments varies greatly across the world, however, the answers have been mixed.

#### What is the Eurosystem doing about a digital euro?

With digital payments becoming more and more popular and more and more frequent across the euro area, the Eurosystem has been examining the issuance of a digital euro that consumers and businesses could use for retail payments as an additional payment method next to cash and bank transfers. As a result of these discussions, in October 2020 the ECB published a report drafted by the Eurosystem High-level Task Force on central bank digital currency (CBDC), to which the OeNB also contributed. The report examines the pros and cons of a digital euro for the euro area. In following up on the report and with a view to deciding whether to launch a digital euro investigation project, the Eurosystem has been analyzing functional design options and possible reasons for issuing a digital euro.



**What would a digital euro that is accessible to the general public be good for?**

A digital euro would be central bank money made available in digital form for use in retail payments, complementing cash and deposits. It would be a payment innovation that is as safe and accessible as cash. Moreover, a digital euro would strengthen Europe's strategic autonomy in the field of digital means of payment and reduce the dependence on international providers of electronic payment services.

**When will the digital euro arrive?**

While the report currently sees no necessity to introduce a digital euro, it concludes that the Eurosystem should be prepared for future scenarios in which the introduction of a digital euro might be an advantage or even necessary. Such scenarios might e.g. involve a strong future decline in cash demand, a potential rise in the popularity of foreign digital means of payments in the euro area or the need to enhance the resilience of electronic payments (in case of blackouts, cyber attacks etc.). Discussing the policy issues and technical and organizational challenges that would be connected to the introduction of a digital euro, the report concludes that these challenges are manageable. However, to be sufficiently prepared to take the respective decisions, considerable time and effort would have to be spent on further analysis.

The findings obtained so far do not pre-empt any decisions and do not commit the Eurosystem to issue a digital euro. Quite in line with the OeNB's attitude on the subject, the report also makes it clear that a digital euro would only be introduced as an additional means of payment and that it would not replace euro cash. At the end of 2020, a public consultation took place to collect evidence on people's demand and potential requirements for a digital euro. Based on technical experiments and further analysis, criteria will be defined to support the Governing Council of the ECB in deciding, by mid-2021, whether to launch a specific digital euro investigation project that would run for several years.

**What is the digital euro?**

What would be the difference between a digital euro and euro cash or traditional euro deposits?

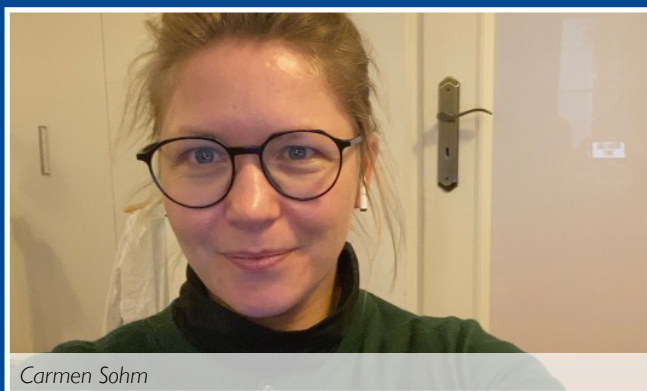
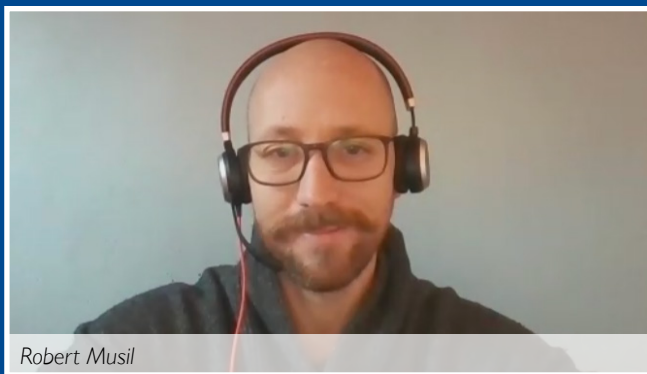
- EUR 1 in cash: The central bank guarantees its value; the owner is responsible for storage and/or the handling of payments.
- EUR 1 in a bank account: The commercial bank guarantees its value (cash withdrawal at face value is possible any time) and is in charge of storage and/or the handling of payments as instructed by end-users.
- EUR 1 in digital currency: The central bank guarantees its value. Users and/or private sector providers of digital wallets (e.g. banks) are in charge of storage and/or the handling of payments as instructed by end-users.

Adequate protection, both of customers' privacy and against abuse of the law, can be ensured via technical and legal measures for all three variants.

**References**

**ECB. 2020.** *Report on a digital euro.*

## Preparing the OeNB's Annual Report while working from home

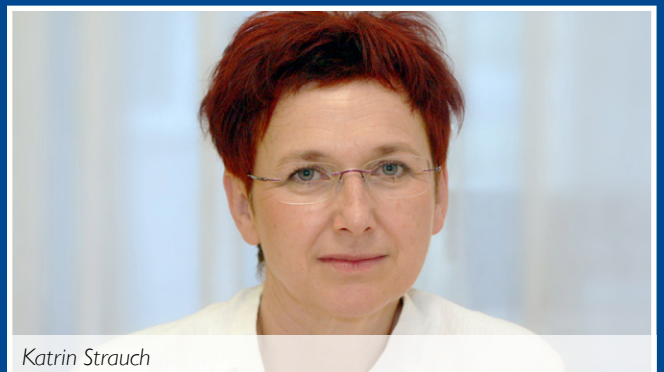
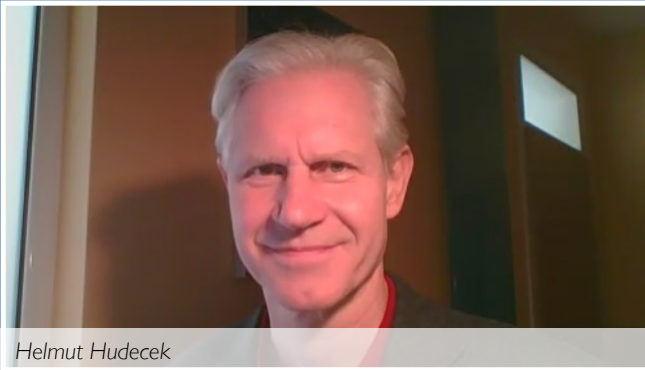


This year, we achieved the remarkable feat of coordinating, drafting, designing, editing and translating the OeNB's Annual Report while working from home. Remote work has meanwhile become the new normal for most of us, and we have come to see the positive side of it.



The OeNB – a sustainable enterprise

## The OeNB's coronavirus task force



We started to realize as early as in January 2020 that we would need to coordinate COVID-19-related issues centrally. So far, our coronavirus task force has sent out around 100 e-mails to keep everyone in our organization up to date.



Our thanks also go to the rest of the task force: Dieter Czepa, Alexander Dallinger, Renate Deixelberger, Andreas Furm-Hazivar, Peter Körner, Florian Kysela, Helene Ortman, Thomas Reindl, Andreas Wittmann and Viktor Zorn.

## The OeNB – a resilient institution

### The OeNB's strategy for 2020 to 2025

The Oesterreichische Nationalbank (OeNB) acts on the basis of its legal mandate, as laid down in the Federal Act on the Oesterreichische Nationalbank 1984, and operates as an integral part of the Eurosystem. All activities the OeNB engages in ultimately serve to fulfill its statutory objectives: maintaining price stability and financial stability and ensuring the smooth functioning of cash and cashless payments. The OeNB works for Austria, the Austrian economy, the people living in Austria and the Eurosystem.

Under its new management, and following a redistribution of tasks and responsibilities among the executive directorates with effect of January 1, 2020, the OeNB successfully revised its strategy for 2020 to 2015 in the reporting year. The new strategy focuses on the following horizontal issues: (1) the OeNB's role as a Eurosystem central bank and as a monetary and economic policymaking institution, (2) financial market strategy, financial stability and the consideration of environmental, social and corporate governance (ESG) criteria, (3) financial innovation, (4) financial education, (5) the OeNB as an enterprise; human resources and digital solutions, and (6) communication.

The OeNB's strategy for 2020 to 2025 was developed in-house from September 2019 until the summer of 2020 under the responsibility of the OeNB's Governing Board. The process combined a top-down and a bottom-up approach, applying innovative concepts of strategy development to generate, collect and integrate as many different ideas as possible. In a first round, the Governing Board invited staff input on predefined strategic priority areas. The prospective strategic focus was then presented and discussed in open debates before being finalized by the Governing Board. Four townhall meetings gave OeNB staff and members of the OeNB's Governing Board the opportunity to exchange information and ideas and engage in live discussions.

### The OeNB's administrative measures in response to COVID-19

#### Business continuity

The OeNB is aware of its responsibility as an operator of critical infrastructure and has been able to maintain its particularly critical functions also during the pandemic.

In this context, the relocation of one of its data centers and a backup data site to locations that are further away from the OeNB's premises was completed in 2020 as scheduled. This step improves the OeNB's resilience by minimizing the effects of various potential system failure scenarios on the OeNB's business operations.

#### The OeNB's Corona Working Group

To discuss and handle all issues related to the pandemic, the OeNB established a special coronavirus task force, the Corona Working Group. The working group meets regularly and supports the OeNB's Governing Board in its pandemic-related decisions. Its members come from the areas of risk monitoring, human resources, facilities and security management, the press office, the staff council and the company health center. The Governing Board of the OeNB continually evaluated the situation in cooperation with the Corona Working Group and, basing its decisions on the available facts and figures, directed business operations in a way to create the best possible conditions to ensure the fulfillment of the OeNB's tasks.

#### COVID-19 pandemic accelerates digital innovation

The OeNB's IT department has had to cope with great challenges during the pandemic. In addition to fulfilling its regular tasks, remote IT access had to be implemented for all members of staff that are able to work from home. This meant increasing the capacities of the OeNB's IT infrastructure virtually overnight – an achievement that was only possible by quickly deploying additional hardware. The

Table 1

### Trends in Skype and Webex meetings

	Unit	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Webex meetings	number	265	1,852	3,982	2,804	3,824
Participants	number	472	5,480	19,160	12,073	16,314
Overall duration	minutes	11,697	59,463	188,049	135,127	178,298
Skype meetings	number	467	6,214	22,850	18,903	25,426
Participants	number	1,682	22,872	91,096	68,666	98,052
Overall duration	minutes	1,336	132,923	742,556	576,601	883,121

Source: OeNB.

number of staff using remote access soared from an average of 200 a day (before the pandemic) to 1,050 a day. Participation in teleconferences via Skype and Webex increased by a factor of 50 in some business areas.

2020 also saw major progress in the digitalization of formerly paper-bound processes, the use of mobile authorization workflows and electronic signatures. The new work situation created by the pandemic also fueled the systematic review and advancement of existing and new digital innovation projects, such as a contract data base, a digital library or the electronic refunding of expenses. The design of meetings and events changed fundamentally as well. At short notice, software solutions for both virtual and hybrid events had to be provided, and the technical equipment in meeting rooms and event halls had to be adapted accordingly. A new cloud-based tool (including a smartphone app) was put into operation to provide effective and efficient crisis communication.

In February 2020, the OeNB's previous electronic filing system was replaced by a modern electronic document management and filing system. The new system supports uniform digital processes and workflows that make cooperation easier by integrating decision processes into one system.

### Future-oriented human resources management

The OeNB proved to be a reliable employer also during the COVID-19 pandemic, ensuring stable and secure conditions for its staff to fulfill their everyday tasks. The OeNB has a long history of offering a wide range of flexible working arrangements that staff have made frequent use of; these arrangements include part-time work, flexitime and structural teleworking; two years ago, occasional teleworking was introduced as an additional model for working remotely. Given its technical experience and the existing IT infrastructure (almost all employees have their own laptops), the

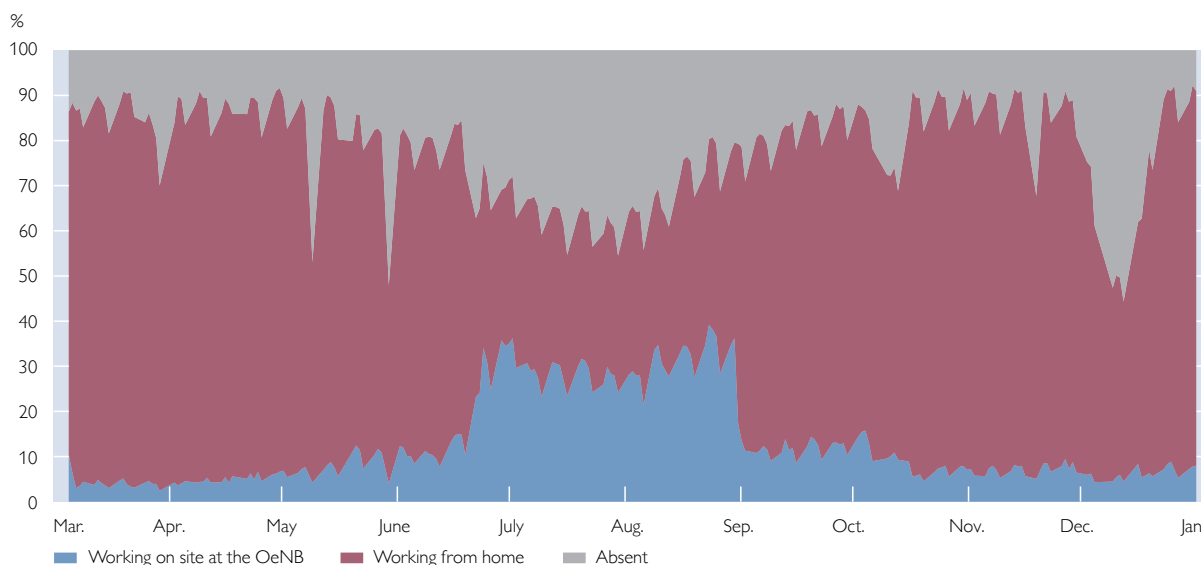
Table 2

### Indicators of knowledge-based processes

	Unit	2017	2018	2019	2020
<b>Process efficiency</b>					
Certified areas	number	10	10	10	10
Entries in the OeNB's terminology database	number	22,628	22,901	23,308	23,748
Error-free payment transactions	%	100	100	100	100
Staff suggestions for improvements	number	30	48	41	19
<b>Technical infrastructure</b>					
IT services for the ESCB/Eurosystem	number	3	3	3	3
Major IT projects	number	6	6	5	5

Source: OeNB.

## Where OeNB staff were working in 2020 and early 2021



Source: OeNB.

OeNB was well equipped to meet the challenges posed by the new working situation created by the pandemic. During Austria's lockdowns, almost all OeNB staff worked from home to ensure best possible protection; moreover, split teams were created to reduce contacts on site in times when staff presence was required. Chart 18 shows that more than 80% of OeNB employees were working from home at times in 2020. During the summer, when restrictions were eased, a split team scheme was in place, which is also reflected in the chart.

The functionality of critical business areas (e.g. cash supply) that require physical presence was ensured in compliance with strict safety standards. These measures made sure that the OeNB was able to fulfill its tasks at all times. All in all, OeNB staff worked from home for an average of 131 days per person in 2020. To make this possible, workplace flexibility policies were adjusted temporarily in particular for staff with childcare duties.

This also highlights the OeNB's specific emphasis on assisting its staff in combining

work with family life. The OeNB is certified as a family-friendly employer ("berufundfamilie" audit) and as such offers a wide range of measures to support its staff in achieving a healthy work-life balance. In particular, the OeNB was able to keep up its established holiday childcare options for school-aged children of OeNB staff. In compliance with all relevant safety precautions, 61 children participated in these holiday camps during the 2020 summer holidays.

The OeNB continues to be a stable employer, as can be seen, inter alia, in the staff fluctuation rate, which even decreased slightly year on year to 2.1%. As a result of the COVID-19 pandemic, the OeNB's indicators for staff mobility and further education and training went down: the number of education and training days per employee declined markedly to 1.7 (from 3.9 in 2019) and the education and training participation rate contracted to 61.9% (from 82.2% in 2019). While most OeNB seminars that were scheduled for early in 2020 had to be canceled, the majority of seminars in the second half of the year took place online. Particular attention was given to

Table 3

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

	Share of women %
<b>Expert career track</b>	
Level 1	30.8
Level 2	40.0
Level 3	31.3
Level 4	70.0
Total	35.2
<b>Management positions</b>	
Head of unit	23.2
Deputy head of division	32.4
Head of division	26.3
Director of department	22.2
Total	26.3

Source: OeNB.

Note: As at December 31, 2020.

the skills necessary for leading and moderating virtual and hybrid teams. In total, 130 online training seminars took place.

The share of women in expert career track and management positions went down slightly in 2020 (table 4). Increasing the overall number of female employees is key to ensuring that more women are represented at all levels of the corporate hierarchy. This also became clear in an evaluation of the relevant gender diversity

indicators carried out in 2020 under the OeNB's action plan for the advancement of women. With digital innovations advancing rapidly, the OeNB, like most enterprises, is increasingly seeking mathematics, informatics, natural sciences and technology (MINT) qualifications in candidates applying for jobs not only in established IT-heavy areas such as statistics and treasury operations but also in other business areas. To help increase the recruitment of women in these traditionally male-dominated areas, the OeNB launched a regular recruiting event specifically for women majoring in MINT subjects that is to take place every two years; moreover, the OeNB expanded the range of internships available exclusively for female students.

Management shadowing, a tried and tested tool in human resources development, is also intended to help women, in particular, advance in their careers. By accompanying a manager from a different business area within the company, participants can gain insights in management and leadership tasks. To promote women's empowerment, the OeNB complemented this format in 2020 with a day of training and individual coaching geared exclusively to female participants.



Table 4

## Indicators of investment in knowledge-based capital

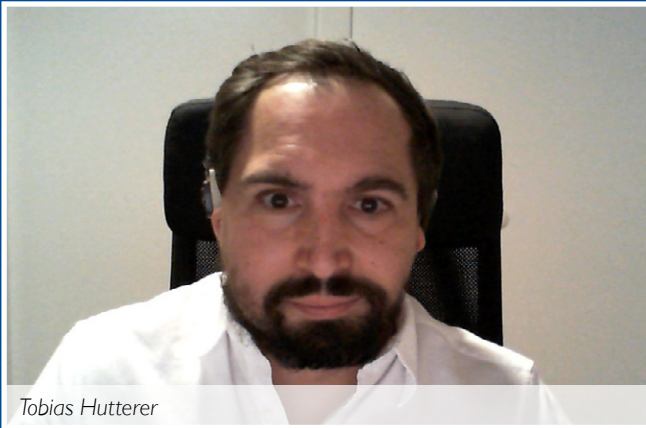
	Unit	2017	2018	2019	2020
<b>Staff structure</b>					
Full-time equivalent staff (year-end) <sup>1</sup>	number	1,100.0	1,079.3	1,069.6	1,097.5
aged up to 30 years	%	10.9	9.2	7.1	7.3
aged 30 to 40 years	%	28.3	28.6	29.4	28.9
aged 41 years or older	%	60.8	62.2	63.5	63.8
average age	years	43.4	44.0	44.4	44.6
Fluctuation rate	%	1.3	2.8	2.6	2.1
Share of university graduates in total staff	%	63.2	64.9	65.8	67.4
Staff-to-manager ratio	number	7.0	7.0	7.1	7.6
<b>Flexible working arrangements</b>					
Part-time employees	%	15.3	16.0	18.3	18.6
Structural and occasional teleworking/remote work (annual average per employee) <sup>2</sup>	days	7.8	9.6	10.8	130.7
Staff on sabbatical	number	4	6	5	3
<b>Gender management</b>					
Share of women in total staff	%	39.1	38.8	39.3	39.6
Share of women in management positions	%	28.7	27.9	28.8	26.3
Share of women in expert career track	%	33.1	37.9	36.2	35.2
Share of women in part-time employees	%	x	x	72.9	72.7
Share of women in structural teleworking schemes	%	x	x	47.6	47.3
Share of women in education and training participation rate	%	x	x	x	41.0
<b>Mobility</b>					
Participants in in-house job rotation program	number	39	40	30	23
Working visits to national and international organizations (external job rotation)	number	52	56	57	43
Working visits at the OeNB (incoming)	number	7	32	31	5
Interns	number	66	75	77	70
<b>Knowledge acquisition</b>					
Education and training days (annual average per employee)	days	4.1	4.1	3.9	1.7
Education and training participation rate (share of employees that attended at least one training event per year)	%	73.9	82.2	82.2	61.9

Source: OeNB.

<sup>1</sup> Figures include part-time employees on a pro rata basis.

<sup>2</sup> In general, the OeNB offers two different teleworking schemes: structural and occasional teleworking. In 2020, remote work increased beyond the scope of both schemes in response to the pandemic.

## The OeNB is an inclusive enterprise

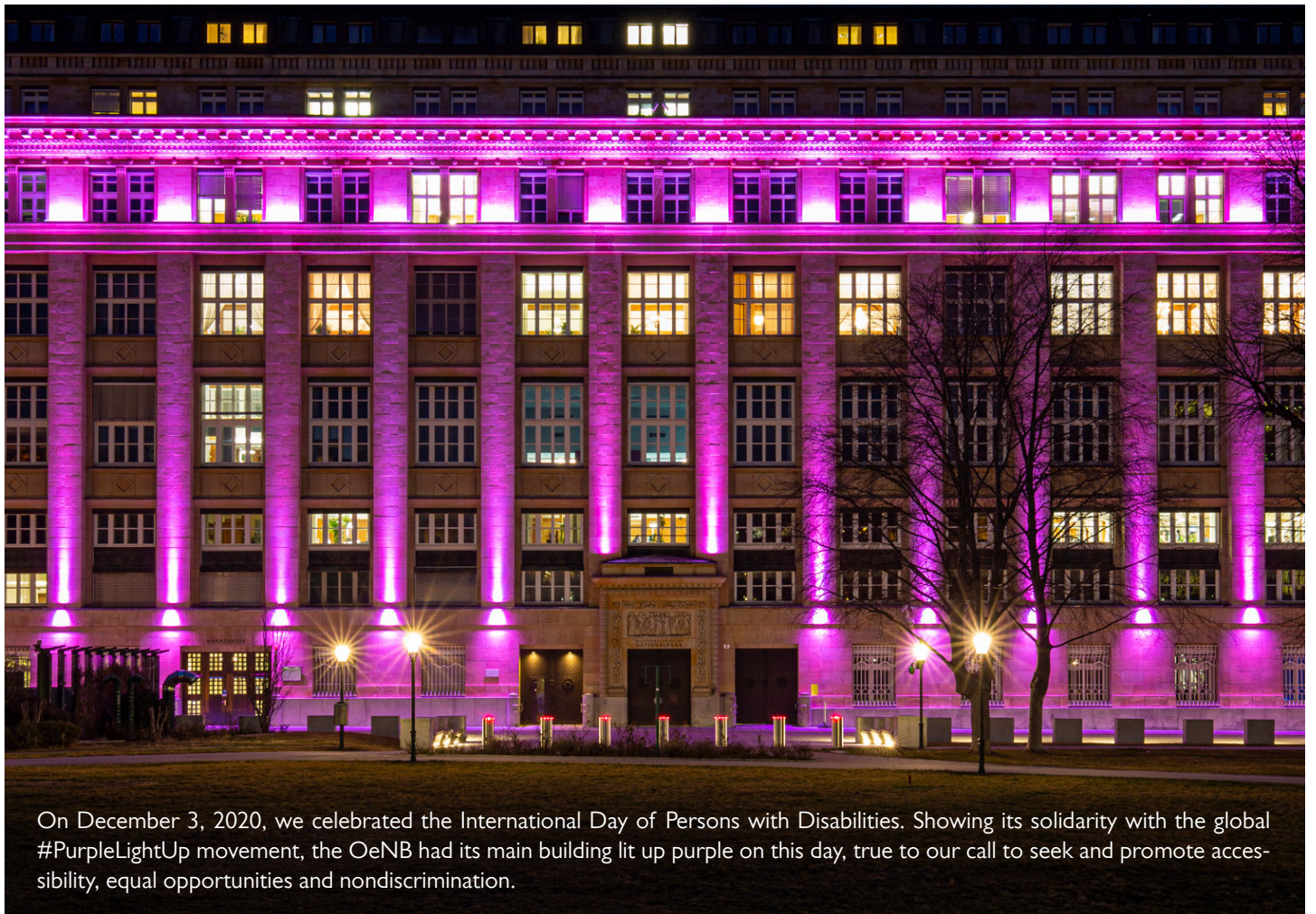


Tobias Hutterer



Bernhard Urban

The COVID-19 pandemic has been an enormous challenge for each and every one of us. Persons with disabilities find it even harder to cope with pandemic-related restrictions. It is good to see that the OeNB has taken effective measures to adequately protect its staff members with disabilities.



On December 3, 2020, we celebrated the International Day of Persons with Disabilities. Showing its solidarity with the global #PurpleLightUp movement, the OeNB had its main building lit up purple on this day, true to our call to seek and promote accessibility, equal opportunities and nondiscrimination.

## Digital communication gains speed in 2020

### COVID-19 pandemic calls for changes in communication

Demand for the OeNB's economic expertise, which is provided through a variety of communication channels, rose sharply as concerns about the impact of the COVID-19 pandemic on the economy, and on the Austrian economy in particular, moved center stage. To help readers track pandemic-related information provided by the OeNB, this information is made available (mostly in German) in a dedicated section on the OeNB's website. A prominent feature of this section is the new weekly OeNB GDP indicator, developed by a team of OeNB experts and first released in May 2020 (see box 2). In addition, numerous online publications and fact sheets provide insights into the economic development of banks, enterprises and households. Beyond pandemic-related contributions, the OeNB's website e.g. currently features facts and figures and a timeline for Austria's first 25 years of EU membership. Moreover, the OeNB launched a special section ("Thema im Fokus") on its German website to address and explain current issues.

The OeNB's established social media channels saw a strong rise in access numbers in the reporting year: The number of the OeNB's followers on Twitter almost doubled to around 4,000; and the OeNB tweeted almost daily in 2020. The number of the OeNB's followers on Instagram even tripled to around 3,200. Since March 2020, the OeNB has been represented also on the LinkedIn online career platform, and in November 2020, it set up its own podcast channel (in German only). The number of e-mail queries to the OeNB's hotline went up significantly in 2020, while the number of telephone queries declined substantially.

The exceptional social and economic situation created by the pandemic was also reflected in the semiannual OeNB Barometer<sup>29</sup> survey. The recorded confidence levels clearly mirrored the uncertainty people in Austria felt in view of the two lockdowns and the constantly changing

economic forecasts. Confidence in the OeNB went down markedly from 76% in the second half of 2019 to 70% in the first half of 2020. Similar trends were observed also for other domestic institutions and banks.

### Intranet communication on the rise

Internal communication on the OeNB's intranet intensified in 2020, with the first lockdown in Austria requiring a swift transition to remote working, which largely cut off other lines of communication and virtually eliminated the social component of working together on site. To keep staff motivated and to boost identification, efforts centered around creating a sense of unity – the idea of the OeNB as a team. Regular online staff chats were organized to foster the personal exchange among colleagues – a feature of everyday working life no longer available for remote workers. In addition, networking opportunities were created through coffee roulette meetings that randomly match employees for virtual chats with colleagues across the OeNB. A number of other activities also contributed to fostering social exchange among OeNB staff.

### Expert conferences with broad impact

The OeNB organizes numerous events to promote the exchange of monetary and economic policy views. In 2020, some events were moved online or made available in a hybrid format. The largest audiences (several hundred participants) are reached with the annual Economics Conference and the annual Conference on European Economic Integration (CEEI). While the Economics Conference, which usually takes place in the first half of the year, had to be canceled in 2020 because of the COVID-19 pandemic, the CEEI was, for the first time, hosted as a virtual event. It took place on November 5 to 6, 2020, and discussed the topic of "CESEE in the COVID-19 crisis – the role of the EU and global spillovers." In 2020, the OeNB also organized a wide range of other –

<sup>29</sup> OeNB Barometer survey (IFES), H1 2020.

hybrid or virtual – workshops, press conferences and seminars, which generated lively interest among economists in Austria and abroad.

### **Analyses, studies and outlooks published in the OeNB's scientific publications**

The OeNB publishes the results of the scientific work carried out by its experts in three quarterly journals. Monetary Policy & the Economy focuses on monetary policy issues, economic activity and the Austrian economy, and provides in-depth discussions of special issues as they arise. In the reporting year, the Monetary Policy & the Economy series featured i.a. a comprehensive double issue dedicated to 25 years of Austrian EU membership (Q1/20-Q2/20) and another double issue analyzing the economic impact of the COVID-19 pandemic on the Austrian economy (Q4/20-Q1/21).

The Focus on European Economic Integration series focuses on macroeconomic and macro-financial topics related to Central, Eastern and Southeastern Europe (CESEE) and also features related economic outlooks and reports. Both journals are published in English and are subject to external peer review; they are also both listed in EconLit, a database on economics literature provided by the American Economic Association. Statistiken, the OeNB's third quarterly, provides data and analyses on Austrian financial institutions, financial flows and the external sector (in German, with executive summaries in English).

In addition, the OeNB publishes a Working Paper series that features scientific working papers authored, or co-authored, by OeNB researchers. On average, around ten OeNB working papers are published per year. Finally, the semiannual Financial Stability Report essentially serves as the OeNB's platform for providing an assessment of the yearly results reported by the banking and financial sector (first issue of the year) and for presenting selected research evidence on financial stability issues (second issue of the year). (See Notes, Periodical publications.)

### **Digital innovation campaign in financial education**

In 2020, the OeNB further expanded its financial education capacities, not least by including financial education as a key issue in its strategy for 2020 to 2025. The strategy envisaged a one-year project to review, until mid-2021, the OeNB's financial education activities and identify alternative future work streams. One important issue in this context is to strengthen cooperation across Austria. A first step toward this goal has been the establishment of a national foundation for economic education (Stiftung für Wirtschaftsbildung). As one of seven co-founding institutions, the OeNB is also represented on the foundation's supervisory board. The foundation began operations on January 1, 2021; it aims to finance dedicated school projects and to help establish the topic of financial education in national curricula.

As in many other areas, the pandemic also posed new challenges to the OeNB's endeavors in financial education. Many school projects that were to take place on site had to be canceled in view of the pandemic, and the OeNB's Money Museum had to close for an extended period for the first time since it was opened in 2003. In reaction to these circumstances, the OeNB stepped up its efforts in digital innovation and further enhanced its range of e-learning products.

### **Euro-Aktiv online**



Since the end of March 2020, the OeNB's Euro-Aktiv workshop program for students aged 15 to 19 has been available also as an interactive online presentation. During the 45-minute program, students are guided through a discussion of current issues, learn what modern central banks do and are invited to reflect on how they manage their own money. Students are invited in particular to share their knowledge and everyday experience by participating in a video conference.

### Euro logo online challenge



Another financial education initiative was the OeNB's "Euro logo online challenge" that was launched in the fall of 2020. The target group are school children aged 13 to 14, who can participate in the challenge on their smartphones no matter whether classes are being held in the classroom, for split classes or remotely. During an interactive presentation, children are invited to work on practical questions, share their own experiences and solve specific problems; the challenge ends with a quiz.

### Enhanced teaching material

A wide range of free teaching and information material can be downloaded from the OeNB's website; in the reporting year, primary school material in particular was upgraded and expanded. New and interesting things to know about money and its history as well as questions testing children's knowledge about euro banknotes were added to the primary school worksheets, all with a view to keeping them suitable for the age group.

### My Money Guide – financial tips for young women



Apart from offering new digital solutions, the OeNB's "Euro-logisch" financial literacy program was also expanded to reach out to new target groups.

In cooperation with Vienna University of Economics and Business, a guide providing financial tips specifically for young women was prepared in 2020. The guide, which is available in German only, helps young people, and women in particular, to manage their personal finances and get started in their financial lives.

### The OeNB's Money Museum



Given the COVID-19 containment measures in place during most of 2020, the OeNB's Money Museum counted no more than 2,790

visitors in the reporting year (2019: 11,019). During the first and second lockdowns in Austria, the museum remained closed for a total of 4½ months; during the other months, guided tours were possible only for limited numbers.

On August 11, 2020, the museum's new special exhibition "FUNNY MONEY. Money in caricature" was opened for restricted numbers of individual visitors. As the name suggests, the exhibits present a humorous and entertaining view on the topic of money.

The materials presented in the Money Museum's guided tours and workshops were published in the "Wissenswelt Geld" series for teachers and students and are also available in German on the OeNB's website in the Money Museum's section on museum didactics.

### Training course for journalists

For many years, the OeNB has offered seminars for journalists participating in an economics training course co-initiated by the OeNB and organized by Austria's press agency APA. During the seminars, participants learn about economic and financial issues relevant for everyday media work in workshops or lectures presented by OeNB experts.

### The Joint Vienna Institute in virtual mode

#### Switching to online courses and webinars

The Joint Vienna Institute (JVI) offers training to central bank experts and public sector officials on a broad range of topics with a focus on economic, fiscal, monetary and financial market policy. The course participants mostly come from CESEE countries and the Commonwealth of Independent States (CIS). The JVI is co-sponsored by the Austrian Federal Ministry of Finance, the IMF and the OeNB. Since its foundation in 1992, the JVI has trained a total of 47,158 course participants.

The COVID-19 pandemic presented major challenges also to the JVI: From March 2020, face-to-face teaching on the JVI's premises in Vienna was no longer possible, but by mid-June, the JVI had successfully moved online, concentrating on the following three products:

(1) virtual courses: To make these courses as interactive as possible, the number of participants was reduced and classes were shorter than usual. In 2020, a total of 60 weeks of training courses were held at the JVI, with 756 persons (women: 53%) attending. The OeNB offered four virtual courses; seven courses had to be canceled or postponed to 2021. (2) webinars (one-off 90-minute events for an unlimited number of participants): Between June and mid-December 2020, the JVI offered 23 webinars, reaching 2,117 participants altogether. Topics were closely related to coping with the impact of the pandemic, and the OeNB was invited to share its expertise with participants as well. (3) technical assistance: Projects that had started before the beginning of the COVID-19 crisis were continued online (e.g. with Uzbekistan).

### **Pandemic causes strong decline in multi-lateral and bilateral technical cooperation**

The OeNB is a member of the ESCB Working Group on Central Bank Cooperation, which i.a. coordinates large-scale EU-funded programs supporting non-EU central banks in bringing their practices in line with EU standards. A regional program for EU candidates and potential candidates in the Western Balkans that had been running since 2019 began to stagnate because of the pandemic and will have to be extended. At the bilateral level, the OeNB started a new cooperation with the Ukrainian central bank.

### **Taking social responsibility seriously**

#### **Donations for those affected by the COVID-19 pandemic**

As a visible sign of solidarity with those people in Austria most vulnerable to the wide range of adverse effects of the COVID-19 crisis, the OeNB strongly reduced the funds reserved for staff incentives, paying out bonuses only for specific pandemic-related performances. In return, the OeNB donated a total of EUR 879,000 to altogether 50 nonprofit organizations, thereby helping to implement many different charitable

projects and initiatives supporting those affected most by the pandemic.

#### **Development aid group**

The development aid group within the OeNB, a registered association that has been run by dedicated volunteers (both active and retired staff) for more than 35 years, supports humanitarian projects by raising funds through membership fees and donations from staff and the Governing Board of the OeNB. In line with the UN Sustainable Development Goals, the group provides funding for selected humanitarian projects that aim to eradicate extreme poverty and hunger, achieve universal primary education, improve the health of mothers and children, promote the economic participation of women and ensure the sustainable use of natural resources. Since the COVID-19 pandemic has further exacerbated existing poverty in the poorest regions of the world, the development aid group decided at its general meeting in 2020 to support two COVID-19-related projects of the Austrian Entwicklungshilfeklub (hygiene parcels for the poorest and the worldwide coronavirus emergency fund) in addition to the ten humanitarian aid projects suggested for funding by OeNB staff.

Table 5

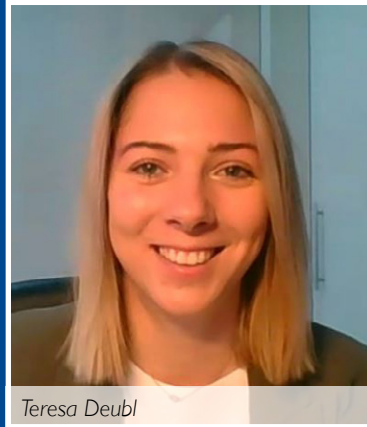
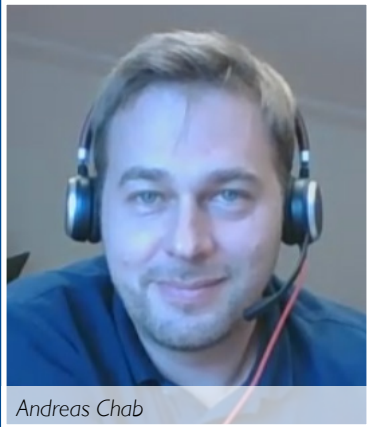
**Indicators of knowledge-based output**

	Unit	2017	2018	2019	2020
<b>Cooperation and networks</b>					
National bodies with OeNB representatives	number	86	84	85	79
International and European bodies with OeNB representatives (ESCB, etc.)	number	364	356	323	331
Technical assistance activities with CESEE and CIS central banks	days	557	451	494 <sup>1</sup>	345
Course participants at the Joint Vienna Institute (JVI)	number	2,155	2,282	2,410	756
OeNB-hosted national and international events	days	186	209	200	43
Lectures delivered by OeNB staff to external audiences	number	828	870	879	474
<b>Communication and information</b>					
Queries to OeNB hotlines	number	13,335	12,449	11,432	9,756
Research cooperation projects with external partners	number	90	100	150	126
Visitors to the Money Museum	number	13,027	11,482	11,019	2,790
Cash training course participants (including Euro Shop Tour)	number	16,159	5,979	16,939	3,354
Children and teachers reached through school outreach activities	number	22,565	29,252	27,914	12,172
Seminars for teachers	number	7	21	25	27
Contacts during the Euro Info Tour	number	45,562	30,208	19,189	.. <sup>2</sup>
Press conferences	number	12	13	20	9
Press releases	number	177	187	114	114
<b>Publications</b>					
Articles published by OeNB staff	number	111	119	79	72
of which: refereed papers	number	30	30	36	27
<b>Confidence and image</b>					
Confidence ratio in the second half of the year	%	67.0	71.0	76.0	76.0
Image index in the second half of the year (values between 5.5 and 10.0 signal a positive image)	value	6.9	6.9	7.2	6.9

Source: OeNB.

<sup>1</sup> Corrected figure.<sup>2</sup> The Euro Info Tour was discontinued in 2020.

## Taking OeNB events online



The OeNB had live streamed selected events already before the outbreak of the COVID-19 pandemic. In March 2020, we realized that in-person events would be out of the question for quite a while. So we made a virtue out of necessity and started to run all our events online – and together, we did so with great success.





## The OeNB promotes research, the economy, science, art and culture and donates funds to charity

### The OeNB supports the promotion of research...

Following a thorough evaluation and reform process, the strategic focus of the OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching was readjusted in 2019. After a transition period that ended in 2020, the OeNB Anniversary Fund will now seek to promote projects that broaden, or deepen, the current level of scientific research on economic policy and business location issues. Particular heed will be paid to the research clusters communicated by the OeNB.

It is the declared aim of the OeNB Anniversary Fund to ensure fair conditions in the competition for funding for highly focused basic research projects and, in doing so, to contribute to making economic research in Austria both more competitive and more attractive.

Guided by these considerations, the Governing Board of the OeNB approved funding totaling around EUR 8 million for 51 Anniversary Fund scientific research and teaching projects in 2020.

### ... and of economic activity in Austria

Another type of funding is available under the European Recovery Program (ERP), more widely known as the Marshall Plan, that the United States had set up to help rebuild Europe after World War II. The OeNB was instrumental in implementing the initial program and continues to administer the ERP central bank assets. Most recently, the OeNB was managing 575 ERP loans granted in the industry, trade and services sectors, with an outstanding volume totaling EUR 745 million.

### The OeNB is committed to Austria's cultural heritage

Currently, the OeNB's collection of historical string instruments numbers 45 instruments, all of them crafted by the most renowned violin-makers of the Italian and French schools. The

OeNB lends all of these instruments to Austrian musicians free of charge, thus making a contribution to Austria's excellent international reputation as a musical nation. Four violins have been made available since 2019 to outstanding students enrolled at Austria's music universities, allowing them to prepare for competitions and auditions.

Despite the COVID-19 pandemic, the OeNB was able to continue its long-standing cooperation with the Austrian radio station Ö1 in 2020 and organize a concert in Innsbruck at which instruments from the OeNB's collection were played. Additional concerts were held at Ossiach Abbey in cooperation with the Carinthian Summer Music Festival.

In 2020, the OeNB purchased 15 works of contemporary Austrian art. In selecting artworks for its collection, the OeNB took special care in the reporting year to ensure that the purchases also served to promote living Austrian artists and their galleries. The OeNB thus added to its collection works by four previously unfeatured contemporary Austrian artists of international renown: Jürgen Messensee, Rudolf Polanszky, Eva Schlegel and Heimo Zobernig. By purchasing these new artworks, the OeNB strengthened the focus of its collection on abstraction in contemporary art.

In 2020, the OeNB lent items from its collection to six exhibitions at Austrian museums, thus making these works accessible to the public for a while. Museums that featured works from the OeNB's collection in special exhibitions in 2020 were the State Gallery of Lower Austria in Krems, the Museum der Moderne Salzburg, the Tyrolean State Museum Ferdinandeum in Innsbruck, and Belvedere 21, the Leopold Museum and the Albertina Modern in Vienna. Some of these exhibitions continue into 2021.

### Preparations for the Shoah memorial have begun

On behalf of the federal government, the federal facility management company BIG is setting up

a memorial for the Jewish children, women and men from Austria that were murdered during World War II. The Shoah memorial will be built at Ostarrichi Park, in front of the OeNB's

main building; part of the park is OeNB property. The project is funded by the federal government, while the OeNB makes available part of its property.

## The OeNB's Agenda Office team prepares hybrid meetings



Ingrid Attar



Beate Brauch



Manfred Fluch



Brigitta Lidauer

Our team coordinates the meetings of the OeNB's decision-making bodies – the Governing Board, the General Council and its subcommittees as well as the General Meeting. We take the minutes and provide in-house information about decisions taken. In a great team effort, we also successfully organized hybrid meetings, allowing the members of the Governing Board and of the General Council to participate either online or in person.



## Thinking outside the box to take economic analysis to the next level



Helmut Stix



Gerhard Fenz

The COVID-19 crisis caused a strong economic slump in the second half of March 2020, which traditional economic indicators failed to capture in real time. This is why we came up with a new set of economic indicators that draw on various data capturing, for example, payments, truck mileage and electricity consumption. Collected on a daily or weekly basis, these data are available without a time lag. As a true real-time indicator for overall economic activity in Austria, the new weekly OeNB GDP indicator has become a valuable tool for economic decision making.



## Risk management

### Enterprise risk management

In the OeNB's strategy for 2020 to 2025, the implementation of an enterprise risk management (ERM) framework was defined as one of the OeNB's strategic objectives. The OeNB already has a number of different risk management systems in place that serve to reduce risks associated e.g. with investment, equity holdings, IT systems or compliance as well as risks arising from specific projects. The new ERM framework is intended to integrate and harmonize the various nonfinancial risk management systems currently in use at the OeNB. The underlying goal is to improve the effectiveness of these systems and to help the OeNB develop a modern risk culture, risk policy and risk strategy.

### Financial risk

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

### Market risk

Market risk is the risk of exposure arising from changes in financial market prices, as driven in particular by exchange rate and interest rate changes. To account for risk budget constraints, the OeNB's Investment Committee defines a strategic asset allocation framework subject to the conditions endorsed by the Governing Board, which include concentration limits for each currency and a standard conservative investment policy in line with central bank requirements. The risk budget also provides benchmarks for managing exchange rate risk and interest rate risk. Compliance with the Treasury Department's risk budget is monitored with value at risk (VaR) calculations for market risk. The ECB uses the expected shortfall (ES) to calculate market risk arising from Eurosystem monetary policy operations. VaR and ES calculations are consistently based on a one-year horizon and a confidence interval of 99%. Moreover, a three-month risk horizon is calculated to identify the risk range.

The actual risk exposure depends on the amount of assets invested, including gold and unhedged Special Drawing Rights (SDRs), as well as on the amount of own funds and earmarked funds invested.

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

The OeNB calculates the risk involved in real estate holdings using an index for real estate stocks that is also based on VaR calculations with a one-year horizon and a confidence interval of 99%.

### Credit risk

Credit risk is the risk that a counterparty will fail to meet some or all of its obligations. In principle, the OeNB manages the credit risk arising from its own funds portfolio and related

investment activities with a limit system which provides up-to-date information on all risk limits and exposures.

Credit risk arising from Eurosystem monetary policy operations is calculated by the ECB and accounted for on a pro rata basis in OeNB risk reporting. Credit risk arising from holdings for own account and investments of own funds is calculated by the OeNB and taken into account when monitoring the use of the risk budget. VaR and ES calculations of ECB and OeNB risk are consistently based on a one-year horizon and a confidence interval of 99%.

### **Market liquidity risk**

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

### **Operational risk**

Operational risk is the risk of incurring losses due to deficiencies or inadequacies in internal

processes or systems, human errors or disruptions from external events. It may impair the achievement of corporate objectives, damage corporate reputation or cause financial damage. Management of operational risk at the OeNB is governed by the rules laid down in its handbook on operational risk management, business continuity and crisis management. The OeNB is aware of its responsibility as an operator of critical infrastructure and has therefore identified current security requirements in the event of failure (in particular, relocating one of the data centers and a backup data site to more distant locations). These requirements are reflected in the OeNB's contingency plans to minimize the impact resulting from disruptive events on the OeNB's business activities.

### **Information security risk**

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

## Providing administrative support where needed



Silvia Ackerler



Verena Boigenfürst



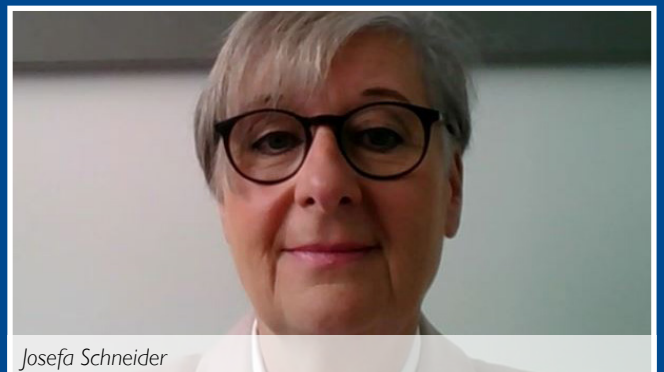
Renate Eder



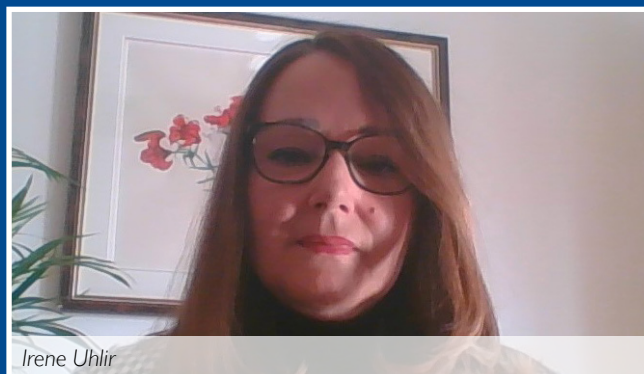
Karin Gelbmann



Elisabeth Reiter



Josefa Schneider



Irene Uhlir

This past year has shown us more than ever before that we can achieve more by combining our efforts. Of course, we miss meeting each other face to face. But the professional and flexible way in which we have continued to work together helps us cope with the new and challenging working conditions.







## Environmental Statement 2020 – the OeNB as an ecological organization

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

The OeNB has been certified under environmental protection standards for more than 20 years. Following a Governing Board decision in 1996, the OeNB had applied for the certification of its former Securities Printing Works under the international environmental standard ISO 14001. In 1999, the OeNB joined the European Eco Management and Audit Scheme (EMAS), which has been defined and revised in a series of EU regulations. EMAS was developed to distinguish and award companies that have voluntarily committed themselves to continually improving environmental protection within their organization on the basis of strict criteria. As an EMAS certificate holder, the OeNB has documented its effort to improve its environmental performance beyond statutory requirements. In recognition of their pioneering role and of 20 years of successful and exemplary eco management under EMAS, the OeNB and its subsidiary OeBS received an “EMAS pioneer” award from the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology, which was presented to representatives of both institutions in a special ceremony on October 27, 2020.

Over the last two decades, the OeNB’s environmental protection team (EPT) has made major achievements in implementing the OeNB’s environmental policy. The OeNB’s energy and waste management experts and environmental controllers in the individual business areas have contributed significantly to these achievements, not least by performing regular environmental audits and coordinating their efforts in regular meetings. Key accomplishments include the reduction of heat consumption, which went down by some 40% against the base year of 2001, and of paper consumption, which even declined by around 75%. Despite these successes, there is still room for

further improvement in the OeNB’s environmental program. The importance of the implemented environmental measures becomes evident in particular when considered in connection with the European Green Deal that was adopted by the European Commission in 2019. The European Green Deal defines the objective of reducing net greenhouse gas emissions in the EU to zero by 2050, thus making Europe the first continent to achieve climate neutrality.

The member of the OeNB’s Governing Board responsible for EMAS, together with the other members of the Governing Board, signed a slightly revised declaration on the OeNB’s environmental policy in 2020. The revised version places greater emphasis on climate protection, naming 2040 as the year in which the OeNB plans to achieve actual climate neutrality in all its activities. The annual EMAS management review found the OeNB to have clearly delivered on its commitments as defined under the EMAS Regulation (compliance with environmental laws, establishment and pursuit of environmental objectives, continuous improvements, etc.).

In 2020, the OeNB also received another recognition for its socioecological commitment: AfB social & green IT, one of the major nonprofit IT enterprises in Europe, acknowledged that in its almost five-year cooperation with the OeNB, more than 53 tons of CO<sub>2</sub> have been saved by reusing and recycling notebooks, computers and display devices.

### Events and publications

The OeNB has cooperated with the Austrian Chapter of the Club of Rome for many years. On June 16, 2020, at a symposium on the potential of green finance to help us overcome the crisis, OeNB representatives entered into a discussion with participants from the world of finance and academia. One of the questions up for debate was how to reconcile expenses for economic support programs launched in response

to the COVID-19 crisis with climate goals. The OeNB also sent high-level representatives to the annual conference of the Austrian Chapter of the Club of Rome on November 24, 2020, to discuss ways toward a climate-neutral future. What met with particular interest in this context was the Eurosystem debate on the potential contributions the ECB and national central banks might make to fighting climate change. The Eurosystem – with input from the OeNB – has been examining climate-related risks to the economy and the financial system. The chances and risks climate change and climate politics pose to the Austrian financial sector were analyzed and communicated in the OeNB's Financial Stability Report. Both the OeNB and the ECB have been contributing to related expert publications of the Network for Greening the Financial System (NGFS). In addition, OeNB staff made numerous contributions on green finance at a series of national and international events and courses, most of which took place online in 2020.

### **Environmental database relaunch bears fruit**

Following a relaunch in 2019, the OeNB's revised environmental database completed its first year of full operation in 2020. The new database facilitates monitoring compliance with new requirements under EMAS and ISO standards as well as the fulfillment of tasks under environmental law, documenting internal audits and creating balance sheets of consumption. In the reporting year, the OeNB met all the relevant deadlines as scheduled; the latest EMAS management review gives evidence of the OeNB's compliance with legal provisions in this field.

### **Certified ISO 50001 energy management reduces energy costs and promotes the use of renewable energy**

Reported data indicate that in the reporting year, the OeNB's consumption of electricity and district cooling went down by 15% against 2019, while water consumption declined by even 30%. This reduction is primarily attributable

to the fact that in 2020, most of our staff worked remotely because of the pandemic. Heat consumption did not go down, however, but actually even increased in some periods owing to low outside temperatures.

The OeNB continued to exclusively procure electricity from renewable sources certified with the Austrian Ecolabel. The fact that the OeNB has been certified under energy management standard ISO 50001 since 2014 underlines its commitment to energy efficiency. Further measures to reduce greenhouse gas emissions include continued heat recovery, a photovoltaic system integrated into the building facade, improved technical facilities (pump and sun-blind controls, conversion to LED lighting and movement-sensitive lighting) as well as support for green outreach activities such as financial education projects raising public awareness for sustainable investment.

### **Promoting environmentally friendly mobility**

To help prevent the spreading of the coronavirus, most of the OeNB's staff worked from home in 2020 and many business trips were canceled. This fact is reflected in the OeNB's CO<sub>2</sub> footprint and the recorded transport mileage (tables 7 and 8). Moreover, a new framework was set up for business trips and the staff agreement on business trips was revised to promote green mobility. The OeNB provides incentives for staff to opt for using trains, public transport or bicycles, or for walking to work, and for making use of eco-friendly means of transport also on business trips. Articles published in the OeNB's staff magazine and on the intranet also help enhance the environmental awareness among our staff.

### **Ecological indicators**

The OeNB's waste balance shows that in 2020, as staff presence on the OeNB's premises was exceptionally low due to the COVID-19 containment measures, waste generation even remained below the low waste generation levels that had been achieved in previous years by careful waste separation and the recycling of wood and used

metal. The high value reported in 2019 for “hazardous materials” was attributable to the replacement of a used battery in the uninterruptible power supply (UPS) system, which required special disposal. Paper consumption at the OeNB also declined in 2020, mostly because of the pandemic, but also because staff awareness was raised by information campaigns promoting double-sided printing and copying. In addition, the electronic filing system was taken one

step further by rolling out an integrated document management system. The OeNB’s cleaning contractor is EMAS-certified and uses only environmentally friendly cleaning agents.

### Environmental program

The general environmental measures the OeNB plans for the near future are listed in table 10. The OeNB’s environmental performance up to 2020 and environmental program for 2021.

Table 6

### The OeNB’s ecological indicators

	Unit <sup>1</sup>	2018	2019	2020
<b>Energy</b>				
Electricity consumption per FTE <sup>2</sup>	MWh	6.66	6.50	5.57
Heat consumption	kWh per m <sup>2</sup>	43	37	38
District cooling	kWh per m <sup>2</sup>	47	43	39
Total energy consumption (buildings) <sup>3</sup>	MWh	15,380	14,249	13,143
of which: renewable energy <sup>4</sup>	MWh	8,026	7,837	9,427
Total energy consumption including business travel	MWh	19,664	16,411	13,842
<b>Water</b>				
Water consumption per FTE <sup>5</sup>	liters per day	93	87	59
<b>Consumption of materials and products</b>				
Total paper consumption per FTE <sup>6</sup>	kg	50	44	24
Consumption of printing/copying paper per FTE	sheets	6,318	4,967	4,072
Share of recycled copying paper	%	54	38	53
Consumption of cleaning agents <sup>7</sup>	g per m <sup>2</sup>	26	16	7
Total CO <sub>2</sub> emissions per FTE <sup>8</sup>	tons	3.0	2.8	0.7

Source: OeNB.

<sup>1</sup> Number of employees (full-time equivalents – FTEs): 2018 = 1,079.3; 2019 = 1,069.6; 2020 = 1,087.5. The OeNB’s environmental management system according to EMAS covers the following locations: Vienna (main building, Otto-Wagner-Platz 3; northern office building, Rotenhausgasse 4; and the areas in the Money Center that are assigned to the OeNB, Garnisongasse 15; all 1090 Vienna) and OeNB – Western Austria (Adamgasse 2, 6020 Innsbruck).

<sup>2</sup> From 2018, all energy data on buildings include the Money Center but exclude the location OeNB – Western Austria and the Brussels Representative Office (around 20 FTEs).

<sup>3</sup> Lower energy consumption in 2020 due to COVID-19 containment measures.

<sup>4</sup> Since 2010, the OeNB has purchased green electricity from certified providers.

<sup>5</sup> Excluding the location OeNB – Western Austria and the Brussels Representative Office; lower water consumption in 2020 due to COVID-19 containment measures.

<sup>6</sup> Total consumption in 2020: 26,124 kg, based on paper purchased (i.e. including stocks).

<sup>7</sup> Total consumption in 2020: 697 liters; lower consumption due to COVID-19 containment measures.

<sup>8</sup> Operation of facilities (including emergency generators) and business travel and transport; total in 2020: 742 tons; lower emissions due to COVID-19 containment measures; conversion factors according to the Environment Agency Austria, including indirect greenhouse gas emissions.

Note: Land used: 20,758 m<sup>2</sup>, sealed surface: 17,860 m<sup>2</sup>, green area: 4,520 m<sup>2</sup> (including green roof areas). The following indicators required by EMAS are not provided in this table because of negligible values: greenhouse gases and air pollutants such as CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC, SF<sub>6</sub> or SO<sub>2</sub>, NO<sub>x</sub> and fine dust.

Table 7

### Sources of greenhouse gas emissions at the OeNB in 2020

	CO <sub>2</sub> equivalents Tons <sup>1</sup>
<b>Scope 1 emissions</b>	
Vehicle fleet	60.6
Cooling agents	0.0
Emergency generator tests	11.7
Subtotal	72.3
<b>Scope 2 emissions</b>	
Electricity	1079
District heating	91.0
District cooling	151.2
Subtotal	350.1
<b>Scope 3 emissions</b>	
Business travel by airplane	282.7
Business travel by car	29.2
Business travel by train	0.7
Subtotal	312.6
<b>Total</b>	<b>734.9</b>

Source: OeNB.

<sup>1</sup> Greenhouse gas emissions including indirect effects.

Table 8

### Transport mileage

	2018	2019	2020
Business travel by airplane, km	2,791,800	2,609,057	676,192
Business travel by car, km	350,200	356,642	117,300
Business travel by train, km	288,600	250,200	83,400
Fuels for transport, liters	31,028	34,879	20,123

Source: OeNB.

Table 9

### Waste generation by the OeNB (2018–2020)

	2018	2019	2020
	kg		
<b>Nonhazardous materials</b>	66,444	72,396	44,390
Nonhazardous waste per FTE <sup>1</sup>	62	68	40
<b>Hazardous materials</b>	2,965	28,611	9,322
Hazardous waste per FTE <sup>2</sup>	3	27	8
<b>Recyclables</b>	116,653	102,210	90,990
Recyclables per FTE	108	96	83
<b>Total waste</b>	<b>186,062</b>	<b>203,217</b>	<b>144,702</b>

Source: OeNB.

<sup>1</sup> Waste volumes lower in 2020 due to COVID-19 containment measures.

<sup>2</sup> Waste volumes higher in 2019 due to the replacement of accumulators. Accumulators are essential for safeguarding uninterruptible power supply.

Table 10

**The OeNB’s environmental performance up to 2020 and environmental program for 2021**

	Year	Status	Action
<b>Further greening of procurement</b>			
Hiring a new cleaning contractor with EMAS certification	2021	to be continued	business area
Procuring office material according to ecological criteria	2021	to be continued	business area
Implementing a document management system, aimed i.a. at saving paper	2020	implemented	business area
<b>Responsible resource use, reduction of emissions, further reduction of electricity consumption by 2% against 2014</b>			
Implementing occupancy-based lighting at the workplace	2021	to be continued	business area
Developing the mobility strategy further	2021	to be continued	EPT
Evaluating the cooling agents used in facility management	2021	implemented	business area
Electricity saving projects			
Switching to LED lighting on service floors (main building, northern office building)	2021	to be continued	business area
Modernizing plumbing, cooling and heating installations	2021	to be continued	business area
Deactivating lighting in unused elevator cars	2020	implemented	business area
Replacing lighting in sanitary facilities (main building)	2021	planned	business area
Replacing lighting on printing office and ground floors (northern office building)	2022	planned	business area
<b>Promoting environmental awareness, training</b>			
Promoting green mobility (bicycle use, including Citybike rental system)	2021	to be continued	business area
Training new staff	2021	planned	EPT
Urban gardening, information: plants in the city	2021	to be continued	business area
<b>Networking and communication</b>			
Membership in the Central Banks and Supervisors Network for Greening the Financial System (NGFS)	2021	to be continued	EPT
Information campaign, including lectures, more information on the intranet	2021	to be continued	EPT
Cooperating with partners such as the Club of Rome, the WWF (World Wide Fund for Nature) and OEGUT (Austrian Society for Environment and Technology)	2021	to be continued	EPT
Auditing the waste disposal contractor	2021	planned	waste management officer
Greening the food offered at the OeNB further, reducing plastic material	2021	to be continued	EPT

Source: OeNB.

Note: EPT = environmental protection team.

**EMAS validation**

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

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

Vienna, January 2021



Kurt Kefer, Lead Verifier

The OeNB’s next Environmental Statement will be published as part of the OeNB’s sustainability report in spring 2022.



# Direct and indirect equity interests

Table 11

## Direct and indirect equity interests of the OeNB as on December 31, 2020

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

Source: OeNB, subsidiaries.

Note: The OeNB's share of the paid-up capital of the European Central Bank (ECB), Frankfurt (Germany), which totals EUR 10,825,007,069.61, amounted to 2.3804% as at December 31, 2020. The OeNB also holds 8,000 shares (at SDR 5,000 each) and 564 nonvoting shares in the Bank for International Settlements (BIS), Basel (Switzerland), as well as 56 shares (at EUR 125.00 each) in S.W.I.F.T. (Society for Worldwide Interbank Financial Telecommunication), La Hulpe (Belgium).

Table 11 shows the OeNB's direct and indirect equity interests in line with Article 68 paragraph 4 Nationalbank Act.





Financial statements  
of the Oesterreichische Nationalbank  
for 2020

# Balance sheet as at December 31, 2020

## Assets

	December 31, 2020 EUR	December 31, 2019 EUR
<b>1 Gold and gold receivables</b>	13,898,209,778.76	12,189,789,812.09
<b>2 Claims on non-euro area residents denominated in foreign currency</b>	10,912,863,651.92	9,846,950,448.18
2.1 Receivables from the IMF	3,079,753,691.07	2,982,368,161.77
2.2 Balances with banks and security investments, external loans and other external assets	7,833,109,960.85	6,864,582,286.41
<b>3 Claims on euro area residents denominated in foreign currency</b>	771,905,877.21	1,302,941,636.99
<b>4 Claims on non-euro area residents denominated in euro</b>	1,015,347,528.40	1,182,360,130.28
4.1 Balances with banks, security investments and loans	1,015,347,528.40	1,182,360,130.28
4.2 Claims arising from the credit facility under ERM II	–	–
<b>5 Lending to euro area credit institutions related to monetary policy operations denominated in euro</b>	67,211,130,000.00	17,369,390,000.00
5.1 Main refinancing operations	90,000,000.00	480,000,000.00
5.2 Longer-term refinancing operations	67,121,130,000.00	16,889,390,000.00
5.3 Fine-tuning reverse operations	–	–
5.4 Structural reverse operations	–	–
5.5 Marginal lending facility	–	–
5.6 Credits related to margin calls	–	–
<b>6 Other claims on euro area credit institutions denominated in euro</b>	78,899.61	67,034.17
<b>7 Securities of euro area residents denominated in euro</b>	92,424,500,009.29	67,706,706,682.74
7.1 Securities held for monetary policy purposes	84,659,117,873.38	59,574,372,105.63
7.2 Other securities	7,765,382,135.91	8,132,334,577.11
<b>8 General government debt denominated in euro</b>	390,704,880.94	394,008,310.44
<b>9 Intra-Eurosystem claims</b>	32,906,380,934.72	36,175,572,072.96
9.1 Participating interest in the ECB	276,510,617.00	271,654,974.47
9.2 Claims equivalent to the transfer of foreign reserves	1,180,823,432.72	1,177,854,948.49
9.3 Claims related to the issuance of ECB debt certificates <sup>1</sup>	×	×
9.4 Net claims related to the allocation of euro banknotes within the Eurosystem	31,449,046,885.00	34,726,062,150.00
9.5 Other claims within the Eurosystem (net)	–	–
<b>10 Items in course of settlement</b>	–	–
<b>11 Other assets</b>	8,894,899,068.92	8,681,581,970.93
11.1 Coins of euro area	121,424,585.82	101,132,383.89
11.2 Tangible and intangible fixed assets	125,768,446.81	129,558,980.99
11.3 Other financial assets	6,928,635,285.58	6,932,795,143.51
11.4 Off balance sheet instruments' revaluation differences	11,288,237.68	–
11.5 Accruals and prepaid expenses	818,926,055.40	706,261,135.42
11.6 Sundry	888,856,457.63	811,834,327.12
	<b>228,426,020,629.77</b>	<b>154,849,368,098.78</b>

<sup>1</sup> Only an ECB balance sheet item.

## Liabilities

	December 31, 2020 EUR	December 31, 2019 EUR
<b>1 Banknotes in circulation</b>	38,624,235,600.00	34,723,050,120.00
<b>2 Liabilities to euro area credit institutions related to monetary policy operations denominated in euro</b>	110,434,278,331.13	40,768,943,352.12
2.1 Current accounts (covering the minimum reserve system)	100,826,278,331.13	36,202,443,352.12
2.2 Deposit facility	9,608,000,000.00	4,566,500,000.00
2.3 Fixed-term deposits	–	–
2.4 Fine-tuning reverse operations	–	–
2.5 Deposits related to margin calls	–	–
<b>3 Other liabilities to euro area credit institutions denominated in euro</b>	–	–
<b>4 Debt certificates issued<sup>1</sup></b>	x	x
<b>5 Liabilities to other euro area residents denominated in euro</b>	14,199,458,192.76	5,749,577,861.67
5.1 General government	10,779,409,334.70	1,423,992,535.74
5.2 Other liabilities	3,420,048,858.06	4,325,585,325.93
<b>6 Liabilities to non-euro area residents denominated in euro</b>	1,460,872,402.57	1,321,082,517.43
<b>7 Liabilities to euro area residents denominated in foreign currency</b>	33,232.86	35,163.31
<b>8 Liabilities to non-euro area residents denominated in foreign currency</b>	–	–
8.1 Deposits, balances and other liabilities	–	–
8.2 Liabilities arising from the credit facility under ERM II	–	–
<b>9 Counterpart of Special Drawing Rights allocated by the IMF</b>	2,046,419,510.68	2,142,437,666.92
<b>10 Intra-Eurosystem liabilities</b>	37,135,019,198.48	46,463,731,539.72
10.1 Liabilities equivalent to the transfer of foreign reserves <sup>1</sup>	x	x
10.2 Liabilities related to the issuance of ECB debt certificates	–	–
10.3 Net liabilities related to the allocation of euro banknotes within the Eurosystem	–	–
10.4 Other liabilities within the Eurosystem (net)	37,135,019,198.48	46,463,731,539.72
<b>11 Items in course of settlement</b>	–	–
<b>12 Other liabilities</b>	397,879,624.78	505,683,304.85
12.1 Off balance sheet instruments' revaluation differences	–	44,513,560.78
12.2 Accruals and income collected in advance	337,623,648.12	169,397,995.50
12.3 Sundry	60,255,976.66	291,771,748.57
<b>13 Provisions</b>	6,666,596,239.08	6,737,160,283.16
<b>14 Revaluation accounts</b>	13,169,144,567.95	12,136,442,263.41
<b>15 Capital and reserves</b>	4,291,205,662.81	4,277,592,482.03
15.1 Capital	12,000,000.00	12,000,000.00
15.2 Reserves	4,279,205,662.81	4,265,592,482.03
<b>16 Profit for the year</b>	878,066.67	23,631,544.16
	<b>228,426,020,629.77</b>	<b>154,849,368,098.78</b>

<sup>1</sup> Only an ECB balance sheet item.

## Profit and loss account for the year 2020

	Year ending December 31, 2020 EUR	Year ending December 31, 2019 EUR
1.1 Interest income	1,805,048,009.44	1,751,425,377.41
1.2 Interest expense	-1,430,881,624.79	-1,069,973,655.46
1 Net interest income	374,166,384.65	681,451,721.95
2.1 Realized gains/losses arising from financial operations	-99,165,110.45	-39,719,112.48
2.2 Write-downs on financial assets and positions	-309,717,004.73	-56,549,081.95
2.3 Transfer to/from provisions for financial risks	71,830,556.17	-150,000,000.00
2 Net result of financial operations, write-downs and risk provisions	-337,051,559.01	-246,268,194.43
3.1 Fees and commissions income	9,531,478.20	7,307,916.90
3.2 Fees and commissions expense	-7,160,956.35	-5,246,272.41
3 Net income from fees and commissions	2,370,521.85	2,061,644.49
4 Income from equity shares and participating interests	123,412,089.84	88,329,245.22
5 Net result of pooling of monetary income	201,964,075.57	135,406,739.22
6 Other income	62,888,979.48	34,878,975.96
<b>Total net income</b>	<b>427,750,492.38</b>	<b>695,860,132.41</b>
7 Staff costs	-160,840,950.02	-155,976,725.50
8 Expenses for retirement	-135,025,884.97	-98,569,716.92
9 Administrative expenses	-82,898,126.91	-78,249,162.48
10 Depreciation of tangible and intangible fixed assets	-12,749,657.49	-13,911,103.90
11 Banknote production services	-14,743,837.44	-7,556,262.00
12 Other expenses	-11,732,239.16	-13,722,433.36
<b>Total expenses</b>	<b>-417,990,695.99</b>	<b>-367,985,404.16</b>
<b>Operating profit</b>	<b>9,759,796.39</b>	<b>327,874,728.25</b>
13 Corporate income tax	-3,500.00	-65,302,015.40
<b>Annual net profit</b>	<b>9,756,296.39</b>	<b>262,572,712.85</b>
14 Transfer to the pension reserve and central government's share of profit	-8,878,229.72	-238,941,168.69
<b>15 Profit for the year</b>	<b>878,066.67</b>	<b>23,631,544.16</b>

# Notes on the financial statements for 2020

## General notes on the financial statements

### Legal framework

The Oesterreichische Nationalbank (OeNB) is obligated under Article 67 paragraph 2 of the Federal Act on the Oesterreichische Nationalbank 1984<sup>1</sup> (hereinafter Nationalbank Act), Federal Law Gazette No. 50/1984, as amended, to prepare its balance sheet and its profit and loss account in conformity with the rules established by the Governing Council of the ECB under Article 26.4 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank (Statute of the ESCB and of the ECB). The OeNB has adopted the ESCB's accounting rules<sup>2</sup> and applied them to these financial statements in their entirety. Activities not covered by these rules are treated as regulated by the generally accepted accounting principles referred to in Article 67 paragraph 2 second sentence Nationalbank Act and, according to Article 67 paragraph 3 Nationalbank Act, the provisions of the third volume of the Unternehmensgesetzbuch (Commercial Code) are applied in addition. The OeNB is exempt, inter alia, from Article 199 Commercial Code (contingent liabilities arising from guarantees) and from Articles 244 et seq. Commercial Code (consolidated financial statements). Moreover, Article 68 paragraph 3 Nationalbank Act exempts the OeNB from including specific disclosures under Article 243 Commercial Code. In light of the provisions of Article 72 Nationalbank Act, the OeNB is not required to draw up a balance sheet for taxation purposes. Thus, no differences can arise between the carrying values reported by the OeNB in the balance sheet for commercial and for tax purposes.

From 2018 to 2020, the OeNB was entitled to transfer up to EUR 66.67 million from the central government's 90% share of profit to the

National Foundation for Research, Technology and Development (hereinafter National Foundation) pursuant to the Federal Act governing the National Foundation for Research, Technology and Development (hereinafter National Foundation Act, Federal Law Gazette I No. 81/2017). The last such transfer was made in 2020, based on the financial statements for 2019, reducing the OeNB's taxable corporate income for 2020 under Article 72 paragraph 1 Nationalbank Act.

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

The balance sheet and the profit and loss account in the financial statements for 2020 were prepared in the format laid down by the Governing Council of the ECB.

### Valuation rules and accounting policies

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

### Time of recording

Foreign exchange transactions, financial instruments denominated in foreign currency and related accruals must be recorded at trade date (economic approach) while securities transactions (including transactions with equity instruments) denominated in foreign currency may be recorded according to the cash/settlement approach. Interest accrued in relation to foreign currency transactions, including premi-

<sup>1</sup> The Nationalbank Act was last amended with effect from June 14, 2018 (Federal Law Gazette I No. 37/2018).

<sup>2</sup> Guideline of the European Central Bank of 3 November 2016 on the legal framework for accounting and financial reporting in the European System of Central Banks (recast) (ECB/2016/34), as amended on November 28, 2019 (ECB/2019/34).

ums or discounts, must be recorded on a daily basis from the spot settlement date. To record euro-denominated transactions, financial instruments and related accruals, either the economic or the cash/settlement approach may be used.

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

### **Basis of accounting**

At year-end, valuation is based on current market prices or rates. This applies equally to transactions that are disclosed in the balance sheet and to transactions that are not.<sup>3</sup>

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

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

Securities currently held for monetary policy purposes (debt securities) are accounted for at amortized cost (subject to impairment). Marketable securities (other than securities held for monetary policy purposes and those classified as held-to-maturity<sup>4</sup>) and similar assets are valued either at market prices or on the basis of the relevant yield curve prevailing on the balance sheet date, on a security-by-

security basis. Options embedded in securities are not separated for valuation purposes. For the year ending December 31, 2020, market prices as on December 31, 2020, were used.

Marketable securities classified as held-to-maturity and non-marketable securities are all valued at amortized cost subject to impairment. Illiquid equity shares and any other equity instruments held as permanent investments are valued at cost subject to impairment.

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

### **Income recognition**

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

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

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

<sup>3</sup> Transactions that are not disclosed in the balance sheet are recorded and disclosed separately because the Eurosystem's accounting format does not provide for off balance sheet transactions.

<sup>4</sup> Held-to-maturity securities are securities with fixed or determinable payments and a fixed maturity that the OeNB intends to hold until maturity.

### Tangible and intangible fixed assets

*Tangible and intangible fixed assets* are valued at cost less depreciation. As a rule, depreciation is calculated on a straight-line basis from the quarter after acquisition throughout the expected economic lifetime of the assets. Tangible fixed assets below the cost of EUR 10,000 including value added tax are depreciated in the year of acquisition. Acquisitions of string instruments and art objects as well as additions to the coin collection of the OeNB's Money Museum are excluded from this provision. They are capitalized at cost, and no depreciation according to the straight-line method is carried out as these assets do not lose value gradually over time. Extraordinary depreciation is required if permanent impairment is expected. In line with the ESCB's accounting rules, no write-ups are added to amortized cost should the reasons for impairment no longer apply. The depreciation periods applicable to the individual assets are listed in table 1.

Table 1

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

### Realized gains and losses as well as valuation differences and their treatment in the financial statements of December 31, 2020

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

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

#### Banknotes in circulation

The ECB and the 19 euro area national central banks (NCBs), which together comprise the Eurosystem, issue euro banknotes. The banknotes in circulation presented in the balance sheet of the OeNB (and of the other Eurosystem central banks) are calculated as per the last working day of each month in accordance with the banknote allocation key of the Eurosystem.<sup>5</sup>

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

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

Table 2

	Realized gains profit and loss account item 2.1	Realized losses profit and loss account item 2.1	Unrealized losses profit and loss account item 2.2	Change in unrealized gains liability item 14
	EUR million	EUR million	EUR million	EUR million
Gold	–	–	–	+1,708.420
Foreign currency	5.795	208.395	296.831	–241.123
Securities	116.434	12.998	12.886	–293.708
Participating interests (investment of own funds)	–	–	–	+10.984
<b>Total</b>	<b>122.228</b>	<b>221.393</b>	<b>309.717</b>	<b>+1,184.573</b>

<sup>5</sup> *Banknote allocation key means the percentages that result from taking into account the ECB's share (8%) in the total euro banknote issue and applying the capital key to the NCBs' share (92%) in such total.*

the value of the euro banknotes put into circulation exceeds the value of the euro banknotes allocated in accordance with the banknote allocation key, the OeNB records *net liabilities related to the allocation of euro banknotes within the Eurosystem*. Conversely, the OeNB records *net claims related to the allocation of euro banknotes within the Eurosystem*.

From the cash changeover year until five years following the cash changeover year, the intra-Eurosystem balances arising from the allocation of euro banknotes are adjusted in order to avoid significant changes in NCBs' relative income positions as compared to previous years. The adjustments are effected by taking into account the differences between the average value of banknotes in circulation of each NCB in the reference period and the average value of banknotes that would have been allocated to them during that period under the ECB's capital key. The adjustments will be reduced in annual stages until the first day of the sixth year after the cash changeover year, when income on banknotes (seigniorage) will be allocated fully in proportion to the NCBs' paid-up shares in the ECB's capital. In the year under review, the adjustment resulted from the accession of Lithuania (in 2015) to the euro area and terminated at the end of 2020.

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

#### **Intra-Eurosystem balances**

Intra-Eurosystem balances result primarily from cross-border payments in the EU that are settled in central bank money in euro. They are primarily settled in TARGET2 and give rise to bilateral balances in the TARGET2 accounts of EU central banks. These bilateral balances are netted and then assigned to the ECB on a daily basis, leaving each NCB with a single net bilateral position vis-à-vis the ECB only. The OeNB's intra-Eurosystem balances vis-à-vis the ECB

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

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

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

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

#### **Interim ECB profit distribution**

The Governing Council of the ECB has decided that the seigniorage income of the ECB, which arises from the 8% share of euro banknotes allocated to the ECB, as well as the income arising from the securities held under the Securities Markets Programme (SMP), the third covered bond purchase programme (CBPP3), the asset-backed securities purchase programme (ABSPP), the public sector purchase programme (PSPP) and the pandemic emergency purchase programme (PEPP) are distributed in January of the following year by means of an interim profit distribution, unless otherwise decided by the Governing Council. This income is distributed in full unless it is higher than the ECB's net profit for the year, and subject to any decisions by the Governing Council to make transfers to the provision for financial risks. The Governing Council may also decide to reduce the amount of the income on euro banknotes in circulation to be distributed in January by the amount of



the costs incurred by the ECB in connection with the issue and handling of euro banknotes.

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

### Provisions for financial risks and loss-absorbing capital

The OeNB's risk provisions are broken down into provisions for financial risks and loss-absorbing capital. They are part of the OeNB's net equity, which is shown in table 5. In line with the principle of universality, the OeNB's financial risks are contrasted with the designated financial provisions.

The *risk provision* is established for financial risks. As defined by the ECB, it constitutes a central bank-specific provision equivalent to reserves and is to be included in the OeNB's net equity.

To calculate the potential need to adjust the size of the *risk provision*, the OeNB uses bandwidths for all financial risks it incurs, including the risks arising from the Eurosystem's single monetary policy. These bandwidths are based on risk calculations using VaR (value at risk) and ES (expected shortfall), respectively, with a confidence level of 99% over a one-year horizon

(plus a three-month horizon for market risk). The bandwidths also reflect stress scenarios and anticipated scenarios for the risks associated with the Eurosystem's single monetary policy. Taking into account the prohibition of netting, balances on foreign currency revaluation accounts are used as risk-mitigating factors in calculating risk exposure. At the balance sheet date, the level of provisions for financial risks was adequate.

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

### Related-party transactions

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

Any business the OeNB transacted with related parties in 2020 was at normal market conditions.

In the financial year 2020, the OeNB provided funding to economic research institutions (Austrian Institute of Economic Research (WIFO), Institute for Advanced Studies (IHS), The Vienna

Table 3

	December 31, 2019	Increase	Decrease	December 31, 2020
	EUR million	EUR million	EUR million	EUR million
<b>I. Provisions for financial risks</b>				
L 15.2 Reserve for nondomestic and price risks	1,973.263	–	–	1,973.263
L 13 Risk provision (equivalent to reserves)	4,250.000	+225.000	–296.831	4,178.169
	<b>6,223.263</b>	<b>+225.000</b>	<b>–296.831</b>	<b>6,151.432</b>
<b>II. Loss-absorbing capital</b>				
L 15.2 Profit-smoothing reserve	138.490	+9.932	–	148.422
L 15.2 OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching				
OeNB Anniversary Fund National Foundation <sup>1</sup> endowment	1,452.900	–	–	1,452.900
OeNB Anniversary Fund (initial funding)	37.500	+2.500	–	40.000
	<b>1,628.890</b>	<b>+12.432</b>	<b>–</b>	<b>1,641.322</b>
<b>Total</b>	<b>7,852.153</b>	<b>+237.432</b>	<b>–296.831</b>	<b>7,792.754</b>

<sup>1</sup> National Foundation for Research, Technology and Development.

Note: L = liability item.

Institute for International Economic Studies (wiiw)) as well as to the Austrian Society for European Politics (ÖGfE) and the Joint Vienna Institute (JVI), with total funding running to EUR 5.445 million (2019: EUR 5.756 million). In addition, the OeNB contributed EUR 0.200 million to setting up a foundation for economic literacy (Stiftung für Wirtschaftsbildung) in 2020.

### Information under section 9.2 Corporate Governance Code of the OeNB

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

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

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

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

In 2020, the OeNB did not enter into any transactions with Governing Board members that did not directly concern the latter's tasks as members of the Governing Board.

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

### Impact of the COVID-19 pandemic

The financial year 2020 was also influenced by the COVID-19 pandemic. The Governing Council of the ECB adopted comprehensive monetary policy measures to mitigate the impact the COVID-19 pandemic had on the

euro area economy. As part of its Eurosystem tasks, the OeNB participated in implementing these measures, the result of which is reflected in the OeNB's balance sheet and operating profit.

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

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

### The OeNB's net currency position

Table 4 shows the net currency position of the OeNB.

#### Net equity

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

### Notes on the balance sheet

#### Assets

##### 1 Gold and gold receivables

Closing balance	EUR million	
December 31, 2020	13,898.210	
December 31, 2019	12,189.790	
Change	+1,708.420	(+14.0%)

The OeNB's gold holdings amounted to 9,002,107.528 fine ounces or 279,996.84 kg of fine gold on December 31, 2020. Given a valuation price of EUR 1,543.884 per fine ounce (i.e. EUR 49,637.02 per kg of fine gold), the value of the asset item *gold and gold receivables* increased to EUR 13,898.210 million on the balance sheet date.

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

Closing balance	EUR million	
December 31, 2020	10,912.864	
December 31, 2019	9,846.950	
Change	+1,065.913	(+10.8%)

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

Table 4

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
Gold and gold receivables	13,898.210	12,189.790	+1,708.420	+14.0
Claims on non-euro area residents denominated in foreign currency	10,912.864	9,846.950	+1,065.913	+10.8
Claims on euro area residents denominated in foreign currency	771.906	1,302.942	-531.036	-40.8
Other assets	36.193	56.426	-20.232	-35.9
less:				
Liabilities to euro area residents denominated in foreign currency	0.033	0.035	-0.002	-5.5
Counterpart of Special Drawing Rights allocated by the IMF	2,046.420	2,142.438	-96.018	-4.5
Other liabilities	0.422	3.003	-2.581	-85.9
Revaluation accounts <sup>1</sup>	56.052	39.435	+16.617	+42.1
	<b>23,516.246</b>	<b>21,211.197</b>	<b>+2,305.049</b>	<b>+10.9</b>
Transactions not disclosed in the balance sheet (net)	-253.221	1,728.492	-1,981.713	-114.6
<b>Total</b>	<b>23,263.025</b>	<b>22,939.689</b>	<b>+323.336</b>	<b>+1.4</b>

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

Table 5

	December 31, 2019	Increase	Decrease	December 31, 2020
	EUR million	EUR million	EUR million	EUR million
L 13 Risk provision (equivalent to reserves)	4,250.000	+225.000	-296.831	4,178.169
L 14 Revaluation accounts <sup>1</sup>	12,136.442	+1,032.702	-	13,169.145
L 15.1 Capital	12.000	-	-	12.000
L 15.2 Reserves				
Reserve for nondomestic and price risks	1,973.263	-	-	1,973.263
Profit-smoothing reserve	138.490	+9.932	-	148.422
OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching				
OeNB Anniversary Fund National Foundation endowment	1,452.900	-	-	1,452.900
OeNB Anniversary Fund (initial funding)	37.500	+2.500	-	40.000
<b>Net equity</b>	<b>20,000.596</b>	<b>+1,270.134</b>	<b>-296.831</b>	<b>20,973.899</b>

<sup>1</sup> Includes unrealized valuation gains as well as revaluation effects from the revaluation of participating interests recorded in the opening balance sheet of January 1, 1999.

Note: L = liability item.

Table 6

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
Austria's quota equivalent to SDR 3,932.0 million <sup>1</sup>	4,634.255	4,851.695	-217.440	-4.5
less:				
Balances at the disposal of the IMF	3,645.417	4,077.759	-432.341	-10.6
Claim on the participation in the IMF	988.838	773.936	+214.902	+27.8
SDR holdings	1,988.526	2,077.670	-89.144	-4.3
Other claims on the IMF	102.390	130.761	-28.372	-21.7
<b>Total</b>	<b>3,079.754</b>	<b>2,982.368</b>	<b>+97.386</b>	<b>+3.3</b>

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

The *claim on the participation in the IMF* increased by EUR 214.902 million to EUR 988.838 million, with EUR 259.983 million of this increase resulting from net credit and debit entries. Moreover, valuation changes and the net effects of exchange rate gains and book value reconciliation totaled –EUR 45.082 million.

The IMF updates its rate of remuneration on a weekly basis. In 2020, this rate hovered between 0.050% and 0.750% per annum, mirroring the prevailing SDR interest rate.

*SDR holdings*<sup>6</sup> were recognized in the balance sheet at EUR 1,988.526 million (SDR 1,687.193 million) as at December 31, 2020. The EUR 89.144 million net decrease resulted largely from SDR valuation (–EUR 107.258 million), realized net gains (+EUR 13.913 million), interest credited and remuneration received from the IMF (+EUR 2.426 million) as well as a payout related to the debt relief granted to Somalia (+EUR 1.899 million). Sales of SDRs amounted to EUR 0.124 million.

Under the IMF's Articles of Agreement, the OeNB is obligated to provide currency on demand in exchange for SDRs up to the point at which its SDR holdings are three times as high as its gratuitously allocated SDRs (see liability item 9 *Counterpart of Special Drawing Rights allocated by the IMF*). The OeNB's net cumulative allocation of SDRs totaled SDR 1,736.314 million (EUR 2,046.420 million) at the balance sheet date. See section *Notes on transactions not disclosed in the balance sheet* for information about this obligation to provide currency on demand, which would result in a claim of the same size.

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

The NAB entered into effect on March 11, 2011, comprising a volume of up to SDR 3.6 billion (pursuant to federal law as promulgated

in Federal Law Gazette I No. 114/2010). In 2016, they were extended until November 2022, with an Austrian credit line of up to SDR 1,818.490 million (EUR 2,143.272 million).

So far, the IMF has drawn a total of SDR 637.400 million from its credit line with the OeNB under the NAB, and it has paid back SDR 550.526 million, which brings net drawings to SDR 86.874 million (EUR 102.390 million) at the balance sheet date.

For the undrawn part of the NAB commitment as on December 31, 2020, the OeNB's balance sheet includes a contingent liability. The IMF could call on these resources for lending purposes against remuneration, which would result in a claim of the same size (see section *Notes on transactions not disclosed in the balance sheet*).

Pursuant to Federal Law Gazette I No. 137/2020, the OeNB is authorized to provide the IMF with a credit line under the NAB that is twice as high as the current one, namely of up to SDR 3,636.98 million. The NAB entering into force on January 1, 2021, will replace the currently applicable NAB, and will be valid until December 31, 2025.

The OeNB had also provided the IMF with a temporary credit line of up to EUR 6.13 billion under a bilateral borrowing agreement with the IMF, as authorized under federal law as promulgated in Federal Law Gazette I No. 101/2013. This agreement expired at year-end 2020 without any drawdowns.

The OeNB agreed to a new bilateral borrowing agreement of EUR 2.641 billion (SDR 2.241 billion) entering into force on January 1, 2021. It is valid until December 31, 2023, and may be extended once by one year.

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

<sup>6</sup> Pursuant to Federal Law Gazette No. 440/1969, the OeNB is entitled to participate in the SDR system on its own account on behalf of the Republic of Austria and to enter the SDRs purchased or allocated gratuitously on the asset side of the balance sheet.

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

### 3 Claims on euro area residents denominated in foreign currency

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

### 4 Claims on non-euro area residents denominated in euro

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

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

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

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

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

Losses can only materialize if both the counterparty fails and the recovery of funds

Table 7

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
Securities	7,400.770	6,403.247	+997.523	+15.6
Balances with banks	432.340	461.336	-28.995	-6.3
<b>Total</b>	<b>7,833.110</b>	<b>6,864.582</b>	<b>+968.528</b>	<b>+14.1</b>

Table 8

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
Securities	518.667	1,018.012	-499.345	-49.1
Balances with banks	253.239	284.929	-31.690	-11.1
<b>Total</b>	<b>771.906</b>	<b>1,302.942</b>	<b>-531.036</b>	<b>-40.8</b>

Table 9

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
Securities	889.999	1,036.414	-146.414	-14.1
Held-to-maturity securities	125.348	145.946	-20.598	-14.1
<b>Total</b>	<b>1,015.348</b>	<b>1,182.360</b>	<b>-167.013</b>	<b>-14.1</b>

Table 10

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
5.1 Main refinancing operations	90.000	480.000	-390.000	-81.3
5.2 Longer-term refinancing operations	67,121.130	16,889.390	+50,231.740	n.a.
<b>Total</b>	<b>67,211.130</b>	<b>17,369.390</b>	<b>+49,841.740</b>	<b>n.a.</b>

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

### 5.1 Main refinancing operations

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

The interest rate on the main refinancing operations has stood at 0% per annum since March 16, 2016.<sup>8</sup>

### 5.2 Longer-term refinancing operations

*Longer-term refinancing operations* aim to provide counterparties with longer-term liquidity, in addition to the main refinancing operations. In 2020, these operations were conducted as fixed rate tender procedures with full allotment with a maturity of three months. No such operations were outstanding on the balance sheet date.

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

#### *Additional longer-term refinancing operations (bridge LTROs) and pandemic emergency longer-term refinancing operations (PELTROs)*

In response to the COVID-19 pandemic, the Governing Council of the ECB<sup>9</sup> decided to conduct, from March 18, 2020, onward, further longer-term refinancing operations on a weekly

basis, namely so-called bridge LTROs, to preserve liquidity provision in the euro area (until the next TLTRO III in June 2020). All bridge LTROs were conducted as fixed rate tenders with full allotment. The interest rate was the same as the average interest rate for the deposit facility. The bridge LTROs matured on June 24, 2020.

All in all, the OeNB conducted 45 bridge LTROs with Austrian credit institutions in the total amount of EUR 8.9 billion (Eurosystem: EUR 388.8 billion).

Additionally, on April 30, 2020, the Governing Council of the ECB decided to conduct, from May 21, 2020, a new series of seven additional longer-term refinancing operations, called pandemic emergency longer-term refinancing operations (PELTROs). The PELTROs concluded by the OeNB with a maturity ranging from eight to 15 months will become due in the third quarter of 2021. The PELTROs are conducted as fixed rate tenders with full allotment. These operations provide liquidity support to the euro area financial system and contribute to preserving the smooth functioning of money markets by providing an effective backstop after the expiry of the bridge LTROs. The interest rate is 25 basis points below the average rate applied in the Eurosystem's main refinancing operations over the life of the respective PELTRO. On December 10, 2020, the Governing Council of the ECB decided to offer four additional PELTROs in 2021.

The seven PELTROs conducted by the OeNB with Austrian credit institutions amounted to EUR 0.2 billion in total (Eurosystem: EUR 26.6 billion).

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

In 2016 and 2017, the Governing Council of the ECB decided to launch four targeted longer-term refinancing operations (TLTROs II).

<sup>7</sup> Guideline of the ECB of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60), as amended on April 7, 2020 (ECB/2020/20).

<sup>8</sup> Decision of the Governing Council of the ECB of March 10, 2016.

<sup>9</sup> Decision of the Governing Council of the ECB of March 12, 2020.

These operations have a four-year maturity, with a possibility of repayment after two years.<sup>10</sup> According to the decisions taken by the Governing Council of the ECB, the final interest rate applicable to each TLTRO II operation has depended on the lending behavior of the counterparties in the period from February 1, 2016, to January 31, 2018.

All in all, the OeNB conducted 63 TLTRO II operations with Austrian credit institutions in the total amount of EUR 20.0 billion (Eurosystem: EUR 740.2 billion). Net of scheduled and early repayments to the OeNB, the amount of outstanding refinancing operations under TLTRO II as at December 31, 2020, equaled EUR 0.1 billion (Eurosystem: EUR 15.7 billion).

In 2019, the Governing Council of the ECB introduced a new series of seven<sup>11</sup> quarterly targeted longer-term refinancing operations (TLTROs III) starting from September 2019. These operations have a three-year maturity, with a possibility of repayment after two years, and from September 2021, repayment is possible one year after the settlement of each operation.<sup>12</sup> According to the initial decisions taken by the Governing Council of the ECB, the final interest rate applicable to each TLTRO III operation could be as low as the average interest rate on the deposit facility prevailing over the life of

the operation. Furthermore, in response to the COVID-19 pandemic, the Governing Council of the ECB<sup>13</sup> decided that for the period between June 24, 2020, and June 23, 2022, – referred to as the special interest rate period – the interest rate applicable can be as low as 50 basis points below the average interest rate on the deposit facility prevailing over the same period, but in any case may not become less negative than –1%.<sup>14</sup> Given that the actual interest rates will only be known at the maturity of each operation and that a reliable estimate is not possible until that time, the deposit facility rate minus 50 basis points, with a ceiling of –1% is used for calculating the TLTRO III interest over the special interest period, and the deposit facility rate is used for calculating the TLTRO III interest over the rest of the life of an operation, as this was deemed a prudent approach.

The interest rate on the deposit facility has stood at –0.50% per annum since September 18, 2019.<sup>15</sup>

By December 31, 2020, the OeNB had conducted a total of 77 TLTRO III operations with Austrian credit institutions, namely 64 operations totaling EUR 64.0 billion (Eurosystem: EUR 1,648.3 billion) in 2020, and 13 operations totaling EUR 2.8 billion (Eurosystem: EUR 101.1 billion) in 2019.

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

<sup>11</sup> On December 10, 2020, the Governing Council of the ECB decided to conduct another three TLTRO III operations between June and December 2021.

<sup>12</sup> Decision of the ECB of 22 July 2019 on a third series of targeted longer-term refinancing operations (ECB/2019/21), as amended on April 30, 2020 (ECB/2020/25).

<sup>13</sup> On April 30, 2020, the Governing Council of the ECB decided that the special interest rate period would be between June 24, 2020, and June 23, 2021. On December 10, 2020, the Governing Council of the ECB decided to extend this period by 12 months until June 23, 2022.

<sup>14</sup> Should for instance the interest rate on the deposit facility be reduced to –0.6%, the interest rate could be as low as –1.1%. If the interest rate on the deposit facility increased to –0.4%, the interest rate would remain at –1%.

<sup>15</sup> Decision of the Governing Council of the ECB of September 12, 2019.

Table 11

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
7.1 Securities held for monetary policy purposes	84,659.118	59,574.372	+25,084.746	+42.1
7.2 Other securities	7,765.382	8,132.335	-366.952	-4.5
of which:				
Securities	7,158.952	7,512.952	-354.000	-4.7
Held-to-maturity securities	606.430	619.382	-12.952	-2.1
<b>Total</b>	<b>92,424.500</b>	<b>67,706.707</b>	<b>+24,717.793</b>	<b>+36.5</b>

## 7 Securities of euro area residents denominated in euro

Table 11 shows the composition of this balance sheet item.

### 7.1 Securities held for monetary policy purposes

On December 31, 2020, this balance sheet item consists of the securities acquired by the OeNB within the scope of the CBPP2, the CBPP3, the SMP, the PSPP and the PEPP. These securities are accounted for at amortized cost subject to impairment (see section *valuation rules and accounting policies*).

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

In 2020, the Eurosystem continued its net purchases under the asset purchase programme (APP) at a monthly pace of EUR 20 billion on average. In March 2020, a temporary envelope of additional net asset purchases of EUR 120 billion was added until the end of the year.

Additionally, in March 2020, the Eurosystem launched a temporary pandemic emergency purchase programme (PEPP), with an envelope of EUR 750 billion, to ease the overall monetary policy stance and to counter the severe risks to the monetary policy transmission mechanism and the outlook for the euro area posed by the COVID-19 pandemic. Purchases include all the asset categories eligible under

Table 12

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

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

<sup>2</sup> A waiver of the eligibility requirements was granted for securities issued by the Greek government.



Table 13

	December 31, 2020	December 31, 2019	Change		December 31, 2020	December 31, 2019	Change	
	Book value				Market price			
	EUR million	EUR million	EUR million	%	EUR million	EUR million	EUR million	%
CBPP2	144.424	167.886	-23.462	-14.0	150.498	178.935	-28.437	-15.9
CBPP3	9,340.947	7,478.944	+1,862.003	+24.9	9,664.036	7,658.034	+2,006.002	+26.2
SMP	525.802	1,197.185	-671.383	-56.1	568.315	1,275.763	-707.448	-55.5
PSPP gov <sup>1</sup>	57,597.819	50,730.357	+6,867.462	+13.5	61,680.415	53,064.118	+8,616.297	+16.2
PEPP gov <sup>1</sup>	16,933.517	-	+16,933.517	x	17,285.118	-	+17,285.118	x
PEPP CBs <sup>2</sup>	116.609	-	+116.609	x	120.662	-	+120.662	x
<b>Total</b>	<b>84,659.118</b>	<b>59,574.372</b>	<b>+25,084.746</b>	<b>+42.1</b>	<b>89,469.044</b>	<b>62,176.850</b>	<b>+27,292.194</b>	<b>+43.9</b>

<sup>1</sup> Government/agency bonds.

<sup>2</sup> Covered bonds.

Table 14

	December 31, 2020	December 31, 2019	Change	
	Nominal value			
	EUR million	EUR million	EUR million	%
CBPP2	144.500	168.000	-23.500	-14.0
CBPP3	9,241.743	7,408.604	+1,833.139	+24.7
SMP	534.050	1,210.900	-676.850	-55.9
PSPP gov <sup>1</sup>	51,103.853	44,922.504	+6,181.349	+13.8
PEPP gov <sup>1</sup>	14,644.400	-	+14,644.400	x
PEPP CBs <sup>2</sup>	111.700	-	+111.700	x
<b>Total</b>	<b>75,780.246</b>	<b>53,710.008</b>	<b>+22,070.238</b>	<b>+41.1</b>

<sup>1</sup> Government/agency bonds.

<sup>2</sup> Covered bonds.

the APP and were initially foreseen until the end of 2020. In June 2020, the Governing Council of the ECB increased the envelope for the PEPP by EUR 600 billion, and in December 2020, by an additional EUR 500 billion, bringing it to a total of EUR 1,850 billion. The horizon for net purchases was also extended to at least the end of March 2022, and in any case, until the Governing Council judges that the COVID-19 pandemic is over. Furthermore, the Governing Council of the ECB intends to reinvest the principal payments from maturing securities purchased under the PEPP until at least the end of 2023. The future roll-off of the PEPP portfolio will be managed to avoid interference with the appropriate monetary policy stance.

Tables 13 and 14 show the amortized cost (= book value), the market prices (which are provided for information only) and the nominal value of the securities held by the OeNB.

Profits or losses on securities held for monetary policy purposes are pooled and redistributed under the framework of the allocation of monetary income within the Eurosystem. For securities purchased under the CBPP1<sup>16</sup> and CBPP2 as well as government/agency bonds purchased under the PSPP and the PEPP, remuneration at the interest rate on the main refinancing operations is assumed. Any losses incurred under these programs are not shared by the Eurosystem NCBs. For securities purchased under other programmes,<sup>17</sup> remuneration is based on the actual return. In accordance with the decision of the Governing Council of the ECB taken under Article 32.4 of the Statute of the ESCB and of the ECB, losses from these securities holdings, if they were to materialize, are shared in full by the Eurosystem NCBs, in proportion to the ECB capital key shares prevailing in the financial year in which the relevant losses occur.

The Governing Council of the ECB assesses on a regular basis the financial risks associated with the securities held under all the monetary policy asset purchase programs. Impairment tests are conducted on an annual basis, using

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

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

data as at the year-end, and are approved by the Governing Council of the ECB. In these tests, impairment indicators are assessed separately for each program.

As a result of an impairment test conducted at the end of 2020 on securities purchased under the above-mentioned asset purchase programs, the Governing Council of the ECB decided that all future cash flows on these securities are expected to be received. Therefore, no losses were recorded for the securities held in any of these programs as at December 31, 2020.

An amount of EUR 1.8 million of the provision against losses in monetary policy operations, which had been established in 2018 and adjusted in 2019, was used to cover the loss realized after the sale of impaired CSPP securities (see liability item 13 *Provisions*).

## 7.2 Other securities

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

## 8 General government debt denominated in euro

Closing balance	EUR million
December 31, 2020	390.705
December 31, 2019	394.008
Change	-3.303 (-0.8%)

This balance sheet item corresponds fully to the claim on the Austrian Federal Treasury from silver commemorative coins issued by the former Austrian State Mint before 1989, based on the 1988 Coinage Act as promulgated in

Federal Law Gazette No. 597/1988, as amended; Article 21 paragraph 1 item 2 of this Act authorizes the OeNB to include in its balance sheet an unremunerated claim on the central government in the amount of the face value of the accumulated silver coins. Table 15 shows the changes in 2020.

Table 15

	EUR million
Government remuneration for silver commemorative coins returned to Münze Österreich AG	+4.938
Proceeds from metal recovery	-2.427
Redemptions made from the central government's share of profit in 2019	-5.814
<b>Total</b>	<b>-3.303</b>

The central government will have to repay any redeemable amount outstanding on December 31, 2040, in equal annual installments over the five following years (2041 to 2045). The unredeemable amount outstanding (equaling 7.5% of the face value of the silver commemorative coins that are (still) in circulation) is covered by a provision (see liability item 13 *Provisions*).

## 9 Intra-Eurosystem claims

Closing balance	EUR million
December 31, 2020	32,906.381
December 31, 2019	36,175.572
Change	-3,269.191 (-9.0%)

Table 16 shows the composition of this balance sheet item.

### 9.1 Participating interest in the ECB

Pursuant to Article 28 of the Statute of the ESCB and of the ECB, the NCBs of the ESCB are the sole subscribers to the capital of the ECB. For the OeNB, this balance sheet item includes the paid-up share in the ECB's subscribed

Table 16

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
9.1 Participating interest in the ECB	276.511	271.655	+4.856	+1.8
9.2 Claims equivalent to the transfer of foreign reserves	1,180.823	1,177.855	+2.968	+0.3
9.4 Net claims related to the allocation of euro banknotes within the Eurosystem	31,449.047	34,726.062	-3,277.015	-9.4
<b>Total</b>	<b>32,906.381</b>	<b>36,175.572</b>	<b>-3,269.191</b>	<b>-9.0</b>

capital and the net amount paid by the OeNB due to the increase in its share in the ECB's equity value resulting from all previous adjustments of the ECB's capital key.

Subscriptions depend on shares which are fixed in accordance with Article 29 of the Statute of the ESCB and of the ECB and are subject to adjustment every five years or whenever there is a change in composition of the ESCB national central banks. As a result of the departure of the United Kingdom from the EU and consequent withdrawal of the Bank of England from the ESCB, the weightings assigned to the remaining NCBs in the ECB's capital key were adjusted with effect from February 1, 2020.

The OeNB's share in the ECB's capital fully paid up by the Eurosystem NCBs (relative capital key) changed from 2.9195% to 2.9269%.

After the Bank of England's withdrawal from the ESCB, the ECB kept its subscribed capital unchanged at EUR 10,825 million. The share of the Bank of England in the ECB's subscribed capital, which stood at 14.3%, was reallocated among the remaining NCBs. As a result, the OeNB's share in the ECB's subscribed capital increased by 17.1% to EUR 257.7 million.

The ECB's paid-up capital remained unchanged at EUR 7,659.4 million in 2020, as the Bank of England's paid-up capital of EUR 58.2 million was covered by the remaining NCBs. The OeNB transferred EUR 1.9 million to the ECB on February 1, 2020. The euro area NCBs' increased subscriptions to the ECB capital will be paid up in full in two additional annual installments.<sup>18</sup> The OeNB will transfer EUR 17.9 million to the ECB in both 2021 and 2022.

## 9.2 Claims equivalent to the transfer of foreign reserves

This balance sheet item represents the OeNB's claims arising from the transfer of foreign reserve assets to the ECB. The claims are

presented at the euro value the corresponding assets had at the time they were transferred to the ECB. Pursuant to Article 30.2 of the Statute of the ESCB and of the ECB, the contributions of the NCBs to the transfer of foreign reserve assets to the ECB are fixed in proportion to their share in the ECB's subscribed capital. The remuneration of these claims is calculated daily at the latest available interest rate on the main refinancing operations, adjusted to reflect a zero return on the gold component. The claims on the ECB do not constitute claims for a re-transfer of foreign reserve assets, as the claims are denominated in euro. The claims arising from the initial transfer of foreign reserve assets to the ECB were marginally adjusted following the increase in the weighting of the euro area NCBs (that have transferred foreign reserves to the ECB) in the ECB's subscribed capital, reflecting the Bank of England's withdrawal from the ESCB and a decision of the Governing Council of the ECB to reduce the proportion of the euro area NCBs' contributions so that the total amount of foreign reserve assets already transferred by the euro area NCBs will remain at the current level. This resulted in an increase in the OeNB's claims by EUR 3.0 million to EUR 1,180.8 million. The amount was transferred to the ECB on February 1, 2020. See section *Notes on transactions not disclosed in the balance sheet* for information about any additional capital contributions to be transferred to the ECB.

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

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

<sup>18</sup> This will lead to an increase of the ECB's paid-up capital from EUR 7,659 million to EUR 8,270 million in 2021, and to EUR 8,880 million in 2022.

## 11 Other assets

Table 17 shows *other assets*.

### 11.1 Coins of euro area

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

### 11.2 Tangible and intangible fixed assets

Table 18 shows the composition of this balance sheet item.

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

Tangible real assets comprise the coin collection of the OeNB's Money Museum and the OeNB's collection of historical string instruments. On December 31, 2020, unchanged against the previous year, the OeNB's collection of historical string instruments comprised 36 violins, six violoncellos and three violas. The

Table 17

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
11.1 Coins of euro area	121.426	101.132	+20.292	+20.1
11.2 Tangible and intangible fixed assets	125.768	129.559	-3.791	-2.9
11.3 Other financial assets	6,928.635	6,932.795	-4.160	-0.1
11.4 Off balance sheet instruments' revaluation differences	11.288	-	+11.288	x
11.5 Accruals and prepaid expenses	818.926	706.261	+112.665	+16.0
11.6 Sundry	888.856	811.834	+77.022	+9.5
<b>Total</b>	<b>8,894.899</b>	<b>8,681.582</b>	<b>+213.317</b>	<b>+2.5</b>

Table 18

	Purchase and production costs as at January 1, 2020	Purchases	Sales	Transfer	Purchase and production costs as at December 31, 2020
	Accumulated depreciation as at January 1, 2020	Annual depreciation	Depreciation sales	Depreciation transfer	Accumulated depreciation as at December 31, 2020
	Book value as at January 1, 2020				Book value as at December 31, 2020
	EUR million	EUR million	EUR million	EUR million	EUR million
Premises <sup>1</sup>	119.104	0.318	-	-	119.422
	-79.047	-4.647	-	-	-83.694
	40.057				35.728
Assets under construction	0.638	1.753	-	-	2.391
	-	-	-	-	-
	0.638				2.391
Equipment	95.920	7.008	-6.026	-	96.903
	-65.409	-8.103	5.894	-	-67.618
	30.511				29.285
Tangible real assets	61.432	0.012	-	-	61.443
	-3.078	-	-	-	-3.078
	58.353				58.365
Intangible fixed assets	0.090	-	-	-	0.090
	-0.090	-	-	-	-0.090
	-				-
<b>Total</b>	<b>277.184</b>	<b>9.091</b>	<b>-6.026</b>	<b>-</b>	<b>280.249</b>
	<b>-147.625</b>	<b>-12.750</b>	<b>5.894</b>	<b>-</b>	<b>-154.480</b>
	<b>129.559</b>				<b>125.768</b>

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

Table 19

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
Securities	6,215.452	6,230.784	-15.332	-0.2
Participating interests	712.406	701.293	+11.112	+1.6
Other investment and claims	0.777	0.718	+0.060	+8.3
<b>Total</b>	<b>6,928.635</b>	<b>6,932.795</b>	<b>-4.160</b>	<b>-0.1</b>

string instruments are on loan to musicians under the OeNB's cultural promotion program.

### 11.3 Other financial assets

Table 19 shows *other financial assets*.

EUR 1,726.845 million of the OeNB's total securities portfolio represent investments of *pension reserve assets*, another EUR 1,499.003 million reflect investments of the *OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching* (of which EUR 1,461.446 million were earmarked as an endowment for the National Foundation). Under its own funds management, the OeNB had invested EUR 2,989.604 million.<sup>19</sup>

Of the participating interests, EUR 411.589 million formed part of the own funds portfolio and EUR 300.816 million part of the investment portfolio relating to investments of the *pension reserve*. Table 20 shows the changes in participating interests.

On December 31, 2020, the OeNB established the OeNPAY Financial Innovation HUB GmbH (OeNPAY), which starts its operations on January 1, 2021. The OeNB holds 100% of the OeNPAY's nominal capital of EUR 35,000. Given that the OeNPAY does not intend to realize a profit, it concluded a five-year loss compensation agreement with the OeNB with effect from January 1, 2021.

Table 20

	EUR million
Net asset value on December 31, 2019	701.293
Purchases in 2020	+0.168
Sales in 2020 (at book value)	-
Annual depreciation in 2020	-
Revaluation in 2020	+10.945
Net asset value on December 31, 2020	712.406

### 11.5 Accruals and prepaid expenses

Table 21 shows the composition of this balance sheet item.

Table 21

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
Accrued income	12.323	11.889	+0.434	+3.7
Prepaid expenses	806.603	694.373	+112.231	+16.2
<b>Total</b>	<b>818.926</b>	<b>706.261</b>	<b>+112.665</b>	<b>+16.0</b>

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

## 11.6 Sundry

Table 22 shows the composition of this balance sheet item.

Pursuant to Article 3 paragraph 2 ERP Fund Act, the OeNB's maximum financing commitment corresponds to the sum by which the federal debt was written down initially (EUR 341,955 million) plus interest accrued on a reserve account (EUR 664.621 million on December 31, 2020). The ERP loan portfolio managed by the OeNB thus totaled EUR 1,006.576 million on December 31, 2020. The provisions governing the financing of loans from this portfolio are laid down in Article 83 Nationalbank Act.

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

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

## Liabilities

### 1 Banknotes in circulation

Closing balance	EUR million
<b>December 31, 2020</b>	<b>38,624.236</b>
December 31, 2019	34,723.050
Change	+3,901.185 (+11.2%)

This item consists of the OeNB's share of total euro banknotes in circulation (table 23).

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

Table 22

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
Claims arising from ERP loans to companies	745.341	655.826	+89.515	+13.6
Claims on Münze Österreich AG in respect of dividends for 2020 and 2019, respectively	59.031	33.079	+25.952	+78.5
unsettled schilling coin returns	0.014	–	+0.014	x
Claims on the tax authorities arising from settlement	22.792	0.006	+22.786	n.a.
corporate income tax prepayment	4.997	–	+4.997	x
Employer loans	17.895	18.743	–0.847	–4.5
Advances	16.012	15.892	+0.121	+0.8
Accounts receivable	11.258	12.983	–1.725	–13.3
Advances on salaries	8.318	8.904	–0.586	–6.6
Schilling coins	2.526	5.169	–2.643	–51.1
Balancing item relating to forward sales or purchases	–	60.491	–60.491	–100.0
Other accounts receivable	0.673	0.742	–0.069	–9.3
<b>Total</b>	<b>888.856</b>	<b>811.834</b>	<b>+77.022</b>	<b>+9.5</b>

Table 23

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
Total value of euro banknotes put into circulation	7,175.189	–3.012	+7,178.201	n.a.
Adjusted for: net claims related to the allocation of euro banknotes within the Eurosystem	31,449.047	34,726.062	–3,277.015	–9.4
of which:				
Claims related to the allocation of euro banknotes within the Eurosystem (Capital Share Mechanism – CSM)	34,807.976	37,745.411	–2,937.436	–7.8
less:				
Liabilities resulting from the ECB's share in euro banknotes in circulation <sup>1</sup>	–3,358.929	–3,019.349	+339.580	+11.2
<b>Total<sup>2</sup></b>	<b>38,624.236</b>	<b>34,723.050</b>	<b>+3,901.185</b>	<b>+11.2</b>

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

<sup>2</sup> This corresponds to 2.6925% of the total amount of euro banknotes in circulation as at December 31, 2020, and to 2.6860% as at December 31, 2019.

Table 24

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
2.1 Current accounts (covering the minimum reserve system)	100,826.278	36,202.443	+64,623.835	+178.5
2.2 Deposit facility	9,608.000	4,566.500	+5,041.500	+110.4
<b>Total</b>	<b>110,434.278</b>	<b>40,768.943</b>	<b>+69,665.335</b>	<b>+170.9</b>

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

Table 24 shows the composition of this balance sheet item.

### 2.1 Current accounts (covering the minimum reserve system)

This balance sheet item contains the credit balances on the transaction accounts of credit institutions that are required to hold minimum reserves. Banks' minimum reserve balances have been remunerated since January 1, 1999, at the latest available interest rate on the main refinancing operations. Reserves held in excess of minimum requirements have been remunerated at the lower rate of either 0% or the deposit facility rate since June 2014. Starting on October 30, 2019, the Governing Council of the ECB introduced a two-tier system for reserve remuneration, which exempts part of credit institutions' excess liquidity holdings from negative remuneration at the rate applicable on the deposit facility. This part is remunerated at the annual rate of 0%. The volume of reserve holdings in excess of minimum reserve requirements that was exempt at year-end from the deposit facility rate – the exempt tier – was determined as a multiple of six<sup>20</sup> on an institution's minimum reserve requirement. The non-exempt tier of excess liquidity holdings continues to be remunerated at the lower of either 0% or the deposit facility rate.

### 2.2 Deposit facility

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

## 5 Liabilities to other euro area residents denominated in euro

Closing balance	EUR million	
December 31, 2020	14,199.458	
December 31, 2019	5,749.578	
Change	+8,449.880	(+147.0%)

This balance sheet item comprises general government deposits of EUR 10,779.409 million (2019: EUR 1,423.993 million) and current account holdings to the amount of EUR 3,420.049 million (2019: EUR 4,325.585 million) of credit institutions not required to hold minimum reserves and of enterprises.

## 6 Liabilities to non-euro area residents denominated in euro

Closing balance	EUR million	
December 31, 2020	1,460.872	
December 31, 2019	1,321.083	
Change	+139.790	(+10.6%)

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

<sup>20</sup> The multiplier may be adjusted by the Governing Council of the ECB over time in line with changing levels of excess liquidity holdings.

## 9 Counterpart of Special Drawing Rights allocated by the IMF

Closing balance	EUR million	
December 31, 2020	2,046.420	
December 31, 2019	2,142.438	
Change	-96.018	(-4.5%)

This balance sheet item represents the euro equivalent of the SDR 1,736.314 million allocated gratuitously to the OeNB by the IMF, measured at current market prices. The OeNB was allocated SDRs on each January 1, from 1970 to 1972 and from 1979 to 1981 as well as on August 28 and September 9, 2009 (see asset item 2.1 *Receivables from the IMF*). The decrease in this item results from negative valuation effects as well as positive realized exchange rate differences and book value reconciliation.

## 10 Intra-Eurosystem liabilities

Closing balance	EUR million	
December 31, 2020	37,135.019	
December 31, 2019	46,463.732	
Change	-9,328.712	(-20.1%)

This balance sheet item shows the OeNB's net liabilities arising from transactions with the

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

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

## 12 Other liabilities

Table 25 shows the composition of *other liabilities*.

### 12.3 Sundry

Table 26 shows the composition of *sundry* liabilities.

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

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

Table 25

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
12.1 Off balance sheet instruments' revaluation differences	–	44.514	-44.514	-100.0
12.2 Accruals and income collected in advance	337.624	169.398	+168.226	+99.3
12.3 Sundry	60.256	291.772	-231.516	-79.3
<b>Total</b>	<b>397.880</b>	<b>505.683</b>	<b>-107.804</b>	<b>-21.3</b>

Table 26

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
Central government's share of profit of 90% under Article 69 paragraph 3 Nationalbank Act	7.903	212.684	-204.781	-96.3
Earmarked funds of the OeNB Anniversary Fund				
OeNB Anniversary Fund (initial funding)	40.196	37.929	+2.267	+6.0
OeNB Anniversary Fund National Foundation endowment	0.690	36.363	-35.672	-98.1
Sundry	11.467	4.796	+6.671	+139.1
<b>Total</b>	<b>60.256</b>	<b>291.772</b>	<b>-231.516</b>	<b>-79.3</b>



Table 27

	December 31, 2019	Use/release	Allocation	December 31, 2020
	EUR million	EUR million	EUR million	EUR million
<b>Risk provision</b>	4,250.000	-296.831	+225.000	4,178.169
<b>Pension reserve</b>	2,083.522	-	+20.996	2,104.519
<b>Personnel provisions</b>				
Supplementary contributions to pension plans	110.092	-0.990	+3.684	112.786
Severance payments	63.348	-3.591	+2.807	62.565
Anniversary bonuses	17.894	-1.283	+1.776	18.387
Residual leave entitlements	14.300	-0.313	+2.766	16.752
Death gratuity payments	3.227	-	+0.580	3.807
Other emoluments	-	-	+3.417	3.417
Overtime entitlements	0.859	-	+0.446	1.305
One-off contributions for employees on secondment or leave	1.104	-0.402	+0.114	0.816
Prepaid salaries in 2019 and 2020, respectively	0.465	-0.465	+0.263	0.263
Sabbaticals	0.069	-	+0.064	0.133
Compulsory social security contributions	0.094	-0.094	+0.064	0.064
<b>Other provisions</b>				
Schilling banknotes without an exchange deadline	132.302	-23.822	-	108.479
Estimated unredeemable amount outstanding from the Austrian Federal Treasury for silver commemorative coins issued before 1989	40.822	-	+4.471	45.293
Corporate income tax	7.126	-7.126	-	-
Accounts payable	4.641	-1.933	+3.732	6.440
Accounts payable to subsidiaries	3.405	-3.405	+1.816	1.816
Provision against losses in monetary policy operations	2.493	-2.493	-	-
Sundry	1.398	-0.923	+1.112	1.587
<b>Total</b>	<b>6,737.160</b>	<b>-343.671</b>	<b>+273.107</b>	<b>6,666.596</b>

### 13 Provisions

Table 27 shows *provisions*.

The 2020 write-downs on foreign currency in the amount of EUR 296.831 million were offset in full by using the *risk provision* in the same amount. In view of the risk bandwidths and having taken monetary policy, macroeconomic and financial stability considerations into account, the Governing Board allocated EUR 225.000 million to the *risk provision* in the financial statements for 2020.

The OeNB's retirement plan for employees recruited up to April 30, 1998, is based on internally funded pensions. The legal basis of this plan is the Nationalbank Act. It obligates the OeNB to hold a *pension reserve* to cover its liability under this retirement plan. All employees recruited from May 1, 1998, are covered by the pension system under the General Social Security Act (Allgemeines Sozialversicherungsgesetz –

ASVG). With effect from May 1, 1999, a contract between the OeNB and a pension fund was concluded for these employees. This means that the OeNB's direct liability to pay retirement benefits is limited to staff recruited before May 1, 1998, and that, as a result, the *pension reserve* set up to secure this liability has become a closed system.

Since January 1, 2015, staff members employed under the first and second generations of the OeNB's Conditions of Service have been obliged, pursuant to the Act to Limit Specific Pension Benefits (Sonderpensionenbegrenzungsgesetz – SpBegrG), to pay pension contributions to the OeNB (first generation: 10.25% as from 2018; second generation: 10.25% of basic salaries up to the earnings cap as defined in the General Social Security Act, and as from 2017, 5% for any part of salaries in excess of this earnings cap). Retired staff who are entitled to

pension or supplementary pension payments under the first and second generations of the OeNB's Conditions of Service have been obliged to make a special pension contribution (of between 3.3% and 25%) to the OeNB from their monthly pension benefits as well as from special payments they are entitled to.

The actuarial present value of projected pension benefits, amounting to EUR 3,104.703 million on December 31, 2020, was not fully covered by the *pension reserve* and hidden reserves in the real estate portfolio. The EUR 537.894 million funding gap as at December 31, 2020, was recorded as a contingent liability (see section *Notes on transactions not disclosed in the balance sheet*, table 30).

In line with the average cost method, the discount rate is derived from the seven-year moving average of the interest rate (discount interest rates pursuant to Article 253 paragraph 2 of the German Commercial Code based on the last 84 month-end values) applied to an average residual maturity of 15 years as published by the Deutsche Bundesbank on November 30, 2020, i.e. 1.64% (2019: 2.00%). It was assumed that the relevant assessment bases in the qualifying period increase by 2.1% per annum (2019: 2.3%) and that current pension payments, like in 2019, increase by 1.8%.

The actuarial present value of projected pension benefits was calculated by applying the actuarial basis for pension insurance published by the Actuarial Association of Austria AVÖ (AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung). The reasons that entitle employees or their dependents to receive benefits from the *pension reserve* are death, disability or withdrawal from employment upon attainment of pension entitlement age. Fluctuations are not taken into account. The pension entitlement age is governed by the provisions in the applicable Conditions of Service and service contracts, in observance of the Act to Limit Specific Pension Benefits. The pension scheme liabilities for beneficiaries are stated pro rata. The net present value is used for prospective beneficiaries that have attained pension entitlement age and for those who have qualified for benefits. The

change in the discount rate caused the projected pension benefits to rise by EUR 168.769 million and the change in the assumed increase of the assessment bases caused the projected pension benefits to decrease by EUR 6.503 million in 2020.

Provisions for severance payments, anniversary bonuses, residual leave entitlements, death gratuity payments and supplementary contributions to pension plans are calculated according to actuarial principles (as described under the actuarial present value of projected pension benefits). The discount rate used for calculating the provisions for severance payments and the provisions for sabbaticals is the seven-year moving average of the interest rate (discount interest rates pursuant to Article 253 paragraph 2 of the German Commercial Code based on the last 84 month-end values) applied to an average residual maturity of seven years as published by the Deutsche Bundesbank on November 30, 2020, i.e. 0.98% (2019: 1.38% at an average residual maturity of eight years). Assuming an average residual maturity of nine years, this discount rate as applied to the calculation of the provisions for anniversary bonuses equals 1.19% (2019: 1.50%). The relevant assessment bases were all assumed to increase by 2.1% per annum in 2020 (2019: 2.3%).

The change in the discount rate raised the provisions for severance payments by EUR 0.825 million, while the change in the assumed increase of the assessment base reduced them by EUR 0.406 million. The provisions for anniversary bonuses rose by EUR 0.227 million in line with the change in the discount rate, while at the same time decreasing by EUR 0.145 million on account of the change in the assumed increase of the assessment base.

The provisions for death gratuity payments and for supplementary contributions to pension plans are calculated in the same way as the *pension reserve*. The provisions for supplementary contributions to the pension plans increased by EUR 2.377 million as a result of the change in the discount rate and decreased by EUR 1.320 million due to the change in the assumed increase of the assessment base.

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

The level of the provision for schilling banknotes without an exchange deadline, which was established at the material time without affecting income, relates to the amount of schilling banknote exchanges estimated on the basis of past annual exchange amounts. In 2020, the provision was released by EUR 22.737 million in anticipation of declining schilling banknote exchanges and reduced for the exchanges made in 2020 worth EUR 1.086 million.

In accordance with the decision of the Governing Council of the ECB taken under Article 32.4 of the Statute of the ESCB and of the ECB, the provision against losses in monetary policy operations is allocated between the national central banks of the Eurosystem in proportion to their subscribed capital key shares in the ECB prevailing in the year when the initial impairment occurred. In 2018, the

Governing Council of the ECB decided to establish a provision against losses in monetary policy operations for securities in the CSPP portfolio. As a result of the annual impairment test in 2019, the provision was reduced to a total amount of EUR 89 million (OeNB share: EUR 2.493 million). In 2020, an amount of EUR 63.6 million (OeNB share: EUR 1.8 million) was used to cover the loss realized after the sale of the respective securities. The remainder of the provision was released, which resulted in a Eurosystem-wide income in the amount of EUR 25.8 million (OeNB share: EUR 0.7 million). See also profit and loss account item 5 *Net result of pooling of monetary income*.

#### 14 Revaluation accounts

Table 28 shows the composition of this balance sheet item. The amounts on the *revaluation accounts* reflect the valuation gains established in the course of the valuation of assets (by individual valuation units) as on December 31, 2020. These gains are realizable in the context of future transactions in the respective categories or may be used to reverse revaluation losses that may arise in future years. Any other use is inadmissible.

#### 15 Capital and reserves

According to Article 8 Nationalbank Act, the *capital* of the OeNB is EUR 12 million and is divided equally into 150,000 shares. The Republic of Austria has been the sole shareholder of the

Table 28

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
<b>Revaluation accounts</b>				
Gold	11,680.380	9,971.960	+1,708.420	+17.1
Foreign currency	44.869	285.992	-241.123	-84.3
Securities	1,053.665	1,499.181	-445.516	-29.7
Participating interests	118.222	107.277	+10.945	+10.2
Coin collection of the OeNB's Money Museum	9.269	9.269	-	-
	<b>12,906.404</b>	<b>11,873.679</b>	<b>+1,032.725</b>	<b>+8.7</b>
<b>Valuation gains from January 1, 1999</b>				
Participating interests	262.741	262.764	-0.023	-0.0
<b>Total</b>	<b>13,169.145</b>	<b>12,136.442</b>	<b>+1,032.702</b>	<b>+8.5</b>

Table 29

	December 31, 2020	December 31, 2019	Change	
	EUR million	EUR million	EUR million	%
Profit-smoothing reserve	148.422	138.490	+9.932	+7.2
Reserve for nondomestic and price risks	1,973.263	1,973.263	–	–
OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching	1,492.900	1,490.400	+2.500	+0.2
Earmarked capital funded with net interest income from ERP loans	664.621	663.439	+1.182	+0.2
<b>Total</b>	<b>4,279.206</b>	<b>4,265.592</b>	<b>+13.613</b>	<b>+0.3</b>

OeNB since May 27, 2010, with the Ministry of Finance acting as the shareholder's representative.

Table 29 shows *reserves*.

The *profit-smoothing reserve* may be used to smooth the annual result. The change resulted from allocations out of the profit for the year 2019, which were made according to the General Meeting's decision of March 31, 2020.

The *reserve for nondomestic and price risks* serves to cover the OeNB's financial risks.

The capital of the *OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching* consists of its initial funding (EUR 40.0 million) and an endowment to support the National Foundation (EUR 1,452.9 million).

Funds earmarked for appropriation by the Anniversary Fund to the National Foundation

may be used to obtain a balanced annual result, funds from the initial funding of the Anniversary Fund may be used to cover any loss for the year.

*Earmarked capital funded with net interest income from ERP loans* represents the cumulative interest income accruing to the OeNB from lending out of the ERP loan portfolio managed by the OeNB. Appropriation of this ERP capital is subject to international law; this item is earmarked exclusively for ERP loans. Therefore, ERP capital must not be used to cover any loss for the year.

### Notes on transactions not disclosed in the balance sheet

Table 30 shows *transactions not disclosed in the balance sheet*.

Table 30

	December 31, 2020	December 31, 2019
	EUR million	EUR million
Obligation under the IMF's Articles of Agreement to provide currency for SDRs up to the point at which the OeNB's SDR holdings are three times as high as its gratuitously allocated SDRs <sup>1</sup>	4,150.733	4,349.643
Contingent liabilities to the IMF under the NAB <sup>1</sup>	2,040.882	2,113.073
Contingent liabilities to the IMF under the bilateral borrowing agreement <sup>1</sup>	6,130.000	6,130.000
Obligation to make supplementary contributions to the stake in the capital of the BIS (8,564 shares of SDR 5,000 each)	37.851	39.627
Forward purchases (euro- and foreign currency-denominated forward transactions and swaps)	256.585	2,287.485
Forward sales (euro- and foreign currency-denominated forward transactions and swaps)	256.585	2,287.485
Liabilities from foreign currency investments effected in the OeNB's name for third account	70.091	64.737
Repayment obligation upon termination of employment equivalent to the interest accrued on pension contributions paid by OeNB staff	17.554	16.707
Contingent liabilities relating to the funding gap in the pension reserve	537.894	393.221
Contingent liabilities equivalent to the OeNB's share of the maximum of EUR 50 billion of reserve assets that the ECB may call up under Article 30.1 of the Statute of the ESCB and of the ECB	1,190.200	1,016.250
Contingent assets arising from bank guarantees received	9.331	10.076
Contingent assets from OeKB guarantees for payment transactions	1,000.000	1,000.000
Financial assistance granted under the ERP Fund	7.372	7.422

<sup>1</sup> These contingent liabilities may be activated by the IMF against remuneration, giving rise to a corresponding claim of the same size.

## Notes on the profit and loss account

Table 31 shows the *profit and loss account*.

## 1 Net interest income

*Net interest income* represents the balance of interest income and interest expense (table 32).

Table 31

	2020	2019	Change <sup>1</sup>	
	EUR million	EUR million	EUR million	%
1 Net interest income	374.166	681.452	-307.285	-45.1
2 Net result of financial operations, write-downs and risk provisions	-337.052	-246.268	+90.783	+36.9
3 Net income from fees and commissions	2.371	2.062	+0.309	+15.0
4 Income from equity shares and participating interests	123.412	88.329	+35.083	+39.7
5 Net result of pooling of monetary income	201.964	135.407	+66.557	+49.2
6 Other income	62.889	34.879	+28.010	+80.3
<b>Total net income</b>	<b>427.750</b>	<b>695.860</b>	<b>-268.110</b>	<b>-38.5</b>
7 Staff costs	-160.841	-155.977	+4.864	+3.1
8 Expenses for retirement	-135.026	-98.570	+36.456	+37.0
9 Administrative expenses	-82.898	-78.249	+4.649	+5.9
10 Depreciation of tangible and intangible fixed assets	-12.750	-13.911	-1.161	-8.3
11 Banknote production services	-14.744	-7.556	+7.188	+95.1
12 Other expenses	-11.732	-13.722	-1.990	-14.5
<b>Total expenses</b>	<b>-417.991</b>	<b>-367.985</b>	<b>+50.005</b>	<b>+13.6</b>
<b>Operating profit</b>	<b>9.760</b>	<b>327.875</b>	<b>-318.115</b>	<b>-97.0</b>
13 Corporate income tax	-0.004	-65.302	-65.299	-100.0
<b>Annual net profit</b>	<b>9.756</b>	<b>262.573</b>	<b>-252.816</b>	<b>-96.3</b>
14 Transfer to the pension reserve and the central government's share of profit	-8.878	-238.941	-230.063	-96.3
<b>15 Profit for the year</b>	<b>0.878</b>	<b>23.632</b>	<b>-22.753</b>	<b>-96.3</b>

<sup>1</sup> Absolute increase (+) or decrease (-) in the respective item.

Table 32

	2020	2019	Change	
	EUR million	EUR million	EUR million	%
Monetary policy operations	120.947	402.671	-281.724	-70.0
Net interest income from foreign currency investments	111.458	182.715	-71.258	-39.0
Net interest income from euro investments	55.675	69.128	-13.453	-19.5
Sundry	86.086	26.936	+59.149	n.a.
<b>Total</b>	<b>374.166</b>	<b>681.452</b>	<b>-307.285</b>	<b>-45.1</b>

Table 33

	2020	2019	Change	%
	EUR million	EUR million	EUR million	
2.1 Realized gains/losses arising from financial operations	-99.165	-39.719	+59.446	+149.7
of which:				
Foreign currency	-202.601	-67.811	+134.790	+198.8
Securities	103.436	28.092	+75.344	n.a.
2.2 Write-downs on financial assets and positions	-309.717	-56.549	+253.168	n.a.
of which:				
Foreign currency	-296.831	-33.632	+263.198	n.a.
Securities	-12.886	-22.917	-10.031	-43.8
2.3 Transfer to/from provisions for financial risks	71.831	-150.000	+221.831	+147.9
<b>Total</b>	<b>-337.052</b>	<b>-246.268</b>	<b>+90.783</b>	<b>+36.9</b>

## 2 Net result of financial operations, write-downs and risk provisions

Table 33 shows the *net result of financial operations, write-downs and risk provisions*.

In 2020, EUR 296.831 million were used from the *risk provision* to offset in full the write-downs on foreign currency. In preparing the OeNB's financial statements for 2020, the Governing Board decided to transfer EUR 225 million (2019: EUR 150 million) to the *risk provision*.

## 4 Income from equity shares and participating interests

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

The Governing Council of the ECB decided to transfer EUR 1,260 million of the ECB's profit for the year 2020 as an interim profit distribution to the NCBs; the OeNB's share amounted to EUR 36.884 million.

## 5 Net result of pooling of monetary income

Table 35 shows the OeNB's *net result of pooling of monetary income* in the Eurosystem.

This profit and loss account item comprises the OeNB's net result from the reallocation of monetary income within the Eurosystem. The OeNB's share in the realized loss in relation to the sale in 2020 of securities held by an NCB of the Eurosystem in its CSPP portfolio was offset by the use of the provision against losses in monetary policy operations, which had been established for this purpose in 2018 and adjusted in 2019 (see liability item 13 *Provisions*). The release of the remainder of the provision affected income.

The ECB calculates monetary income annually in accordance with Article 32 of the Statute of the ESCB and of the ECB.

The amount of the OeNB's monetary income is determined by measuring the annual income that it derives from the earmarkable assets held

Table 34

	2020	2019	Change	%
	EUR million	EUR million	EUR million	
Dividends				
BIS	-	2.573	-2.573	-100.0
Münze Österreich AG	59.031	33.079	+25.952	+78.5
Profit distribution by GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H. (GSA)	0.206	0.191	+0.015	+7.9
Distribution of ECB profit				
Interim profit distribution	36.884	41.776	-4.892	-11.7
Profit distribution for the previous year	27.291	10.710	+16.581	+154.8
<b>Total</b>	<b>123.412</b>	<b>88.329</b>	<b>+35.083</b>	<b>+39.7</b>

Table 35

	2020	2019	Change	
	EUR million	EUR million	EUR million	%
Monetary income <sup>1</sup>	-292.015	42.832	-334.846	n.a.
Deductible items <sup>2</sup>	217.308	153.248	+64.060	+41.8
Monetary income to be pooled (net)	-74.706	196.080	-270.786	-138.1
Redistribution of monetary income	126.481	329.933	-203.452	-61.7
<b>Net result for monetary income reallocation for the reporting year</b>	<b>+201.187</b>	<b>+133.853</b>	<b>+67.334</b>	<b>+50.3</b>
Net loss from the revision of monetary income of the previous years	-1.716	-0.446	+1.271	n.a.
Provision against losses in monetary policy operations				
Establishment	-	-2.493	-2.493	-100.0
Use/release	+2.493	+4.492	-1.999	-44.5
<b>Total</b>	<b>+201.964</b>	<b>+135.407</b>	<b>+66.557</b>	<b>+49.2</b>

<sup>1</sup> Due to the interest expense on longer-term refinancing operations, in particular TLTROs II and TLTROs III, the OeNB's 2020 monetary income is negative on balance.

<sup>2</sup> Due to the negative interest rates on excess minimum reserves, the OeNB recorded net income in both 2019 and 2020.

against its liability base. The liability base consists of banknotes in circulation, liabilities to euro area credit institutions related to monetary policy operations denominated in euro and net intra-Eurosystem liabilities resulting from TARGET2 transactions. Any interest paid on these liabilities is deducted from the monetary income to be pooled.

The earmarkable assets consist of the following items: lending to euro area credit institutions related to monetary policy operations denominated in euro, securities held for monetary policy purposes, net intra-Eurosystem claims equivalent to the transfer of foreign reserve assets to the ECB and net intra-Eurosystem claims related to the allocation of euro banknotes within the Eurosystem as well as accrued interest recorded at quarter-end on monetary policy assets the maturity of which is one year or longer. Moreover, a limited amount of the OeNB's gold holdings in proportion to its capital key share is included (gold is considered to generate no income).

Securities acquired by the OeNB under the CBPP2 and government/agency bonds acquired under the PSPP and under the PEPP generate income at the latest available interest rate on

the main refinancing operations. Where the value of the OeNB's earmarkable assets exceeds, or falls short of, the value of its liability base, the difference is offset by applying to the difference the latest available interest rate on the main refinancing operations.

The monetary income pooled by the Eurosystem is allocated among NCBs according to their share in the fully paid-up capital.<sup>21</sup> The pooling and reallocation of monetary income leads to certain net reallocation effects. One reason is that the net result on certain earmarkable assets and the net result on certain liability base items may differ to a varying degree among the Eurosystem NCBs. In addition, usually each Eurosystem NCB's share of earmarkable assets and in the liability base deviates from its share in the subscribed capital of the ECB. The difference between the monetary income pooled by the OeNB (-EUR 74.706 million) and the income reallocated to the OeNB (EUR 126.481 million) results from the calculation of monetary income.

## 6 Other income

*Other income* comprises e.g. income from the partial release of the provision for schilling

<sup>21</sup> Under Article 33.2 of the Statute of the ESCB and of the ECB, income will not be reallocated if the pooled amount is fully or partially retained by the ECB to cover an annual loss incurred by the ECB.

banknotes without an exchange deadline worth EUR 22.737 million as well as rental income and income from transactions with OeNB subsidiaries or the ECB amounting to EUR 17.585 million. The FMA's reimbursement to the OeNB for the direct costs resulting from banking supervision and the costs related to bank recovery and resolution amounts to the statutory maximum of EUR 8 million and EUR 2 million, respectively. Moreover, this item comprises income in the amount of EUR 6.469 million from passing on the expenses for banknote deliveries to another NCB.

## 7 Staff costs

*Staff costs* comprise the cost of current employees. These costs are reduced by recoveries of salaries.

Salaries increased by EUR 6.112 million net to EUR 133.449 million against the previous year (2019: EUR 127.337 million). The OeNB's outlays were reduced by recoveries of salaries totaling EUR 4.645 million (2019: EUR 4.768 million) for staff members on secondment to affiliates and other institutions.

The members of the OeNB's Governing Board received emoluments (table 36) totaling EUR 1.192 million in 2020 (2019: EUR 1.177 million).

The remuneration of Governing Board members is regulated by the Federal Constitutional Act on the Limitation of Remunerations

for Public Officials; pursuant to Article 3 paragraph 1 of this Act, the emoluments were increased by 1.8% with effect from January 1, 2020. Remuneration in kind (tax value of the private use of company cars, insurance subsidies) and other benefits totaled EUR 0.037 million (2019: EUR 0.247 million).

The emoluments (payments in cash and kind) due to the OeNB's current President and Vice President pursuant to Article 24 National-bank Act were set by the General Meeting with effect from January 1, 2019. In 2020, the President received remuneration in the amount of EUR 0.088 million after having foregone any remuneration in 2019. As in the previous year, the Vice President received remuneration in the amount of EUR 0.044 million in 2020. The other members of the General Council perform their duties of office without remuneration. They receive an attendance fee of EUR 250 for donation to charity for every day they participate in a meeting of the General Council or one of its subcommittees. Travel expenses associated with the exercise of General Council members' functions are reimbursed (2020: EUR 419.70; 2019: no reimbursement).

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

Contributions to severance funds came to EUR 1.033 million in 2020 (2019: EUR 0.943 million), of which EUR 0.019 million (2019: 0.012 million) were made for management officials (Governing Board members). Expenses for severance payments amounted to EUR 2.986 million (2019: EUR 5.564 million, of which EUR 0.062 million were accounted for by management officials).

Expenses for compulsory social security contributions as well as compulsory contributions

Table 36

	Emoluments EUR million
Governor Robert Holzmann	0.3182
Vice Governor Gottfried Haber	0.2999
Executive Director Eduard Schock	0.2868
Executive Director Thomas Steiner	0.2868

Table 37

	Reporting date December 31 <sup>1</sup>			Annual average <sup>1</sup>		
	2020	2019	Change	2020	2019	Change
FTEs <sup>2</sup>	1,097.5	1,069.6	+27.9	1,088.4	1,082.1	+6.3
Total	1,203.4	1,183.2	+20.2	1,197.2	1,205.7	-8.5

<sup>1</sup> Figures include part-time employees on a pro rata basis.

<sup>2</sup> Excluding employees on secondment or leave (such as maternity and paternity leave).



and charges related to wages and salaries totaled EUR 24.336 million in 2020 (2019: EUR 23.231 million). Of this amount EUR 15.618 million (2019: EUR 14.792 million) were social security contributions, EUR 4.775 million (2019: EUR 4.595 million) were contributions to the Family Burden Equalization Fund, and EUR 3.803 million (2019: EUR 3.673 million) were municipal tax payments.

### 8 Expenses for retirement

All pension expenses relate to the OeNB's defined benefit retirement plan based on internally funded pensions for employees recruited up to April 30, 1998. Pension expenses came to EUR 125.887 million in 2020 (2019: EUR 125.103 million). In 2019, EUR 81.310 million were covered by investment income on the *pension reserve*. Pension expenses include the remuneration of retired Governing Board members or their dependents (totaling EUR 4.109 million; 2019: EUR 4.226 million).

The OeNB's other legal and contractual obligations (pension plan contributions and supplementary contributions to pension plans) totaled EUR 9.139 million in 2020 (2019: EUR 54.776 million). The much lower expense year on year is above all due to last year's additional transfers, in the amount of EUR 30.558 million, to the provision for supplementary contributions to pension plans that had been triggered by the reduction in the assumed future investment income on the pension fund from 5.5% to 3.5% per annum.

### 9 Administrative expenses

*Administrative expenses* include, inter alia, rent, maintenance, operating expenses and repair costs of EUR 35.373 million (2019: EUR 32.794 million) as well as banknote processing expenses of EUR 10.633 million (2019: EUR 10.768 million). The headline figure also includes expenses that

the OeNB charges entirely to subsidiaries or the ECB (in particular rent, operating costs and security-related service costs) in the amount of EUR 4.583 million (2019: EUR 4.669 million). In 2020, the OeNB moreover for the first time charged one other NCB expenses for banknote deliveries in the amount of EUR 6.143 million. Administrative expenses for auditing the OeNB's financial statements came to EUR 0.090 million (2019: EUR 0.090 million), those for other certification services to EUR 0.054 million (2019: EUR 0.030 million).

Pursuant to Article 238 paragraph 1 item 14 Commercial Code, material obligations arising from the use of tangible fixed assets not disclosed in the balance sheet must be recorded separately. These obligations amount to EUR 11.246 million in the subsequent financial year (2019: EUR 11.063 million). In the subsequent five financial years, these obligations total EUR 55.916 million (2019: EUR 55.117 million).

### 11 Banknote production services

These expenses result from the purchase of euro banknotes from the OeBS.

### 13 Corporate income tax

Pursuant to Article 72 paragraph 1 Nationalbank Act, the operating profit of the financial statements drawn up pursuant to Article 67 Nationalbank Act and in accordance with Article 69 paragraph 1 Nationalbank Act constitutes the OeNB's taxable income within the meaning of Article 22 paragraph 1 of the Corporate Income Tax Act 1988. Pursuant to Article 20 paragraph 3 National Foundation Act, the transfer from the central government's share of profit to the National Foundation in 2019 reduced the OeNB's taxable corporate income. Hence, the taxable corporate income in the financial year 2020 equaled EUR 0, which is why the OeNB had to pay the minimum

Table 38

	2020	2019	Change	
	EUR million	EUR million	EUR million	%
Operating profit	9.760	327.875	-318.115	-97.0
Reduction of taxable corporate income under Article 20 paragraph 3 National Foundation Act	-30.304	-66.667	-36.363	-54.5
Taxable corporate income	-	261.208	-261.208	-100.0
<b>Corporate income tax</b>	<b>0.004</b>	<b>65.302</b>	<b>-65.299</b>	<b>-100.0</b>

Table 39

	2020	2019	Change	
	EUR million	EUR million	EUR million	%
Transfer to the pension reserve under Article 69 paragraph 2 Nationalbank Act	0.976	26.257	-25.282	-96.3
Central government's share of profit of 90% under Article 69 paragraph 3 Nationalbank Act	7.903	212.684	-204.781	-96.3
of which:				
Annual redemption under Article 21 paragraph 2 Coinage Act	5.814	5.814	-	-
Transfer to the National Foundation under Article 4 paragraph 5 item 3 National Foundation Act	-	30.304	-30.304	-100.0
Transfer to the central government	2.089	176.566	-174.477	-98.8
<b>Total</b>	<b>8.878</b>	<b>238.941</b>	<b>-230.063</b>	<b>-96.3</b>

Table 40

	Recommendation 2020	Use 2019
	EUR	EUR
Dividend payout on the OeNB's capital stock of EUR 12 million under Article 69 Nationalbank Act (up to 10%)	600,000.00	1,200,000.00
Allocation of funds to the OeNB Anniversary Fund for the Promotion of Scientific Research and Teaching		
Funds earmarked for promotion by the OeNB	-	10,000,000.00
Transfers to the Anniversary Fund reserve	-	2,500,000.00
Transfers to the profit-smoothing reserve	278,066.67	9,931,544.16
<b>Profit for the year</b>	<b>878,066.67</b>	<b>23,631,544.16</b>

amount of corporate income tax, namely EUR 3,500, only. Table 38 shows the calculation of the *corporate income tax*.

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

The *transfer to the pension reserve* and the *central government's share of profit* are shown in table 39.

#### 15 Profit for the year

With the statutory allocations having been made in line with Article 69 paragraphs 2 and 3 Nationalbank Act (see profit and loss account item 14 *Transfer to the pension reserve and central government's share of profit*), the balance sheet

and the profit and loss account show a profit for the year 2020 of EUR 878,066.67 (2019: EUR 23,631,544.16).

In its meeting of February 9, 2021, the Governing Board decided to submit the profit appropriation proposal shown in table 40 to the General Council.

The appropriation of profit is to be endorsed at the General Meeting.

#### Post-balance sheet events

##### Participating interests

Up to December 31, 2020, the OeNB together with the GSA operated a clearing infrastructure for processing interbank payments. This clearing

service comprised the Clearing Service Austria (CS.A) operated by the GSA and the OeNB's Clearing Service International (CS.I), which was also operated by the GSA. With effect from January 1, 2021, the PSA Payment Services

Austria GmbH took over the entire clearing service (CS.A and CS.I) in an asset deal governed by a framework contract concluded on September 30, 2020.

## GOVERNING BOARD (DIREKTORIUM)

Governor Robert Holzmann  
Vice Governor Gottfried Haber  
Executive Director Eduard Schock  
Executive Director Thomas Steiner

## GENERAL COUNCIL (GENERALRAT)

President Harald Mahrer  
Vice President Barbara Kolm  
Bettina Glatz-Kremsner  
Erwin Hameseder (from March 6, 2020)  
Stephan Koren  
Franz Maurer  
Susanne Riess (from March 6, 2020)  
Walter Rothensteiner (until January 31, 2020)  
Peter Sidlo  
Christoph Traunig  
Brigitte Unger (from March 6, 2020)  
State Commissioner Harald Waiglein  
Deputy State Commissioner Alfred Lejsek

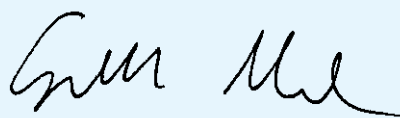
In accordance with Article 22 paragraph 5 Nationalbank Act, the following representatives of the Central Staff Council participated in discussions on personnel, social and welfare matters:

Birgit Sauerzopf  
Christian Schrödinger

Vienna, March 4, 2021



Robert Holzmann



Gottfried Haber



Eduard Schock



Thomas Steiner

# Bestätigungsvermerk der Abschlussprüfungsgesellschaft

Oesterreichische Nationalbank, Wien

31. Dezember 2020

## BESTÄTIGUNGSVERMERK

### Bericht zum Jahresabschluss

### Prüfungsurteil

Wir haben den Jahresabschluss der

**Oesterreichische Nationalbank, Wien,**

bestehend aus der Bilanz zum 31. Dezember 2020, der Gewinn- und Verlustrechnung für das an diesem Stichtag endende Geschäftsjahr und dem Anhang, geprüft.

Nach unserer Beurteilung entspricht der beigefügte Jahresabschluss den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage zum 31. Dezember 2020 sowie der Ertragslage der Gesellschaft für das an diesem Stichtag endende Geschäftsjahr in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften und den sondergesetzlichen Bestimmungen des Nationalbankgesetzes 1984 in der geltenden Fassung sowie den Bestimmungen der vom Rat der Europäischen Zentralbank gemäß Artikel 26 Abs 4 des "Protokolls über die Satzung des Europäischen Systems der Zentralbanken und der Europäischen Zentralbank" mittels der "Leitlinie der Europäischen Zentralbank vom 3. November 2016 über die Rechnungslegungsgrundsätze und das Berichtswesen im Europäischen System der Zentralbanken (EZB/2016/34)", zuletzt geändert mittels der Leitlinie der Europäischen Zentralbank vom 28. November 2019 (EZB/2019/34), erlassenen Vorschriften.

### Grundlage für das Prüfungsurteil

Wir haben unsere Abschlussprüfung in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung durchgeführt. Diese Grundsätze erfordern die Anwendung der International Standards on Auditing (ISA). Unsere Verantwortlichkeiten nach diesen Vorschriften und Standards sind im Abschnitt "Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses" unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von der Gesellschaft unabhängig in Übereinstimmung mit den österreichischen unternehmensrechtlichen und berufsrechtlichen Vorschriften, und wir haben unsere sonstigen beruflichen Pflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns bis zum Datum des Bestätigungsvermerks erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu diesem Datum zu dienen.

### **Verantwortlichkeiten der gesetzlichen Vertreter und des Unterausschusses des Generalrates für Rechnungslegung und interne Kontrollsysteme für den Jahresabschluss**

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses und dafür, dass dieser in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften und den sondergesetzlichen Bestimmungen des Nationalbankgesetzes 1984 in der geltenden Fassung sowie den Bestimmungen der vom Rat der Europäischen Zentralbank gemäß Artikel 26 Abs 4 des "Protokolls über die Satzung des Europäischen Systems der Zentralbanken und der Europäischen Zentralbank" mittels der "Leitlinie der Europäischen Zentralbank vom 3. November 2016 über die Rechnungslegungsgrundsätze und das Berichtswesen im Europäischen System der Zentralbanken (EZB/2016/34)", zuletzt geändert mittels der Leitlinie der Europäischen Zentralbank vom 28. November 2019 (EZB/2019/34), erlassenen Vorschriften ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie als notwendig erachten, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen falschen Darstellungen aufgrund von dolosen Handlungen oder Irrtümern ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen, Sachverhalte im Zusammenhang mit der Fortführung der Unternehmenstätigkeit - sofern einschlägig - anzugeben, sowie dafür, den Rechnungslegungsgrundsatz der Fortführung der Unternehmenstätigkeit anzuwenden, es sei denn, die gesetzlichen Vertreter beabsichtigen, entweder die Gesellschaft zu liquidieren oder die Unternehmenstätigkeit einzustellen oder haben keine realistische Alternative dazu.

Der Unterausschuss des Generalrates für Rechnungslegung und interne Kontrollsysteme ist verantwortlich für die Überwachung des Rechnungslegungsprozesses der Gesellschaft.

### **Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses**

Unsere Ziele sind, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen falschen Darstellungen aufgrund von dolosen Handlungen oder Irrtümern ist, und einen Bestätigungsvermerk zu erteilen, der unser Prüfungsurteil beinhaltet. Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, durchgeführte Abschlussprüfung eine wesentliche falsche Darstellung, falls eine solche vorliegt, stets aufdeckt. Falsche Darstellungen können aus dolosen Handlungen oder Irrtümern resultieren und werden als wesentlich angesehen, wenn von ihnen einzeln oder insgesamt vernünftigerweise erwartet werden könnte, dass sie die auf der Grundlage dieses Jahresabschlusses getroffenen wirtschaftlichen Entscheidungen von Nutzern beeinflussen.

Oesterreichische Nationalbank, Wien

31. Dezember 2020

Als Teil einer Abschlussprüfung in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, üben wir während der gesamten Abschlussprüfung pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung.

Darüber hinaus gilt:

- Wir identifizieren und beurteilen die Risiken wesentlicher falscher Darstellungen aufgrund von dolosen Handlungen oder Irrtümern im Abschluss, planen Prüfungshandlungen als Reaktion auf diese Risiken, führen sie durch und erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass aus dolosen Handlungen resultierende wesentliche falsche Darstellungen nicht aufgedeckt werden, ist höher als ein aus Irrtümern resultierendes, da dolose Handlungen kollusives Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen oder das Außerkraftsetzen interner Kontrollen beinhalten können.
- Wir gewinnen ein Verständnis von dem für die Abschlussprüfung relevanten internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit des internen Kontrollsystems der Gesellschaft abzugeben.
- Wir beurteilen die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte in der Rechnungslegung und damit zusammenhängende Angaben.
- Wir ziehen Schlussfolgerungen über die Angemessenheit der Anwendung des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit durch die gesetzlichen Vertreter sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die erhebliche Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen können. Falls wir die Schlussfolgerung ziehen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, in unserem Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch die Abkehr der Gesellschaft von der Fortführung der Unternehmenstätigkeit zur Folge haben.
- Wir beurteilen die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse in einer Weise wiedergibt, dass ein möglichst getreues Bild erreicht wird.

Wir tauschen uns mit dem Unterausschuss des Generalrates für Rechnungslegung und interne Kontrollsysteme unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschließlich etwaiger bedeutsamer Mängel im internen Kontrollsystem, die wir während unserer Abschlussprüfung erkennen, aus.

**Bericht zum Geschäftsbericht gemäß § 68 NBG**

Auf den gemäß § 68 Abs 1 NBG zu erstellenden Geschäftsbericht finden die Bestimmungen des § 243 Abs 1 bis 3 UGB (Lagebericht), mit Ausnahme von Abs 2 letzter Satz und Abs 3 Z 1, 2 und 5 UGB, Anwendung.

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Geschäftsberichts in Übereinstimmung mit den gesetzlichen Vorschriften.

Wir haben unsere Prüfung in Übereinstimmung mit den Berufsgrundsätzen zur Prüfung des Geschäftsberichts durchgeführt.

Die im Geschäftsbericht enthaltenen Jahresabschlussinformationen (Lagebericht) sind aufgrund der österreichischen unternehmensrechtlichen Vorschriften darauf zu prüfen, ob sie mit dem Jahresabschluss in Einklang stehen und ob sie nach den geltenden rechtlichen Anforderungen aufgestellt wurden.

Unser Prüfungsurteil zum Jahresabschluss deckt die im Geschäftsbericht enthaltenen anderen (sonstigen) Informationen, die nicht den Jahresabschluss und die gemäß § 68 NBG geforderte Darstellung der direkten und indirekten Beteiligungen und den Lagebericht betreffen, nicht ab und wir geben keine Art der Zusicherung darauf.

In Verbindung mit unserer Prüfung des Jahresabschlusses ist es unsere Verantwortung, diese sonstigen Informationen zu lesen und zu überlegen, ob es wesentliche Unstimmigkeiten zwischen den sonstigen Informationen und dem Jahresabschluss gibt oder mit unserem, während der Prüfung erlangten Wissen gibt oder diese sonstigen Informationen sonst wesentlich falsch dargestellt erscheinen. Falls wir, basierend auf den durchgeführten Arbeiten, zur Schlussfolgerung gelangen, dass die sonstigen Informationen wesentlich falsch dargestellt sind, müssen wir dies berichten. Wir haben diesbezüglich nichts zu berichten.

*Urteil*

Nach unserer Beurteilung sind die im Geschäftsbericht zu § 243 Abs 1 bis 3 UGB (Lagebericht), mit Ausnahme von Abs 2 letzter Satz und Abs 3 Z 1, 2 und 5 UGB enthaltenen Jahresabschlussinformationen und die Darstellung der direkten und indirekten Beteiligungen nach den geltenden rechtlichen Anforderungen aufgestellt worden und stehen in Einklang mit dem Jahresabschluss.



Oesterreichische Nationalbank, Wien

31. Dezember 2020

*Erklärung*

Angesichts der bei der Prüfung des Jahresabschlusses gewonnenen Erkenntnisse und des gewonnenen Verständnisses über die Gesellschaft und ihr Umfeld wurden wesentliche fehlerhafte Angaben im Geschäftsbericht nicht festgestellt.

Wien, am 4. März 2021

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Ernst Schönhuber  
Wirtschaftsprüfer

Mag. Andrea Stippl  
Wirtschaftsprüferin

## TRANSLATION

### 4. AUDITOR'S REPORT<sup>\*)</sup>

#### Report on the Financial Statements

##### Audit Opinion

We have audited the financial statements of

#### **Oesterreichische Nationalbank, Vienna.**

These financial statements comprise the balance sheet as of December 31, 2020, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as at December 31, 2020 and its financial performance for the year then ended in accordance with the Austrian Generally Accepted Accounting Principles and the statutory requirements of the 1984 Federal Act on the Oesterreichische Nationalbank (Nationalbank Act), as amended, and the requirements of the rules adopted by the Governing Council of the European Central Bank in accordance with Article 26 paragraph 4 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank by means of the Guideline of the European Central Bank of November 3, 2016 on the legal framework for accounting and reporting in the European System of Central Banks (ECB/2016/34), as amended on November 28, 2019 (ECB/2019/34).

##### Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

##### **Responsibilities of the Management and the Subcommittee of the General Council on Accounting and Internal Control Systems for the Financial Statements**

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and the statutory requirements of the Nationalbank Act, as amended, and the requirements of the rules adopted by the Governing Council of the European Central Bank in accordance with Article 26 paragraph 4 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank by means of the Guideline of the European Central Bank of November 3, 2016 on the legal framework for accounting and reporting in the European System of Central Banks (ECB/2016/34), as amended on November 28, 2019 (ECB/2019/34), for them to present a true and fair view

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of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Subcommittee of the General Council on Accounting and Internal Control Systems is responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

**TRANSLATION**

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Subcommittee of the General Council on Accounting and Internal Control Systems regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Statement on the Annual Report according to Article 68 Nationalbank Act**

The Annual Report to be prepared pursuant to Article 68 paragraph 1 Nationalbank Act is subject to the requirements of Article 243 paragraphs 1 to 3 of the Commercial Law (management report) with the exception of paragraph 2 last sentence and paragraph 3 nos. 1, 2 and 5 Commercial Law.

Management is responsible for the preparation of the annual report in accordance with statutory requirements.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Annual Report.

According to the relevant rules under Austrian Generally Accepted Accounting Principles, financial information contained in the Annual Report (management report) is to be audited as to whether it is consistent with the financial statements and whether it has been drawn up in accordance with the applicable statutory requirements.

Our audit opinion on the annual financial statements does not cover the other information contained in the

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Annual Report that does not relate to the annual financial statements and the presentation of direct and indirect investments and the Annual Report required by Article 68 Nationalbank Act, and therefore does not imply any assurance in this regard.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Opinion*

In our opinion, the financial information contained in the Annual Report in line with Article 243 paragraphs 1 to 3 of the Commercial Law (management report) with the exception of paragraph 2 last sentence and paragraph 3 nos. 1, 2 and 5 Commercial Law, as well as the presentation of information on direct and indirect investments are in line with the applicable statutory requirements and are consistent with the financial statements.

*Statement*

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Vienna, March 4, 2021

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Ernst Schönhuber mp    Mag. Andrea Stippl mp  
Wirtschaftsprüfer / Certified Public Accountant    Wirtschaftsprüferin / Certified Public Accountant

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\*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements and the annual report are identical with the German audited version.

## Report of the General Council on the Annual Report and the financial statements for 2020

The General Council (Generalrat) fulfilled the duties incumbent on it under the 1984 National-bank Act by holding its regular meetings, by convening subcommittees to examine specific issues and by making informed decisions. The Governing Board (Direktorium) periodically reported to the General Council on the OeNB's operations and results, on the conditions in the money, capital and foreign exchange markets, on important day-to-day management issues, on all developments of significance for an appraisal of monetary and economic developments, on the arrangements made for auditing the OeNB's finances, and on any other significant dispositions

and events affecting the OeNB's operations. The financial statements for 2020 were given an unmodified auditor's opinion after examination by the auditors elected at the General Meeting of March 27, 2021, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., on the basis of the OeNB's books and records as well as the information and evidence provided by the Governing Board. In its meeting of March 15, 2021, the General Council approved the Annual Report of the Governing Board and the financial statements for 2020. The General Council submits the Annual Report and the financial statements to the General Meeting for adoption.

Notes

## Abbreviations

ABSPP	asset-backed securities purchase programme	HICP	Harmonised Index of Consumer Prices
ACC	additional credit claims	ICAS	Inhouse Credit Assessment System
APP	(expanded) asset purchase programme	IFRS	International Financial Reporting Standards
ATM	automated teller machine	IMF	International Monetary Fund
ATX	Austrian Traded Index	IReF	Integrated Reporting Framework
BIS	Bank for International Settlements	ISO	International Organization for Standardization
CBD	consolidated banking data	IT	information technology
CBPP	covered bond purchase programme	JVI	Joint Vienna Institute
CCyB	countercyclical capital buffer	LTRO	longer-term refinancing operation
CEEI	Conference on European Economic Integration (OeNB)	MFA	macrofinancial assistance
CESEE	Central, Eastern and Southeastern Europe(an)	MFF	multiannual financial framework
CET1	common equity tier 1	MÜNZE	Münze Österreich Aktiengesellschaft
CoCAS	Common Credit Assessment System	NAB	New Arrangements to Borrow
COVID-19	coronavirus disease 2019 (severe acute respiratory syndrome coronavirus-2 – SARS-CoV-2)	NCB	national central bank
		NGFS	Central Banks and Supervisors Network for Greening the Financial System
CRR	Capital Requirements Regulation	NPL	nonperforming loan
CRII	Coronavirus Response Investment Initiative	OeBS	Oesterreichische Banknoten- und Sicherheitsdruck GmbH
CS.A	Clearing Service Austria	OeKB	Oesterreichische Kontrollbank Aktiengesellschaft
CS.I	Clearing Service International	OeNB	Oesterreichische Nationalbank
CSPP	corporate sector purchase programme	O-SII	other systemically important institution
EA	euro area	PELTRO	pandemic emergency longer-term refinancing operation
EBA	European Banking Authority	PEPP	pandemic emergency purchase programme
ECB	European Central Bank	PIN	personal identification number
EDIS	European deposit insurance scheme	PSPP	public sector purchase programme
EIB	European Investment Bank	SDR	Special Drawing Right
EMAS	Eco-Management and Audit Scheme	SEPA	Single Euro Payments Area
EPT	environmental protection team (OeNB)	SMP	Securities Markets Programme
ERM II	exchange rate mechanism II	SREP	supervisory review and evaluation process
ERP	European Recovery Program	SRM	Single Resolution Mechanism
ES	expected shortfall	SSM	Single Supervisory Mechanism
ESCB	European System of Central Banks	SURE	Support to mitigate Unemployment Risks in an Emergency
ESG	environmental, social and governance (criteria)		
ESRB	European Systemic Risk Board	SyRB	systemic risk buffer
€STR	euro short-term rate	T2S	TARGET2-Securities
EU	European Union	TARGET2 (T2)	second generation of the Trans-European Automated Real-time Gross settlement Express Transfer system
EUR	euro	TLTRO	targeted longer-term refinancing operation
EUREP	Eurosystem repo facility for central banks	UK	United Kingdom
EURIBOR	euro interbank offered rate	UN	United Nations
Fed	U.S. Federal Reserve System	US(A)	United States (of America)
FMA	Austrian Financial Market Authority	USD	US dollar
FMSB	Financial Market Stability Board	VaR	value at risk
FTE	full-time equivalent		
GDP	gross domestic product		
GSA	GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H.		

## Conventions used in tables

- x = no data can be indicated for technical reasons
- .. = not available
- 0 = the numerical value is zero or smaller than half of the unit indicated

### Legend entries in the financial statements:

- x = no data can be indicated for technical reasons
- = the numerical value is zero
- 0 = the numerical value is smaller than half of the unit indicated
- n.a. = not applicable

Discrepancies may arise from rounding.



## Periodical publications

Starting from 2016, the OeNB's periodical publications are available in electronic format only. They can be downloaded at <https://www.oenb.at/en/Publications.html>. If you would like to be notified about new issues by e-mail, please register at <https://www.oenb.at/en/Services/Newsletter.html>.

### **Geschäftsbericht (Nachhaltigkeitsbericht) Annual Report (Sustainability Report)**

German | annually  
English | annually

This report informs readers about the Eurosystem's monetary policy and underlying economic conditions as well as about the OeNB's role in maintaining price stability and financial stability. It also provides a brief account of the key activities of the OeNB's core business areas. The OeNB's financial statements are an integral part of the report.

<https://www.oenb.at/en/Publications/Oesterreichische-Nationalbank/Annual-Report.html>

### **Immobilien aktuell**

German | quarterly

This publication analyzes developments on real estate markets given their importance for both price and financial stability. Two issues per year focus on Austria and the other two issues on EU countries.

<https://www.oenb.at/Publikationen/Volkswirtschaft/immobilien-aktuell.html>

### **Inflation aktuell**

German | quarterly

This publication presents the OeNB's analysis of recent inflation developments in Austria and its inflation outlook for Austria for the current and next year. In addition, it provides in-depth analyses of topical issues.

<https://www.oenb.at/Publikationen/Volkswirtschaft/inflation-aktuell.html>

### **Konjunktur aktuell**

German | seven times a year

This publication provides a concise assessment of current cyclical and financial developments in the global economy, the euro area, Central, Eastern and Southeastern European countries, and in Austria. The quarterly releases (March, June, September and December) also include short analyses of economic and monetary policy issues.

<https://www.oenb.at/Publikationen/Volkswirtschaft/konjunktur-aktuell.html>

### **Monetary Policy & the Economy**

English | quarterly

This publication assesses cyclical developments in Austria and presents the OeNB's regular macroeconomic forecasts for the Austrian economy. It contains economic analyses and studies with a particular relevance for central banking and summarizes findings from macroeconomic workshops and conferences organized by the OeNB.

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

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

German | twice a year  
English | twice a year

This publication provides a snapshot of the Austrian economy based on a range of structural data and indicators for the real economy and the banking sector. Comparative international measures enable readers to put the information into perspective.

<https://www.oenb.at/en/Publications/Financial-Market/Facts-on-Austria-and-Its-Banks.html>

### **Financial Stability Report**

English | twice a year

The reports section of this publication analyzes and assesses the stability of the Austrian financial system as well as developments that are relevant for financial stability in Austria and at the international level. The special topics section provides analyses and studies on specific financial stability-related issues.

<https://www.oenb.at/en/Publications/Financial-Market/Financial-Stability-Report.html>

### **Focus on European Economic Integration**

English | quarterly

This publication presents economic analyses and outlooks as well as analytical studies on macroeconomic and macro-financial issues with a regional focus on Central, Eastern and Southeastern Europe.

<https://www.oenb.at/en/Publications/Economics/Focus-on-European-Economic-Integration.html>

## Statistiken – Daten & Analysen

German | quarterly

This publication contains analyses of the balance sheets of Austrian financial institutions, flow-of-funds statistics as well as external statistics (English summaries are provided). A set of 13 tables (also available on the OeNB's website) provides information about key financial and macroeconomic indicators.

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

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

German | irregularly

English | irregularly

In addition to the regular issues of the quarterly statistical series “Statistiken – Daten & Analysen,” the OeNB publishes a number of special issues on selected statistics topics (e.g. sector accounts, foreign direct investment and trade in services).

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

## CESEE Research Update

English | quarterly

This online newsletter informs readers about research priorities, publications as well as past and upcoming events with a regional focus on Central, Eastern and Southeastern Europe. Subscribe to the newsletter at:

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

## Workshops – Proceedings of OeNB Workshops

German, English | irregularly

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

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

## Working Papers

English | irregularly

This series provides a platform for discussing and disseminating economic papers and research findings. All contributions are subject to international peer review.

<https://www.oenb.at/en/Publications/Economics/Working-Papers.html>

## Proceedings of the Economics Conference

English | annually

The OeNB's annual Economics Conference provides an international platform where central bankers, economic policymakers, financial market agents as well as scholars and academics exchange views and information on monetary, economic and financial policy issues. The proceedings serve to document the conference contributions.

<https://www.oenb.at/en/Publications/Economics/Economics-Conference.html>

## Proceedings of the Conference on European Economic Integration

English | annually

The OeNB's annual Conference on European Economic Integration (CEEI) deals with current issues with a particular relevance for central banking in the context of convergence in Central, Eastern and Southeastern Europe as well as the EU enlargement and integration process. For an overview and presentations, see:

<https://www.oenb.at/en/Monetary-Policy/focus-area-central-eastern-and-southeastern-europe/events/conference-on-european-economic-integration.html>

From 2001 to 2019, the CEEI proceedings were published with Edward Elgar Publishing, Cheltenham, U.K., Northampton, MA ([www.e-elgar.com](http://www.e-elgar.com)).

## Publications on banking supervisory issues

German, English | irregularly

<https://www.oenb.at/en/Publications/Financial-Market/Publications-of-Banking-Supervision.html>

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The *Annual Report* of the OeNB provides information about the Eurosystem's monetary policy and reviews developments in the economy, in financial markets and payment systems. Furthermore, it details the OeNB's national and international responsibilities as well as the broad range of services the OeNB offers. The OeNB's financial statements and the notes on the financial statements are an integral part of the Annual Report. Since 2006, the OeNB's Annual Report, Intellectual Capital Report and Environmental Statement have been combined to form the OeNB's Sustainability Report.

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