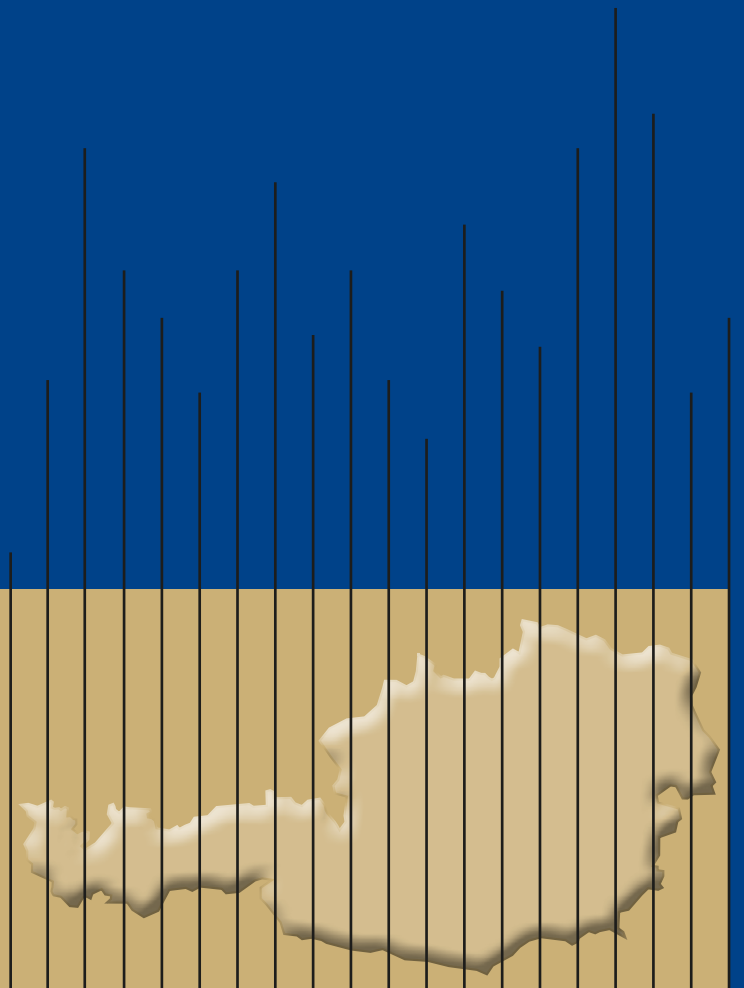


FACTS ON AUSTRIA AND ITS BANKS



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Cut-off date: September 21, 2018.

Key indicators for the Austrian economy

Cut-off date for data: September 21, 2018.

Table 1

Key indicators

	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	2017	2018	2019	2020
Economic activity									
<i>EUR billion (four-quarter moving sums)</i>									
Nominal GDP	360.9	365.4	370.1	375.0	379.7	370.1	389.2	405.0	419.6
<i>Change on previous period in % (real)</i>									
GDP	0.8	0.9	0.9	0.8	0.7	3.1	2.8 ¹	2.1	1.7
Private consumption	0.4	0.4	0.4	0.5	0.5	1.6	1.5	1.4	1.3
Public consumption	0.1	0.1	0.0	0.2	0.3	1.1	1.9	1.4	1.2
Gross fixed capital formation	1.5	1.3	1.2	1.3	1.2	4.9	3.5	2.3	2.0
Exports of goods and services	1.4	1.2	1.5	1.0	0.9	5.3	4.9	4.2	3.9
Exports of goods	1.6	1.2	1.8	0.8	1.2	6.0	4.9	4.1	3.9
Imports of goods and services	1.6	0.8	0.7	0.8	0.9	5.1	3.8	3.6	3.6
Imports of goods	0.9	0.6	1.4	0.5	1.1	4.0	3.7	3.5	3.5
<i>% of nominal GDP</i>									
Current account balance	x	x	x	x	x	1.9	2.3	2.4	2.7
Prices									
<i>Annual change in %</i>									
HICP inflation	2.2	2.2	2.4	2.0	2.1	2.2	2.2	2.0	1.9
Compensation per employee	1.5	1.7	1.8	1.9	0.9	1.7	2.7	2.4	2.2
Unit labor costs	0.4	-0.1	0.1	0.4	0.9	0.3	1.5	1.5	1.4
Productivity	1.1	1.8	1.7	1.5	0.1	1.3	1.1	0.9	0.8
Income and savings									
<i>Annual change in %</i>									
Real disposable household income	-0.4	0.4	0.6	0.5	0.3	-0.2	1.6	1.7	1.3
<i>% of nominal disposable household income</i>									
Saving ratio	x	x	x	x	x	6.8	7.0	6.9	x
Labor market									
<i>Change on previous period in %</i>									
Payroll employment	0.6	0.5	0.7	0.7	0.4	1.9	2.2	1.4	1.1
<i>% of labor supply</i>									
Unemployment rate (Eurostat)	5.6	5.4	5.4	5.0	4.7	5.5	5.0	4.9	4.9
Public finances									
<i>% of nominal GDP</i>									
Budget balance	x	x	x	x	x	-0.8	-0.0	0.2	0.4
Government debt	x	x	x	x	x	78.3	74	71	68

Source: OeNB, Eurostat, Statistics Austria, WIFO.

Note: 2017 and quarterly data: QNA flash data of July 31, 2018. All data for 2018–2020 are based on the OeNB's June 2018 forecast.

Table 2

Key indicators for Austrian banks

	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	2014	2015	2016	2017
Austrian banking system – consolidated									
Structure									
<i>EUR billion</i>									
Total assets ¹	962.0	950.8	948.9	967.0	972.4	1078.2	1056.7	946.2	948.9
Exposure to CESEE ²	203.0	206.4	210.1	212.5	n.a.	184.8	186.4	193.3	210.1
Number of credit institutions in Austria	669	651	628	628	622	764	738	672	628
Number of inhabitants per bank branch in Austria	2.302	2.321	2.330	2.354	2.392	2.008	2.107	2.226	2.330
Solvency¹									
<i>EUR billion</i>									
Equity capital	83.0	82.8	85.0	84.0	85.0	87.6	87.8	80.7	85.0
<i>% of risk-weighted assets</i>									
Solvency ratio	18.5	18.4	18.9	18.4	18.4	15.6	16.3	18.2	18.9
Tier-1 capital ratio	15.3	15.3	15.9	15.6	15.7	11.8	12.9	14.9	15.9
Common equity tier 1 ratio (CET1)	15.1	14.9	15.6	15.1	15.1	11.7	12.8	14.9	15.6
<i>% of selected balance sheet items</i>									
Leverage ³	7.8	7.9	7.7	7.5	7.6	6.1	6.3	7.6	7.7
Profitability¹									
<i>EUR billion</i>									
Net result after tax	3.4	5.1	6.6	1.7	3.6	0.7	5.2	5.0	6.6
<i>%</i>									
Return on assets (annualized) ⁴	0.8	0.8	0.8	0.8	0.8	0.0	0.6	0.6	0.8
Cost-to-income ratio	65.6	64.3	64.7	69.4	66.2	69.1	62.8	74.5	64.7
<i>%</i>									
Credit quality^{1,5}									
Loan loss provision ratio	2.6	2.4	2.2	2.1	2.0	4.5	4.2	3.1	2.2
Nonperforming loan ratio (NPL ratio)	4.1	3.7	3.4	3.3	3.1	7.0	6.6	4.9	3.4
<i>%</i>									
Credit developments									
Annual growth of credit to nonbanks in Austria	1.8	2.2	3.0	3.9	4.5	0.7	1.1	1.6	3.0
Share of foreign currency loans in Austria	8.1	7.1	6.5	6.2	6.0	11.1	10.2	9.0	6.5
Austrian banks' subsidiaries in CESEE¹									
<i>EUR billion</i>									
Net profit/loss after tax	1.5	2.2	2.6	0.8	1.6	0.7	2.0	2.4	2.6
<i>%</i>									
Return on assets (annualized) ⁴	1.6	1.5	1.3	1.5	1.5	0.2	0.7	1.3	1.3
Cost-to-income ratio	53.0	52.4	53.3	57.1	53.6	52.7	51.1	52.7	53.3
Loan loss provision ratio ⁵	4.1	3.7	3.3	3.3	3.1	7.3	7.0	6.1	3.3
Nonperforming loan ratio (NPL ratio) ⁵	5.8	5.2	4.5	4.2	3.9	11.8	11.5	8.6	4.5
Share of foreign currency loans ¹	28.0	x	27.0	x	25.0	42.0	38.0	30.0	27.0
Loan-to-deposit ratio ¹	80.3	80.5	79.1	79.6	82.0	96.6	88.4	80.2	79.1

Financial assets of households and nonfinancial corporations

	<i>EUR billion</i>								
Households									
Financial assets	646.0	648.9	654.5	655.9	662.5	593.0	608.9	635.9	654.5
Financial liabilities (loans)	180.9	182.6	183.4	182.9	185.1	167.4	172.9	179.9	183.4
of which foreign currency loans	19.2	17.5	16.5	15.8	15.4	25.4	24.4	21.2	16.5
of which foreign currency housing loans	16.1	14.8	14.1	13.5	13.3	19.5	19.2	17.8	14.1
Nonfinancial corporations									
Financial assets	514.3	522.2	533.6	541.1	542.5	460.9	469.8	506.6	533.6
Financial liabilities	780.0	791.2	808.3	814.7	817.4	697.0	710.7	756.9	808.3
of which loans and securities (other than shares and other equity)	331.9	335.8	339.5	343.2	345.4	305.5	315.7	329.4	339.5
of which shares and other equity	244.8	250.7	264.8	267.5	268.4	223.1	226.1	241.8	264.8
<i>EUR billion (four-quarter moving sums)</i>									
Gross operating surplus and mixed income	82.6	84.3	86.1	87.5	x	76.6	79.9	79.8	86.1

Source: OeNB, Statistics Austria.

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

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

³ Defined according to Basel III.

⁴ End-of-period profit/loss expected for the full year after tax and before minority interests as a percentage of average total assets.

⁵ As of Q2 2017, data are based on FINREP including total loans and advances.

Note: x = data not available.

Austrian economy among top performers in the euro area

- Austria's economy is booming: Boosted by domestic and foreign demand, GDP growth has accelerated sharply since 2015. According to the Austrian central bank's (OeNB) current assessment, in 2018 Austria will record a GDP growth rate above its long-run average for the second year in a row. Thus, the Austrian economy is once again growing faster than the German and the euro area economies. The Austrian economy is highly diversified and its sectoral structure is well balanced.
- The healthy upturn has led to a sustained decrease in unemployment. The unemployment rate (EU definition) dropped from 6.2% to 4.7% between summer 2016 and summer 2018. Austria maintains an excellent record of social stability, which rests on high employment, low unemployment by international standards and a low frequency of strikes.
- Recording an average inflation rate of 1.8% since the introduction of the euro in 1999, Austria has been among those countries that have successfully maintained price stability in line with the Eurosystem's definition (i.e. HICP inflation at a rate "below, but close to, 2% over the medium term"). The OeNB expects an inflation rate in Austria of slightly above 2.0% for 2018 as a whole. This means that the inflation differential between Austria and the euro area will slightly narrow.
- The Austrian real estate market has been buoyant since the mid-2000s. According to the OeNB fundamentals indicator for residential property prices, this development is broadly in line with economic fundamentals.
- Austria's saving ratio dropped sharply after the economic crisis and stood at 6.8% in 2017. Financial assets held by households totaled EUR 654.5 billion or 176.8% of GDP. The household sector's debt ratio stood at nearly 50% of GDP in the first quarter of 2018. Corporate debt in Austria equaled 392% of gross operating surplus or 91.5% of GDP (Q1 2018); both indicators are below the euro area average.
- Austria's foreign trade in goods is well diversified both by region and product type. In 2017, more than half of foreign trade took place with other euro area countries and was therefore not directly affected by exchange rate risks. After Germany, which accounted for an export share of more than 30% in 2017, Central, Eastern and Southeastern Europe (CESEE) is Austria's most important export market. The share of goods exports to this region rose from 15% in 1996 to 21% in 2017.
- Given stable price competitiveness as measured by the real effective exchange rate, Austrian exporters benefited greatly from the current pickup in global trade. On the back of robust growth in important export markets, such as Germany and CESEE, Austrian nominal goods exports expanded by 8.2% in 2017 compared to the previous year.
- The steady string of current account surpluses seen since 2002 (2017: 1.9% of GDP) confirms the international competitiveness of the Austrian economy. Austria's net international investment position is positive, standing at EUR 19.9 billion (5.4% of GDP) in 2017.
- Austria's budget balance ratio improved to -0.8% of GDP in 2017 (2016: -1.6%). The improvement is the result of the very good economic environment and the further decline in interest expenses. In line with the lower budget balance, the debt ratio improved from 83.0% in 2016 to 78.3% in 2017, which was primarily due to higher GDP growth in 2017 as well as the winding down of assets held by state-owned "bad banks."
- Austria continues to maintain an AAA sovereign rating with DBRS and holds an AA+ rating with Standard & Poor's, Fitch and Moody's (Aa1). In July 2018, Fitch revised its outlook to "positive," indicating a possible upgrade in the near future.

Austrian banks benefit from benign environment

- Austrian banks continued to benefit from the benign economic environment and recorded even negative loan loss provisions and higher profits in the first half of 2018. In June 2018, Austrian banks' net profit was EUR 0.2 billion up on the previous year, totaling EUR 3.6 billion. Despite this good performance, additional measures to enhance banks' cost efficiency and risk-bearing capacity are called for, not least because vulnerabilities have increased and economic growth is expected to be stagnant or even weaken.
- Austrian banks' capitalization has improved significantly since the onset of the financial crisis in 2008. In the first quarter of 2018, their consolidated CET1 ratio was slightly higher than the EU average.
- In May 2018, Standard & Poor's raised Austria's industry country risk assessment from 3 to 2, which puts the domestic banking system among the 13 most stable systems worldwide. Moody's changed its outlook for the Austrian banking system from positive to stable in August 2018, reflecting a slowdown in improvements seen over the past few years. This implies that rating changes are unlikely in the next 12 to 18 months. However, bank profitability is expected to remain stable and the likelihood of government aid for banks is considered to be low.
- Credit growth has gained further momentum, and the credit quality reported by Austrian banks has improved, with respect to both their domestic business and their CESEE exposure, with CESEE subsidiaries accounting for the larger part of the improvement.
- Austrian banks' subsidiaries in CESEE also benefited from the prevailing comparatively favorable economic conditions. At the end of June 2018, their aggregate half-year net profit stood at EUR 1.6 billion, up 3.6% on the same period last year. At the same time, the relatively rapid decline in loan loss provisions seen in the past few quarters slowed down. Hence, loan loss provisions remained at historically low levels.
- Banks in Austrian majority ownership hold about two-thirds of their consolidated foreign claims against CESEE, with the Czech Republic and Slovakia accounting for the largest exposures.
- The volume of foreign currency loans continues to decline in Austria but the risks associated with outstanding foreign currency loans remain. The OeNB recommends that banks – together with borrowers – assess the latter's risk-bearing capacity and, if necessary, take measures to reduce these risks.
- The funding situation of Austrian banks' subsidiaries in CESEE has improved significantly since the onset of the financial crisis. The supervisory Sustainability Package, including the monitoring of a local stable funding base, has helped prevent excessive credit growth and strengthen financial stability.
- Systemic risks arising from real estate financing are currently limited in Austria. However, given the present low interest rate environment and rising property prices, sustainable lending standards are needed in order to continue to keep these risks in check. In its meeting on September 21, 2018, the Austrian Financial Market Stability Board (FMSB)¹ agreed on a quantitative specification of sustainable lending standards: adequate minimum equity provided by the borrower (20%), reasonable debt service limits in relation to borrowers' net income (up to a maximum of 30% to 40% of net household income, as a rule) as well as loan terms that are not excessively long (generally no more than 35 years); furthermore, borrowers' life cycle income profiles should be taken into account in lending decisions.

¹ The Financial Market Stability Board (FMSB) was established to strengthen cooperation in macroprudential supervision and to promote financial market stability. Its key task is to address risks to financial stability, as identified by the Oesterreichische Nationalbank (OeNB) in its monitoring activities, in a transparent process. To this end, the FMSB supports the Austrian Financial Market Authority (FMA) by issuing recommendations for further action and risk warnings, thereby using the instruments available to the European Systemic Risk Board (ESRB). From an institutional perspective, the FMSB links up the OeNB's macroprudential monitoring function with the FMA's supervisory function based on the regulatory framework defined by the Austrian Federal Ministry of Finance. By integrating also members of the Fiscal Advisory Council, the FMSB moreover ensures adequate consideration of the general economic conditions and due regard of the goal of sustainable public finances. The FMSB meets at least four times a year and may be convened more often on an ad hoc basis.

1 Austria ranks among the top economies in the euro area

1.1 Austria is one of the best performing advanced economies worldwide Strong economic growth in 2017 and 2018

At the beginning of 2016, the Austrian economy embarked on a recovery. Buoyed by lively investment activity and healthy private consumption growth, domestic demand was the major driver of growth at first. From the second half of 2016 onward, export activity picked up markedly as global trade was recovering. The combination of strong domestic and foreign demand resulted in the strongest economic momentum since the boom before the onset of the global financial and economic crisis. In 2017 the Austrian economy outpaced GDP growth in the euro area for the first time since 2013, also exceeding that of Germany, Austria's most important trading partner. The outlook for the year 2018 remains promising. Despite rising risks and slightly lower growth expectations for the euro area, the Austrian economy will grow almost as strongly in 2018 as it did in the previous year. According to the IMF's assessment, Austria will report stronger growth than the euro area and Germany also in 2018–2019. The IMF's autumn forecast largely coincides with the current OeNB assessment.

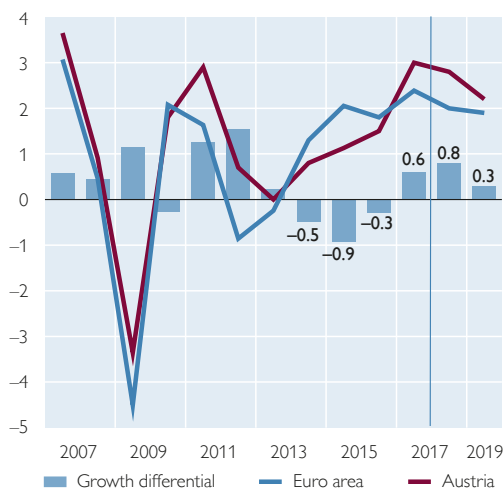
Sectoral structure of the Austrian economy is well balanced

Given that Austria is a highly developed economy, the tertiary sector plays a crucial role. Private sector services (information and communication, financial and insurance activities, real estate activities, other business activities and other services) contribute the largest share – slightly below 30% – to gross value added, followed by activities classified under “quarrying, manufacturing, electricity and water supply” as well as “trade, transportation, hotels and restaurants,” which account for slightly

Chart 1

Growth differential between Austria and the euro area

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

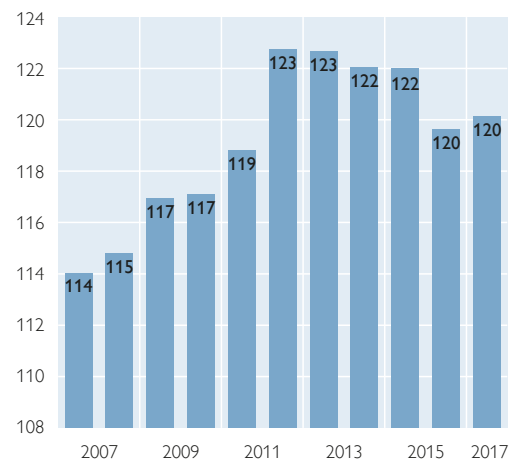


Source: Eurostat, WIFO, IMF.

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

Austrian GDP per capita relative to the euro area

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



more than 20% each. Furthermore, manufacturing in Austria is characterized by a large variety of industries. At 6½%, construction’s contribution to gross value added is high by European standards.

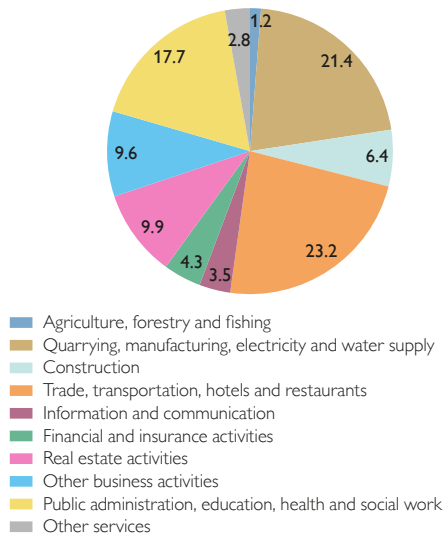
Upswing leads to sustained decrease in unemployment

As the economy gathered momentum in 2016, employment growth accelerated, reaching 1.9% in 2017 – its highest rate since 2011. Since mid-2016, the economic upswing has been robust enough to keep unemployment firmly on a downward path even though labor supply keeps rising strongly. The jobless rate dropped from 6.2% to 4.7% in the second quarter of 2018. In an EU-wide comparison, Austria ranked among the Member States with the lowest unemployment rates in 2017. The Austrian labor market is characterized by a high level of flexibility (in European terms) and a balancing of interests between employers and employees. Hence, Austria is also among the best performers worldwide in rankings of alternative indicators that measure, for instance, social stability (such as the frequency of strikes).

Chart 2

Gross value added in Austria in 2017

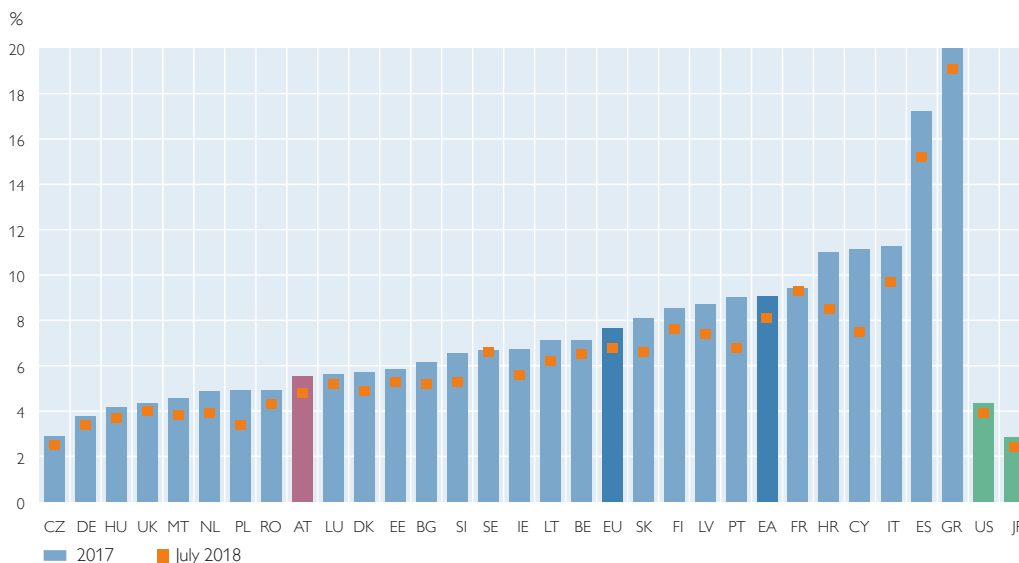
% of total gross value added, at current prices



Source: Statistics Austria.

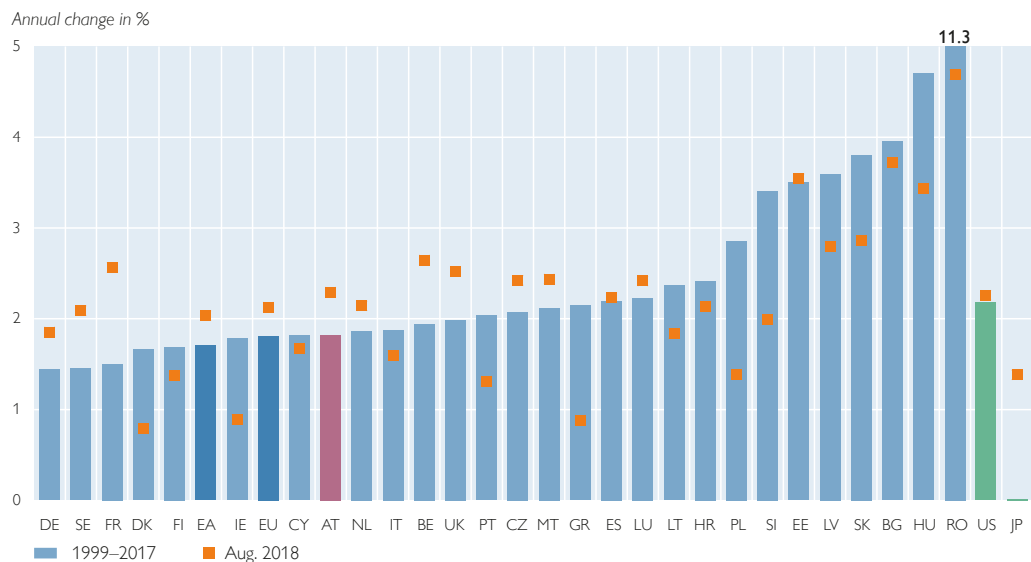
Chart 3

Unemployment rates



Source: Eurostat.

Note: EE, GR, HU, UK: June 2018, IE: Aug. 2018.

HICP inflation rate

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

Note: JP and UK: July 2018.

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

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

Since 2009, the Austrian inflation rate has continuously been higher than the euro area average and the inflation rate in Germany (by 0.6 percentage points in both cases). The main cause for this difference can be found in the service sector. Within the service sector, about half of this inflation differential vis-à-vis Germany is solely attributable to catering services (especially restaurants, cafés). Although the difference in inflation rates is low, the weight of catering services in the Austrian HICP basket is significantly higher, which reflects different consumption patterns. In addition, differences in the development of publicly administered prices (and indirect taxes) account for another part (0.2 percentage points) of the inflation differential vis-à-vis Germany. In 2017, HICP inflation in Austria was 2.2%, 0.7 percentage points above the corresponding rate of the euro area and 0.5 percentage points above that of Germany. The OeNB expects HICP inflation to remain at 2.2% in both 2018 and 2019, while the Eurosystem expects euro area inflation to increase to 1.7% (both as of September 2018). This will reduce the inflation differential between Austria and the euro area in 2018.

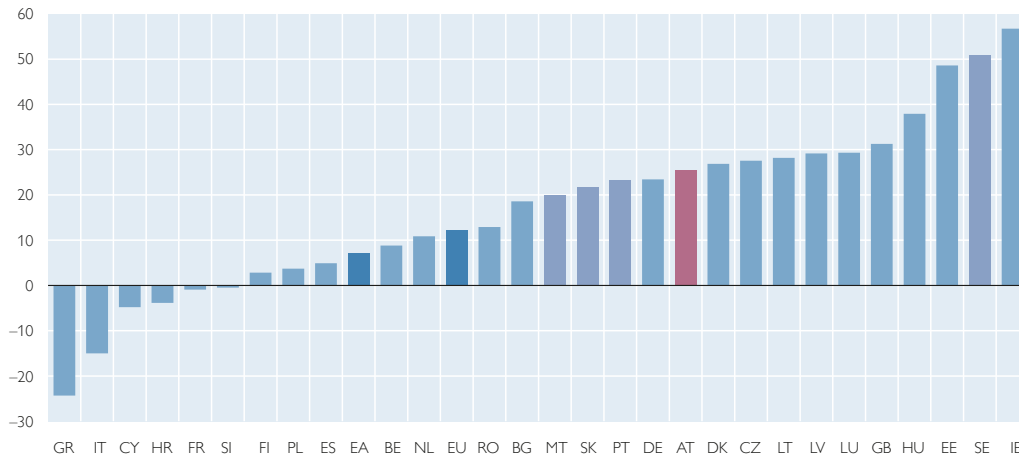
Strong growth of Austrian residential property prices but no signs of overheating

The Austrian residential property market has been buoyant since the mid-2000s. However, current market developments in Austria are markedly different from

Chart 5

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

Change on 2012 in %



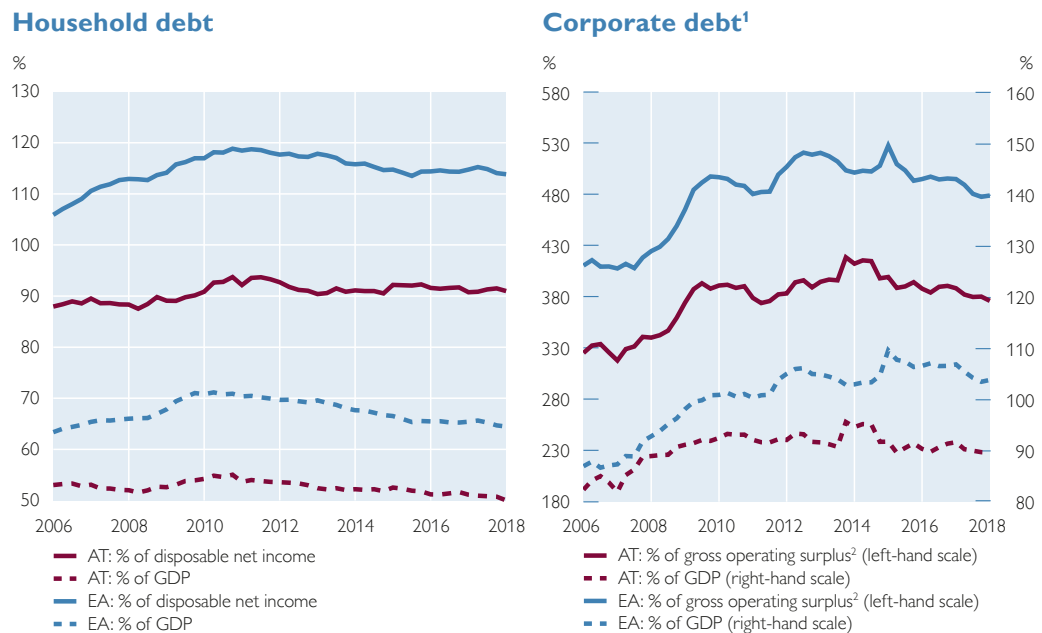
Source: ECB.

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

the severe developments seen in some other euro area countries in the past, where residential property price growth went hand in hand with a surge in mortgage lending, and the ensuing bursting of the real estate bubble caused disruptions in the financial sector.

In Austria, residential property price growth reached 3.8% per year in 2017. Compared to 2016 (+7.3%), house price inflation moderated. The increase in residential property prices in Austria is largely attributable to fundamentals, as reflected in the OeNB fundamentals indicator for residential property prices. The demographic developments seen in recent years have driven up housing demand. Furthermore, due to low interest rates, residential property has become a more popular form of investment. At the same time, lending growth has been moderate in Austria. Housing loans to households expanded in nominal terms by 4.7% in 2017. Austrian households' debt is low – by international standards – and stable. In the past decade, a large part of housing loans was taken out in foreign currency (especially in Swiss francs). The foreign exchange risk associated with such loans is declining now, however, as the share of foreign currency loans in total housing loans has also diminished significantly recently. At the same time, the interest rate risk of new housing loans has been decreasing. The share of variable rate loans (with an initial rate fixation period of up to one year) in new loans dropped from 84% in 2014 to 44% in the first half of 2018. Also, Household Finance and Consumption Survey (HFCS) data show that Austrian households' debt-servicing capacity is strong by international standards. Finally, owing to the comparatively high share of rental accommodation in total housing in Austria, households are less affected by residential property price developments than those in other EU countries.

Chart 6



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

In 2017, households saved about 6.8% of their net disposable income. With total financial assets amounting to some EUR 654.5 billion (176.8% of GDP) at the end of 2017, the household sector is a key supplier of capital to other sectors in Austria. Households' debt totaled almost 50% of GDP in the second quarter of 2018, which is clearly below the euro area average of 64.5%. Likewise, at 392% of gross operating surplus or 91.5% of GDP, corporate debt in Austria was lower than the euro area average (478.8% and 103.8%, respectively) in the first quarter of 2018.

1.2 Continued current account surpluses confirm international competitiveness of Austrian economy

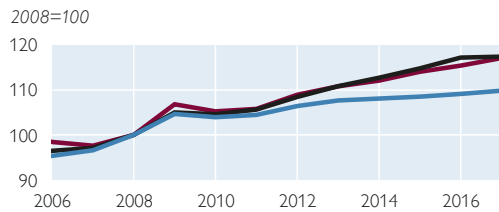
Price competitiveness of Austrian economy stable

The Austrian economy's price competitiveness as measured by the real effective exchange rate (deflated by unit labor costs for the total economy) has hardly changed over the past ten years. The real effective exchange rate has appreciated by only 3% since 2006. This must be seen against the backdrop of unit labor costs having increased slightly more in Austria and Germany than in the euro area. While productivity per hour in Austria, Germany and the euro area expanded almost at the same pace, hourly wage growth in the euro area was slower than in Austria and Germany. Given the stable level of price competitiveness, Austrian exporters have benefited greatly from the pickup in global trade in 2017. On the back of robust growth in important export markets – such as Germany and CESEE – in 2017, Austrian nominal goods exports expanded by 8.2% year on year (source: Statistics Austria).

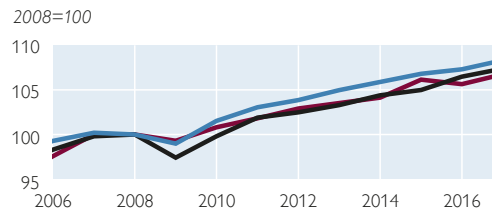
Chart 7

International competitiveness

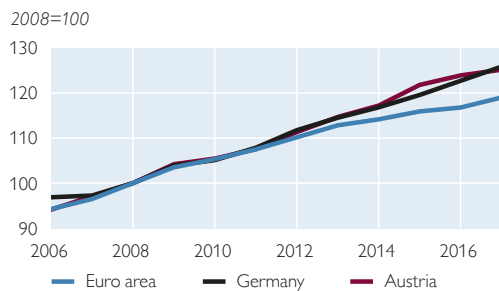
Unit labor costs



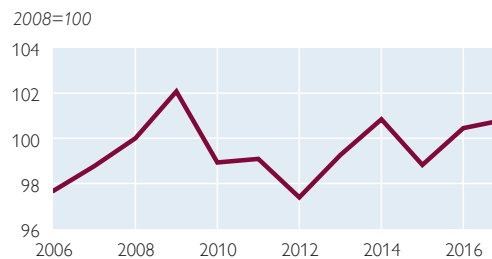
Productivity per hour worked



Compensation per hour worked



Real effective exchange rate¹



Source: Eurostat.

¹ Deflated by unit labor costs.

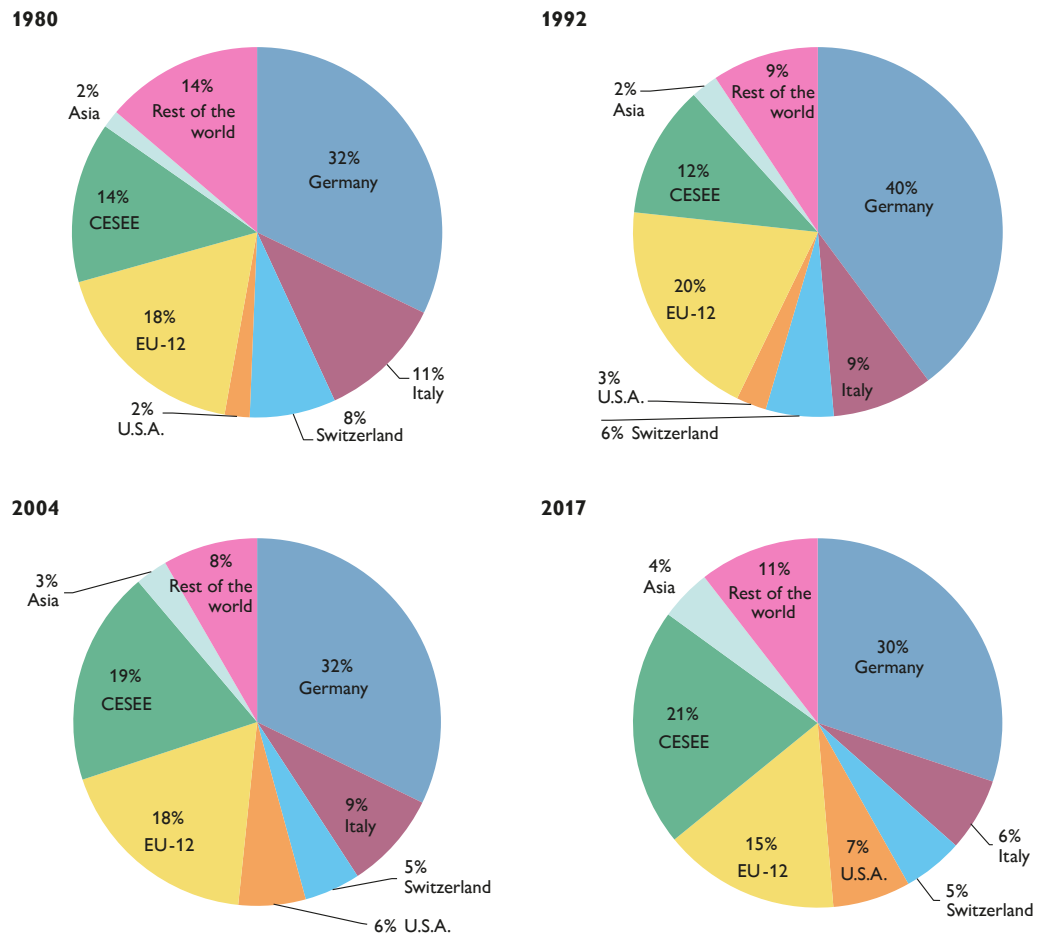
Austria's external trade is regionally diversified, exposure to foreign exchange risk is low

In 2017, more than half of Austria's goods exports went to the euro area, which meant that they were not exposed to any direct exchange rate risk. Among Austria's trade partners in the euro area, Germany is still the most important one by far, with a share of 30% in Austria's total goods exports, followed by Italy, which accounts for a share of 6.4%. Furthermore, CESEE is a very important export market for Austria. Exports to the region have expanded rapidly in the past years. While the share of goods exported to the euro area has declined since 1996, the share of goods exported to CESEE has steadily increased (1996: 15%, 2017: 21%). Given that CESEE's growth advantage vis-à-vis the euro area has recently widened again (to 1½ percentage points), the region will definitely remain a central growth market for Austrian exporters in the near future. Next to CESEE, the U.S.A., Switzerland and Asia rank among Austria's most important export markets outside the euro area.

The sectoral structure of Austria's external trade follows the pattern typically observed in highly industrialized nations. At 40%, machinery and transport equipment make up the lion's share of Austria's goods exports. Other important pillars of Austrian export activity include manufactured goods, chemicals, and commodities and transactions not classified elsewhere, which together account for some 47% of goods exports.

Next to goods exports, which make up 70% of total exports, services exports (30%) also play an important role. In recent years, services exports have grown more strongly than goods exports. This was substantially driven by the tourism sector: Overnight stays have seen new record highs. Other services exports, e.g.

Regional pattern of Austrian goods exports



Source: Statistics Austria.
 Note: Asia: CN, JP, KR; EU-12: BE, DK, FI, FR, GR, IE, LU, NL, PT, ES, SE, UK;
 CESEE countries: BG, EE, LV, LT, PL, RO, SK, SI, CZ, HU, AL, BA, HR, ME, RS, BY, MD, RU, UA.

exports of business-related services, expanded vigorously as well: According to the technology balance of payments, Austria has turned into a net exporter of technology-related know-how of EUR 3.6 billion or 1% of GDP.

Protectionist tendencies have little direct impact on Austria, but are potentially dangerous for the future outlook of the world economy

The protectionist measures the U.S. government has announced it will implement or has already implemented and the countermeasures of affected trading partners represent a significant risk to the global outlook. Since the beginning of June 2018, the U.S.A. has imposed duties on imports of aluminum and steel from the EU. Furthermore, it has repeatedly announced that it will levy import tariffs on vehicles from the EU. But while the trade dispute between the U.S.A. and China intensified further in the summer of 2018, reaching a new level of escalation in September 2018 as the U.S.A. imposed special import tariffs on USD 200 billion in Chinese

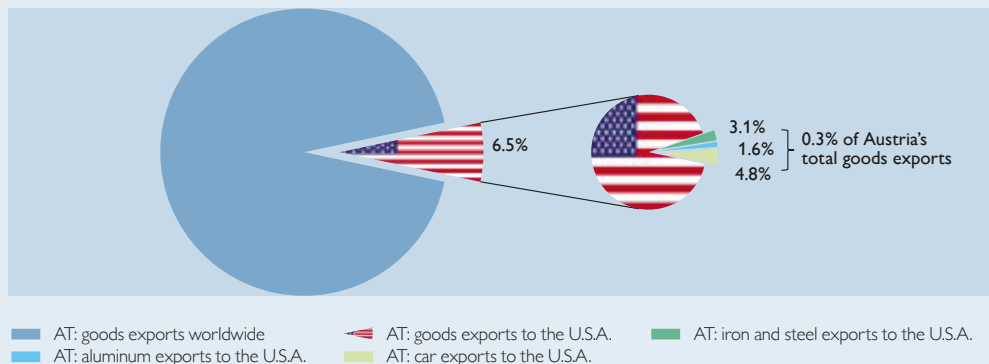
goods on July 25, U.S. President Trump and EU Commission President Juncker agreed on a comprehensive reduction of tariffs on industrial goods. At the same time, the EU promised to increase its imports of selected U.S. goods. The U.S.-EU deal brought about a break in the trade dispute between the U.S.A. and Europe; the threat of additional tariffs (on cars) seems to have been eliminated for the time being. In the medium term, however, a resurgence of the conflict cannot be ruled out.

The total direct impact on the Austrian economy of U.S. import tariffs already in force is negligible. Overall, 0.3% of Austrian goods exports could potentially be affected by these duties. The export goods concerned, however, are mostly specialized products that could hardly be substituted with U.S.-made products in the short term. The direct consequences of U.S. import duties on passenger car imports from Austria are comparable in magnitude; the fact that Austria produces passenger cars in the high-price segment (Jaguar and BMW) makes short-term substitution equally unlikely.

Box Chart 1

Importance of product groups directly affected and potentially affected by U.S. import tariffs

Shares reported in 2016



Source: Comtrade.

However, duties on European cars would have a significant indirect impact on the Austrian economy. Austria is part of the central European value chain in the automotive sector. More than one-third of Austria's automotive exports go to Germany, of which more than 50% are vehicle parts. For Germany, the U.S.A. is the most important sales market for passenger cars (accounting for a share of 13% of total passenger car sales). A world input-output table makes this interdependence visible: For Austria, it shows an approximate value-added share of 0.2% for U.S. automobile imports; however, this share increases to 0.5% if third-country links are included (source: wiiw: US tariffs on cars: An expensive and dangerous gamble, May 25, 2018). In other words, almost 0.4% of Austria's employment is entirely devoted to the production of cars for the U.S.A.

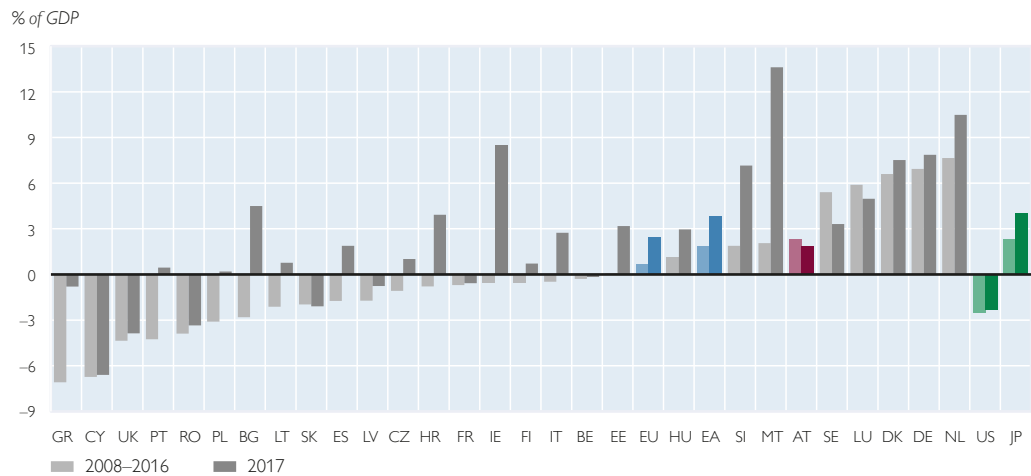
In contrast to the effects described above, the trade conflict is already noticeable in the form of uncertainty and confidence effects. These were the reason for part of the economic slowdown in Germany and the euro area in the first half of 2018, which has dampened import demand for Austrian goods.

Current account surpluses confirm Austria's international competitiveness

Austria has constantly recorded current account surpluses since 2002. In 2017, the current account surplus amounted to EUR 7.0 billion or 1.9% of GDP. This positive result was driven by a plus in the balance of services and an improvement in the primary and secondary income balances, which compensated for the decline in the goods balance. In light of the strong competitiveness of the Austrian economy and the recently observed significant pickup in global trade, all forecasts currently predict that Austria will continue to post current account surpluses in the coming years.

Chart 9

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

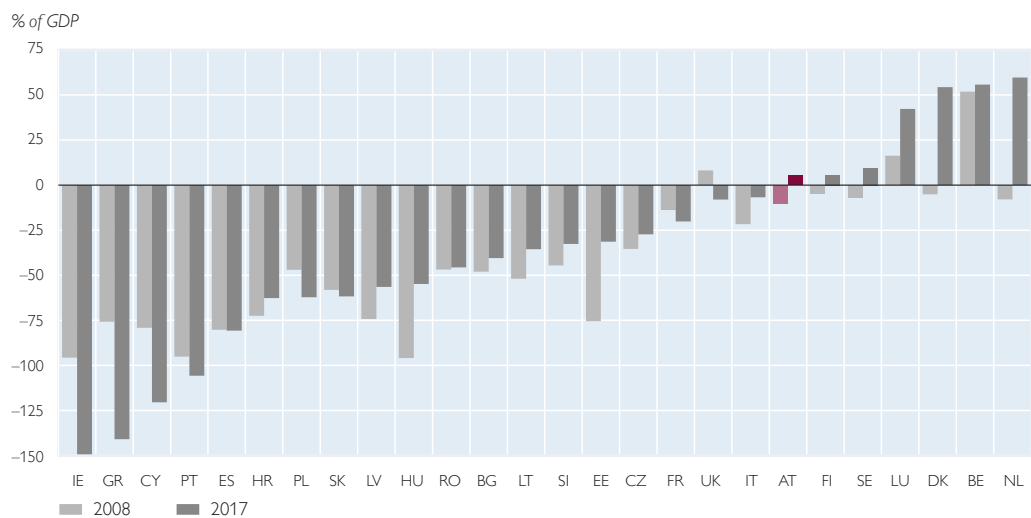


Source: Eurostat.

Note: UK (2008), EU (2008), U.S.A. and Japan: averages derived from European Commission and IMF data.

Chart 10

Net international investment position



Source: Eurostat, ECB (SDW).

Austria's net international investment position positive since 2013

Due to its sustained current account surplus – since 2002 Austria has recorded a cumulated surplus of EUR 113 billion – Austria has steadily improved its net international investment position (IIP). In 2013, its net IIP entered positive territory, and in 2017, it came to EUR 19.9 billion (5.4% of GDP). Overall, Austria's net IIP is fairly balanced, compared to high deficits in Ireland, Greece and Cyprus and high surpluses in Malta, Germany and the Netherlands.

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

The general government budget balance improved and reached -0.8% of GDP in 2017, following a temporary deterioration in 2016 (-1.6% of GDP). Since 1980, the budget balance had invariably been worse than in 2017, with the sole exception of 2001, when it stood at -0.7% of GDP.

The notable improvement of the government budget balance in 2017 is essentially attributable to the very good economic situation and the continued decline in interest expenses due to the very low interest rate environment. Improving the nominal general government budget balance further is the declared objective of the federal government, which is aiming for a balanced budget in 2019. The expected benign economic environment will help achieve this objective, despite a number of expansive fiscal measures (e.g. increased tax relief for families with children).

Government debt as a share of GDP has been on a downward path since 2016. The sharp decline in 2017 – by almost 5 percentage points to 78.3% of GDP – can be traced to two factors: high GDP growth and low interest rates on the one hand, and the winding down of assets held by state-owned bad banks on the other. The government intends to reduce the debt ratio further, to below 70% of GDP in 2020 and toward a level of 60% of GDP by 2022.

Table 3

EU fiscal governance requirements							Source	Requirement
	Release	2013	2014	2015	2016	2017		
		% of GDP						
Budget balance	March 2018	-2.0	-2.7	-1.0	-1.6	-0.8	Statistics Austria	$\geq -3\%$ of GDP
Public debt	March 2018	81.3	84.0	84.8	83.0	78.3	Statistics Austria	from 2017: reduction of difference to 60% of GDP by an average $1/20$ per year
Structural balance	March 2018	-1.7	-0.7	-0.1	-0.9	-0.6	European Commission	from 2017: MTO (target value) is -0.5% of GDP

Source: Statistics Austria, European Commission, Ministry of Finance.

Austria achieved a structural budget balance of -0.6% of GDP in 2017

Under the preventive arm of the Stability and Growth Pact, which is part of the European fiscal framework, Austria is required to achieve a structural budget balance of -0.5% of GDP. According to the European Commission, Austria was

Chart 11

Budget balances of EU Member States in 2017

Euro area countries

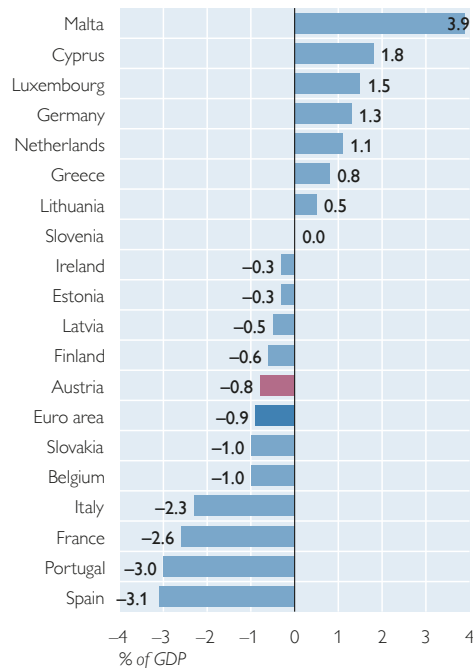
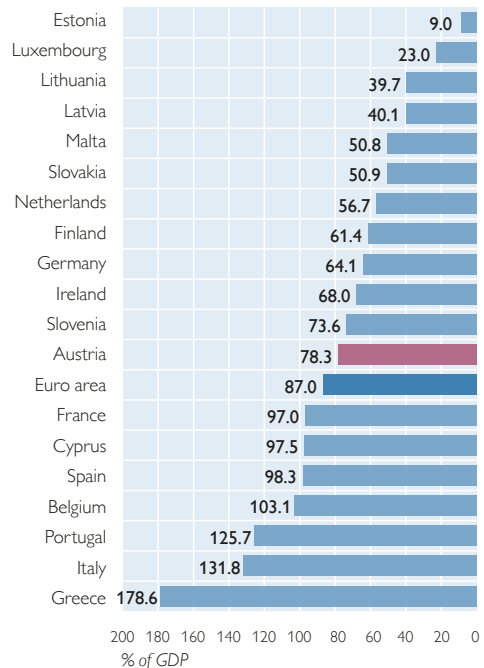


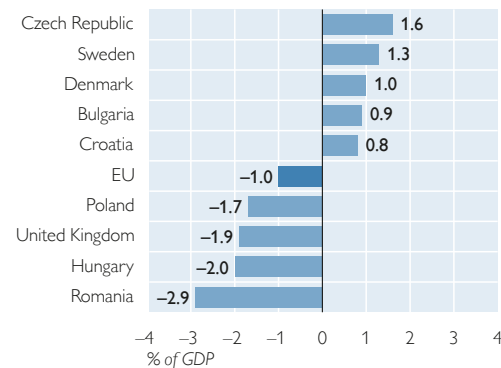
Chart 12

Public debt of EU Member States in 2017

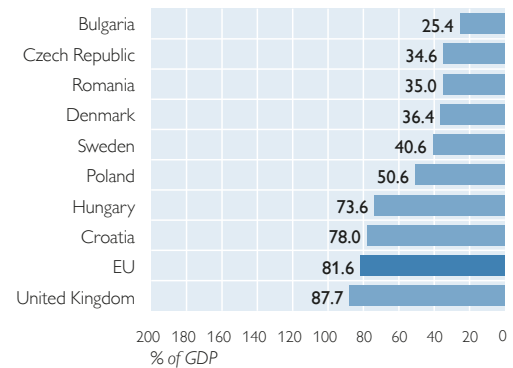
Euro area countries



Non-euro area countries



Non-euro area countries



Source: Eurostat.

Source: Eurostat.

roughly on target in 2017. For 2018, however, a deterioration of the structural budget balance is expected on account of tax cuts implemented by the current government (reduction of VAT on overnight accommodation, reduction of contributions to unemployment insurance for low income earners) as well as sustained effects of expansive measures adopted under the previous government.

Given that some of these expansive measures are set to expire and interest expenses have been declining, it will be possible to meet the medium-term budgetary objective from 2019 onward without taking additional saving measures, despite the increased tax relief for families with children.

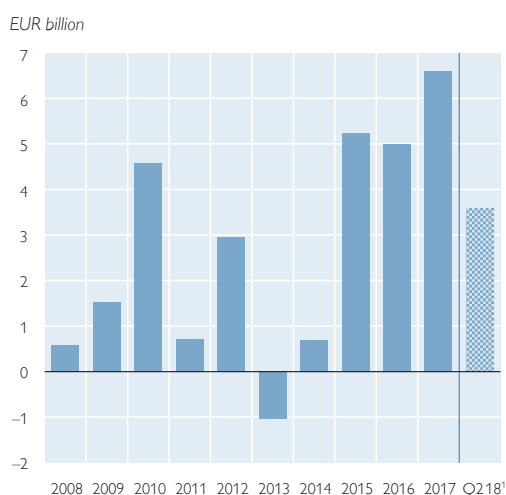
Top external assessment of the Austrian economy

Due to difficult (mainly external) economic conditions, most European countries have lost their AAA ratings. Austria maintains an AAA rating with DBRS and holds an AA+ rating with Standard & Poor's, Fitch and Moody's (Aa1). In July 2018, Fitch changed the outlook for Austria from "stable" to "positive," thus indicating an improvement to the top rating "AAA." With a continued above-average growth performance, as outlined in the IMF forecast, as well as a further improvement in government debt, as targeted by the federal government, the foundations have been laid for further rating enhancements.

2 Austrian banks benefit from benign economic environment

Chart 13

Consolidated net profit of Austrian banks



Source: OeNB.

¹ Q2 figure is not comparable with year-end data.

2.1 Profitability and capitalization need to be strengthened further

Bank profits at record levels thanks to low risk costs

Over the past few years, financial stability in Austria has been strengthened through supervisory measures as well as banks' efforts in carrying out restructurings and adapting their business models. Still, the Austrian banking sector continues to face major challenges such as the low interest rate environment. However, given the ongoing benign economic environment in early 2018, banks continued to record strong profits on the back of historically low risk provisions. Consolidated half-year net profits amounted to EUR 3.6 billion in June 2018, up 7% on the first half of 2017.

For the first time in years, interest income picked up, too, as credit growth continued to gain momentum. While the prevailing low interest rate level increases debt sustainability, especially for borrowers with variable rate loans, it may, at the same time, entail risks to credit quality if interest rates were to rise. In light of the current good economic conditions, banks even released more risk provisions than they set aside in the first half of 2018, which clearly boosted profitability. To achieve a sustainable level of operational profitability, however, banks should take additional measures to improve their cost efficiency and, hence, their risk-bearing capacity. Against this background, banks should not risk any further delays but move forward with adjusting their business models. These are important steps toward safeguarding an efficient, resilient banking sector that guarantees a stable and modern supply of credit and financial services.

Credit quality continues to improve

On the back of the brighter economic environment, Austrian banks' credit quality continued to improve in the first half of 2018. Both the consolidated nonperforming loan (NPL) ratio as well as the NPL ratio for domestic business alone dropped further, to 3.1% and 2.2%, respectively. Austrian banks' subsidiaries in CESEE once again posted the sharpest decrease in NPL ratios, which improved markedly to 3.9% in the second quarter of 2018.

Capitalization levels slightly above European average

Austrian banks' capitalization has improved significantly over the past few years. A comparison with European peers shows that at 15.1%, the Austrian banking system's consolidated common equity tier 1 (CET1) ratio was slightly above the EU average of 14.9% in the first quarter of 2018. Also in the second quarter of

Table 4

Aggregated profit and loss account of Austrian banks (consolidated)

	2010	2011	2012	2013	2014	2015	2016	2017	Q2 18
EUR billion									
Net interest income	20.4	20.4	19.3	18.6	19.3	18.3	14.6	14.5	7.5
Fee and commission income	7.7	7.6	7.3	7.6	7.7	7.7	6.6	6.9	3.5
Trading income	1.0	0.8	1.1	0.7	0.4	-0.0	0.1	0.1	-0.4
Operating profit	13.5	10.4	12.1	8.0	8.9	10.5	5.7	8.1	3.9
Net result after tax	4.6	0.7	3.0	-1.0	0.7	5.2	5.0	6.6	3.6

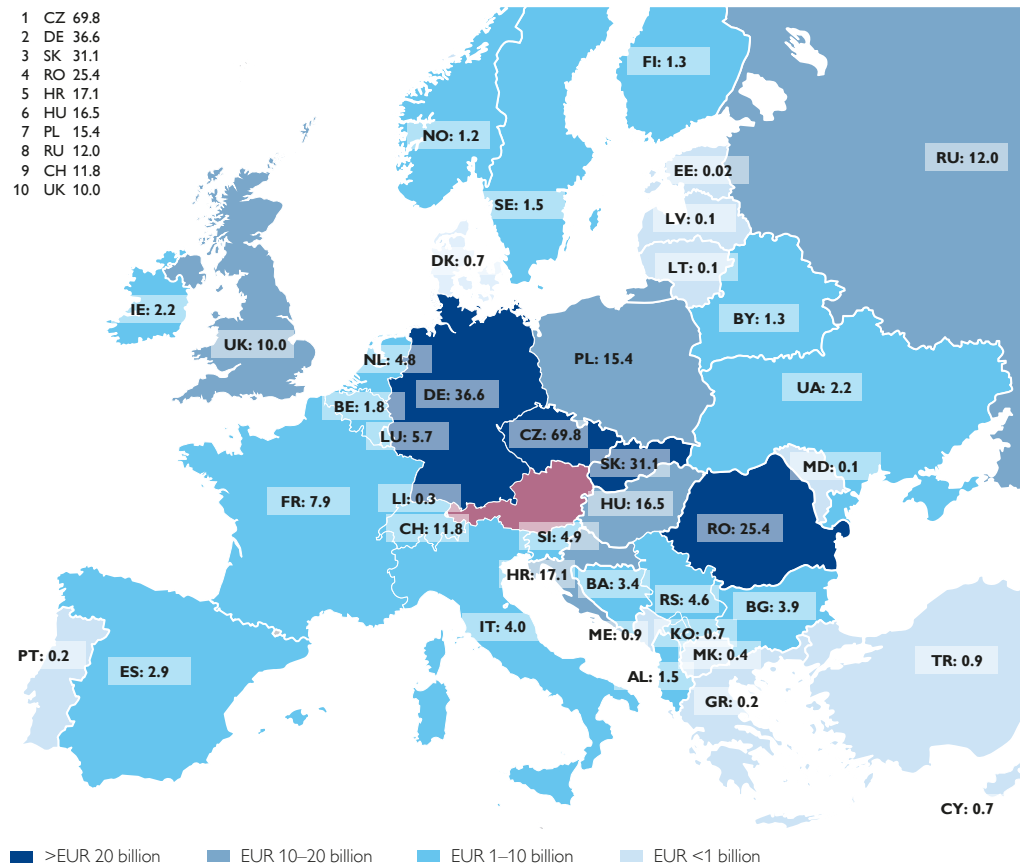
Source: OeNB.

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

Chart 14

Austrian banks¹ consolidated foreign claims (immediate borrower basis)

EUR billion



Source: OeNB, Q1 2018.

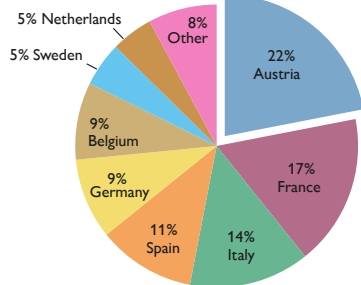
¹ In majority domestic ownership.

2018, the CET1 ratio of Austrian banks stood at 15.1%. Nevertheless, given their specific risk profile, domestic banks must continue to work toward improving their risk-bearing capacity.

Chart 15

EU-15 banks' shares in total exposure to CESEE

Total: EUR 968 billion



Source: BIS.

Note: Q1 2018. Data include banks in majority domestic ownership.

2.2 Austrian banks' foreign operations still mainly in CESEE

At the end of March 2018, the consolidated foreign claims of banks in Austrian majority ownership¹ totaled EUR 326 billion (see chart 14), with claims on CESEE accounting for some two-thirds thereof. As regards the aggregate CESEE-related claims of EU-15 banks, the Austrian banking sector's share added up to 22% at the end of March 2018 (see chart 15).

Box 2

Austria to undergo IMF Financial Sector Assessment Program (FSAP) in 2019

The Austrian financial sector is scheduled to undergo a thorough analysis under the IMF's Financial Sector Assessment Program (FSAP) in 2019. Austria is one of the countries whose financial sector the IMF deems to be systemically important; therefore, mandatory FSAP assessments take place every five years. As a rule, these assessments comprise three components: (1) sources, probabilities and potential impact of material risks to systemic stability in the near future; (2) legal and regulatory financial stability framework; and (3) national institutions' capacity to deal with a financial crisis should risks materialize. Each FSAP also includes an assessment of a country's anti-money laundering and terrorist financing regulations. The most recent assessments of the Austrian financial sector under the FSAP took place in 2003, 2008 and 2013. Austria has implemented the IMF's key recommendations from the 2013 FSAP relating to macroprudential supervision (e.g. establishment of the Financial Market Stability Board), banking and insurance supervision (e.g. systemic fit-and-proper test, implementation of Solvency II), bank resolution and crisis management.

The IMF already conducted an FSAP for the euro area earlier this year. Issues that were covered in this assessment will not be addressed again in the FSAP for Austria. For the euro area as a whole, the IMF found that the resilience of major euro area banks had improved but that important vulnerabilities remained and needed to be addressed. Some banks are particularly vulnerable to credit risk, while others are more exposed to market risk. Furthermore, some banks suffer from low profitability on a structural level. The risks to financial stability in the euro area in the near future identified by the IMF include tighter financing conditions, weaker economic growth as well as policy and geopolitical uncertainties. The U.K.'s withdrawal from the EU could have negative implications for financial markets and the wider economy. Finally, a deterioration in Member States' debt sustainability could become a challenge for EU policymaking.

Austrian banks' CESEE subsidiaries: improved profitability still supported by comparatively low risk provisions

Austrian banks' subsidiaries in CESEE benefited from relatively benign economic conditions, posting aggregate half-year profits of EUR 1.6 billion (see chart 16),

¹ Consolidated foreign claims (immediate borrower basis) as defined by the Bank for International Settlements (BIS).

up 3.6% on the first half of 2017. Credit growth reached an aggregate of 4.7% at Austrian banks' CESEE subsidiaries and was – as in previous quarters – particularly strong in the Czech Republic and Slovakia. At the same time, operating expenses also increased, especially staff costs. According to the most recent figures, loan loss provisions declined at a slower pace than in the past few quarters. Nevertheless, loan loss provisions remained at historically low levels. Austrian subsidiaries in Romania and Croatia recorded a comparatively high increase in earnings, whereas profits in the Czech Republic and Slovakia were broadly unchanged.

2.3 Macprudential measures strengthen financial stability

Steep decline in foreign currency loans continues

The volume of outstanding foreign currency loans to domestic nonbanks continues to decrease sharply, having contracted by 8.1% to EUR 20.6 billion (exchange rate-adjusted) between January and July 2018. As a result, the share of foreign currency loans in total loans to household contracted to 9.6%. That said, the associated risks for household borrowers remain high since about three-quarters of foreign currency loans to households have a bullet maturity and are linked with a repayment vehicle. This year's survey on foreign currency loans and loans with repayment vehicles that the OeNB conducted in cooperation with the FMA showed that at end-2017, the shortfall between the outstanding loan amount in euro and the forecast value of the repayment vehicle upon maturity had equaled around 29% of outstanding repayment vehicle loans, or EUR 4.4 billion.

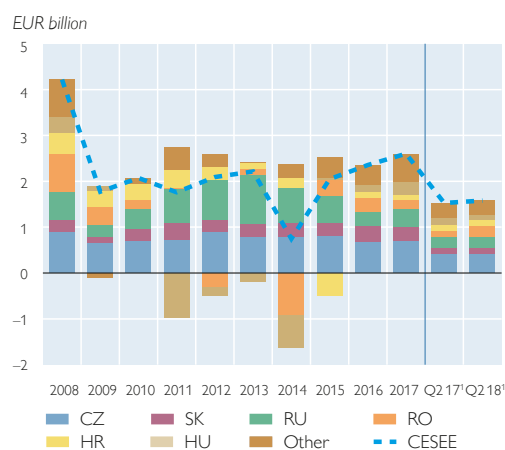
The volume of foreign currency loans issued by Austrian banks' CESEE subsidiaries has also continued to decline and has decreased by about two-thirds (foreign exchange rate-adjusted) since end-2010 to nearly EUR 30 billion as at half-year 2018. The largest part (about 80%) of these loans is denominated in euro.

Improved funding situation of Austrian banks' subsidiaries in CESEE

The supervisory guidance on strengthening the sustainability of the business models of large internationally active Austrian banks adopted in 2012 aims at supporting foreign subsidiaries' stable local funding base to prevent excessive credit growth, thereby reinforcing financial stability both in host countries and in Austria.² The OeNB's ongoing analysis confirms that Austrian CESEE subsidiaries currently have a balanced funding base. At mid-2018, the loan-to-deposit ratio stood at 82%, compared with 106% at end-2011.

Chart 16

Net results of Austrian banks' CESEE subsidiaries



Source: OeNB.

¹ Q2 figures are not comparable with year-end data.

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

² <https://www.oenb.at/en/financial-market/financial-stability/sustainability-of-large-austrian-banks-business-models.html>.

Systemic risk buffer strengthens financial stability

The systemic risk buffer³ (SyRB) has been applied at the consolidated level to 11 banks⁴ since January 1, 2016, and to an additional two banks⁵ since January 1, 2018. The activation of the buffer had been proposed by the OeNB and recommended by the Austrian Financial Market Stability Board (FMSB). A 2015 analysis indicated that Austria's position as a small, open economy with an above-average sized banking sector with a very high emerging market exposure, low capitalization compared with banking sectors in countries exposed to similar risks, and weak shareholders made it particularly vulnerable to systemic risk. A 2018 evaluation of the SyRB showed that banks were building up capital without constraining lending in Austria and their core markets in CESEE. Improvements from a systemic risk perspective were found in terms of capitalization, sector size, foreign exposure as well as ownership and group structures. Despite these improvements, the fundamental assessment that led to the activation of the SyRB remained unchanged, however.

Given that systemic risks may manifest themselves both at the consolidated and the unconsolidated level and that, in particular within cross-border banking groups, capital allocation in crisis situations would not be flexible, seven institutions have been required to meet the SyRB also at the unconsolidated level since January 1, 2018.⁶

Every year the OeNB evaluates the importance of individual banks for the Austrian financial system to ascertain whether their malfunctioning or failure would trigger systemic risks. At its meeting on July 4, 2018, the OeNB recommended that the FMSB include additional indicators when identifying banks in order to ensure that all systemically important banks are recognized as other systemically important institutions (O-SIIs).⁷ Especially banks that hold a high share of guaranteed deposits, which would (over)burden the deposit guarantee system in an insurance event, are considered highly relevant for the entire system. In addition, banks may be systemically relevant not only at the consolidated but also at the unconsolidated level. Following the expansion of the O-SII definition over time, the O-SII list now includes Volksbanken Verbund and Erste Bank der oesterreichischen Sparkassen (both because of their high volumes of guaranteed deposits), and the banks previously identified as O-SII are now considered to be systemically relevant also at the individual bank level.⁸

Based on regular OeNB analyses in 2017, the FMSB recommended on July 4, 2018, that the FMA maintain the countercyclical capital buffer (CCyB) rate at 0% of risk-weighted assets as no signs of excessive credit growth had been identified. The CCyB is intended to counteract risks arising from the credit cycle (especially excessive credit growth).

³ The SyRB has been designed to mitigate long-term noncyclical systemic risks. Its activation was recommended by the FMSB in June and September 2015. At the end of the phase-in period (i.e. from January 1, 2019), the SyRB will amount to up to 2% of risk-weighted assets.

⁴ <https://fmsg.at/en/publications/warnings-and-recommendations/2015/recommendation-4.html>.

⁵ <https://www.fmsg.at/en/publications/warnings-and-recommendations/2017/recommendation-fmsg-4-2017.html>.

⁶ <https://fmsg.at/en/publications/warnings-and-recommendations/2017/recommendation-fmsg-4-2017.html>.

⁷ The O-SII buffer is prescribed for banks whose malfunctioning or failure may trigger a systemic risk which could entail serious negative consequences for the financial system and the real economy (Article 23c in conjunction with Article 2 para. 41 Austrian Banking Act).

⁸ <https://www.fmsg.at/en/publications/warnings-and-recommendations/2018/recommendation-fmsg-3-2018.html>.

Maintaining sustainable lending standards in real estate financing is one of the key challenges in safeguarding financial stability in Austria

International experience has shown that the bursting of credit-financed real estate price bubbles may generate high costs for an economy and public finances. Unlike many other countries, Austria did not see the emergence, and subsequent bursting, of a debt-financed real estate bubble over the past decades. However, structural change cannot be ruled out, given that interest rates are still low, and borrowers and lenders expect property prices to rise further, which in turn might go hand in hand with an easing of credit standards. While systemic risks emanating from real estate financing are indeed limited at present, lending standards must be sustainable so that such risks continue to be kept at bay.

Therefore, in its meeting of September 21, 2018, the Austrian FMSB specified its definition of sustainable real estate lending: Borrowers should be able to provide adequate equity when taking out a loan; equity worth less than 20% of the loan amount is considered to be a cause for concern. Loan terms should not be excessively long and should take into account borrowers' life cycle income profiles; terms over 35 years should be granted only in exceptional cases. Borrowers' household income and expenses should be calculated conservatively before a lending decision is made to ensure that debt servicing remains within reasonable limits (generally no more than 30% to 40% of household net income). Only verified, regular and sustainable income should be included in this calculation.⁹

Individual indicators alone do not fully reflect credit risk in a real estate loan; therefore, it is crucial that the assessment of the indicators listed above forms part of an overall analysis that also comprises other available information.

Together with the FMA and the OeNB, the FMSB will continue to monitor developments in the Austrian housing market. If systemic risks from real estate financing should arise, the FMSB can recommend that the FMA take measures in line with Article 22b Banking Act.

2.4 Rating agencies confirm improved stability of banking sector; OeNB recommends efficiency-enhancing measures and sustainable lending

International rating agencies have confirmed the Austrian banking sector's improved stability ten years after the onset of the financial crisis. On May 30, 2018, Standard & Poor's raised Austria's industry country risk assessment from 3 to 2, which puts the domestic banking system among the 13 most stable systems worldwide (no country has an assessment of 1). Moody's changed the outlook for the Austrian banking system from positive to stable on August 22, 2018, reflecting a slowdown in improvements seen over the past few years. This implies that rating changes are unlikely in the next 12 to 18 months. In particular, Moody's pointed out that the increase in capital ratios was slowing down (also due to higher dividend payouts) and improvements in loan quality were also set to abate. However, bank profitability is expected to remain stable and the likelihood of government aid for banks is considered to be low. Banks' funding and liquidity profiles are viewed as one of the sector's strengths (not least given high deposits in Austria and CESEE).

⁹ <https://www.fmsg.at/publikationen/presseaussendungen/2018/17te-sitzung.html>.

In light of the developments mentioned above and with a view to strengthening financial stability, the OeNB recommends that banks ensure sustainable profitability through further efforts toward improvements in efficiency to facilitate a further increase in capitalization and IT investments. Also, banks are called upon to work toward sustainability in lending (especially in real estate financing), a further reduction in nonperforming loans and continued compliance with the supervisory minimum standards for foreign currency and repayment vehicle loans and the Sustainability Package.

3 Annex of tables

Table A1

Real GDP¹

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Annual change in %									
Austria	1.8	2.9	0.7	0.0	0.8	1.1	1.5	3.0	2.8	2.2
Euro area	2.1	1.6	-0.9	-0.2	1.3	2.1	1.8	2.4	2.0	1.9
EU	2.0	1.8	-0.3	0.3	1.9	2.4	2.1	2.7	2.2	2.0

Consumer price indices¹

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Annual change in %									
Austria	1.7	3.5	2.6	2.1	1.5	0.8	1.0	2.2	2.0	2.1
Euro area	1.6	2.7	2.5	1.3	0.4	0.0	0.2	1.5	1.7	1.7
EU	2.1	3.1	2.6	1.5	0.5	0.0	0.2	1.7	1.9	1.9

Unemployment rates¹

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	% of labor force									
Austria	4.8	4.6	4.9	5.4	5.6	5.7	6.0	5.5	5.2	5.1
Euro area	10.2	10.2	11.4	12.0	11.6	10.9	10.0	9.1	8.3	8.0
EU	9.6	9.7	10.5	10.9	10.2	9.4	8.6	7.6	x	x

Current account balances¹

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	% of GDP									
Austria	2.9	1.6	1.5	1.9	2.5	1.9	2.1	1.9	2.2	1.8
Euro area	-0.1	-0.1	1.4	2.2	2.5	3.2	3.6	3.5	3.1	2.9
EU	-0.1	0.4	1.2	1.6	1.6	1.9	2.0	2.5	2.3	2.2

Budget balances¹

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	% of GDP									
Austria	-4.5	-2.6	-2.2	-2.0	-2.7	-1.0	-1.6	-0.7	-0.2	-0.2
Euro area	-6.2	-4.2	-3.7	-3.0	-2.5	-2.0	-1.5	-0.9	-0.7	-0.7
EU	-6.4	-4.6	-4.3	-3.3	-2.9	-2.3	-1.6	-1.0	x	x

Government debt ratios¹

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	% of GDP									
Austria	82.7	82.4	81.9	81.3	84.0	84.6	83.6	78.3	x	x
Euro area	84.7	86.8	89.6	91.5	91.8	90.1	89.0	86.7	84.5	82.2
EU	78.9	81.5	83.9	85.8	86.5	84.5	83.3	81.6	x	x

Source: IMF WEO, September 2018, if available; otherwise Eurostat.

¹ Data for 2018 to 2019 are based on the IMF World Economic Outlook forecast (September 2018).

Note: x = data not available.

Table A2

General government interest payments

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

Household debt

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	% of disposable net income									
Austria	90.1	93.7	93.3	91.1	90.8	90.5	92.3	91.7	91.5	x
Euro area	117.0	118.8	118.0	117.2	116.0	114.7	114.4	114.3	114.1	x
	% of GDP									
Austria	53.9	55.0	53.6	53.0	52.0	51.8	51.8	51.7	50.7	x
Euro area	71.0	70.9	69.9	69.2	68.0	66.7	65.6	65.3	64.7	x

Corporate debt¹

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	% of gross operating surplus ²									
Austria	387.9	390.3	382.2	389.2	418.5	398.1	394.3	390.6	380.2	x
Euro area	497.4	488.1	499.2	518.6	503.2	507.7	493.2	495.4	477.5	x
	% of GDP									
Austria	91.8	93.1	92.2	91.7	95.6	91.7	91.4	91.3	89.7	x
Euro area	100.8	101.0	103.8	104.9	102.8	104.6	106.3	106.5	103.4	x

Residential property price index

	2013	2014	2015	2016	2017	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
	Index 2000=100									
Austria excluding vienna	141.1	145.4	152.9	166.7	174.9	176.5	175.0	178.8	186.2	187.1
Vienna	196.3	204.6	209.2	217.2	220.4	220.1	221.6	220.1	227.7	229.4
	Annual change in %									
Austria excluding Vienna	2.7	3.1	5.1	9.1	4.9	4.2	4.5	7.3	10.0	6.0
Vienna	8.7	4.2	2.2	3.8	1.5	2.4	3.4	0.3	3.5	4.2

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

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

² Including mixed income of the self-employed.

Note: x = data not available.

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