

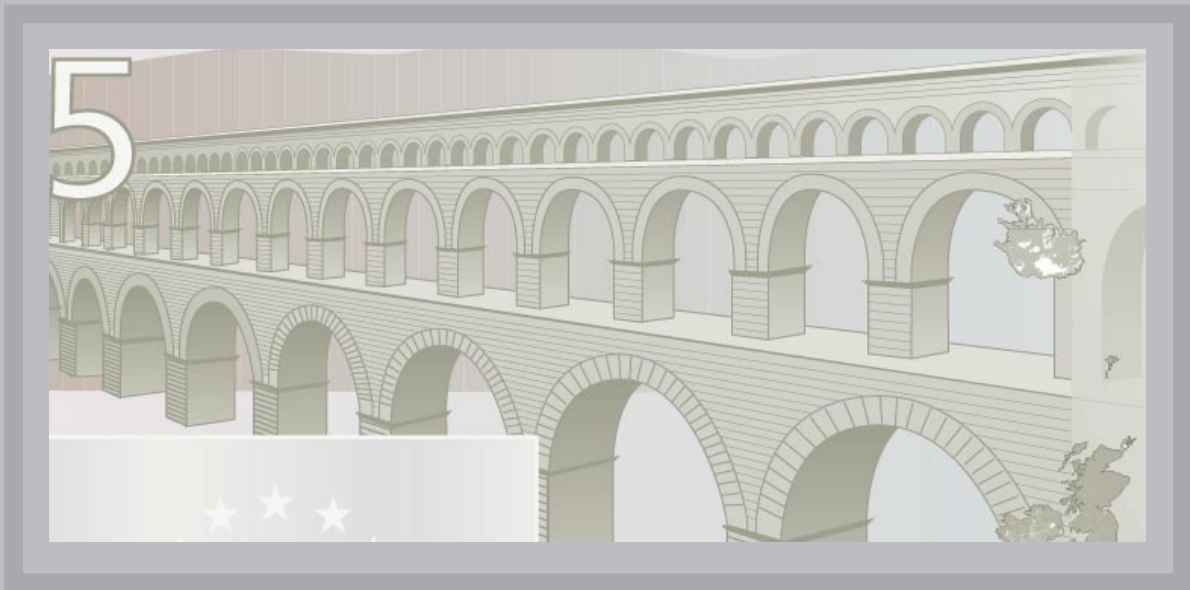


OESTERREICHISCHE NATIONALBANK

INTEGRAL PART OF THE EUROPEAN
SYSTEM OF CENTRAL BANKS

A N N U A L R E P O R T 2 0 0 0







REPORT ON THE FINANCIAL YEAR 2000
WITH ANNUAL STATEMENT OF ACCOUNTS 2000

Submitted to the General Meeting on May 17, 2001



Economic and Monetary Union, now in its third year, has already yielded immense economic benefits through monetary policy integration. The upswing boosted growth in all euro area countries in the review year, with the euro cushioning the differences in economic performance across the euro area and the impact of fluctuations of the U.S. dollar's exchange rate. Thanks to the euro, these cyclical swings had no effect on exchange rates and exchange rate expectations, and hence did not result in any destabilization.

The generally powerful rate of economic expansion in the euro area let up somewhat in the second half of 2000. Shrinking real household incomes in the wake of rising oil prices are likely to have been instrumental to the slowdown. Nevertheless, both the data on the real economy and the monetary indicators signaled a clearly increased risk to price stability. The Eurosystem responded to this risk by pursuing a prudent interest rate policy.

In Austria, too, the expansion slowed to a noticeably more moderate pace in the second half of the year under review. High export demand hand in hand with a rise in manufacturing and continued animated investment were the hallmark of business growth in Austria. GDP growth in the year 2000 as a whole was more robust than anytime during the 1990s. With GDP augmenting at a healthy rate, the situation on the

labor market was also favorable; above all, the rate of unemployment was low. Inflationary pressure intensified, but price increases remained quite moderate considering the broad range of causes – the oil price, the strength of the U.S. dollar, the indirect tax hikes and the cyclical impact. Unlike in previous years, inflation was kept in check above all by heightened competitive pressure on the liberalized markets. While Austria is not at the forefront of European countries in consolidating public finances, the measures introduced by the federal government certainly signal that Austria deems meeting the conditions of the Stability and Growth Pact a crucial, pressing prerequisite for economic policy in the European Union.

In recent years, the Oesterreichische Nationalbank (OeNB) has evolved into a provider of important services, has concentrated its holdings in the payment services sector and has reoriented its organizational and management structures on up-to-date business principles. In particular, the OeNB has expanded its analytical functions, and has keyed its public relations activities to various target groups. Looking ahead, the imminent introduction of euro banknotes and coins faces the OeNB with a logistical and communications policy challenge of historic dimensions.

Adolf Wala
President

Since the beginning of Stage Three of Economic and Monetary Union (EMU) in 1999, some 300 million euro area citizens have benefited from the advantages and opportunities EMU has created. To date, 12 EU Member States have embarked on the project that is EMU, and they are now enjoying the gains of this historically unique integration effort. Monetary Union has initiated a string of impressive developments, such as the integration of financial markets, the lowering of inflation and the consolidation of public finances. The elimination of exchange rate risks and greater price transparency in EMU's wake have decisively stimulated trade among European countries. The euro has established itself as a solid cornerstone of the international monetary system and has become a leading world currency along with the U.S. dollar.

In line with the Eurosystem's primary objective of maintaining price stability and thereby securing purchasing power, the Governing Council of the ECB was intent in 2000 on rapidly counteracting the upward risks to price stability caused by the rise in oil prices and the depreciation of the euro. To maintain stable prices, the Governing Council employed a circumspect interest rate policy, with the two-pillar strategy on which the ECB's monetary policy is based proving its mettle in practice. The success of the Eurosystem's monetary policymaking, which is reflected in one of the lowest inflation rates in the world, represents an important contribution to robust, noninflationary growth in the euro area and to a further reduction of unemployment. The initial gains of Monetary Union must not be risked carelessly, however.

Thus, as part of an increasingly coordinated economic policy, sustainable consolidation of public finances under the Stability and

Growth Pact and the structural reforms begun on the product, labor and financial markets (above all, pension and health care reform) must be firmly pursued to secure the euro area's international competitiveness and to foster further growth and employment. Just like the other Member States, Austria must contribute to this process.

So far, the OeNB has established an excellent track record in handling the manifold new tasks resulting from the interplay of the national central banks within the Eurosystem. With the changeover to euro notes and coins coming up at the beginning of 2002, the OeNB faces a further exciting and difficult logistical and public relations challenge. For example, starting January 1, 2002, 360 million euro banknotes and 1.5 billion euro and cent coins must be supplied to Austrian businesses and consumers within just a few weeks. Changeover preparations in the Eurosystem and at the OeNB and its subsidiaries are proceeding on schedule. The OeNB and the ECB will continue to provide the public with comprehensive information about the switch to euro cash.

One important task during the changeover is to make sure that prices are converted correctly. The introduction and daily use of euro cash will turn the euro from an abstract concept into real money in people's pocketbooks. Using euro cash at last should have a positive psychological effect and should help the business world and the public embrace the euro as their currency.

With Monetary Union and the euro on track, we are on the way to achieving a further milestone on the path to successful European integration.

Klaus Liebscher
Governor



Conventions used in the tables

–	=	zero
..	=	not available
×	=	not applicable
0	=	negligible
∅	=	average
–	=	new series

Discrepancies may arise from rounding.

Abbreviations

AG	Aktiengesellschaft (roughly: stock corporation)	IGC	Intergovernmental Conference
AMS	Austrian Public Employment Service	IHS	Institute of Advanced Studies
ARTIS	Austrian Real-Time Interbank Settlement (the Austrian RTGS system)	IMF	International Monetary Fund
ASEAN	Association of Southeast Asian Nations	IOSCO	International Organisation of Securities Commissions
A-SIT	Zentrum für sichere Informationstechnologie Austria – Center for Secure Information Technology Austria	IRC	International Relations Committee
ATX	Austrian Traded Index	IT	information technology
BAC	Banking Advisory Committee (EU)	JVI	Joint Vienna Institute
BCBS	Basel Committee on Banking Supervision (BIS)	LGD	loss given default
BFE	Broad Forecasting Exercise	LTRO	longer-term refinancing operation
BIS	Bank for International Settlements	M3	broad monetary aggregate M3
BMF	Bundesministerium für Finanzen – Austrian Federal Ministry of Finance	MFI	monetary financial institution
BSC	Banking Supervision Committee (ESCB)	MoU	memorandum of understanding
CCBM	correspondent central banking model	MÖAG	Münze Österreich AG – Austrian Mint
CEECs	Central and Eastern European countries	MRO	main refinancing operation
CFA	Communauté Financière Africaine	Nasdaq	National Association of Securities Dealers' Automated Quotation System
CMFB	Committee on Monetary, Financial and Balance of Payments Statistics (EU)	NCBs	national central banks
CLS	Continuous Linked Settlement system	Nemax	stock price index on Frankfurt's Neuer Markt
CPI	consumer price index	NEWEX	New Europe Exchange
CPSS	Committee on Payment and Settlement Systems	Nikkei	stock price index on the Tokyo stock market
EAD	exposure at default	NFE	Narrow Forecasting Exercise
EBK	Elektronische Bankenkommunikation – Electronic Banking Communications system	OECD	Organisation for Economic Co-operation and Development
EBRD	European Bank for Reconstruction and Development	OeKB	Oesterreichische Kontrollbank (specialized bank for export financing, central depository for securities)
EC	European Community	OeNB	Oesterreichische Nationalbank
ECB	European Central Bank	OeBS	Oesterreichische Banknoten- und Sicherheitsdruck GmbH – Austrian Banknote and Security Printing Works
ECCO	External Communications Committee	ÖBFA	Österreichische Bundesfinanzierungsagentur – Austrian Federal Financing Agency
Ecofin	Council of Economic and Finance Ministers (EU)	ÖIAG	Österreichische Industrie Aktiengesellschaft – Austrian industrial holding company
ECSDA	European Central Securities Depository Association	ORF	Österreichischer Rundfunk – Austrian Broadcasting Corporation
EEA	European Economic Area	PD	probability of default
EFC	Economic and Financial Committee (EU)	P.S.K	Postsparkasse
EMI	Electronic Money Institution	R&D	Research and Development
EMAS	Eco-Management and Audit Scheme	RTGS	Real-Time Gross Settlement
EMU	Economic and Monetary Union	RVG	Realitäten-Verwertungs-GmbH (a property management company)
EONIA	Euro OverNight Index Average	RZB	Raiffeisen Zentralbank
EPM	the ECB's Payment Mechanism	SDDS	Special Data Dissemination Standard
ERM II	Exchange Rate Mechanism II (EU)	SNA	System of National Accounts
ESA	European System of National Accounts	SSS	securities settlement system
ESCB	European System of Central Banks	STC	Statistics Committee (ECB)
EU	European Union	STF	System Transformation Facility (IMF)
EURIBOR	Euro Interbank Offered Rate	STUZZA	Studiengesellschaft für Zusammenarbeit im Zahlungsverkehr – Austrian Research Association for Payment Cooperation
Eurostat	Statistical Office of the European Communities	SUERF	Société Universitaire Européenne de Recherches Financières
FATF	Financial Action Task Force on Money Laundering (OECD)	S.W.I.F.T.	Society for Worldwide Interbank Financial Telecommunication
Fed	Federal Reserve System (the central Bank of the United States)	SDR	Special Drawing Right (IMF)
FOMC	Federal Open Market Committee (Fed)	TARGET	Trans-European Automated Real-time Gross settlement Express Transfer
FSF	Financial Stability Forum	UMTS	Universal Mobile Telecommunications System
G-7	Group of 7: the seven leading industrial democracies, namely Canada, France, Germany, Italy, Japan, the United Kingdom and the United States	UN	United Nations
G-10	Group of 10: the G-7 plus Belgium, the Netherlands, Sweden and Switzerland	UNCTAD	United Nations Conference on Trade and Development
G-20	Group of 20: the G-7, the European Union and 12 leading Third World countries, including China, Mexico, India and Brazil	VaR	Value at Risk
GDP	gross domestic product	ViDX	Vienna Dynamic Index
GSA	GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination GmbH (cash services company)	WIFO	Österreichisches Institut für Wirtschaftsforschung – Austrian Institute of Economic Research
HIPC	Highly Indebted Poor Countries	WIIW	Wiener Institut für internationale Wirtschaftsvergleiche – The Vienna Institute for International Economic Studies
HICP	Harmonized Index of Consumer Prices	WTO	World Trade Organization (UN)
IDA	International Development Association		
IFES	Institut für empirische Sozialforschung GesmbH – Institute for Empirical Social Research		

**GENERAL COUNCIL (GENERALRAT), STATE COMMISSIONER,
GOVERNING BOARD (DIREKTORIUM), PERSONNEL CHANGES,
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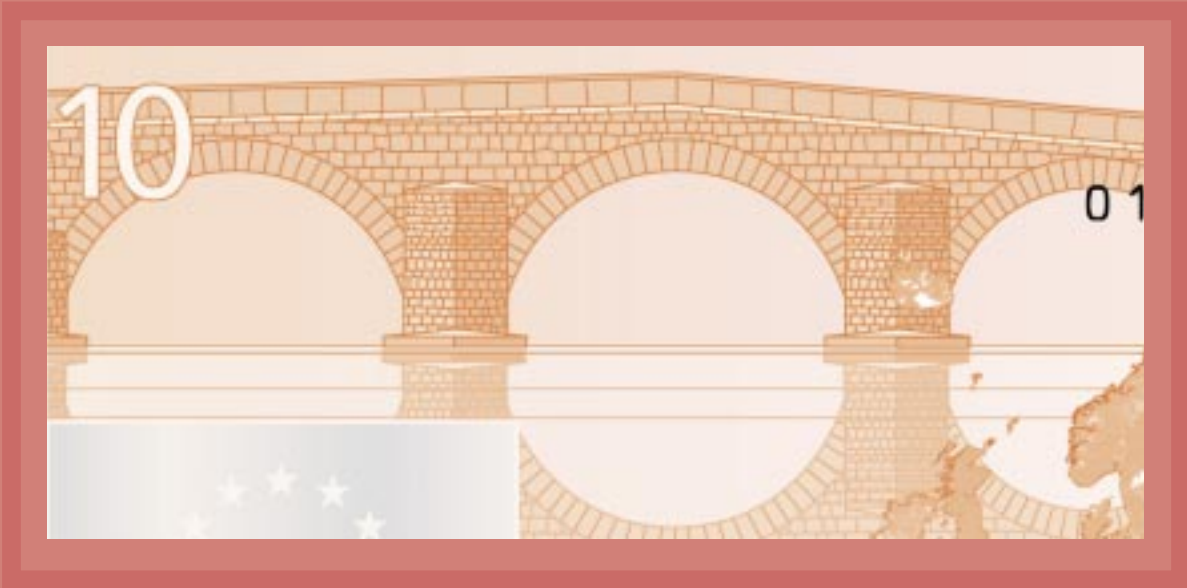
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General Council (Generalrat), State Commissioner

on December 31, 2000

Adolf Wala

President

Herbert Schimetschek

Vice President

Chief Executive Director
of UNIQA Versicherungen AG

August Astl

Secretary General of the Board of Presidents
of the Austrian Chamber of Agriculture

Rene Alfons Haiden

Retired Chief Executive Director
of Bank Austria AG

Werner Muhm

Deputy Chief
of the Chamber of Labor of Vienna

Helmut Elsner

Chief Executive Director
of Bank für Arbeit und Wirtschaft AG

Max Kothbauer

Chief Executive Director
of the Austrian Postal Savings Bank (P.S.K.)
until November 30, 2000

Walter Rothensteiner

Chief Executive Director
of Raiffeisen Zentralbank Österreich AG

Helmut Frisch

Chairman of the Supervisory Board
of the Austrian Postal Savings Bank (P.S.K.)
until November 30, 2000

Richard Leutner

Secretary
of the Austrian Trade Union Federation

Karl Werner Rüsck

Former Member of the Government of Vorarlberg
Former Second Vice President of the OeNB

Lorenz R. Fritz

Secretary General
of the Federation of Austrian Industry

Johann Marihart

Chief Executive Director
of Agrana Beteiligungs-AG

R. Engelbert Wenckheim

Board Member
of Getränkeindustrie Holding AG

Representatives delegated by the Staff Council to attend proceedings
that deal with personnel matters:

Thomas Reindl

Martina Gerharter

State Commissioner

Walter Ruess

Director
in the Ministry of Finance

Deputy State Commissioner

Heinz Handler

Director General
in the Federal Ministry for Economic Affairs
and Labour

Governing Board (Direktorium)

on December 31, 2000



Klaus Liebscher
Governor

Wolfgang Duchatzek
Executive Director

Gertrude Tumpel-Gugerell
Vice Governor

Peter Zöllner
Executive Director

Personnel Changes

between April 14, 2000 and April 19, 2001

At the constituent meeting of the Central Staff Council of May 8, 2000, Thomas *Reindl* was voted Chairperson, replacing Gerhard *Valenta*, and Martina *Gerharter* was voted Deputy Chairperson.

The ordinary General Meeting of May 18, 2000, marked the end of the term of office of General Council member Siegfried *Sellitsch*. Max *Kothbauer*, Chief Executive Director of the Austrian Postal Savings Bank (P.S.K.) was elected as his successor at the same General Meeting. Walter *Rothensteiner*, whose term of office ended on the day of the General Meeting, was reappointed to the General Council.

<p>President Adolf Wala</p> <hr/> <p>Office of the President Richard Mader, Head</p>	<p>Vice President Herbert Schimetschek</p> <hr/>
<p>Governing Board (Direktorium)</p>	
<p>Central Bank Policy Department Klaus Liebscher, Governor</p> <hr/> <p>Office of the Governor Wolfgang Ippisch, Head</p> <hr/> <p>Internal Audit Division Wolfgang Winter, Head</p> <hr/> <p>Secretariat of the Governing Board and Public Relations Wolfdietrich Grau, Head</p> <hr/> <p>Planning and Controlling Division Gerhard Hohäuser, Head</p> <hr/> <p>Anniversary Fund Wolfgang Höritsch, Head</p>	<p>Economics and Financial Markets Department Gertrude Tumpel-Gugerell, Vice Governor</p> <hr/> <p>Section</p> <p>Economic Analysis and Research Peter Mooslechner, Director</p> <hr/> <p>Economic Analysis Division Ernest Gnan, Head</p> <hr/> <p>Economic Studies Division Eduard Hochreiter, Head</p> <hr/> <p>European Affairs and International Financial Organizations Division Franz Nauschnigg, Head</p> <hr/> <p>Foreign Research Division Kurt Pribil, Head</p> <hr/> <p>Brussels Representative Office Reinhard Petschnigg, Representative</p> <hr/> <p>Paris Representative Office Andreas Breitenfellner¹⁾, Representative</p>
<p>Section</p> <p>Accounting Michael Wolf, Director</p> <hr/> <p>Financial Statements Division Friedrich Karrer, Head</p> <hr/> <p>Accounts Division Otto Panholzer, Head</p>	<p>Section</p> <p>Financial Institutions and Markets Andreas Ittner, Director</p> <hr/> <p>Financial Markets Analysis and Surveillance Division Helga Mramor, Head</p> <hr/> <p>Banking Analysis and Inspections Division Peter Mayerhofer, Head</p> <hr/> <p>Credit Division Franz Richter, Head</p>
<p>Section</p> <p>Legal Matters and Management of Equity Interests Bruno Gruber, Director</p> <hr/> <p>Legal Division Hubert Mölzer, Head</p> <hr/> <p>Management of Equity Interests</p>	<p>Unit</p> <p>Future Unit Peter Achleitner, Director</p>

Money, Payment Systems and Information Technology Department
Wolfgang Duchatzek, Executive Director

Section

Payment Systems and Information Technology
Wolfgang Pernkopf, Director

Systems Development Division
Reinhard Auer, Head

Technical Support Division
Rudolf Kulda, Head

Payment Systems Division
Andreas Dostal, Head

Section

Cashier's Division and Branch Offices
Alfred Scherz, Director

Cashier's Division
Stefan Augustin, Head

Printing Office
Gerhard Habitzl, Technical Manager

Coordination of Branches
Peter Weihs, Head

Bregenz
Helmut Höpperger, Branch Manager

Eisenstadt
Friedrich Fasching, Branch Manager

Graz
Gerhard Schulz, Branch Manager

Innsbruck
Günther Federer, Branch Manager

Klagenfurt
Günter Willegger, Branch Manager

Linz
Axel Aspetsberger, Branch Manager

Salzburg
Elisabeth Kollarz, Branch Manager

St. Pölten
Horst Walka, Branch Manager

Investment Policy and Internal Services Department
Peter Zöllner, Executive Director

Personnel Division
Maria Zojer, Head

Section

Treasury
Rudolf Trink, Director

Treasury – Strategy Division
Rudolf Kreuz, Head

Treasury – Front Office
Walter Sevcik, Head

Treasury – Back Office
Gerhard Bertagnoli, Head

London Representative Office
Elisabeth Antensteiner, Representative

New York Representative Office
Robert Reinwald, Representative

Section

Organization and Internal Services
Albert Slavik, Director

Organization Division
Norbert Weiß, Head²⁾

Administration Division
Roland Kontrus, Head

Security Division
Erich Niederdorfer, Head

Mail Distribution, Files and Documentation Services
Alfred Tomek, Head

Section

Statistics
Aurel Schubert, Director

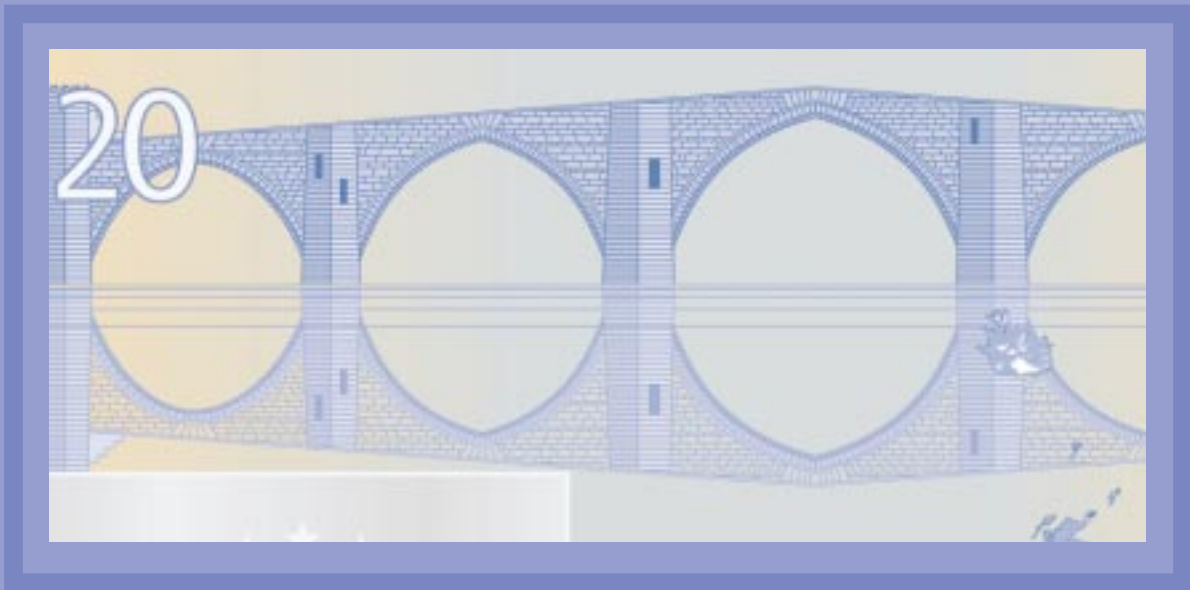
Banking Statistics and Minimum Reserve Division
Alfred Rosteck, Head

Balance of Payments Division
Eva-Maria Nesvadba, Head

¹ From May 1, 2001.

² Environmental Officer.

as at April 19, 2001





Report of the
Governing Board (Direktorium)
for the Financial Year 2000

European Monetary Union and the OeNB: Two Years of Successful Cooperation

Since the beginning of Stage Three of Economic and Monetary Union (EMU) on January 1, 1999, the Eurosystem has been responsible for conducting the common monetary policy of 11 Member States of the European Union.¹⁾ With the entry of Greece as the 12th participating Member State on January 1, 2001, the euro has become the currency of an economic area of just over 300 million inhabitants, whose economic power is comparable to that of the U.S.A.

The European System of Central Banks (ESCB), an independent institution, is the authority responsible for EMU. It consists of the European Central Bank (ECB) and the national central banks (NCBs) of all 15 Member States of the European Union. In addition to the members of the Eurosystem, the ESCB also includes the NCBs of Member States with a derogation, i.e. those which did not adopt the euro at the start of Stage Three of EMU.²⁾

Since its establishment two years ago, EMU has proved successful in particular at the macroeconomic level. The euro area economy has gathered steam, prices have remained quite stable, unemployment has contracted pronouncedly, budget deficits have been reduced substantially and structural reforms have taken effect in many areas, boosting competitiveness. The creation of Monetary Union has, furthermore, speeded up the economic convergence of participating Member States and promoted the integration of European financial markets – developments which also made Austria a more attractive business location for investors. The euro is well equipped to strengthen its status as an internationally renowned currency, thereby forming a solid

cornerstone of the international monetary system (see box 1). As exchange rate risks disappeared with the introduction of the euro, business expectations became less uncertain and transaction costs declined. The positive economic development bears testimony to the fact that the Eurosystem with its overriding objective of maintaining price stability in the medium term, its transparent two-pillar monetary policy strategy and flexible monetary policy framework, has fulfilled its tasks smoothly and efficiently.

Austria's participation in EMU has entailed major institutional and functional changes for the Oesterreichische Nationalbank (OeNB); the same holds true for the NCBs of the other participating Member States. The OeNB's transformation into an integral part of the ESCB was a smooth and successful move. Since January 1, 1999, the Governing Council of the ECB, an independent authority and the highest decision-making body of the Eurosystem, has assumed exclusive responsibility for the single monetary policy of the euro area. The governor of the OeNB participates in the Governing Council as a voting member. Reassigning tasks and duties within the Eurosystem, the Treaty establishing the European Community (Treaty) clearly defines the NCBs' extensive responsibilities within the scope of the single monetary policy. Apart from the tasks assigned to it under the Treaty, the OeNB is also engaged in a number of important national and autonomous activities.

1 Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

2 To enhance transparency and enable the public to grasp more easily the complex structure of the ESCB, the Governing Council of the ECB decided to adopt the term "Eurosystem" to denote that part of the ESCB that comprises the ECB and the NCBs of the Member States participating in EMU.

The OeNB's Tasks within the Eurosystem

Providing Sound Analyses

as a Basis for Monetary Policy Decisions

The OeNB draws up economic analyses which serve as a basis for the monetary policy stance it takes within the Eurosystem. In particular, the OeNB prepares detailed documents as a resource for decision making in the meetings of the Governing Council of the ECB, which take place regularly every two weeks. Since the beginning of Stage Three of EMU, the ECB's Governing Council has changed interest rates eight times. Through its participation in numerous working groups, the OeNB contributes to the evaluation and further development of the single monetary policy strategy and instruments.

Collecting

Reliable Statistical Information

The OeNB regularly collects, examines and processes Austrian money and banking, balance of payments and financial markets statistics needed by the Eurosystem. The results are reported to the ECB, which then compiles the national statistics of all participating Member States to construct the euro area aggregates relevant to monetary policymaking. The OeNB also plays an active role in the European working groups on the improvement of euro area statistics.

Smooth Implementation of Monetary Policy Operations

The decentralization of central banking operations allows the Eurosystem to put to best advantage the NCBs' infrastructure and experience in handling monetary policy operations. The OeNB employs its profound knowledge of the Austrian

market to efficiently conduct open market operations with banks (including the weekly main refinancing operations), to administer Austria's minimum reserves and to assume specific supervision responsibilities for payment systems, which have begun to play an increasingly important role in monetary policy.

Preparations for Euro Cash Changeover in Full Swing

The ECB and NCBs will be in charge of releasing euro notes and coins. In Austria, the production and release of euro banknotes and coins is in the hands of the OeNB and its subsidiaries. With preparations for the upcoming 2001/02 euro cash changeover in full swing, the OeNB is handling extensive technical, logistical and public relations activities. In Austria, launch stocks will amount to around 360 million euro banknotes and around 1.5 billion euro and cent coins (equaling 8,000 t).

Successful Reserve Management

Since the beginning of EMU, the OeNB has managed part of the Eurosystem's foreign reserve assets. As monetary policymaking requires that reserve assets have to be both liquid and secure, the OeNB applies an efficient investment strategy to make optimum use of existing profitability margins. In line with Eurosystem criteria, the OeNB pursues a highly profitable reserve management strategy.

The OeNB as an Interface between the Eurosystem and Austria

Information Exchange between the Eurosystem and Austrian Economic Policymakers

As a center of economic competence, the OeNB draws up conclusive studies and monetary statistics and organizes numerous expert conferences, workshops and seminars. It thus acts as an information interface between the Eurosystem and Austrian economic policymakers.

Effective and Transparent Information

As an information interface, the OeNB provides the media, the general public and experts with effective and transparent information. Thus, the OeNB regularly informs the Austrian public about the Eurosystem's monetary policy strategy, with a focus on upholding traditional principles such as trust, currency stability and the security of banknotes.

Tasks and Activities at a National Level

Guarantor of Financial Market Stability

With the fundamental changes and the recent turmoil in world financial markets, the financial architecture, above all financial market stability and supervision issues, have moved to the center of attention in the past few years. The animated national and international discussions on the financial architecture have already produced concrete approaches to stabilization. The OeNB participates in all major national and international working groups, partly in leadership positions, and is key to implementing relevant standards and guidelines in Austria. Its proficient input to an effective banking supervision guarantees high financial market stability in Austria.

Comprehensive Expertise in Eastern Europe

The OeNB has for many years positioned itself as an internationally recognized bridge between western economies and Central and Eastern European countries (CEECs) in transition. It has been tracking these countries' economic development and has gained valuable experience in the cooperation with them; as the transformation economies move toward EU accession, both the CEECs and EU institutions, in particular the Eurosystem, have come to strongly rely on the OeNB's comprehensive expertise.

Active Involvement in International Organizations

The OeNB plays an active role in various committees of international financial and economic organizations outside the ESCB/Eurosystem, such as the International Monetary Fund (IMF), the Bank for International Settlements (BIS) and the Organisation for Economic Co-operation and Development (OECD). Its responsibilities include representing Austria in these committees, taking a position on monetary and economic policy issues, observing relevant developments and securing an exchange of information between Austria and the above-mentioned institutions.

Through continuous streamlining and corporate restructuring, higher staff qualification through personnel management concepts suited to the OeNB's organizational structure, state-of-the-art technological capacities and tight cost management the OeNB was able to master this wide range of tasks and duties.

The Euro – An International Currency

When the euro was introduced in 1999, it immediately established itself as an important global currency. There are several yardsticks by which to gauge how important a currency is: its role as an investment and issuance currency, a reserve currency,¹⁾ a payment and vehicle currency, and as an anchor reserve currency.

40% of Worldwide Net Offerings Made in Euro

The euro quickly established itself on international capital markets as an investment and issuance currency. According to BIS calculations, net offerings of euro-denominated debt securities, for example, surged from USD 223.8 billion²⁾ in 1998 to USD 571.0 billion in 1999: In the year following the introduction of the single currency, net issues of euro-denominated debt securities surpassed those of U.S. dollar-denominated debt securities (USD 545.0 billion). This substantial rise occurred because European borrowers opted to issue mainly in euro. In 2000, European issuers switched mainly to the U.S. dollar and the Japanese yen for debt securities. At USD 441.0 billion net, however, the volume of euro-denominated debt securities continued to hold its high level in 2000. U.S. dollar-denominated issues came to USD 542.7 billion over the same period. While in 1998, euro-denominated debt securities had accounted for a share of just under 33% of the volume of net offerings, they climbed to around 47% in 1999 and, at around 39%, remained above pre-EMU figures in 2000 as well.

Second Most Important Reserve Currency

According to the latest available IMF data at the time of writing, the euro accounted for around 13% of international, officially held foreign exchange reserves at the end of 1999. This made the euro the second most important reserve currency worldwide behind the U.S. dollar, whose share came to approximately 66%. The Japanese yen and the pound sterling accounted for 5% and 4%, respectively. In the long term, the euro is likely to continue to gain more and more weight in international foreign reserve portfolios.

A Reference Currency for around 50 Countries

A number of countries were quick to introduce the euro as a reference currency – a fact that manifests itself not only in the key role the euro plays within the EU in the European exchange rate mechanism (ERM II), but also outside the Union, as nearly all accession countries use the single currency as an official, or unofficial, pegging currency in their exchange rate policies. The types of exchange rate systems applied in this context range from currency boards (e.g. Estonia and Bulgaria) to fixed exchange rate regimes with fluctuation bands (e.g. Cyprus), crawling pegs with fluctuation bands (e.g. Hungary), and managed floating exchange rate systems, which often use the euro as an informal reference currency. Moreover, several countries apart from EU accession countries also use the euro, or a basket of currencies containing the euro, as a point of reference. Among these countries are e.g. a number of territories associated to Member States, or states with close geographic or historical ties to Member States (such as the CFA³⁾ countries of Africa or Cap Verde, which both employ a fixed exchange rate system vis-à-vis the euro). In addition, the euro is also legal tender outside the euro area, e.g. in the French territorial communities of Saint-Pierre-et-Miquelon and Mayotte. Furthermore, the euro will probably soon become legal tender in the Vatican, in San Marino, Monaco and Andorra.⁴⁾ All in all, around 50 countries currently use the euro as a reference currency in their exchange rate systems.

¹⁾ As reliable data on the euro's role as a payment and vehicle currency are currently not available yet, the present report will not go into this aspect.

²⁾ Total sum of former national currencies included in the euro.

³⁾ Communauté Financière Africaine.

⁴⁾ Formal agreements with the Vatican and San Marino on the introduction of the euro are likely to be signed in the first half of 2001. At the beginning of 2001, negotiations with Monaco were still under way. Up to now, the French franc and the Spanish peseta have been generally recognized as legal tender in Andorra, without formal agreement. The euro will take over this function immediately upon the changeover, if not sooner.

The Monetary Policy of the Eurosystem Secures Price Stability

The OeNB's Role in Monetary Policymaking in the Governing Council of the ECB

The OeNB is an integral part of the Eurosystem.

Two-pillar strategy works efficiently.

Price stability guaranteed through preemptive rate increases.

M3 reference value confirmed by the Governing Council of the ECB.

Eurosystem macro-economic projections published since December 2000.

The OeNB as a Member of the Eurosystem¹⁾ (see also box 2)

The OeNB is an integral part of the Eurosystem, and OeNB experts participate actively in the deliberations of the various committees (13 altogether) that prepare the Eurosystem's decisions.

The Governor of the Oesterreichische Nationalbank is a voting member of the Governing Council of the ECB (the Eurosystem's highest decision-making body, which convenes every two weeks). In this capacity, the Governor is independent and not bound by any instructions. In line with the principle of decentralization, the operational implementation of the Eurosystem's monetary policy in Austria is within the competence of the OeNB.

Shaping the Monetary Policy Positions of the Eurosystem

For informed decision-making, the Governing Council of the ECB relies, inter alia, on ongoing analyses of the macroeconomic conditions. This includes a thorough monitoring of both the euro area and other economic areas, notably the United States, Japan and the host of emerging economies and EU accession countries. Regular thorough assessments of the economic situation in Austria are an important input that the OeNB provides for the monetary policy analysis of the euro area. Those assessments are based on statistics, analyses, forecasts and econometric models of the highest quality.

The Statistical Basis of Monetary Policy Analyses

The scope of statistics published periodically for the euro area as a whole has increased continually since the start of Stage Three of EMU, with regard to both the statistics compiled at the ECB on the basis of NCB reports and the statistics provided by Eurostat. The established division of labor between the NCBs, including the OeNB, and the ECB – with the former collecting data from reporting agents at the national level and the latter compiling euro area aggregates – proceeded smoothly in 2000. The Statistics Committee (STC) of the ESCB and the Eurostat Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) continue to work on harmonizing and refining the statistical framework. Through its representatives in both bodies, the OeNB contributes substantially to shaping the European statistical framework.

A key statistical decision support tool for monetary policymakers is the consolidated balance sheet of the sector of Monetary Financial Institutions (MFIs), which provides important monetary information for the first pillar of the monetary policy strategy. To keep the reporting burden low, those data are also used as a rule to calculate the minimum reserve base. Data quality checks carried out by the OeNB ensure compliance with the statutory minimum requirements. The same holds true for the more detailed Austrian input into the euro area balance of payments, which is compiled monthly and quarterly.

¹ See the Annual Report 1999 (chapter "The OeNB's Role in the Eurosystem's Monetary Policymaking") for detailed information about the institutional framework of the ESCB and the Eurosystem as well as the external representation of the Eurosystem.

The range of real economic indicators for the euro area to which the Eurosystem gears its monetary policy decisions was further expanded in 2000. Data coverage and timeliness are, however, not yet up to the standards for economic and monetary areas of a comparable size. Hence the European Commission and the ECB agreed on an action plan identifying the fields where urgent progress is needed. This action plan was endorsed by the Ecofin Council and is to be implemented by Eurostat and the national statistical offices.

In-Depth Economic Analysis and Research

For OeNB representatives in Eurosystem bodies to be able to argue their position and to shape opinion in the Eurosystem, they need to back up their views with solid theoretical explanations and empirical findings.

In recent years the OeNB – like most other NCBs of the ESCB and in line with a global trend in policy-making to seek a theoretical foundation – has expanded its monetary policy-oriented research to shore up its monetary policy stance in particular. Research carried out independently at the individual NCBs has certainly promoted informed discussion on technical issues. It is the OeNB's goal to participate actively in this research competition¹) and to stay abreast of the latest research at academic institutions. Research at the OeNB focuses, inter alia, on monetary and fiscal policy issues in the widest sense, the transmission of monetary impulses, the implications of electronic payment forms, banking and financial market supervision, the wage-setting process in Monetary Union, competition

and location analyses, and monitoring the EU accession countries' progress. The economics divisions of the OeNB also devote much effort to econometric and modeling exercises.

Since the ECB first published macroeconomic projections for the euro area in December 2000, this area of research has gained even more visibility. The OeNB provided input via the various working groups within the framework of the so-called Broad Forecasting Exercise (BFE) and the Narrow Forecasting Exercise (NFE) (see also the chapter on "A Competent Partner in the Dialogue between the Eurosystem and Austria").

With a view to deepening relations with the academic world, the OeNB took over the responsibilities of the General Secretariat of SUERF²) in 2000. This independent nonprofit organization, established in 1963, strives to bring together members of academe and practitioners from both private and public institutions, offering them a forum for discussion on economic, monetary and financial market issues.

- 1 *Various indicators show that the OeNB is a top performer within the Eurosystem.*
- 2 *Société Universitaire Européenne de Recherches Financières. SUERF has, through a dense information network, regular conferences and seminars and publications, asserted itself as an economic science association of the highest international renown.*

The Eurosystem and the Federal Reserve System – A Comparison

Decision-Making Bodies

Eurosystem

The Eurosystem – the monetary policymaking authority of the euro area – consists of the Frankfurt-based ECB and the twelve participating NCBs. The highest decision-making body within the Eurosystem is the Governing Council of the ECB, which comprises the six members of the Executive Board of the ECB and the twelve NCB governors. The Governing Council of the ECB convenes every two weeks to take monetary policy decisions. The Executive Board of the ECB comprises the President, the Vice President and four other board members. The board members are appointed by common accord of the governments of the Member States at the level of the heads of state or government, on recommendation of the European Council, after it has consulted the European Parliament and the Governing Council of the ECB. Their term of office is eight years and is not renewable.¹⁾

The appointment of the twelve NCB governors is governed by national law. However, Community legislation provides certain standards for the national provisions, such as a minimum term in office of five years. In Austria, the Governor of the OeNB is appointed by the Federal President on recommendation of the federal government for a renewable term of five years.

Fed

The Federal Reserve System (Fed) – the monetary policymaking authority of the United States – consists of the Federal Reserve Board (located in Washington) and the twelve regional Federal Reserve Banks²⁾. Its highest decision-making bodies are the Board of Governors and the Federal Open Market Committee (FOMC).

The Board of Governors, the Fed's governing body, is composed of seven governors, including the Chairman and the Vice Chairman, who are appointed by the U.S. President and confirmed by the Senate. A full term of office is 14 years and is not renewable. However, board members replacing colleagues who step down prematurely may be reelected for a full term in their own right. The Chairman and the Vice Chairman of the Board of Governors are appointed for a four-year term (which can be extended) and must be (made) members of the Board.

The FOMC, the Fed's principal monetary policymaking body, is composed of the seven members of the Board of Governors, the President of the Federal Reserve Bank of New York and a rotating roster of four of the presidents of the other eleven regional reserve banks. The presidents of the regional Feds are appointed by the respective Reserve Bank Board. The FOMC convenes eight times a year.

Independence of the Decision-Making Bodies

The independence of the Eurosystem is laid down in the Treaty establishing the European Community. The Treaty stipulates that, when exercising the powers and carrying out the tasks and duties conferred upon them, neither the ECB nor the 11 euro area NCBs, nor any members of their decision-making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body. The legal independence of the Fed has not been laid down as explicitly; it is principally rooted in the provisions governing how the members of the Board of Governors and the presidents of the regional reserve banks are appointed. The President of the ECB is required to appear before the European Parliament several times a year; similarly, the NCB governors are required to appear before their national parliaments. The Chairman of the Fed will appear before the U.S. Congress at least twice a year to report on issues of monetary policy.

Monetary Policy Strategy

Eurosystem

The general framework for the euro area's monetary policy is laid down in the Treaty establishing the European Community. The Treaty stipulates that the primary objective of the Eurosystem is to maintain price stability. Without prejudice to this objective, the Eurosystem is called upon to support the general economic policies in the Community, notably to contribute to achieving harmonious and balanced economic activities, sustained noninflationary growth, a high degree of convergence of economic performance and a high level of employment.

It was up to the Eurosystem to determine how to achieve those aims in practice. The Eurosystem chose to define price stability as a year-on-year increase in the Harmonized Index of Consumer Prices (HICP) for the euro area of below

The Eurosystem and the Federal Reserve System – A Comparison

2% in the medium term. To comply with the criterion of price stability, the Eurosystem defined a clear-cut monetary policy strategy based on two pillars. The first pillar refers to the broad monetary aggregate M3. As a benchmark for monitoring M3 growth, a reference value of 4½% was laid down for both 1999 and 2000 and has since been reconfirmed for 2001. The second pillar consists of a broadly based assessment of the outlook for price developments and the risks to price stability in the euro area. This assessment is made using macroeconomic projections, analyses of price and cost indices and a wide range of economic and financial market indicators, such as measures of real activity, bond prices and the yield curve, exchange rates, fiscal policy indicators and business and consumer surveys.

Fed

The Federal Reserve Act requires the Fed to influence the availability and cost of money as a means of helping to promote full employment, price stability and moderate long-term interest rates. In the past the Fed has emphasized its intention to help sustain economic growth and maintain financial market stability.

The Fed's monetary policy strategy is derived from a broadly based assessment of the current monetary and economic situation as well as prospective economic developments. To this effect the Fed analyzes a host of economic data and indicators, without having made a formal commitment to a particular strategy. In mid-2000, the FOMC stopped determining and publishing growth bands for a selection of monetary aggregates. Those growth bands, which did not serve as intermediary monetary targets but as indicators, had been playing a minor role in the design of monetary policy, because the relationship between monetary growth and inflation in the U.S.A. were judged to be too unstable.

Operational Framework

Eurosystem

To steer liquidity conditions and control interest rates, the Eurosystem relies above all on open market operations. Those operations include main refinancing operations (MROs), which provide the bulk of liquidity to the financial sector, and longer-term refinancing operations (LTROs), which play a lesser role. MROs are two-week repos executed at weekly intervals, currently in the form of variable rate tenders. LTROs are conducted at monthly intervals with a maturity of three months. In addition, the Eurosystem has on rare occasions conducted structural operations and fine-tuning operations.

Furthermore, Eurosystem counterparties may use two standing facilities: the deposit facility (to deposit excess liquidity at a rate below the MRO rate) and the marginal refinancing facility (to borrow extra money at a rate above the MRO rate in the case of an unexpected liquidity shortage). Consequently, the interest rates for the two standing facilities set a lower and an upper limit for interbank interest rates, which will rarely be surpassed.

Finally, minimum reserves create liquidity buffers and – because the requirements must be fulfilled on average in the maintenance period – also stabilize interbank market rates.

Fed

The Fed's principal monetary policy instruments are open market transactions, the discount rate and minimum reserve requirements. The FOMC defines the Fed's open market policy and sets the target federal funds rate. The Fed conducts market operations on a daily basis, thereby steering the federal funds rate and thus the level of short-term interest rates in the United States.

Changes in the discount rate will be proposed by the presidents of the regional reserve banks and have to be confirmed by the Board of Governors. Lending through the discount window serves as a safety valve to relieve temporary cash shortages whenever banks can tap no other sources of liquidity. The discount rate will typically be below the federal funds rate. Changes of the minimum reserve requirements are within the competence of the Board of Governors.

¹⁾ The initial members of the Executive Board appointed in May 1998 were appointed for staggered terms in office in order to avoid the simultaneous expiration of all six terms.

²⁾ Atlanta, Boston, Chicago, Cleveland, Dallas, Kansas City, Minneapolis, New York, Philadelphia, Richmond, San Francisco and St. Louis. In addition, most regional reserve banks have branch offices in their district.

The Monetary Policy Strategy of the Eurosystem

The Two-Pillar Monetary Policy Strategy Works Efficiently

The primary objective the Eurosystem's monetary policy is to maintain price stability, which was defined as a year-on-year increase in the HICP for the euro area of below 2% in the medium term. Since central banks cannot steer the price level directly – interest rates influence inflation through a complex transmission mechanism rather than directly – they need to create a framework for preparing, discussing and taking monetary policy decisions that will help them achieve the objective of price stability. The monetary policy strategy that the Eurosystem chose to this effect is based on two pillars, with the monetary aggregate M3 as the first pillar, and the analysis of a broad set of indicators of prospective price developments as the second pillar (see box 2).

Publication of Macroeconomic Projections within the Framework of the Second Pillar

Projected figures for the growth rate of real GDP and inflation are an important component of the second pillar. The Eurosystem prepares economic projections for the euro area twice a year (in the spring and in the fall) and has also published those projections since December 2000.¹ To enhance the transparency of the Eurosystem and to stabilize the inflation expectations of both the general public and financial markets, the Eurosystem also publishes projections for the inflation rate and

for other key economic measures. The Governing Council is fully aware that these projections are subject to uncertainty. After all, the assumptions underlying the projections can become quickly outdated due to unexpected developments (oil prices, exchange rates). Furthermore, the Eurosystem assumes a constant level of short-term interest rates over the forecasting horizon so as to view inflation undistorted by reactions to interest rate moves. The primary objective is to identify risks to price stability rather than to prepare to best predictor of future developments of the economy as a whole. To reflect the degree of uncertainty attached to such projection exercises, the projections are published in the form of ranges. Looking beyond the scope of monetary analysis by rounding it off with information about the development of real economic activity is essential for an appropriate monetary policy.

Reference Value for M3 Growth Reconfirmed at 4½%

Once a year the Governing Council reviews the reference value for M3. In December 2000, it reconfirmed the reference value for the annual growth rate of M3 at the initial level of 4½% set in December 1998, acting on empirical evidence – principally on the fact that no reliable evidence has emerged of either a fundamental change in trend real GDP growth (2% to 2½% a year) or in the trend decline in M3 income velocity (½% to 1% a year). The Governing Council did point out, however, that trend real GDP

¹ See ECB (2000).
Monthly Bulletin, December.

growth may be boosted by the success of many countries in implementing structural reform.

The Eurosystem analyzes the development of money supply by juxtaposing the three-month moving average of the 12-month growth rate

of M3 against the reference value. Given the medium-term nature of the reference value and that fact that it is not designed as a monetary policy intermediary target, the ECB does not react to deviations in a mechanistic way.

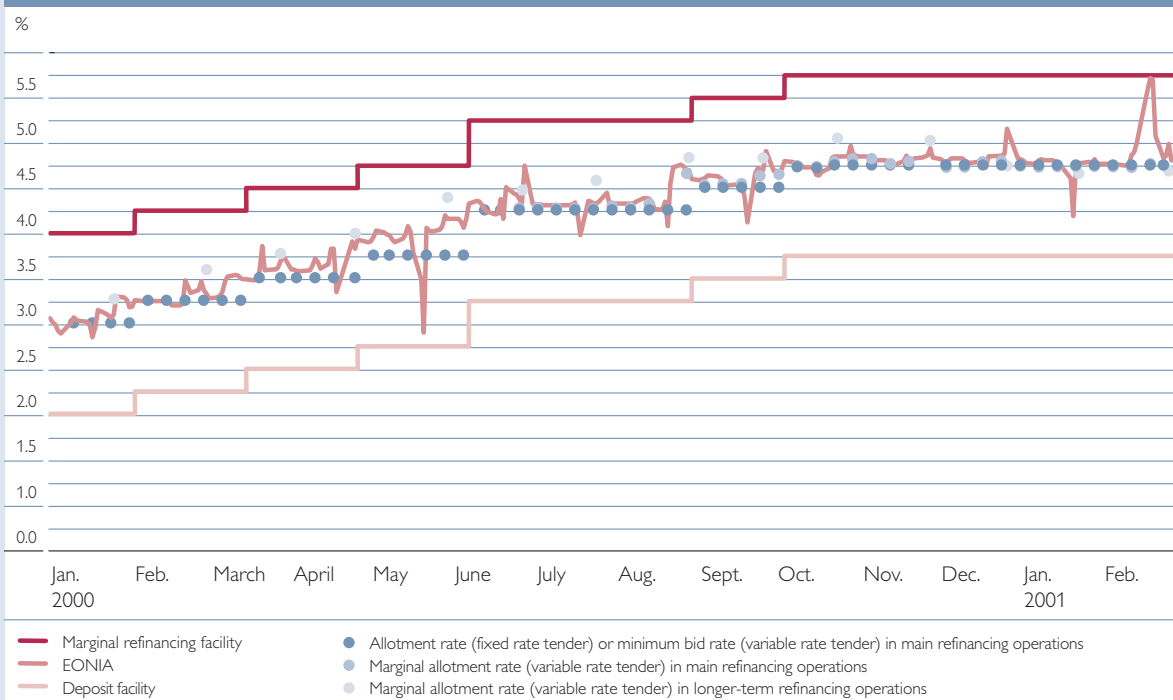
Monetary Policy Decisions Taken by the Eurosystem

At the beginning of EMU the economy was influenced by the crises in Asia and Russia, which dampened growth in the euro area at the end of 1998 and beginning of 1999. As inflation was very subdued at 0.8% in the first months of 1999 and as changes in the overall economic situation tend to have a sustained impact on consumer prices, the Governing Council of the ECB decided on April 8, 1999, to raise the interest rate for main refinanc-

ing operations by 50 basis points to 2.5%.

In the summer of 1999, the spillover effects of the exogenous demand shocks subsided and growth in the euro area regained momentum. Both the first pillar and the indicators of the second pillar of the Eurosystem's monetary policy strategy pointed toward a resurgence of upside risks to price stability and the disappearance of the factors that had prompted the

Interest Rate Development in the Euro Area



Source: ECB.

interest rate cut earlier in the year. Consequently the Eurosystem raised its key interest rates by 50 basis points on November 4, 1999, back to the initial interest level of 3%.

Economic activity in the euro area was strong in 2000. Real GDP growth reached 3.4%, the highest rate since 1990. Toward the end of 1999, upward risks to price stability in the euro area came to the fore, owing to the development of the euro exchange rate and the increase in oil prices. The strength of the import price-related upward risks posed a danger to price stability in the medium term, as evidenced by the deviation of M3 growth from the reference value according to the first pillar. Ultimately, the inflation rate averaged 2.4% in 2000.

Consequently the Governing Council of the ECB raised its key interest rates six times by a total of 175 basis points in the course of 2000.¹⁾ Short-term interest rates followed this development very closely and, measured by the three-month EURIBOR, rose from 3.35% at the beginning of 2000 to 5% at the end of the year. All interest rate moves were made in a preemptive and forward-looking manner in order to counteract the medium-term upside risks to price stability that the analysis of the two pillars of the Eurosystem's monetary policy strategy had revealed.

1 See annex A for a chronology of monetary policy decisions since the establishment of the Eurosystem.

2 Any reference in the text to figures are the data on which the Governing Council based its decisions. On occasion, those data were subject to later revision, which is why current time series may deviate from the data published here.

Key Interest Rates Raised by 125 Basis Points in the First Half of 2000

In the first half of 2000, the development of M3 and of credit growth pointed to ample liquidity conditions in the euro area. The moving three-month average of the annual growth rate of M3 hovered around 6%²⁾ from mid-1999 up to the beginning of 2000, thus standing significantly above the reference value of 4½%. In the period from March to May, the three-month average increased further to peak at 6.4%. The sustained high growth in credit to the private sector – exceeding 10% – confirmed this trend.

The second pillar also pointed to upside risks to price stability. The increases e.g. in the cost of oil, raw materials and producer prices that were observed in the initial months of 2000 were more pronounced and more sustained than expected. This caused inflation, as measured by the HICP, to accelerate from 1.7% in December 1999 to 2.1% in March 2000, thus breaching the 2% threshold for the first time since the beginning of Stage Three of EMU. In addition, import prices surged as a consequence of exchange rate movements. The nominal effective exchange rate of the euro continually weakened in the initial months of the year, causing the rate to lie 4% below the level at the beginning of 2000 and approximately 14% below the result of the first quarter of 1999. Judging from oil price and exchange rate movements, it was assumed that the inflation rate would continue to lie close to or slightly above the 2% threshold in the months ahead.

At the beginning of 2000 evidence came through of robust real

GDP growth in the fourth quarter of 1999. Among other things, the development of the confidence indicators, a declining unemployment rate and rising long-term rates supported this evidence. Business and consumer confidence readings were close to the peaks last registered at the end of the 1980s. Moreover, economic activity in the euro area could be assumed to benefit from the strong global economic upturn, which was expected to continue through 2001 and 2002. The forecasts available at the time pointed to real GDP growth of more than 3% in the euro area for 2000 and the two following years. The strong economic performance involved the risk of a sustained pass-through of the observed price and cost developments to inflation via second-round effects. The Governing Council of the ECB also took the fact that a number of institutions had revised upward their inflation forecasts as a clear warning that price stability in the medium term might be coming at risk.

This prompted the Governing Council to raise the key interest rates in four steps by a total of 125 basis points: by 25 basis points each on February 3, March 16, and April 27, 2000, and by 50 basis points on June 8, 2000. Overall, the interest rate for main refinancing operations was raised from 3% to 4.25%, the rate for the deposit facility from 2% to 3.25%, and the rate for the marginal lending facility from 4% to 5.25%.

Inflation Risks Unchanged in the Second Half of 2000

In the course of the summer the data gleaned from the first pillar pointed to a gradual deceleration of the growth of monetary aggregates. The three-month moving average of the 12-month growth rate of M3 came to 5.5% in the period from May to July 2000, noticeably below the April to June 2000 average (+6.0%). While the declining growth rates signaled that the interest rate cuts mentioned above were gradually feeding through, M3 growth continued to lie approximately 1 percentage point above the reference value of 4½%. At the same time the sustained high growth of credit extension to the private sector continued to pose risks to price stability.

Similarly, the evidence from the second pillar meant that the threat of inflation was still lurking. The inflation rate jumped to 2.4% in June and July 2000, from 1.9% in May. Again, the oil price spurt combined with a high dollar exchange rate was to blame. At the end of August, the cost of 1 barrel of Brent crude oil was above USD 30. Meanwhile, the exchange rate of the euro against the U.S. dollar continued to decrease, dropping approximately 15% below its initial level in 2000, which made imports even more expensive. Apart from the direct pass-through of these increases to consumer prices, the threat of potential second round effects endangering price stability in the medium term loomed. Imported goods enter the production process as intermediary goods and thus push up consumer prices with a time lag.

The price developments were also assessed against the backdrop of strong economic growth: Given

a real GDP growth rate of 3.5% in the first quarter of 2000, most economic forecasts assumed economic activity would remain robust, which implied that the medium-term pressure on prices might continue to increase on the back of higher demand.

Consequently, the interest rates for the main refinancing operations and for the deposit and marginal lending facilities were increased yet two more times by 25 basis points each on August 31 and October 5.

Thus, the rate for main refinancing operations stood at 4.75%, the rate for the marginal lending facility at 5.75%, and the rate for the deposit facility at 3.75%.

The six key rate increases of 2000 aimed at ensuring that the pressure exerted on consumer prices and stemming mainly from rising oil prices and the depreciation of the euro – reinforced by above-potential output growth – would not nourish a sustained inflation trend.

The Economic Background of Monetary Policy Decisions in the Euro Area

The Eurosystem's Monetary Policy Ties in Well with Other Economic Policies

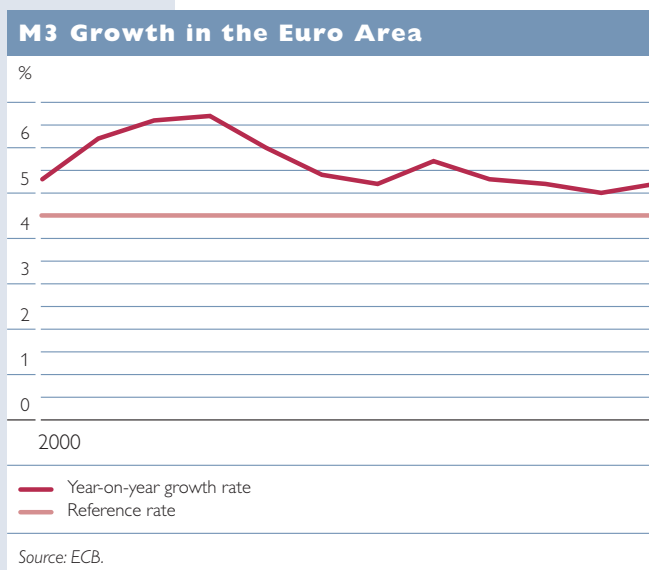
The objective of maintaining price stability cannot be achieved by monetary policy alone – all other economic policies need to mesh with monetary policy. Particularly in a phase of robust economic growth, wage developments must be conducive to maintaining price stability. Wage moderation – exercised throughout the better part of 2000 – combined with structural reform on product and labor markets are instrumental for maintaining noninflationary growth and keeping unemployment at bay. Sound public finances are also a precondition. In particular, strict compliance with the mandate of the Stability and Growth Pact to adopt budgetary balance or even a surplus as the medium-term objective and lasting efforts to consolidate public finances will foster business and consumer confidence in the long-term sustainability of economic

growth and the chosen economic policies. Structural policies, too, may contribute to a climate of price stability, as is demonstrated by the positive effects that the deregulation of telecommunications markets have had on consumer prices.

M3 Growth Markedly above the Reference Value

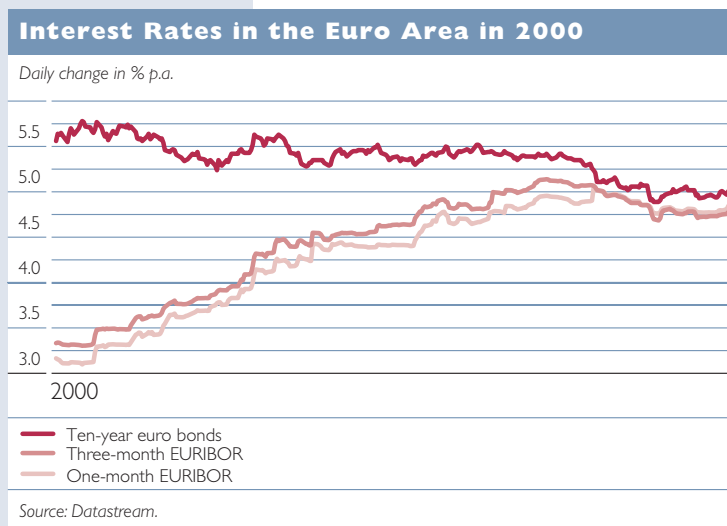
The annual growth rate of M3 averaged 5.7% in 2000, much the same as in 1999. The moving three-month average, however, gradually dropped to 5.1% (October to December) during the latter part of 2000. A breakdown of the components of M3 shows that investors were shifting funds to longer-term forms of investment in the course of the year. The growth rate of short-term deposits subsumed in the monetary aggregate M1, for instance, decelerated continually from 10.0% in the first quarter to 5.6% in the last quarter. The main driving force behind M3 growth in the report year were longer-term deposits.

Monetary growth above
the reference value.
Higher interest rates and
flatter yield curve.
Oil prices and weaker
euro fuel inflation.
Robust growth,
supported by external
and domestic demand.
Lower unemployment
rate.
Improved fiscal balance.



Slope of the Yield Curve Flattens

Money market interest rates broadly followed the trail blazed by the Eurosystem's key interest rates. Until March 2000, three-month interest rates in the euro area remained broadly stable; following the key rate increases they gradually climbed by up to 180 basis points. While short-term interest rates stood at 3.3% at the beginning of the year, they had reached 5.1% at the end of October. This trend



reversed at the beginning of November. Market participants evidently assumed that economic activity had for the time being peaked in mid-2000.

The ten-year interest rate, which had been broadly stable at 5.4% since January 2000, also showed a slight downward trend from the beginning of November. The yield gap between ten-year interest rates in the United States and the euro area remained fairly constant in the first half of 2000 but narrowed continually in the second half.

In other words, the slope of the yield curve flattened continually and quickly in the course of 2000. The differential between ten-year rates and three-month rates narrowed from 220 basis points at the beginning of the year to approximately 10 to 20 basis points at year-end.

Volatile Equity Markets

The dynamic pace of U.S. output growth in recent years had created a very favorable climate for stock exchange trading. Another catalytic factor was that corporate earnings often surpassed expectations. This contributed to a rally in stock prices. In the course of 2000, however, both expected and actual corporate earnings declined. Moreover, expectations for U.S. output growth deteriorated. From March 2000, stock prices consequently declined sharply on U.S. equity markets. The NASDAQ index lost 38% of its value, the Dow Jones index 5%, and the Japanese Nikkei 225 index declined by 27%.

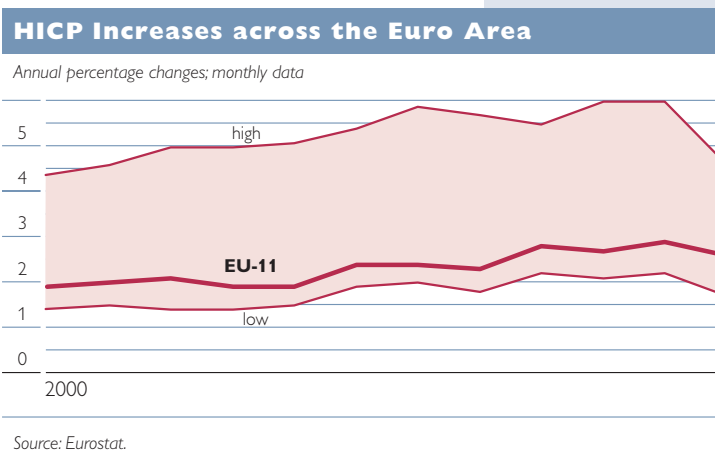
European stock markets were highly volatile in 2000. In the first quarter, the optimistic sentiment of recent years brightened further.

Technology stock prices in particular soared. Thus the Neuer Markt's NEMAX index surged almost 90% in the first three months to a new peak of 9,632 points. Then came an abrupt trend reversal that sent stock indices nosediving until the end of the year. Again, technology stocks led the way, suffering the biggest setbacks. The NEMAX index tumbled to 2,869 points, to less than a third of its earlier high. The broader EURO STOXX index, by contrast, was a lot less volatile. At the close of 2000, the index was only about 5% below its initial value in January.

Rising Crude Oil Prices Fuel Inflation

Measured by the HICP, inflation averaged 2.4% in the euro area in 2000. As the year progressed, the inflation rate first climbed from just below 2% to 2.9% in November and ultimately dipped to 2.6% in December. This temporary price spurt was triggered above all by the energy price increase. In 2000, Brent crude oil commanded an average price of USD 28 per barrel, USD 10 or 58% more than in 1998. This development translated into a 2.7% increase in the price of goods. The services component of the inflation rate, by contrast, increased 1.7%, barely faster than in 1999. Counteracting inflation somewhat, growth in unit labor costs even decelerated slightly year on year.

Regional differences in inflation rates were larger in 2000 on average than in 1999. As much as 3.5 percentage points divided the euro area's star performer on inflation (France: 1.8%) from the country with the highest inflation rate (Ireland: 5.3%). The differences in inflation result not only from



varying rates of economic growth, but also from structural factors, such as the national degree of liberalization of important sectors, the degree of exposure to oil price and exchange rate fluctuations and the technological catching-up process in low-income participating states.

Continued High Growth in the Euro Area

The euro area economy was flourishing in 2000. The annual rate of real GDP growth came to 3.4%, approximately 1 percentage point higher than in 1999. The key driving forces behind economic growth were private consumption, gross fixed capital formation and exports.

However, the current economic cycle peaked in mid-2000. The growth rates of the third and fourth quarters (3.3% and 3.0%) were already lower than that of the second quarter (3.7%). The main reason behind the deceleration of growth was a decline in household consumption expenditure. Notably rising oil prices are likely to have dampened consumer sentiment, which thus slowed down economic growth. The business survey of the European Commission confirmed impressions of a weakening

of economic activity. In August, the upward trend of the aggregated confidence indicator came to a halt, with industrial, construction and consumer confidence stagnating, if at historically high levels.

While all euro area countries benefited from the economic upturn, they did so to different degrees depending on stage of the economic cycle they were in. Thus the performance of Germany and Italy, which joined the economic bandwagon rather late and which achieved approximately 3% GDP growth in 2000, differed from that of France, which was comparatively more advanced in the economic cycle. Particularly the smaller states posted high growth rates, with Ireland (10.5%), Luxembourg (7.8%) and Finland (5.7%) topping the league.

Turning to the situation on the labor market in 2000, solid growth fueled a rise in overall employment of 1.9% and further reduced the unemployment rate to 9.1% (1999: 10.0%). Moreover, employment strategies launched within the framework of the Luxembourg process also had a positive impact (see also the chapter on “Close Cooperation with International Organizations”).

Small Current Account Deficit

The current account balance of the euro area was slightly negative in 2000. At 0.2%, the deficit was somewhat larger than in the previous year (in the second quarter of 1999 the current account had still posted a surplus), mostly on account of an increase in merchandise imports in a climate of higher oil prices and a lower euro exchange rate (see box 3).

Fiscal Position Visibly Improved

The euro area posted an aggregate budget surplus of 0.3% of GDP in 2000 (1999: budget deficit of 1.2%). This is in fact better than the figure targeted in the stability programs (aggregate deficit ratio of 1.1%). However, in a number of states government coffers were topped up with proceeds from UMTS¹) auctions, which were of course one-off measures. Germany in particular managed to significantly improve its budget balance with UMTS proceeds (2.5% of GDP). Adjusted for UMTS proceeds, the euro area continued to run a deficit, albeit below the target of the stability programs. The fact that GDP growth was higher than assumed in the stability programs was instrumental in improving budgetary balances in the euro area. All euro area countries reported declining gross debt-to-GDP ratios. The aggregate debt ratio of the euro area as a whole dropped from 72.0% of GDP in 1999 to 69.7% in 2000.

¹ *Universal Mobile Telecommunications System.*

Developments in the Euro/U.S. Dollar Exchange Rate

The euro exchange rate is relevant for monetary policy because any sharp depreciation of the euro against other major currencies fuels inflation by driving up import prices. Hence, the exchange rate is included in the set of indicators that are analyzed closely under the second pillar of the exchange rate policy of the Eurosystem. The year 2000 saw a marked depreciation of the euro – a contrast to the positive fundamentals of the euro area economy. Not until the end of the year did the euro make good some lost ground vis-à-vis the U.S. dollar, closing the year at a rate of 0.93 USD/EUR, down from 1.01 USD/EUR at the beginning of 2000 (ECB reference rates). Between those two figures, the exchange rate trended downward in sharp fluctuations, with the USD/EUR rate floating between a low for the U.S. dollar of 1.04 (January 6, 2000) and a high of 0.83 (October 26, 2000). After October 26, the euro recovered until the end of 2000 and kept rebounding at the beginning of 2001, eventually stabilizing around 0.90 USD/EUR.

The U.S. dollar appreciated during 2000 despite the high U.S. current account deficit and a marked narrowing of the yield gap between U.S. and German government bonds with a 10-year maturity (beginning of 2000: 100 basis points; year-end: 25 basis points).

Exchange Rate of the Deutsche Mark against the U.S. Dollar

1971 to 2001

DEM/USD (daily values)



Source: Federal Reserve Statistical Release F-10.

Capital Outflows from the Euro Area Shore up the U.S. Dollar

The U.S. dollar strengthened essentially on the back of capital flows from the euro area to the United States in the form of portfolio transactions (e.g. stock purchases) and direct investments. The main driving force behind outward direct investment of euro area businesses in the United States in 2000 were mergers and acquisitions, particularly in the IT sector, but also in the financial industry. Those capital outflows strengthened the U.S. currency in combination with the oil price spurt in the second half of the year, since global oil trade is settled in U.S. dollars.

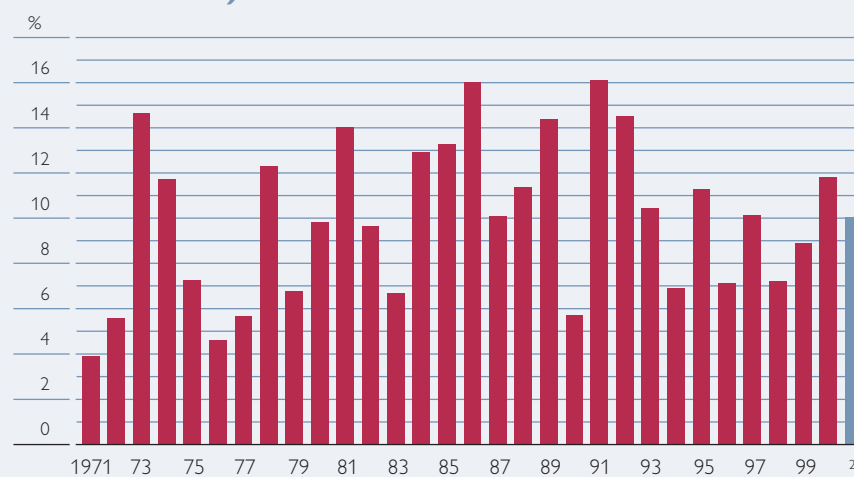
Developments in the Euro/U.S. Dollar Exchange Rate (cont.)

Fundamentals Cause a Change in Opinion

The strength of the U.S. dollar has often been attributed to the fact that U.S. economy was more dynamic than that of the euro area during most of 2000. Thus, the exchange rate development of the euro did not reflect the euro area's favorable economic fundamentals, as the Eurosystem and other economic policymakers in fact repeatedly pointed out. However, such statements failed to impress the markets until the end of the year, when market sentiment finally started to turn. Weaker U.S. economic data, flagging business optimism and profit warnings of U.S. companies compounded fears that the U.S. economy might be heading for a hard landing. Against this background, the euro regained markedly against the U.S. dollar.

Volatility of the U.S. Dollar against the Deutsche Mark

1971 to 2000¹⁾



Source: OeNB.

¹⁾ From 1999: volatility of the U.S. dollar against the euro.

²⁾ Average from 1971 to 2000.

Exchange Rate Volatility in 2000

just slightly above the Long-Term Average

The annual volatility of the U.S. dollar against the Deutsche mark (as the benchmark currency prior to the euro) between 1971 and 1998 does not differ significantly from the euro's volatility against the U.S. dollar in 1999 and 2000. In the period from 1971 to 1998, the Deutsche mark was repeatedly more volatile than the euro was in the first two years of its existence.

What is more, when juxtaposed against the string of synthetic year-end EUR/USD rates prior to the launch of the euro, the depreciation of the euro against the U.S. dollar observed in 1999 and 2000 does not particularly stick out. The early 1980s, for instance, saw years of stronger depreciation.

Mixed Economic Performance in EU Member States Outside the Euro Area

Economic activity across the euro area varied, with Denmark and the United Kingdom underperforming and Greece and Sweden outperforming the area-wide average. Except for Sweden, where real GDP growth contracted, the non-euro area Member States of the EU all reported accelerated output growth.

Greece became the twelfth member of the euro area on January 1, 2001, after having made considerable progress on the road to convergence in the two previous years. For the year 2000, Greece reported a further reduction of the debt ratio to 103.9% of GDP and a budget deficit of 0.9% of GDP, well below the 3% criterion established as a precondition for EMU membership. Greece plans to achieve a budget surplus as early as 2002. The inflation rate, as high as 20% in 1990, had dropped to 2.1% by 1999; in 2000 it rose anew to 2.9% in lock-step with the EU trend.

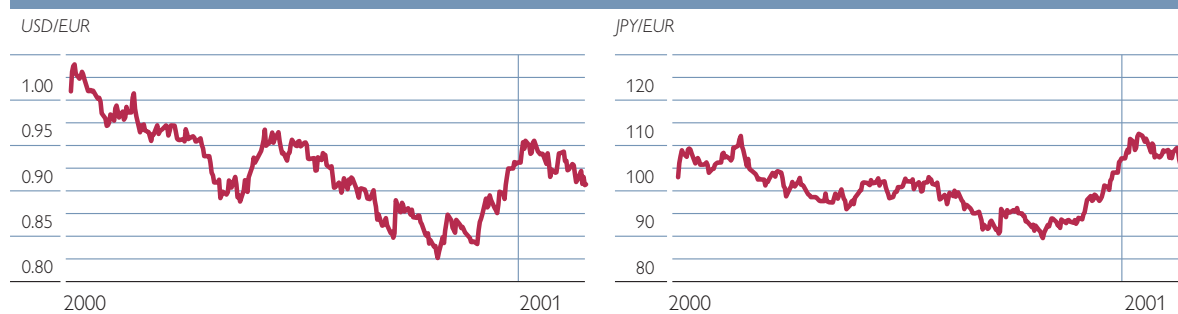
On January 15, 2000, the central rate of the Greek drachma was adjusted upward 3.5% and thus brought closer to its market value. The new central rate is GRD/EUR 340.750, which is also the irrevoca-

bly fixed conversion rate of the drachma against the euro. Until the end of 2000, the Bank of Greece reduced its key rate for 14-day deposits through nine consecutive rate cuts by a total of 600 basis points from 10.75% to 4.75%, the prevailing key interest rate in the euro area at year-end. With the participation of Greece, the population in the euro area rose by 3.4%, and the euro area's nominal GDP augmented by 1.9%.

While Danish voters rejected joining EMU in a national referendum, Danmarks Nationalbank announced that it would continue to pursue its fixed exchange rate policy vis-à-vis the euro. Throughout the year 2000, the Danish krone moved within the announced $\pm 2.25\%$ fluctuation band around the euro central rate. Meanwhile, the central bank raised its discount rate six times from 3.0% to 4.75%, in sync with Eurosystem rate increases. Denmark again reported a budget surplus in 2000. Inflation, as measured by the HICP, came to 2.7%.

The Bank of England 2000 increased its repo rate two times from 5.5% to 6.0% in the first quarter of 2000 and then left the rate unchanged throughout the rest of the year. The Swedish repo rate was also raised two times, first at the begin-

The Exchange Rate of the Euro against the U.S. Dollar and the Japanese Yen



Source: OeNB.

Structural Indicators

		EU-11	EU-15	U.S.A.	Japan
1999 population figures	<i>million</i>	287	370	273	127
Economic performance in 2000					
Nominal GDP	<i>EUR billion</i>	6,417.5	8,494	10,807	5,153
Real GDP growth	%	+3.4	+3.3	+5.0	+ 1.2
GDP in 1999	<i>% of world GDP</i>	15.8	20.3	21.9	7.6
Unemployment rate (whole economy)	<i>% of labor force</i>	9.0	8.3	4.0	4.7
Inflation rate (HICP; CPI for U.S.A. and Japan)	%	+2.3	+2.1	+3.4	- 0.6
Economic sectors in 1998¹⁾					
Agriculture, forestry and fishery	<i>% of GDP</i>	2.5	2.4	1.7	1.7
Industry (including construction)	<i>% of GDP</i>	28.9	28.5	26.2	35.6
Services	<i>% of GDP</i>	68.7	69.1	76.3	62.7
External sector in 2000					
Exports of goods and services	<i>% of GDP</i>	36.9	35.3	11.0	10.8
Imports of goods and services	<i>% of GDP</i>	35.8	34.8	14.7	9.3
Current account (net exports)	<i>% of GDP</i>	+1.0	+0.6	-3.7	+ 1.4
Budget in 2000					
Expenditure, total ²⁾	<i>% of GDP</i>	47.1	45.8	31.7	33.0
Receipts, total	<i>% of GDP</i>	46.2	45.8	33.6	30.5
Surplus/deficit	<i>% of GDP</i>	+0.3	+1.2	+2.3	- 8.6
Gross debt	<i>% of GDP</i>	69.7	64.2	59.5	112.3
Financial markets in 2000					
Short-term interest rates	%	4.39	4.75	6.53	0.28
Long-term interest rates	%	5.44	5.42	6.03	1.76
M3 growth	%	+5.7	+6.9	+9.4	+ 1.0
Net issuance of debt securities ³⁾	<i>EUR billion</i>	446.2	628.4	461.9	-18.1
thereof: denominated in EUR	<i>EUR billion</i>	315.8	373.2	48.0	- 0.6
denominated in USD	<i>EUR billion</i>	154.0	154.0	371.7	- 4.7
Stock market capitalization	<i>EUR billion</i>	5,661	9,138	16,143	5,866
Bank deposits ⁴⁾	<i>EUR billion</i>	5,098	x	6,082	5,952
	<i>% of GDP</i>	79.4	x	56.3	115.5

Source: Eurostat, ECB, IMF, OECD, BIS, OeNB.

¹⁾ EU-11 and EU-15: excluding Austria, Ireland and Luxembourg; data for U.S.A. and Japan are for 1997.

²⁾ EU-11 and EU-15 data include UMTS proceeds (approx. 1.2% of GDP), which were booked with a negative sign.

³⁾ Residents.

⁴⁾ U.S.A. and Japan: third quarter of 2000.

ning and then at the end of the year, from an initial 3.25% to 4.0%. While Denmark's Nationalbank and the Bank of Greece have adopted exchange rate stability as an explicit intermediate target, the Bank of England and Sveriges Riksbank base their monetary policies on a direct inflation target. The Swedish krona continued to appreciate in the first half of 2000. This trend reversed at the beginning of May, when Sweden's interest rate differential against the euro area turned negative. The pound sterling was

very volatile in 2000, swinging widely around its central rate of 0.61 GBP/EUR. The United Kingdom and Sweden posted inflation rates of 0.8% and 1.3%, respectively. Both states achieved considerable budget surpluses in 2000.

United States, Japan and Selected Emerging Markets United States

Economic slowdown in the U.S.A. toward year-end. Subdued economic activity clouds Japan's economic outlook. Asian and Latin American economies on the rebound. Crises in Turkey and Argentina partly cushioned by international relief programs.

Following real GDP growth of more than 5% in the first half of 2000, the growth pace of the U.S. economy slowed somewhat in the second half of the year. At 5.0%, the annual expansion was, nevertheless, somewhat higher in 2000 than in 1999 (4.2%).

Forecasts for 2001 expect growth to decelerate to 2%. This is a marked setback for the U.S. economy, which had been humming along at an annual average rate of 3.6% since the recession of 1991 and which is assumed to have a potential output growth rate of 3½% to 4%.

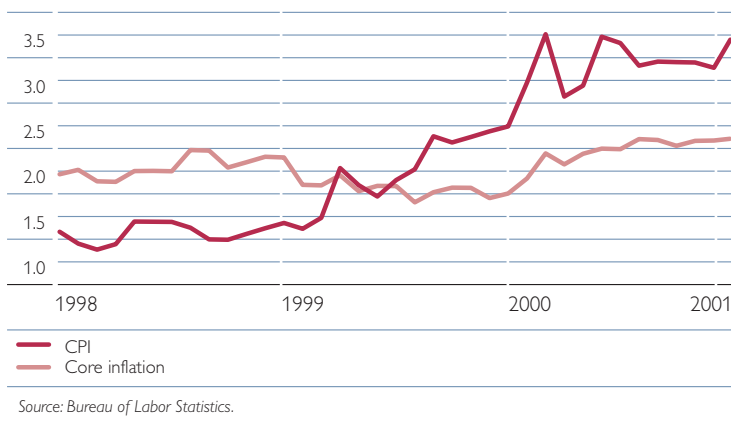
The expansion of industrial production, while stronger in 2000 at 5.7% than in 1999 at 4.2%, lost momentum toward the end of the year. Capacity utilization dropped to 80.9% at year-end (compared with an average of 81.3% for the whole of 2000). Growing inventories were yet one more sign of an economic slowdown.

Owing to robust economic growth in the first half, the index of consumer prices rose much faster in 2000 (3.4%) than in 1999 (2.2%). 3.4% is in fact the highest inflation rate since 1990, with the jolt coming basically from the leap in energy prices. The core inflation rate accelerated to 2.6% (1999: 1.9%).

In a surprise move on January 3, 2001, between two meetings of the Federal Open Market Committee (FOMC) of the U.S. Federal Reserve System, the U.S. central bank lowered its target for the federal funds rate by 50 basis points to 6% and its discount rate¹⁾ by 25 basis points each, first to 5.75% and

Price Developments in the U.S.A.

Annual percentage changes; monthly data



finally to 5.5% on January 4, 2001, after having left its key rates unchanged since mid-May 2000.²⁾ In its meeting of January 30/31, 2001, the FOMC lowered its key rates by another 50 basis points to 5.5% (federal funds rate) and 5% (discount rate). A third rate cut, again by 50 basis points, followed on April 18, 2001, leaving the two key rates at 5.0% and 4.5%. Those decisions followed from the FOMC's assessment of a bigger-than-expected economic setback. The FOMC indicated that, even after its interest rate cuts, countering the risk of an economic weakening had to take priority over responding to inflation.

The U.S. labor market was comparatively robust. The unemployment rate averaged 4% in 2000. A number of indicators implied that the job market was finally loosening after having been tight for years. For instance, with a total of 1.9 million jobs newly created across the United States, the 2000 figure remained 1 million below the 1999 result. Moreover, the number of unemployment claimants rose toward the end of the year compared with the first half. While

1 The discount rate is basically symbolic, because participating banks will borrow at the discount window only in a contingency situation.

2 To counter looming inflation risks, the key rates had originally been raised six times by a total of 175 basis points to 6.5% between June 30, 1999, and mid-May 2000.

average hourly wages rose by 3.5% in 1999, they climbed by 4.2% to just above USD 14 in 2000. The Fed took those developments as a sign that the labor market was heating up inflation.

In the fiscal year ending September 30, 2000, the United States achieved a budget surplus of approximately USD 230 billion (2.4% of GDP); this was the third surplus in a row.

Japan

The IMF estimates Japan's real GDP to have grown 1.7% on the back of private investment in the calendar year 2000. The Japanese government, by contrast, puts growth at 1.2% for the fiscal year 2000 (ending March 2001), calculated according to the revised method of the System of National Accounts 93. Hopes of economic recovery pinned on stimulating domestic demand did not materialize in 2000, either, because consumption was in fact shrinking throughout the year. The unemployment rate rose somewhat to 4.8% (1999: 4.7%) owing to downsizing at large companies. Consumer prices again dropped 0.6% year on year (1999: -0.3%). The wholesale price index, by contrast, inched up by 0.1%, which was the first increase in three years. In the two previous years the index had fallen by 1.5% annually; the last increase dated back to 1997, following a controversial hike of the consumption tax from 3% to 5%. The higher reading in 2000 is attributable mainly to the leap in oil prices; the prices for agricultural and fishery products, by contrast, kept going down. The wholesale price index for exports fell by 4.5% based on the strength of the Japanese yen against the U.S. dollar and the euro.

On August 11, 2000, the Bank of Japan increased its target rate for overnight money to approximately 0.25%. At the end of February 2001, it lowered this rate by 10 basis points to 0.15%. Thus, the Bank of Japan partly reversed its decision to abandon the zero rate policy pursued since February 1999. The discount rate, which had stood at 0.5% since 1995, was lowered in two steps to 0.25% in February 2001. Following the abandonment of the zero rate policy, the benchmark yield for ten-year government bonds temporarily rose by over 20 basis points to more than 2%, only to subsequently fall below the initial value. On March 19, 2001, against the backdrop of the worsening of the crisis in Japan's financial system, the Bank of Japan decided to effectively resume its zero interest rate policy.

At 2.1%, the annual growth rate of M2 was lower in 2000 than in 1999 (3.6%). In a climate of falling prices and weak real output growth, monetary policy thus had expansionary effects. The Bank of Japan announced that it would increase liquidity provision to banks before the current fiscal year expired.

The volume of loans extended by Japanese banks outstanding in December 2000 was 3.8% below the figure a year earlier. This result marked the third contraction in a row.

The exchange rate of the Japanese yen against the euro and the U.S. dollar was volatile in 2000. In February the euro's rate against the Japanese yen touched a low at 107.6 JPY/EUR; in October it was at its highest. In December it stood at 100.6 JPY/EUR.

The budget deficit was projected to rise to 9.2% of GDP in 2000.

Gross debt more than doubled since the beginning of the 1990s, reaching 125% of GDP. Japan thus has the highest debt ratio of all major industrial countries. Anticyclical stimulus packages no longer meet the population's support. In November 2000 a supplementary budget amounting to 1% of GDP was passed in order to shore up economic activity (among other things in the IT sector). The budget allocated for 2001 marks a turning point in Japanese fiscal policy, with allocations 2.7% below the initial budget plan for 2000; this is the first reduction in six years. The budget deficit is projected to sink 3 percentage points to 6½% of GDP, but for cyclical reasons this will not suffice to kick off the consolidation of public finances. On the contrary, the gross debt ratio is slated to burgeon further to 128.5%.

Emerging Markets

EU Accession Countries¹⁾ – Turkey

Turkey joined the rank of EU candidate countries in December 1999, but to date no accession negotiations have been taken up. For the time being, Turkey is called upon to work on improving its competitiveness.

Turkey's real GDP climbed at an annual rate of 7.2% in 2000 (1999: -4.7%). After having declined since the beginning of the year, real interest rates rose sharply in November, thus slowing the reduction of the high budget deficit, placing a higher burden on the banking system and making the country more vulnerable to global economic shocks. While the inflation rate could be reduced by 10 percentage points to approximately 55% in 2000, this is still the highest rate of all OECD countries.

Under its active stability policy, Turkey introduced a real exchange rate peg at the beginning of 2000.

While the majority of Turkey's big private banks operate on a solid basis, the profitability of the small banks deteriorated in 2000. As a consequence, credit lines were reduced in interbank trade, which in turn caused interest rates to rise. Foreign investors' concerns about the stability of Turkish banks, lagging privatization and the high current account deficit (about 4% of GDP) prompted them to pull out of investments. A tightening of credit to Turkish businesses and public entities triggered a liquidity crisis in November 2000.

In mid-December 2000, Turkey was granted extensive international relief. Hand in hand with the IMF (see the chapter on "Close Cooperation with International Organizations") the World Bank topped up its loans. Furthermore, ten commercial banks extended a syndicated loan of USD 1 billion. Despite this support the financial sector failed to stabilize, with the effect that the exchange rate of the Turkish lira depreciated sharply toward the end of February 2001 on the back of capital outflows. In April 2001, Turkey's economic minister submitted a new stabilization program.

Asia

The various Asian economies owe their dynamic recovery above all to a marked decline of the saving rate, higher consumption expenditure and expansive fiscal and monetary policies. Growth was stimulated, moreover, by the global economic upturn in general and strong U.S. demand in particular. On a less positive note, the Asian crisis countries lagged somewhat behind regional

¹ For more details see the chapter entitled "A Well-Established Bridge between East and West."

developments in 2000. The IMF estimates the ASEAN-4 countries Indonesia, Malaysia, the Philippines and Thailand to have attained 4½% real GDP growth (1999: 2.6%), compared with 6½% in the whole of Asia. Moreover, the ASEAN-4 countries posted lower current account surpluses than in 1999, because exchange rates had appreciated and import demand had risen. Better fundamental data as well as progress in external debt restructuring stabilized capital flows. Except in Indonesia, short-term rates, too, had eased markedly below precrisis levels. Southeast Asia's biggest problem is the sharp decline in inward foreign direct investment, which halved in the past five years (1996: about USD 30 billion). These funds have been siphoned off to countries with a higher appeal as an industrial location, particularly to South Korea (following accession to the OECD) and to China (inter alia given China's prospects of joining the WTO in mid-2001). South Korea and China, incidentally, posted the highest growth rates (more than 8%).

Latin America

Emerging from the recession of 1999, the region was finally back on a growth track in 2000, achieving more than 4% real GDP growth (mainly on account of more favorable budgetary positions in many countries, sinking inflation rates and improved current account balances). Overall, the oil price spike had a positive effect on Latin America's balance of trade. Of the seven big economies, four are net exporters of oil, namely Argentina, Colombia, Mexico and Venezuela.

Owing to political and economic turbulences in a number of countries as well as the economic slowdown in

the U.S.A., the expansion of the Latin American economies is forecast to decelerate to below 4% in 2001.

The yield gap between emerging market bonds and U.S. bonds stabilized at a high level at the end of 2000. The sentiment on Latin American government bonds became a lot more bullish at the beginning of 2001, last but not least because of the key rate cuts by the U.S. Fed.

Brazil's positive economic performance benefited from the privatization and the deregulation of administered industries. The privatization proceeds of the past decade in excess of USD 100 billion were instrumental in reducing Brazil's budget deficit, dampening inflation and modernizing infrastructure.

Few negative external factors (the oil price and economic developments in Argentina) stood in the way of Brazil's recovery. The exchange rate depreciated, and the interest rate decline was interrupted, but the economic indicators and consumer confidence brightened. The current account deficit did not narrow as much as expected, but the shortfall was easily financed by foreign direct investment inflows. Both domestic and external debt as a percentage of GDP are going down. Real GDP growth stood at 4.2% in 2000 and is expected to accelerate to 4.5% in 2001.

Argentina's economic condition at the close of 2000 created problems, above all because of the country's importance for the region. The country has been mired in a recession for two years, interest rates are high, the confidence of international financial markets has dropped sharply, and the creditworthiness of the country has been

downgraded. Latin America's biggest bond issuer in foreign currency had to rely on multilateral assistance to be able to meet its debt service requirements of USD 21 million in 2001. In mid-January 2001, an IMF-led international relief package of multilateral and private lenders topping USD 35 billion was endorsed (see the chapter on

“Close Cooperation with International Organizations”).

Argentina's currency is pegged to the U.S. dollar under a currency board regime. The new economic minister appointed in March 2001 is considering extending the currency board to include the euro – once the euro has achieved dollar parity.

Efficient Implementation of Monetary Policy

Monetary Policy Framework

Fixed rate tender replaced by variable rate tender. OeNB gold sales under with the Central Bank Gold Agreement. TARGET and ARTIS payment systems upgraded. Monetary income framework established.

Switch from Fixed Rate to Variable Rate Tender

On June 8, 2000, the Governing Council of the ECB decided to switch to a variable rate procedure (American auction) starting from June 28, 2000, in conducting the Eurosystem's weekly main refinancing operations (MROs) with a two-week maturity. While in a fixed rate tender counterparties bid amounts at preset rates, bidding rates in a variable rate tender are at banks' own discretion. This allotment procedure had previously been adopted for the monthly longer-term refinancing operations (LTROs) with a three-month maturity.

But unlike in the case of LTROs, the ECB will not preannounce the volume to be allotted in its MROs; it does, however, set a minimum bid rate, for the purpose of signaling the monetary policy stance. To give counterparties some guidance in submitting their bids, the ECB has, moreover, published the estimated aggregated liquidity needs of the banking sector resulting from the minimum reserve requirements and the so-called autonomous factors (such as banknote circulation) since the switch to the variable rate tender procedure. These data serve as a yardstick for the amount of liquidity likely to be allotted in the forthcoming MRO.

This change of tender procedure was by no means intended as a change in the monetary policy stance. The torch signaling the monetary policy stance has simply passed from the fixed rate used in fixed rate tender procedures to the minimum bid rate.

The switch to the variable rate tender procedure came in response to the severe overbidding that had developed in the context of fixed rate tenders. The fixed rate tender procedure implied that banks had to anticipate the prospective allotment ratio. Especially when key rate increases appeared likely over protracted periods, it was attractive for banks to bid for particularly large amounts of liquidity. While initial allotment ratios were around 10%, they fell to below 1% in the last fixed rate tender executed, and the aggregate bid amount even exceeded the total of eligible assets potentially available. Experience with the new procedure can be summed up as follows:

- Initially, the number of counterparties participating in MROs dropped, simply because participating in variable rate bids calls for a more sophisticated approach to bidding. Austrian banks had no significant problems.
- In the first months there was a slight shift toward allotments to smaller countries.
- The liquidity needs of smaller institutions in particular were met more adequately.

Other Changes in the Monetary Policy Framework

On August 31, 2000, the Governing Council of the ECB agreed upon a revised version of its 1998 publication entitled "General documentation on Eurosystem monetary policy instruments and procedures." The major changes, which took effect on January 1, 2001, include:

- Eligible collateral: The tier-two assets have been segmented into liquidity groups. Moreover, higher haircuts have been introduced for inverse floating rate notes, i.e. variable rate securities which pay lower coupons when the reference rate falls and higher coupons when the reference rate rises, and adjustments have been made in the field of the cross-border use of collateral.
- Moreover, the extent of sanctions imposed for noncompliance has been made more transparent.

Tier-Two Assets

With effect from June 30, 2000, bills of exchange were struck from the list of eligible tier-two assets, because of the low recourse to such instruments and the high handling costs. Hence, only bank claims against financially sound corporate borrowers having a maximum maturity of two years are eligible as collateral. Nevertheless, even bank claims were seldom submitted as collateral in the reporting year. The following amounts of tier-two assets were effectively provided by counterparties at the end of each quarter in 2000:

2000	EUR million
March	137.8
June	146.0
September	104.2
December	122.2

The guidelines and benchmarks for in-house risk assessment set by the Eurosystem were again efficiently met by the OeNB. These guidelines are an important basis for the supervisory review of internal ratings under the revised capital adequacy guidelines.

Foreign Exchange Intervention

In 2000 the Eurosystem intervened in the foreign exchange market for the first time since the introduction of the euro. The first operations to influence the euro exchange rate were undertaken in September; more followed in November 2000. The interventions were motivated by concerns about the potential negative repercussions of the euro exchange rate on the world economy and on price stability in the euro area. The Eurosystem proceeded in a concerted action, coordinated at the G-7 level; on the initiative of the ECB, the Federal Reserve Bank of New York, the Bank of England, the Bank of Canada and the Bank of Japan joined in.

Reserve Asset Management

The OeNB manages its share in the foreign reserve assets transferred to the ECB according to the security and liquidity criteria laid down by the ECB. Compliance with these criteria is subject to continuous supervision by the ECB; this also includes submitting a monthly income statement. In addition, the OeNB also manages its own reserves; here, too, common regulations apply, but they leave more room for maneuver. Both types of foreign reserves – those held by the OeNB and those transferred to the ECB – are reserves of the Eurosystem.

When interventions take place, as was the case in 2000, the foreign reserve assets that the NCBs transferred to the ECB are used.

Central Bank Gold Agreement

On September 26, 1999, the ECB and the 14 NCBs, including the OeNB, agreed to limit sales of gold from their official reserves to a specified amount and not to increase their other gold operations (particularly investments) above current levels for a period of five years. In line with this moratorium, the OeNB reduced its gold holdings by 30 t in 2000. In the remain-

ing years sales of up to 60 t are scheduled. Notwithstanding past and planned sales, the OeNB will continue to use gold both as a reserve assets and as a store of value.

The OeNB actively manages a large part of its remaining gold holdings, with a view to gaining additional revenue, but also with a view to keeping abreast of market developments and ensuring adequate flexibility.

Payment and Settlement Systems

TARGET/ARTIS Payment Systems

Payment systems activities in 2000 focused on the consolidation and further improvement of TARGET, the Trans-European Automated Real-time Gross settlement Express Transfer system, which is the European real-time gross settlement (RTGS) system, and on the exchange of information with system users.

The volume of payment traffic in TARGET continued to rise in Austria in 2000. TARGET payment volumes expanded from an average of EUR 8 billion a day in 1999 to EUR 10 billion in 2000.

In the second half of 2000 process optimization and system upgrades succeeded in boosting the availability of the national RTGS system ARTIS (Austrian Real-Time Interbank Settlement) to 100%.

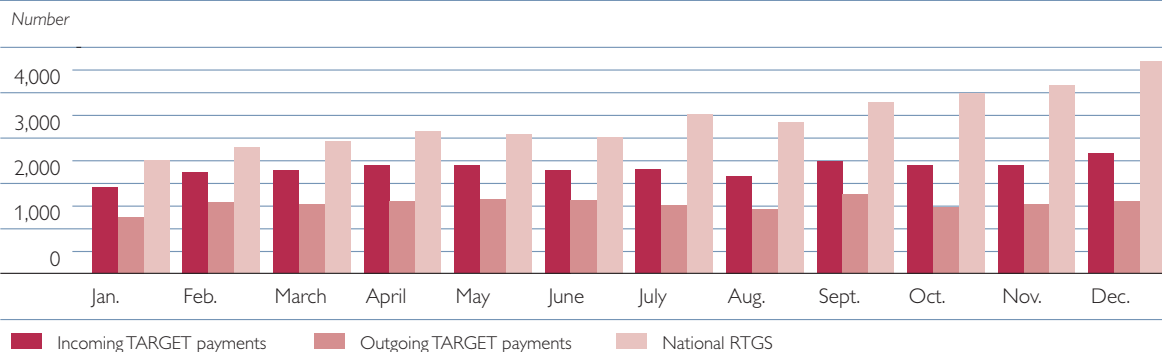
The development of new technologies, changes in settlement systems and the stepped-up requirements of banks were behind the decision to review the current architecture of the TARGET system. The outcome of this reassessment was a

reinforcement of contingency options in the case of system failure. On January 1, 2001, a TARGET reimbursement scheme, whose legal framework is reflected in the TARGET guideline, became operational. This scheme entitles participants to compensation for higher costs incurred in the event that a system malfunction prevents same-day processing of payments.

The method of multilateral triangulation, which served to reduce TARGET balances on NCB accounts, was replaced on November 1, 2000, by netting by novation. In netting by novation, the daily bilateral TARGET balances of the NCBs are transferred to the bilateral account of the respective NCB with the ECB at the close of business. In this fashion, each NCB aggregates all its bilateral TARGET balances vis-à-vis other NCBs to a single balance vis-à-vis the ECB, which prevents balance sheet expansions.

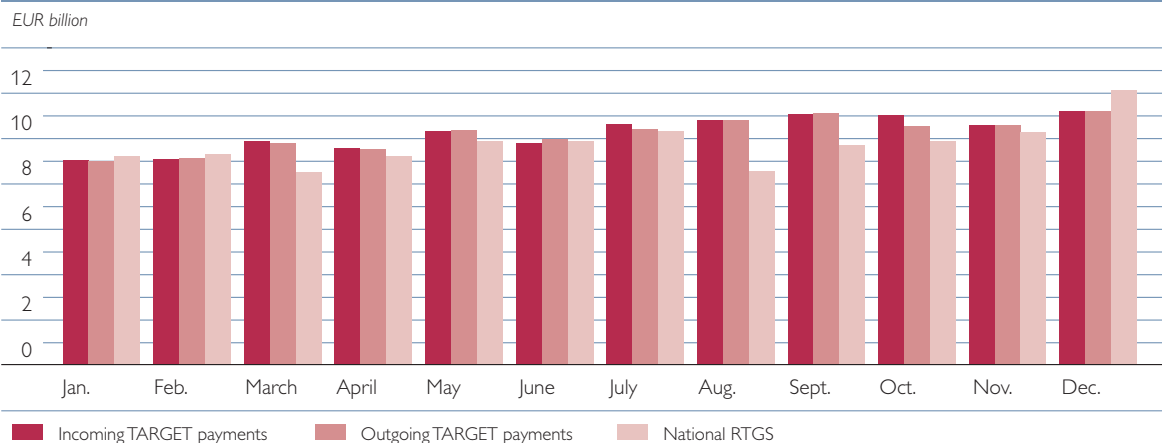
The start of Continuous Linked Settlement (CLS) operations is foreseen for the fall of 2001. The CLS Bank (CLSB) will provide settlement services for foreign exchange trans-

Volume of Payments (Daily Averages) Processed by ARTIS/TARGET in 2000



Source: OeNB.

Value of Payments (Daily Averages) Processed by ARTIS/TARGET in 2000



Source: OeNB.

actions on a payment-versus-payment (PvP) basis. CLSB will settle participants' balances via the EPM (the ECB's Payment Mechanism) and TARGET on a regular basis. TARGET guarantees high availability for these operations. The development and testing of contingency plans has been going on in close cooperation with CLS settlement banks since mid-2000; these plans provide for backup procedures in case TARGET is unavailable for a short period.

In November 2000 a new message format (MT 103 – customer payments with standardized details) was made available for TARGET

payments. Currently this format is already used for 10% of all customer payments.

Studies on Payment and Settlement Systems

In addition to fulfilling operational tasks in the field of payment and settlement systems, the OeNB keeps abreast of new requirements and draws up studies on related topics. R&D activities are targeted at analyzing how secure and efficient all types of electronic payments are and at developing upgrades in line with monetary policy requirements. The results of the studies serve as basis for discussion within the

OeNB and for cooperation with the partners involved. These studies examine the status quo in Austria and abroad and gauge the potential for improvement. The OeNB has drawn up internal studies on the role of NCBs in payment systems and services, analyzed the status of card-based payments and assessed the use of mobile communications for payment operations. In addition, the OeNB's participation in the CLS Bank's settlement system, which is now being set up, was examined.

The ARTIS Project

The expansion of ARTIS is based on the conceptual framework of the ESCB and on Austrian banks' requirements. The key modification in 2000 was the introduction of the MT 103 message format by S.W.I.F.T. (the Society for Worldwide Interbank Financial Telecommunication). This format, which is set to supersede the currently used format MT 100, supports fully automated processing of customer payments. ARTIS access options are also a topical issue. Based on the decision by the Study Society for Cooperation in Money Transmission (STUZZA), the Electronic Banking Communication (EBK) system run by the Austrian Payments System Services (APSS) will be discontinued; instead, users will rely on S.W.I.F.T. services and a yet to be established Internet connection. ARTIS Online has given a new group of customers easy and inexpensive PC-based access to ARTIS services.

Monetary Income in the Eurosystem

Article 32 of the Statute of the ESCB/ECB defines monetary income as the income accruing to the NCBs in the performance of the Eurosystem's monetary policy function. Under the ESCB/ECB Statute, the amount of each NCB's monetary income shall be equal to its annual income derived from its assets held against notes in circulation and deposit liabilities to credit institutions (referred to as the monetary base). Such income shall be earmarked for redistribution among the euro area NCBs in accordance with guidelines to be established by the Governing Council of the ECB (Article 32.2 of the ESCB/ECB Statute; direct method of calculating monetary income). The bottom line is, among other things, influenced by the costs the NCBs incur in connection with the use of the liquidity-absorbing monetary policy. Another factor that crucially influences the measurement of monetary income is the Eurosystem's minimum reserve system, because any interest that the NCBs pay on banks' minimum reserve deposits reduces the amounts they will contribute to the pool of monetary income.

The rationale for this policy is to equitably redistribute the income resulting from the use of the monetary policy instruments in conducting the single monetary policy. Any such income earned in the euro area will be pooled and reallocated to the NCBs participating in the Eurosystem in accordance with a set key, namely in proportion to their paid-up shares in the capital of the ECB.

The Current Solution

Since the balance sheet structures of the participating NCBs diverged widely at the time of entering Stage Three of EMU, the Governing Council of the ECB agreed on November 3, 1998, that for the first three years monetary income should be measured according to an alternative method provided for under Article 32.3 of the ESCB/ECB Statute. This means that the so-called indirect method¹⁾ is to be used until the end of 2001. Under this method, a standard income is calculated by applying a flat reference rate to the liability base, namely the marginal bid rate for two-week repos.

Since banknotes in circulation do not include euro banknotes from 1999 to 2001, national banknotes are excluded from the monetary base under the interim solution. This reduces the monetary base to deposit liabilities to credit institutions. As interest paid on those liabilities²⁾ can be offset against the monetary income to be pooled, the Eurosystem's total monetary income is in fact not very high.

Past experience suggests that the OeNB stands to pay very small net amounts³⁾ into the pool of monetary income during the first three years because the income accruing to the OeNB from the components mentioned above is roughly equal to the offsettable remuneration of minimum reserve holdings.

Outlook for Post-2001 Solutions

The integration of euro banknotes from 2002 calls for a viable longer-term solution. Alternatives are being discussed to assess the consequences the various models of redistribution may have for the individual NCBs.

¹⁾ The Council of the European Monetary Institute (EMI) agreed on November 5, 1996, that the indirect method should apply during the first five years of EMU because initially the NCBs will not be in a position to earmark assets as required by the ESCB/ECB Statute. The EMI Council later decided on May 5, 1998, that the share of monetary income accruing from national banknotes in circulation would not be subject to redistribution. Those decisions were endorsed by the Governing Council of the ECB in November 1998.

²⁾ The interest rate for the remuneration of minimum reserve balances and the rate applied to calculating monetary income have been identical since the establishment of the Eurosystem.

³⁾ Since the OeNB's share of deposit liabilities to credit institutions (as well as its share of banknotes in circulation) has tended to be above its fixed share of the ECB's capital, the OeNB has been a net contributor in the redistribution process.

Transparent and Open Communications

Communications activities marked by numerous events, conferences, seminars and publications. Approximately 100 press releases issued. Roughly 17 million hits on the OeNB's website, which spans some 40,000 pages. Information activities boosted in the run-up to the introduction of the euro until February 2002.

The OeNB has a mission to keep people and businesses in Austria up to date about the Eurosystem's monetary policy decisions. To safeguard price stability in line with the Eurosystem's primary objective, the price stability policy must be accepted at all levels and must be intrinsic to the decisions politicians, the business community, companies and households take every day. With the switch from schilling to euro cash coming up, the OeNB has put a special focus on providing households and businesses with information about euro banknotes and coins to raise public awareness about the changeover, to ease the changeover process for people and to help them use the new cash safely and confidently.

Hence the OeNB's public relations activities in 2000 centered on educating the public, the media and experts by providing pertinent information on the stability-oriented monetary policy, the euro, the OeNB's role and responsibilities within the Eurosystem and on the introduction of euro cash. December 2000 marked the debut of the OeNB's segment of the ECB/NCB information campaign about the switch to the euro, the Euro 2002 Information Campaign, scheduled to run until February 2002. The key themes revolve around the appearance and the security features of the new means of payment and the changeover schedule and program in Austria (see box 5). The euro information campaign is a further step in the OeNB's public relations policy, which is coordinated within the Eurosystem and seeks to stimulate the economic policy dialogue. Moreover, as stipulated by Article 32 para 5 National-bank Act, the Governor and Vice

Governor report to the Finance Committee of the lower house of parliament twice a year about the Eurosystem's monetary policy measures.

Despite the U.S. dollar's unflagging strength against the euro, opinion polls conducted in the first quarter of 2001 signal that acceptance of the euro has stabilized among the general public and that euro backers outnumber its detractors. Most respondents stated that credit for a successful changeover would be due to the OeNB. Public confidence in the OeNB remained at a high level compared to trust in other public institutions and in fact rose further in its ability to maintain price stability during the launch of euro cash.

Box 5

OeNB and ECB Information

on the Introduction of Euro Banknotes and Coins

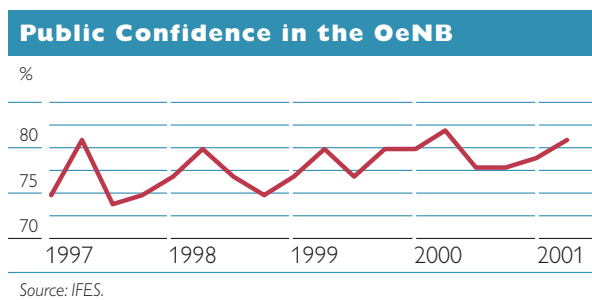
The Euro 2002 Information Campaign, a cooperative venture between the NCBs and the ECB¹⁾ scheduled through February 2002, aims to:

- provide material and cooperate in delivering facts and data with other institutions which have an important role to play in informing the public about the changeover;
- maximize the multiplier effect of these institutions, i.e. derive the greatest possible benefit from the institutions and professional groups whose activities tag them as opinion leaders;
- ensure the efficient dissemination of information material describing the final appearance of banknotes and coins and
- contribute to the accuracy of the information produced by partner institutions.

The OeNB itself handles numerous public relations activities on this score. These activities focus on:

- familiarizing people with the appearance of the euro banknotes and coins and with the schedule, technical handling and logistics of the changeover; making special training material available to cash handlers (banknote security experts and cashiers);
- handing out leaflets, posters and information kits to the media and partners as well as specific target groups, placing print advertisements;
- providing facts and figures on numerous radio and TV programs, commercials and spots, on-line and through a telephone hotline;
- implementing a comprehensive program of events (such as lectures, press conferences, interviews, euro "information day" exhibitions, displays at trade fairs).

¹⁾ See ECB (2001). *The external communication of the European Central Bank. Monthly Bulletin, February, pages 59 to 65.*



Informing the Public

In 2000, general and business news writers and reporters were invited to 37 press conferences, interviews and the like, and roughly 100 OeNB and 160 ECB press releases with special information were issued. Moreover, the OeNB for the first time organized a seminar for journalists in 2000, with a visit to the ECB as a highlight. At the seminar, senior executives explained the ESCB's duties and how the Eurosystem operates. At their public appearances, members of the OeNB's Governing Board elucidated the decisions of the Eurosystem and prepared the media for the advent of the euro.

The general public was targeted with a series of advertisements on the euro placed in a wide range of media. In spring and fall 2000, four motifs were used in ads to deliver key information in all Austrian print media. The ads addressed the OeNB's function within the ESCB, presented the euro as the currency of a new generation and shed light on the changeover. The advertisement series was rounded out by posters especially made for schools and by other communications activities. The information brochure "Auf dem Weg zum Euro-Bargeld" (available only in German) was completed in December 2000, introduced in a press release, and presented to decision makers and

opinion leaders as the initial step in the Austrian segment of the ECB/NCB Euro 2002 Information Campaign. The brochure was made available free of charge to banks, post offices, schools, public administration offices and tourist information offices, among others, to hand out or display as complimentary material. In the first four months of 2001, roughly 3 million of 4.5 million leaflets were distributed. Posters with images of euro banknotes and coins were also provided. The OeNB teamed up with the federal government (Euro Initiative) and the public broadcasting service ORF for the national euro campaign. Moreover, the OeNB and the ECB produce information material about the euro targeted at decision makers, experts, opinion leaders and the general public.

Apart from information on euro introduction issues and this annual report, the OeNB puts out a number of regular publications available to interested readers: the monthly statistical bulletin "Statistisches Monatsheft" (German, available on-line in English as the "Focus on Statistics"), the report "Berichte und Studien," published quarterly and available in English as "Focus on Austria," the report "Focus on Transition," published twice a year, the conference proceedings of the OeNB's Economics Conference (Volkswirtschaftliche Tagung) and the annual publication "The Austrian Financial Markets – A Survey of Austria's Capital Markets – Facts and Figures" (see Annex C for a more comprehensive list).

At 401 events and lectures organized by the OeNB and its branches, about 27,000 people were informed about the changeover and related topics. The OeNB's tasks

were explained to 73 groups of visitors. Also, the OeNB was represented with an information stall at all important trade fairs in Austria.

Fielding numerous questions submitted by phone, mail and e-mail, the OeNB further consolidated its status as an information provider. Hits on the OeNB's website, which now spans 40,000 pages, doubled to over 17 million in 2000. In addition, 19,250 inquiries reached the OeNB by telephone; 3,200 questions were posed in e-mails. A general trend toward more complex questions was observed.

Since February 2000, information about the OeNB's Numismatic Museum has been available in German on the OeNB's website: so far, over 1 million hits have been registered. The restoration measures required to preserve numismatic collectors' items progressed further, and work on storing coin and collectors' item information in the electronic database made further headway. Furthermore, cooperation with the numismatic sectors of other central banks was intensified further in 2000.

Education activity at schools was continued. A project in which the OeNB's school information kit was mailed to schools met with such overwhelming interest that selected reprints were made. The OeNB hosted 80 lectures in cooperation with the Austrian Museum for Social and Economic Affairs on topical issues such as money, the OeNB and the euro, which were attended by 2,700 people (1,400 of whom were students). In about 820 lectures, supported by material from two road shows used throughout Austria, the euro and basic economic knowledge was presented to

approximately 18,000 students at schools. In cooperation with Volkswirtschaftliche Gesellschaft Österreich, the OeNB held 6 teacher training sessions in Vienna and at other locations, 15 further education sessions for other trainers and 35 sessions for students.

Governor Klaus Liebscher sponsored the Austrian portion of the initiative "Euro – World – Europe Paints for Children with Cancer," in which artists and children designed euro coin motifs on 1,000 large plastic discs. Jointly with the federal government's Euro Initiative, the EU and the Austrian Federal Ministry for Education, Science and Culture, the OeNB supported the Eurotrain project in the school year 1999/2000, at which euro information was presented to schoolchildren at train stations.

Informing Professional Users

The OeNB also addresses a professional audience and the financial sector. Professional money users have access to a number of technical publications. August 2000 marked the presentation of a guide to the introduction of euro banknotes and coins (see also the chapter "Smooth Implementation of the Preparations for the Changeover in 2001/2002" in this annual report) published and edited by STUZZA (the Austrian Research Association for Payment Cooperation) in cooperation with the OeNB and other organizations. Additionally, monetary and economics issues and financial market stability matters were presented and discussed at seminars, workshops and lectures held to inform professional participants.

The OeNB's 28th Economics Conference on "The New Millen-

nium – Time for a New Economic Paradigm?” in June 2000 was attended by top experts from Austria and abroad. The conference focused on the challenges for monetary policy posed by the economic environment and technological change. Information about the Economics Conference and about a workshop on wage formation held in October 2000 was posted on the Internet as the events unfolded, an approach which met with an enthusiastic response on the part of participants and the media (see also the chapter “A Competent Partner in the Dialogue between the Eurosystem and Austria”).

The East-West Conference held in November 2000 and organized together with the Joint Vienna Institute (JVI), which dealt with “Completing Transition – The Main Challenges” (see box 17), attracted a host of distinguished, high-profile economic policymakers and economists, such as the top representatives of the three international organizations IMF, WTO and EBRD. The conference was highly acclaimed among experts on Eastern Europe. The OeNB supported transition in the Central and Eastern European countries with further activities, for example activities with the JVI, or by hosting the presentations of the UNCTAD and EBRD annual reports. The Vienna Seminar on the EU accession process held in Vienna jointly with the ECB (see box 19) marked an opportunity for animated discussion and a profound exchange of information.

The 22nd SUERF¹⁾ Colloquium partly organized by the OeNB in April 2000 at Vienna University was entitled “Adapting to Financial Globalisation.” The OeNB also organized a Fiscal Policy and Growth

Workshop in May 2000 together with the Federal Debt Committee as well as a variety of press events.

Coordination with other Institutions Involved in the Introduction of Euro Cash

In the course of the preparations for the changeover, the federal government’s Euro Initiative and the OeNB chaired a working group on euro information activities to promote an extensive exchange of information and opinions among the institutions and organizations involved. Euro introduction activities were coordinated with Austrian banks via the Bank + Insurance Department of the Austrian Federal Economic Chamber and via STUZZA, the Austrian Research Association for Payment Cooperation.

The OeNB exchanged information with the partners involved in the rollout of the euro, especially the Representation of the European Commission in Austria, the Euro Initiative of the federal government and the social partners.

At the ECB level, the OeNB was represented in the External Communications Committee (ECCO) and the Network Advisory Team (NAT), where it contributed to planning and coordinating the public relations activities of the Eurosystem focused on the advent of euro cash.

¹ See also the chapter
“The Monetary Policy of the
Eurosystem Secures Price
Stability.”

Smooth Implementation of the Preparations for the Changeover in 2001/2002

The introduction of euro cash¹⁾ in Austria represents a considerable challenge, with the OeNB occupying the key role in the changeover process. The in-depth account of the OeNB's public relations efforts in

the chapter "Transparent and Open Communications" is followed in this chapter by a description of the technical and logistical operations involved.

Cash Supply, Quality and Security

Some 360 million euro banknotes and 1.5 billion euro and cent coins ready for the changeover at the beginning of 2002.

Itemized schedule and detailed logistical chain. Wide range of additional cash service activities provided.

Cash processing by GELDSERVICE AUSTRIA, the OeNB's cash logistics arm.

In Austria, the OeNB and its subsidiaries are in charge of producing and issuing euro banknotes in line with ESCB framework conditions and security requirements.

High Quality Standard for Banknotes

In 2000, roughly 92 million schilling banknotes no longer fit for use – this corresponds to a total nominal value of EUR 1.9 billion – were withdrawn. Though Austrian bank-

notes have to meet stringent quality criteria for recirculation, their useful life averages 3.3 years, which is high by international standards. Regular quality controls are performed by GELDSERVICE AUSTRIA (GSA), the OeNB's subsidiary specialized on logistics. GSA uses state-of-the-art quality control technology to spot counterfeits, safeguarding the quality of the cash in circulation in Austria (see box 6).

Box 6

GELDSERVICE AUSTRIA's Role in Banknote Logistics

The purchase of Geldservice Gesellschaft (GSG) and the foundation of GELDSERVICE AUSTRIA (GSA) have involved the OeNB more closely in banks' cash processing operations. Moreover, this move put money processing on a basis covered by corporate law and substantially improved the prerequisites for the changeover to the euro. The GSA, which has business locations in seven Austrian provinces, currently provides services ranging from note and coin processing to night depository services and from business accounts to foreign currency processing. The GSA charges for its services to the OeNB, commercial banks and the Austrian postal service. However, the GSA is not profit-oriented. Commercial banks' involvement in the GSA keeps cash handling (pickup and delivery) costs low for them and for the OeNB.

The OeNB has reserved the right to exercise specific cash handling duties to safeguard the quality control of circulating cash. This includes transactions with cash holdings throughout Austria, controlling the circulation of notes and coin by issuing instructions to the GSA, retaining the role of the sole issuer of currency, exchanging information and drawing up analyses of notes and coin in circulation. Moreover, the Cashier's Division of the OeNB is in charge of e.g. handling damaged banknotes and counterfeits, accepting called-in banknotes from series that have lost their legal tender status, quality control and testing according to ISO 9001, and of auditing the GSA. The branches of the OeNB play a coordinating role, liaising between regional GSA offices and OeNB branches.

¹ See also STUZZA (2000). *The euro – our new cash. Guide to the introduction of euro banknotes and coins in Austria on 1 January 2002. September.* Internet address: <http://www.stuzza.at>.

The Changeover to the Euro 2001/2002

Launch Requirements: 360 Million Euro Banknotes

The reporting year was marked by expeditious preparations for the changeover; the volume and intensity of preparations will be stepped up further in 2001. Preparations are running smoothly, with launch stocks and logistical stocks of euro banknotes and coins currently being readied.

The launch requirement for Austria is 360 million banknotes (plus a buffer of 30% to 40%), which Oesterreichische Banknoten- und Sicherheitsdruck GmbH (OeBS) is producing. By comparison: Roughly 15 billion euro banknotes are required for the euro area as a whole. Austria's initial stock of euro and cent coins is being minted by Münze Österreich AG,

the Austrian Mint. At the beginning of 2002, roughly 1.5 billion coins with a total weight of 8,000 tons will be ready for circulation.

The OeNB developed a logistical blueprint – the money logistics project – for the distribution of euro cash jointly with commercial banks and the business community. The objective is to reorganize cash logistics in Austria and to prepare for the smooth changeover from the schilling to the euro.¹⁾ During the most intense phase of the changeover (see box 7), a special “euro cockpit” will orchestrate all changeover activities at the OeNB from September 1, 2001, to February 28, 2002. This unit will handle communications and respond quickly and flexibly to changeover partners' requests.

¹ For more details about the money logistics project in German, click on the “Eurotausch” button on the OeNB's website (<http://www.oenb.co.at>).

Schilling Notes and Coins in Circulation in Austria

on December 31, 2000

Legal tender banknotes

	Banknotes in circulation	
	number of notes	ATS million
ATS 5000 type I	13,967,348	69,837
ATS 1000 type V	86,385,908	86,386
ATS 500 type IV	23,685,972	11,843
ATS 100 type VI	147,179,868	14,718
ATS 50 type IV	48,582,509	2,429
ATS 20 type V	118,037,950	2,361
Called-in denominations	23,072,615	5,524
Banknotes in circulation	460,912,170	193,098

Legal tender coins

	Coins in circulation	
	number of coins	ATS million
Gold coins	9,950,869	12,390
Silver coins	143,629,519	16,293 ¹⁾
Base metal coins	6,553,905,151	8,350
Total	6,707,485,539	37,033

Source: OeNB.

¹⁾ Including bimetal coins.

Euro Cash

Euro banknotes (launch stock)

	million notes	in % of the launch stock
EUR 500	10	3
EUR 200	10	3
EUR 100	70	19
EUR 50	40	11
EUR 20	30	8
EUR 10	100	28
EUR 5	100	28
Total	360	100

Euro coins (total stock)

	million coins	in % of the total stock
EUR 2	200	10
EUR 1	268	13
50 cent	200	10
20 cent	133	7
10 cent	533	27
5 cent	133	7
2 cent	133	7
1 cent	400	20
Total	2,000	100

Source: OeNB.

Box 7

Changeover Timetable

In line with the changeover schedule set up by the EU and ECB, the timetable for the switch from schilling to euro cash is as follows:

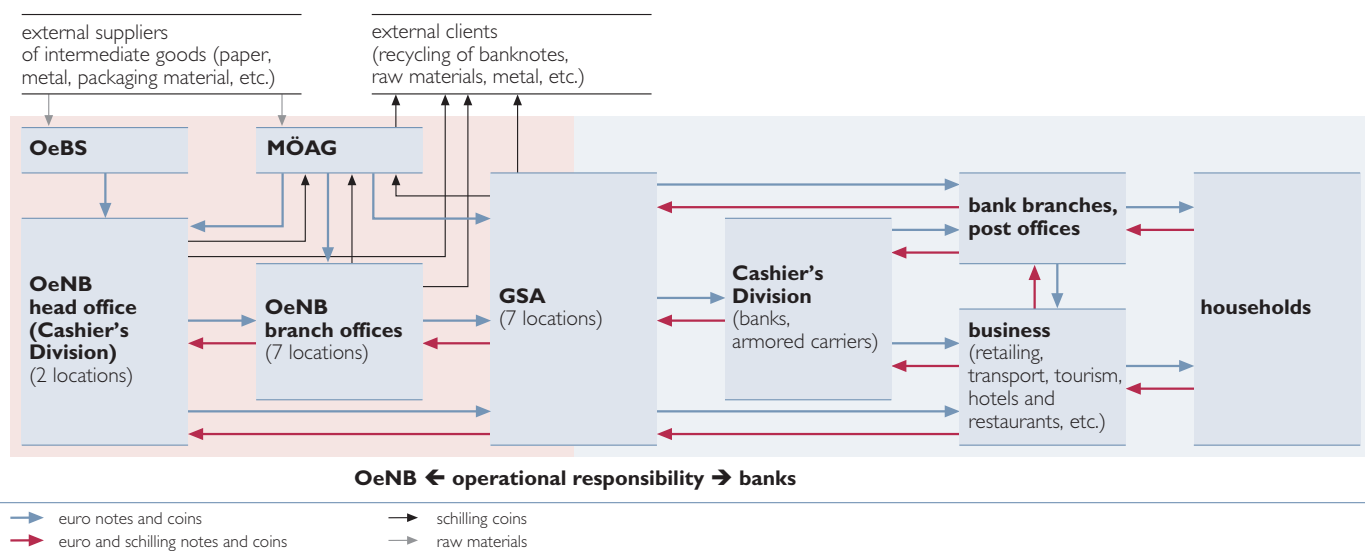
April 30, 2001	the OeNB takes banks' final and binding orders for euro cash for frontloading
September 1, 2001	frontloading to banks begins
September 1, 2001	subfrontloading from banks to companies begins
December 1, 2001	subfrontloading from banks to branches and subsidiaries outside the euro area begins
December 15, 2001	subfrontloading of coin starter kits from banks to consumers begins
January 1, 2002	dual circulation period begins – schilling and euro are both legal tender
February 28, 2002	dual circulation period ends – euro is sole legal tender
March 1, 2002	schillings may be exchanged for euro for an unlimited period and only at the OeNB headquarters and OeNB branch offices; schilling coins may also be exchanged at Münze Österreich AG
March 31, 2002	period for exchanging national banknotes from other euro area Member States at the OeNB's offices ends

Systematic Chain of Logistical Steps Guarantees Smooth Changeover

Banks and businesses are regularly supplied with basic data on the money logistics project. This procedure ensures that the processes involved are fully transparent.

The transport of euro coins from Münze Österreich AG to the OeNB's main and branch offices already began mid-2000. For the time being, the euro coins are being warehoused at the OeNB and in storage areas rented for this purpose (the Austrian Mint's coin logistics center), where coin packages are prepared for delivery. At its locations, the GSA assumes part of the task of apportioning coins and most of the banknote allotment. The GSA receives the euro banknotes and coins from the OeNB and apportions them to the cash transport companies in packages. These procedures are subject to stringent security measures.

Chain of Logistical Steps in Austria: Operational Responsibility



Euro Cash Starter Kits to Cover Initial Requirements

Banks will start to receive euro banknote and coin deliveries on September 1, 2001. They have already ordered roughly 5.5 million starter kits (euro coins) for consumers and about 560,000 starter kits for businesses. The euro cash equivalent of more than ATS 100 billion will be delivered to banks under the front-loading program. Also on September 1, 2001, banks will be able to start subfrontloading euro cash to Austrian retailers.

From mid-December 2001 consumers may purchase euro coin starter kits containing coins worth around ATS 200 from banks and the OeNB. Consumers will be able to access euro banknotes from January 1, 2002, primarily from Automated Teller Machines (ATMs) and cash points. On December 1, 2001, euro cash will also be frontloaded to Austrian banks' branch locations in neighboring countries, to make the euro available for payments immediately and to prevent any unnecessary shortages in the border regions. The frontloaded and subfrontloaded euro cash must not be put into circulation prior to January 1, 2002. All partners in the logistical chain are obligated by contract to observe this condition.

The dual circulation phase ends February 28, 2002, which means that the schilling loses its legal tender status and may be exchanged (for an unlimited period) only at the OeNB headquarters and branch offices; coins may also be exchanged at the Austrian Mint.

Broad Range of Cash Services during Changeover

Most of the OeNB's services to banks were transferred to the GSA, when it was founded. However, banknotes from series which are no longer legal tender may still be exchanged for legal tender notes at the OeNB's counters. Also, damaged banknotes may be traded for new notes under certain conditions. Finally, bills suspected of being counterfeit may be submitted for examination.

The OeNB has set up two ATMs to serve the general public at its Vienna headquarters (OeNB I, Schwarzspanierstrasse and OeNB II, Garnisongasse). Additional ATMs are scheduled to be put up in the provinces. Moreover, coin change machines will be installed for users' convenience.

Pursuant to Article 52 ESCB/ECB Statute, the national central banks must exchange banknotes of other euro area countries submitted by the general public free of charge. The OeNB's headquarters and branch offices will provide this service until March 31, 2002. Such transactions resulted in the exchange of 62,000 banknotes equivalent to some EUR 73 million in 1999. Purchases of cash from euro area countries rose to about 93,000 banknotes worth around EUR 116 million in 2000.

A Competent Partner in the Dialogue between the Eurosystem and Austria

Information and Competence Center for Austrian Economic Policymakers

Information gateway
between the Eurosystem
and domestic economic
policymaking.
Highest output growth
and lowest unemploy-
ment rate in Austria
since the beginning
of the 1990s.
Inflation rate at 2%.
Visible progress
in budgetary
consolidation.

The OeNB acts as a communications interface between the Eurosystem and its single monetary policy on the one hand and domestic economic policymakers on the other hand. Just like any other central bank, the Eurosystem has assumed the task of regularly informing the public about its strategy and about the motives for its monetary policy measures to ensure that policymakers, business and the population understand monetary policymaking and lend their support and cooperation. For a number of reasons, the NCBs play a central role in this context: First, they know their countries' neuralgic points and weaknesses and have for many years enjoyed the confidence of the population and second, they have built up a tight network of contacts and communication channels.

Another central aspect of serving as a communication interface is the dialogue with national economic policymakers, as the differences in regional economic developments as well as the structural problems existing within a monetary union require the application of specific economic policy instruments within the autonomous national fiscal, income and structural policies.

Although central banks have no powers in these areas of economic policy, it is their responsibility to point out to national economic policymakers and to the general population which economic problems need to be addressed. In doing so, the NCBs ensure that all participants can reap the benefits of monetary union. Against the backdrop of the single currency, it is therefore

imperative to coordinate economic policies, to resolutely work toward the consolidation of public budgets as agreed in the Stability and Growth Pact, and to make economic structures even more flexible. Based on its expertise in economic policy, the OeNB supports economic policymakers in planning and carrying out necessary reforms. As an independent institution, it also sounds out a warning whenever it feels a note of caution is in order.

Another major task of the OeNB is to compile economic forecasts on Austria as a contribution to the Eurosystem's euro area projections (see box 8). In order to prove itself in the enhanced competition within the Eurosystem, the OeNB focuses its research primarily on monetary policy issues. This strategy also defines the OeNB's role in scientific discourse, its function as a gateway to universities and research institutions and as a producer of data and statistics.

Through its close monitoring of complex issues, the OeNB has established itself as a center of competence and has earned renown at national and international economic institutions. Active participation in many expert fora reinforces and promotes the OeNB's role as a partner in the dialogue with national economic policymakers on the one hand, and in the communication between domestic economic policymakers and the supranational monetary policymakers of the Eurosystem on the other.

The OeNB and its staff raise their voice in the economic policy dialogue in a wide variety of ways:

The OeNB's Macroeconomic Forecast

Real economic and monetary forecasts play a decisive role in the Eurosystem's monetary policy strategy. As long as economic cycles have not yet reached convergence, it is of particular importance to know as exactly as possible which economic developments are to be expected in the individual participating countries. The OeNB contributes to the Broad Forecasting Exercise (BFE), which is carried out twice a year (spring and fall), as well as to the Narrow Forecasting Exercise (NFE, a short-term inflation forecast). The BFE uses individual country forecasts as a basis to compile macroeconomic aggregates for the euro area as a whole. The horizon of these outlooks spans the current year and the two following years, forecasting quarterly data on growth and inflation rates based on the assumed development of the exchange rate of the euro, of short- and long-term euro area interest rates, of oil prices and of the world economy in general.

The OeNB's forecast of economic developments in Austria is based on a macro-econometric model and completed by expert estimates.

Basically, the OeNB's contribution to the BFE comprises three tasks:

- to draw up, maintain and further develop the macroeconometric model for the Austrian economy;
- to semiannually compile the macroeconomic forecast and
- to represent the OeNB in the respective ESCB working groups.

The BFE forecasting process takes six to eight weeks. It starts with defining the assumptions on the worldwide economic framework conditions which are binding for the participating NCBs. Based on this definition, the NCBs draw up preliminary country forecasts, which the Working Group on Forecasting examines as to consistency and plausibility. The Group also monitors new developments in the euro area to assess whether any revisions are required. Taking into account any changes in external assumptions (e.g. changes in oil prices or exchange rates) or any interest rate moves carried out by the Eurosystem during the forecasting process, the Group concludes the forecasting process in a third meeting.

These forecasting activities are a typical example for the OeNB's role as a dialogue partner: on the one hand, the OeNB contributes to fulfilling the tasks of the Eurosystem, while on the other, it provides input for economic policy discussions in Austria.

They contribute periodic economic analyses to diverse publications¹⁾ and write research papers, attend macroeconomic conferences, seminars on monetary issues and workshops, give lectures and press conferences and contribute to TV documentaries, and actively participate in the discussion on current economic topics. Examples for the OeNB's activities in 2000 are the workshop on "Wage Bargaining within EMU" (see box 9) and the East-West Conference (see box 10).

The OeNB's 2000 Economics Conference provided a broadly based forum for European researchers, politicians and central bankers to discuss aspects of the New Economy (see box 10).

¹ See the chapter "Transparent and Open Communications" and Annex C.

Box 9

Monetary Union and Wage Policy

Not only has EMU entailed profound changes in the European money and financial markets, a number of economists believe that it might also have a deep impact on the organization and functioning of the European labor market. To deal with this issue, the OeNB organized an international workshop on "Wage Bargaining within EMU" in October 2000. The contributions to and results of this workshop will be published in a special issue of the periodical *Empirica* in fall 2001.

Some experts argued that medium- and long-term incentives in the wage-setting process vary considerably within monetary union. In the medium term, EMU offers incentives to enhance the coordination of wage-setting processes at the national level. In the long term, more decentralized wage bargaining, the growing integration of product markets and the high transaction costs of transnational coordination could, however, shift wage-setting processes to the corporate level. Such a decentralization would, in theory, have an advantageous macroeconomic impact if these enhanced possibilities for incentive-oriented wage setting and flexibility are utilized in the case of shocks.

The strategic interaction between fiscal and wage-setting authorities was also examined. If tariff partners are sufficiently centralized – so the argument went – they will take into account in their wage settlements the impact their decisions will have on the aggregated demand for goods, on the monetary policy reaction to be expected from the national central bank, and on the rate of inflation and the level of actual wages. The real economic result will then depend on the interaction between accommodating or nonaccommodating (restrictive) central banks on the one hand, and a decentralized or centralized approach to wage settlement on the other. Another question under discussion was how the creation of EMU might affect the real economy, with a particular focus on any negative effects. The individual national trade unions become less important in the strategic interaction with the single monetary policy of the Eurosystem. However, if a trade union argues that its wage demands will only have little effect on the euro area inflation rate, concluding that the national central bank will therefore not react to any excessive wage settlements, EMU would indeed create new incentives for trade unions to engage in a more aggressive form of wage bargaining, which might, in turn, push up unemployment.

Many questions still remain unanswered in this new field of research and results largely depend on the type of model chosen and on the nature of the underlying assumptions. It is generally assumed that countries forming a monetary union are closed economies. New research carried out by the OeNB shows that EMU might have fewer effects if the model is based on small open economies. In small open economies, international competitiveness (i.e., in fact, international wage setting behavior) plays a major role in wage setting; at the same time, the development of domestic price levels reflects price movements abroad (imported inflation). As a result, the structure of incentives and the type of strategic interaction might in fact remain unchanged after entry into monetary union.

Is Europe Heading into a New Economy?

The topic of the OeNB's 28th Economics Conference, which took place in June 2000, was "The New Millennium – Time for a New Economic Paradigm?"¹⁾ Discussions were based on the observation that Europe had carried out substantial structural reforms over the last decade in order to strengthen its international competitiveness and growth potential. These efforts comprise the Single Market Program, extensive measures to liberalize the capital, goods and services markets, the creation of EMU, as well as the continued enlargement of the EU. Even though there is no doubt that these steps are of great importance, they appear to be insufficient in the face of the current IT revolution, which is often identified with the concept of a New Economy and a new economic paradigm. Over the last decade, the different dynamics of European economies and the U.S.A. have often been linked to these revolutionary changes in the field of IT.

Many questions are still open in this context: Does a New Economy exist at all? How should it be defined? And how conclusive are the statistics on which empirical proof has been based? Is the acceleration in productivity triggered by the IT revolution a passing phenomenon or will it be of a more sustainable nature? While in the U.S.A., a number of economists are convinced they have proof of a New Economy, Europe has so far only shown relatively modest signs of a similar development. Another aspect thus concerns possible structural differences between the U.S.A. and Europe: To what extent do these differences favor a New Economy in the U.S.A., while blocking it in Europe; can Europe catch up by eliminating the respective rigidities, and if so, how long will it take? Last but not least, economic policy itself plays an interesting role as well: How can it nurture and promote growth? What role does stability-oriented macro-economic policymaking play and what kind of monetary policy concepts are needed in this new environment?

While the question of whether a New Economy does or does not exist could not be answered conclusively, discussions produced a number of substantial reflections on and recommendations for economic policymaking. Obviously, European economic policy is currently facing great challenges: While it is possible that a sustained economic upswing also starts in Europe, the necessary framework conditions are not yet fully in place: Inter alia, the integration of the European market has not progressed far enough yet, an efficient market for risk capital remains to be developed, a European technology and research network is still missing, and the volume of funds invested in establishing a knowledge-based economy is too low. An aspect to be taken into account in the field of monetary policy is that uncertainty – in particular about the informative value of certain economic variables – has certainly increased. However, experts clearly confirmed that the monetary policy of the Eurosystem appears to be in a good position to cope with any changing requirements, as it is based on a two-pillar strategy enabling it to monitor a wide range of parameters and thus to react in a flexible manner.

¹⁾ See also OeNB (2000). Das neue Millennium – Zeit für ein neues ökonomisches Paradigma? Conference proceedings of the OeNB's 28th Economics Conference.

Economic Developments in Austria

Lively Demand for Loans Boosts M3 Growth

In a changing economic environment, investors' interests shifted in 2000, which was reflected by the development of the Austrian contribution to M3. Rising rates of inflation and deposit interest rates drove up the opportunity cost of holding liquid funds. As a consequence, investors opted increasingly for deposits and debt securities with an agreed maturity of up to two years. In December 2000, the Austrian contribution to M3 posted an annual growth rate of 5.6%, with the lively demand for loans playing an essential role in M3 growth. High income growth and rising employment prompted Austrians to take out more loans in 2000. Long-term MFI liabilities, a counterpart of M3, caused the Austrian contribution to M3 growth to contract. Above all, investors increasingly opted for debt securities with a maturity of more than two years.

Long-term Interest Rates Leveling off

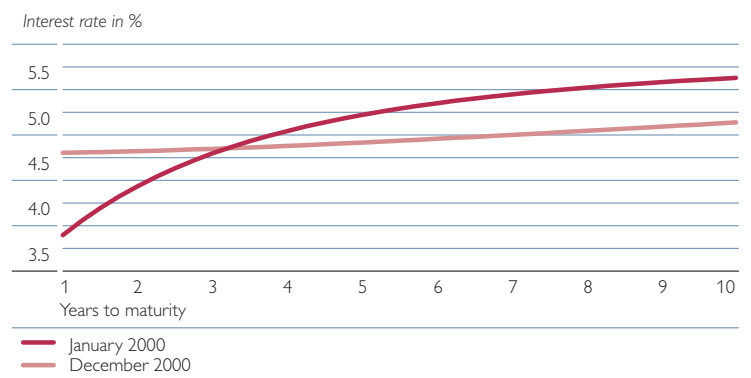
The Austrian benchmark yield for ten-year government bonds dropped to 5.21% from 5.75% in the course of the year 2000. This downward tendency continued at the beginning of 2001, mirroring euro area-wide developments. On April 17, 2001, the Austrian benchmark yield stood at 5.17%.

Germany has kept its benchmark status in the ten-year maturity band. The Austrian yield gap vis-à-vis Germany widened slightly in the year 2000, to 31 basis points as at December 28, 2000. By April 12, 2001, the yield gap had

expanded further to 33 basis points. Euro area bond spreads over Germany were within a range of 9 to 41 basis points on December 28, 2000. The decline in euro area benchmark yields is, inter alia, attributable to the six key rate cuts made by the Eurosystem in the course of 2000, which reduced inflation expectations.

Euro area bond spreads over ten-year U.S. Treasury bonds narrowed markedly in 2000.

Term Structure of Austrian Government Bonds



Source: OeNB.

Financial Assets in Austria

Austrian investors have seen their investment options change substantially in the wake of Austria's EU membership and its participation in EMU. As a result, households have shifted their funds between individual investment vehicles, which, in turn, permanently changed the structure of financial assets.

In general, standard products are becoming less and less appealing to investors. Profit awareness has become a major factor in financial investment, prompting investors to drop simple financial products from their portfolios. This has induced a continual decline in the liquidity of financial assets, while investment in longer-term financial assets is becoming more important.

In 1999, households' assets¹⁾ came to EUR 261 billion, up EUR 47 billion on 1995. The reduced attractiveness of holding liquid funds was reflected by the declining share of currency and deposits in households' assets. While in 1995, households held 62.4% of their financial assets in the form of currency and deposits, this share fell continuously to 57.0% in 1999. Although deposits have lost much of their attractiveness to investors, the banking system continues to hold a large share of assets and remains an important mediator between sectors searching for investment capital.

Although investment in equities has been on the up and up, households' share portfolio remained low in 1999, accounting for no more than 4.5% of assets. The shallowness of the Austrian capital market failed to promote Austrian investors' interest in shares.

In the period under review, households clearly focused their investment on mutual funds shares, which, over the reporting period, posted a pronouncedly higher growth than assets. The share of mutual funds shares in investors' portfolios went up to 11.3% from 4.5% in 1999. The specific characteristics of this type of investment explain why Austrian investors have been so willing to embrace mutual funds shares. As their earnings performance is higher than that of traditional types of saving, mutual funds shares meet investors' increased interest in profits. In addition, mutual funds make professional portfolio management and a diversified portfolio with a high degree of liquidity accessible to less wealthy households.

¹⁾ See also *Financial Accounts in Accordance with ESA 95. Financial Assets and Liabilities of the Sectors of the Austrian Economy*, OeNB, Supplement to Focus on Austria: First Release of Data for the Years 1995 to 1997 (3/1999), Results for 1998 (1/2000), Results for 1999 (3/2000); OeNB, Focus on Austria: Financial Assets and Liabilities of Enterprises and Households in the Years 1995 to 1997 (1/1999).

Allocation of Households' Assets

	1995	1999
	EUR million	
Financial assets, total	214,866	261,452
	%	
Currency and deposits	62.4	57.0
Securities (excluding equity securities) and financial derivatives	15.1	6.8
Equity securities	6.2	15.8
Equity securities excluding mutual funds shares	2.1	4.5
Mutual funds shares	4.1	11.3
Insurance technical reserves	16.3	20.3
Other claims	0.0	0.0

Source: OeNB.

The Austrian term structure of spot rates flattened significantly as the year 2000 progressed, paralleling euro area developments. Whereas an upward shift by 74 basis points occurred in the one-year band, the ten-year maturity band saw a downward shift by 33 basis points. The flattening of the term

structure can partly be traced to special factors (privatization proceeds), but it also indicates dampened inflation expectations in the wake of six Eurosystem key rate cuts (by a total of 175 basis points).

In 2000, the outstanding volume of securities on the Austrian bond market totaled EUR 157.9 billion,

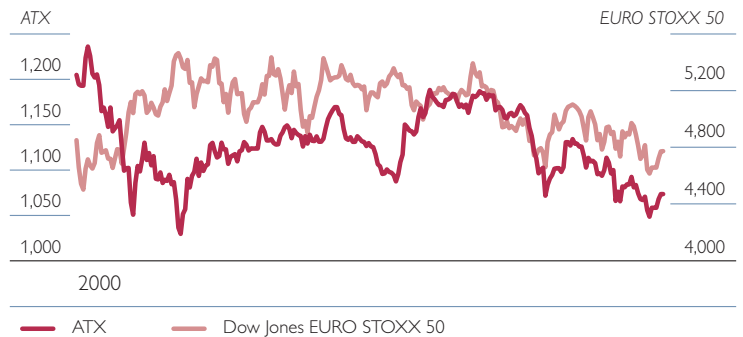
with government bonds accounting for EUR 89.4 billion and bonds issued by banks for EUR 62.4 billion. The outstanding volume of corporate bonds (excluding public entities), by contrast, only came to around EUR 3.4 billion. Over the past ten years, the total amount of bonds outstanding on the Austrian bond market increased at an average annual growth rate of 9.5%.

Liquidity growth in the Austrian bank bond market has been remarkably strong in recent years. From 1996 to the end of 1998, the face value of domestic banks' direct offerings expanded by 17.7% (+EUR 13.5 billion). From the beginning of 1999 to the end of 2000, bank bond issuance went up 37.3% (+EUR 33.3 billion), which is more than twice the rate recorded over the three previous years. This development was mainly attributable to the dynamic growth in banks' foreign issuance, which rose by 49.1% (+EUR 12.0 billion) from 1996 to 1999, dwarfing the increase in banks' domestic issuance (+2.9% or +EUR 1.5 billion). Even after the beginning of EMU, banks' direct domestic issues continued to augment at a clearly slower pace (+23.5% or +EUR 12.4 billion) than their foreign issues (+57.3% or +EUR 20.8 billion).

Downward Trend in Equity Markets

During the year 2000, trading activity on the Viennese equity market remained extremely subdued. The ATX fell by 10.9% (from 1,204.88 to 1,073.3 points), while the EURO STOXX 50 went down by 1.6% (from 4,849.22 to 4,772.39 points). The downward trend in long-term euro area bond yields failed to enliven European equity markets.

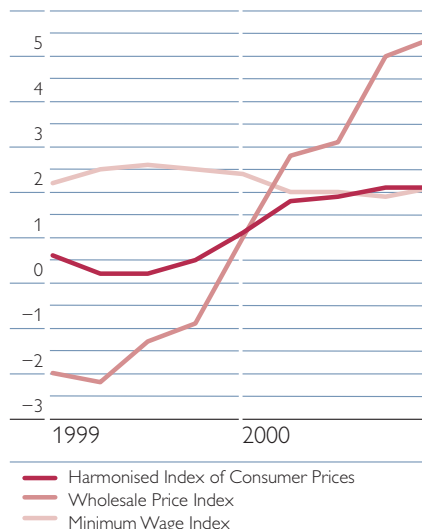
ATX and Dow Jones EURO STOXX 50



Source: Datastream, Wiener Börse AG.

Inflation Indicators

Quarterly change at an annual rate in %



Source: Statistics Austria.

Oil Prices and Indirect Taxes Drive up Inflation

Inflationary pressures accelerated substantially as the year 2000 progressed. Nevertheless, Austria's HICP inflation rate remained one of the lowest in the euro area in the reporting year. Having peaked at 2.4% in June 2000, price growth leveled off again in the second half, with the rate of inflation posting an annual average of 2.0%. Inflationary pressures were higher than in the previous years, in particular owing to two important factors: On the

one hand, rising crude oil prices drove up primary prices for energy products significantly at the consumer level while indirect taxes, fees and tariffs were raised on the other hand. Adjusted for highly volatile energy prices, Austria's rate of inflation came to no more than around 1%. Aside from the subdued development of final industry goods

prices, price-dampening deregulation effects in important markets, in particular in the telecommunications sector (see box 12), were instrumental in Austria's low core inflation. Moreover, wage rises were kept low to maintain stability and promote competitiveness, which helped keep prices down.

Box 12

Prices Fall as Important Markets are Liberalized

EU membership prompted Austria to open its markets, abolish state monopolies and implement far-reaching restructuring measures. Step-by-step liberalization, as scheduled by the EU, led to the creation of new legal frameworks and enhanced competition. The openness of markets varies both across Europe and within Austria. Perfect competition has existed in the telecommunications sector since 1998. In 2000, the degree of liberalization in the Austrian power market was 32%; a 100% opening of the market is scheduled for October 2001. Together with Finland, Germany, Sweden and the United Kingdom, Austria will then be one of five EU countries that have opened their markets completely. In the gas market, Austria entered the first stage of liberalization in 2000 by opening 50% of the market. Complete deregulation is scheduled for October 2002. At that time, Austria will be one of three EU Member States (along with Germany and the United Kingdom) which will have completely liberalized their gas markets long before the date scheduled for gas market liberalization at the European level.

For the time being, it is difficult to quantify the effects liberalization will have on final consumer prices, as one must differentiate between direct effects on producer prices (and secondary effects on consumer prices) on the one hand and primary effects on final consumer prices on the other. While it is difficult to evaluate effects at the producer level, an evaluation at the household level is possible via the HICP (or the CPI), even though problems with measuring data may cause distortions. Within the HICP, telecommunications (2.56%), electricity (1.92%) and gas (0.65%) together will have a weight of 5.13% in 2001.

Up to now, the liberalization of the telecommunications and power markets, in particular, have helped hold down inflation in Austria. While their influence was still modest in 1998, it clearly augmented owing to a series of price reforms in the telecommunications sector as well as to the gradual opening of the electricity market, peaking at 0.3 percentage point in the first quarter of 2000, the highest level ever recorded. The inflation-dampening effect of low electricity prices first manifested itself in September 1999 and became slightly more pronounced later. As of June 2000, it weakened again, as the electricity levy was raised and gas prices (indexed to oil prices) went up at the same time.

Assuming that prices will fall by 15% to 20% in the wake of the complete liberalization of these three markets, their combined dampening effect on inflation may range from 0.8 to 1.2 percentage points.

In 2000, overall unit labor costs stagnated at 1999 levels. In the manufacturing sector, they declined markedly again, thereby improving relative unit labor costs – price competitiveness – vis-à-vis Austria's major trading partners by around 11% in the period from 1997 to 2000. With nominal income growth remaining relatively moderate and prices rising, households' real income went up only marginally. But the positive development of employment, the tax reform and the child benefit reform boosted net personal incomes powerfully, strengthening households' purchasing power. The sustained budget consolidation package, which took effect in June 2000, weakened these effects, however.

As economic growth picked up, productivity increased and the rate of inflation went up, pay settlements in the 2000 wage round were slightly above 1999 levels, in particular in the metal industry. The optional clause some sectors passed again facilitated more flexible intra-company bargaining.

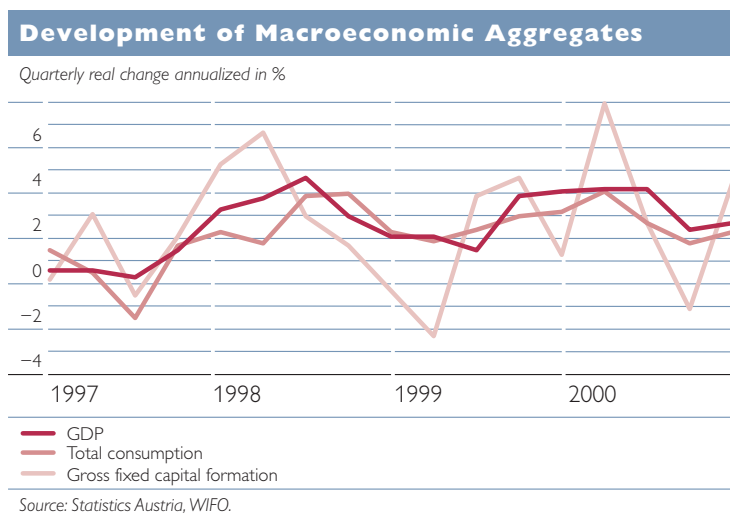
All forecasting institutions agree that inflation peaked in 2000 and expect it to decline somewhat in 2001 and 2002, after the base effect of fiscal burdens peters out as of mid-2001 and on account of lower average crude oil prices, an expected rebound of the exchange rate of the euro as well as a slowdown in economic growth. Moreover, the commodity basket used to calculate the index was updated in January 2001, and in the past, analogous updates have always slightly dampened prices.

Strongest Economic Growth in Ten Years

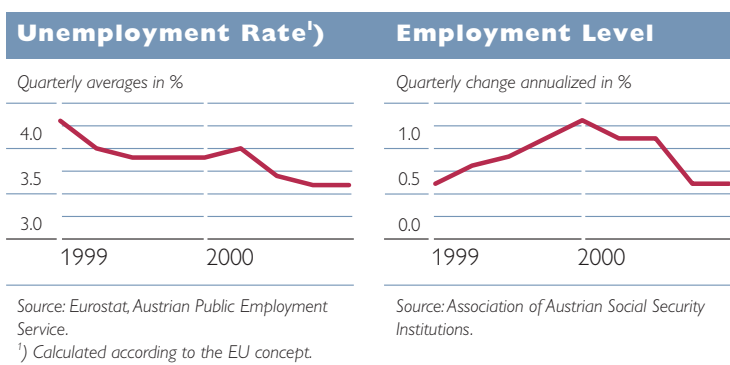
Posting just under 4% annual growth, the Austrian economy proved very dynamic in the first half of 2000. The pillars of economic activity were sound external demand, lively investment activity and consumers' high purchasing power, which raised output considerably, thus promoting the dynamic development of manufacturing, an essential driving force of the Austrian economy.

Like in a number of other countries, growth let up markedly in the second half of 2000, however. A key factor in this downturn was the rise in oil prices, which slowed down demand for intermediate goods, drove up inflation and dampened households' real disposable incomes. Moreover, measures taken to shore up the government budget began to drag on growth as of mid-2000.

In the entire year 2000, Austria's economy expanded by 3.2%, remaining only slightly below the euro area average – a robust growth rate comparable to that of 1998. The driving forces for dynamic external demand, a substantial factor underpinning Austrian economic growth, were the high price competitiveness of domestic industry (favorable exchange rate of the euro, relative improvement of unit labor costs) and the flourishing international economic situation. In particular, Austria also profited from its position as a bridge between East and West. Austria's merchandise trade with nonmember countries expanded to a far greater extent than that with EU members, even though Austria continued to concentrate around two thirds of its goods transactions on Member States.



In the wake of economic growth, developments in the labor market were also positive. The number of dependently employed persons peaked at around 3.14 billion, posting a solid growth rate of around 1% per year. Unemployment went down rapidly, with the number of available jobs expanding at the same time. The unemployment rate (Eurostat definition) fell to an annual average of 3.7% (1999: 4.0%). A number of factors played a role in producing this favorable labor market situation: Robust economic growth created a strong demand for employment, which was particularly dynamic in the IT sectors; the labor pool contracted compared to previous years, and enhanced labor



market policy measures clearly improved (re)employment opportunities.

Current Account Deficit Remained at 3% of GDP

In 2000, the Austrian current account deficit came to –EUR 5.88 billion (–ATS 81 billion), EUR 0.33 billion (ATS 4½ billion) below the deficit recorded in 1999. As in previous years, it amounted to around 3% of GDP. This improvement in the current account resulted from shrinking deficits in the income and current transfers subaccounts. The goods and services subaccounts, by contrast, posted higher deficits than in 1999.

Austrian exports and imports of goods and services each increased by 13%, or EUR 11½ billion, in 2000. This dynamic uptrend was attributable to the favorable economic development in the euro area as a whole. The rise in import payments was compounded by price and exchange rate effects. Travel as an important component of the goods and services balance produced a smaller surplus year on year (–EUR 0.21 billion), with Austrians' travel expenditure abroad clearly growing faster (+7%) than tourism revenues (+4%) in 2000.

The deficit in the income subaccount, which had expanded strongly in 1999, narrowed by EUR 0.21 billion to –EUR 2.37 billion in the reporting period. Much of the improvement is attributable to the EUR 0.25 billion rise in net inflows from income on other investment. Moreover, the reduced deficit in income on direct investment contributed to reducing the deficit on income. Domestic investors' income from portfolio investment amounted

to EUR 4.65 billion over the period under review, up from EUR 3.23 billion in 1999, reflecting the strong trend to include foreign securities in domestic portfolios in 1999. At the same time, foreign investors' income on securities was higher than in 1999 (EUR 7.33 billion in 2000 compared to EUR 5.83 billion).

At –EUR 1.46 billion, the current transfers deficit remained EUR 0.44 billion below 1999 figures, owing to decreasing net outflows from public and private transfers. The capital account posted a

shortfall of –EUR 0.49 billion in 2000, compared to –EUR 0.25 billion in 1999.

Financial Account

As a consequence of monetary union, Austria has clearly become more strongly interlinked with world financial markets.

The Austrian financial account closed the year 2000 with capital imports to the amount of EUR 5.14 billion. As in the period from 1998 to 1999, Austria's cross-border investment continued its pronounced upward trend also in the period under review. Austria's net outward investment came to EUR 47.15 billion (+39% compared to 1999), while net inward investment in Austria amounted to EUR 52.29 billion (+30%).

Broken down by regions, the Austrian financial account shows an investment inflow from the euro area of EUR 16.80 billion on balance in the year 2000, which clearly surpasses the comparable 1999 figure. Given Austria's enhanced attractiveness to euro area investors – as manifested inter alia in the merger of Bank Austria AG and Bayerische Hypo- und Vereinsbank AG and in a marked rise in the sales of Austrian securities to euro area countries – the volume of transactions augmented substantially in the reporting period, climbing to EUR 47.36 billion (+137%). At the same time, Austria's investment in euro area countries soared by 75%, reaching a transaction volume of EUR 30.56 billion.

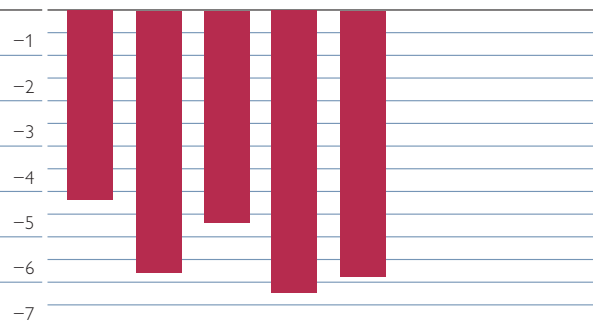
Austria saw net capital outflows to the tune of EUR 11.66 billion to non-euro area countries in 2000 against net inflows in 1999. This trend reversal is mainly attributable to sharply contracting non-euro area

Impact on the Current Account

Development

EUR billion net

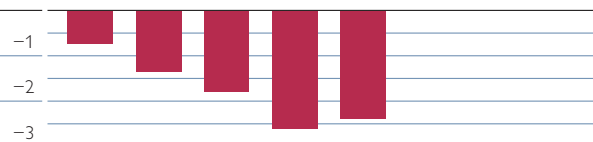
Current account



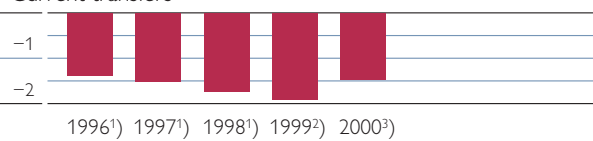
Goods and services



Income



Current transfers



Source: OeNB, Statistics Austria.

¹⁾ Final data.

²⁾ Revised data.

³⁾ Provisional data.

investment in Austria (EUR 4.94 billion compared to EUR 20.27 billion in 1999) paired with a continued outflow from Austria to countries outside the euro area (EUR 16.59 billion).

The individual subaccounts closed the year with the following results:

The balance on portfolio investment registered net outflows to the amount of EUR 1.06 billion in 2000, compared to net outflows of EUR 2.94 billion in 1999. Foreign investors purchased domestic securities worth EUR 29.52 billion, an increase in volume by EUR 5.25 billion year on year. In particular, purchases of domestic debt securities mounted. By comparison, capital outflows from investment in foreign securities were only moderately higher than in the previous year (2000: EUR 28.46 billion, 1999: EUR 27.21 billion). While Austrian investors markedly stepped up their investment in foreign equities, their interest in foreign bonds and notes clearly flagged.

In the direct investment sub-account, net outflows from Austrian investment abroad reached an all-time high of EUR 3.46 billion. Foreign direct investment in Austria went up by EUR 7.21 billion to EUR 9.93 billion, including the largest transaction of the year 2000, namely the 100 percent participation of Bayerische Hypo- und Vereinsbank AG in Bank Austria AG (see the chapter "Preserving Financial Market Stability").

The balance on other investment turned from net inflows to the tune of EUR 7.94 billion in 1999 to net outflows of EUR 2.81 billion in 2000. With turnover generally remaining very high, this result stemmed mainly from transactions

of the banking system (lending and deposits).

Other Sectors' International Investment Expanding

A breakdown by economic sectors is of particular interest for the analysis of cross-border financial flows, as it helps identify e.g. individual sectoral groupings of financial market agents and trace hypothetical patterns in their investment behavior. The sectoral breakdown also plays a special role in the euro area-wide analysis of M3 counterparts, which relies heavily on the input derived from national balance of payment statistics.

The current breakdown of the Austrian financial account by economic sectors shows that the banking system (the OeNB and banks) recorded net inflows of EUR 18.12 billion in the reporting year, whereas nonbanks (general government and other sectors) posted outflows of EUR 12.98 billion. While in 2000, the Austrian government clearly stepped up its foreign investment compared to previous years, its external liabilities grew more slowly than in the comparable 1999 period; on balance, the general government's capital imports came to EUR 8.71 billion. Other sectors (other financial institutions, insurance companies, pension funds, businesses and households) stepped up their international investment activities, which resulted in a rise in external assets by EUR 27.01 billion and in external liabilities by EUR 5.32 billion.

Public Finances

The slow government formation process following the national elections in October 1999 prevented a timely presentation and passage of the 2000 federal budget. With the allocated budget 2000, passed at the beginning of June, the federal government intensified its efforts toward fiscal consolidation as envisaged in the government program which aims at reducing the general government deficit to 1.7% of GDP – the value published in the March Stability Program. A number of factors acted as stumbling blocks to fiscal consolidation:

- The tax reform, which entered into force on January 1, 2000, and the family assistance package caused revenues to contract significantly.
- The provisional budget in force during the first five months of 2000 left little room for maneuver for fiscal policy.
- The increase in taxes and fees, which had been necessary to meet the central government's fiscal target, did not start to produce effects before the second half of 2000.

The favorable economic development, however, promoted the fiscal consolidation process.

Provisional Outturn 2000¹⁾ better than Estimated

The budget outturn reflects excess receipts of ATS 2.5 billion, 4.8% more than estimated. Excess expenditure amounted to ATS 1.4 billion (+2.6%). In total, the actual central government net deficit remained some ATS 1.1 billion (or 2.0% of GDP) below the estimated deficit of ATS 4.0 billion. According to the provisional outturn, the net deficit amounted

to EUR 2.9 billion or 1.4% of GDP.

Outlays deviated substantially from the estimate notably in the following areas: increase in existing capital interests in the federal railroad corporation ÖBB and in the federal real estate company (BIG); payments to regional and local authorities (e.g. resource allocations, staff costs for compulsory school teachers); changes in pension payouts owing to replacement demands prior to the pension reform, which has been in effect since the beginning of 2001, and in the estimated interest payments.

In the year 2000, personnel expenditure went down by EUR 0.1 billion owing to personnel cuts carried out since the beginning of 2000 as part of the fiscal consolidation program. Miscellaneous debt management expenditure remained EUR 0.4 billion below the estimate.

In 2000, the primary deficit amounted to EUR 3.9 billion (1999: EUR 1.7 billion), while the general primary surplus came to EUR 5.0 billion (1999: EUR 2.8 billion).

Taxation revenues surpassed the amount estimated in the allocated budget for 2000 by EUR 0.6 billion in gross terms (i.e. before transfers to funds, regional and local authorities and to the EU); additional revenues arose mainly from wage taxes and corporate income taxes. Owing to an accounting change in expenditures under the Health Care and Social Benefits Act, net revenues with an impact on the budget remained below the estimate. According to the former presentation concept, net revenues would have augmented by EUR 0.8 billion, EUR 0.5 billion of which were due to cyclical factors.

¹⁾ The provisional outcome and the budget estimate can be compared only to a limited extent, as both revenues and outlays climbed by around EUR 0.5 billion vis-à-vis the original budget estimate owing to a number of budget account extensions on both sides of the balance (e.g. executing currency swap contracts, passing on receipts from the EU, interdepartmental transfers) and to an accounting adjustment of expenditures under the Health Care and Social Assistance Benefits Act.

Federal Budget

	Final budget	Budget	Provisional	Provisional outturn 2000 compared with			
	accounts	estimate	outturn	Final budget accounts		Budget estimate	
	1999	2000	2000	1999	2000	2000	
	EUR million			%		EUR million %	
Budget							
Outlays ¹⁾	57,249	56,791	58,209	+ 960	+ 1.7	+ 1,418	+ 2.5
Revenues ¹⁾	52,293	52,819	55,356	+ 3,063	+ 5.9	+ 2,537	+ 4.8
Deficit	4,956	3,971	2,854	- 2,102	- 42.4	- 1,117	- 28.1
Compensatory budget							
Outlays ¹⁾²⁾³⁾	30,655	36,046	63,418	+32,763	+106.9	+27,372	+75.9
Revenues ¹⁾²⁾³⁾	35,611	40,018	66,272	+30,661	+ 86.1	+26,254	+65.6
Surplus	- 4,956	- 3,971	- 2,854	+ 2,102	- 42.4	+ 1,117	- 28.1

Source: Federal Ministry of Finance.

¹⁾ Currency swaps are recorded on a gross basis.

²⁾ Thereof for federal cash management transactions: final budget accounts for 1999: outlays of EUR 11,078 million and revenues of EUR 11,089 million; budget estimate for 2000: outlays of EUR 20,348 million and revenues of EUR 20,348 million; provisional outturn for 2000: outlays of EUR 39,234 million and revenues of EUR 39,234 million.

³⁾ Including EUR 4,737 million (1999) and EUR 6,427 million (2000) raised for public sector entities (e.g. the railroad development company Schieneninfrastrukturgesellschaft), which had no effect on the budget result.

Other income surpassed the budget estimate by EUR 2.8 billion. Apart from higher-than-projected receipts that do not enter the budget result, in particular revenues from the sale of UMTS licenses, ÖIAG repayments and income on interest were higher than expected.

Central government debt (net of Treasury securities valued at EUR 6.3 billion) amounted to EUR 120.7 billion at the end of 2000, up EUR 2.7 billion on 1999. As in previous years, low interest rate levels prompted the government to increase borrowing in the form of fixed-income bond issues. The gross debt of the central government went down from 59.9% in 1999 to 58.5% in 2000.

Including assets and liabilities from currency swaps, the government's foreign currency debt, net of holdings of Treasury securities, came to EUR 16.7 billion (1999: EUR 16.8 billion).¹⁾ Thus, the share of foreign currency debt in the central government's total debt decreased from 14.2% in 1999 to 13.9% in 2000. In line with ex-

change rate developments, the total (unrealized) exchange rate loss amounted to no more than EUR 0.1 billion on balance.

¹⁾ Since the government has used the euro exclusively as its accounting currency since 1999, foreign currency debt comprised only liabilities denominated in currencies from non-euro area countries from this date.

Fulfilling the Stability and Growth Pact

Apart from measures which already took effect in 2000, the government planned further personnel cuts and agreed on a reform of the pension system to set the course for sustainable fiscal consolidation in the years to come. As a reaction to criticism voiced by the European Commission, but also by other international organizations (OECD and IMF), the Austrian government decided to speed up the consolidation process in the summer of 2000, laying down the corresponding legal framework in the 2000 Budget Act. Moreover, the new concept of fiscal sharing and the revised national Stability Pact will rely more heavily on regional and local authorities, which are also to contribute a higher share to budget consolidation.

In line with the Austrian Stability Program,¹⁾ published on December 19, 2000, the deficit target of 1.4% of GDP in 2000,²⁾ as defined in the Maastricht criteria, is to be reduced to 0.75% in 2001. The federal budget is scheduled to be in balance from 2002. From 2001 to 2004, the total surplus of regional and local authorities, associations and social security funds is to amount to 0.75% of GDP each year. This measure is to ensure that the central government deficit will be completely in balance from 2002.

In the regular scenario, the overall debt-to-GDP ratio is scheduled to go down from 63.1% of GDP in 2000 to 59.1% in 2002, 57.2% in 2003 and 55.3% in 2004. This downward trend is also present in the minimum growth scenario which assumes GDP growth to be 0.6 percentage point lower.

As the Ecofin Council pointed out in its statement taking into account the assessment of the European Commission, the updated Austrian Stability Program fulfills the objectives defined in the Stability and Growth Pact. However, the Council criticized that in the initial years of the program, deficit reduction will largely rely on tax measures. In order for the budget to be in balance by 2002, equally strict standards must be applied to all levels of budget execution.

Austria's Stability Programs of March and December 2000

		2000	2001	2002	2003	2004
		% of GDP				
Regular scenario						
Real GDP growth	March 2000	2'8	2'8	2'5	1'9	x
	December 2000	3'5	2'8	2'7	2'3	2'5
	Changes in percentage points ¹⁾	+ 0'7	–	+ 0'2	+ 0'4	x
Deficit ratio	March 2000	– 1'7	– 1'5	– 1'4	– 1'3	x
	December 2000	– 1'4	– 0'8	–	–	x
	Changes in percentage points ¹⁾	+ 0'3	+ 0'8	+ 1'4	+ 1'3	x
Debt ratio	March 2000	64'1	62'7	61'9	61'2	x
	December 2000	63'1	61'4	59'1	57'2	55'3
	Changes in percentage points ¹⁾	– 1'0	– 1'3	– 2'8	– 4'0	x
Maximum growth scenario						
Real GDP growth	March 2000	3'3	3'3	3'1	2'6	x
	December 2000	3'5	3'4	3'3	2'9	3'1
	Changes in percentage points ¹⁾	+ 0'2	+ 0'1	+ 0'2	+ 0'3	x
Deficit ratio	March 2000	– 1'5	– 1'2	– 0'9	– 0'6	x
	December 2000	– 1'4	– 0'6	0'3	0'5	0'6
	Changes in percentage points ¹⁾	+ 0'1	+ 0'6	+ 1'2	+ 1'1	x
Debt ratio	March 2000	63'7	61'7	60'1	58'5	x
	December 2000	63'1	61'0	58'1	55'5	52'7
	Changes in percentage points ¹⁾	– 0'6	– 0'7	– 2'0	– 3'0	x
Minimum growth scenario						
Real GDP growth	March 2000	2'3	2'2	1'9	1'4	x
	December 2000	3'5	2'3	2'1	1'7	1'9
	Changes in percentage points ¹⁾	+ 1'2	+ 0'1	+ 0'2	+ 0'3	x
Deficit ratio	March 2000	– 1'8	– 1'7	– 1'9	– 2'0	x
	December 2000	– 1'4	– 0'9	– 0'3	– 0'5	– 0'6
	Changes in percentage points ¹⁾	+ 0'4	+ 0'8	+ 1'6	+ 1'5	x
Debt ratio	March 2000	64'5	63'8	63'7	64'0	x
	December 2000	63'1	61'8	60'1	58'9	57'9
	Changes in percentage points ¹⁾	– 1'4	– 2'0	– 3'6	– 5'1	x

Source: Federal Ministry of Finance, WIFO, OeNB.

¹⁾ Compared to the March Stability Program.

¹⁾ Assumption: real GDP growth of 3.5% (2000), 2.8% (2001), 2.7% (2002), 2.3% (2003), 2.5% (2004) – regular scenarios.

²⁾ Currently available results show that the deficit quota for 2000 went down to 1.1% of GDP.

Preserving Financial Market Stability

International Financial Architecture

Substantial international and national efforts aim at strengthening the financial architecture. New capital adequacy framework in the offing. Austrian credit institutions underwent further structural adjustments and forged international alliances; the OeNB participated in drawing up memoranda of understanding with third countries, improved both its Major Loans Register and prudential statistics.

Economic Policymakers Target Worldwide Financial Market Stability

With recent financial market crises sending ripples around the globe, leading international and European organizations stepped up their efforts to strengthen the global financial architecture and to improve the institutional framework. In the international arena, notably the International Monetary Fund (IMF), the Bank for International Settlements (BIS) and its Basel Committee on Banking Supervision (BCBS) as well as the Financial Stability Forum (FSF) continued to pursue these objectives.

In Europe, work progressed in particular in the Economic and Financial Committee (EFC), the Banking Advisory Committee (BAC) of the European Commission and the ECB's Banking Supervision Committee (BSC) as well as in numerous task forces spawned by these committees.

Global Cooperation in the Supervision of the Financial System – OeNB Membership in International Committees

Together with Austria's Federal Ministry of Finance, the OeNB plays an active role in the above-mentioned committees, task forces and sub-committees. The following is an overview of the main activities of these committees:¹⁾

Banking Supervision Committee (BSC): The BSC focuses first and foremost on macroprudential analysis, investigating the structural changes impacting the banking industry and their implications for

the stability of the financial system. Within Europe's decentralized prudential system, the BSC represents a key forum for multilateral cooperation among all EU-based bodies concerned with banking supervision.

Banking Advisory Committee (BAC): This committee advises the European Commission on the drafting of European banking legislation and ensures that directives already in force be transposed and applied by the Member States. The Groupe de Contact, an international forum of banking supervisors, supports the BAC in this task.

Basel Committee on Banking Supervision (BCBS): The Basel Committee on Banking Supervision has issued specific recommendations on risk management for banks, core principles on prudential supervision and analyses on various relevant topics. The Basel Committee, along with the European Commission in Brussels, is currently seeking industry comments on its refined proposal for a new capital accord, which is to introduce new capital adequacy standards, supervisory methodologies and disclosure requirements for banks. For more details on this new accord, "Basel II" in short, see the section "OeNB Offers Enhanced Services to the Austrian Financial Marketplace."

Economic and Financial Committee (EFC): One important assignment of the Ad-hoc Working Group on Financial Stability set up by the EFC was to carry out a stocktaking exercise to identify the institutions in charge of crisis prevention as well as of liaising

¹ See Annex A of the OeNB's 1999 Annual Report. The list of international and national committees presented in this annex remains unchanged, except for the ESCB/Eurosystem Year 2000 Co-ordination Committee (COCO), which was dissolved in the year under review.

between the NCBs, the ministries of finance and supervisory authorities. The task force concluded that the supervisory framework currently in place in Europe is fully up to standard.

The Central Task of Ensuring Financial Market Stability

In the light of the hefty rise in cross-border financial transactions over the past few years, ever more dynamic financial markets and the changing risk profiles of financial intermediaries, it has become imperative to strengthen financial market supervision. Efforts are geared towards installing a sound, transparent and reliable regulatory framework for financial markets. The “Core Principles of Effective Supervision” developed by the Basel Committee on Banking Supervision in 1997 serve as an essential guiding post.

Within the EU, the regulatory regime underpinning financial market oversight is based largely on national systems, and supervisory authorities are organized differently in different EU Member States. One feature the euro area Member States have in common is that the NCBs generally play an active role in banking supervision (see box 14). This is traceable to the Treaty establishing the European Communities, which assigns the NCBs responsibility for ensuring financial market stability.

In addition to the banking sector, whose soundness bears crucially on systemic stability, other sectors, such as the insurance industry, securities and payment systems, must be subject to supervision and minimum standards as well. To this end, international organizations have

issued pertinent principles to provide guidance in addition to EU directives.¹⁾

Box 14

Organizational Aspects

of Financial Market Supervision in Selected EU Countries

Prudential supervision is organized differently across Europe:

- *In most euro area countries the NCB is in charge of banking supervision. This way the Eurosystem may ensure compliance with Article 105 of the Treaty, which calls on the ESCB to safeguard the stability of the financial system.*
- *In Spain, Ireland, Italy, the Netherlands, Portugal and Greece, the NCBs are solely responsible for banking supervision.*
- *In France, Germany and Austria, the supervisory authorities cooperate closely with the NCBs. In Finland and France, the supervisory authority is headed by an NCB representative.*
- *In Austria, the Federal Minister of Finance, the chief banking supervisor pursuant to Article 69 Austrian Banking Act, also taps into the OeNB's expertise, conferring important supervisory tasks and rights to the central bank, including notification rights and obligations, advisory functions, auditing, the provision of services, such as comprehensive statistics, as well as the right to be heard. Upon commission of the Federal Ministry of Finance, the OeNB performs on-site inspections of banks and draws up expert opinions on Austrian banks' proprietary risk models. The Federal Ministry of Finance is also in charge of overseeing insurance companies, but a separate body, the Austrian Securities Authority, is mandated with supervising the securities sector.*
- *In the United Kingdom, Sweden and Denmark, a unitary regulator is charged with monitoring banks, securities firms and insurance companies.*

¹ Association of Insurance Supervisors – IAIS (October 2000): “Insurance Core Principles”; International Organisation of Securities Commissions – IOSCO (September 1998): “Objectives and Principles of Securities Regulation”; Committee on Payment and Settlement Systems – CPSS (July 2000): “Core Principles for Systemically Important Payment Systems.”

Austria's Financial Markets

Structural Consolidation and Internationalization of the Banking System

Following the launch of the euro, national financial markets in Europe have been integrating further, in part at a faster pace. As a consequence, financial markets are becoming ever more interdependent. Two segments whose integration has advanced particularly strongly are investment and wholesale banking. In other sectors, such as retail banking, the introduction of the euro has so far had considerably fewer effects.

Cross-border business has expanded markedly, and the lines between national banking systems are blurring increasingly. Competition in the euro area's banking sector is

not letting up. In the year under review banks continued to expand beyond national borders, and technological progress compelled banks to shed excess capacities.

In 2000, the Austrian banking sector adopted further measures to adjust to structural changes (see box 15). Especially banks in the multi-tier sectors continued to take over other institutions. International comparisons show Austria to have a very dense branch network, yet branch modernization, mainly to set up self-service areas, has been accelerating further. Banks plan to invest heavily in information technology, with numerous e-banking and Web-based banking projects under way.

Box 15

Internationalization of the Austrian Banking System

- Banks remain the most important financial intermediaries by far, even though their relative significance has diminished slightly in the past years given the boom of mutual and pension funds in Austria.
- 2000 asset growth is largely traceable to more foreign transactions.
- Cross-ownership is on the rise, as reflected by the increasing number of nonresidents holding shares of Austrian banks as well as by banks' stepped-up acquisitions in the Central and Eastern European countries (CEECs).
- Structural adjustments were carried on in 2000. The five largest banks accounted for an increased share of total assets (degree of concentration) of 53.2% in the reporting period. Apart from structural consolidation within individual sectors, two major mergers took place, combining institutions of different sectors: The Bank Austria group merged with Bayerische Hypo- und Vereinsbank AG to form the third largest bank in Europe and the fifth largest worldwide. Furthermore, Österreichische Postsparkasse AG (P.S.K.) was sold to Bank für Arbeit und Wirtschaft AG (BAWAG). With the Bank Austria group in first and Erste Bank der oesterreichischen Sparkassen AG in second place, BAWAG is evolving into the third largest banking group in Austria.
- Banks' business is becoming ever more international, and their activities in the CEECs have expanded further. Austria's commercial banks have established themselves particularly well in the Czech Republic, Slovakia, Hungary and Poland. Bank Austria AG (including the subsidiaries of Bayerische Hypo- und Vereinsbank AG), Erste Bank der österreichischen Sparkassen AG and Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB) rank among the largest foreign banks in the Central and Eastern European countries. Erste Bank der oesterreichischen Sparkassen AG, for instance, acquired majority stakes in Česká spořitelna, a bank based in the Czech Republic, as well as in Slovakia's Slovenská sporiteľňa.

Implementation of the Money Laundering Directive

The abolition in Austria of anonymous savings accounts fulfilled a key criterion formulated by the Financial Action Task Force on Money Laundering (FATF). The new scheme accounted both for savers' interests and for a technically feasible transposition of the Money Laundering Directive into Austrian law. Austria had to amend the Austrian Banking Act and also take a host of other legal measures. Depositor protection was secured by spelling out the provisions on banking secrecy in more detail.

Preparations for a New Capital Adequacy Framework¹⁾

Following the supplement to Basel's 1988 Capital Accord to incorporate market risks (1995) and the Capital Adequacy Directive (1996), the framework governing regulatory capital requirements for banks is about to be thoroughly overhauled. Basel's proposal on a new Capital Accord and the adaptation of the pertinent European Union directives aim at aligning regulatory capital requirements more closely with economic capital, i.e. the capital which, in the banks' own estimation, must be available to cover the risks incurred, as well as at incorporating new rules to account for the rapid advances of the past few years. The Basel Committee on Banking Supervision and the European Commission have each drawn up a consultative paper outlining a new capital adequacy framework. In the year 2000, comprehensive hearings took place with Austria's banks as well as other supervisory authorities and central banks.

Both consultation papers present an approach which rests on three pillars. The first pillar refers to new minimum capital requirements. Here, the reform envisages an expansion of the risk categories (0%, 20%, 50%, 100% and 150%) covered by the standardized approach, the easiest method to capture credit risks, and optional use of external ratings to categorize risks. Since only a very small number of banks and, above all, borrowers have been rated by one of the rating agencies, as external ratings are made only for agents on capital markets, the consultative papers set forth an internal ratings based approach banks may employ on an equal footing with external ratings. Based on banks' best practices in assessing borrowers, a differentiated model (foundation and advanced approach) may be used to quantify risks. In line with the foundation approach, banks estimate the probability of default (PD). The supervisory authority defines a so-called supervisory vector, which estimates the other two risk components, namely exposure at default (EAD) and loss given default (LGD). A handful of banks which apply the advanced approach calculate all risk components themselves, and these figures are then submitted to supervisors for acceptance. The consultation papers do not yet account for the recognition of credit risk models by the supervisory authorities.

Austria has devised a proposal for yet another approach, since quantification remains a contentious issue and the computation of PDs makes sense only for a volume exceeding a certain threshold. For supervisors to benefit from banks' experience in credit risk measure-

¹ See also OeNB (2000).
*A New Capital Adequacy
Framework as Proposed by Basel
and Brussels, Focus on Austria,*
issue 3.

Three Pillar Framework

Minimum capital requirements	Supervisory review	Public disclosure Transparency
Credit risk Standardized approach including external ratings Internal ratings based approach (foundation/advanced) Risk mitigation Operational risks	<ul style="list-style-type: none"> – assesses banks' individual risk profiles relative to economic capital – allows for individual capital charges – enables supervisors to intervene once capital levels sink 	<ul style="list-style-type: none"> – nature, components and features of capital – sound practices – capital ratios set by supervisors – supervisory methods

Source: OeNB.

ment and assessment, banks should also be able to produce ratings using ordinal numbers (scores). An ex post analysis could then help verify such classifications.

The revised approach to credit risk mitigation allows a wider range of credit risk mitigants to be recognized for regulatory capital purposes than is currently the case. Under certain circumstances, financial assets and guarantees rated higher than A are recognized as credit risk mitigants, which reduces regulatory capital requirements.

The consultative papers for the first time define capital charges for other risks. The two most prominent changes in the reporting year concern these provisions, which are currently open for discussion, and the framework for internal ratings. While the first drafts of the consultation papers merely vaguely suggested the introduction of capital charges for other risks, the revised drafts not only give a definition of operational risks (the subcategory of other risks best suited to quantification), but also present three methods for calculating operational risk capital charges in a continuum of increasing sophistication and risk sensitivity. In addition to the basic

indicator approach, the papers propose a business line approach, which may take the form of a simpler standardized approach and a more sophisticated internal measurement approach. The provisions on interest rate risk in the banking book also feature in the consultative papers under discussion.

The overarching principle of the second pillar – supervisory review – is that even the most comprehensive standards to calculate minimum capital requirements cannot adequately cover all potential risks a bank, let alone a complex banking group, is exposed to. Supervisory review is primarily intended to be a practical tool of banking supervision, but by no means an instrument for supervisory shadow management.

The third pillar puts forth disclosure recommendations in support of market discipline empowering the banking industry to monitor compliance with capital adequacy standards. Feedback from other fora concerned with disclosure issues will likewise be integrated into the third pillar of the new capital adequacy framework.

The OeNB's Role in Banking Supervision

The OeNB contributes to banking supervision, which is part of the remit of Austria's Federal Ministry of Finance, by collecting statistical information, carrying out on-site prudential audits and conducting financial market analysis. Moreover, the OeNB cooperates with financial market overseers at the international level and assists in drawing up memoranda of understanding (MoUs) with third countries.

Statistics

Prudential statistics, including external auditors' prudential reports, reports on hidden reserves and bank data, are the primary sources of banking supervisors' analyses and audits and are thus a key prerequisite for effective supervision. Austrian banks report financial data to the OeNB, which collects all data and processes and analyzes them.

The statistics currently available to banking supervisors no longer meet the rising demand for financial market data. Over the course of 2000, the OeNB together with the banking industry therefore designed a memorandum which contains a blueprint for new statistics and returns and which assesses possible approaches to implementation complete with a timeline. The improved collection method is to be phased in from 2001. The new reports are to support the development of state-of-the-art risk information systems.

Furthermore, these reports will be integrated into the analysis systems in place today with a view to enhancing risk assessment. Information quality is set to benefit considerably from the shift away from data on the volume of expo-

sures towards greater risk sensitivity, i.e. data on the quality of risk. The regional data provided by the BIS are crucial for an assessment of ultimate risk, and the information compiled by national major loan registers is another important data source.

On-Site Inspections

Under Article 70 Austrian Banking Act, the OeNB performs on-site inspections upon commission of the Federal Ministry of Finance. Among other things, during such inspections the OeNB evaluates banks' internal risk models and calculation methods based on the standardized approach. The expertise and findings acquired during bank examinations are an essential input for the OeNB's financial market analyses and are thus key to crisis prevention.

Financial Market Analysis

In its financial market analyses, the OeNB focuses especially on the balance sheet structure as well as operating performance and risk profile of individual credit institutions, banking groups and sectors to extrapolate specific trends. This approach ensures early detection of bank fragility or of banks which buck the general trend, so that supervisors can take swift action to safeguard the system as a whole.

The OeNB's Role in Drawing up Memoranda of Understanding with Third Countries

According to the principle of home Member State prudential supervision, a bank has to follow the rules of the supervisory authority which has issued the license. In

addition, MoUs spelling out the terms under which home and host country supervisors are to cooperate apply to banks' cross-border activities. These arrangements are meant to facilitate home country supervision of banks and banking groups on a consolidated basis. As a rule MoUs contain regulations for supervisors on how to exchange information and for home country supervisors on how to audit banks located in the territory of the other party to the MoU. Upon the OeNB's initiative, the Austrian Banking Act was amended to empower the Federal Minister of Finance to conclude MoUs with third countries, i.e. non-EU Member States. To ensure confidentiality of the information exchanged, only third countries with at least equivalent professional secrecy codes are eligible for MoUs.

**OeNB Offers
Enhanced Services
to the Austrian
Financial Marketplace
Major Loans Register**

Austria's Major Loans Register, which the OeNB maintains, is compiled from data the financial sector submits to the OeNB monthly. The Register tracks amounts of credits or lines of credit granted in excess of ATS 5 million (roughly EUR 350,000). The institutions subject to the reporting requirement may in turn request aggregated data to facilitate their credit auditing. Major Loans Register data are also used for banking supervisory purposes, thus contributing to the stability of the financial system. In the medium term, the Register's infrastructure is scheduled to support banking supervisors in evaluating

and monitoring banks' internal ratings systems envisioned by the new Capital Accord (Basel II); this function is to be developed further in the future. To increase the informative value of the Register, special emphasis is placed on the cross-border incurrence of liabilities.

Within the framework of the ECB's Working Group on Credit Registers, cooperation among the seven central credit registers in euro area Member States improved further. The data collected for national registers are to be complemented by liabilities data on national legal persons (companies, individuals) gleaned from other registers.

**Payment Systems
Oversight**

In June 2000, the ESCB published a comprehensive statement on its role as overseer of euro area payment systems.¹⁾

This policy statement described, above all, the objectives and principles of payment systems oversight the Eurosystem's NCBs are committed to within their national contexts.

The oversight of payment systems, which is an essential function of central banks today, aims at ensuring the smooth functioning of payment systems and instruments. Furthermore, central banks strive to maintain systemic stability in payment systems and are concerned with their efficiency. Since payment systems are an important vehicle for the implementation of monetary policy, oversight is geared towards maintaining the transmission channel for monetary policy. Last but not least, oversight aims at safeguarding public confidence in the currency.

¹ See also ECB (2000).
*Statement on the Role of the
Eurosystem in the Field of
Payment Systems Oversight.*
Press release of June 21, 2000.

Cross-border retail payment systems need to become significantly more efficient and less costly so that they match the service and price levels of domestic customer payments. To this end, the Eurosystem had already addressed recommendations to the banking community in 1999 to ensure that once the euro notes and coins make their debut, efficient retail payments catering for cashless payments also be firmly in place. Both the ESCB and the European Commission are monitoring banks' efforts in meeting these demands more closely in 2001.

The Blue Book compiled by the ESCB provides a comprehensive overview of the major national and cross-border payment and securities settlement systems (SSSs) operated in EU Member States. In the year under review the ESCB completely revised this publication, which is due to come out in the first half of 2001.

Following a two-year lead time, the EU adopted a directive governing the operations of institutions issuing electronic money (electronic money institutions – EMIs).¹⁾

The EU directive, which took effect upon its October 27, 2000, publication in the Official Journal of the European Communities, is to be transposed into national law by April 27, 2002.

The OeNB strengthened compliance with the oversight mandate in the reporting period. It pointed out the need for Austria to adopt the necessary laws, as Austria is the only euro area Member State that does not yet have any pertinent legislation in place. In particular, work commenced on formulating supervisory principles and statistics which tie in with the ESCB

framework and meet the requirements set up by the IMF²⁾ and the BIS³⁾.

The ESCB is set to continue these efforts in 2001, with due participation of market agents.

The Austrian Secure Information Technology (A-SIT) center made a vital contribution to payment systems oversight. Among other things, A-SIT helped draft supervisory principles on the level of security necessary for electronic payment systems. Furthermore, it assessed the modes available to access ARTIS, the Austrian RTGS system.

Securities Settlement Systems Oversight

In 2000, the Eurosystem produced an updated assessment of SSSs eligible for use in monetary policy operations.

Given the link to monetary policy and payment systems, the smooth functioning of SSSs is gaining in importance. In the light of the rise in cross-border business as well as the ongoing consolidation in the securities settlement industry⁴⁾ it is imperative that securities settlement system oversight be efficient and well coordinated.

The minimum requirements formulated by the ESCB initially aimed at protecting the Eurosystem from incurring any loss. Meanwhile, the ESCB standards have, however, been adopted on a wider scale and are viewed by market participants as part of a broader financial picture. In pursuit of harmonized standards, the ESCB cooperates more closely with other fora, such as the BCBS and the Committee on Payment and Settlement Systems (CPSS). In the reporting period banks continued to use the correspondent central

¹ Directive 2000/46/EC of the European Parliament and of the Council of 18 September 2000 on the taking up, the pursuit and the prudential supervision of the business of electronic money institutions.

² Code of Good Practices on Transparency in Monetary and Financial Policies, March 2000.

³ Core principles for systemically important payment systems, January 2001.

⁴ See also ECB (2000). Monthly Bulletin, February, pages 53–59.

banking model (CCBM) to facilitate the cross-border transfer of collateral.

The institutions represented in the European Central Securities Depositories Association (ECSDA) continued their efforts to establish links between national SSSs. The respective NCBs and the ECB assessed the new interfaces against a set of minimum requirements. At end-2000, more than 60 links had been assessed. The Austrian SSSs operated by the Oesterreichische Kontrollbank (OeKB), which maintains a total of six links to other euro area SSSs, fulfills all requirements.

OeNB in Charge of Recognizing Payment and Securities Settlement Systems Pursuant to the Settlement Finality Act

In line with the 1999 Settlement Finality Act, the OeNB shall recognize payment and securities settlement systems by issuing a written notification, provided the systems

- comprise at least three participants, without counting a possible clearing house, central counterparty or indirect participant,
- are governed by the law of an EEA Member State chosen by the participants in which at least one of the participants has its head office,
- operate according to adequate rules.

In 2000, the OeNB, by issuing a written notification, recognized one payment system (ARTIS) and one securities settlement system, namely the settlement and clearing system for options and futures trading operated by Wiener Börse AG.

Vienna Stock Exchange Amid International Competition

Europe's stock exchanges underwent some restructuring in the reporting year: a new company, Euronext, was set up, linking the French, Belgian and Dutch bourses, while the planned merger between Deutsche Börse AG and the London Stock Exchange eventually came to nothing. Furthermore, with the integration of capital markets having picked up speed in the wake of the introduction of the euro, exchanges were faced with higher liquidity and mounting pressure to cut prices. Rapid technological changes and the increasing importance of electronic trading platforms likewise present stock exchanges with challenges.

The mergers and alliances between stock exchanges as well as the developments on European securities markets have also impacted the Austrian financial marketplace. Thus, competitive pressure keeps mounting on the Vienna stock exchange, a regional bourse catering chiefly to Central and Eastern European markets. Numerous foreign stock markets for growth companies launched in recent years present Austrian enterprises with new equity financing options.

Naturally, Austrian issuers and investors also take a keen interest in venture capital. Another factor apparently reshaping the financing needs of companies is growing internationalization. A string of measures geared towards improving and promoting the use of venture and equity capital underpinned the quite remarkable rise in risk capital in Austria in the past years.

The role of regional exchanges has been transformed in the past

years, not least due to the emergence of parallel markets and specialized stock markets for high-growth companies. Moreover, institutional investors have been organizing their portfolios more by industrial sectors and less by a regional focus. Consequently, demand is shifting from shares issued by a specific country in favor of industry-specific shares. The Austrian Growth Market has not yet attracted a lot of business. Several innovative Austrian companies opted for listings in Frankfurt's Neuer Markt or EASDAQ in Brussels.

The poor liquidity of the Vienna stock exchange is largely traceable to low float ownership of ATX listings, which came to 45% in 1999 against the European average of 75%. Recent privatizations, such as the partial privatization of Telekom Austria in fall 2000, as well as further sales of state-owned companies are supposed to boost trading in the Vienna marketplace. As part of the overhaul of the market segmentation of the Vienna stock exchange, specialists who, in addition to market makers, make a market for certain exchange-traded securities and thus inject new liquidity into the market, were introduced. Also, in 2000, the Vienna Dynamic Index (ViDX) was set up for growth- and technology-oriented companies listed on the Vienna exchange. The Vienna-based NEWEX, the New Europe Exchange – a joint venture between Austria's Wiener Börse AG and Germany's Deutsche Börse AG – was established as a cash market for Eastern European securities on November 3, 2000. Trading runs on Xetra and Clearstream.

Credit Institutions The Number of Credit Institutions Is on the Decline

With the number of banks and branch offices in Austria contracting by 48 year on year, banking density remained virtually unchanged in the year under review. Austrian banks set up an additional 2 branches abroad; of 24 foreign branches, 13 are based in the EU (1999: 10). At year-end 2000, foreign credit institutions held majority stakes in 29 banks (1999: 28) located in Austria, 13 of which were 100% owned by EU banks and 2 of which were partly owned by EU-based banks. In addition, foreign credit institutions operated 16 branch offices (1999: 15), 15 of which were branches of EU-based banks, as well as 30 representative offices (1999: 30).

The trend of restructuring legally independent subsidiaries of foreign EEA-based banks to dependent branch offices slowed down somewhat in the year under review.

Number of Credit Institutions and Banking Density

	Head offices	Branch offices	Banks, total	Banking density ¹⁾
1985	1,241	4,090	5,331	1,419
1990	1,210	4,497	5,707	1,360
1995	1,041	4,686	5,727	1,406
1996	1,019	4,694	5,713	1,412
1997	995	4,691	5,686	1,422
1998	971	4,576	5,547	1,457
1999	951	4,576	5,527	1,466
2000	923	4,556	5,479	1,478 ²⁾

Source: OeNB.

¹⁾ Inhabitants per bank.

²⁾ Preliminary value.

Business Activity

In the year 2000, the total volume of assets held by banks operating in Austria grew by EUR 38.2 billion or 7.3% (1999: 9.1%). Structural changes had a significant impact on this development.

In the reporting period, demand for loans advanced 6.7% (1999: 5.2%). In absolute terms, this was the biggest growth since the beginning of the 1980s. While foreign currency loans had contributed the lion's share to absolute credit growth in 1999, euro-denominated loans rose sharply again in 2000 (+4.3%).¹⁾

In the year under review, around 61% of all foreign currency loans were still denominated in Swiss francs, and lively demand raised the share of loans denominated in Japanese yen to 33.9%, up from 21.7% in 1999. As on December 31, 2000, the ratio of euro-denominated loans to foreign currency loans was 5:1.

The development of funded loans was contrary to that of direct loans. In this segment, banks operating in Austria reduced their portfolio by 3.3%.

In the reporting period, deposits expanded by 2.3%, i.e. less than in

1999. Euro-denominated sight deposits augmented by 14.4% in 2000, thus remaining only slightly below 1999 growth. Banks also profited from an increment in euro-denominated time deposits. Although interest on deposits had been uptrending since early 2000,²⁾ the volume of savings deposits contracted by EUR 2.6 billion or 2.2%.

In 1999, deposits had expanded by about the same amount. Households reacted to the abolition of anonymous savings accounts by canceling savings passbooks holding more than ATS 500,000 and either plowing the funds into other investment vehicles or – as a second choice – topping up existing savings accounts up to ATS 500,000.³⁾

Expanding by 19.9% in 2000, the volume of derivatives transactions failed to match the strong growth recorded in 1999. As at December 2000, the ratio of derivatives transactions to total assets came to 139.8%.

1 In 2000, foreign currency loans only accounted for around 45% of credit growth.

2 The average rate on deposits up to twelve months, for instance, rose by 1.04 percentage points to 3.6%.

3 Up to an amount of ATS 200,000, savings passbooks may be kept as "password savings books," i.e. bearers identify themselves by means of a password to withdraw cash. For reporting purposes, however, two classifications apply at present: passbooks with up to ATS 100,000 and passbooks with up to ATS 500,000.

Credit Institutions' Business Activity

	1999		2000	
	EUR billion	Annual change %	EUR billion	Annual change %
Balance sheet total	524.64	+ 9.1	562.8	+ 7.3
Assets				
Direct credits to domestic nonbanks	210.8	+ 5.2	224.9	+ 6.7
Foreign assets	131.38	+18.6	157.79	+20.2
Liabilities				
Deposits by domestic nonbanks	171.83	+ 3.1	175.78	+ 2.3
Foreign liabilities	147.24	+16.0	174.08	+18.2

Source: OeNB.

Earnings Situation

In the year under review, the provisional operating profit¹⁾ ran to EUR 4.52 billion, up by a substantial 27.4% on the 1999 figure.

Operating expenses increased significantly less than operating revenues. The cost-income ratio stood at 66.6%, improving by 4.1 percentage points year on year.

At 7.1%, net interest income accruing in 2000 exceeded the 1999 value. The ratio of net interest income to total operating revenues, however, declined to 49.8%, thus for the first time dipping below 50% (1999: 52.0%). Interest income, by far the largest income component, has been consistently diminishing over the past few years. Interest rates on spread-based retail banking assets rose from 4.99% to 5.42% over the past 12 months, while interest rates on spread-based retail banking liabilities increased from 2.76% to 3.05%. Thus, the net interest margin edged up by 14 basis points.

Income on securities portfolios and participations expanded by 33.9% on the year 1999, with nearly all the rise attributable to shares in affiliated companies.²⁾ The surplus

on net commissions widened by a solid 17.4% in the year 2000, with securities trading yielding particularly hefty commission income. The rebalancing of savings deposits to higher-yield types of investment created a growth potential, which drove up fee results markedly. In the year under review, the ratio of the balance on commissions to operating revenues came to 23.5% (1999: 22.4%). The positive balance on financial transactions likewise had a tangible impact on banks' performance.

Personnel expenditure rose only moderately. Its share in total operating costs sank to 49.7% in 2000 (1999: 51.5%). By contrast, other administrative expenses surged in the year under review, thus accounting for 32.5% (1999: 31.6%) of total operating costs. Financial industry innovation has made it necessary for banks to invest heavily in IT. While the banks have, on average, not yet been able to reap the bulk of the cost savings envisaged, substantial development and investment outlays have already impacted their books.

Loan loss provisions are expected to have reached EUR 1.94 billion, which is an expansion of 7.5% compared with the figure anticipated for 1999. As in the year before, more provisions were canceled than created for securities and equity interests. With risk provisions and value adjustments accounted for, income from ordinary activities is pegged at EUR 2.88 billion, up 46.3% on the 1999 result. With expected extraordinary expenses factored in and tax payments likely to have risen on the previous year, the aggregate annual surplus is anticipated to have reached EUR 2.34 billion

Interest Income and Expenditure

Arising from Transactions with Nonbanks

	1999	2000
Claims on customers		
Income EUR billion	12.54	14.71
Average claims EUR billion	251.21	271.35
Average interest % p. a.	4.99	5.42
Liabilities to customers		
Expenditure EUR billion	5.37	6.14
Average liabilities EUR billion	194.53	200.98
Average interest % p. a.	2.76	3.05
Interest rate margin in the retail lending business in %		
	2.23	2.37

Source: OeNB.

¹ On an unconsolidated basis, according to the quarterly returns filed by credit institutions as at December 2000. The OeNB is scheduled to receive the final results for the fourth quarter and the full year following the audit of the banks' financial statements.

² Mostly from links between banks. Even after adjustment for double counts, operating income and the annual surplus increased considerably.

(1999: EUR 1.65 billion), which equals a hefty 41.4% year-on-year increase.

Return on equity, which reflects the relationship of the annual surplus to core capital, ran at a not yet final 9.5%, up 2.5 percentage points on the corresponding 1999 period.

Insurance Companies, Pension Funds, Investment Funds,¹⁾ Building and Loan Associations

Insurance Companies

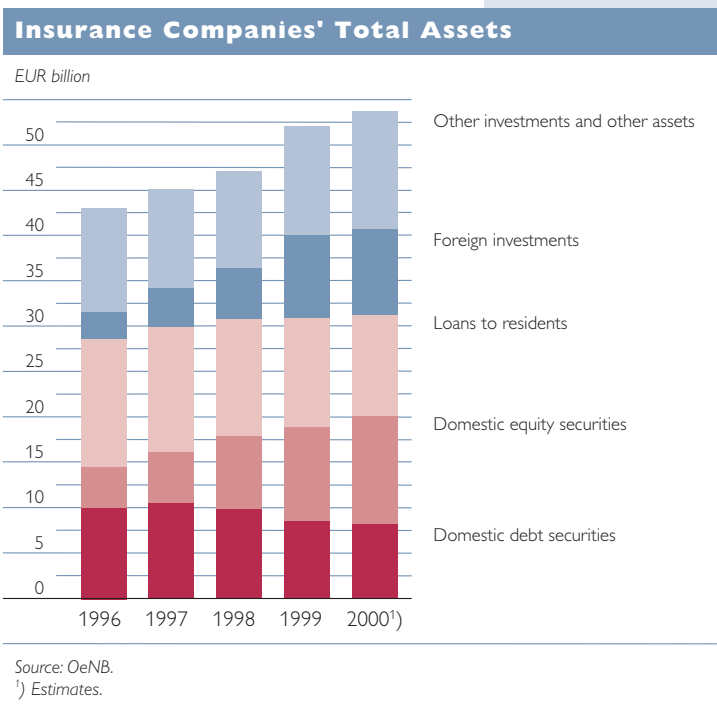
In the reporting period, the number of insurance companies shrank to 68, down by 2 institutions.

Assets under management by insurance companies in Austria closed the year under review at EUR 53.7 billion, up 3.3% on the year before.

The biggest area of growth were external assets (+23.1%). Augmenting by 14.8% year on year, equity securities and other domestic securities were in line with the trend of the past years. By contrast, debt securities (-4.0%) and loans (-6.9%) registered a decline, whereas domestic equity capital increased somewhat (+12.1%).

At 10.0%, provisions made for life insurance products grew at about the same pace as in 1999. The provisions created for health insurance continued to edge up further, prolonging a consistent trend (2000: +6.5%, 1999: +7.6%, 1998: +7.4%, 1997: +8.6%). Provisions for indemnity and accident insurance posted a notable 9.7% gain.

In 2000, nominal capital and provisions climbed by 2.2% to EUR 4.5 billion year on year.



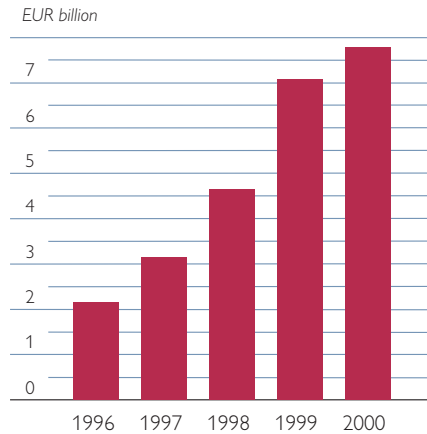
Pension Funds

In the reporting period, the number of pension funds increased by 2 occupational pension funds to 19. Total assets under management by domestic pension funds closed the year 2000 at EUR 7.8 billion, with a sharp slowdown in asset growth reported in the fourth quarter. This development, at odds with that of previous years, was traceable largely to a contraction of mutual fund shares issued by both residents and nonresidents as well as to a marked reduction in foreign currency investments.

In particular, domestic mutual fund shares, which had grown continuously since early 2000, contracted to 89.6% in the fourth quarter 2000, down from the record 90.4% share in the previous quarter. Nevertheless mutual fund shares continued to be the main investment vehicle, since at year-end 2000,

¹ See also box 11.

Pension Funds' Total Assets



Source: OeNB.

95.7% of assets held by domestic pension funds were managed by investment companies.

Investment Funds

Following the extraordinarily high annual growth rates of assets (in the 30% to 44% range) posted by domestic investment funds as of 1995, at 14.5% or EUR 11.6 billion, the expansion recorded in the year under review was moderate. Assets even declined in the fourth quarter (-2.7%), a development last seen in the fourth quarter of 1990.

At the close of December 2000, a total of EUR 92.0 billion was invested in the 1,506 investment funds which the 24 Austrian investment companies operate.

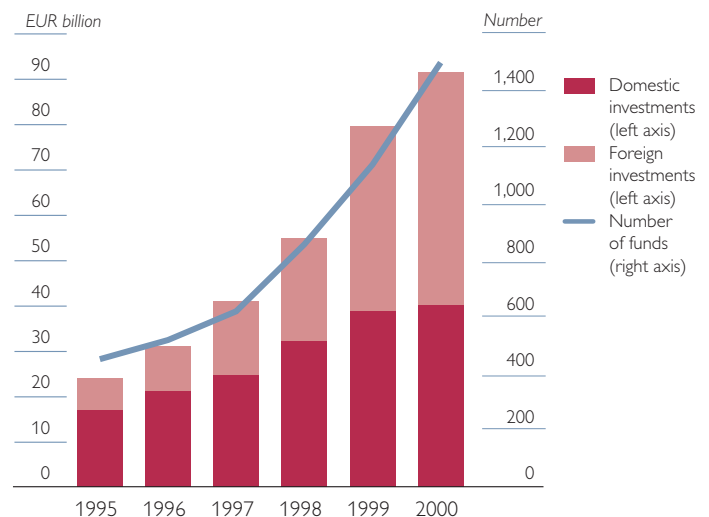
Total asset growth may be broken down as follows in 2000: mutual fund shares (51% or EUR 5.9 billion), debt securities (25% or EUR 2.8 billion) and shares and equities (22% or EUR 2.5 billion).

Adverse stock market developments in the fourth quarter all but halved the gain in shares and equities built up until September 2000. Therefore, with investment funds

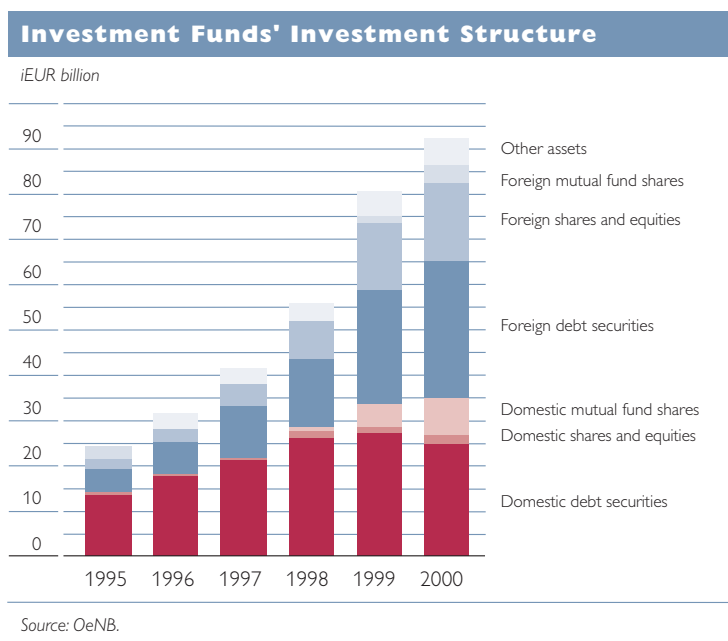
having steadily increased the proportion of shares in their portfolios in previous years, the year under review marks a discontinuation of this trend. The proportion of shares in total assets as measured at end-December 2000 (20.5%) remained virtually unchanged year on year. Furthermore, investment in debt securities contracted marginally on the previous quarter, which amplified the downtrend evident for a few years now of the share of debt securities in total assets managed by investment funds. Debt securities, which had accounted for 65% in December 1999, already down from 74% in 1998, declined further in the year under review to reach 60% in December 2000.

As in the past years, the trend from domestic to foreign investments continued unabated in the reporting period. With December 1999 marking the watershed, i.e. foreign investments first outweighing domestic investments, in the year 2000, an even larger share was funneled abroad. Especially

Investment Funds' Total Assets and Number



Source: OeNB.



foreign debt securities gained EUR 5.2 billion, driving up foreign investments by some 25%, which contrasts with the 5.8% expansion of domestic investments. The ratio of domestic to foreign investments came to 38:62 in December 2000 (December 1999: 45:55).

Building and Loan Associations

In the year 2000, Austria's building and loan associations underwent a consolidation process. Owing to the asset-side interest rate cut at the beginning of the third quarter of 1999 and rising interest rates on other financing instruments, the unfavorable development of 1999 not only came to a halt, but was partly even reversed in the year 2000.

At 5.7 million, the number of savings and loan investment contracts trailed the figures of past years, but the total amount of funds held under these arrangements nevertheless progressed to EUR 103.5 billion.

The ratio of savings and loan contracts at the savings stage to contracts under which a home loan has been drawn shifted from 75:25 (1997) to 80:20 in the reporting year.

Financing capacity hit a record high of EUR 3.6 billion in 2000 (1999: EUR 2.1 billion). Demand for loans from building and loan associations had been less buoyant in 1999 in light of the lower interest rate level of other loans. However, with interest rates on the rise again, loans from building and loan associations became more attractive against other lending options.

A Well-Established Bridge between East and West

Scope of Cooperation between the OeNB

and the Central and Eastern European Transition Economies

The OeNB provides expertise in the EU enlargement process within the ESCB. Stepped-up cooperation with the central banks of the transition countries. The economies of Central and Eastern European transition countries expanded. Inflation generally remained persistently high, prompting monetary policy tightening. Russia on the road to political stability and economic recovery. Transformation to democracy in the Federal Republic of Yugoslavia initiated, but economic situation needs to improve.

Four one-week sessions in 2000 marked the continuation of the series of specialist seminars for CEEC central bankers initiated by the OeNB in 1997. The seminars in 2000 were dedicated to “Austria’s First Five Years in the EU: Lessons and Experiences after One Year in EMU,” “Accounting in the OeNB as a Member of the ESCB,” “Change-over to the Euro: Monetary Policy and Foreign Exchange Management,” and “Payment Systems: Adapting to the ESCB Environment.”

In addition, the OeNB organized a series of bilateral workshops at CEEC central banks; the agendas of these workshops were set by the hosting institutions themselves.

The OeNB continued to heavily support the Joint Vienna Institute (JVI) in 2000, not only financially but also by actively contributing to the institute’s teaching program. In cooperation with the Federal Ministry of Finance, the OeNB organized two one-week seminars on “The Changing Role of Government in Economic Reforms” and “Foreign Direct Investment and Privatization Policies” in the year 2000. The “Applied Economic Policy Course” – the JVI’s main program – is held twice a year and incorporates an Austrian segment dedicated to teaching the participants the specifics of the Austrian economic system, including a three-day study tour of a selected region of Austria organized jointly by the OeNB and the Federal Ministry of Finance. The OeNB’s role as co-organizer of the East-West Conference (see box 17) and the Vienna Seminar on the EU

accession process (see box 19) highlighted the OeNB’s expertise in Central and Eastern European economies.

At a multilateral level, the OeNB has actively participated in the work of international coordinating bodies for central banks on technical cooperation; the OeNB has been a member of the BIS group of coordinators since 1990 and has been taking part in the newly established coordination mechanism for central banks in the Eurosystem.

Box 16

The Joint Vienna Institute

Training for Public Officials and Experts from Transition Economies

The courses held at the JVI are economic policy seminars tailored to public officials and financial experts from transition countries. Five international organizations – BIS, EBRD, World Bank, IMF and OECD – and the Federal Ministry of Finance and the OeNB jointly founded the JVI in 1992; in 1999, the WTO became the sixth sponsoring organization.

The JVI’s program is unique in its hands-on approach: all lecturers come from international and Austrian sponsoring organizations; they pass on first-hand experience in developing and implementing economic and financial policies. By mid-2000, more than 12,000 persons had attended these courses, thus improving their qualifications.

Since its founding, the JVI has closely cooperated with the Austrian sponsoring organizations, which make an annual contribution of some USD 1 million.

According to an IMF study, the great demand for training in the transition economies will persist, therefore, the JVI’s mandate was extended to 2004 and it seems justified to extend it beyond that date. Against this backdrop, Austria will continue to support the JVI also in the future and advocate a swift decision on the long-term investment strategy and the training program.

Economic Developments

in Selected Central and Eastern European Countries in Transition

Favorable Macroeconomic Development

Fostered by buoyant economic growth in the EU and in Russia and by increasing domestic demand, the economies of all five countries under review (Poland, the Czech Republic, the Slovak Republic, Hungary and Slovenia) expanded in 2000. Poland, Hungary and Slovenia recorded robust real GDP growth rates (4% to 6%), whereas the economies of the Czech Republic, which had just recovered from a recession, and the Slovak Republic, which still felt the impact of an austerity program, grew at a slower pace (2% to 3%). In 2000, most transition economies saw the most favorable economic developments since the beginning of the transformation process more than ten years ago.

In spite of the upswing, however, the unemployment rates in most of the countries under review hardly declined, which is not least attributable to dramatic structural changes involving layoffs. The increasing oil prices drove up inflation (annual average rate) in all countries, except for Hungary, where it remained stable at a relatively high level. To a certain extent, various structural catching-up effects vis-à-vis highly developed market economies (such as relative price changes, adjustments of administered prices, developments of productivity) accounted for the high inflation rates in most CEECs (2000: 9% to 12%). Only the Czech Republic succeeded in keeping inflation down at some 4%.

The pace of progress in fiscal consolidation varied from country to country in 2000. Most CEECs loosened their fiscal stance to a certain extent (compared to their budget policy programs). The general government deficit is still very high in the Czech Republic; in Hungary, solid economic growth helped improve the budget balance; only the Slovak Republic held on to its tight fiscal policy.

External developments were also rather varied. All countries under review posted trade and current account deficits. In Poland, high import surpluses drove up the current account deficit to a hefty 6% to 7% of GDP for the second time after 1999. Only the Slovak Republic and Slovenia succeeded in significantly reducing external imbalances. It should be noted that the deficits are partly caused by extensive imports of capital goods; this reflects the ongoing process of modernization, which has already notably increased the share of capital-intensive goods in overall exports. In the past few years, foreign direct investment more than compensated current account deficits only in Hungary and the Czech Republic, but covered only fractions of the deficits in the other countries under review.

Gross foreign debt grew in Poland, Slovenia and the Slovak Republic, declined in the Czech Republic and remained stable in Hungary in the year 2000. With the ratio of GDP to gross foreign debt at some 60%, Hungary still has the highest ratio among the CEECs. Reserve assets remained

stable in most countries. In terms of months of import cover, Poland ranked first and Slovenia last among the CEECs.

After having recovered from the ramifications of the Russian crisis of 1998/99, most stock indices hit new highs in the spring of 2000 but lost some ground later on. The Bratislava stock exchange proved an exception, witnessing a strong bull market that reached its zenith in the fall. The Slovak crown, the Hungarian forint and the Slovenian tolar slightly depreciated in nominal terms against the euro, whereas the Czech crown and the Polish zloty trended upward against the euro. All currencies depreciated against the U.S. dollar; they were more volatile, as the majority of countries pursues euro-oriented exchange rate policies.

Inflationary threats led to a tightening of monetary policies in most countries under review, except in the Slovak Republic, whose monetary regime includes intermediate monetary targeting (M2) as well as inflation targeting (core inflation) and also attaches some importance to exchange rate developments; here, the monthly inflation rates were on the decline in the course of the year, as tax-induced price hikes – starting from mid-1999 – began to subside. In February 2000, the Slovak central bank introduced repo rates, which were cut several times in the course of the year. In early January 2001, the monetary authorities reduced the reserve ratio from 6.5% to 5.0%.

Poland, which applies a strategy of direct inflation targeting, was unable to meet this target despite repeated increases in key interest rates by a total of 250 basis points and reported the highest real inter-

est rates of all countries under review by far. The Czech central bank succeeded in meeting its inflation target (core inflation), notwithstanding overall price growth in 2000. The Czech two-week repo rate (key interest rate) has remained unchanged since the end of 1999 (5.25%). In an effort to fend off speculative capital inflows, the Hungarian central bank cut interest rates several times (by a total of 325 basis points) in the first half of 2000; the reserve ratio was reduced from 12% to 11%. Yet, mounting inflationary pressures prompted the monetary authorities to raise interest rates sharply in October. The key interest rate, the two-week deposit rate, was lifted by 1 percentage point to 11.75%. In January and February 2001, two modest cuts brought the key interest rate to 11.25%, while the reserve ratio was reduced drastically. Slovenia's monetary policy relies on intermediate monetary targeting (M3) and the monitoring of exchange rate developments. To ward off inflationary pressures, both the discount rate and the lombard rate were raised by 1 percentage point (from 8% to 9% and from 9% to 10%, respectively) in June 2000 and by another percentage point (from 9% to 10% and from 10% to 11%, respectively) in December.

Abandoning the crawling peg with fluctuation bands ($\pm 15\%$), the Polish monetary authorities let the zloty float freely on April 12, 2000. This change of regime is to help the Polish currency find its equilibrium value before it is pegged to the euro within ERM II after Poland's accession to the EU. Moreover, this measure is to facilitate inflation targeting. The change of regime did not come as a surprise

	Inflation Rates (CPI)			Net Budget Results ¹⁾			Current Account Balance ²⁾		
	1998	1999	2000 ³⁾	1998	1999	2000 ³⁾	1998	1999	2000 ³⁾
	Annual average in %			End of year in % of GDP			End of year in USD million		
Poland	+11.8	+7.3	+10.1	-2.4	-2.0	-2.2	-6.81	-11.57	-9.98
Slovakia	+6.7	+10.6	+12.0	-2.4	-1.8	-3.1	-2.06	-1.15	-0.60
Slovenia	+8.6	+6.6	+8.9	-0.8	-0.6	-1.4	-0.15	-0.78	-0.59
Czech Rep.	+10.7	+2.1	+3.9	-1.6	-1.6	-2.4	-1.34	-1.57	-2.37
Hungary	+14.3	+10.0	+9.8	-3.7	-3.0	-2.8	-2.30	-1.98	-1.77

Source: WIIW, national statistics.

¹⁾ The budget balances are not fully comparable, as the methods of calculation vary significantly between countries. Slovenia: general government deficit.

²⁾ Balance of payments data.

³⁾ Preliminary figures and estimates.

to the market and therefore did not have a major impact on exchange rate developments. Hungary held on to its crawling peg regime ($\pm 2.25\%$). The monthly crawling peg depreciation rate was cut from 0.4% to 0.3% in April 2000; in December 2000, the monetary authorities decided to reduce the rate further to 0.2% in April 2001. At the beginning of the year 2000, Hungary switched to a currency peg to the euro within the framework of this regime. So far, the forint has come close to or reached the upper limit of the fluctuation band. Fearing that an appreciation of the forint might be a drag on growth, the government rejected proposals by the central bank to enlarge the band substantially. The Czech Republic, the Slovak Republic and Slovenia adhered to their managed float regimes.

Further Structural Reforms Necessary

The strategic aim of the structural and institutional reforms in all countries under review is the adaptation of existing legal standards to EU directives to qualify for EU accession. Most countries have made substantial progress in privatizing the corporate sector, so that efforts are now focused on individual businesses or branches (e.g. telecommunications, railway, energy). In 2000, almost all countries passed new telecommunications laws to promote the liberalization of the markets and/or sold parts of state-owned telecommunications companies to foreign strategic investors. These first successful measures notwithstanding, there is still an enormous need for further structural adjustments. In the Czech Republic and the Slovak Republic, corporate restructuring proceeded only slowly, as the large number of bankruptcies overstretched the capacities of the courts. In both countries, the insolvency laws that were passed or amended in 2000 are expected to take some pressure off the courts. In Poland, the restructuring of the huge coal and steel sectors is making only slow headway; moreover, there is a huge need for reform in the agricultural sector.

	Real GDP			Unemployment Rates ¹⁾		
	1998	1999	2000 ²⁾	1998	1999	2000 ²⁾
	Change from previous year in %			End of year in %		
Poland	+4.8	+4.1	+4.1	10.4	13.0	15.0
Slovakia	+4.1	+1.9	+2.2	15.6	19.2	17.9
Slovenia	+3.8	+5.0	+4.8	14.6	13.0	11.9
Czech Rep.	-2.2	-0.8	+3.1	7.5	9.4	8.8
Hungary	+4.9	+4.4	+5.2	9.6	9.6	8.9

Source: National statistics.

¹⁾ Registered unemployment.

²⁾ Preliminary figures and estimates.

In 2000, foreign investors forged a growing number of strategic partnerships in the banking sector in most CEECs. In Slovenia, the privatization of the banking sector progressed only in fits and starts. In the Czech Republic, an amendment to the central bank law that might impact on central bank independence entered into force in early 2001. In addition, the Czech banking act was amended to bring it into line with EU standards. The Hungarian Financial Services Authority, which had been created by merging various existing institutions, started operation on April 1, 2000. A similar institution – the Financial Market Office – was established in the Slovak Republic in early November. In 2000, new insurance laws designed to make the markets

compatible with EU standards were agreed upon in Hungary and Slovenia. With a capitalization of some USD 30 billion, the Warsaw stock exchange has established itself as the largest and one of the best regulated securities markets in Central Europe.

In Poland, a major tax reform (of corporate and value-added taxes) entered into force in January 2000. In 2000, most countries under review launched social security reform packages, modifying especially health services and pension systems. In particular, the governments sought to supplement the pay-as-you-go systems by funded models. Until now, the Czech Republic and the Slovak Republic have largely retained their existing public social security systems.

Box 17

The OeNB's East-West Conference in Vienna

The results of the conference “Completing Transition: The Main Challenges,” organized by the OeNB and the JVI from November 5 to 7, 2000, can be summarized as follows:

- The process of transformation has not been completed even in the most successful transition economies; it is more complex and is taking longer than originally anticipated.
- Economic progress in the transition economies has varied from country to country, adding to the heterogeneity between these countries which had existed even before the transition process started.
- Microeconomic changes and the rule of law only partly supported the process of macroeconomic stabilization.
- The development in the financial sector is a key to success, with the banking supervisory authority playing a crucial role. The banking supervisory authority is to be independent, also financially. For the benefit of financial market stability, the central bank should be actively involved in prudential supervision.
- Fiscal consolidation must continue in most transition economies.
- The choice of appropriate monetary and exchange rate policies depends on the specific features of the individual transition economies.
- If stabilization and reform strategies are developed together with international financial institutions, the transition economies must be involved in this process (program ownership).

In commemoration of the former head of the Foreign Research Division, who was the driving force behind the bank's transition research and activities and who died in a tragic accident in 1999, the OeNB for the first time presented the Olga Radzyner Award. The Award was bestowed upon four young economists from Romania, Latvia and the Czech Republic.

**Aside: Democratic Change
in the Federal Republic
of Yugoslavia**

After the downfall of the Milošević regime in October 2000, the election victory of the democratic opposition in December 2000 confirmed the political change in the Federal Republic of Yugoslavia. Foreign aid – the EU immediately granted funds of EUR 200 million – and the country's reintegration into the international community facilitate the process of reconstruction.

In 2000, the economy of the Federal Republic of Yugoslavia (Serbia and Montenegro) only slowly recovered from the Kosovo war; according to estimates, output reached only half the level of 1989. Unemployment is running at some 50%, and the UN estimates that about two thirds of the population lived below the poverty level in 1999.¹⁾

Despite reconstruction measures, the country's infrastructure and industrial capacities are still limited. Humanitarian aid helps at least partly cope with energy shortages. The country accommodates some 900,000 war refugees.

While real GDP contracted by approximately a fifth in 1999, reconstruction fueled growth of some 8% to 10%, which was reflected by increasing investment in the construction industry and rising industrial output. At the same time, agriculture was hit hard by a drought. Retail sales augmented notably. After price controls had been lifted in October 2000, retail prices soared by 48% from October to November and inflation rocketed to 115% on the year in December (1999: 50%). As a consequence, real income plummeted. The inflationary pressures were largely gen-

erated by the monetization of public sector losses.

While Yugoslavia had repeatedly posted high budget deficits over the past few years, major cuts in expenditures and the accumulation of arrears – the government has not serviced its debts for years – helped keep the general government deficit low in 2000. Gross external borrowing mounted to USD 12.2 billion in 2000 (some 120% of GDP). A lack of investment and competitiveness as well as economic sanctions added to the chronic trade and current account deficits in the past few years, which could only be funded by short-term loans, income transfers (foreign workers' remittances and pension transfers from abroad), barter transactions and arrears. Direct investment inflows remained weak, except for the sale of 49% of Telekom Srbija for USD 1 billion in 1997.

In December 2000, the Yugoslav dinar (YUM) was drastically devalued from its fixed rate of YUM/DEM 6 (which had been valid since 1998) to YUM/DEM 30. After prior consultation with the IMF, which the Federal Republic of Yugoslavia had joined on December 20, 2000, the country adopted a managed float exchange rate system. Upon admitting Yugoslavia to its ranks, the IMF granted emergency post-conflict assistance equivalent to SDR 117 million. Yugoslavia's reserve assets amounted to some USD 0.5 billion at the end of 2000. The country joined the Stability Pact for South Eastern Europe in October 2000 and the EBRD in January 2001. Membership in the World Bank will depend on whether Yugoslavia can pay its overdue debts of USD 1.7 billion to this organization.

¹ People in Yugoslavia are considered to be poor when their monthly income does not exceed USD 60.

Progress toward EU Enlargement

In 2000, the EU candidate countries made further progress toward EU accession. The accession process comprises three key elements:

- accession negotiations, including a monitoring process;
- a regular review of the progress toward accession made by the candidate countries (annual progress reports by the European Commission);
- the pre-accession strategy, consisting of various dimensions (Europe Agreements, Accession Partnerships and National Programmes for the Adoption of the Acquis, making Community programs and agencies accessible for candidate countries, acquis screening). Within the framework of the pre-accession strategy, the EU established a macroeconomic dialogue with the accession countries, which, in turn, served as the basis for a macrofinancial dialogue that was initiated in 2000. At the central bank level, the ESCB supports the accession process by maintaining a dialogue with the national central banks of the candidate countries.

Crucial developments in the accession process and aspects that are of particular relevance to the ESCB are reviewed below. The concept “accession countries” comprises all candidate countries that have entered into accession negotiations, i.e. excluding Turkey.

Accession Negotiations and Progress Reports

The Portuguese Council Presidency achieved its goal of opening all negotiating chapters (excluding the chapters “institutional questions” and “other questions”) with the six candidate countries which entered into accession negotiations with the EU in March 1998 (the Luxembourg Group: the Czech Republic, Cyprus, Estonia, Hungary, Poland and Slovenia) by the summer of 2000. Under the French Council Presidency in the first half of 2000, substantial progress was made on a number of important chapters, and December saw the presentation of an overall report on the enlargement process.

In keeping with the conclusions of the European Council in Helsinki (December 1999), the EU formally opened accession negotiations with another six candidate countries (the Helsinki Group: Bulgaria, Latvia, Lithuania, Malta, Romania, the Slovak Republic). The pace of negotiations in terms of how many chapters had been opened and provisionally concluded was as swift as in the initial stage of the talks with the Luxembourg Group.

By the end of 2000, Cyprus had provisionally concluded 17 of the 29 chapters opened, Estonia 16, and the rest of the Luxembourg Group 13 or 14; in the Helsinki Group, Malta had brought to a close 12, the Slovak Republic 10, and the remaining countries 6 to 9 of the chapters opened so far.

The annual progress reports for each candidate country submitted by the European Commission in November 2000 showed that at present, Malta and Cyprus come closest to meeting the economic Copenhagen criteria (existence of a functioning market economy, the capacity to cope with competitive pressure and market forces within the Union), followed by Hungary, Estonia, Poland, the Czech Republic and Slovenia, and, subsequently, by Latvia, Lithuania, the Slovak Republic, Bulgaria and finally Romania. Compared to the assessment in 1999, especially Estonia, Hungary and Poland as well as Lithuania and the Slovak Republic improved their standing, with Estonia catching up with Hungary and Poland in the relative ranking.

Strategy Paper of the European Commission and Opinion of the EU Council

Upon publishing the progress reports, the European Commission presented a Strategy Paper on the further steps in the accession process. The key element of the Strategy Paper is a “road map” envisaging that the chapters still outstanding be addressed in three six-monthly sequences and that the negotiations be concluded in the course of 2002. Based on this paper, the EU Council of Ministers (General Affairs) formulated the conclusions in its overall report on the enlargement process, acknowledging the progress made in the accession talks. It was also stated that the candidate countries had requested more than 500 derogations. Against this backdrop, the Council endorsed the European

Progress toward EU Enlargement (cont.)

Commission's Strategy Paper, recognized it as a flexible framework and, in particular, expressed appreciation for the principle of differentiation, based on each candidate country's own merits. The Council assured the Helsinki Group that all negotiating chapters would be opened in 2001. Transitional provisions will be subject to the criteria¹) laid down by the EU.

The Nice European Council (December 7 to 9, 2000) approved these conclusions. In the European Council's view, the Union may welcome those new Member States which are ready as from the end of 2002 so that they will be able to take part in the next European Parliament elections in 2004. This aim is based on the European Commission's Strategy Paper and the conclusion of the Intergovernmental Conference on institutional reform (the objective of the Helsinki European Council).

Macrofinancial Dialogue and Exchange Rate Strategies

In late November 2000, the Ecofin Council adopted a declaration on macroeconomic and financial stability in the accession countries. Starting from 2001, the following topics will be presented and discussed at semi-annual economic policy dialogue meetings:

- the (medium-term) Pre-accession Economic Programmes, which, together with the budget notifications, are elements of the pre-accession fiscal surveillance procedure, similar to the convergence programs of the Stability and Growth Pact;
- the assessment of these Pre-accession Economic Programmes by the European Commission and
- the assessment of the macroeconomic and financial stability in the accession countries, which the European Commission will produce on an annual basis.

In another declaration on the exchange rate strategies for the accession countries, the Ecofin Council proposed that in the run-up to accession, these strategies are to help meet the Copenhagen economic criteria and safeguard progress toward real convergence and macroeconomic stability. The new EU Member States are expected to join ERM II some time after accession, subject to general agreement on the central exchange rate and the fluctuation band. The EU decided that a freely floating exchange rate regime, a crawling peg or pegging the national currency to an anchor other than the euro were not compatible with ERM II. The euro can only be introduced after all the requirements stipulated in the Treaty establishing the European Community (including the Maastricht convergence criteria and, in particular, the participation in ERM II) have been met. The Union strongly disapproves of unilateral euroization in the accession countries.

1 Derogations must not affect the substance of the four freedoms of the Single Market or distort competition, are to be limited in both duration and scope and must be linked with a clear timetable for the full adoption of the acquis.

Adopting the managed float exchange rate system is part of a short-term stabilization program scheduled until the end of March 2001. Tight monetary and fiscal policies are to stabilize the macroeconomic situation and to bring down and control inflation, which had soared in the fall of 2000. Moreover, these policies are to pave the way for a more comprehensive and long-term program which might also be endorsed by the IMF.

The government has launched first institutional and structural reforms. Like in other former Yugoslav republics, the heritage of "collective ownership" of the means of production – which implies that employees traditionally exert considerable influence on management – has played a key role also in the economies of Serbia and Montenegro. The corporate sector is underfunded and overstaffed and mired in debt. The banking system

is unable to act as a financial intermediary in a market economy. Since private foreign currency savings deposits were confiscated in the early 1990s and the country witnessed one of the worst bouts of hyperinflation in world history in 1993/94, the people's confidence in the financial sector is still shaken.

Furthermore, the relationship between Serbia and Montenegro continues to be a delicate issue, which can only be resolved by the two constituent republics themselves. The reform-minded government of Montenegro, elected into office in late 1997, distanced itself from the aggressive and isolative policies of the Milošević regime and moved toward autonomy and independence. The constituent republic's authorities took over the customs and tax administrations on Montenegrin territory and stopped transfers to the federal budget. Belgrade, in turn, ceased payments to the Montenegrin pension fund. In other words, Montenegro's public finance system was effectively separated from that of the rest of the Federal Republic of Yugoslavia.

After the euro (in the form of Deutsche mark) had been introduced as a parallel currency to the dinar in Montenegro in November 1999, a Montenegrin central bank was established and the Deutsche mark was declared sole legal tender in the republic in November 2000. The Yugoslav central bank thus de facto lost its authority over Montenegro. The Serb province of Kosovo has been under UN administration since June 1999. In September 1999, the UN authorities created an independent customs administration and legalized the use of foreign currencies; the UN authorities make their payments in Deutsche mark,

which in fact has established itself widely as legal tender in Kosovo. As a result, today there are three separately administered currency areas on the territory of the Federal Republic of Yugoslavia.

EU Experts Support Transition Economies in Banking Supervision

EU enlargement will, among other things, have a massive impact on the financial services sector. Upon entry into the EU, credit institutions, insurance companies and securities firms from the new Member States will benefit from a European passport, which will, under the supervision of the authorities of the country of origin, enable them to carry out their activities throughout the European Union.

The CEECs and the EU agreed that formally transposing the body of EU law into national law does not seem to be adequate. Rather, what is needed are supervisory bodies which have sufficient administrative capacities to apply national law in practice. Moreover, the relevant markets must have an adequate infrastructure (orderly markets, reliable auditing institutions, efficient payment systems, etc.). Also, a regulatory framework that guarantees the security of financial transactions must be in place.

Therefore, the European Commission proposed to establish peer groups, i.e. mixed teams of national experts, whose duty is to monitor compliance with the *acquis communautaire* in practice and the efficiency of the supervisory bodies on site. The OeNB seeks to meet the EU's intention by offering its expertise in prudential supervision. At the first meetings with the European Commission, it was agreed that the

Box 19

Dialogue between the Eurosystem

and the Central Banks of the Accession Countries

The dialogue between the Eurosystem and the central banks of the accession countries, initiated at the Helsinki Seminar in late 1999, continued in 2000, culminating in the Vienna Seminar on the EU accession process in December 2000.

The key topic of the seminar was price dynamics in the accession countries. The participants agreed that the accession countries would need to further advance the process of bringing down inflation rates in the years to come, while not delaying the much needed relative price adjustments within the economy. Such price adjustments are part of the process of transition and catching-up (real convergence). Nominal and real convergence should be pursued in parallel, with monetary and exchange rate policies, together with fiscal, wage, and structural policies, being the elements of a prudent economic policy. Entry into the euro area will be based upon fulfillment of the convergence criteria, which, according to the Treaty, must be strict and sustainable. These criteria will be applied to future euro area entrants in the same way as they have been in the past.

In addition, the seminar discussed issues concerning the transposition and implementation of the EMU-related acquis (in particular central bank independence) and questions of technical cooperation to safeguard the smooth integration of the accession countries' central banks into the ESCB and, eventually, into the euro area. The Eurosystem emphasized that it was willing to step up cooperation, among other things, in the fields of analysis, payment systems, statistics and legal questions.

efficiency of the regulatory framework is to be evaluated on the basis of the standards laid down by international bodies.

Economic and Political Situation in Russia Improved, Little Progress on Structural Reforms

With real GDP growing by some 7.7% (1999: 3.2%) in 2000, Russia recorded the highest growth rate in decades and for the first time ranked among the best performers among the transition and emerging economies. The expansion was underpinned chiefly by industrial output, which grew by 9% on the year.

The driving forces behind the upswing are first and foremost the continuing effects of the massive depreciation of the ruble in 1998 and early 1999 and high commodity prices (especially of crude oil). Exports (in U.S. dollars) climbed by 36% on the year, imports by 18%, in 2000. The surplus on current account widened by almost 100% to some USD 46 billion or 19% of nominal GDP.

In the course of the year, internal demand recovered widely. High corporate profits drove up gross fixed capital formation by 17.7% year on year. Real income augmented by 9% (but remained significantly below the level prior to the crisis in August 1998) and the jobless rate dropped to 9.6%. Against the backdrop of mounting export earnings, arrears and the use of barter transactions and money substitutes was on the decline. Next to the above-mentioned factors, the low income level, a lid on domestic energy and transport tariffs as well as strengthened confidence in political stability supported the upswing.

The increased tax base, export tax hikes and a more efficient tax collection contributed to higher budget revenues. Still, the government continued to pursue tight fiscal policies, which resulted in the first federal budget surplus (2.5% of GDP) since the start of the democratic reforms (1999: deficit of 1.7% of GDP). As a consequence, inflation was moderated. Since the regions and the extra-budgetary funds also showed restraint on spending, the general government posted a surplus.

The CPI climbed by 20.2% on the year in December 2000 (December 1999: 36.5%). In the course of the year 2000, the refinancing rate

was lowered gradually from 45% to 25%.

This development contrasted with the strong expansion of the money stock; in the twelve months until September 2000, the monetary base grew by 69%, M2 by 66%.

Inflation did not climb more markedly chiefly because money demand increased, but of course solid economic growth and restrictive fiscal policies also helped. The stabilization of the economic situation was accompanied by a higher monetization of the economy.

The massive expansion of central bank reserves contributed to the enlargement of money stock. Foreign exchange assets (including gold) grew from USD 12.5 billion in early 2000 to a record USD 28.6 billion by the end of January 2001. The rise in foreign exchange holdings was attributable to the export boom and, in particular, to the government's improved financial standing, which implied that fewer foreign exchange reserves had to be used to service foreign debts. The large amount of reserves prevented a nominal appreciation of the ruble. The central bank succeeded in keeping the ruble's exchange rate against the U.S. dollar stable at some RUB/USD 28 in 2000. At the same time, the ruble appreciated by 3% against the euro. Although this is indeed a substantial real appreciation, the real effective exchange rate of the ruble at the end of 2000 was still a quarter below the level prior to the crisis in August 1998.

The favorable economic situation and mounting foreign exchange reserves indicate that at present, the Russian government does not require international financial assistance to meet its debt service obligations. However, this might change

quickly if the oil price tumbled or if the macroeconomic environment changed. Russia seeks debt forgiveness for a share of its USD 48 billion in publicly guaranteed debts owed to the Paris Club, an arrangement similar to that struck with the London Club in February 2000. Yet the group of creditor countries has already rejected this request. The existing agreement on the rescheduling of debts with the Paris Club, signed in mid-1999, expired at the end of 2000. So far, Russia has not succeeded in negotiating a new agreement with the IMF, which, however, is considered to be a prerequisite for opening debt rescheduling talks with the Paris Club. Russia failed to meet a number of debt servicing deadlines with the Paris Club in January 2001, but harsh criticism at home and abroad caused the Russian government to give in and pledge to service its debts on time. In the full year of 2001, debts owed to the Paris Club amounting to USD 3.5 billion will mature, and total external debt servicing comes to USD 12 billion; at the end of 1999, gross external debt totaled USD 159 billion.

The new government has made the country politically more stable and has strengthened the relationship between the legislative and the executive branches, which in turn has improved the institutional conditions required for urgently needed economic reforms. The economic reform program drawn up in late June 2000 includes both a long-term strategy until 2010 and a schedule for priority measures until the end of 2001. The government plans to achieve an average annual real GDP growth of 5%, to consolidate federal finances by tax reforms, to push ahead with banking sector reform,

**Selected Economic Indicators
for the Russian Federation**

	1998	1999	2000 ¹⁾
Real GDP (change from previous year in %)	- 4.9	+ 3.5	+ 7.7
Unemployment ²⁾ (at year-end in %)	13.3	12.2	9.6
Inflation (CPI; annual average in %)	+27.6	+85.7	+20.8
Budget balance ³⁾ (at year-end, in % of GDP)	- 5.0	- 1.7	+ 2.5
Current account balance ⁴⁾ (USD billion)	+ 0.7	+25.3	+46.3

Source: National statistics, IMF, WIIV.

¹⁾ Preliminary data and estimates.

²⁾ ILO method.

³⁾ Federal budget; IMF definition.

⁴⁾ Balance of payments data.

to protect ownership rights, to foster competition, and to break up monopolies. However, the government has not issued a time schedule stating when individual measures are to be implemented.

The new government's economic policy has so far focused on regional and tax reform. The aim of the former is to shift political power back to Moscow, the latter is intended to rationalize the tax system. At the beginning of 2001, a revised tax code entered into

force; income tax rates were cut to a uniform 13% (flat tax) and social security contributions were harmonized. The government is counting on the income tax reform to markedly improve the economic agents' payment behavior and to rein in the shadow economy. Government revenues from privatizations came to some USD 1.1 billion in 2000.

For years, crucial structural reforms like restructuring the financial sector, the monopolies in the gas and energy sectors as well as reorganizing or unwinding large unprofitable enterprises and safeguarding ownership and creditor rights have been waiting to be tackled. Furthermore, two and a half years after the financial crisis, urgent reform measures in the banking sector have still not been taken. Despite its substantial political room for maneuver and the favorable economic situation, the new leadership has been unable to push through essential market economic reforms.

Close Cooperation with International Organizations

Active participation in international organizations outside the ESCB and observation of the developments of specific country groups. First steps toward reform of EU institutions in preparation of EU enlargement. IMF reform program to improve crisis prevention.

Apart from being an integral part of the ESCB and a link to the decision makers in Austrian economic policy, the OeNB represents Austria's positions at the international level outside the ESCB, participating in various working groups, committees and bodies.¹⁾

Besides, the OeNB contributes to the analyses of current economic and monetary developments. The analyses, studies and decisions that the various international institutions and fora derive from the involvement of their members greatly help

the OeNB in making contributions in an expert capacity both within the ESCB and at the national level. The OeNB plays an active role in the EU, the IMF, the BIS and the OECD. The ECB president indirectly represents the OeNB in fora such as the G-7, the G-10 or the G-20. Since these special groups' decisions on the global financial architecture are implemented by the international financial organizations, they have an impact also on the Austrian financial market.

European Union

Intergovernmental Conference on Institutional Reform

At the 1996 Intergovernmental Conference (IGC), it had already become clear that the first steps of reform initiated in Amsterdam to prepare the EU for the accession of new Member States would not be far-reaching enough. The Amsterdam Protocol envisaged a two-stage reform process for enlargement, but these provisions had been overtaken by recent developments and the accelerated accession process.

Therefore, it was agreed that the necessary institutional reforms would be implemented after one more Intergovernmental Conference, before the EU concluded the accession negotiations with the most advanced candidate countries. The Cologne European Council (June 2 to June 4, 1999) confirmed this intention and convened an Intergovernmental Conference to resolve the institutional issues left open in Amsterdam that need to be settled before enlargement.

The mandate of the IGC as formulated by the Helsinki European Council (December 10 to December 11, 1999) comprised five specific issues:

- size and composition of the Commission;
- weighting of votes in the Council;
- possible extension of qualified majority voting in the Council; and
- other necessary amendments to the Treaties arising in connection with the above-mentioned issues and in implementing the Treaty of Amsterdam.

The EU Presidency presented a report on the progress of the IGC's work to the Feira European Council (June 19 to June 20, 2000), according to which the IGC's mandate was to be extended to the area of closer cooperation, while respecting the need for coherence and solidarity in an enlarged Union. The European Council underlined that an agreement on major issues was to be reached in Nice in December

¹ See Annex A of the OeNB's 1999 Annual Report. The list of international and national committees presented in this annex remains unchanged, except for the ESCB/Eurosystem Year 2000 Co-ordination Committee (COCO), which was dissolved in the year under review.

2000, in line with the time schedules laid down at the European Councils in Cologne and Helsinki.

The European Council in Nice (December 7 to December 9, 2000) concluded negotiations on the following issues:

Size and Composition of the Commission

With effect from 2005, the biggest EU Member States lose the opportunity of proposing a second member of the Commission. Once the Union reaches 27 Member States, there will be fewer Commissioners than there are Member States; the Commission will be selected by a system of rotation that will be fair to all countries.

No unanimous decision will be required to appoint the president and the other members of the European Commission; they will be selected by qualified majority voting. The powers of the president were increased. The rule according to which the entire Commission has to step down in the case of crisis (like in 1999) was changed; in future, it will be possible to dismiss individual commissioners.

Weighting of Votes in the Council

In an enlarged Union, the weighting of votes will be based on the following pattern:

The current bandwidth of 2 to 10 votes was extended to 3 to 29 votes. The four biggest countries – France, Germany, Italy and the United Kingdom – will be allocated 29 votes each, Austria 10 votes.

In an enlarged Union (EU-27), a qualified majority will be obtained if the following conditions are fulfilled: The qualified majority threshold of 258 of the total of 345 votes must be reached.

- As of January 1, 2005, the qualified majority threshold corresponds to a percentage of votes below the current level of 71.26%. After that, it will increase to a maximum of 73.4%. After all listed candidate countries have joined the Union, the blocking minority will rise from 88 to 91 votes.
- The majority of Member States, or two thirds of Member States if the decision is not based on a proposal put forward by the Commission, must endorse the decision.
- The Member States obtain the right to request verification that the qualified majority represents at least 62% of the total population of the European Union. If it turns out that this condition is not met, the decision will not be adopted.

New Distribution of Seats in the European Parliament

The maximum number of Members of the European Parliament will rise to 732. In the newly elected parliament, Austria will be represented by 17 instead of 21 members.

Extension of Qualified Majority Voting in the Council

In principle, Austria endorsed the extension of qualified majority voting (QMV). Decisions on issues in which Austria has a particular interest, including water resource management, urban development, land use and choice of energy source, will require unanimity also in the future. Other issues, including asylum and immigration, taxation, external trade and structural policy, will also continue to be decided by unanimity.

Furthermore, the IGC agreed on a switch to QMV for the following four articles of the EMU chapter of the Treaty establishing the European Community: Article 100 (1) economic measures to be taken in the case of difficulties in the supply of certain products, Article 100 (2) financial assistance to a Member State, Article 111 (4) external representation of the European Monetary Union, Article 123 (4) measures necessary for the introduction of the euro.

Post-Nice Process

Following a German initiative, a new Intergovernmental Conference will be convened in 2004 to resolve the following issues:

- delimiting areas of responsibility between the EU and the Member States reflecting the principle of subsidiarity;
- simplifying the Treaties;
- the status of the Charter of Fundamental Rights, i.e. its transposition into the Treaties;
- the role of national parliaments in the European architecture.

Chronology of Other Major Decisions in the EU

- The EU formally opened accession talks with another six candidate countries (Bulgaria, Latvia, Lithuania, Malta, Romania and the Slovak Republic) on February 14, 2000; thus, the EU is conducting accession negotiations with a total of twelve countries.
- The Feira European Council on June 19 and 20, 2000, agreed that Greece would join the Eurosystem on January 1, 2001. The irrevocable exchange rate is GRD/EUR 370.75. As regards the taxation of interest

income, the EU Heads of State or Government agreed that an information exchange system on interest credited to nonresidents (EU only) be established between banks and fiscal authorities within a transition period of seven years.

- In Denmark, a majority of 53.1% voted against the introduction of the euro in a referendum on September 28, 2000.
- On September 29, 2000, the Ecofin Council reached political agreement on the extension of the Money Laundering Directive.
- On November 27, 2000, the Ecofin Council reached agreement on the tax package. It is planned that after a transition period of several years (as of 2010), a general exchange of information on nonresidents' interest income be established in all EU Member States. The updated stability programs of Germany, Finland and the Netherlands for 2000 to 2004 were adopted.
- The Nice European Council from December 7 to December 9, 2000, not only adopted the results of the IGC¹) but also took the following decisions:
 - From the end of 2002, accession countries that are adequately prepared can become EU members. The next progress report will be submitted to the Council in Goteborg (June 2001).
 - A catalogue of relevant structural indicators of growth, employment and social integration to evaluate progress in the individual Member States was adopted. The Council is to select a

¹ See also section Intergovernmental Conference on Institutional Reform.

limited number of indicators prior to the Stockholm European Council on March 23 and 24, 2001.

- The first findings of the Lamfalussy Report on the regulation of European securities markets and the Commission's action plan were adopted. The final report is to be submitted in Stockholm.
- The Council noted the progress made in preparing for the introduction of euro coins and notes and proposed that preparatory work be speeded up. The Council also proposed some common dates to structure information on the subject in the euro area.
- All representatives welcomed the proclamation of the Charter of Fundamental Rights.
- The Council agreed on incorporating an enabling clause into Article 10 (which includes provisions on the composition of and voting procedures in the ECB Gov-

erning Council) of the Statute of the European System of Central Banks and the European Central Bank. The new paragraph 6 stipulates that "the provisions of paragraph 2 may be amended by the Council meeting in the composition of the Heads of State or Government, acting unanimously either on a recommendation from the ECB and after consulting the European Parliament and the Commission, or on a recommendation from the Commission and after consulting the European Parliament and the ECB." This new paragraph makes it possible to amend the voting procedures stipulated in Article 10.2 prior to the accession of new members to EMU. The insertion of this enabling clause can be seen as a provision which permits a response to the institutional challenges that a significantly enlarged EMU poses.

Financial and Economic Organizations

International Monetary Fund (IMF)

The governor and vice governor of the OeNB represent Austria on the IMF Board of Governors. The IMF Board of Governors convened twice in 2000, at the spring and annual meetings of the Bretton Woods institutions (IMF and World Bank).

Major Institutional Changes

At present, the total quota of IMF member countries amounts to SDR 210 billion; Austria's quota is SDR 1.97 billion. IMF members' drawings from the General Resources Account (excluding reserve tranche operations) reached a volume of SDR 6.3 billion in the financial year ending April 30, 2000. Lending under the Poverty Reduction and Growth Facility – formerly Enhanced Structural Adjustment Facility – totaled SDR 0.5 billion. Redemptions amounted to SDR 23.5 billion. Total debt outstanding came to SDR 50.4 billion in the past financial year.

Horst Köhler from Germany was appointed new IMF Managing Director on March 23, 2000.

The SDR basket was revalued on January 1, 2001; on this occasion, the IMF decided to substitute a currency-based approach (based on the four most important currencies: U.S. dollar 45%, euro 29%, Japanese yen 15%, pound sterling 11%) for the country-based approach used until then.

On November 15, 2000, the IMF approved the ECB's application to become a prescribed holder of SDRs. In addition to the central

banks of the IMF member countries, there are now 16 other institutions permitted to hold SDRs.

Crisis Management

In mid-November 2000, Argentina was hit by an economic crisis, triggered above all by the Argentine peso's peg to the strong U.S. dollar. Owing to high government debt and feeble growth, confidence in the economy slipped and, as a consequence, bond prices tumbled, so that Argentina was forced to borrow at high interest rates in international markets.

In January 2001, Argentina received financial assistance from the international community amounting to USD 35 billion. This package comprised USD 16 billion (SDR 12.43) from the IMF, USD 2 billion each from the World Bank and the Inter-American Development Bank, USD 1 billion from Spain, USD 10 billion from local banks and USD 3 billion from pension funds. The loans are to restore international investors' confidence in the country's solvency. The economic crisis, high U.S. dollar interest rates and poor tax receipts had made it seem uncertain that Argentina would be able to make available the necessary USD 24 billion to service its foreign debt of USD 140 billion.

On December 21, 2000, the IMF decided to grant financial assistance to Turkey. The existing program is to be supplemented by SDR 5.8 billion from the Supplementary Reserve Facility. On the whole, Turkey is to receive some SDR 7.5 billion from the IMF. Another SDR 2.2 billion have been

allocated to Turkey but not yet transferred.

The international financial architecture, especially the importance of “good governance,” continued to be a key discussion topic in the IMF in 2000. Furthermore, the IMF started to reorganize or abolish its various facilities and a range of credit lines. The Fund also established an Evaluation Office (EVO) and took measures to discourage misreporting (inadequate, inconsistent or implausible data reports).

Special Data Dissemination Standard (SDDS)

The IMF requires each subscriber to the SDDS to disseminate its metadata on 20 selected statistics from the four major areas real economy, public finance, financial sector, and external sector via the Internet. The subscribers have to describe the statistics, issue a publication schedule and disseminate current data on the National Summary Data Page. Of the 47 SDDS subscribers, including Austria, 38 publish real data, such as the quarterly national accounts, central government debt, banking statistics, the central bank’s balance sheet or the balance of payments. Austria’s data were updated twice a week in 2000; daily updates are envisaged for 2001.

The IMF pays special attention to the dissemination of data on foreign currency claims and liabilities. These data, covering much more than the area of reserve assets, have been published in great detail on the Data Template on International Reserves and Foreign Currency Liquidity since mid-2000.

Almost all SDDS subscribers, 45 to be precise, publish this information on the Internet. Austria publishes not only the monetary

authority’s, i.e. the OeNB’s, official reserve assets and other foreign currency assets once a month, but also the central government’s foreign currency assets.

The OeNB manages the coordination between the IMF and the data providers for Austria. The OeNB’s metadata and the corresponding real data (National Summary Data Page and Data Template on International Reserves and Foreign Currency Liquidity) can be downloaded from the OeNB’s website at www.oenb.at/sdds/imf_p.htm.

World Bank Group

While the World Bank’s commitments came to USD 10.9 billion in the financial year 2000 (up to June 30, 2000), gross disbursements declined to USD 13.3 billion.

The International Development Association (IDA), the World Bank subsidiary granting loans at more favorable conditions, reduced its commitments to USD 4.4 billion, whereas gross disbursements came to USD 5.2 billion.

The HIPC Initiative of the IMF and the World Bank

The HIPC Initiative, launched by the IMF and the World Bank in 1996 with the objective of reducing the poorest countries’ debt to a sustainable level and thus helping those countries attain sustainable growth and prosperity, was very successful in 2000. At their summit in Cologne in 1999, the G-7 agreed on the extension of the HIPC Initiative, defining the fight against poverty in the highly indebted poor countries as another objective of the initiative. To ensure that the financial resources made available through debt relief are really directed to activities

combating poverty, the countries eligible have to implement rigorous economic programs and structural reforms under the supervision of the IMF and the World Bank. The costs generated by the new objectives of the HICP Initiative increased from USD 12.5 billion to a net present value of USD 28 billion. These costs are covered in roughly equal amounts by bilateral and multilateral creditors. After the adoption of the relevant federal act in November 2000, the OeNB transferred its contribution to the HICP Initiative amounting to SDR 9.56 million to the IMF.

According to estimates, the net present value of public debt in the countries qualifying for the HICP Initiative (coming to approximately USD 90 billion) will halve after the measures envisaged in the initiative and traditional debt relief mechanisms have taken effect.

Bank for International Settlements (BIS)

On January 8, 2001, the Extraordinary General Meeting of the BIS decided that all BIS shares held by private shareholders be repurchased against payment of compensation of CHF 16,000 for each share. BIS shares thus ceased to be negotiable.

World Trade Organization (WTO)

After the WTO had failed to launch a new global trade round in November 1999, it focused on establishing a mechanism to ensure implementation of existing trade accords and on getting the scheduled talks on agriculture and services underway. Jordan, Georgia, Albania, Oman and Croatia became new WTO members, the accession negotiations with China made progress.

Organisation for Economic Co-operation and Development (OECD)

On July 28, 2000, the Slovak Republic was invited to join the OECD as its 30th member. The annual Ministerial Council Meeting (June 26 and 27, 2000) on “shaping globalisation” underlined the need for good governance in all areas (government, business) and adopted a new version of the Guidelines for Multinational Enterprises. Two new chapters (on combating corruption and on consumer protection) were added to the Guidelines, which had been last revised in 1976. The Guidelines continue to be recommendations without binding force.

On June 22, 2000, the FATF adopted a report on 29 countries and territories identified as “non-cooperative.” The report commended Austria’s measures taken in spring 2000 to ban anonymous passbooks. Prior to Austria’s move, the FATF had threatened to suspend Austria’s membership if Austria failed to take decisive action against the anonymous passbooks by February.

Assessment of Decision-Making Processes

G-7, G-10, G-20

Austria – more specifically the OeNB – is not a member of these fora.¹⁾ The Eurosystem participates in the decision-making process via the ECB President. As a rule, the NCBs, and hence the OeNB, receive information through the ESCB’s International Relations Committee (IRC).

At the meeting of finance ministers on the occasion of the IMF Annual Meeting, the G-7 discussed global economic developments, the

¹ G-7 members: Canada, France, Germany, Italy, Japan, the United Kingdom and the U.S.A.
G-10 members: G-7 as well as Belgium, the Netherlands, Sweden and Switzerland.
G-20 members: G-7 as well as Argentina, Australia, Brazil, China, India, Indonesia, Korea, Mexico, Saudi Arabia, South Africa, Turkey.
The EU Presidency, the ECB President, the Managing Director of the IMF and the World Bank President also take part.

CLOSE COOPERATION
WITH INTERNATIONAL ORGANIZATIONS

reform of the international financial institutions, such as IMF and World Bank, and the progress of the HICP Initiative. Measures to combat international money laundering were also key topics in 2000. The G-7 identified 42 countries world wide as tax havens.

Meeting for the second time since the founding of the group, the finance ministers of the G-20 discussed the effects of globalization and measures to strengthen the global financial system.

The OeNB – A Dynamic Enterprise

Organization and management structures optimized, cutting-edge information technologies implemented and new personnel management concept applied. OeNB and OeBS certification according to EMAS. Promotion for economic research projects stepped up.

Corporate Strategy and Key Areas

For strategic controlling purposes, the OeNB defined the following key areas on which to focus its corporate resources in the year 2000 in line with ESCB strategies:

- preparations for the cash changeover scheduled for the beginning of 2002;
- an effective communications policy promoting the Bank's role as a mediator between the ESCB and the Austrian public;
- economics and statistics, including expanding its activities in economic forecasting and econometrics;
- expertise in European issues, with a special focus on acting as a bridgehead for the ESCB in contacts with central banks in the CEECs;
- efficient utilization of information technologies, inter alia, to guarantee the smooth settlement of payments and money market operations;
- an active role in the further development of banking supervision; and
- the improvement of internal services, in particular through an innovative and flexible personnel management system.

With its forward-looking entrepreneurial approach, the OeNB is an active partner in the ESCB, contributing to strategic proposals on the further development of the Eurosystem, on structural efficiency and a corresponding distribution of tasks and responsibilities.

Optimizing Organizational Processes, Management Structures and Business Management Instruments

The OeNB carried out organization analyses to further optimize its organizational processes in 2000, focusing in particular on cash logistics (in cooperation with its branch offices) and on statistics and economics.

The Bank continued its restructuring efforts to enhance its status as a modern service provider, with a focus on consistently targeting its product portfolio. At the corporate level, the OeNB mainly stepped up decentralization by implementing a high level of delegation and expanding the autonomy of the individual divisions in order to increase flexibility and enhance efficient corporate management. The further development of lean management structures in all business areas went hand in hand with the implementation of organizational measures (e.g. modernizing project controlling, formulating supervisors' responsibilities).

Furthermore, the OeNB expanded its range of business management instruments, for example by initiating a process to evolve a new concept of subsidiary management.

Use of Cutting-Edge Information Technologies

The OeNB stepped up its use of Internet technologies to support business and administration activities as well as internal and external communications. This has given banks the possibility to report statistical data to the OeNB via the Internet, for example.

The extent to which the OeNB and selected subsidiaries made use of the Internet in their activities in

2000 indicates high future potentials in the sphere of e-business. The OeNB will implement targeted follow-up measures to strengthen its own position as well as that of relevant subsidiaries in global competition and to enhance the group's e-business competence.

Modern communication structures have made the OeNB's IT support faster and more effective, in particular for time-sensitive business processes. The use of a flexible and adaptable IT infrastructure enables the OeNB's IT strategy and the IT architectural process based on this strategy to adapt smoothly to the faster pace of changing business processes, shorter decision-making cycles and the acceleration of economic progress. The OeNB has launched a technological innovation process intended to sustainably support its corporate goals by stepping up the involvement of the concerned business areas.

In 2000, the OeNB took first steps toward reorganizing the IT quality management system in line with ISO 9000 standards.

New Personnel Management Concept

With demand for high-skilled staff increased by the OeNB's participation in the ESCB, the Bank has developed a new personnel management concept. This concept aims at

- optimizing the use of personnel resources to attain to the OeNB's corporate goals;
- adapting the Bank's personnel management system to its new business requirements;
- making visible the network of links between personnel management functions;
- making transparent the responsibilities and instruments of per-

sonnel management to the OeNB's staff;

- laying down binding rules for implementation.

The new personnel management concept addresses the OeNB's entire staff. Its decentralized organization relies on a tight network of instruments. A seminal Intranet-based manual of personnel management documents the concept's transparency. All in all, this concept is a cornerstone of the OeNB's new identity as a modern enterprise.

The new personnel management concept creates the opportunity for staff members whose work requires an extraordinarily high level of expertise to pursue what is called an "expert career," extending the range of career opportunities outside the sphere of management.

Equity Interests Remain Largely Unchanged

As at December 31, 2000, the OeNB held direct stakes in 12 Austrian companies. Six of those companies are wholly owned by the OeNB, namely the Austrian Mint (Münze Österreich AG), a payment and ID cards company (Austria Card – Plastikkarten und Ausweissysteme GmbH), a real estate company (IG Immobilien GmbH), the Austrian Printing Works (Oesterreichische Banknoten- und Sicherheitsdruck GmbH), the office building management company BLM Betriebs-Liegenschafts-Management GmbH as well as a hotel management company (HV Hotelverwaltung GmbH). In addition, the OeNB holds a 96.4% stake in the cash services company GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination Ges.m.b.H. (GSA) and a two-thirds majority in the chip card specialist

CARD SOLUTIONS – Chipkartensysteme-, Entwicklungs- und Beratungsges.m.b.H.

Furthermore, the OeNB holds minority interests of less than 50% in four other domestic companies (STUZZA, APSS, RVG and A-Trust)¹), namely a 25% stake in STUZZA, a 20% stake in RVG (although indirectly, the OeNB holds 100% in RVG via HV Hotelverwaltung GmbH) and a 10% stake in both APSS and A-Trust.

A-Trust was founded in the reporting year in a partnership contract dated February 17, 2000, and serves as a provider of certification for electronic signatures.

The OeNB's stock of equity interests changed from 1999, as the OeNB assigned shares in GSA to a number of banks and to the Austrian Post Office (Oesterreichische Post AG).

High Environmental Standards

In 2000, the environmental management and audit scheme which the OeNB and its subsidiary, the OeBS, introduced in 1999 in compliance with the EMAS Regulation²) was validated. The Federal Minister for Agriculture, Forestry, Environment and Water Management awarded the certificates in an official ceremony, highlighting the scheme's substantial contribution to raising environmental standards. The OeNB and the OeBS are two of 238 Austrian enterprises on the EMAS list of registered business sites. Of all EU countries on the list, only Germany has more entries than Austria which, in turn, posts the highest number of EMAS enterprises per inhabitant. The OeNB applies the ecological standards defined in the ongoing EMAS environment

program both in its current construction activities and within the group.

Promotion of Science and Research

Since its foundation in 1966, the OeNB's Fund for the Promotion of Scientific Research and Teaching has supported nearly 7,000 scientific projects in basic and applied research with funds totaling around EUR 423 million. It has thus become an indispensable element in securing the future of Austrian science and research.

In 2000, the OeNB expanded the Fund's portfolio to EUR 65.4 million from the Bank's net profit, with practically all of the new money earmarked for economics-oriented research. Subsidies granted in this field totaled EUR 67.8 billion in 2000, including income on interest and a remainder of funds allocated in 1999. These funds mainly served to finance 189 economics-oriented research projects via the Austrian Industrial Research Promotion Fund (Forschungsförderungsfonds für die gewerbliche Wirtschaft) and the Austrian Science Fund (Fonds zur Förderung der wirtschaftlichen Forschung). Moreover, in 2000 the OeNB supported seven K-plus competence centers via the project development and consulting company Technologie Impulse Ges.m.b.H. and a Christian Doppler Laboratory of the research group Christian-Doppler-Forschungsgesellschaft.

The OeNB directly granted funds to the tune of EUR 10.6 billion to 275 research projects in economics, medicine, social sciences and the humanities, focusing in particular on stepping up its promotion of economics. Project results of

¹ STUZZA: Studiengesellschaft für Zusammenarbeit im Zahlungsverkehr (STUZZA) GmbH, the Austrian Research Organization for Payment Coordination; APSS: Austrian Payment System Services (APSS) GmbH; RVG: Realitäten-Verwertungs-GmbH, a property management company; A-Trust: A-Trust Gesellschaft für Sicherheitssysteme im elektronischen Datenverkehr GmbH, a provider of certification for electronic signatures.

² Environmental Management and Audit Scheme.

interest are now presented to an expert public via the promotion funds platform “Forum Jubiläumsfonds.”

With these funding activities the OeNB contributed significantly to the promotion of innovation and technological development as well as to the improvement of Austria’s appeal as a business location and the international competitiveness of the Austrian economy.

Like many other companies, the OeNB also puts a particular empha-

sis on promoting cultural activities.

The OeNB maintains a collection of 27 valuable old string instruments that are put on loan to rising Austrian violin stars and Austrian chamber music ensembles. These valuable string instruments were presented to the public in the course of the “Stradivari & Co” concert cycle at the RadioKulturhaus, organized in cooperation with the Austrian Broadcasting Corporation (ORF).

A. Chronology of the Eurosystem's Monetary Policy Decisions

Date	Monetary Policy Measures
of Announcement	
December 22, 1998	The Governing Council of the ECB decides that the Eurosystem's first main refinancing operation under which funds are to be allotted on January 5, 1999, will be carried out as a fixed rate tender at an interest rate of 3.0%. For the marginal lending facility, an initial rate of 4.5%, and for the deposit facility an initial rate of 2.0% shall apply – with the qualification that, as a transitional measure, a narrower interest rate band will be in place between January 4 and 21, 1999, with the marginal lending facility temporarily available at a rate of 3.25% and the deposit facility at a rate of 2.75%.
December 31, 1998	In accordance with Article 1091 (4) of the Treaty establishing the European Community, upon a proposal from the European Commission and after consultation of the ECB, the EU Council adopts the irrevocable euro conversion rates of the participating currencies with effect from January 1, 1999. The central rates of the Danish and Greek currencies against the euro within the ERM II are set by the ministers of the euro area Member States, the ECB and the ministers and central bank governors of Denmark and Greece, in a common procedure involving the European Commission and after consultation of the Monetary Committee. The compulsory intervention rates for the Danish krone are set at the outer limits of a fluctuation band of $\pm 2.25\%$ around the euro central rate, while a fluctuation band of $\pm 15\%$ will be observed for the Greek drachma.
April 8, 1999	The Governing Council of the ECB decides to reduce the interest rate on the main refinancing operations by 0.5 percentage point to 2.5%, starting with the operation to be settled on April 14, 1999. In addition, it decides to lower the interest rate on the marginal lending facility by 1 percentage point to 3.5% and the interest rate on the deposit facility by 0.5 percentage point to 1.5%.
November 4, 1999	The Governing Council of the ECB agrees to raise the interest rate on the main refinancing operations by 0.5 percentage point to 3.0%, starting with the operation to be settled on November 10, 1999. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit

December 2, 1999	<p>facility by 0.5 percentage point to 4.0% and 2.0%, respectively, with effect from November 5, 1999. The Governing Council of the ECB confirms the reference value for M3 growth at 4½%. This decision is taken on the grounds that the components underlying the derivation of the reference value, namely the Eurosystem's definition of price stability (an annual increase in the HICP for the euro area of below 2%), the estimate for the trend of real GDP growth (2 to 2½% per year) and the estimate for the trend decline in M3 income velocity (½% to 1% per year) have basically remained unchanged. As before, the Governing Council will assess monetary developments in relation to the reference value on the basis of a three-month moving average of annual growth rates. The Governing Council also decides to review the reference value henceforth on a regular annual basis. The next review will take place in December 2000.</p>
January 15, 2000	<p>At the request of the Greek authorities, the ministers of the euro area Member States, the ECB and the ministers and central bank governors of Denmark and Greece decide, following a common procedure, to revalue the central rate of the Greek drachma by 3.5% against the euro in the ERM II framework, effective from January 17, 2000.</p>
February 3, 2000	<p>The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations by 0.25 percentage point to 3.25%, starting with the operation to be settled on February 9, 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point to 4.25% and 2.25%, respectively, both with effect from February 4.</p>
March 16, 2000	<p>The Governing Council of the ECB agrees to raise the interest rate on the main refinancing operations by 0.25 percentage point to 3.5%, starting with the operation to be settled on March 22, 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point to 4.5% and 2.5%, respectively, both with effect from March 17.</p>
April 27, 2000	<p>The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations by 0.25 percentage point to 3.75%, starting with the operation to be settled on May 4, 2000. Furthermore, it decides to increase the interest rates on both the marginal lending facility and the deposit</p>

- June 8, 2000 facility by 0.25 percentage point to 4.75% and 2.75%, respectively, both with effect from April 28. The Governing Council of the ECB agrees to raise the interest rate on the main refinancing operations by 0.5 percentage point to 4.25% and to apply this rate in the two operations (which will be conducted as fixed rate tenders) to be settled on June 15 and 21. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.5 percentage point to 5.25% and 3.25%, respectively, both with effect from June 9. It also announces that, starting from the operation to be settled on June 28, 2000, the main refinancing operations of the Eurosystem will be conducted as variable rate tenders, applying the multiply rate auction procedure. The Governing Council decides to set a minimum bid rate for these operations equal to 4.25%. The switch to variable rate tenders in the main refinancing operations is not intended to signal a further change in the monetary policy stance of the Eurosystem, but is a response to the severe over-bidding which developed in the context of the previous fixed rate tender procedure.
- June 19, 2000 In accordance with Article 122 (2) of the Treaty establishing the European Community, the Ecofin Council decides that Greece fulfills the necessary conditions for the adoption of the single currency on the basis of the criteria set out in Article 121 (1) and abrogates the derogation of Greece with effect from January 1, 2001. The Ecofin Council took its decision taking account of the reports of the European Commission and the ECB on the progress made by Greece in fulfilling its obligations regarding the achievement of Economic and Monetary Union, after consulting the European Parliament, and after a discussion in the EU Council meeting in the composition of the Heads of State or Government. The Ecofin Council, acting with the unanimity of the Member States of the European Community without a derogation and the Member State concerned, upon a proposal from the European Commission and after consultation of the ECB, also adopts the irrevocable conversion rate between the Greek drachma and the euro, with effect from January 1, 2001.
- August 31, 2000 The Governing Council of the ECB decides to raise the minimum bid rate on the main refinancing operations by 0.25 percentage point to 4.5%, starting with the operation to be settled on September 6,

2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point to 5.5% and 3.5%, respectively, both with effect from September 1.
- October 5, 2000 The Governing Council of the ECB agrees to raise the minimum bid rate on the main refinancing operations by 0.25 percentage point to 4.75%, starting with the operation to be settled on October 11, 2000. Furthermore, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point to 5.75% and 3.75%, respectively, both with effect from October 6.
- November 16, 2000 The Governing Council of the ECB decides to henceforth publish the economic projections that the Eurosystem staff prepares for the euro area. Publishing these projections is to help increase the transparency of the Eurosystem and to improve the public's understanding of the Eurosystem's monetary policy decisions. The projections are to be published for the first time in the December 2000 issue of the ECB's Monthly Bulletin.
- December 14, 2000 The Governing Council of the ECB reconfirms the reference value for M3 growth at 4½%. This decision was taken on the grounds that empirical evidence continues to support the assumptions underlying trend potential output growth (2% to 2½%) and the trend decline in M3 income velocity (½% to 1%) in the euro area. However, the Governing Council points out that uncertainties regarding trend output growth in particular have become skewed upward. Potential output growth could, moreover, be strengthened by further structural reforms. The next review of the reference value will be undertaken in December 2001.
- January 2, 2001 On January 1, 2001, Greece joins European Monetary Union, bringing the number of Eurosystem members to twelve. With immediate effect, the Bank of Greece is a full member of the Eurosystem, with the same rights and obligations as the eleven incumbent members. In accordance with Article 49 of the ESCB/ECB Statute, the Bank of Greece paid up the remainder of its subscription to the ECB's capital, contributed its share to the reserves of the ECB and transferred its contribution to the ECB's reserve assets.

B. Austrian Financial Sector Legislation Passed in 2000

Amendment to the Austrian Banking Act

The Amendment to the Austrian Banking Act, as promulgated in BGBl (Federal Law Gazette) Part I No. 33/2000, implemented EU Directive 98/31/EC (CAD II) of 22 June 1998 amending Council Directive 93/6/EEC on the capital adequacy of investment firms and credit institutions (CAD)¹, introducing e.g. the obligation to cover commodity risks with own funds. In addition, for the purpose of calculating market-risk capital requirements, positions in gold and gold derivatives must be treated in a similar fashion as foreign exchange positions.

Another essential change introduced by the Amendment to the Banking Act is the abolition of anonymous savings accounts. As of November 1, 2000, customers opening a savings account with a bank have had to provide proper identification (photo ID) for banks to establish and record their identity. Moreover, as of this date, customers wishing to deposit cash in savings accounts opened before November 1, 2000, have had to identify themselves (unless the account holder's identity has already been established). Until June 30, 2002, customers may withdraw cash from anonymous savings accounts without prior identification. Inter vivos transfers of savings passbooks are exempt from gift tax during the transition period; this regulation does not apply to transfers made to foundations BGBl (Federal Law Gazette) Part I No. 42/2000).

Furthermore, the Amendment to the Banking Act transposed EU

Directive 98/7/EC amending Council Directive 87/102/EEC for the approximation of the laws, regulations and administrative provisions of the Member States concerning consumer credit into Austrian law, thereby adjusting the provisions on calculating the return on savings deposits and the annual percentage rate of charge for consumer credit in line with the amendment to the consumer credit directive. In this context, a year is presumed to have 365 days (rather than 360 days as previously) and a month is presumed to have 30.41666 days (rather than 30 days as previously).

Moreover, the amendment to the Banking Act took into account the need to improve cooperation between the Austrian banking supervisory authority and its counterparts in nonmember countries by providing for prudential cooperation with such countries also in cases where no Council agreements have been signed with the respective non-member country. In addition, the implementation of Article 4 of EU Directive 94/19/EC on deposit-guarantee schemes and of Article 7 of EU Directive 97/9/EC on investor-compensation schemes entailed the lifting of the ban on "exports" of deposit-guarantee and investor-compensation standards.

Amendment to the Insurance Companies Supervision Act

The Federal Act amending the Insurance Companies Supervision Act (2000 Insurance Companies Supervision Amendment Act), BGBl (Federal Law Gazette) Part I No. 117/2000, implemented EU

¹ See OJ L 204 of 21 July 1998.

Directive 98/78/EC on the supplementary supervision of insurance undertakings in an insurance group¹⁾ and provided for a number of additional autonomous changes in the Insurance Companies Supervision Act.

The amendment aims at preventing the current regulations applicable to insurance companies' own funds from being circumvented or undermined. Insurance undertakings in an insurance group are to offer subscribers the same minimum level of financial security as independent insurance companies. They must not exploit corporate structures to create capital within the group or to make multiple use of their own funds. For this reason, additional supervision was introduced for three categories of domestic insurance companies, namely (a) insurance companies acting as equity investors of another insurance company or of a reinsurance company, (b) insurance companies affiliated to an insurance holding company, a superordinated foreign reinsurance company or a superordinated reinsurance company registered outside the contracting countries, and (c) insurance companies affiliated to a noninsurance company.

Euro Act

This Federal Act (Euro Act), BGBl (Federal Law Gazette) Part I No. 72/2000 laid down currency-related measures in connection with the issue of euro notes and coins, thus preparing the rollout of euro notes and coins as of January 1, 2002. The dual circulation period (when euro and schilling cash will both circulate as legal tender) will be shortened to two months, starting from January 2002. The Austrian schilling will thus lose its

status as legal tender on March 1, 2002.

Furthermore, the Euro Act stipulates that the federal budget and other public budgets previously kept in schilling in accordance with the Schilling Act be changed to euro. In addition, this Act changes or abrogates any provisions relevant to currency matters that are inconsistent with EU law or that have now become obsolete. Focusing in particular on removing obsolete sections and wordings from legal acts, the Schilling Act and the Currency Protection Act plus their accompanying acts will be formally invalidated with the entry into force of the Euro Act on January 1, 2002.

Amendment to the Divisional Coinage Act

The Amendment to the Divisional Coinage Act, BGBl (Federal Law Gazette) Part I No. 72/2000, created the legal basis for the coinage and issue of euro and cent coins by the Austrian Mint, thereby executing all legislative adjustments of the Divisional Coinage Act required according to EU law or otherwise connected to the issue of euro and cent coins. Minting divisional coins and negotiable coins (as defined by the Divisional Coinage Act) and bringing coins into, or withdrawing them from, circulation in Austria is and will remain the exclusive right of the Austrian Mint. The Austrian Mint and the OeNB will exchange divisional coins which have been withdrawn from circulation into legal tender for an unlimited period.

¹ See OJ L 330
of 5 December 1998.

Capital Markets Reform Act

The Federal Act (Capital Markets Reform Act), BGBl (Federal Law Gazette) Part I No. 2/2001 amending the 1988 Personal Income Tax Act, the 1988 Corporate Income Tax Act, the 1955 Inheritance and Gift Tax Act, the 1993 Mutual Fund Act, the Stock Exchange Act, the Austrian Banking Act, the Austrian Securities Supervision Act, the Capital Markets Reform Act, the General Social Security Act and the Contractual Labor Law Adjustment Act aims at making the Austrian capital market more attractive and at creating a new basis for its promotion.

With regard to income tax, the Capital Markets Reform Act i.a. provides for the doubling of the amount of tax-exempt stock holdings to ATS 20,000 a year and for the preferential treatment of stock options. Likewise, any advantage resulting from options on company holdings of up to ATS 500,000 will be exempt from taxes and social security charges. Moreover, the Act requires the speculative revenues of mutual funds to be reported on a

lump-sum basis. The inheritance of domestic and foreign shares in corporations is exempt from inheritance tax if the testator's stake was less than 1% of the nominal value.

The following changes are also relevant for financial markets: Prospectuses may now also be issued on the Internet and in English. The issuance of euro-denominated securities has been facilitated, and international cooperation with the Austrian Securities Authority has been given a legal basis. Minimum prudential standards have been defined for the previously unregulated market, which has been transformed into a regulated market in line with EU standards and made subject to eligibility procedures, an insider trading ban and supervision, but not to any requirements on issuers regarding minimum life spans of companies or separate obligations to issue a stock exchange prospectus. New markets are admitted in the form of alternative trading systems and will not be prosecuted as bucket shops as long as they operate properly and under government supervision.

C. Documents Published by the OeNB in 1999 and 2000

For a comprehensive overview of the OeNB's publications, please refer to the December issue of the monthly statistical bulletin "Statistisches Monatsheft," or the last issue of "Berichte und Studien," or the first issue of "Focus on Austria" of each year.

This list is designed to inform readers about selected documents published by the OeNB. The publications are available to interested parties free of charge from the Secretariat of the Governing Board and Public Relations. Please submit orders in writing to the postal address given on the back of the title page. You may also order copies of publications by phone.

For a complete list of the documents published by the OeNB, please visit the OeNB's website (<http://www.oenb.at>).

Focus on Austria (published quarterly)

Economic and Monetary Union and European Union

Harmonized Indices of Consumer Prices –	
Progress and Unresolved Problems in Measuring Inflation	2/1999
Economic Policy Cooperation in EMU:	
European Economic Policy Challenges	2/1999
Effects of the Euro on the Stability of Austrian Banks	3/1999
The Austrian Banks at the Beginning of Monetary Union –	
The Effects of Monetary Union	
on the Austrian Banking System	
from a Macroeconomic Perspective	3/1999

Oesterreichische Nationalbank and Monetary Policy

An International Comparison of Term Structures –	
Estimations Using the OeNB Model	1/1999
The Possibilities and Limitations of Monetary Policy –	
Results of the OeNB's 27th Economics Conference	3/1999
The New Millennium –	
Time for a New Economic Paradigm?	
Results of the 28 th Economics Conference	
of the Oesterreichische Nationalbank	3/2000
Austrian Financial Institutions	
The Austrian Supervisory Risk Assessment System	1/2000
Venture Capital in Austria	2/2000
Risk Analysis of a Representative Portfolio	
of International Assets	2/2000
Calculating the Thresholds for the Notification	
of Mergers of Banks – The New Legal Situation	2/2000
Austria's Major Loans Register	annually

Money and Credit (quarterly)**Interest Rates**

An International Comparison of Term Structures –
Estimations Using the OeNB Model 1/1999

Capital Market

Austrian Stock Market Survey and Outlook 4/2000

Austrian Real Economy

Financial Assets and Liabilities of Enterprises
and Households in the Years 1995 to 1997 1/1999

Economic Outlook for Austria from 1999 to 2001 2/1999

Economic Outlook for Austria
from 1999 to 2001 Fall 1999 4/1999

Impact of the Recent Upturn in Crude Oil Prices
on Inflation in Austria –
A Comparison with Historic Supply Shocks 4/1999

Economic Outlook for Austria
from 2000 to 2002 Spring 2000 2/2000

Economic Outlook for Austria
from 2000 to 2002 Fall 2000 4/2000

Economic Background issues 1 and 3

Financial Accounts in Accordance with ESA 95 –
Financial Assets and Liabilities of the Sectors
of the Austrian Economy,
First Release of Data for the Years 1995 to 1997 3/1999

Financial Accounts in Accordance with ESA 95 –
Financial Assets and Liabilities of the Sectors
of the Austrian Economy, Results for 1998 1/2000

Financial Accounts in Accordance with ESA 95 –
Financial Assets and Liabilities of the Sectors
of the Austrian Economy, Results for 1999 3/2000

External Sector

Special Survey on the Regional Allocation
of Nonresident Securities Held by Residents
as of December 31, 1997 1/1999

New Concept
of the Austrian Balance of Portfolio Investment 2/1999

1997 Coordinated Portfolio Investment Survey (CPIS) –
Outcome of the First Global Measurement
of Regionally Allocated Securities Holdings Conducted
in the Framework of an IMF Statistical Project 4/1999

New Statistical Concept
for Recording Cross-Border Portfolio Investments 4/2000

Austria's International Investment Position annually

Austrian Outward and Inward Direct Investment annually

Balance of Payments quarterly

Overview of Studies Published in Focus Issues

Focus on Austria (issue 2/2000)

The Monetary Policy of the Eurosystem
 Monetary Policy and Monetary Policy Strategy in EMU:
 New Framework – New Challenges
 The Credibility of the Eurosystem
 Monetary Growth during the Changeover
 to Economic and Monetary Union
 Indicators for Assessing Price Changes
 Estimate and Interpretation of the Taylor Rule for the Euro Area
 Modifications to the Monetary Policy Framework
 and Structural Changes in the Austrian Money Market
 in Stage Three of EMU

Focus on Austria (issue 3/2000)

A New Capital Adequacy Framework
 as Proposed by Basel and Brussels
 Regulatory Capital Requirements for Austrian Banks –
 A Supervisory Tool Subject to Change
 Supervisory Review
 Credit Risk – Proposal on a Capital Charge for Credit Risk
 Put forward by the Basel Committee on Banking Supervision
 and the European Commission – Current Debate and Possible Implications
 for the Austrian Banking Industry
 Critical Evaluation of the Basel Committee's
 and the European Commission's Proposals on the Treatment
 of Other Risks in the New Capital Adequacy Framework
 Interest Rate Risk in the Banking Book

Focus on Transition (published semiannually)

Is Direct Disinflation Targeting
 an Alternative for Central Europe? 1/1999
 The Case of the Czech Republic and Poland
 The Southeast European Nonassociated Countries –
 Economic Developments, the Impact of the Kosovo Crisis
 and Relations with the EU 1/1999
 Increasing Integration of Applicant Countries
 into International Financial Markets:
 Implications for Monetary and Financial Stability 2/1999
 Exchange Rate Regimes in Central and Eastern Europe:
 A Brief Review of Recent Changes, Current Issues
 and Future Challenges 2/1999
 Special Report: Ukraine. Macroeconomic Development
 and Economic Policy in the First Eight Years
 of Independence 2/1999
 Monetary Transmission and Asset-Liability Management
 by Financial Institutions in Transitional Economies –
 Implications for Czech Monetary Policy 1/2000

The Development of the Banking Sectors in Russia, Ukraine, Belarus and Kazakhstan since Independence	1/2000
The Effects of the EU's Eastern European Enlargement on Austria – Austria's Specific Position	1/2000
More "Pre-Ins" Ante Portas? Euro Area Enlargement, Optimum Currency Area, and Nominal Convergence	2/2000
A Critical Review of Unilateral Euroization Proposals: The Case of Poland	2/2000
Measuring Central Bank Independence in Selected Transition Countries	2/2000
The Development of the Croatian Banking Sector since Independence	2/2000

Working Papers

Nr. 37 Estimation of the Term Structure of Interest Rates A Parametric Approach	1999
Nr. 38 On the Real Effects of Monetary Policy: A Central Banker's View	1999
Nr. 39 Democracy and Markets: The Case of Exchange Rates	1999
Nr. 40 Central Banks in European Emerging Market Economies in the 1990s	2000
Nr. 41 Is there a Credit Channel in Austria? The Impact of Monetary Policy on Firms' Investment Decisions	2000
Nr. 42 Integration, Disintegration and Trade in Europe: Evolution of Trade Relations During the 1990s	2000
Nr. 43 The Bank, the States and the Market: An Austro-Hungarian Tale for Euroland, 1867–1914	2001

Other Publications

Architektur des Geldes – Vom klassizistischen Palais zum zeitgenössischen Geldzentrum/ The Architecture of Money – From the Classicistic Bank Palace to the Modern Money Center
Possibilities and Limitations of Monetary Policy – Results of the OeNB's 27 th Economics Conference
The Austrian Financial Markets – A Survey of Austria's Capital Markets – Facts and Figures
Guidelines on Market Risk (six volumes)
The New Millennium – Time for a New Economic Paradigm? – Results of the 28 th Economics Conference of the Oesterreichische Nationalbank





Financial Statements
of the Oesterreichische Nationalbank
for the Year 2000

Balance Sheet

as at December 31, 2000

Assets

	December 31, 2000 euro	Dezember 31, 1999 in thousand euro
1. Gold and gold receivables	3,556,162,714.08	3,793,022
2. Claims on non-euro area residents denominated in foreign currency	15,062,227,984.50	14,970,487
2.1 Receivables from the IMF	888,393,041.77	1,269,392
2.2 Balances with banks and security investment, external loans and other external assets	14,173,834,942.73	13,701,095
3. Claims on euro area residents denominated in foreign currency	1,543,590,501.40	2,120,851
4. Claims on non-euro area residents denominated in euro	1,860,162,390.22	3,351,499
4.1 Balances with banks, security investments and loans	1,860,162,390.22	3,351,499
4.2 Claims arising from the credit facility under ERM II	—	—
5. Lending to euro area credit institutions related to monetary policy operations denominated in euro	6,970,764,744.—	5,472,248
5.1 Main refinancing operations	4,843,970,690.—	2,764,743
5.2 Longer-term refinancing operations	2,126,794,054.—	2,707,505
5.3 Fine-tuning reverse operations	—	—
5.4 Structural reverse operations	—	—
5.5 Marginal lending facility	—	—
5.6 Credits related to margin calls	—	—
6. Other claims on euro area credit institutions denominated in euro	166,356,570.34	992,820
7. Securities of euro area residents denominated in euro	1,381,551,936.48	1,744,060
8. General government debt denominated in euro	255,644,384.50	221,424
9. Intra-Eurosystem claims	1,297,670,000.—	1,297,670
9.1 Participating interest in the ECB	117,970,000.—	117,970
9.2 Claims equivalent to the transfer of foreign reserves	1,179,700,000.—	1,179,700
9.3 Claims related to promissory notes backing the issuance of ECB debt certificates ¹⁾	x	x
9.4 Other claims within the Eurosystem (net)	—	—
10. Items in course of settlement	—	—
11. Other assets	4,091,433,515.89	3,881,870
11.1 Coins of euro area	67,951,433.59	98,347
11.2 Tangible and intangible fixed assets	109,891,122.93	54,695
11.3 Other financial assets	2,432,098,313.47	2,387,399
11.4 Off-balance-sheet instruments' revaluation differences	41,598,284.98	385
11.5 Accruals and deferred expenditure	399,075,911.29	305,880
11.6 Sundry	1,040,818,449.63	1,035,164
	<u>36,185,564,741.41</u>	<u>37,845,951</u>

¹⁾ Only an ECB balance sheet item.

Liabilities

	December 31, 2000 euro	December 31, 1999 in thousand euro
1. Banknotes in circulation	13,933,755,136.11	13,328,056
2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	3,402,808,903.32	3,250,536
2.1 Current accounts (covering the minimum reserve system)	3,402,808,903.32	3,235,186
2.2 Deposit facility	—	15,350
2.3 Fixed-term deposits	—	—
2.4 Fine-tuning reverse operations	—	—
2.5 Deposits related to margin calls	—	—
3. Other liabilities to euro area credit institutions denominated in euro	—	—
4. Debt certificates issued¹⁾	x	x
5. Liabilities to other euro area residents denominated in euro	18,201,500.45	19,115
5.1 General government	766,081.04	8,038
5.2 Other liabilities	17,435,419.41	11,077
6. Liabilities to non-euro area residents denominated in euro	7,176,741.20	237,317
7. Liabilities to euro area residents denominated in foreign currency	330,687,652.96	375,172
8. Liabilities to non-euro area residents denominated in foreign currency	900,889,207.44	1,339,702
8.1 Deposits, balances and other liabilities	900,889,207.44	1,339,702
8.2 Liabilities arising from the credit facility under ERM II	—	—
9. Counterpart of Special Drawing Rights allocated by the IMF	250,678,218.83	244,392
10. Intra-Eurosystem liabilities	5,024,023,947.10	6,724,087
10.1 Liabilities equivalent to the transfer of foreign reserves ¹⁾	x	x
10.2 Liabilities related to promissory notes backing the issuance of ECB debt certificates	—	—
10.3 Other liabilities within the Eurosystem (net)	5,024,023,947.10	6,724,087
11. Items in course of settlement	—	—
12. Other liabilities	1,101,311,694.59	887,821
12.1 Off-balance-sheet instruments' revaluation differences	3,975,845.—	23,697
12.2 Accruals and deferred income	79,671,367.74	59,207
12.3 Sundry	1,017,664,481.85	804,917
13. Provisions	1,937,247,894.71	1,935,548
14. Revaluation accounts	4,908,714,957.34	5,195,013
15. Capital and reserves	4,260,243,425.62	4,223,266
15.1 Capital	12,000,000.—	12,000
15.2 Reserves	4,248,243,425.62	4,211,266
16. Profit for the year	109,825,461.74	85,926
	<u>36,185,564,741.41</u>	<u>37,845,951</u>

¹⁾ Only an ECB balance sheet item.

Profit and Loss Account for the Year 2000

	Business year 2000 euro	Business year 1999 in thousand euro
1.1 Interest income	1,584,887,939.87	1,148,537
1.2 Interest expense	– 570,441,348.81	– 385,935
1. Net interest income	1,014,446,591.06	762,602
2.1 Realized gains/losses arising from financial operations	700,374,710.16	356,910
2.2 Writedowns on financial assets and positions	– 97,846,732.39	– 212,261
2.3 Transfer to/from provisions for foreign exchange and price risks	293,986,735.09	576,672
2. Net result of financial operations, writedowns and risk provisions	896,514,712.86	721,321
3.1 Fees and commissions income	2,086,141.87	1,210
3.2 Fees and commissions expense	– 1,703,371.45	– 1,837
3. Net income from fees and commissions	382,770.42	– 627
4. Income from equity shares and participating interests	6,268,546.99	36,665
5. Net result of pooling of monetary income	– 652,250.40	– 190
6. Other income	<u>7,036,340.02</u>	<u>76,370</u>
Total net income	1,923,996,710.95	1,596,141
7. Staff cost	– 88,191,757.12	– 169,057
8. Administrative expenses	– 89,265,008.06	– 67,213
9. Depreciation of tangible and intangible fixed assets	– 12,298,656.21	– 8,255
10. Banknote production services	– 37,837,721.57	– 26,860
11. Other expenses	<u>– 10,355,410.30</u>	<u>– 22,854</u>
	1,686,048,157.69	1,301,902
12. Income tax	<u>– 573,256,373.61</u>	<u>– 442,646</u>
	1,112,791,784.08	859,256
13. Transfers to the pension reserve and central government's share of profit under the provisions of the Nationalbank Act	<u>– 1,002,966,322.34</u>	<u>– 773,330</u>
14. Profit for the year	<u>109,825,461.74</u>	<u>85,926</u>

Notes to the Financial Statements 2000

General Notes to the Financial Statements

Accounting Fundamentals and Legal Framework

The OeNB is committed (pursuant to Article 67 para 2 Federal Act on the Oesterreichische Nationalbank as amended) to prepare its balance sheet and its profit and loss account in conformity with the policies established by the Governing Council of the ECB under Article 26.4 of the ESCB/ECB Statute. These policies are laid down in the Guideline of the ECB of 1 December 1998 on the Legal Framework for Accounting and Reporting in the European System of Central Banks as Amended on 15 December 1999 and 14 December 2000 (ECB/2000/18¹). In cases not covered by the guideline, the generally accepted accounting principles referred to in Article 67 para 2 second sentence of the Federal Act on the Oesterreichische Nationalbank (Nationalbank Act) were applied.

The other Nationalbank Act provisions that govern the OeNB's financial statements (Articles 67 through 69 and Article 72 para 1 Nationalbank Act, as amended and as promulgated in Federal Law Gazette I No. 60/1998) as well as the relevant provisions of the Commercial Code as amended remained unchanged from the previous year. In accordance with Article 67 para 3 Nationalbank Act, the OeNB continues to be exempt from preparing a consolidated financial statement as required under Article 244 et seq. of the Commercial Code.

The following changes of the financial statements 2000 result from the amendments to the guideline (ECB/2000/18):

Assets item 5 "lending to financial sector counterparties of the euro area denominated in euro" has been renamed and is now "lending to euro area credit institutions related to monetary policy operations denominated in euro."

Assets item 5.7 "other claims" has been deleted and replaced by the new assets item 6 "other claims on euro area credit institutions denominated in euro."

Liabilities item 2 "liabilities to euro area financial sector counterparties denominated in euro" has been renamed and is now "liabilities to euro area credit institutions related to monetary policy operations denominated in euro."

A new liabilities item 3 "other liabilities to euro area credit institutions denominated in euro" has been introduced.

The assets and liabilities items have been renumbered to integrate the new assets and liabilities items.

Since the beginning of 2000 the OeNB's pension reserve has in effect represented a closed system, as staff recruited after May 1, 1998, will receive a state pension supplemented by an occupational pension under a separate, new plan. Therefore the OeNB tapped its pension reserve to pay out retirement benefits for the first time in the financial statements 2000.

To reflect the changes in accounting for pension costs, the pension reserve has been repositioned as liabilities item 13 "provisions" instead of liabilities item 14.2 "reserves."

To cover any losses which the ESCB may incur (monetary income, ECB losses, implicit currency risks

¹ Decision of the Governing Council of the ECB of December 14, 2000.

arising from national central banks' currency reserves transferred to the ECB) for which the OeNB is held liable according to its share in the ECB's capital as well as any losses resulting from a fall in the price of securities invested by the OeNB, part of the "freely disposable reserve fund" was transferred to a special reserve designated "reserve for non-domestic and price risks" when the accounts were closed for 1999. Income in excess of the amount required to replenish the pension reserve in the past years was taken to the profit and loss account, with the income remaining after the distribution of profit identified separately in the "freely disposable reserve fund." When the accounts for 2000 were closed those parts of the reserve were reallocated from the "freely disposable reserve fund" to the "reserve for nondomestic and price risks" to offset losses from the investment portfolios relating to the pension reserve. Annual allocations for the purposes described above are at the discretion of the Governing Board.

Future market developments, especially interest and exchange rate movements, may entail considerable fluctuations of the income of the OeNB and the other NCBs participating in Stage Three of EMU as well as the ECB as a result of the harmonized accounting rules with they must comply since January 1, 1999.

As the "reserve funded with net interest income from ERP loans" represents specially earmarked OeNB capital, it was redesignated as "earmarked capital funded with net interest income from ERP loans."

The presentation of TARGET balances in the financial statements

2000 was modified as follows against that of the previous year:

Since November 30, 2000, all TARGET-related balances have been netted daily (at the close of business) by novating them to the ECB. This implies that the bilateral claims and liabilities of each NCB vis-à-vis the ECB and other NCBs of both participating and nonparticipating countries have been replaced by a single net bilateral position vis-à-vis the ECB, which is shown under assets item 9.4 "other claims within the Eurosystem (net)" or in liabilities item 10.3 "other liabilities within the Eurosystem (net)."

Before November 30, 2000, balances with Eurosystem NCBs arising from transactions via the TARGET system had been aggregated and entered as a net claim under "other claims within the Eurosystem (net)" or as a net liability under "other liabilities within the Eurosystem (net)." The TARGET balances with non-euro area NCBs, by contrast, had not been aggregated and were shown separately for each country either as "claims on non-euro area residents denominated in euro/balances with banks, security investments and loans" (assets item 4.1) or as "liabilities to non-euro area residents denominated in euro" (liabilities item 5).

Pursuant to Council Regulation (EC) No 1478/2000 of 19 June 2000 amending Regulation (EC) No 2866/98 on the conversion rates between the euro and the currencies of the Member States adopting the euro, the conversion rate between the euro and the Greek drachma was irrevocably fixed at 340.750 Greek drachma to the euro. This Regulation entered into force on January 1, 2001.

The financial statements for the year 1999 were prepared in the formats laid down by the Governing Council of the ECB.

Accounting Policies

The financial statements were prepared in conformity with the accounting policies adopted by the Governing Council of the ECB¹) on December 1, 1998. Said accounting policies, which govern the accounting and reporting operations of the Eurosystem, follow accounting principles harmonized by Community law and generally accepted international accounting standards. The key policy provisions are summarized below.

The following accounting principles have been applied:

- economic reality and transparency,
- prudence,
- recognition of post-balance-sheet events,
- materiality,
- a going-concern basis,
- the accruals principle,
- consistency and comparability.

Transactions in financial assets and liabilities are reflected in the accounts on the basis of the date on which they were settled.

Foreign currency transactions whose exchange rate is not fixed against the accounting currency are recorded at the respective euro exchange rate.

At year-end both financial assets and liabilities were revalued at the mid-market prices/rates of the last day of the year. The revaluation took place on a currency-by-currency basis for foreign exchange and on a code-by-code basis for securities (including on-balance-sheet and off-balance-sheet items).

Gains and losses realized in the course of transactions were taken to the profit and loss account. For gold, foreign currency instruments and securities, the average cost method was used in accordance with the daily netting procedure for purchases and sales. As a rule, the realized gain or loss was calculated by juxtaposing the sales price of each transaction with the average acquisition cost of all purchases made during the day. In the case of net sales, the calculation of the realized gain or loss was based on the average cost of the respective holding for the preceding day.

Unrealized revaluation gains were not taken to the profit and loss account, but transferred to a revaluation account on the liabilities side of the balance sheet. Unrealized losses were recognized in the profit and loss account when they exceeded previous revaluation gains registered in the corresponding revaluation account; they may not be reversed against new unrealized gains in subsequent years. Furthermore, the OeNB's management determined that unrealized foreign currency losses that must be expensed were to be covered by the release of an offsetting amount from the "reserve fund for exchange risks" accumulated in the runup to 1999. Unrealized losses in any one security, currency or in gold holdings were not netted with unrealized gains in other securities, currencies or gold, since netting is prohibited under the Accounting Guideline.

The average acquisition cost and the value of each currency position were calculated on the basis of the sum total of the holdings in any one currency or gold, including both asset and liability positions and both

¹ Decision of the Governing Council of the ECB of December 14, 2000.

on-balance-sheet and off-balance-sheet positions.

In compliance with Article 69 para 4 Nationalbank Act, which stipulates that “reserve funds for exchange risks be set up or released on the basis of the risk assessment of the nondomestic assets,” the value-at-risk (VaR) method was used to calculate the currency risk. VaR is defined as the maximum loss of a gold or foreign currency portfolio with a given currency diversification at a certain level of confidence (97.5%) and for a given holding period (one year). The potential loss calculated under this approach is to be offset against the “reserve fund for exchange risks” and the “revaluation accounts.” Provided that such losses cannot be offset in this way, any remaining loss shall be offset against a charge on profit by allocating the necessary funds to “provisions for exchange rate risks.” In case just part of the “reserve fund for exchange risks” is needed to cover the loss, the difference will be released and will increase the profit for the year.

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

Participating interests were valued on the basis of the net asset value of the respective companies (equity method).

Tangible and intangible fixed assets were valued at cost less depreciation. Depreciation was calculated on a straight-line basis, beginning with the quarter after acquisition and continuing over the expected economic lifetime of the assets, namely:

- computers, related hardware and software, and motor vehicles (four years),
- equipment and furniture (ten years),
- buildings (25 years).

Fixed assets costing less than EUR 10,000 were written off in the year of purchase.

Revaluation Differences and their Treatment in the Financial Statements of December 31, 2000

	Realized gains (posted to the profit and loss account)	Realized losses (posted to the profit and loss account)	Unrealized losses (posted to the profit and loss account)	Unrealized gains (posted to revaluation accounts)
<i>EUR million</i>				
Gold	209.481	0.000	–	0.763
Foreign currency	673.253	10.016	85.668 ¹⁾	55.609
Securities	48.946	39.721	11.964	141.547
Initial valuation of securities	26.750	×	×	×
IMF euro holdings	–	208.319 ¹⁾	–	–
Participating interests	–	–	0.199	35.134
Off-balance-sheet operations	0.039	0.038	0.016	7.749
Total	958.469	258.094	97.847	240.802

¹⁾ This sum did not have an impact on profit because the loss was offset against the “reserve fund for exchange risks.”

Capital Movements

Movements in Capital Accounts in 2000

	Dec. 31, 1999	Increase	Decrease	Dec. 31, 2000
	EUR million			
Revaluation accounts				
Reserve fund for exchange risks	2,539.545	x	464.308	2,075.237
Initial valuation reserve	372.617	x	62.792	309.825
Eurosystem revaluation accounts	2,282.851	240.802	–	2,523.653
Total	5,195.013	240.802	527.100	4,908.715
Capital Reserves				
General reserve fund	1,611.952	–	–	1,611.952
Freely disposable reserve fund	1,551.073	–	514.854	1,036.219
Reserve for nondomestic and price risks	543.432	534.174	–	1,077.606
Earmarked capital funded with net interest income from ERP loans ¹⁾	497.542	17.657	–	515.199
Fund for the Promotion of Scientific Research and Teaching	7.267	–	–	7.267
Pension reserve ²⁾	1,765.789	–	1,765.789	–
Total	5,977.055	551.831	2,280.643	4,248.243
Profit for the year	85.926	109.825	85.926	109.825

¹⁾ Referred to as "reserve funded with net interest income from ERP loans" until December 31, 1999.

²⁾ Transferred to liabilities item 13 "provisions" in the balance sheet of December 31, 2000.

For details of the various changes, please refer to the notes to the respective balance sheet items.

Development of the OeNB's Currency Positions in the Business Year 2000

Net Currency Position (including gold)

	Dec. 31, 1999	Dec. 31, 2000	Change	%
	EUR million			
Gold and gold receivables	3,793.022	3,556.163	–236.859	– 6.2
Claims on non-euro area residents denominated in foreign currency	16,469.559	17,009.068	+539.509	+ 3.3
Claims on euro area residents denominated in foreign currency	2,120.851	1,543.591	–577.260	–27.2
Other assets	24.052	37.968	+ 13.916	+57.9
less:				
Liabilities to euro area residents denominated in foreign currency	375.172	330.688	– 44.484	–11.9
Liabilities to non-euro area residents denominated in foreign currency	1,339.702	900.889	–438.813	–32.8
Counterpart of Special Drawing Rights allocated by the IMF	244.392	250.678	+ 6.286	+ 2.6
Revaluation accounts	3.099	109.874	+106.775	x
	20,445.119	20,554.661	+109.542	+ 0.5
Off-balance-sheet assets/liabilities (net)	– 363.548	– 659.070	–295.522	–81.3
Total	20,081.571	19,895.591	–185.980	– 0.9

Notes to the Balance Sheet

Assets

I. Gold and gold receivables

	EUR million
Closing balance Dec. 31, 2000	3,556.163
Closing balance Dec. 31, 1999	3,793.022
Change	- 236.859 (-6.2%)

This item comprises the OeNB's holdings of physical and nonphysical gold, which amounted to approximately 377 tons on December 31, 2000. At a market value of EUR 293.010 per fine ounce (i.e. EUR 9,420.49 per kg of fine gold), the OeNB's gold holdings were worth EUR 3,556.163 million at the balance sheet date.

The year-on-year change results from revaluation gains on the order of EUR 41.332 million, as offset by sales (30 tons worth EUR 278.191 million).

The gold sales were made under the central bank initiative on gold sales agreed by 14 NCBs – among them the OeNB – and the ECB in September 1999; this agreement limits total gold stock sales to 2,000 tons over a five-year period.

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

	EUR million
Closing balance Dec. 31, 2000	15,062.228
Closing balance Dec. 31, 1999	14,970.487
Change	+91.741 (+0.6%)

These claims consist of receivables from the International Monetary Fund – including the “receivables from the IMF,” “holdings of Special Drawing Rights” (SDR) and “other claims against the IMF” –

and claims denominated in foreign currency against non-euro area countries, i.e. counterparties resident outside the euro area.

The receivables from the IMF comprise the following items:

	Dec. 31, 1999	Dec. 31, 2000	Change	%
	EUR million			
Receivables from the IMF	1,056.572	674.539	-382.033	-36.2
Holdings of SDRs	144.571	143.850	- 0.721	- 0.5
Other claims against the IMF	68.249	70.004	+ 1.755	+ 2.6
Total	1,269.392	888.393	-380.999	-30.0

Deposits by member states and the revaluation of euro holdings by the IMF reduced the **receivables from the IMF¹⁾** by a total of EUR 471.175 million. Conversely, revaluation gains (+EUR 60.515 million) and realized exchange rate gains and book value reconciliation (+EUR 5.220 million) increased these claims.

The national IMF quota remained unchanged at SDR 1,872.3 million in 2000.

The IMF remunerates participations in the Fund at a rate of remuneration that is updated weekly. In 1999 this rate hovered between 3.8% and 4.9% p.a., mirroring the prevailing SDR interest rate.

The **holdings of Special Drawing Rights²⁾** were recognized in the balance sheet at EUR 143.850 million, which is the equivalent of SDR 103 million. The net decrease by EUR 721 million in 2000 is due to sales (-EUR 33.293 million), which are offset by a EUR 28.029 million rise resulting from interest credited, above all remunerations of the participation in the IMF.

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

² Pursuant to federal law as promulgated in Federal Law Gazette No 440/1969, the OeNB is entitled to participate in the SDR system on its own account on behalf of the Republic of Austria and to enter the SDRs purchased or allocated gratuitously on the assets side of the balance sheet as cover for the total circulation.

No purchases arising from designations by the IMF were effected in 1999. Principally the OeNB continues to be obliged under the IMF's statutes to provide currency on demand to participants using SDRs up to the point at which its holdings of SDRs are three times as high as its net cumulative allocation. The OeNB's current net accumulative allocation is SDR 179.045 million.

Other claims against the IMF comprise the OeNB's other contributions to loans under special borrowing arrangements. In the financial statements for 2000 this item relates mainly to claims (over SDR 50 million) arising from contributions to the Poverty Reduction and Growth Facility (PRGF). The PRGF is a special initiative designed to support the IMF's aims by granting the poorest countries credits at highly concessional terms in order to finance economic programs targeted at fostering economic growth and ensuring a strong, sustainable recovery of the balance of payments.

Balances with banks and security investments, external loans and other external assets cover the following:

	Dec. 31, 1999	Dec. 31, 2000	Change	
	EUR million		%	
Balances with banks	4,514.768	3,794.482	- 720.286	-16.0
Securities	9,177.619	10,371.623	+1,194.004	+13.0
Loans	1.991	0.537	- 1.454	-73.0
Other assets	6.717	7.193	+ 0.476	+ 7.1
Total	13,701.095	14,173.835	+ 472.740	+ 3.5

Balances with banks outside the euro area include foreign currency deposits on correspondent accounts, fixed-term deposits and day-to-day money. Securities relate to instruments issued by non-euro area residents. As a rule, operations were

carried out only with financially sound counterparties.

Loans extended to non-euro area residents include two standby credits of USD 15 million each extended to the Turkish central bank in 1980 and 1981, recorded in the balance sheet with a remaining value of EUR 537 million. The reduction stems mainly from the scheduled repayments of EUR 1.593 million. A second loan, which had been granted in 1980, was fully redeemed in 2000. The claim shown in the financial statement of December 31, 2000, will have been fully redeemed by February 2001. The legal basis for those credits are two federal laws as promulgated in Federal Law Gazette Nos 99/1980 (February 21, 1980) and 556/1980 (November 26, 1980).

The other external assets include non-euro area banknotes and coins (EUR 6.967 million) and refundable tax on investment income (EUR 0.226 million).

3. Claims on euro area residents denominated in foreign currency

Foreign currency-denominated claims on euro area residents are as follows:

	Dec. 31, 1999	Dec. 31, 2000	Change	
	EUR million		%	
Balances with banks	2,001.578	947.618	-1,053.960	- 52.7
Securities	119.273	595.973	+ 476.700	+399.7
Total	2,120.851	1,543.591	- 577.260	- 27.2

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

This item includes all euro-denominated investments and accounts with counterparties who are not euro area residents. Since November 30, 2000, the TARGET balances with nonparticipating NCBs have been recognized under liabilities item 10.3 “other liabilities within the Eurosystem (net)” along with the TARGET balances with the Eurosystem NCBs rather than under this item.

On December 31, 1999 and December 31, 2000, this balance sheet item consisted of the following sub-items:

	Dec. 31, 1999	Dec. 31, 2000	Change	
	EUR million			%
TARGET balances with nonparticipating NCBs	1,661.756	–	–1,661.756	–100.0
Security investments and other investments	1,689.743	1,860.162	+ 170.419	+ 10.1
Total	3,351.499	1,860.162	–1,491.337	– 44.5

For details on the remuneration of TARGET balances, see liabilities item 10.3 “other liabilities within the Eurosystem (net).”

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

This balance sheet item represents the liquidity-providing transactions executed by the OeNB.

The principal components of this item are:

	Dec. 31, 1999	Dec. 31, 2000	Change	
	EUR million			%
5.1 Main refinancing operations	2,764.743	4,843.971	+2,079.228	+75.2
5.2 Longer-term refinancing operations	2,707.505	2,126.794	– 580.711	–21.4
5.3 Fine-tuning reverse operations	–	–	–	–
5.4 Structural reverse operations	–	–	–	–
5.5 Marginal lending facility	–	–	–	–
5.6 Credits related to margin calls	–	–	–	–
Total	5,472.248	6,970.765	+1,498.517	+27.4

The **main refinancing operations** are regular liquidity-providing reverse transactions, executed by the national central banks (NCBs) with a weekly frequency and a maturity of two weeks in the form of standard tender operations. All counterparties who fulfill the general eligibility criteria may submit bids within one day. In 2000 all main refinancing operations were carried out in the form of fixed-rate tenders until June 2000. With fixed-rate tenders, the ECB specifies the interest rate in advance, and participating counterparties bid the amount of money they want to transact at this rate. The allotment procedure for main refinancing operations was changed from June 28, 2000, with the main refinancing operations of the Eurosystem conducted as variable-rate tenders, using the multiple rate auction procedure thereafter as

a reaction to the severe overbidding under the fixed-rate procedure. The main feature of the variable-rate tender procedure is that eligible counterparties may submit bids for up to ten different interest rate levels. In each bid they state the amount they are willing to transact with the national central banks and the respective interest rate. The interest rates bid must be expressed as multiples of 0.01 percentage point. Bids at a rate below the minimum bid rate announced by the ECB will be discarded. Initially, the minimum bid rate was set at the same level as that of the last fixed-rate tender operation, 4.25%, thus signaling the continuity of the monetary policy stance. Bids with the highest interest rate levels are satisfied first and bids with successively lower interest rates are accepted until the total liquidity to be allotted is exhausted at the marginal interest rate.

The **longer-term refinancing operations** are regular liquidity-providing reverse transactions with a monthly frequency and a maturity of three months. They are aimed at providing longer-term refinancing to the financial sector and are executed through standard tenders by the NCBs. All longer-term refinancing operations conducted in 2000 were carried out in the form of variable-rate tenders.

Fine-tuning reverse operations are executed on an ad-hoc basis with a view to managing the liquidity situation in the market and steering interest rates, in particular to smooth the effects on interest rates caused by unexpected liquidity fluctuations in the market. The choice of instruments and procedures depends on the type of transaction and the underlying motives.

Fine-tuning operations are normally executed by the NCBs through quick tenders or through bilateral operations. It is up to the Governing Council of the ECB to decide whether under exceptional circumstances fine-tuning operations are to be executed by the ECB itself.

One fine-tuning transaction with an allotment volume of EUR 50 million and an interest rate of 4.35% p.a. was conducted in 2000. On December 31, 2000, no such contracts were outstanding.

The ECB may use **structural reverse operations** in order to adjust the structural position of the ESCB vis-à-vis the financial sector. In 2000 no such operations were carried out.

Counterparties may use the **marginal lending facility** to obtain overnight liquidity from NCBs at a prespecified interest rate against eligible assets. The facility is intended to satisfy counterparties' temporary liquidity needs. Under normal circumstances, the interest rate on the facility provides a ceiling for the overnight market interest rate. The marginal lending facility was accessed numerous times in 2000.

Credits related to margin calls arise when the value of underlying assets regarding other credit to credit institutions increases, obligating the central bank to provide counterparties with additional credit to offset the value in excess of requirements. If such credit is provided not by the return of securities but rather by an entry on an account, a claim on the counterparty is recorded in this subitem. No claims were recorded under this item in 2000.

6. Other claims on euro area credit institutions denominated in euro

	EUR million
Closing balance Dec. 31, 2000	166.357
Closing balance Dec. 31, 1999 ¹⁾	992.820
Change	-826.463 (-83.2%)

This item, which was shown under balance sheet item 5 “lending to financial sector counterparties of the euro area denominated in euro,” 5.7 “other claims,” on December 31, 1999, contains reverse repo operations (reverse sale and repurchase agreements).

This item also includes fixed-term deposits of the OeNB – partly earmarked for the distribution of profit to the central government – and a number of euro accounts at foreign banks.

7. Securities of euro area residents denominated in euro

	EUR million
Closing balance Dec. 31, 2000	1,381.552
Closing balance Dec. 31, 1999	1,744.060
Change	- 362.508 (-20.8%)

This item covers all marketable securities (including government securities stemming from before EMU) denominated in constituent currencies of the euro that are not used in monetary policy operations and that are not part of investment portfolios that have been earmarked for specific purposes.

The annual change is mainly due to net sales.

¹ This item was shown under the assets item “other claims” in the balance sheet of December 31, 1999. The closing balance of December 31, 1999, was adjusted accordingly.

8. General government debt denominated in euro

	EUR million
Closing balance Dec. 31, 2000	255.644
Closing balance Dec. 31, 1999	221.424
Change	+ 34.220 (+15.5%)

This balance sheet item subsumes the “claim on the Austrian Federal Treasury from silver commemorative coins issued before 1989,” based on the 1988 Coinage Act as promulgated in Federal Law Gazette No 425/1996.

In theory, the maximum federal liability of EUR 1,306.120 million is the sum total of all silver commemorative coins issued before 1989, minus any coins returned to and paid for by the central government, minus any coins no longer fit for circulation and hence directly withdrawn by the Austrian Mint. The figure actually shown in the books is lower because it has been adjusted for coins in circulation (EUR 1,032.795 million) and cash in hand (EUR 17.681 million), both of which are not yet redeemable. This accounting technique complies with the Maastricht Treaty, as confirmed by the ECB. Repayment is effected by annual installments of EUR 5.814 million (equivalent to ATS 80 million) out of the central government’s share of the OeNB’s profit. The proceeds from metal recovery are also designated for repayment. Any amount outstanding on December 31, 2040, will have to be repaid in the five following years (2041 to 2045) in five equal installments.

The silver commemorative coins returned to the central government in the course of 1999 had a total face value of EUR 50.196 million. The redemptions made out of the central

government's share in the OeNB's profit for the year 1998 plus the proceeds from metal recovery totaled EUR 15.969 million.

9. Intra-Eurosystem claims

Most of this balance sheet item consists of the balances between the 11 participating NCBs and the ECB. In a breakdown, this includes the participating interest in the ECB, the claims equivalent to the transfer of foreign reserves under the provisions of Article 30 of the ESCB/ECB Statute, claims arising from TARGET balances and other (net) claims within the Eurosystem, provided that these items close the reporting year with net claims. Since November 30, 2000, the TARGET balances with the central banks of nonparticipating countries have also been recognized in this item. Since the TARGET balances and the other intra-Eurosystem balances posted deficits at the end of 2000, their end-of-year levels are reflected in liabilities item 10.3 "other liabilities within the Eurosystem (net)."

Other claims within the Eurosystem (net) consisted of the following subitems on December 31, 2000:

	Dec. 31, 1999	Dec. 31, 2000	Change
	<i>EUR million</i>		
9.1 Participating interest in ECB	117.970	117.970	–
9.2 Claims equivalent to the transfer of foreign reserves	1,179.700	1,179.700	–
Total	1,297.670	1,297.670	–

The share that the OeNB holds in the **capital of the ECB** – EUR 5 billion in total – corresponded to 2.3594% at the balance sheet date, unchanged from December 31, 1999.

The following table contains a breakdown of the various NCBs' shares in the capital of the ECB:

	The 15 EU central banks' shares in the capital of the ECB		
	%	EUR	thereof paid up
Deutsche Bundesbank	24.4935	1,224,675.000	1,224,675.000
Banque de France	16.8337	841,685.000	841,685.000
Banca d'Italia	14.8950	744,750.000	744,750.000
Banco de España	8.8935	444,675.000	444,675.000
De Nederlandsche Bank	4.2780	213,900.000	213,900.000
Banque Nationale de Belgique	2.8658	143,290.000	143,290.000
Oesterreichische Nationalbank	2.3594	117,970.000	117,970.000
Banco de Portugal	1.9232	96,160.000	96,160.000
Suomen Pankki	1.3970	69,850.000	69,850.000
Central Bank of Ireland	0.8496	42,480.000	42,480.000
Banque Central de Luxembourg	0.1492	7,460.000	7,460.000
	78.9379	3,946,895.000	3,946,895.000
Bank of England	14.6811	734,055.000	36,702.750
Sveriges Riksbank	2.6537	132,685.000	6,634.250
Bank of Greece	2.0564	102,820.000	5,141.000 ¹⁾
Danmarks Nationalbank	1.6709	83,545.000	4,177.250
	21.0621	1,053,105.000	52,655.250
Total	100.0000	5,000,000.000	3,999,550.250

¹⁾ Fully paid up from January 1, 2001, with the participation of the Bank of Greece in the Eurosystem.

The **transfer of foreign reserves** from the Eurosystem NCBs to the ECB is based on the provisions of Article 30 of the ESCB/ECB Statute. The euro-denominated claims on the ECB in respect of those transfers are shown under this item.

The reserves that the OeNB transferred are managed on behalf and for the account of the ECB separately from the OeNB's own holdings and therefore do not show up in its balance sheet.

The ECB remunerates the nonredeemable euro-denominated claims with which it credited the NCBs in return for the transfer on a daily basis at 85% of the current interest rate on the main refinancing operations.

10. Items in course of settlement

No entries under this item are required in the balance sheet for the year 2000.

11. Other assets

Other assets comprise the following items:

	Dec. 31, 1999	Dec. 31, 2000	Change	
	EUR million			%
11.1 Coins of euro area	98.347	67.952	- 30.395	- 30.9
11.2 Tangible and intangible fixed assets	54.695	109.891	+ 55.196	+100.9
11.3 Other financial assets	2,387.399	2,432.098	+ 44.699	+ 1.9
11.4 Off-balance-sheet instruments' revaluation differences	0.385	41.598	+ 41.213	-
11.5 Accruals and deferred expenditure	305.880	399.076	+ 93.196	+ 30.5
11.6 Sundry	1,035.164	1,040.819	+ 5.655	+ 0.5
Total	3,881.870	4,091.434	+209.564	+ 5.4

Coins of euro area represent the OeNB's stock of fit coins of ESCB Member States. At the balance sheet date, this item consisted of Austrian schilling coins only.

Details about coin in circulation and specifications for the coins (diameter, weight, composition) are given in the table "Austrian coins" in the annex to the annual report. Coin in circulation is a statistical figure not apparent from the OeNB's balance sheet. By provision of the 1988 Coinage Act, the face value of all coins struck by the Austrian Mint and put in circulation by the OeNB, plus the special quality coins and gold bullion coins issued directly by the Austrian Mint, minus any coins that have been withdrawn, add up to the "coin in circulation" figure. This is in line with the harmonized procedure for recording coin circulation on which the ESCB central banks have agreed.

¹ The OeNB began acquiring antique string instruments in 1989.

Tangible and intangible fixed assets comprise Bank premises and equipment (including machinery, computer hardware and software, motor vehicles) and intangible fixed assets.

Premises developed as follows:

Cost incurred until Dec. 31, 1999	Purchases in 2000	Sales in 2000	Re-assignment (-)	Accumulated depreciation	Book value on Dec. 31, 2000	Book value on Dec. 31, 1999	Annual depreciation in 2000
EUR million							
37.134 ¹⁾	31.054	9.998	1.092	13.999	43.099	23.244	0.109

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

Equipment developed as follows:

Cost incurred until Dec. 31, 1999	Purchases in 2000	Sales in 2000	Re-assignment (+)	Accumulated depreciation	Book value on Dec. 31, 2000	Book value on Dec. 31, 1999	Annual depreciation in 2000
EUR million							
68.391	15.860	7.692 ¹⁾	1.092	41.838	36.062	31.381	12.174

¹⁾ The balance between the book value of the sales and the underlying historical costs is EUR 7.594 million.

The accounting treatment of **movable real assets** worth EUR 30.026 million, previously recognized under "other financial assets," was changed in 2000; the item was regrouped under "tangible and intangible fixed assets." This item represents the OeNB's collection of antique string instruments,¹⁾ which was unchanged from 1999 and consisted of 21 violins, 4 violoncelli and 2 violas on the balance sheet date 2000. The instruments are on loan to musicians deemed worthy of special support.

Intangible fixed assets (the right to use an apartment) developed as follows:

Cost incurred until Dec. 31, 1999	Purchases in 2000	Sales in 2000	Accumulated depreciation	Book value on Dec. 31, 2000	Book value on Dec. 31, 1999	Annual depreciation in 2000
0.070	0.649	–	0.015	0.704	0.070	0.015

EUR million

Other financial assets comprise the following subitems:

	Dec. 31, 1999	Dec. 31, 2000	Change	
	EUR million			%
Securities	1,681.192	1,716.261	+35.069	+ 2.1
Participating interests	642.566	695.851	+53.285	+ 8.3
Real assets	24.533	–	–24.533	–100.0
Sundry assets	39.108	19.986	–19.122	– 48.9
Total	2,387.399	2,432.098	+44.699	+ 1.9

Of the OeNB's **securities** portfolio, EUR 1,702.417 million represented investments of the pension reserve and another EUR 13.844 investments of the OeNB's Fund for the Promotion of Scientific Research and Teaching. Unrealized valuation gains of EUR 18.804 million compare with unrealized valuation losses of EUR 0.562 million.

Participating interests – booked at their net asset value – developed as follows:

Cost incurred until Dec. 31, 1999	Purchases in 2000	Sales in 2000	Book value on Dec. 31, 2000	Book value on Dec. 31, 1999	Annual depreciation in 2000	Revaluation in 2000
642.566	18.350	0.092	695.851	642.566	0.199	35.226

EUR million

The participating interests were valued at their net asset value in the annual accounts for 2000.

The OeNB's printing works, Oesterreichische Banknoten- und Sicherheitsdruck GmbH (OeBS), has a nominal capital of EUR 7.267 million and is wholly owned by the

OeNB. The stockholders' equity came to EUR 66.634 million on December 31, 1999.

Moreover, this item shows the OeNB's 100% stake in the Austrian Mint (Münze Österreich AG). In 2000 the Mint released dividend earnings of EUR 3.634 million to the OeNB for the business year 1999 (1999: EUR 3.634 million for the business year 1998).

The Mint's capital stock amounts to EUR 5.450 million. As at December 31, 1999, the stockholders' equity ran to EUR 222.593 million, and the annual surplus to EUR 9.340 million.

Since the Austrian Mint does not earn any seigniorage – the revenue raised from coining – on euro coins until they are actually issued (from January 1, 2002) but started production already at the end of 1998, the financial burden on the Austrian Mint will be particularly high during this transition period. Therefore the OeNB provided the Austrian Mint with advances of EUR 145.346 million already in 1998. This sum will be deducted from the nominal value payable to the Austrian Mint for the coins delivered from January 1, 2002.

In 1999 the OeNB acquired 98.8% of the cash services company GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination GmbH (GSA). GSA primarily offers currency processing, foreign currency exchange and quality assurance services. The company's nominal capital amounts to EUR 0.036 million. Of the seven GSA cash centers to be established in Vienna, Bregenz, Graz, Innsbruck, Klagenfurt, Linz and Salzburg, three went into operation in 2000 – Linz, Vienna and Graz. The remaining cash centers are sched-

uled to become operational in the first half of 2001.

Regarding the other equity interests, the reader is referred to Article 241 of the Commercial Code.

Asset item 11.6, **sundry**, consists of the following subitems:

	Dec. 31, 1999	Dec. 31, 2000	Change
	EUR million		
Claims arising from ERP loans to companies	731.732	732.226	+ 0.494
OeKB overnight account for ERP lending	107.765	124.928	+17.163
ERP loan portfolio managed by the OeNB	839.497	857.154	+17.657
Advances to prefinance the production of euro coins	145.346	145.346	-
Advances on salaries	6.359	7.083	+ 0.724
Other claims	43.962	31.236	-12.726
Total	1,035.164	1,040.819	+ 5.655

According to Article 3.2 of the ERP Fund Act, the ceiling of the OeNB's financing commitment corresponds to the sum by which the federal debt was written down initially (ATS 4,705,404,000; EUR 341.955 million) plus interest accrued (EUR 515.199 million on December 31, 2000).

The ERP loan portfolio managed by the OeNB totaled EUR 857.154 million on December 31, 2000. The provisions governing the extension of loans from this portfolio are laid down in Article 83 of the Nationalbank Act.

The residual terms of advances on salaries are generally more than one year. Security on all advance payments is in the form of life insurance.

Other claims contain minor items arising from the day-to-day business.

¹ Article 52 obliges the NCBs to ensure that the exchange of – household amounts of – banknotes denominated in currencies with irrevocably fixed exchange rates is offered at the respective par values free of charge at one location at least. The OeNB has arranged for authorized agents to offer this service at the OeNB's branch offices and in the OeNB's name for the agents' account.

Liabilities

I. Banknotes in circulation

	EUR million
Closing balance Dec. 31, 2000	13,933.755
Closing balance Dec. 31, 1999	13,328.056
Change	+ 605.699 (+4.6%)

This figure is derived from the amount of schilling banknotes in circulation adjusted for the banknotes received and held by other NCBs participating in the Eurosystem.

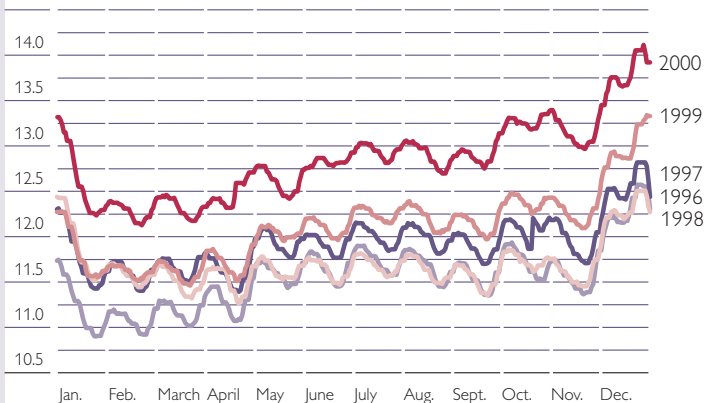
The qualification regarding banknotes held by other NCBs is based on Article 9.1 of Guideline ECB/2000/18 and follows from implementation of Article 52 of the ESCB/ECB Statute.¹⁾ Those provisions ensure the proper representation of the aggregate "banknotes in circulation" figure of the Eurosystem in the consolidated ESCB balance sheet, both during the transition period and after the introduction of euro banknotes. An NCB receiving schilling banknotes will – in compliance with its commitments arising under Article 52 of the ESCB/ECB Statute – account those banknotes as an intra-ESCB claim against the OeNB as the issuing NCB. Upon notification, the OeNB will adjust its banknotes in circulation figure accordingly. At a later stage, depending on the repatriation volumes agreed bilaterally, the schilling banknotes received by other NCBs will be returned to the OeNB.

The attached table shows that the figure for banknotes in circulation rose steadily from 1996 to 2000, except in 1998. The average was high last year because people held large amounts of cash at the beginning of January as a precaution against possible millennium change problems.

	Banknotes in circulation, annual average EUR million	Annual change %	
1996	11,543	+628	+5.8
1997	11,913	+370	+3.2
1998	11,688	-225	-1.9
1999	12,095	+407	+3.5
2000	12,851	+756	+6.3

Banknotes in Circulation

Calendar-day volumes, EUR billion



Source: OeNB.

The banknotes in circulation figure touched a high of EUR 14,127 million on December 27, 2000; the annual low of EUR 12,131 million was reached on February 22.

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

On December 31, 1999 and December 31, 2000, the subitems of this balance sheet item closed as follows:

	Dec. 31, 1999 EUR million	Dec. 31, 2000	Change	%
2.1 Current accounts (covering the minimum reserve system)	3,235.186	3,402.809	+167.623	+ 5.2
2.2 Deposit facility	15.350	-	- 15.350	-100.0
2.3 Fixed-term deposits	-	-	-	-
2.4 Fine-tuning reverse operations	-	-	-	-
2.5 Deposits related to margin calls	-	-	-	-
Total	3,250.536	3,402.809	+152.273	+ 4.7

The **current accounts (covering the minimum reserve system)** primarily comprise credit institutions' accounts for minimum reserves.

Banks' minimum reserve balances have been remunerated on a daily basis since January 1, 1999, at the prevailing interest rate for the ESCB's main refinancing operations.

The **deposit facility** item refers to overnight deposits placed with the OeNB by Austrian banks that access the Eurosystem's liquidity-absorbing standing facility at the prespecified rate.

In 2000 one operation was conducted as a **fixed-term deposit** at an interest rate of 3% p.a.

5. Liabilities to other euro area residents denominated in euro

	EUR million
Closing balance Dec. 31, 2000	18.202
Closing balance Dec. 31, 1999	19.115
Change	- 0.913 (-4.8%)

This item comprises general government deposits and the current accounts of other nonbanks.

Moreover, it contains the deposits of the International Fund for the Clearance of the Fairway of the

Danube, an international organization under the patronage of the European Commission. This Fund (also known as the “Danube Fund”) was established in Vienna by the Danube Commission and is entrusted with handling the funding of the project to restore free navigation on the Danube in the Novi Sad region. The OeNB invests the funds for the Danube Commission, 85% of which are provided by the European Commission and 15% which are provided by neighboring countries and other donors, under the provisions of the Federal Act on the International Fund for the Clearance of the Fairway of the Danube (Federal Law Gazette I No 70/2000).

**6. Liabilities
to non-euro area residents
denominated in euro**

	<i>EUR million</i>
Closing balance Dec. 31, 2000	7.177
Closing balance Dec. 31, 1999	237.317
Change	– 230.140 (–97.0%)

This item contains euro-denominated liabilities to non-Eurosystem central banks and monetary institutions. Liabilities arising from transactions with non-Eurosystem NCBs via the TARGET system (EUR 213.006 million), which were subsumed under this item in 1999, are recognized in liabilities item 10.3 “other liabilities within the Eurosystem (net)” in 2000.

**7. Liabilities
to euro area residents
denominated
in foreign currency**

	<i>EUR million</i>
Closing balance Dec. 31, 2000	330.688
Closing balance Dec. 31, 1999	375.172
Change	– 44.484 (–11.9%)

This item comprises foreign currency deposits of financial institutions.

**8. Liabilities
to non-euro area residents
denominated
in foreign currency**

	<i>EUR million</i>
Closing balance Dec. 31, 2000	900.889
Closing balance Dec. 31, 1999	1,339.702
Change	– 438.813 (–32.8%)

Foreign currency liabilities arising from swap operations and from repurchase agreements with financial sector counterparties are shown under this heading. The decrease resulted from the lower volume of repurchase agreements.

**9. Counterpart
of Special Drawing Rights
allocated by the IMF**

	<i>EUR million</i>
Closing balance Dec. 31, 2000	250.678
Closing balance Dec. 31, 1999	244.392
Change	+ 6.286 (+2.6%)

This item represents the counterpart of the Special Drawing Rights allocated gratuitously to the OeNB. Measured at current market values on the balance sheet date, the counterpart was worth SDR 179 million. The OeNB was allocated SDRs in six installments from

1970 to 1972 and from 1979 to 1981, always on January 1.

10. Intra-Eurosystem liabilities

	<i>EUR million</i>
Closing balance Dec. 31, 2000	5,024.024
Closing balance Dec. 31, 1999	6,724.087
Change	-1,700.063 (-25.3%)

This item comprises the net liabilities, mostly from transactions – above all via the TARGET system – between the OeNB and the other 14 NCBs in the ESCB (including the NCBs not participating in Stage Three of EMU) or the ECB. Some liabilities arise on the OeNB's correspondent accounts with individual NCBs still used e.g. in the event of temporary technical incidents in the TARGET system. The individual bilateral end-of-day balances of the OeNB with the other NCBs are netted by novating them to the ECB.

In the period from January 1, 1999, to November 30, 2000, balances with participating NCBs were aggregated and entered as a net claim or net liability vis-à-vis the Eurosystem. TARGET balances with non-euro area NCBs had not been aggregated and were shown separately for each country either as “claims on non-euro area residents denominated in euro/balances with banks, security investments and loans” (assets item 4.1) or as “liabilities to non-euro area residents denominated in euro” (liabilities item 5).

The ECB remunerates the net balance on a daily basis, settling payment at the end of the month. The prevailing interest rate for main refinancing operations applies.

11. Items in course of settlement

No entries under this item are required in the balance sheet for the year 2000.

12. Other liabilities

Other liabilities are broken down as follows:

	Dec. 31, 1999	Dec. 31, 2000	Change	
	<i>EUR million</i>			%
12.1 Off-balance-sheet instruments' revaluation accounts	23.697	3.976	- 19.721	-83.2
12.2 Accruals	59.207	79.671	+ 20.464	+34.6
12.3 Sundry	804.917	1,017.665	+212.748	+26.4
Total	887.821	1,101.312	+213.491	+24.0

The **off-balance-sheet instruments' revaluation accounts** subsume the revaluation losses arising on off-balance-sheet positions, which are posted to the profit and loss account.

Item 12.3 (sundry) is composed of the following subitems:

	Dec. 31, 1999	Dec. 31, 2000	Change	
	<i>EUR million</i>			%
Central government's share of profit (without dividends)	773.330	988.429	+215.099	+27.8
Liquid funds of the Fund for the Promotion of Scientific Research and Teaching	24.949	17.033	- 7.916	-31.7
Other	6.638	12.203	+ 5.565	+83.8
Total	804.917	1,017.665	+212.748	+26.4

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

According to the General Council's decision, EUR 65.406 million of the profit for the year 1999 were apportioned to the OeNB's Fund for

the Promotion of Scientific Research and Teaching to support research projects, with EUR 56.685 million apportioned to projects with a highly practical thrust. In the year 2000, the General Council decided to apportion an additional EUR 78.378 million to 472 projects, with EUR 75.470 million of this amount paid out on balance. This means that a total of EUR 432.199 million has been pledged as financial assistance since 1966. The Annual Report contains more details about the promotion of scientific and research as well as cultural projects in the chapter “The OeNB – A Dynamic Enterprise.”

13. Provisions

	Dec. 31, 1999	Transfer from	Transfer to	Dec. 31, 2000
	EUR million			
Pension reserve	1,765.789 ¹⁾	80.881	95.959	1,780.867
Personnel provisions				
Severance payments	40.903	–	1.746	42.649
Anniversary payments	10.329	–	0.360	10.689
Residual leave entitlements	8.025	0.001	0.255	8.279
Pension benefits for former Österreichische Industrie- kredit AG employees and dependents	0.256	0.256	–	–
Other provisions				
Corporation tax	82.557	82.557	76.216	76.216
HIPC initiative of the IMF	13.030	13.030	–	–
Offsetting the ECB's loss	6.568	6.568	–	–
Supplies of goods and services	2.075	2.075	5.310	5.310
Repatriation of banknotes	1.279	1.279	1.331	1.331
Administration of premises	1.210	0.012	0.091	1.289
Supplies from subsidiaries	1.094	1.094	9.337	9.337
Other	2.433	2.294	1.142	1.281
Total	1,935.548	190.047	191.747	1,937.248

¹⁾ In the 1999 financial statements the pension reserve was entered in item 14.2 “reserves.” To reflect the changes in accounting for pension costs, the pension reserve was transferred to “provisions” in the financial statements 2000.

Under the OeNB’s initial retirement plan the Bank assumes full liability to provide retirement benefits to the employees covered by this plan. The members of this scheme

are “contracted out” of the state pension system. To secure this liability the OeNB is obligated by law to establish a reserve corresponding to the actuarial present value of its pension liabilities.

Following a change in the retirement plan, staff recruited after May 1, 1998, will receive a state pension supplemented by an occupational pension from an externally managed pension fund. For this supplementary pension the OeNB took out a contract effective May 1, 1999, which also applies retroactively to employees taken on in the twelve months from May 1, 1998. With the OeNB’s direct liability to pay retirement benefits now permanently limited to staff recruited before May 1, 1998, the pension reserve set up to secure this liability has become a closed system. Therefore the OeNB was in a position to tap its pension reserve to pay out retirement benefits for the first time in the financial statements 2000.

The income on investment relating to the pension reserve of EUR 81.199 million was transferred to the pension reserve when the financial statements for 2000 were prepared. Moreover, allocations of EUR 14.537 were made pursuant to Article 69 para 2 of the Nationalbank Act.

Pension benefits as covered by the pension reserve augmented by EUR 3.035 million to EUR 80.881 million. This includes the remuneration of 16 retired board members or their dependants (totaling EUR 3.969 million; 1999: EUR 3.707 million).

The pension reserve on December 31, 2000, was calculated according to actuarial principles; the discount rate of 3.4% is the same as that applied in 1999.

Provisions for severance payments (EUR 42.649 million) are calculated according to actuarial principles applying a discount rate of 3.4%, as in 1999. Requirements to top up the account led to an increase of EUR 1.746 million net.

Actuarial calculations put the need for anniversary payments at EUR 10.689 million as at the balance sheet date. Consequently, EUR 0.360 million were allocated to provisions for anniversary payments.

Provisions for residual leave amount to EUR 8.279 million (+EUR 0.255 million).

EUR 76.216 million were allocated to provisions for corporation tax. This is the balance between the corporation tax due in 2000 and the prepaid quarterly installments as well as the refundable portion of investment income tax.

Within the framework of an IMF initiative to assist highly indebted countries, EUR 13.030 million had already been transferred to provisions in 1999. After the Federal Act of November 24, 2000, Federal Law Gazette No I/118/2000, on the Participation of Austria in the IMF's Reduction of Multilateral Debts of Heavily Indebted Poor Countries Initiative had been passed, this provision was released, as the funds were disbursed to the IMF.

14. Revaluation accounts

This item consists of the following accounts:

	Dec. 31, 1999	Dec. 31, 2000	Change
<i>EUR million</i>			
Eurosystem revaluation accounts			
Gold	565.315	566.078	+ 0.763
Foreign currency	1,608.994	1,664.603	+ 55.609
Securities	71.776	213.323	+141.547
Participating interests	36.381	71.515	+ 35.134
Off-balance-sheet operations	0.385	8.134	+ 7.749
Subtotal	2,282.851	2,523.653	+240.802
Unrealized valuation gains from Jan. 1, 1999 (initial valuation)			
Securities	92.684	29.892	- 62.792
Participating interests	279.933	279.933	-
Subtotal	372.617	309.825	- 62.792
Reserve fund for exchange risks (funded up to the end of 1998)			
	2,539.545	2,075.237	-464.308
Total	5,195.013	4,908.715	-286.298

The sums recorded in the **revaluation accounts** on a currency-by-currency and code-by-code basis are in their entirety gains that arose on the valuation of assets as at December 31, 2000. Those gains are realizable only in the context of future transactions in the respective category; otherwise they can be used to reverse revaluation losses that may arise in future years. The revaluation gains in each currency, moreover, cover the risks that the nondomestic assets carry (as established with the VaR method).

In line with requirements, the **initial valuation** gains recorded in the opening balance sheet were partly realized during 1999 in the course of sales of underlying assets.

Article 69 para 1 of the Nationalbank Act obliges the OeNB to maintain a reserve covering exchange risks which may arise on nondomestic assets. The **reserve fund for exchange risks** posted

in the financial statements 2000 contains exchange gains accrued in the runup to 1999 totaling EUR 2,075.237 million. On the one hand the annual change reflects the realization of exchange rate gains as underlying assets were sold. On the other hand the fund is used to cover unrealized exchange losses that must be expensed, as well as any exchange risks (as calculated with the VaR approach) that are not offset by the balances on the revaluation accounts. As from January 1, 1999, no further allocations may be made to this fund.

15. Capital and reserves

A summary of the OeNB's reserves shows the following developments:

	Dec. 31, 1999	Dec. 31, 2000	Change	
	EUR million			%
General reserve fund	1,611.952	1,611.952	–	–
Freely disposable reserve fund	1,551.073	1,036.219	–514.854	–33.2
Reserve for nondomestic and price risks	543.432	1,077.606	+534.174	+98.3
Earmarked capital funded with net interest income from ERP loans	497.542	515.199	+ 17.657	+ 3.5
Fund for the Promotion of Scientific Research and Teaching	7.267	7.267	–	–
Total	4,211.266	4,248.243	+ 36.977	+ 0.9

The **reserve for nondomestic and price risks** serves to offset any ECB losses which the OeNB may have to cover according to its share in the ECB's capital as well as any realized losses resulted from transactions in securities owing to a fall in prices. The reserve was created basically by reallocating funds from the freely disposable reserve fund, with the total risk to be covered calculated by applying recognized risk assessment models.

In April 1966, EUR 7.267 million were allocated out of the net income for the year 1965 to the **Fund for the Promotion of Scientific Research and Teaching** for the purpose of profitable investment.

Other financial liabilities

Apart from the items recognized in the balance sheet, the following financial liabilities are stated off the balance sheet:

- Contingent liabilities arising from an expected direct charge on the OeNB of EUR 188.935 million resulting from the allocation of the ECB's loss according to the NCBs' shares in the ECB's capital.
- Contingent liabilities on the order of EUR 235.940 million to fund unrealized losses which arose on the ECB's foreign currency positions and gold, which the ECB may offset by waiving a maximum of 20% of its liabilities arising from the transfer of foreign reserves.
- Liabilities resulting from designations under "Special Drawing Rights within the IMF" of EUR 608.184 million.
- Contingent liabilities to the IMF under the New Arrangements to Borrow totaling EUR 576.835 million.
- The obligation to make a supplementary contribution of EUR 31.298 million (equivalent to 15 million gold francs) to the OeNB's stake in the capital of the Bank for International Settlements (BIS) in Basle, consisting of 8,000 shares of 2,500 gold francs each.
- Liabilities from forward sales totaling EUR 1,793.491 million to the extent that they exceed

- claims from forward purchases of EUR 1,844.421 million.
- Liabilities of EUR 23.850 million from foreign currency investments effected in the OeNB's name for third account.
 - Repayment obligations to the amount of EUR 8.845 million

arising from pension contributions paid by OeNB staff members payable on termination of employment contracts.

Moreover, the OeNB reports liabilities outstanding on unmatured gold/interest rate swaps involving 21.9 tons of gold.

Notes to the Profit and Loss Account

	1999	2000	Change ¹⁾	%
	EUR million			
Net interest income	762.602	1,014.446	+251.844	+ 33.0
Net result of financial operations, writedowns and risk provisions	721.321	896.515	+175.194	+ 24.3
Net income from fees and commissions	– 0.627	0.383	+ 1.010	+161.1
Income from equity shares and participating interests	36.665	6.269	– 30.396	– 82.9
Net result of pooling of monetary income	– 0.190	– 0.652	– 0.462	–242.7
Other income	76.370	7.036	– 69.334	– 90.8
Total net income	1,596.141	1,923.997	+327.856	+ 20.5
Staff costs	– 169.057	– 88.192	– 80.865	– 47.8
Administrative expenses	– 67.213	– 89.265	+ 22.052	+ 32.8
Depreciation of tangible and intangible fixed assets	– 8.255	– 12.299	+ 4.044	+ 49.0
Banknote production services	– 26.860	– 37.838	+ 10.978	+ 40.9
Other expenses	– 22.854	– 10.355	– 12.499	– 54.7
Operating profit	1,301.902	1,686.048	+384.146	+ 29.5
Income tax	– 442.646	– 573.256	+130.610	+ 29.5
	859.256	1,112.792	+253.536	+ 29.5
Transfers to the pension reserve and central government's share of profit under the provisions of the Nationalbank Act	– 773.330 ²⁾	–1,002.966	+229.636	+ 29.7
Profit for the year	85.926	109.826	+ 23.900	+ 27.8

¹⁾ Absolute increase (+) or decrease (–) in the respective income or expense item.

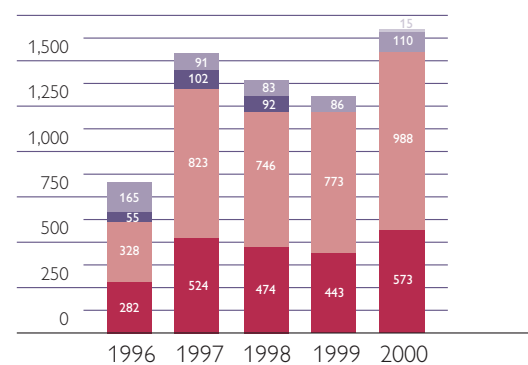
²⁾ 1999: central government's share of profit only.

(+33%) to EUR 1,014.446 million in 2000.

Net interest income from assets and liabilities denominated in foreign currency and euro totaled EUR 1,038.414. Refinancing operations yielded EUR 206.730 million, and the ECB remunerated the transfer of foreign reserves with EUR 41.101 million. Conversely, interest expenses of EUR 170.863 million resulted from TARGET liabilities, and the remuneration of minimum reserves came to EUR 154.405 million.

Operating Profit

EUR million



Legend:
 ■ Transfer to the pension reserve pursuant to Article 69 para 2
 ■ Profit for the year
 ■ General reserve fund
 ■ Central government's share of profit
 ■ Income tax

Source: OeNB.

I. Net interest income

On the back of higher interest rates, interest income, net of interest expense, rose by EUR 251.844 million

2. Net result of financial operations, writedowns and risk provisions

Realized gains or losses from day-to-day financial operations resulted from – receivable or payable – differences between the acquisition cost and the market value of **gold, foreign currency, securities or other transactions**. Among other things, these gains include price gains of EUR 209.481 million from the sale of 30 tons of gold.

The **writedowns on financial assets and positions** were triggered by the downtrend in market prices observed in 2000, amid which the market value dropped below the average acquisition cost of the respective currencies or securities.

The item **transfer to/from provisions for foreign exchange rate and price risks** resulted from transfers from the reserve fund for exchange risks that the OeNB funded up to the end of 1998 with a view to covering unrealized foreign currency losses. Thus, in compliance with Article 9 para 1 of the Nationalbank Act, these losses did not have an impact on profit.

The **income from equity shares and participating interests** (item 4) arose principally from the dividend payment of the Austrian Mint and of the BIS in Basel.

5. Net result of pooling of monetary income

Article 32.1 of the ESCB/ECB Statute provides for the redistribution of the income accruing to the NCBs from their monetary policy operations at the end of each fiscal year. In deviation from the “direct method” for the calculation of

monetary income prescribed in Article 32.2, the Governing Council of the ECB opted for the use of an alternative “indirect method” over a three-year transition period from 1999.

The pool of monetary income is calculated by the ECB on a daily basis. Amounts of interest paid by an NCB on deposit liabilities to credit institutions – above all arising from minimum reserve and fixed-term deposits – included within its liability base are to be deducted from the amount of monetary income to be pooled.

The net charge on the OeNB mirrors the redistribution effect within the system, which results from the difference between what the OeNB enters into the pool (which is determined by its liability base) and the proportion from the pooled income that is allocated to the OeNB according to the redistribution key laid down in the ESCB/ECB Statute.

7. Staff costs

Salaries, severance payments and the employer’s social security contributions and other statutory or contractual social charges are included under this heading. These outlays were reduced by recoveries of salaries and employees’ pension contributions. Pension benefits, which were included under staff costs in 1999, are now shown in liabilities item 13 “provisions,” reflecting the changes in accounting for pension costs.

As of January 1, 1997, the pension contributions of employees who joined the OeNB after March 31, 1993, and who qualify for a Bank pension, were raised from 5% of their total basic pay to 10.25% of that part of their

basic salaries which is below the earnings cap on social security. A rate of 2% applies to income above the earnings cap.

With effect from May 1, 1998, new entrants are enrolled into the national social security system and in addition covered by a defined contribution pension plan. The OeNB opted for this approach in order to bring its retirement plan in line with the retirement provision systems prevailing in Austria, where the statutory state pension is the first pillar and occupational and private pension funds the second and third pillars.

Salaries net of pension contributions collected from staff members diminished by EUR 1.377 million or 1.8% to EUR 74.326 million. The bulk of the reduction can be attributed to the fact that services in connection with preparations for the changeover to Stage Three of EMU and the transition to the euro on January 1, 1999, were no longer needed and to the retirement of staff members. The OeNB's outlays were reduced by recoveries of salaries totaling EUR 7.265 million for staff members on secondment to the OeBS or other subsidiaries and foreign institutions. Conversely, the wage increase negotiated for the banking sector increased outlays for salaries.

The average number of staff employed by the OeNB (excluding the members of the Governing Board) was cut from 1,133 employees in 1999 to 1,121 in 2000, a reduction by 12 persons or 1.1%. Adjusted for employees on leave (such as maternity leave and parental leave), 938 persons were employed on average. The number of blue-collar workers stayed the same at 11 persons.

The emoluments of the four members of the Governing Board (including remuneration in kind, such as private use of company cars, subsidies to health and accident insurance) pursuant to Article 33 para 1 of the Nationalbank Act totaled EUR 1.013 million (1999: EUR 0.976 million). The emoluments of the President and Vice President of the General Council amounted to EUR 0.045 million.

Outlays for **severance payments** decreased by EUR 1.448 million or 21.5% to EUR 4.333 million in 2000.

The **statutory or contractual social charges** contain municipal tax payments (EUR 2.295 million), social security contributions (EUR 4.405 million) and contributions to the family burden equalization fund (EUR 3.446 million).

10. Banknote production services

This item shows the cost of the last batch of schilling banknotes produced by OeBS printing works and the delivery by OeBS of the first euro banknotes.

12. Income tax

The corporation tax rate remained unchanged at 34% and was applied to the taxable income according to Article 72 of the Nationalbank Act and in line with Article 22.1 of the Corporation Tax Act 1988.

**I 3. Transfers
to the pension reserve
and central government's
share of profit
under the provisions
of the Nationalbank Act**

This item developed as follows in 2000:

	1999	2000	Change	
	EUR million			%
Transfers to the pension reserve under the provisions of the Nationalbank Act		–	14.537	+ 14.537
Central government's share of profit under the provisions of the Nationalbank Act	773.330	988.429	+215.099	+27.8
Total	773.330	1,002.966	+229.636	+29.7

Transfers to the pension reserve are made under Article 69 para 2 of the Nationalbank Act: Up to 10% of the income after tax must be allocated to the pension reserve. When the pension reserve has achieved a level which, according to actuarial provisions, provides the necessary capital coverage to meet the pension claims of the staff of the Oesterreichische Nationalbank, no further contributions are to be made to this reserve.

Under Article 69 para 3 of the Nationalbank Act, the central government's share of profit is 90% of the profit for the year after tax, as in the previous years.

Governing Board (Direktorium)

Governor Klaus Liebscher
 Vice Governor Gertrude Tumpel-Gugerell
 Executive Director Wolfgang Duchatzek
 Executive Director Peter Zöllner

General Council (Generalrat)

President Adolf Wala
 Vice President Herbert Schimetschek
 August Astl
 Helmut Elsner
 Helmut Frisch
 Lorenz R. Fritz
 Rene Alfons Haiden
 Max Kothbauer (from May 18, 2000)
 Richard Leutner
 Johann Marihart
 Werner Muhm
 Walter Rothensteiner
 Karl Werner Rüscher
 Siegfried Sellitsch (until May 18, 2000)
 Engelbert Wenckheim

In accordance with Article 22 para 5 Nationalbank Act, the following representatives of the Staff Council participated in discussions on personnel, social and welfare matters: Gerhard Valenta (until May 18, 2000), Thomas Reindl, and Martina Gerharter (from May 19, 2000).

Vienna, March 23, 2001

The image shows three handwritten signatures in black ink. The top signature is Gertrude Tumpel-Gugerell, the middle one is Wolfgang Duchatzek, and the bottom one is Peter Zöllner.

Report of the Auditors

We have audited the accounting records and the financial statements of the Oesterreichische Nationalbank for the year ending December 31, 2000, and have found that they are presented in accordance with the provisions of the Federal Act on the Oesterreichische Nationalbank 1984 as amended and as promulgated in Federal Law Gazette I No 60/1998. The financial statements were prepared in conformity with the accounting policies defined by the Governing Council of the European Central Bank, as set forth in the Guideline of the European Central Bank of 1 December 1998 on the Legal Framework for Accounting and Reporting in the European System of Central Banks as Amended on 15 December 1999 and 14 December 2000 (ECB/2000/18), in conformity with Article 26.4 of the Protocol on the Statute of the European System of Central Banks and the European Central Bank. In our opinion the accounts provide a true and fair picture of the OeNB's financial position and the results of its operations. The annual report complies with the provisions of Article 68 para 1 and para 3 Federal Act on the Oesterreichische Nationalbank 1984 as amended and as promulgated in Federal Law Gazette I No 60/1998 and corresponds with the financial statements.

Vienna, March 23, 2001

Pipin Henzl
Certified Public Accountant

Peter Wolf
Certified Public Accountant

Profit for the Year and Proposed Profit Appropriation

With the statutory allocations of the OeNB's profit having been made in conformity with Article 69 para 2 and para 3 Nationalbank Act (item 13 of the profit and loss account), including the central government's share of EUR 988.429 million (1999: EUR 773.330), the balance sheet and the profit and loss account show a

Profit for the year 2000 of	EUR 109,825,461.74.
-----------------------------	---------------------

On April 4, 2001, the Governing Board endorsed the following proposal to the General Council for the appropriation of profit:

to pay a 10% dividend	
on the OeNB's capital stock of EUR 12 million	EUR 1,200,000.—
to allocate to the Leopold Collection	EUR 3,980,804.92
to allocate to the reserve for nondomestic and price risks	EUR 34,390,000.—
to allocate to the Fund for the Promotion	
of Scientific Research and Teaching	EUR 70,250,000.—
to carry forward a retained profit of	EUR 4,656.82
	<hr/>
	EUR 109,825,461.74



Report of the General Council (Generalrat) on the Annual Report and the Financial Statements for 2000

The General Council (Generalrat) fulfilled the duties incumbent on it pursuant to the Nationalbank Act 1984 by holding its regular meetings, by convening its subcommittees and by obtaining the information required.

The Governing Board (Direktorium) periodically reported to the General Council on the Bank's operations and their current state, on the conditions on the money, capital and foreign exchange markets, on important matters which arose in the course of business, on all developments of importance for an appraisal of the monetary situation, on the arrangements made for supervising the OeNB's financial conduct and on any other significant dispositions and events affecting its operations.

The Financial Statements for the year 2000 were given an unqualified auditors' opinion after examination by the auditors elected by the General Meeting of May 18, 2000,

the certified public accounts Pipin Henzl and Peter Wolf, on the basis of the books and records of the Oesterreichische Nationalbank as well as the information and evidence provided by the Governing Board.

In its meeting of April 19, 2001, the General Council approved the Annual Report of the Governing Board and the Financial Statements for the business year 2000. The General Council submits the Annual Report and moves that the General Meeting approve the Financial Statements of the Oesterreichische Nationalbank for the year 2000 and discharge the General Council and the Governing Board from responsibility for management during the preceding business year. Moreover, the General Council requests that the General Meeting approve the allocation of the profit for the year in accordance with the proposal made in the notes to the Financial Statements 2000 (page 151).

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Consolidated Financial Statement of the Eurosystem/1

Assets

	Gold and gold receivables	Claims on non-euro area residents denominated in foreign currency			Claims on euro area residents denominated in foreign currency	Claims on non-euro area residents denominated in euro			Lending to euro area credit institutions related to monetary policy operations denominated in euro		
		total	receivables from the IMF	balances with banks and security investments, external loans and other external assets		total	balances with banks, security investments and loans	claims arising from the credit facility under the ERM II	total	main refinancing operations	
Item	1	2	2.1	2.2	3	4	4.1	4.2	5	5.1	
<i>EUR million</i>											
Balance as at December 31, 1999		116,483	254,880	29,842	225,038	14,383	4,822	4,822	–	250,079	161,988
2000 ²⁾		117,073	258,688	26,727	231,961	15,750	3,746	3,746	–	268,648	222,988
2000											
January	7	116,483	255,118	29,852	225,266	14,739	4,834	4,834	–	238,670	161,988
	14	116,512	255,640	29,691	225,949	14,086	4,993	4,993	–	181,388	105,036
	21	116,304	256,607	29,541	227,066	13,091	5,101	5,101	–	191,454	112,009
	28	116,295	256,333	29,492	226,841	14,754	4,772	4,772	–	216,714	146,035
February	4	116,248	257,465	29,301	228,164	15,278	4,505	4,505	–	202,290	131,113
	11	116,071	257,133	29,232	227,901	15,969	4,602	4,602	–	199,257	128,096
	18	116,000	256,516	29,178	227,338	15,419	4,801	4,801	–	196,077	125,052
	25	115,946	255,627	29,179	226,448	15,454	4,716	4,716	–	193,309	121,956
March	3	115,945	254,584	29,118	225,466	16,076	4,658	4,658	–	218,321	152,003
	10	115,945	254,985	29,055	225,930	15,547	4,466	4,466	–	201,929	136,101
	17	115,945	256,714	28,836	227,878	15,276	4,632	4,632	–	197,820	132,022
	24	115,945	255,508	29,128	226,380	15,455	4,149	4,149	–	202,874	137,008
	31	115,676	267,136	30,251	236,885	16,938	4,131	4,131	–	201,733	140,871
April	7	115,677	267,192	28,243	238,949	16,746	4,616	4,616	–	197,546	136,770
	14	115,677	267,972	27,587	240,385	16,706	4,564	4,564	–	190,999	129,864
	21	115,677	267,366	27,457	239,909	17,335	4,829	4,829	–	201,782	140,115
	28	115,677	267,406	27,413	239,993	17,349	4,833	4,833	–	209,911	147,156
May	5	115,677	266,475	27,274	239,201	17,500	4,834	4,834	–	214,169	152,812
	12	115,677	264,161	27,116	237,045	18,202	4,680	4,680	–	196,865	135,608
	19	115,677	270,555	27,050	243,505	17,825	4,988	4,988	–	198,601	137,533
	26	115,677	267,485	26,929	240,556	17,556	4,988	4,988	–	205,413	144,080
June	2	115,677	265,353	26,856	238,497	19,344	4,850	4,850	–	201,957	140,340
	9	115,677	264,791	26,893	237,898	18,333	4,722	4,722	–	198,214	136,728
	16	115,677	264,177	26,876	237,301	18,138	4,717	4,717	–	204,375	142,783
	23	115,677	263,531	26,863	236,668	18,262	4,529	4,529	–	206,453	142,020
	30	121,188	263,926	26,503	237,423	18,325	4,130	4,130	–	234,528	172,961
July	7	120,911	262,183	26,391	235,792	18,311	4,299	4,299	–	218,320	157,001
	14	120,911	261,515	26,425	235,090	18,115	4,425	4,425	–	217,434	157,002
	21	120,911	262,887	26,274	236,613	17,539	4,020	4,020	–	212,425	152,004
	28	120,911	264,105	26,234	237,871	16,676	3,776	3,776	–	226,277	170,999
August	4	120,911	263,524	26,316	237,208	16,329	3,708	3,708	–	218,337	163,001
	11	120,911	262,539	26,210	236,329	15,693	4,065	4,065	–	211,125	156,002
	18	120,911	264,354	26,294	238,060	15,066	4,442	4,442	–	220,131	165,002
	25	120,911	263,684	26,293	237,391	15,254	4,214	4,214	–	222,715	166,999
September	1	120,911	263,927	26,057	237,870	15,735	4,392	4,392	–	231,172	180,999
	8	120,911	265,579	26,044	239,535	14,347	4,094	4,094	–	226,322	176,001
	15	120,911	264,117	25,975	238,142	15,566	4,211	4,211	–	221,510	171,002
	22	120,911	262,962	26,056	236,906	14,775	3,904	3,904	–	219,766	167,000
	29	124,948	281,673	27,497	254,176	16,566	4,017	4,017	–	230,305	185,002
October	6	124,948	283,395	27,497	255,898	16,403	3,949	3,949	–	225,352	180,000
	13	124,948	283,318	27,408	255,910	15,993	4,154	4,154	–	220,315	175,001
	20	124,947	283,352	27,393	255,959	15,003	3,896	3,896	–	214,625	168,998
	27	124,947	282,393	27,238	255,155	14,219	3,651	3,651	–	228,509	182,998
November	3	124,947	281,110	27,009	254,101	15,515	3,553	3,553	–	225,430	180,003
	10	124,947	276,420	26,922	249,498	15,423	3,518	3,518	–	230,418	185,000
	17	124,947	272,580	26,919	245,661	16,032	3,535	3,535	–	230,467	185,000
	24	124,947	271,963	26,881	245,082	16,321	4,000	4,000	–	243,319	197,998
December	1	124,947	271,907	26,849	245,058	16,655	3,514	3,514	–	245,234	200,000
	8	124,947	273,559	26,857	246,702	16,393	3,564	3,564	–	265,329	220,000
	15	124,947	272,796	26,756	246,040	16,345	3,760	3,760	–	264,536	218,999
	22	124,947	273,521	27,139	246,382	15,403	3,447	3,447	–	259,304	212,000
	29	117,073	258,688	26,727	231,961	15,750	3,746	3,746	–	268,648	222,988

Source: ECB.

¹⁾ "Other lending" until December 22, 2000.

²⁾ Last weekly financial statement of the year.

**Total
assets**

					Other claims on euro area credit institutions denominated in euro ¹⁾	Securities of euro area residents denominated in euro	General government debt denominated in euro	Other assets	
longer-term refinancing operations	fine-tuning reverse operations	structural reverse operations	marginal lending facility	credits related to margin calls	6	7	8	9	
5.2	5.3	5.4	5.5	5.6	6	7	8	9	
74,996	—	—	11,429	404	1262	23,521	59,180	79,844	803,192
45,000	—	—	607	53	578	25,958	57,671	86,953	835,065
74,996	—	—	105	400	1,181	23,701	59,236	79,070	791,851
74,996	—	—	102	63	1,191	23,797	59,236	80,833	736,485
74,998	—	—	3,526	44	877	23,993	59,236	79,505	745,291
69,996	—	—	27	82	574	24,037	59,251	80,593	772,749
69,996	—	—	18	110	1,053	24,363	59,255	83,072	762,476
69,996	—	—	135	76	954	24,205	59,255	82,933	759,425
69,996	—	—	48	30	951	24,071	59,255	83,715	755,854
69,996	—	—	21	84	1,252	24,576	59,255	83,324	752,207
64,998	—	—	402	96	822	24,850	59,021	84,194	777,649
64,998	—	—	67	97	666	24,916	59,021	83,180	759,989
64,996	—	—	30	92	680	24,695	59,021	83,085	757,188
64,996	—	—	24	114	732	25,208	59,021	83,018	761,178
60,000	—	—	62	69	731	25,309	59,021	84,477	774,421
60,000	—	—	132	67	577	24,954	59,021	84,676	770,428
60,000	—	—	289	76	770	25,034	59,021	85,629	765,602
60,000	—	—	430	60	1,177	24,944	59,021	86,251	777,205
59,999	—	—	1,573	29	1,154	24,937	59,021	83,828	782,962
59,999	—	—	144	32	1,182	25,347	59,032	83,446	786,480
59,999	—	—	92	35	1,131	25,225	59,032	84,232	768,074
59,999	—	—	135	30	904	25,103	59,026	84,128	775,903
59,995	—	—	193	41	1,104	25,191	59,026	83,886	779,222
59,905	—	—	330	81	1,301	25,030	59,026	83,657	774,894
59,905	—	—	163	56	1,362	25,163	59,026	84,056	769,982
59,905	—	—	80	49	1,558	24,852	58,986	83,897	774,819
59,905	—	—	3,050	53	1,425	25,171	58,986	84,159	776,768
59,907	—	—	145	89	1,426	25,086	58,986	86,299	812,468
59,907	—	—	362	86	964	25,149	58,986	85,321	793,480
59,907	—	—	61	15	449	25,083	58,986	84,710	791,179
59,907	—	—	156	9	349	25,310	58,986	84,613	786,691
54,911	—	—	1	25	341	25,435	58,986	84,559	800,725
54,911	—	—	62	24	339	25,382	58,986	84,909	792,086
54,911	—	—	48	17	147	25,487	58,986	84,972	783,778
54,911	—	—	5	65	148	25,539	58,986	84,860	794,289
54,911	—	—	614	45	146	25,474	58,986	85,730	796,968
49,999	—	—	17	16	141	25,271	58,986	82,024	802,418
49,999	—	—	68	114	140	25,400	58,986	82,127	797,766
49,999	—	—	166	90	253	25,324	58,986	82,158	792,783
49,999	—	—	2,392	118	257	25,594	58,994	81,604	788,510
44,998	—	—	29	141	135	25,623	58,867	84,311	826,310
44,998	—	—	182	47	125	25,678	58,867	83,029	821,621
44,998	—	—	101	23	192	25,497	58,867	83,230	816,322
44,998	—	—	297	27	305	25,639	58,867	83,467	809,796
45,001	—	—	7	48	455	25,826	58,867	83,674	822,086
45,001	—	—	15	44	367	25,869	58,762	86,095	821,281
45,001	—	—	18	34	365	26,069	58,762	86,361	821,918
45,001	—	—	186	17	263	25,941	58,762	86,692	818,956
45,001	—	—	12	45	263	26,033	58,762	87,758	833,103
45,000	—	—	39	77	118	26,077	58,762	87,488	834,584
45,000	—	—	89	77	163	25,936	58,772	87,468	855,968
45,000	—	—	272	83	182	25,685	58,664	87,650	854,381
45,000	—	—	1,957	94	253	25,840	58,263	87,885	848,610
45,000	—	—	607	53	578	25,958	57,671	86,953	835,065

Consolidated Financial Statement of the Eurosystem/II

Liabilities

Item 1	Banknotes in circulation	Liabilities to euro area credit institutions related to monetary policy operations denominated in euro						Other liabilities to euro area credit institutions denominated in euro	Debt certificates issued	Liabilities to other euro area residents denominated in euro			
		total	current accounts (covering the minimum reserve system)	deposit facility	fixed-term deposits	fine-tuning reverse operations	deposits related to margin calls			total	general government		
												2	2.1	2.2	2.3	2.4	2.5	5	5.1
		EUR million											
	Balance as at December 31, 1999	374,953	117,121	114,493	2,618	–	–	10	×	7,876	60,614	56,494	
	2000 ¹⁾	371,370	124,642	124,402	240	–	–	–	×	305	3,784	57,038	53,352
	2000												
	January												
	7	364,659	137,689	123,060	135	14,420	–	74	×	7,876	40,227	36,461	
	14	355,655	92,476	92,272	137	–	–	67	×	7,876	38,341	33,602	
	21	349,981	102,388	101,964	406	–	–	18	×	7,876	42,016	37,464	
	28	347,953	115,650	115,525	105	–	–	20	×	7,876	56,784	52,255	
	February												
	4	349,983	108,021	107,970	32	–	–	19	×	7,876	50,717	46,837	
	11	348,690	107,672	107,624	29	–	–	19	×	7,876	50,813	46,929	
	18	346,113	109,479	109,386	68	–	–	25	×	7,876	48,627	45,138	
	25	345,046	95,549	95,429	97	–	–	23	×	7,876	60,837	57,290	
	March												
	3	349,733	122,882	122,828	39	–	–	15	×	7,876	55,238	51,707	
	10	349,984	105,429	105,367	46	–	–	16	×	7,876	54,599	50,987	
	17	347,725	106,159	105,799	343	–	–	17	×	7,876	51,599	47,848	
	24	345,861	103,195	102,997	182	–	–	16	×	7,876	61,001	57,352	
	31	347,917	111,151	110,076	1,075	–	–	–	×	6,265	52,334	48,685	
	April												
	7	351,026	112,258	112,229	29	–	–	–	×	6,265	46,811	43,138	
	14	351,012	101,179	101,157	22	–	–	–	×	6,265	51,133	47,487	
	21	355,714	113,857	109,440	4,416	–	–	1	×	6,265	45,684	41,908	
	28	354,266	111,871	101,478	10,371	–	–	22	×	6,265	53,831	50,269	
	May												
	5	355,893	122,195	122,129	41	–	–	25	×	6,265	45,523	41,973	
	12	354,655	104,640	104,335	291	–	–	14	×	6,265	46,144	42,522	
	19	352,117	118,570	118,401	150	–	–	19	×	6,265	37,673	34,209	
	26	350,858	115,949	115,908	26	–	–	15	×	6,265	47,699	44,014	
	June												
	2	355,498	114,669	114,637	25	–	–	–	×	6,265	40,153	36,322	
	9	357,130	109,696	109,665	25	–	–	6	×	6,265	39,480	36,075	
	16	354,702	116,117	116,072	33	–	–	12	×	6,265	41,339	37,793	
	23	353,587	109,841	108,429	1,400	–	–	12	×	6,265	50,836	47,352	
	30	355,726	120,417	120,316	91	–	–	10	×	6,265	65,224	61,543	
	July												
	7	359,442	112,936	112,782	151	–	–	3	×	6,265	53,038	49,526	
	14	359,514	109,930	109,883	45	–	–	2	×	6,265	54,117	50,795	
	21	357,627	114,910	111,113	3,794	–	–	3	×	6,265	45,923	42,541	
	28	358,533	113,458	113,406	49	–	–	3	×	6,265	60,120	56,745	
	August												
	4	362,200	115,833	115,797	34	–	–	2	×	6,265	45,761	42,257	
	11	361,546	106,584	106,343	240	–	–	1	×	6,265	48,055	44,590	
	18	357,961	116,105	115,983	122	–	–	–	×	6,265	50,689	47,223	
	25	353,848	106,518	106,487	29	–	–	2	×	6,265	65,464	61,916	
	September												
	1	355,876	119,054	119,021	27	–	–	6	×	6,265	60,743	57,059	
	8	357,489	113,148	112,951	197	–	–	–	×	6,265	60,261	56,864	
	15	355,314	110,780	110,689	91	–	–	–	×	6,265	58,973	55,429	
	22	352,633	114,194	112,587	1,607	–	–	–	×	6,265	54,225	50,790	
	29	354,797	115,333	114,892	441	–	–	–	×	4,574	58,097	54,333	
	October												
	6	357,485	116,723	116,645	67	–	–	11	×	4,574	48,795	45,100	
	13	355,766	112,074	111,962	110	–	–	2	×	4,574	49,355	45,914	
	20	352,508	116,184	115,944	238	–	–	2	×	4,574	41,782	38,243	
	27	352,108	121,748	121,687	61	–	–	–	×	4,574	49,420	45,698	
	November												
	3	355,687	116,263	116,209	54	–	–	–	×	3,784	51,113	47,441	
	10	354,127	114,790	114,706	84	–	–	–	×	3,784	54,257	50,123	
	17	351,946	111,494	111,366	128	–	–	–	×	3,784	56,484	52,222	
	24	350,140	113,697	113,581	116	–	–	–	×	3,784	67,442	63,442	
	December												
	1	356,421	125,647	125,539	108	–	–	–	×	3,784	51,678	48,249	
	8	363,755	116,443	116,335	108	–	–	–	×	3,784	73,400	69,586	
	15	364,276	117,935	117,842	93	–	–	–	×	3,784	68,122	64,182	
	22	373,063	115,681	114,353	1,328	–	–	–	×	3,784	54,035	50,096	
	29	371,370	124,642	124,402	240	–	–	–	×	305	3,784	57,038	53,352

Source: ECB.

¹⁾ Last weekly financial statement of the year.

Total liabilities

other liabilities	Liabilities to non-euro area residents denominated in euro	Liabilities to euro area residents denominated in foreign currency	Liabilities to non-euro area residents denominated in foreign currency			Counterpart of Special Drawing Rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	
	6	7	total	deposits, balances and other liabilities	liabilities arising from the credit facility under the ERM II					
5.2	6	7	8	8.1	8.2	9	10	11	12	
4,120	7,834	926	11,901	11,901	—	6,531	54,714	107,348	53,374	803,192
3,686	10,824	807	12,414	12,414	—	6,702	78,452	117,668	56,059	835,065
3,766	7,674	927	11,822	11,822	—	6,531	53,689	107,348	53,409	791,851
4,739	6,922	1,028	11,689	11,689	—	6,531	55,084	107,470	53,413	736,485
4,552	7,306	820	11,767	11,767	—	6,531	55,730	107,469	53,407	745,291
4,529	7,043	1,177	13,279	13,279	—	6,531	55,583	107,469	53,404	772,749
3,880	7,030	999	14,477	14,477	—	6,531	55,919	107,483	53,440	762,476
3,884	6,912	1,046	13,138	13,138	—	6,531	55,150	107,379	54,218	759,425
3,489	7,062	823	11,923	11,923	—	6,531	55,822	107,379	54,219	755,854
3,547	7,792	770	10,520	10,520	—	6,531	55,663	107,379	54,244	752,207
3,531	6,998	807	10,082	10,082	—	6,531	55,879	107,379	54,244	777,649
3,612	7,076	805	9,877	9,877	—	6,531	56,159	107,379	54,274	759,989
3,751	6,899	882	11,340	11,340	—	6,531	56,554	107,357	54,266	757,188
3,649	7,135	884	9,624	9,624	—	6,532	57,476	107,357	54,237	761,178
3,649	7,001	933	9,924	9,924	—	6,762	59,864	118,011	54,259	774,421
3,673	7,545	900	11,285	11,285	—	6,762	54,965	118,008	54,603	770,428
3,646	7,086	884	13,039	13,039	—	6,763	55,630	118,007	54,604	765,602
3,776	7,323	958	13,035	13,035	—	6,763	54,995	118,007	54,604	777,205
3,562	7,694	816	13,523	13,523	—	6,763	55,321	118,007	54,605	782,962
3,550	7,357	805	13,271	13,271	—	6,763	55,739	118,007	54,662	786,480
3,622	7,120	915	12,361	12,361	—	6,763	56,541	118,007	54,663	768,074
3,464	7,158	921	17,910	17,910	—	6,763	55,540	118,007	54,979	775,903
3,685	7,269	840	14,723	14,723	—	6,763	55,869	118,007	54,980	779,222
3,831	7,242	842	14,362	14,362	—	6,763	56,112	118,007	54,981	774,894
3,405	7,842	817	13,204	13,204	—	6,763	55,664	118,007	55,114	769,982
3,546	7,081	815	12,578	12,578	—	6,763	56,037	118,007	55,115	774,819
3,484	7,131	819	12,281	12,281	—	6,763	56,123	118,007	55,115	776,768
3,681	7,305	814	13,272	13,272	—	6,691	60,749	120,893	55,112	812,468
3,512	7,353	821	11,701	11,701	—	6,691	59,208	120,895	55,130	793,480
3,322	7,206	812	11,300	11,300	—	6,691	59,319	120,895	55,130	791,179
3,382	7,364	812	11,181	11,181	—	6,691	59,892	120,895	55,131	786,691
3,375	7,296	814	11,784	11,784	—	6,691	59,738	120,895	55,131	800,725
3,504	7,149	840	11,199	11,199	—	6,691	60,121	120,895	55,132	792,086
3,465	7,299	841	10,108	10,108	—	6,691	60,361	120,895	55,133	783,778
3,466	7,549	800	10,821	10,821	—	6,691	61,380	120,895	55,133	794,289
3,548	8,120	800	10,727	10,727	—	6,691	62,506	120,895	55,134	796,968
3,684	7,427	827	11,057	11,057	—	6,691	58,448	120,895	55,135	802,418
3,397	7,195	827	11,493	11,493	—	6,691	58,366	120,895	55,136	797,766
3,544	7,460	827	11,244	11,244	—	6,692	59,196	120,895	55,137	792,783
3,435	7,187	854	11,541	11,541	—	6,692	58,886	120,895	55,138	788,510
3,764	9,167	927	11,667	11,667	—	7,077	65,376	144,156	55,139	826,310
3,695	9,072	912	13,173	13,173	—	7,077	64,521	144,152	55,137	821,621
3,441	9,502	900	13,277	13,277	—	7,077	64,507	144,152	55,138	816,322
3,539	9,429	896	12,734	12,734	—	7,077	65,320	144,152	55,140	809,796
3,722	9,291	866	11,838	11,838	—	7,077	65,870	144,152	55,142	822,086
3,672	9,501	864	12,216	12,216	—	7,077	65,481	144,152	55,143	821,281
4,134	9,888	864	11,988	11,988	—	7,077	65,846	144,152	55,145	821,918
4,262	10,870	865	9,998	9,998	—	7,077	67,139	144,152	55,147	818,956
4,000	11,394	860	10,335	10,335	—	7,077	69,071	144,152	55,151	833,103
3,429	10,733	861	10,701	10,701	—	7,077	68,376	144,152	55,154	834,584
3,814	10,656	860	12,169	12,169	—	7,077	68,515	144,152	55,157	855,968
3,941	10,813	856	12,401	12,401	—	7,077	69,807	144,152	55,157	854,381
3,939	11,139	855	12,728	12,728	—	7,077	70,939	144,152	55,157	848,610
3,686	10,824	807	12,414	12,414	—	6,702	73,452	117,668	56,059	835,065

Aggregated Balance Sheet of the Eurosystem

End of period	Assets													
	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Holdings of shares/other equity issued by euro area residents			External assets	Fixed assets	Remaining assets
	total	MFIs	general government	other euro area residents	total	MFIs	general government	other euro area residents	total	MFIs	other euro area residents			
Item	1.1	1.2	1.3	2	2.1	2.2	2.3	3	3.1	3.2	4	5	6	
<i>EUR billion</i>														
1997	237.2	215.5	21.1	0.6	114.0	0.7	111.8	1.5	2.9	0.5	2.4	324.1	7.0	51.6
1998	225.2	204.6	20.4	0.1	87.8	1.1	86.2	0.5	5.5	1.8	3.7	322.3	7.9	49.3
1999	444.6	424.3	19.7	0.5	89.1	1.9	86.1	1.1	14.1	4.3	9.8	400.6	9.9	56.2
2000	445.0	427.4	17.1	0.5	97.4	2.5	93.6	1.3	15.2	4.3	10.9	380.7	10.4	56.1
2000														
January	465.0	444.6	19.8	0.6	90.3	1.7	87.6	1.0	14.2	4.4	9.8	424.3	9.9	52.4
February	382.2	361.8	19.8	0.6	93.2	1.8	90.4	1.0	14.2	4.3	9.8	417.5	9.8	52.5
March	443.4	424.5	18.4	0.5	96.2	2.4	92.7	1.1	14.4	4.3	10.1	439.1	9.8	49.0
April	471.4	452.5	18.4	0.5	96.7	2.6	93.0	1.1	14.4	4.3	10.1	438.0	9.9	51.4
May	469.2	450.3	18.4	0.5	97.1	2.7	93.2	1.2	14.4	4.4	10.1	441.9	10.0	51.9
June	580.7	561.8	18.4	0.5	97.4	2.6	93.6	1.2	14.7	4.4	10.4	454.8	10.0	51.8
July	501.4	482.6	18.4	0.5	98.2	2.5	94.5	1.2	14.7	4.4	10.3	449.7	10.1	51.6
August	482.5	463.7	18.4	0.5	98.5	2.8	94.4	1.3	14.7	4.4	10.3	435.4	10.2	52.4
September	493.1	474.4	18.2	0.5	98.5	2.9	94.6	1.0	14.6	4.4	10.2	459.1	10.2	54.4
October	478.8	460.1	18.2	0.5	98.7	2.6	94.9	1.2	15.0	4.4	10.7	454.7	10.5	53.9
November	431.5	412.8	18.2	0.5	98.8	2.6	94.9	1.4	15.4	4.4	11.1	402.8	10.3	54.3
December	445.0	427.4	17.1	0.5	97.4	2.5	93.6	1.3	15.2	4.3	10.9	380.7	10.4	56.1

Source: ECB.

Total assets	Liabilities										Total liabilities
	Currency in circulation	Deposits of euro area residents				Money market paper	Debt securities issued	Capital and reserves	External liabilities	Remaining liabilities	
		total	MFIs	central government	other general government/ other euro area residents						
1	2	2.1	2.2	2.3	3	4	5	6	7		
736.7	354.9	147.0	91.9	51.7	3.4	13.4	14.8	106.0	33.4	67.2	736.7
698.0	359.1	152.0	94.2	54.4	3.5	8.5	5.3	97.1	18.6	57.4	698.0
1,014.5	393.3	341.5	279.3	53.4	8.8	3.3	4.6	175.1	49.8	46.8	1,014.5
1,004.8	390.2	327.3	270.4	47.1	9.8	0.0	3.8	200.1	29.9	53.5	1,004.8
1,056.1	366.2	388.9	333.4	47.0	8.4	3.3	4.6	175.7	72.6	44.8	1,056.1
969.3	363.8	311.7	246.7	56.7	8.4	3.3	4.6	175.1	64.4	46.4	969.3
1,051.9	366.2	372.1	319.8	43.1	9.1	1.7	4.6	186.9	75.1	45.4	1,051.9
1,081.8	372.7	394.2	340.4	43.4	10.3	1.7	4.6	189.7	75.2	43.8	1,081.8
1,084.5	371.8	390.7	345.1	34.1	11.5	1.7	4.6	188.7	82.4	44.7	1,084.5
1,209.4	374.3	497.9	432.8	52.6	12.5	1.7	4.6	193.8	92.0	45.0	1,209.4
1,125.7	377.7	414.9	354.7	49.7	10.5	1.7	4.6	196.6	84.6	45.6	1,125.7
1,093.5	373.2	401.0	336.1	53.8	11.2	1.7	4.6	200.1	66.6	46.3	1,093.5
1,129.8	373.5	404.2	346.1	45.6	12.5	0.0	4.6	222.1	75.0	50.6	1,129.8
1,111.7	372.6	388.1	323.3	51.1	13.7	0.0	4.6	226.3	69.5	50.6	1,111.7
1,013.0	372.2	334.6	265.6	54.9	14.0	0.0	3.8	222.5	29.3	50.6	1,013.0
1,004.8	390.2	327.3	270.4	47.1	9.8	0.0	3.8	200.1	29.9	53.5	1,004.8

Banknotes Issued by the Oesterreichische Nationalbank

Circulation

Denomination	December 31, 1999		March 31, 2000		June 30, 2000		September 30, 2000		December 31, 2000	
	ATS million	%	ATS million	%	ATS million	%	ATS million	%	ATS million	%
Legal tender banknotes										
ATS 5000 type I	63,094	34.4	60,824	35.8	63,901	35.9	65,958	36.5	69,837	36.4
ATS 1000 type V	83,612	45.6	75,028	44.2	79,195	44.5	81,826	45.2	86,386	45.1
ATS 500 type IV	11,903	6.5	10,701	6.3	11,132	6.3	11,008	6.1	11,843	6.2
ATS 100 type VI	14,454	7.9	13,649	8.0	14,170	8.0	14,142	7.8	14,718	7.7
ATS 50 type IV	2,389	1.3	2,327	1.4	2,402	1.3	2,395	1.3	2,429	1.3
ATS 20 type V	2,283	1.2	2,250	1.3	2,304	1.3	2,313	1.3	2,361	1.2
Subtotal	177,735	96.9	164,779	97.1	173,104	97.2	177,642	98.2	187,574	97.8
EUR million	12,916	x	11,975	x	12,580	x	12,910	x	13,632	x
Called-in denominations¹⁾										
ATS 1000 type III	525	0.3	521	0.3	518	0.3	514	0.3	511	0.3
ATS 1000 type IV	4,105	2.2	3,841	2.3	3,641	2.0	3,416	1.9	3,226	1.7
ATS 500 type II	215	0.1	214	0.1	212	0.1	211	0.1	209	0.1
ATS 500 type III	1,113	0.6	1,047	0.6	997	0.6	940	0.5	895	0.5
ATS 100 type V ²⁾	324	0.2	323	0.2	321	0.2	320	0.2	318	0.2
ATS 50 type III ²⁾	147	0.1	147	0.1	146	0.1	146	0.1	145	0.1
ATS 20 type IV	224	0.1	223	0.1	223	0.1	222	0.1	221	0.1
Subtotal	6,654	3.6	6,316	3.7	6,058	3.4	5,769	3.2	5,524	2.9
EUR million	484	3.6	459	3.7	440	3.4	419	3.2	401	2.9
Total	184,389	100.5	171,095	100.8	179,162	100.6	183,411	101.4	193,098	100.7
EUR million	13,400	100.5	12,434	100.8	13,020	100.6	13,329	101.4	14,033	100.7
	EUR million	%	EUR million	%	EUR million	%	EUR million	%	EUR million	%
Adjustment of the "banknotes in circulation" figure for schilling banknotes held by other Eurosystem NCBs under Article 52 of the ESCB/ECB Statute	- 72	- 0.5	- 98	- 0.8	- 84	- 0.6	- 180	- 1.4	- 99	- 0.7
Banknotes in circulation	13,328	100.0	12,336	100.0	12,936	100.0	13,149	100.0	13,934	100.0

Banknote characteristics

Denomination	Portrait featured on the front	Date	First day of issue	Date of withdrawal (last day of acceptance as legal tender)	Date of preclusion (last day on which called-in banknotes may be exchanged)
Legal tender banknotes					
ATS 5000 type I	Wolfgang A. Mozart	January 4, 1988	October 17, 1989		
ATS 1000 type V	Karl Landsteiner	January 1, 1997	October 20, 1997		
ATS 500 type IV	Rosa Mayreder	January 1, 1997	October 20, 1997		
ATS 100 type VI	Eugen Böhm v. Bawerk	January 2, 1984	October 14, 1985		
ATS 50 type IV	Sigmund Freud	January 2, 1986	October 19, 1987		
ATS 20 type V	Moritz M. Daffinger	October 1, 1986	October 19, 1988		
Called-in denominations³⁾					
ATS 1000 type III	Bertha v. Suttner	July 1, 1966	September 21, 1970	August 30, 1985	August 30, 2005
ATS 1000 type IV	Erwin Schrödinger	January 3, 1983	November 14, 1983	April 20, 1998	April 20, 2018
ATS 500 type II	Josef Ressel	July 1, 1965	October 24, 1966	August 31, 1987	August 31, 2007
ATS 500 type III	Otto Wagner	July 1, 1985	October 20, 1986	April 20, 1998	April 20, 2018
ATS 100 type V	Angelika Kauffmann	January 2, 1969	October 19, 1970	November 28, 1986	November 28, 2006
ATS 100 type V (2 nd issue)	Angelika Kauffmann	January 2, 1969	June 1, 1981	November 28, 1986	November 28, 2006
ATS 50 type III	Ferdinand Raimund	January 2, 1970	February 15, 1972	August 31, 1988	August 31, 2008
ATS 50 type III (2 nd issue)	Ferdinand Raimund	January 2, 1970	September 19, 1983	August 31, 1988	August 31, 2008
ATS 20 type IV	Carl Ritter v. Ghega	July 2, 1967	November 4, 1968	September 30, 1989	September 30, 2009

Source: OeNB.

¹⁾ These banknotes cease to be legal tender from the date of withdrawal. They may, however, be exchanged for legal tender at the counters of the OeNB until the date of preclusion.

²⁾ Incl. banknotes of the second issue.

Austrian Divisional Coins¹⁾

Circulation

Denomination	December 31, 1999	March 31, 2000	June 30, 2000	September 30, 2000	December 31, 2000
<i>Face values ATS million</i>					
Base metal coins					
ATS 50 ²⁾	174	170	182	178	192
ATS 20	514	520	529	539	542
ATS 10	3,109	3,121	3,190	3,214	3,193
ATS 5	2,065	2,073	2,122	2,140	2,136
ATS 1	1,634	1,642	1,676	1,695	1,683
g 50	278	279	283	285	283
g 10	301	302	305	308	305
g 5	12	12	12	12	12
g 2	4	4	4	4	4
Total ³⁾	8,092	8,123	8,304	8,376	8,350
Gold coins	11,823	11,875	11,944	12,091	12,390
Bimetallic coins					
ATS 1000 ⁴⁾	42	42	41	41	41
ATS 500 ⁵⁾	16	16	16	16	16
ATS 100 ⁶⁾	–	–	5	5	5
Silver coins					
ATS 500	8,884	8,812	8,775	8,726	8,689
ATS 200	26	26	26	26	26
ATS 100	4,533	4,505	4,482	4,460	4,429
ATS 50	2,134	2,123	2,113	2,102	2,089
ATS 25	1,012	1,009	1,006	1,002	998
Total	16,589	16,475	16,402	16,317	16,231
	16,989	16,835	16,751	16,704	16,589

Characteristics of the divisional coins

Denomination	Diameter	Weight	Alloy							First day of issue	
			Gold	Silver	Titanium	Copper	Nickel	Aluminum	Magnesium		Zinc
			mm	gram	per mil						
Base metal coins											
ATS 50 ²⁾	26.5	8.2	–	–	–	920	20	60	–	–	October 23, 1996
ATS 20	27.7	8.0	–	–	–	920	20	60	–	–	December 10, 1980
ATS 10	26	6.2	–	–	–	750	250	–	–	–	April 17, 1974
ATS 5	23.5	4.8	–	–	–	750	250	–	–	–	January 15, 1969
ATS 1	22.5	4.2	–	–	–	915	–	85	–	–	September 1, 1959
g 50	19.5	3.0	–	–	–	915	–	85	–	–	October 1, 1959
g 10	20	1.1	–	–	–	–	–	985	15	–	November 27, 1951
g 5	19	2.5	–	–	–	–	–	–	–	1,000	June 17, 1948
g 2	18	0.9	–	–	–	–	–	985	15	–	July 15, 1950
g 1	17	1.8	–	–	–	–	–	–	–	1,000	April 5, 1948
Gold coins											
ATS 2000 (1 ozf ⁷⁾	37	31.1	999.9	–	–	–	–	–	–	–	October 10, 1989
ATS 1000 type I	27	13.5	900	–	–	100	–	–	–	–	October 22, 1976
ATS 1000 type II	30	16.2	986	–	–	14	–	–	–	–	May 15, 1991
ATS 1000 type III (1/2 ozf ⁷⁾	28	15.6	999.9	–	–	–	–	–	–	–	October 5, 1994
ATS 1000 type IV	28	17.0	916.7	40.3	–	43	–	–	–	–	January 12, 1995
ATS 1000 type V	30	16.1	995	–	–	5	–	–	–	–	June 5, 1997
ATS 500 type I (1/4 ozf ⁷⁾	22	7.8	999.9	–	–	–	–	–	–	–	October 10, 1989
ATS 500 type II	22	8.1	986	–	–	14	–	–	–	–	January 24, 1991
ATS 500 type III	22	8.0	995	–	–	5	–	–	–	–	January 16, 1997
ATS 500 type IV	22	10.1	986	–	–	14	–	–	–	–	March 15, 2000
ATS 200 (1/10 ozf ⁷⁾	16	3.1	999.9	–	–	–	–	–	–	–	September 12, 1991
Bimetallic coins											
ATS 1000 ⁴⁾	40	40.0	986	900	–	114	–	–	–	–	May 31, 1994
ATS 500 ⁵⁾	30	19.0	986	900	–	114	–	–	–	–	March 24, 1995
ATS 100 ⁶⁾	34	13.8	–	900	1,000	100	–	–	–	–	January 15, 2000
Silver coins											
ATS 500 type I	38	24.0	–	640	–	360	–	–	–	–	April 10, 1980
ATS 500 type II	37	24.0	–	925	–	75	–	–	–	–	April 15, 1983
ATS 500 type III	37	24.0	–	925	–	75	–	–	–	–	May 23, 1989
ATS 200 type I	40	33.6	–	925	–	75	–	–	–	–	January 12, 1995
ATS 100 type I	36	24.0	–	640	–	360	–	–	–	–	December 23, 1974
ATS 100 type II	34	20.0	–	900	–	100	–	–	–	–	January 24, 1991
ATS 50 type I	34	20.0	–	900	–	100	–	–	–	–	February 20, 1959
ATS 50 type II	34	20.0	–	640	–	360	–	–	–	–	April 18, 1974
ATS 25	30	13.0	–	800	–	200	–	–	–	–	October 1, 1955

Source: OeNB.

¹⁾ Legal tender coins.

²⁾ Bimetallic coins.

³⁾ Includes 1-groschen coins in circulation, which came to some ATS 0.24 million on average in 2000.

⁴⁾ The gold center contains 13 g fine gold and the silver ring 24 g fine silver.

⁵⁾ The gold ring contains 8 g fine gold and the silver center 4.8 g fine silver.

⁶⁾ The silver ring contains 9 g fine silver and the titanium center 3.75 g pure titanium.

⁷⁾ Bullion coins.

Reserve Base of Credit Institutions Subject to Reserve Requirements¹⁾

Reserve base	Total	Liabilities to which a 2% reserve coefficient is applied			Liabilities to which a 0% reserve coefficient is applied		
		deposits (overnight, up to 2 years' agreed maturity and notice period)	debt securities up to 2 years' agreed maturity	money market paper	deposits (over 2 years' agreed maturity and notice period)	repos	debt securities over 2 years' agreed maturity
	EUR million ²⁾						
Balance as at December 31, 1999	316,861	177,490	4,051	×	56,102	625	78,593
Annual average 2000	337,597	188,022	5,139	×	55,602	409	87,916
2000							
January	326,398	183,094	3,393	×	56,532	587	81,338
February	324,718	180,043	3,529	×	56,173	560	82,900
March	333,222	187,827	3,447	×	56,271	668	83,532
April	337,549	190,977	3,925	×	56,228	307	84,429
May	337,644	190,586	4,141	×	55,957	164	86,796
June	336,514	188,870	4,691	×	55,877	385	86,691
July	340,157	191,580	5,863	×	54,127	452	88,135
August	341,442	189,443	5,886	×	54,907	581	90,625
September	345,780	192,259	6,582	×	54,625	277	92,037
October	345,329	190,364	6,680	×	55,225	365	92,695
November	343,586	187,797	6,613	×	55,238	395	93,543
December	338,830	183,422	6,914	×	56,062	165	92,267

Source: ECB.

¹⁾ Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base.

If a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years and of money market paper held by the institutions mentioned above, it may deduct a specific percentage of these liabilities from its reserve base. This percentage currently stands at 30%.

²⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Reserve Maintenance¹⁾

Maintenance period ending in	Required reserves ²⁾	Actual reserve holdings ³⁾	Excess reserves ⁴⁾	Shortfall ⁵⁾	Interest rate on minimum reserves ⁶⁾
	EUR million ⁷⁾				%
Balance as at December 31, 1999	3,545	3,570	25	–	3.12
Annual average 2000	3,778	3,803	26	×	×
2000					
January	3,644	3,664	20	0	3.27
February	3,586	3,609	23	0	3.50
March	3,741	3,760	19	–	3.67
April	3,812	3,848	36	0	3.90
May	3,809	3,850	41	–	4.28
June	3,784	3,802	18	–	4.32
July	3,864	3,884	23	3	4.57
August	3,822	3,851	29	–	4.69
September	3,893	3,914	21	0	4.81
October	3,855	3,887	33	1	4.78
November	3,804	3,831	27	0	4.77
December	3,721	3,739	19	1	4.76

Source: ECB.

¹⁾ This table contains full data for the maintenance periods completed in the months mentioned above (e.g. February corresponds to the maintenance period from January 24 to February 23).

²⁾ The amount of reserve requirement of each individual credit institution is first calculated by applying the reserve ratio for the corresponding categories of liabilities to the eligible liabilities, using the balance sheet data as at the end of each calendar month; subsequently, each credit institution deducts from this figure a lump-sum allowance of EUR 100,000. The resulting reserve requirements are then aggregated at the euro area level.

³⁾ Aggregate average holdings over the maintenance period of the required reserves, computed on the basis of those credit institutions that have fulfilled the reserve requirement.

⁴⁾ Average minimum reserve balances over the maintenance period in excess of the required reserves, computed on the basis of those credit institutions that have fulfilled the reserve requirements.

⁵⁾ Average shortfalls of actual reserve holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled the reserve requirements.

⁶⁾ This rate equals the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's main refinancing operations.

⁷⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Consolidated Balance Sheet of the Austrian MFIs/I

End of period	Assets														Total assets (1, 5, 9, 12 to 14)
	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/other equity issued by euro area residents			External assets	Fixed assets	Remaining assets			
	total (2 to 4)	in Austria		in other Member States	total (6 to 8)	in Austria		in other Member States	total (10 to 11)				in Austria	in other Member States	
	general government	other residents		general government	other residents										
	EUR million ¹⁾														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1997	194,260	32,565	155,567	6,127	33,556	26,499	3,834	3,222	12,963	12,622	340	74,405	4,578	11,275	331,036
1998	204,358	30,478	166,885	6,994	32,307	24,273	3,645	4,388	15,556	13,636	1,920	72,982	4,717	14,043	343,961
1999	214,302	29,405	176,180	8,717	30,140	20,742	3,738	5,660	20,516	17,963	2,553	84,822	5,036	16,258	371,074
2000	230,367	30,101	189,803	10,463	30,121	18,703	4,793	6,625	21,684	19,242	2,442	95,351	5,061	19,890	402,474
2000															
Jan.	213,229	29,749	174,626	8,854	31,821	21,719	3,984	6,118	20,675	18,064	2,611	92,779	4,911	17,324	380,739
Feb.	212,424	29,694	173,975	8,755	31,416	20,926	4,266	6,224	20,826	18,187	2,639	93,418	4,890	17,050	380,024
March	216,150	30,100	176,985	9,065	31,923	21,644	4,242	6,037	21,233	18,735	2,498	92,784	4,910	17,008	384,008
April	218,046	31,472	177,260	9,314	32,281	22,120	4,276	5,885	21,318	18,883	2,435	96,726	4,926	18,722	392,019
May	218,650	31,185	178,114	9,351	31,700	21,192	4,336	6,172	22,192	19,742	2,450	95,292	4,954	17,538	390,326
June	220,655	30,312	180,948	9,395	31,625	21,216	4,111	6,298	22,306	19,838	2,468	95,405	4,946	16,858	391,795
July	222,820	30,591	182,465	9,764	31,042	20,787	4,199	6,056	22,345	19,830	2,515	98,116	4,986	18,397	397,706
Aug.	226,348	31,140	185,190	10,018	30,569	20,365	4,099	6,105	22,406	19,852	2,554	102,325	5,017	17,941	404,606
Sept.	229,259	31,815	187,309	10,135	31,463	20,566	4,270	6,627	22,428	19,917	2,511	104,480	5,063	17,932	410,625
Oct.	230,405	31,736	188,215	10,454	31,146	20,406	4,282	6,458	22,456	19,989	2,467	104,678	5,125	19,097	412,907
Nov.	230,151	30,920	188,627	10,604	31,410	20,648	4,306	6,456	22,626	20,209	2,417	99,497	5,192	20,846	409,722
Dec.	230,367	30,101	189,803	10,463	30,121	18,703	4,793	6,625	21,684	19,242	2,442	95,351	5,061	19,890	402,474

Source: OeNB.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Consolidated Balance Sheet of the Austrian MFIs/II

End of period	Liabilities										
	Austria's contribution to monetary aggregate M3										
	Austria's contribution to monetary aggregate M2										
total (2, 14, 17, 18)	Austria's contribution to monetary aggregate M1							deposits of euro area residents with agreed maturity up to 2 years			
	total (3, 8, 11)			currency in circulation		overnight deposits of euro area residents		total (9 + 10)		in Austria	in other Member States
	total (4 + 5)				total (6 + 7)	in Austria	in other Member States				
	EUR million ¹⁾										
	1	2	3	4	5	6	7	8	9	10	
1997	127,124	124,905	46,912	10,462	36,450	34,345	2,106	76,765	71,254	5,512	
1998	131,148	129,064	51,267	10,340	40,928	38,488	2,440	77,499	72,283	5,215	
1999	139,008	135,048	55,818	11,210	44,608	42,159	2,449	78,956	74,011	4,945	
2000	146,755	138,775	57,227	12,012	45,215	42,857	2,358	81,438	76,803	4,635	
2000											
January	138,912	136,078	57,100	10,550	46,550	44,069	2,481	78,707	73,754	4,953	
February	137,449	134,401	55,184	10,611	44,573	42,073	2,500	78,956	73,891	5,065	
March	138,975	136,138	56,120	10,734	45,386	42,898	2,488	79,763	74,776	4,987	
April	141,746	138,305	57,769	10,835	46,934	44,439	2,495	80,290	75,268	5,022	
May	142,584	138,598	56,992	11,070	45,922	43,456	2,466	81,361	76,297	5,064	
June	143,007	138,116	56,959	11,363	45,596	43,110	2,486	80,904	75,975	4,929	
July	144,062	137,319	55,492	11,372	44,120	41,697	2,423	81,572	76,307	5,265	
August	143,502	136,533	55,265	11,248	44,017	41,700	2,317	81,022	76,111	4,911	
September	145,894	138,160	56,256	11,457	44,799	42,538	2,261	81,663	76,773	4,890	
October	146,093	138,043	56,087	11,630	44,457	42,159	2,298	81,741	76,978	4,771	
November	145,757	137,942	55,919	11,779	44,140	41,826	2,314	81,811	76,938	4,873	
December	146,755	138,775	57,227	12,012	45,215	42,857	2,358	81,438	76,803	4,635	

End of period	Liabilities (cont.)									
	Deposits of central government			Nonmonetary liabilities of MFIs						
	total (20 + 21)	in Austria	in other Member States	total (23, 24, 27, 30)	capital and reserves	deposits of euro area residents with agreed maturity over 2 years		deposits of euro area residents redeemable at notice over 3 months		
						total (25 + 26)	in Austria	in other Member States	total (28 + 29)	in Austria
	EUR million ¹⁾									
	19	20	21	22	23	24	25	26	27	28
1997	2,221	2,220	1	126,068	21,017	44,531	43,088	1,443	527	351
1998	1,978	1,973	5	131,648	23,311	48,939	47,274	1,665	701	516
1999	1,617	1,616	1	141,362	29,130	49,824	48,042	1,782	681	488
2000	1,914	1,913	1	155,838	29,346	50,103	47,948	2,155	281	105
2000										
January	3,002	3,001	1	143,260	28,242	49,986	48,148	1,838	646	454
February	3,223	3,222	1	145,234	29,217	49,740	47,947	1,793	621	428
March	3,290	3,289	1	145,235	29,440	49,532	47,751	1,781	617	426
April	2,435	2,434	1	146,792	30,172	49,421	47,661	1,760	612	424
May	3,168	3,167	1	147,487	28,940	49,269	47,481	1,788	594	410
June	2,742	2,741	1	147,596	29,264	49,182	47,340	1,842	589	403
July	2,814	2,813	1	149,102	29,336	49,229	47,201	2,028	544	358
August	2,414	2,413	1	151,907	29,771	49,043	47,047	1,996	538	356
September	2,620	2,094	526	154,010	30,743	48,806	46,855	1,951	522	344
October	2,590	2,064	526	155,918	31,767	49,336	47,243	2,093	490	315
November	2,985	2,984	1	156,159	31,416	49,160	47,047	2,113	475	301
December	1,914	1,913	1	155,838	29,346	50,103	47,948	2,155	281	105

Source: OeNB.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

deposits of euro area residents redeemable at notice up to 3 months			repurchase agreements with euro area residents			money market fund shares and money market paper	debt securities up to 2 years
			total (15 + 16)	in Austria	in other Member States		
total (12 + 13)	in Austria	in other Member States					
11	12	13	14	15	16	17	18
1,227	1,119	108	138	138	x	x	2,744
298	195	103	285	285	x	x	2,532
274	181	93	488	488	x	x	4,281
110	25	85	114	114	x	x	8,341
271	178	93	563	509	x	x	3,078
261	173	88	545	496	x	x	3,315
255	167	88	587	514	x	x	3,078
246	157	89	119	119	x	x	4,155
245	155	90	115	115	x	x	4,697
253	165	88	214	214	x	x	5,505
255	169	86	215	215	x	x	7,149
246	160	86	214	214	x	x	7,379
241	154	87	208	208	x	x	8,154
215	129	86	316	316	x	x	8,206
212	126	86	318	318	x	x	7,968
110	25	85	114	114	x	x	8,341

in other Member States		Excess of inter-MFI liabilities in the euro area			External liabilities	Remaining liabilities	Total liabilities (1, 19, 22, 31, 34, 35)		
		debt securities over 2 years	total (32 + 33)	in Austria				in other Member States	
		29	30	31	32	33	34	35	36
		176	59,993	6,882	3,175	3,707	37,877	30,866	331,036
		185	58,697	7,337	3,866	3,472	40,937	30,913	343,961
		193	61,727	13,138	2,264	10,874	51,012	24,937	371,074
		176	76,108	15,008	5,475	9,533	54,821	28,138	402,474
		192	64,386	14,008	1,611	12,397	55,456	26,101	380,739
		193	65,656	15,256	2,448	12,808	54,004	24,858	380,024
		191	65,646	7,822	2,526	5,296	61,453	27,233	384,008
		188	66,587	9,523	2,917	6,606	63,662	27,861	392,019
		184	68,684	8,511	2,468	6,043	63,278	25,298	390,326
		186	68,561	4,803	1,659	3,144	66,804	26,843	391,795
		186	69,993	4,190	3,931	259	70,279	27,259	397,706
		182	72,555	16,836	3,825	13,011	62,623	27,324	404,606
		178	73,939	16,122	3,424	12,698	63,875	28,104	410,625
		175	74,325	16,144	2,885	13,259	62,421	29,741	412,907
		174	75,109	14,946	3,066	11,880	59,514	30,360	409,722
		176	76,108	15,008	5,475	9,533	54,821	28,138	402,474

Monetary Aggregates and Their Counterparts in Austria

End of period	Loans to euro area residents			Net external assets			Nonmonetary liabilities of MFIs					Deposits of central government
	total (2 + 3)	in Austria	in other Member States	total (5 + 6)	OeNB	other MFIs	total (8 to 11)	capital and reserves	deposits of euro area residents with agreed maturity over 2 years	deposits of euro area residents redeemable at notice over 3 months	debt securities over 2 years	
	EUR million ¹⁾											
	1	2	3	4	5	6	7	8	9	10	11	12
Change from previous year												
1998	+11,441	+ 7,829	+3,612	- 4,483	+ 29	-4,512	+ 5,580	+2,294	+4,408	+174	- 1,296	- 243
1999	+12,738	+ 9,110	+3,628	+ 1,765	+1,738	+ 27	+ 9,714	+5,819	+ 885	- 20	+ 3,030	- 361
2000	+17,214	+14,614	+2,600	+ 6,720	- 975	+7,695	+14,476	+ 216	+ 279	-400	+14,381	+ 297
Change year-on-year												
2000												
January	+10,600	+ 6,179	+4,421	+ 9,052	+7,407	+1,645	+11,469	+3,635	+1,448	- 43	+ 6,429	- 8
February	+ 9,703	+ 5,174	+4,529	+ 8,630	+5,451	+3,179	+13,089	+4,449	+1,119	- 94	+ 7,615	+ 461
March	+13,521	+10,058	+3,463	+ 5,485	+7,447	-1,962	+12,773	+3,532	+ 886	- 88	+ 8,443	+1,388
April	+16,495	+12,353	+4,142	+ 83	+5,100	-5,017	+12,315	+4,503	+ 793	-105	+ 7,124	+1,113
May	+14,338	+12,219	+2,119	+ 1,840	+2,801	- 961	+11,953	+3,176	+ 787	-124	+ 8,114	+ 649
June	+16,878	+12,703	+4,175	+ 1,031	+1,827	- 796	+11,959	+3,183	+ 756	-136	+ 8,156	- 131
July	+16,861	+12,660	+4,201	- 1,879	-4,512	+2,633	+14,020	+3,824	+ 893	-168	+ 9,471	+ 84
August	+20,164	+16,022	+4,142	+12,970	+5,734	+7,236	+16,914	+4,070	+ 544	-164	+12,464	- 880
September	+21,054	+16,696	+4,358	+11,184	+8,390	+2,794	+17,529	+4,457	+ 273	-176	+12,975	+ 500
October	+20,400	+16,761	+3,639	+ 8,177	+2,383	+5,794	+17,622	+4,903	+ 721	-212	+12,210	+ 625
November	+17,968	+15,159	+2,809	+12,386	+6,472	+5,914	+17,826	+4,617	+ 417	-244	+13,036	- 63
December	+17,214	+14,614	+2,600	+ 6,720	- 975	+7,695	+14,476	+ 216	+ 279	-400	+14,381	+ 297
Change from previous month												
2000												
January	+ 767	+ 114	+ 653	+ 3,513	+2,611	+ 902	+ 1,898	- 888	+ 162	- 35	+ 2,659	+1,385
February	- 1,059	- 1,094	+ 35	+ 2,091	- 225	+2,316	+ 1,974	+ 975	- 246	- 25	+ 1,270	+ 221
March	+ 4,640	+ 4,658	- 18	- 8,083	-1,375	-6,708	+ 1	+ 223	- 208	- 4	- 10	+ 67
April	+ 2,339	+ 2,305	+ 34	+ 1,733	+1,738	- 5	+ 1,557	+ 732	- 111	- 5	+ 941	- 855
May	+ 897	+ 558	+ 339	- 1,050	-3,625	+2,575	+ 695	-1,232	- 152	- 18	+ 2,097	+ 733
June	+ 2,044	+ 1,856	+ 188	- 3,413	-3,835	+ 422	+ 109	+ 324	- 87	- 5	- 123	- 426
July	+ 1,621	+ 1,447	+ 174	- 764	- 567	- 197	+ 1,506	+ 72	+ 47	- 45	+ 1,432	+ 72
August	+ 3,116	+ 2,774	+ 342	+11,865	+9,651	+2,214	+ 2,805	+ 435	- 186	- 6	+ 2,562	- 400
September	+ 3,827	+ 3,231	+ 596	+ 903	+ 311	+ 592	+ 2,103	+ 972	- 237	- 16	+ 1,384	+ 206
October	+ 857	+ 751	+ 106	+ 1,652	-1,153	+2,805	+ 1,908	+1,024	+ 530	- 32	+ 386	- 30
November	+ 180	+ 82	+ 98	- 2,274	-3,530	+1,256	+ 242	- 353	- 176	- 15	+ 784	+ 395
December	- 2,015	- 2,068	+ 53	+ 547	- 976	+1,523	- 322	-1,939	+ 943	-194	+ 999	-1,071

Source: OeNB.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Others Austria's contribution to monetary aggregate M3

total (15, 21 to 23)	Austria's contribution to monetary aggregate M2								repurchase agreements with euro area residents	money market fund shares and money market paper	debt securities up to 2 years	
	total (16, 19, 20)	Austria's contribution to monetary aggregate M1			deposits of euro area residents with agreed maturity up to 2 years	deposits of euro area residents redeemable at notice up to 3 months	18	19				20
		total (17 + 18)	currency in circulation	overnight deposits of euro area residents								
13	14	15	16	17	18	19	20	21	22	23		
- 2,404	+ 4,024	+4,159	+4,355	- 122	+4,478	+ 734	-929	+147	- 70	- 212		
- 2,709	+ 7,860	+5,984	+4,551	+ 870	+3,680	+1,457	- 24	+203	- 76	+1,749		
+ 1,414	+ 7,747	+3,727	+1,409	+ 802	+ 607	+2,482	-164	-374	+334	+4,060		
+ 1,584	+ 6,607	+6,034	+5,835	+ 547	+5,288	+ 234	- 35	+362	- 68	+ 279		
- 106	+ 4,889	+4,181	+4,701	+ 641	+4,060	- 476	- 44	+406	- 67	+ 369		
- 262	+ 5,107	+4,663	+4,704	+ 703	+4,001	+ 19	- 60	+434	- 77	+ 87		
- 4,859	+ 8,009	+6,980	+5,963	+ 668	+5,295	+1,078	- 61	- 49	- 76	+1,154		
- 5,252	+ 8,828	+7,087	+4,694	+ 756	+3,938	+2,440	- 47	- 83	- 63	+1,887		
- 3,654	+ 9,735	+6,623	+3,078	+ 908	+2,170	+3,588	- 43	+ 73	- 59	+3,098		
- 9,378	+10,256	+5,078	+ 367	+ 772	- 405	+4,745	- 34	+ 83	+153	+4,942		
+ 6,037	+11,063	+6,631	+2,247	+ 838	+1,409	+4,415	- 31	+ 25	+157	+4,250		
+ 3,313	+10,896	+6,577	+1,532	+1,041	+ 491	+5,074	- 29	+ 46	+159	+4,114		
+ 851	+ 9,479	+4,852	+ 770	+ 997	- 227	+4,138	- 56	+201	+319	+4,107		
+ 4,951	+ 7,640	+3,466	+ 193	+1,084	- 891	+3,333	- 60	+173	+326	+3,675		
+ 1,414	+ 7,747	+3,727	+1,409	+ 802	+ 607	+2,482	-164	-374	+334	+4,060		
+ 1,093	- 96	+1,030	+1,282	- 660	+1,942	- 249	- 3	+ 75	+ 2	-1,203		
+ 300	- 1,463	-1,677	-1,916	+ 61	-1,977	+ 249	- 10	- 18	- 5	+ 237		
- 5,037	+ 1,526	+1,737	+ 936	+ 123	+ 813	+ 807	- 6	+ 42	- 16	- 237		
+ 599	+ 2,771	+2,167	+1,649	+ 101	+1,548	+ 527	- 9	-468	- 5	+1,077		
- 2,419	+ 838	+ 293	- 777	+ 235	-1,012	+1,071	- 1	- 4	+ 7	+ 542		
- 1,475	+ 423	- 482	- 33	+ 293	- 326	- 457	+ 8	+ 99	- 2	+ 808		
- 1,776	+ 1,055	- 797	-1,467	+ 9	-1,476	+ 668	+ 2	+ 1	+207	+1,644		
+13,136	- 560	- 786	- 227	- 124	- 103	- 550	- 9	- 1	- 3	+ 230		
+ 29	+ 2,392	+1,627	+ 991	+ 209	+ 782	+ 641	- 5	- 6	- 4	+ 775		
+ 432	+ 199	- 117	- 169	+ 173	- 342	+ 78	- 26	+108	+156	+ 52		
- 2,395	- 336	- 101	- 168	+ 149	- 317	+ 70	- 3	+ 2	+ 1	- 238		
- 1,073	+ 997	+ 833	+1,308	+ 233	+1,075	- 373	-102	-204	- 4	+ 373		

Selected Balance Sheet Items of the Oesterreichische Nationalbank

End of period	Assets											
	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Holdings of shares/other equity issued by euro area residents			External assets
	total (2 to 4)	MFIs	general government	other residents	total (6 to 8)	MFIs	general government	other residents	total (10 + 11)	MFIs	other residents	
	<i>EUR million¹⁾</i>											
	1	2	3	4	5	6	7	8	9	10	11	12
1998	2,670	2,363	194	112	1,894	767	1,080	47	1,947	118	1,829	18,771
1999	15,878	15,559	221	98	1,863	636	1,208	19	2,428	118	2,310	22,115
2000	9,620	9,296	256	68	1,978	1,150	808	20	2,517	118	2,399	20,478
2000												
January	18,018	17,695	236	87	1,930	640	1,271	19	2,428	118	2,310	24,077
February	14,853	14,528	236	89	1,900	655	1,196	49	2,452	118	2,334	24,184
March	11,461	11,134	243	84	2,119	809	1,261	49	2,470	118	2,352	23,272
April	15,283	14,954	243	86	2,016	940	1,027	49	2,477	118	2,359	25,163
May	19,223	18,900	248	75	2,035	825	1,161	49	2,478	118	2,360	22,305
June	21,030	20,709	248	73	1,944	828	1,067	49	2,474	118	2,356	22,547
July	19,200	18,876	248	76	1,901	1,009	843	49	2,474	118	2,356	23,110
August	16,748	16,423	248	77	1,873	950	904	19	2,474	118	2,356	25,952
September	16,240	15,914	256	70	2,035	1,211	805	19	2,490	118	2,372	26,279
October	19,861	19,537	256	68	2,009	1,183	807	19	2,491	118	2,373	25,477
November	8,305	7,971	256	78	1,964	1,144	801	19	2,491	118	2,373	21,588
December	9,620	9,296	256	68	1,978	1,150	808	20	2,517	118	2,399	20,478

Source: OeNB.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Liabilities

End of period

Banknotes in circulation	Deposits of euro area residents				Money market paper	Debt securities issued	External liabilities	
	total (3 to 5)	MFIs	central government	other general government/ other euro area residents				
1	2	3	4	5	6	7	8	
12,269	3,992	3,975	3	14	—	—	216	1998
13,328	16,230	16,211	8	11	—	—	1,821	1999
13,934	8,775	8,757	13	5	—	—	1,159	2000
								2000
12,344	21,764	21,758	4	2	—	—	1,172	January
12,322	18,237	18,230	—	7	—	—	1,504	February
12,337	13,462	13,460	1	1	—	—	1,967	March
12,716	17,738	17,736	—	2	—	—	2,120	April
12,745	19,767	19,767	—	—	—	—	2,887	May
12,936	17,490	17,474	5	11	—	—	6,964	June
13,011	14,722	14,721	—	1	—	—	8,094	July
12,864	21,595	21,594	—	1	—	—	1,285	August
13,149	20,948	20,927	1	20	—	—	1,301	September
13,406	22,574	22,571	1	2	—	—	1,652	October
13,369	8,166	8,162	1	3	—	—	1,293	November
13,934	8,775	8,757	13	5	—	—	1,159	December

The Oesterreichische Nationalbank's Base and Reference Rates

Applicable from	Base rate	Reference rate
	% p.a.	
1999		
January 1	2.50	4.75
April 9	2.00	3.75
November 5	2.50	4.25
2000		
March 17	3.00	4.75
June 9	3.75	5.50
October 6	4.25	6.00

Source: OeNB.

ECB Interest Rates on the Deposit Facility and the Marginal Lending Facility

Applicable from	Deposit facility	Marginal lending facility
	% p.a.	
1999		
January 4 ¹⁾	2.00	4.50
January 22	2.00	4.50
April 9	1.50	3.50
November 5	2.00	4.00
2000		
February 9	2.25	4.25
March 17	2.50	4.50
April 28	2.75	4.75
June 9	3.25	5.25
September 1	3.50	5.50
October 6	3.75	5.75

Source: OeNB, ECB.

¹⁾ As a transitory measure, between January 4, 1999 and January 21, 1999, the interest rates applied were 2.75% and 3.25%, respectively.

Eurosystem Main Refinancing Operations

Running from	Fixed or variable rate tender	Bids		Allotment amount	Fixed or marginal rate	Minimum bid rate	Weighted average allotment rate
		bidders	amount				
		Number	EUR million ¹⁾				
2000					% p.a.		
January 12 to January 26	Fixed rate tender	655	914,566	35,000	3.00	x	x
January 19 to February 2	Fixed rate tender	729	1,145,548	77,000	3.00	x	x
January 26 to February 9	Fixed rate tender	825	1,520,993	69,000	3.00	x	x
February 2 to February 16	Fixed rate tender	904	3,012,630	62,000	3.00	x	x
February 9 to February 23	Fixed rate tender	686	1,036,648	66,000	3.25	x	x
February 16 to March 1	Fixed rate tender	696	1,022,832	59,000	3.25	x	x
February 23 to March 8	Fixed rate tender	819	2,126,309	63,000	3.25	x	x
March 3 to March 15	Fixed rate tender	850	2,901,133	89,000	3.25	x	x
March 8 to March 22	Fixed rate tender	681	1,627,522	47,000	3.25	x	x
March 15 to March 29	Fixed rate tender	923	4,165,993	85,000	3.25	x	x
March 22 to April 5	Fixed rate tender	760	1,661,995	52,000	3.50	x	x
March 29 to April 12	Fixed rate tender	855	3,022,435	89,000	3.50	x	x
April 5 to April 19	Fixed rate tender	826	2,869,408	48,000	3.50	x	x
April 12 to April 27	Fixed rate tender	870	4,290,278	82,000	3.50	x	x
April 19 to May 4	Fixed rate tender	885	4,277,306	58,000	3.50	x	x
April 27 to May 10	Fixed rate tender	867	5,492,939	89,000	3.50	x	x
May 4 to May 17	Fixed rate tender	844	4,624,944	64,000	3.75	x	x
May 10 to May 24	Fixed rate tender	894	6,352,776	72,000	3.75	x	x
May 17 to May 31	Fixed rate tender	894	6,574,441	66,000	3.75	x	x
May 24 to June 7	Fixed rate tender	882	7,057,234	78,000	3.75	x	x
May 31 to June 15	Fixed rate tender	883	7,127,001	62,000	3.75	x	x
June 7 to June 21	Fixed rate tender	868	8,491,195	75,000	3.75	x	x
June 15 to June 28	Fixed rate tender	762	3,544,808	68,000	4.25	x	x
June 21 to July 5	Fixed rate tender	666	1,867,673	74,000	4.25	x	x
June 28 to July 12	Variable rate tender	800	201,612	99,000	4.29	4.25	4.32
July 5 to July 19	Variable rate tender	700	171,848	58,000	4.29	4.25	4.30
July 12 to July 26	Variable rate tender	739	192,977	99,000	4.29	4.25	4.30
July 19 to August 2	Variable rate tender	699	160,519	53,000	4.29	4.25	4.30
July 26 to August 9	Variable rate tender	781	211,485	118,000	4.30	4.25	4.31
August 2 to August 16	Variable rate tender	710	172,252	45,000	4.31	4.25	4.31
August 9 to August 23	Variable rate tender	741	199,922	111,000	4.30	4.25	4.31
August 16 to August 30	Variable rate tender	590	173,995	54,000	4.35	4.25	4.37
August 23 to September 6	Variable rate tender	786	218,102	113,000	4.47	4.25	4.50
August 30 to September 13	Variable rate tender	649	149,939	68,000	4.68	4.25	4.71
September 6 to September 20	Variable rate tender	637	190,506	108,000	4.55	4.50	4.57
September 13 to September 27	Variable rate tender	663	158,302	63,000	4.58	4.50	4.59
September 20 to October 4	Variable rate tender	658	168,230	104,000	4.56	4.50	4.58
September 27 to October 11	Variable rate tender	659	159,098	81,000	4.65	4.50	4.68
October 4 to October 18	Variable rate tender	589	174,302	99,000	4.67	4.50	4.68
October 11 to October 25	Variable rate tender	597	128,730	76,000	4.76	4.75	4.78
October 18 to November 1	Variable rate tender	517	107,602	93,000	4.75	4.75	4.76
October 25 to November 8	Variable rate tender	613	159,063	90,000	4.80	4.75	4.82
November 1 to November 15	Variable rate tender	614	150,445	90,000	4.84	4.75	4.85
November 8 to November 22	Variable rate tender	575	147,176	95,000	4.83	4.75	4.84
November 15 to November 29	Variable rate tender	565	130,251	90,000	4.78	4.75	4.80
November 22 to December 6	Variable rate tender	587	148,887	108,000	4.80	4.75	4.82
November 29 to December 13	Variable rate tender	592	147,060	92,000	4.82	4.75	4.83
December 6 to December 20	Variable rate tender	534	129,916	128,000	4.75	4.75	4.79
December 13 to December 27	Variable rate tender	496	116,112	91,000	4.76	4.75	4.78
December 20 to January 3, 2001	Variable rate tender	680	152,151	121,000	4.80	4.75	4.86
December 27 to January 10, 2001	Variable rate tender	497	118,217	102,000	4.79	4.75	4.84

Source: OeNB, ECB.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Eurosystem Longer-Term Refinancing Operations

Running from	Fixed or variable rate tender	Bids		Allotment amount	Fixed or marginal rate % p.a.
		bidders			
		Number	amount EUR million ¹⁾		
1999					
January 14 to February 25	Variable rate tender	466	79,846	15,000	3.13
January 14 to March 25	Variable rate tender	311	39,343	15,000	3.10
January 14 to April 29	Variable rate tender	329	46,152	15,000	3.08
February 25 to May 27	Variable rate tender	417	77,300	15,000	3.04
March 25 to July 1	Variable rate tender	269	53,659	15,000	2.96
April 29 to July 29	Variable rate tender	313	66,911	15,000	2.53
May 27 to August 26	Variable rate tender	319	72,294	15,000	2.53
July 1 to September 30	Variable rate tender	298	76,284	15,000	2.63
July 29 to October 28	Variable rate tender	281	64,973	15,000	2.65
August 26 to November 25	Variable rate tender	256	52,416	15,000	2.65
September 30 to December 23	Variable rate tender	198	41,443	15,000	2.66
October 28 to January 27, 2000	Variable rate tender	313	74,430	25,000	3.19
November 25 to March 2, 2000	Variable rate tender	321	74,988	25,000	3.18
December 23 to March 30, 2000	Variable rate tender	301	91,088	25,000	3.26
2000					
January 27 to April 27	Variable rate tender	354	87,016	20,000	3.28
March 2 to June 1	Variable rate tender	336	72,960	20,000	3.60
March 30 to June 29	Variable rate tender	325	74,929	20,000	3.78
April 27 to July 27	Variable rate tender	326	64,094	20,000	4.00
June 1 to August 31	Variable rate tender	309	64,317	20,000	4.40
June 29 to September 28	Variable rate tender	258	41,833	20,000	4.49
July 27 to October 26	Variable rate tender	235	40,799	15,000	4.59
August 31 to November 30	Variable rate tender	240	35,417	15,000	4.84
September 28 to December 29	Variable rate tender	225	34,043	15,000	4.84
October 26 to January 25, 2001	Variable rate tender	241	43,085	15,000	5.06
November 30 to March 1, 2001	Variable rate tender	226	31,999	15,000	5.03
December 29 to March 29, 2001	Variable rate tender	165	15,869	15,000	4.75

Source: OeNB, ECB.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Euro Area Money Market Interest Rates

	EONIA ¹⁾			EURIBOR ²⁾			
	period average ³⁾	lowest rate	highest rate	1 month	3 months	6 months	12 months
	% p.a.						
1999	2.74	1.74	3.75	2.86	2.96	3.05	3.18
2000	4.12	2.85	5.16	4.24	4.39	4.55	4.78
2000							
January	3.04	2.85	3.30	3.15	3.34	3.56	3.95
February	3.28	3.18	3.48	3.36	3.54	3.73	4.11
March	3.51	3.28	3.86	3.59	3.75	3.94	4.27
April	3.69	3.35	3.93	3.79	3.93	4.08	4.36
May	3.92	2.90	4.20	4.16	4.36	4.54	4.85
June	4.29	4.06	4.75	4.37	4.50	4.68	4.96
July	4.31	3.98	4.45	4.41	4.58	4.84	5.11
August	4.42	4.08	4.76	4.57	4.78	5.01	5.25
September	4.59	4.12	4.91	4.70	4.85	5.04	5.22
October	4.76	4.64	4.97	4.85	5.04	5.10	5.22
November	4.83	4.76	4.94	4.92	5.09	5.13	5.19
December	4.83	4.73	5.16	4.95	4.94	4.92	4.88

Source: ECB, Reuters.

¹⁾ Euro OverNight Index Average.

²⁾ Euro Interbank Offered Rate; unweighted average.

³⁾ Unweighted average of data collected daily by the ECB.

Domestic Bond Yields¹⁾

	Issuing yields			Secondary market yields								
	federal government	domestic issuers total	foreign issuers	federal government ²⁾	other public bodies	other domestic nonbanks	domestic nonbanks (1 to 3)	domestic banks	domestic issuers (4 + 5)	foreign issuers	total issuers ³⁾ (6 + 7)	
	% p.a.											
				1	2	3	4	5	6	7	8	
Period average												
1991	8.41	8.42	8.29	8.62	x	x	x	8.69	x	10.21	8.69	
1992	7.91	7.94	7.98	8.27	x	x	x	8.42	x	9.90	8.39	
1993	6.21	6.26	7.51	6.63	6.93	6.91	6.66	6.73	6.68	8.18	6.74	
1994	6.67	6.68	8.06	6.70	6.89	6.77	6.71	6.51	6.66	7.59	6.69	
1995	6.65	6.64	8.30	6.48	6.68	6.59	6.49	6.43	6.48	7.40	6.51	
1996	5.76	5.75	8.24	5.30	5.63	5.67	5.32	5.25	5.31	6.32	5.33	
1997	5.27	5.30	6.66	4.79	5.08	5.74	4.82	4.83	4.82	5.80	4.84	
1998	4.55	4.56	6.06	4.29	4.32	6.06	4.35	4.54	4.38	5.89	4.40	
1999	4.13	4.13	—	4.10	3.93	4.13	4.10	4.25	4.12	5.80	4.14	
2000	5.39	5.39	—	5.32	5.32	5.43	5.32	5.65	5.35	6.77	5.36	
2000												
1 st quarter	5.52	5.52	—	5.20	4.92	5.07	5.19	5.34	5.21	6.64	5.22	
2 nd quarter	5.20	5.20	—	5.32	5.22	5.36	5.32	5.58	5.35	6.59	5.36	
3 rd quarter	5.36	5.36	—	5.48	5.57	5.71	5.48	5.89	5.52	6.89	5.53	
4 th quarter	5.29	5.29	—	5.28	5.59	5.57	5.28	5.81	5.33	6.94	5.34	
2000												
January	5.59	5.59	—	5.16	4.81	4.99	5.16	5.22	5.16	6.79	5.18	
February	5.59	5.59	—	5.25	4.95	5.08	5.25	5.39	5.26	6.61	5.27	
March	5.23	5.24	—	5.17	4.98	5.13	5.17	5.40	5.19	6.55	5.21	
April	5.04	5.04	—	5.13	4.96	5.16	5.13	5.38	5.16	6.40	5.17	
May	5.71	5.71	—	5.45	5.30	5.38	5.45	5.62	5.46	6.60	5.47	
June	5.30	5.30	—	5.36	5.37	5.51	5.36	5.71	5.39	6.76	5.40	
July	5.18	5.18	—	5.48	5.42	5.61	5.48	5.83	5.51	6.73	5.52	
August	—	—	—	5.49	5.52	5.73	5.49	5.89	5.53	6.85	5.53	
September	5.63	5.63	—	5.47	5.78	5.80	5.48	5.94	5.52	7.09	5.53	
October	5.29	5.29	—	5.40	5.69	5.73	5.41	5.89	5.45	6.89	5.46	
November	—	—	—	5.35	5.62	5.63	5.36	5.87	5.40	7.07	5.41	
December	—	—	—	5.03	5.44	5.32	5.03	5.63	5.08	6.85	5.09	

Source: OeNB, OeKB.

¹⁾ For debt securities.

²⁾ For benchmark yield (ten-year federal government bonds).

³⁾ Total issuers corresponds to the former category bonds excluding federal obligations.

Domestic Credit Institutions' Interest Rates¹⁾

Lending rates

	Commercial loans			Discount credit			Personal loans			Home loans		
	average	range		average	range		average	range		average	range	
		from	to		from	to		from	to		from	to
	% p.a.											
1996	7.23	5.50	9.50	4.57	3.00	7.88	8.40	6.75	10.63	6.78	5.75	7.88
1997	6.66	5.25	8.50	4.33	3.00	7.50	7.85	6.50	9.25	6.25	5.00	7.25
1998	6.42	4.75	8.50	4.28	3.00	7.00	7.63	6.00	9.20	6.09	5.00	7.25
1999	5.64	3.75	8.13	4.53	3.00	6.75	6.51	5.00	8.50	5.17	4.25	6.82
2000	6.48	4.75	8.88	5.47	3.75	7.38	7.41	5.75	9.00	6.01	4.50	7.25
2000												
January	5.86	4.75	7.75	4.63	3.75	5.88	6.80	5.75	8.00	5.40	4.50	6.50
February	6.04	5.00	7.75	4.73	3.75	6.00	6.96	6.00	8.00	5.58	4.50	6.50
March	6.11	5.00	7.50	4.82	3.75	6.13	7.10	6.25	8.25	5.65	4.75	6.50
April	6.28	5.50	7.63	4.92	4.00	6.63	7.23	6.50	8.25	5.70	4.50	6.50
May	6.32	5.25	7.50	5.24	4.25	6.75	7.28	6.00	8.50	5.84	4.75	6.75
June	6.44	5.50	8.25	5.38	4.25	6.75	7.48	6.50	8.75	5.98	4.75	6.88
July	6.57	5.50	8.00	5.59	4.00	6.75	7.47	6.50	8.88	6.12	5.00	7.25
August	6.57	5.50	8.25	5.75	4.00	7.00	7.55	6.75	8.88	6.25	5.38	7.25
September	6.77	5.50	8.50	5.91	4.66	7.00	7.72	6.75	9.00	6.32	5.75	7.25
October	6.89	5.50	8.88	6.19	5.23	7.25	7.72	6.75	8.88	6.40	5.88	7.25
November	6.99	6.00	8.75	6.26	5.50	7.38	7.77	7.00	8.88	6.45	5.75	7.25
December	6.95	5.75	8.88	6.27	5.38	7.25	7.81	6.75	9.00	6.38	5.80	7.25

Deposit rates

	Personal checking accounts			Savings deposits due on demand			Savings deposits with agreed maturity of up to 12 months			Savings deposits with agreed maturity of over 12 months		
	average	range		average	range		average	range		average	range	
		from	to		from	to		from	to		from	to
	% p.a.											
1996	0.52	0.13	2.00	1.70	1.50	2.25	3.14	1.75	4.25	3.56	2.25	4.50
1997	0.43	0.13	1.50	1.51	1.50	1.75	2.74	1.75	3.50	3.17	2.00	4.00
1998	0.43	0.25	1.28	1.42	1.00	1.50	2.65	1.50	3.28	3.06	2.25	3.75
1999	0.33	0.13	1.25	0.78	0.50	1.25	2.21	1.00	3.00	2.54	1.75	3.34
2000	0.31	0.13	1.00	0.68	0.50	1.75	2.71	1.00	4.00	3.08	1.88	4.25
2000												
January	0.30	0.13	0.79	0.63	0.50	1.00	2.31	1.00	3.00	2.62	1.88	3.25
February	0.31	0.13	0.98	0.63	0.50	1.00	2.34	1.00	3.00	2.69	1.88	3.60
March	0.29	0.13	0.75	0.64	0.50	1.00	2.36	1.00	3.25	2.75	1.88	3.50
April	0.31	0.13	1.00	0.64	0.50	1.00	2.48	1.00	3.42	2.82	1.88	3.60
May	0.29	0.13	0.75	0.65	0.50	1.00	2.42	1.00	3.25	2.88	1.88	3.75
June	0.29	0.13	0.75	0.65	0.50	1.00	2.60	1.00	3.65	2.97	1.88	3.75
July	0.33	0.13	1.00	0.69	0.50	1.25	2.76	1.00	3.75	3.14	1.88	4.00
August	0.33	0.13	1.00	0.69	0.50	1.25	2.86	1.00	3.75	3.19	1.88	4.12
September	0.33	0.13	1.00	0.69	0.50	1.25	2.95	1.00	3.76	3.27	1.88	4.00
October	0.33	0.13	1.00	0.74	0.50	1.75	3.11	1.00	4.00	3.47	1.88	4.25
November	0.33	0.13	1.00	0.74	0.50	1.50	3.16	1.00	4.00	3.50	1.88	4.25
December	0.33	0.13	1.00	0.74	0.50	1.50	3.20	1.00	4.00	3.60	1.88	4.25

Source: OeNB.

¹⁾ Credit institutions within the meaning of the Austrian Banking Act.

²⁾ Or the equivalent in EUR.

Overdrafts on personal checking accounts			Mortgage loans			Public sector loans		
average	range		average	range		average	range	
	from	to		from	to		from	to
13.63	8.00	18.70	6.61	5.75	7.75	5.81	4.50	7.35
12.55	9.00	18.50	6.06	5.18	7.00	5.25	4.05	6.75
11.61	8.50	13.75	5.87	5.00	7.00	4.87	3.50	6.75
11.03	8.00	13.75	4.99	4.25	6.75	4.15	2.97	5.38
11.17	8.00	13.75	5.83	4.63	6.88	4.96	3.70	6.00
10.99	8.00	13.75	5.34	4.63	6.50	4.49	3.70	5.63
11.09	8.75	13.75	5.41	4.75	6.50	4.39	3.70	5.63
11.06	8.50	13.75	5.50	4.79	6.50	4.49	3.88	5.63
11.15	8.75	13.75	5.69	4.88	6.50	4.64	3.90	5.75
11.22	8.75	13.75	5.78	5.00	6.50	4.92	4.47	5.75
11.28	9.00	13.75	5.74	4.70	6.50	4.89	4.50	5.88
11.16	9.00	13.75	5.96	4.92	6.75	5.11	4.50	5.88
11.22	9.00	13.75	6.05	5.50	6.88	5.18	4.13	6.00
11.23	9.00	13.75	6.04	5.63	6.75	5.28	4.95	5.88
11.28	9.00	13.75	6.16	5.75	6.88	5.41	5.00	6.00
11.21	9.00	13.75	6.17	5.75	6.75	5.43	5.13	6.00
11.19	9.00	13.75	6.17	5.75	6.75	5.31	4.92	6.00

Savings deposits with a volume of ATS 0.5 million to ATS 1 million ²			Savings deposits with a volume of ATS 1 million to ATS 5 million ²			Savings bonds (24 months)		
average	range		average	range		average	range	
	from	to		from	to		from	to
3.63	3.00	4.50	3.82	3.25	4.55	3.62	3.25	4.50
3.20	2.75	3.75	3.40	3.00	3.75	3.21	3.00	4.00
3.10	2.25	3.58	3.29	2.75	3.75	3.31	2.75	4.00
2.61	1.75	3.25	2.80	2.25	3.50	2.66	2.25	3.50
3.25	2.25	4.25	3.46	2.38	4.50	3.60	2.38	4.63
2.75	2.25	3.25	2.92	2.38	3.25	2.94	2.38	3.30
2.82	2.25	3.25	2.96	2.38	3.25	3.07	2.75	3.25
2.88	2.38	3.25	3.05	2.63	3.32	3.15	3.00	3.50
2.91	2.50	3.38	3.16	2.63	3.50	3.24	3.00	3.63
3.03	2.50	3.46	3.24	2.38	3.75	3.33	3.13	3.75
3.14	2.50	3.50	3.37	2.75	3.88	3.44	3.25	4.00
3.27	2.50	3.75	3.50	2.75	4.00	3.76	3.25	4.00
3.38	2.63	3.85	3.59	3.00	4.00	3.80	3.25	4.25
3.50	2.75	4.00	3.75	3.25	4.02	3.88	3.50	4.25
3.70	3.25	4.00	3.89	3.50	4.25	4.09	3.75	4.40
3.76	3.25	4.00	3.98	3.75	4.25	4.24	3.75	4.63
3.82	3.25	4.25	4.05	3.75	4.50	4.28	4.00	4.50

Austrian Banks' ¹⁾ Monthly Returns/I

End of period	Domestic assets												
	cash and central bank balances		domestic interbank claims	domestic securities and supplementary capital					loans to domestic nonbanks				
	euro cash ²⁾	balances with the OeNB		Federal Treasury bills and notes	other securities, supplementary capital	equity securities	total (4 to 6)	thereof supplementary capital	bills of exchange	other euro loans ²⁾	euro loans ²⁾ (9 + 10)	foreign currency loans	total (11 + 12)
EUR million ³⁾													
	1	2	3	4	5	6	7	8	9	10	11	12	13
Joint stock and private banks													
2000													
March	722.28	863.63	12,137.49	1,334.38	9,540.25	1,909.65	12,784.27	86.83	326.66	43,588.43	43,915.09	12,177.62	56,092.71
June	755.70	918.52	13,858.41	1,248.17	9,101.59	1,914.57	12,264.32	86.68	354.33	44,246.44	44,600.77	12,631.23	57,113.73
September	883.71	511.08	11,934.00	1,318.91	9,134.98	1,822.73	12,276.62	97.80	339.84	44,869.72	45,209.56	13,508.31	58,717.87
December	820.00	835.33	9,996.84	920.60	8,451.12	2,148.66	11,520.38	105.48	404.52	45,304.74	45,709.27	12,505.92	58,215.19
Savings banks													
2000													
March	734.06	943.81	37,301.17	1,625.32	10,648.44	5,405.55	17,679.32	219.57	245.85	51,296.55	51,542.40	11,206.46	62,748.86
June	673.35	449.77	37,138.22	1,597.01	10,645.28	5,395.36	17,637.66	215.02	242.96	50,703.10	50,946.06	11,903.88	62,849.94
September	651.22	267.42	37,697.02	1,069.90	11,073.06	5,597.00	17,739.97	230.79	235.47	53,600.26	53,835.74	12,780.59	66,616.33
December	790.89	732.38	26,136.42	829.01	10,537.89	6,255.29	17,622.19	173.04	258.51	54,407.21	54,665.72	12,115.69	66,781.41
State mortgage banks													
2000													
March	78.39	123.78	898.81	8.41	3,072.54	375.42	3,456.37	58.38	24.84	15,485.94	15,514.78	3,544.65	19,059.43
June	77.85	122.75	1,125.98	8.38	3,086.20	399.06	3,493.65	79.02	29.09	15,580.81	15,609.90	3,707.11	19,317.02
September	75.76	183.88	1,097.98	8.41	3,074.39	626.99	3,709.78	81.84	28.03	15,660.04	15,668.07	4,009.03	19,697.10
December	95.06	117.67	1,179.16	17.11	2,978.12	665.40	3,660.62	58.74	27.73	16,003.70	16,031.43	3,822.11	19,853.54
Raiffeisen credit cooperatives													
2000													
March	547.98	713.83	25,793.71	148.63	7,914.40	4,271.09	12,334.13	151.59	227.26	36,987.14	37,214.40	6,872.06	44,086.46
June	578.77	1,692.50	27,669.23	155.48	7,701.76	5,501.76	13,358.91	148.83	207.62	37,888.20	38,095.82	7,361.50	45,457.32
September	595.61	1,027.61	27,831.39	156.78	7,671.15	5,452.82	13,280.76	145.84	213.61	38,623.37	38,836.98	8,008.35	46,845.33
December	751.45	1,529.60	27,482.81	58.17	7,506.65	4,636.30	12,201.11	148.15	223.82	39,090.53	39,314.35	7,922.56	47,236.91
Volksbank credit cooperatives													
2000													
March	144.58	566.05	4,270.51	24.50	1,774.37	920.81	2,719.68	15.84	82.30	9,341.39	9,423.68	2,603.97	12,027.66
June	145.40	166.79	4,341.19	24.89	1,933.88	895.04	2,853.82	15.34	73.90	9,636.83	9,710.73	2,705.52	12,416.26
September	148.81	305.52	4,383.93	24.69	1,873.93	880.26	2,778.88	21.73	78.58	9,684.79	9,763.37	2,915.07	12,678.44
December	178.01	296.89	4,211.89	19.56	1,881.29	901.84	2,802.68	18.64	81.12	9,658.07	9,739.18	2,785.58	12,524.76
Building and loan associations													
2000													
March	0.88	18.67	1,132.19	—	2,100.07	1,292.34	3,392.42	0.56	—	11,787.04	11,787.04	—	11,787.04
June	0.89	19.57	1,016.66	—	2,050.63	1,307.28	3,357.91	0.56	—	12,227.02	12,227.02	—	12,227.02
September	0.93	32.43	1,016.61	—	2,025.06	1,100.89	3,125.94	0.56	—	12,739.21	12,739.21	—	12,739.21
December	1.03	23.35	1,030.65	—	1,958.24	959.60	2,917.84	0.56	—	13,312.19	13,312.19	—	13,312.19
Special purpose banks													
2000													
March	1.01	109.97	18,122.36	81.80	1,276.95	1,064.15	2,422.90	17.93	2.48	5,958.89	5,961.37	230.22	6,191.59
June	0.86	20.73	18,947.82	94.47	1,269.15	1,093.38	2,457.00	18.51	2.55	5,755.68	5,758.23	263.24	6,021.48
September	1.21	165.46	19,054.24	89.50	1,323.98	1,073.41	2,486.90	18.51	2.13	6,727.67	6,729.81	340.28	7,070.09
December	0.87	191.19	18,778.80	96.28	1,789.59	418.63	2,304.50	18.51	3.75	6,666.77	6,670.52	300.66	6,971.18
All sectors													
2000													
March	2,229.19	3,339.75	99,656.24	3,223.04	36,327.02	15,239.01	54,789.08	550.69	913.38	174,445.39	175,358.76	36,634.98	211,993.75
June	2,232.83	3,390.62	104,097.51	3,128.41	35,788.49	16,506.35	55,423.26	563.96	910.45	176,038.09	176,948.55	38,572.49	215,521.03
September	2,357.26	2,493.39	103,015.16	2,668.19	36,176.55	16,554.11	55,398.84	597.07	897.66	181,905.07	182,802.73	41,561.63	224,364.36
December	2,637.30	3,726.41	88,816.58	1,940.74	35,102.89	15,985.71	53,029.33	523.12	999.45	184,443.21	185,442.66	39,452.52	224,895.18

Source: OeNB.

¹⁾ Banks as defined by the Austrian Banking Act.

²⁾ Euro or national currencies as nondecimal subunits of the euro.

³⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

				Foreign assets					Total assets		
participating interests and syndicate participations		other domestic assets	total domestic assets	foreign currency cash	foreign interbank claims	foreign securities, participating interests and syndicate participations	loans to foreign nonbanks	other foreign assets	total foreign assets	(17 + 23)	
total	thereof participation capital		(1 to 3, 7, 13, 14, 16)						(18 to 22)		
14	15	16	17	18	19	20	21	22	23	24	
Joint stock and private banks											
2000											
2,839.01	54.11	3,408.56	88,847.96	29.13	11,199.12	13,642.04	16,504.70	221.46	41,596.44	130,444.41	March
2,583.17	54.11	3,486.92	91,099.04	31.01	11,775.27	13,856.97	16,693.01	118.18	42,544.44	133,643.48	June
2,579.90	15.44	3,777.94	90,681.11	32.85	10,665.85	14,353.67	17,633.79	180.14	42,866.31	133,547.42	September
3,306.20	15.44	3,523.41	88,217.34	29.27	9,185.51	9,900.85	12,062.90	117.23	31,295.75	119,513.09	December
Savings banks											
2000											
6,211.91	39.33	5,963.49	131,582.61	53.53	27,269.85	26,887.54	12,351.58	609.76	67,172.26	198,754.87	March
6,221.23	39.25	5,364.96	130,335.11	68.31	32,062.10	28,028.29	11,794.25	666.76	72,619.71	202,954.83	June
6,297.80	39.16	5,755.32	135,025.07	76.29	33,080.09	29,971.89	11,797.53	852.46	75,778.26	210,803.33	September
5,479.02	39.15	6,571.57	124,113.89	73.92	39,190.51	32,071.55	16,999.94	768.01	89,103.93	213,217.82	December
State mortgage banks											
2000											
244.05	—	573.78	24,434.61	5.61	1,075.72	1,908.27	2,071.97	18.35	5,079.92	29,514.53	March
249.37	—	435.84	24,822.45	5.29	1,191.31	2,050.60	2,226.13	29.34	5,502.67	30,325.13	June
255.12	—	495.44	25,515.07	5.99	1,242.09	2,239.82	2,408.20	41.03	5,937.13	31,452.20	September
283.68	—	598.44	25,788.17	5.48	1,302.28	2,260.77	2,615.98	46.44	6,230.95	32,019.12	December
Raiffeisen credit cooperatives											
2000											
3,060.94	5.46	2,994.78	89,531.83	17.55	8,183.52	3,038.90	7,786.00	36.42	19,062.39	108,594.21	March
3,072.86	5.40	2,998.30	94,827.89	24.63	7,621.88	3,017.72	8,172.83	40.88	18,877.95	113,705.84	June
3,241.49	27.17	2,968.03	95,790.21	21.53	8,540.51	3,131.61	8,885.17	54.43	20,633.25	116,423.46	September
3,668.70	43.79	3,608.79	96,479.38	27.19	5,369.85	3,207.11	8,350.12	46.45	17,000.73	113,480.11	December
Volksbank credit cooperatives											
2000											
380.12	—	937.25	21,045.86	6.16	803.18	108.29	680.48	5.84	2,578.95	23,624.81	March
423.61	—	954.95	21,302.01	7.59	714.63	1,098.67	757.64	6.09	2,584.62	23,886.63	June
423.72	—	919.13	21,638.42	7.84	846.54	1,107.20	876.52	4.62	2,842.73	24,481.14	September
453.51	0.60	1,179.40	21,647.15	6.79	978.68	1,035.92	950.86	4.88	2,977.14	24,624.28	December
Building and loan associations											
2000											
176.58	—	404.31	16,912.08	—	1.76	673.85	17.79	4.01	697.41	17,609.49	March
176.58	—	363.30	17,161.93	—	1.93	679.02	17.55	—	698.50	17,860.43	June
176.68	—	378.41	17,470.21	—	1.93	693.18	17.91	—	713.02	18,183.22	September
176.68	—	385.86	17,847.59	—	1.50	650.65	18.47	—	670.62	18,518.21	December
Special purpose banks											
2000											
349.78	—	1,999.02	29,196.63	0.05	4,208.86	1,993.22	2,586.97	594.47	9,383.57	38,580.20	March
394.44	—	2,064.27	29,906.59	0.05	4,126.90	2,202.84	2,812.95	633.75	9,776.49	39,683.08	June
417.04	—	2,293.26	31,488.20	0.06	4,036.98	2,412.60	3,005.56	563.02	10,018.23	41,506.43	September
411.57	—	2,262.97	30,921.08	0.05	4,172.72	2,681.75	3,060.85	595.22	10,510.59	41,431.46	December
All sectors											
2000											
13,262.38	98.90	16,281.19	401,551.58	112.03	52,742.00	49,227.11	41,999.49	1,490.30	145,570.93	547,122.51	March
13,121.26	98.76	15,668.53	409,455.03	136.88	57,494.03	50,934.11	42,474.36	1,565.00	152,604.38	562,059.42	June
13,391.75	81.77	16,587.52	417,608.28	144.57	58,413.99	53,909.97	44,624.69	1,695.71	158,788.93	576,397.21	September
13,779.36	98.98	18,130.43	405,014.60	142.70	60,201.06	51,808.60	44,059.12	1,578.23	157,789.70	562,804.08	December

Austrian Banks' ¹⁾ Monthly Returns/II

End of period	Domestic liabilities												
	domestic interbank liabilities	domestic nonbank deposits						direct domestic issues	domestic nominal capital	reserves	liability reserve	domestic participation capital	domestic supplementary capital
		demand deposits	time deposits	savings deposits ²⁾	euro deposits ³⁾ (2 to 4)	foreign currency deposits	total (5 + 6)						
EUR million ⁴⁾	1	2	3	4	5	6	7	8	9	10	11	12	13
Joint stock and private banks													
2000													
March	33,345.75	10,405.32	8,403.11	25,011.82	43,820.25	1,586.69	45,406.94	17,129.53	911.43	3,067.19	1,837.39	84.69	324.40
June	35,755.77	10,795.03	8,290.23	24,739.92	43,825.18	1,665.32	45,490.50	17,889.20	947.67	3,054.49	1,837.14	75.01	204.49
September	34,009.06	11,021.65	8,278.69	24,671.25	43,971.59	1,712.13	45,683.72	19,051.19	945.81	3,048.90	1,837.01	75.01	204.49
December	23,099.90	11,475.14	8,024.05	25,089.28	44,588.47	1,453.33	46,041.80	18,667.91	873.30	2,531.51	1,617.13	7.43	130.77
Savings banks													
2000													
March	26,514.89	10,617.27	5,087.06	36,008.55	51,712.88	1,153.65	52,866.52	14,231.61	1,331.66	5,090.49	2,312.79	16.51	40.59
June	28,920.69	11,033.70	5,031.24	35,415.17	51,480.11	1,618.30	53,098.42	13,880.97	1,331.74	4,989.88	2,312.83	8.37	41.54
September	28,574.45	11,242.86	5,618.68	34,335.47	51,197.01	979.15	52,176.15	14,426.51	1,331.60	5,028.83	2,312.78	8.37	37.84
December	29,298.86	11,789.85	5,973.61	34,039.97	51,803.42	1,076.92	52,880.35	14,675.93	1,391.34	5,014.05	2,576.06	8.37	42.35
State mortgage banks													
2000													
March	2,808.03	1,564.91	655.30	4,361.20	6,581.40	71.39	6,652.79	13,501.02	166.68	608.04	321.23	2.35	31.79
June	3,233.73	1,520.42	742.41	4,185.10	6,447.93	69.48	6,517.40	13,773.89	166.68	607.70	323.58	2.35	31.79
September	3,077.79	1,546.22	844.35	4,084.46	6,475.03	69.66	6,544.69	14,138.57	169.50	604.93	323.58	2.35	31.79
December	3,264.36	1,516.62	716.40	3,959.97	6,192.99	79.17	6,272.16	14,417.73	172.20	629.47	327.21	2.35	28.16
Raiffeisen credit cooperatives													
2000													
March	30,002.58	6,652.60	3,228.83	32,314.29	42,195.73	341.11	42,536.84	10,300.51	822.18	3,113.40	1,494.14	12.10	89.28
June	31,983.90	7,174.76	2,897.71	31,845.45	41,917.92	515.74	42,433.66	10,375.16	827.40	3,125.02	1,505.15	12.10	90.14
September	32,639.31	7,312.59	2,949.36	31,542.41	41,804.35	556.37	42,360.71	10,620.55	834.39	3,172.45	1,501.47	15.95	92.35
December	32,339.47	7,471.09	2,544.67	32,267.74	42,283.50	527.07	42,810.57	11,002.77	918.96	3,385.06	1,502.43	31.74	90.87
Volksbank credit cooperatives													
2000													
March	5,598.83	1,666.02	438.16	7,945.85	10,050.02	139.66	10,189.69	1,963.79	226.91	639.75	360.71	27.35	1.52
June	5,913.76	1,719.55	432.98	7,890.26	10,042.79	111.93	10,154.72	2,664.63	226.32	645.79	362.83	27.36	1.52
September	5,833.81	1,694.48	552.90	7,904.21	10,151.59	77.92	10,229.51	2,743.56	229.69	662.69	363.69	27.38	1.41
December	5,984.33	1,759.43	459.80	8,061.27	10,280.50	77.29	10,357.79	3,044.79	230.12	665.57	365.49	27.29	1.41
Building and loan associations													
2000													
March	287.12	23.09	23.71	15,858.25	15,905.05	—	15,905.05	326.49	188.16	243.57	178.87	—	—
June	538.88	19.41	26.17	15,872.67	15,918.25	—	15,918.25	313.00	189.02	244.66	178.87	—	1.23
September	697.01	17.47	18.84	15,928.63	15,964.94	—	15,964.94	331.21	189.11	244.69	178.87	—	—
December	947.10	33.11	11.29	16,220.74	16,265.14	—	16,265.14	338.19	189.17	244.69	178.87	—	—
Special purpose banks													
2000													
March	6,198.03	271.68	577.48	—	849.16	99.05	948.21	3,048.90	522.75	1,221.07	232.11	0.18	24.30
June	6,783.71	265.48	567.42	—	832.90	99.82	932.72	3,152.94	523.85	1,240.62	233.22	0.18	24.30
September	6,866.46	318.68	645.66	39.59	1,003.93	68.13	1,072.06	3,165.95	529.47	1,257.34	250.64	0.18	24.30
December	6,185.35	448.24	552.42	40.26	1,040.91	108.93	1,149.84	3,220.38	528.58	1,272.91	238.52	0.18	25.61
All sectors													
2000													
March	104,755.23	31,200.88	18,413.66	121,499.95	171,114.49	3,391.54	174,506.04	60,501.85	4,169.77	13,983.50	6,737.24	143.18	511.88
June	113,130.44	32,528.35	17,988.16	119,948.57	170,465.08	4,080.59	174,545.67	62,049.80	4,212.67	13,908.16	6,753.62	125.37	395.01
September	111,697.88	33,153.94	18,908.48	118,506.01	170,568.43	3,463.34	174,031.78	64,477.53	4,229.58	14,019.82	6,768.04	129.23	392.18
December	101,119.36	34,493.47	18,282.24	119,679.22	172,454.92	3,322.71	175,777.63	65,367.70	4,303.67	13,743.26	6,805.71	77.36	319.17

Source: OeNB.

¹⁾ Banks as defined by the Austrian Banking Act.

²⁾ Thereof interest credited: EUR 2,935.62 million in 2000.

³⁾ Euro or national currencies as nondecimal subunits of the euro.

⁴⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Foreign liabilities										Total liabilities	
other domestic liabilities	total domestic liabilities (1, 7 to 14)	foreign interbank liabilities	foreign nonbank deposits	direct foreign issues	foreign nominal capital	foreign participation capital	foreign supplementary capital	other foreign liabilities	total foreign liabilities (16 to 22)	(15 + 23)	
14	15	16	17	18	19	20	21	22	23	24	
											Joint stock and private banks
											2000
5,747.36	107,854.67	13,196.07	8,064.59	680.28	323.30	5.79	17.12	302.59	22,589.74	130,444.41	March
5,636.61	110,890.85	13,252.19	8,169.13	690.44	321.20	5.79	17.12	296.74	22,752.62	133,643.48	June
6,061.43	110,916.62	13,113.22	8,187.69	687.57	318.32	5.79	17.12	301.10	22,630.80	133,547.42	September
5,178.95	98,148.70	11,511.79	8,645.84	572.58	299.19	0.73	169.93	164.33	21,364.39	119,513.09	December
											Savings banks
											2000
6,065.12	108,470.18	56,698.52	10,840.50	21,972.24	107.08	—	0.35	666.01	90,284.69	198,754.87	March
5,650.16	110,234.59	55,054.42	12,409.83	24,415.52	107.08	—	0.35	733.03	92,720.23	202,954.83	June
6,781.06	110,677.59	55,741.34	14,492.87	28,755.49	107.08	—	0.37	1,028.61	100,125.75	210,803.33	September
7,891.25	113,778.56	54,774.40	14,456.89	28,936.36	107.08	—	0.37	1,164.18	99,439.26	213,217.82	December
											State mortgage banks
											2000
632.28	24,724.22	924.24	1,126.95	2,726.56	—	—	1.53	11.03	4,790.31	29,514.53	March
734.50	25,391.63	841.63	1,114.46	2,960.67	—	—	1.53	15.21	4,933.50	30,325.13	June
800.97	25,694.17	1,228.61	1,141.63	3,374.72	—	—	1.53	11.55	5,758.03	31,452.20	September
833.34	25,946.98	1,204.15	1,157.87	3,687.92	11.16	—	1.53	9.52	6,072.15	32,019.12	December
											Raiffeisen credit cooperatives
											2000
2,253.65	90,624.68	12,515.49	4,189.37	1,176.41	0.22	—	2.39	85.66	17,969.54	108,594.21	March
2,689.65	93,042.20	14,392.56	4,556.67	1,622.76	0.22	—	2.39	89.04	20,663.64	113,705.84	June
2,908.69	94,145.87	15,650.80	4,841.82	1,699.85	0.21	—	2.39	82.52	22,277.59	116,423.46	September
3,079.71	95,161.57	12,151.12	4,377.37	1,698.88	0.21	—	2.39	88.56	18,318.54	113,480.11	December
											Volksbank credit cooperatives
											2000
1,156.19	20,164.74	2,092.94	1,165.59	145.91	52.13	0.32	2.00	1.17	3,460.07	23,624.81	March
1,126.91	21,123.84	1,416.88	1,134.78	154.93	53.16	0.31	2.00	0.72	2,762.79	23,886.63	June
1,137.09	21,228.82	1,932.05	1,099.61	164.30	53.20	0.29	1.99	0.89	3,252.32	24,481.14	September
1,039.47	21,716.26	1,555.00	1,122.58	173.29	53.20	0.38	1.89	1.69	2,908.02	24,624.28	December
											Building and loan associations
											2000
463.69	17,592.95	—	11.86	0.92	3.54	—	—	0.21	16.54	17,609.49	March
459.77	17,843.69	—	11.99	0.63	3.53	—	0.59	—	16.74	17,860.43	June
560.89	18,166.72	—	11.72	1.26	3.53	—	—	—	16.51	18,183.22	September
338.11	18,501.27	—	12.15	1.25	3.53	—	—	—	16.94	18,518.21	December
											Special purpose banks
											2000
2,950.66	15,146.22	4,069.69	315.22	18,796.66	52.90	—	—	199.52	23,433.98	38,580.20	March
3,446.42	16,337.96	3,564.43	523.16	18,966.28	52.90	—	—	238.36	23,345.12	39,683.08	June
2,990.58	16,156.97	3,105.83	546.74	21,326.49	52.90	—	—	317.50	25,349.46	41,506.43	September
2,854.33	15,475.69	2,919.59	500.75	22,158.77	52.33	—	—	324.33	25,955.77	41,431.46	December
											All sectors
											2000
19,268.96	384,577.64	89,496.96	25,714.09	45,498.99	539.16	6.11	23.38	1,266.18	162,544.87	547,122.51	March
19,744.02	394,864.76	88,522.13	27,920.03	48,811.23	538.09	6.10	23.97	1,373.11	167,194.65	562,059.42	June
21,240.70	396,986.75	90,771.84	30,322.07	56,009.66	535.23	6.08	23.40	1,742.17	179,410.46	576,397.21	September
21,215.16	388,729.03	84,116.04	30,273.45	57,229.04	526.71	1.10	176.10	1,752.61	174,075.06	562,804.08	December

Profitability of Austrian Banks¹⁾

End of period

	Joint stock and private banks ²⁾	Savings banks	State mortgage banks	Raiffeisen credit coopera- tives	Volksbank credit coopera- tives	Building and loan associations	Special purpose banks ²⁾	All sectors
	<i>EUR million³⁾</i>							
Interest receivable and similar income								
1996	5,977.49	6,855.81	1,438.63	4,334.79	1,070.54	869.09	1,400.84	21,947.20
1997	6,195.72	6,973.25	1,435.07	4,296.35	1,017.93	897.95	1,302.73	22,118.92
1998	5,389.34	8,370.60	1,479.47	4,376.29	1,027.52	918.88	1,409.13	22,971.16
1999	5,259.70	7,997.50	1,486.74	4,306.08	944.02	855.50	1,531.43	22,380.91
2000	5,600.24	10,529.86	1,853.23	5,424.74	1,156.52	813.50	2,129.53	27,507.54
Interest payable and similar charges								
1996	4,485.37	4,614.94	1,104.77	2,730.03	635.60	587.12	1,097.29	15,255.12
1997	4,524.03	4,866.83	1,094.74	2,728.57	597.59	657.83	1,147.87	15,617.39
1998	3,810.45	6,314.69	1,139.00	2,818.62	616.85	694.53	1,232.75	16,626.82
1999	3,726.44	6,004.23	1,119.96	2,755.61	549.99	662.34	1,273.95	16,092.60
2000	3,937.70	8,466.39	1,473.37	3,719.61	711.69	629.56	1,834.26	20,772.66
Net interest income								
1996	1,492.12	2,240.87	333.86	1,604.76	434.95	281.97	303.55	6,692.08
1997	1,671.69	2,106.42	340.33	1,567.77	420.34	240.11	154.87	6,501.53
1998	1,578.82	2,055.91	340.47	1,557.67	410.67	224.34	176.38	6,344.34
1999	1,533.25	1,993.27	366.78	1,550.47	393.96	193.16	257.48	6,288.31
2000	1,662.46	2,063.47	379.86	1,705.12	444.83	183.86	295.27	6,734.88
Income from debt securities and participating interests								
1996	180.88	265.04	24.93	183.64	44.77	22.53	26.38	748.24
1997	194.33	314.82	29.58	247.81	51.31	33.94	70.78	942.57
1998	273.25	702.75	28.34	245.85	50.94	50.80	33.14	1,385.07
1999	299.19	552.39	40.33	282.12	68.09	83.86	31.18	1,357.17
2000	476.30	774.55	52.25	308.79	76.38	78.56	49.64	1,816.60
Commissions receivable								
1996	693.23	676.95	62.57	466.05	131.97	54.87	471.50	2,557.21
1997	794.60	732.54	65.77	515.32	143.38	33.72	459.00	2,744.34
1998	865.32	849.98	76.09	596.50	163.73	52.47	532.18	3,136.20
1999	958.99	940.46	86.63	673.39	190.84	52.40	579.57	3,482.19
2000	1,115.75	1,156.66	98.62	807.18	215.26	53.20	773.38	4,219.97
Commissions payable								
1996	163.59	100.58	8.79	74.13	12.79	36.77	143.17	539.81
1997	139.68	127.18	9.16	90.19	14.39	31.76	182.48	594.83
1998	145.27	159.95	13.23	113.15	19.69	31.98	257.41	740.75
1999	164.46	172.38	13.74	125.58	21.51	21.22	307.55	826.36
2000	189.97	255.52	12.79	143.53	21.87	19.84	398.10	1,041.55
Net commissions income								
1996	529.64	576.37	53.78	391.92	119.18	18.17	328.41	2,017.40
1997	654.93	605.36	56.61	425.14	128.99	2.03	276.52	2,149.44
1998	719.97	690.03	62.79	483.35	144.04	20.49	274.78	2,395.51
1999	794.53	768.08	72.89	547.81	169.26	31.18	324.05	2,707.79
2000	925.71	901.14	85.90	663.65	193.38	33.36	375.28	3,178.42
Net profit or net loss on financial operations								
1996	182.41	214.82	25.29	90.62	7.92	x	57.19	578.26
1997	221.72	226.09	34.59	104.21	6.32	x	25.36	618.30
1998	193.67	288.73	37.35	81.18	11.85	1.67	46.58	661.03
1999	125.51	223.61	31.90	37.21	6.32	-	26.09	450.64
2000	130.45	171.80	24.93	73.18	12.57	-	98.25	511.25
Other operating income								
1996	380.81	85.83	6.76	180.23	59.45	59.59	494.25	1,266.91
1997	435.46	92.59	9.88	179.50	56.68	86.70	340.98	1,201.79
1998	489.38	81.76	7.70	202.18	52.47	71.29	354.13	1,258.91
1999	463.51	44.62	13.59	219.11	51.09	84.95	405.73	1,282.60
2000	396.43	116.57	9.30	226.67	51.96	70.13	410.82	1,281.95
Operating income								
1996	2,765.93	3,382.92	444.61	2,451.18	666.26	382.26	1,209.86	11,302.88
1997	3,178.13	3,345.28	470.99	2,524.44	663.65	362.71	868.44	11,413.63
1998	3,255.09	3,819.18	476.73	2,570.07	669.97	368.60	885.08	12,044.65
1999	3,215.99	3,581.97	525.42	2,636.72	688.79	393.16	1,044.45	12,086.51
2000	3,591.49	4,027.60	552.31	2,977.33	779.20	365.98	1,229.19	13,523.11
General administrative expenses								
1996	1,553.24	2,115.80	224.56	1,393.21	351.59	226.30	529.13	6,393.83
1997	1,790.95	2,096.03	241.64	1,466.76	363.65	230.52	351.01	6,540.63
1998	1,881.28	2,207.36	252.39	1,541.46	362.20	231.17	349.63	6,825.43
1999	1,904.54	2,310.20	268.82	1,603.16	375.21	228.05	410.17	7,100.21
2000	1,858.61	2,474.29	287.78	1,689.35	403.48	239.09	455.95	7,408.63
Staff costs								
1996	996.42	1,419.16	155.81	918.58	242.00	101.31	227.25	4,060.52
1997	1,072.51	1,424.17	166.20	950.05	250.50	106.18	176.89	4,146.42
1998	1,059.72	1,508.76	167.00	989.51	243.53	110.17	168.89	4,247.51
1999	1,051.43	1,605.42	176.52	1,020.62	245.56	105.16	194.18	4,398.81
2000	1,014.88	1,639.86	182.92	1,058.84	260.97	104.43	216.86	4,478.83

Source: OeNB.

¹⁾ Banks as defined by the Austrian Banking Act. Based on quarterly reports

²⁾ From the May 1997 reporting period a bank in the sector special purpose banks was reclassified under the sector joint stock and private banks and another from the sector joint stock and private banks to the sector special purpose banks.

³⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

⁴⁾ Based on quarterly data reported by banks, unadjusted.

⁵⁾ Includes writeoffs already made.

⁶⁾ Credit business accounted for EUR 1.84 billion thereof in 1996, EUR 1.70 billion in 1997, EUR 2.03 billion in 1998, EUR 1.77 billion in 1999; for 2000 based on quarterly data reported by banks, unadjusted: EUR 1.96 billion.

End of period	Joint stock and private banks ²⁾	Savings banks	State mortgage banks	Raiffeisen credit cooperatives	Volksbank credit cooperatives	Building and loan associations	Special purpose banks ²⁾	All sectors
	<i>EUR million³⁾</i>							
Other administrative expenses								
1996	556.82	696.64	68.75	474.63	109.59	125.00	301.88	2,333.31
1997	718.52	671.86	75.43	516.78	113.15	124.34	174.12	2,394.21
1998	821.57	698.60	85.39	551.95	118.67	121.00	180.74	2,577.92
1999	853.11	704.78	92.29	582.62	129.65	122.89	215.98	2,701.39
2000	843.73	834.36	104.87	630.51	142.51	134.66	239.09	2,929.81
Depreciation and amortization								
1996	107.77	192.80	18.75	123.33	36.41	11.12	34.88	525.06
1997	130.59	191.27	19.11	132.12	35.61	11.70	23.84	544.32
1998	142.08	201.96	21.22	147.96	36.92	12.14	24.05	586.40
1999	158.79	203.70	23.40	154.72	39.97	12.21	27.83	620.63
2000	142.29	239.60	23.69	164.89	40.91	12.06	31.03	654.56
Other operating charges								
1996	260.53	39.53	1.89	68.89	49.56	76.74	347.52	844.60
1997	281.03	45.78	1.74	77.11	50.00	61.19	278.48	795.33
1998	291.56	48.33	2.03	78.05	47.09	59.74	261.62	788.35
1999	307.19	33.43	1.82	88.66	50.29	57.05	279.50	817.86
2000	340.47	80.01	1.31	90.48	49.71	56.18	321.65	939.73
Operating expenses								
1996	1,921.54	2,348.20	245.20	1,585.43	437.49	314.16	911.46	7,763.49
1997	2,202.57	2,333.09	262.49	1,675.98	449.26	303.41	653.33	7,880.28
1998	2,314.99	2,457.65	275.65	1,767.40	446.28	303.05	635.23	8,200.18
1999	2,370.59	2,547.26	294.03	1,846.54	465.47	297.30	717.50	8,538.69
2000	2,341.37	2,793.91	312.86	1,944.80	494.10	307.33	808.63	9,002.93
Operating profit								
1996	844.31	1,034.72	199.41	865.82	228.70	68.02	298.39	3,539.39
1997	975.49	1,012.19	208.50	848.46	214.31	59.30	215.11	3,533.35
1998	940.10	1,361.53	201.09	802.74	223.69	65.55	249.78	3,844.47
1999	845.40	1,034.72	231.39	790.17	223.32	95.78	326.96	3,547.82
2000	1,250.12	1,233.69	239.46	1,032.54	285.10	58.65	420.63	4,520.18
Expected operating profit or loss								
1996	846.93	1,033.99	196.94	843.88	223.98	64.61	295.92	3,506.25
1997	965.46	1,011.82	205.95	827.16	212.57	54.58	200.00	3,477.54
1998	954.92	1,361.53	200.72	791.04	221.51	57.34	258.42	3,845.48
1999	847.07	1,034.72	231.03	786.83	222.16	65.62	289.31	3,476.81
2000 ⁴⁾	1,241.03	1,233.77	239.17	1,022.36	282.99	60.03	315.11	4,394.45
Expected net provision for bad debts⁵⁾								
1996 ⁶⁾	458.49	596.57	88.44	357.77	101.16	9.45	22.89	1,634.78
1997 ⁶⁾	319.47	610.02	93.17	387.20	74.42	1.96	28.49	1,514.79
1998 ⁶⁾	428.70	616.12	96.80	363.36	103.63	6.83	89.82	1,705.27
1999 ⁶⁾	480.80	385.46	111.70	367.14	100.36	28.20	37.35	1,511.09
2000 ⁴⁾	310.31	370.85	288.44	366.71	121.07	5.52	55.45	1,518.35
Expected profit or loss on ordinary activities								
1996	388.51	437.42	108.50	486.11	122.82	55.16	272.96	1,871.54
1997	645.99	401.81	112.72	439.96	138.15	52.62	171.51	1,962.82
1998	526.22	745.41	103.85	427.68	117.88	50.51	168.60	2,140.14
1999	366.20	649.26	119.40	419.76	121.80	37.43	251.96	1,965.73
2000 ⁴⁾	930.72	862.92	- 49.27	655.65	161.84	54.50	259.66	2,876.10
Expected extraordinary profit or loss								
1996	- 97.31	- 46.15	0.07	- 16.42	- 10.39	- 1.67	2.40	- 169.40
1997	- 66.64	- 42.37	- 17.66	- 0.80	- 17.15	- 0.94	- 0.44	- 146.00
1998	- 54.87	- 158.50	- 5.67	11.77	- 1.09	- 1.16	- 0.65	- 210.17
1999	143.89	- 97.38	- 8.21	4.07	- 6.10	- 2.25	- 10.90	23.18
2000 ⁴⁾	- 58.28	- 193.96	174.92	- 3.71	- 4.65	- 2.62	- 0.29	- 88.66
Expected tax on profit or loss and other taxes								
1996	80.09	63.01	30.45	126.23	25.87	11.99	81.83	419.39
1997	99.20	66.42	26.60	120.93	23.26	11.55	61.12	409.15
1998	69.48	57.34	21.51	100.29	19.99	11.05	23.91	303.48
1999	92.95	50.80	21.87	104.65	20.93	10.10	35.39	336.69
2000 ⁴⁾	110.03	70.71	35.25	154.65	24.71	3.71	52.83	451.88
Expected profit or loss for the year after tax								
1996	211.11	328.34	78.12	343.52	86.55	41.57	193.53	1,282.68
1997	480.15	293.02	68.46	318.16	97.74	40.12	109.95	1,407.67
1998	401.95	529.49	76.67	339.24	96.80	38.23	144.04	1,626.49
1999	417.21	501.08	89.24	319.18	94.77	25.07	205.66	1,652.22
2000 ⁴⁾	762.41	598.24	90.41	497.30	132.56	48.18	206.61	2,335.56

Equity Ratios Pursuant to § 23 Austrian Banking Act 1993

End of period	Equity ¹⁾					Assessment basis	Equity ratio (5 in 6) %
	tier I capital (core capital)	tier II capital (supplementary capital)	deduction item	tier III capital	total (1 + 2 - 3 + 4)		
	EUR million ²⁾						
	1	2	3	4	5	6	7
Joint stock and private banks							
1997	5,260.79	2,459.54	411.33	—	7,309.00	62,021.10	11.78
1998	5,534.55	2,664.48	671.21	249.34	7,777.23	61,658.61	12.61
1999	5,732.43	3,009.24	904.34	386.11	8,223.44	69,655.24	11.81
2000	5,178.01	3,015.85	440.11	529.93	8,283.61	63,813.14	12.98
Savings banks							
1997	6,770.64	4,340.68	209.37	—	10,901.94	73,330.16	14.87
1998	7,692.78	4,116.99	213.88	613.79	12,209.69	78,257.45	15.60
1999	7,974.32	4,322.29	320.78	804.56	12,780.46	78,968.05	16.18
2000	8,673.28	5,479.60	502.46	923.96	14,574.46	90,703.91	16.07
State mortgage banks							
1997	823.17	437.85	17.30	—	1,243.80	10,519.90	11.82
1998	964.08	476.52	27.62	—	1,412.98	11,689.93	12.09
1999	1,047.58	550.21	36.05	—	1,561.74	13,129.07	11.90
2000	1,119.02	635.96	71.22	—	1,683.68	15,001.85	11.22
Raiffeisen credit cooperatives							
1997	4,552.23	1,659.99	209.88	—	6,002.34	50,797.29	11.82
1998	4,875.04	1,819.66	192.51	938.06	7,440.32	54,522.94	13.65
1999	5,213.40	2,080.91	221.22	1,001.87	8,075.04	60,440.83	13.36
2000	5,745.66	2,563.32	256.10	71.80	8,124.68	66,444.92	12.23
Volksbank credit cooperatives							
1997	1,145.76	332.11	0.65	—	1,477.29	12,470.29	11.85
1998	1,193.29	358.57	0.65	3.34	1,554.54	13,325.07	11.67
1999	1,246.85	345.41	0.36	—	1,591.90	14,754.18	10.79
2000	1,329.40	518.88	1.96	4.72	1,851.05	16,006.92	11.56
Building and loan associations							
1997	404.57	194.84	32.92	—	566.48	6,935.90	8.17
1998	604.42	204.94	110.10	—	699.26	7,069.10	9.89
1999	616.19	196.65	110.39	—	702.46	7,122.23	9.86
2000	613.87	194.62	111.41	—	697.08	7,596.85	9.18
Special purpose banks							
1997	1,115.53	208.79	31.32	—	1,293.00	6,470.21	19.98
1998	1,941.31	220.78	36.48	1.67	2,127.28	6,556.76	32.44
1999	1,959.04	264.09	27.98	31.47	2,226.55	8,359.27	26.64
2000	1,992.69	253.12	69.62	41.86	2,218.05	10,741.19	20.65
All sectors							
1997	20,072.75	9,633.80	912.63	—	28,793.92	222,544.93	12.94
1998	22,805.46	9,861.99	1,252.44	1,806.14	33,221.15	233,079.87	14.25
1999	23,789.89	10,768.88	1,621.11	2,224.01	35,161.59	252,428.94	13.93
2000	24,651.86	12,661.42	1,452.88	1,572.28	37,432.69	270,308.79	13.85

Source: OeNB.

¹⁾ Referred to as "own funds" in the Austrian Banking Act.

²⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Austrian Collective Investment Assets

End of period	Domestic securities							Foreign securities						
	Federal Treasury bills and notes		debt securities		equity securities			debt securities		equity securities				
					stocks and other equity securities				stocks and other equity securities		mutual funds shares			
	euro ¹⁾	foreign currency	euro ¹⁾	foreign currency	euro ¹⁾	foreign currency	euro ¹⁾	foreign currency	euro ¹⁾	foreign currency	euro ¹⁾	foreign currency	euro ¹⁾	foreign currency
	EUR million ²⁾													
1999	589	26,112	358	1,511	10	4,636	364	17,588	7,566	5,335	9,445	546	807	
2000	424	23,953	349	1,724	21	7,874	561	22,634	7,702	6,241	10,825	1,758	2,050	
2000														
1 st quarter	283	25,769	420	1,580	49	5,658	450	19,831	7,769	6,296	11,056	959	1,508	
2 nd quarter	252	25,420	422	1,665	26	6,506	495	21,042	7,634	6,430	11,348	1,314	1,853	
3 rd quarter	413	24,940	437	1,717	30	7,140	571	21,753	8,087	6,608	12,663	1,652	2,187	
4 th quarter	424	23,953	349	1,724	21	7,874	561	22,634	7,702	6,241	10,825	1,758	2,050	

End of period	Other assets		Total assets			Retail funds					Institutional funds	Changes in collective investment assets ³⁾		
	euro ¹⁾	foreign currency	euro ¹⁾	foreign currency	total	total	equity funds	fixed income funds	balanced funds	money market funds (regulation ECB /1998/16)		changes in net assets under management	cash outflow from distributions on the payment date	valuation changes and investment income
	EUR million ²⁾													
1999	4,855	619	61,172	19,169	80,341	x	x	x	x	x	x	x	x	x
2000	4,950	908	69,559	22,416	91,974	62,974	13,918	33,931	14,260	865	29,000	12,270	3,323	2,687
2000														
1 st quarter	4,394	578	64,770	21,830	86,600	x	x	x	x	x	x	x	x	x
2 nd quarter	5,432	624	68,061	22,402	90,462	x	x	x	x	x	x	x	x	x
3 rd quarter	5,726	559	69,948	24,534	94,482	x	x	x	x	x	x	x	x	x
4 th quarter	4,950	908	69,559	22,416	91,974	62,974	13,918	33,931	14,260	865	29,000	12,270	3,323	2,687

Source: OeNB.

¹⁾ Euro or national currencies as nondecimal subunits of the euro.

²⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

³⁾ Cumulative calendar year changes.

Assets Held by Austrian Pension Funds

End of period	Domestic securities					Foreign securities				Deposits	Lending	Other assets	Total assets				
	Federal Treasury bills and notes	debt securities		mutual funds shares	other securities	debt securities		mutual funds shares	other securities				euro ¹⁾	foreign currency	euro ¹⁾	foreign currency	total
		euro ¹⁾	foreign currency			euro ¹⁾	foreign currency										
	<i>EUR million²⁾</i>																
1999	25.44	10.61	1.74	5,887.30	8.36	23.40	9.01	426.23	5.31	103.12	68.89	593.16	6,820.64	341.93	7,162.49		
2000	—	29.21	1.67	7,029.72	9.16	6.32	34.52	477.46	4.07	94.84	71.22	89.31	7,468.22	379.35	7,847.65		
2000																	
1 st qu.	—	21.66	2.40	6,318.90	6.76	7.49	6.03	488.87	5.38	49.64	69.26	469.03	7,074.48	370.99	7,445.48		
2 nd qu.	—	22.82	2.91	6,846.07	6.76	7.49	32.63	505.22	4.14	43.39	69.33	95.20	7,231.89	404.06	7,635.95		
3 rd qu.	—	24.49	2.98	7,060.60	6.83	6.47	33.28	527.31	4.14	24.05	69.33	53.63	7,386.90	426.15	7,813.06		
4 th qu.	—	29.21	1.67	7,029.72	9.16	6.32	34.52	477.46	4.07	94.84	71.22	89.31	7,468.22	379.35	7,847.65		

Source: OeNB.

¹⁾ Euro or national currencies as nondecimal subunits of the euro.

²⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

The Austrian Stock Market¹⁾

	Wiener Börse's all-share index (WBI) ²⁾		Total market value		Total turnover ³⁾		Average dividend yield		Capital increases in return for cash contributions		New issues	
	Dec. 31, 1967 = 100	EUR million ⁴⁾	shares	participation certificates	shares	participation certificates	shares	participation certificates	shares	participation certificates	shares	participation certificates
			% p.a.		Market value in EUR million ⁴⁾							
1991	418.98	18,831.42	1,035.01	16,190.71	1,780.12	1.99	2.83	696.64	—	1,093.87	—	
1992	348.46	16,722.38	887.77	11,192.71	1,393.07	2.24	3.43	160.90	—	914.95	—	
1993	483.67	23,982.23	768.50	14,999.67	874.40	1.35	2.44	404.99	2.67	787.03	—	
1994	429.64	23,352.79	711.58	27,708.48	770.99	1.46	2.55	361.15	2.90	2,157.23	—	
1995	387.36	22,847.54	611.54	33,504.29	417.50	1.90	3.00	131.66	3.47	1,781.93	—	
1996	429.20	25,979.91	361.68	31,530.52	793.15	2.00	3.08	418.71	—	99.35	—	
1997	486.96	32,844.37	508.23	43,888.88	789.58	1.90	2.93	491.97	—	2,731.87	—	
1998 ⁵⁾	464.32	29,045.26	561.53	..	..	2.11	2.49	511.57	—	125.24	—
1999 ⁵⁾	493.32	32,102.07	210.31	..	..	2.14	2.65	535.35	—	854.46	—
2000 ⁵⁾	456.86	31,197.46	72.36	..	..	2.26	2.17	467.05	—	1,924.61	—
2000 ⁵⁾												
January	475.52	31,005.69	201.49	..	..	x	x	—	—	—	—
February	473.02	30,678.14	194.64	..	..	x	x	—	—	—	—
March	480.60	31,421.91	190.93	..	..	x	x	—	—	234.33	—
April	481.56	30,789.58	205.65	..	..	x	x	—	—	—	—
May	475.40	30,090.81	122.29	..	..	x	x	76.24	—	—	—
June	474.02	30,256.91	122.38	..	..	x	x	40.00	—	124.03	—
July	482.04	30,775.27	70.87	..	..	x	x	44.00	—	105.00	—
August	488.21	31,177.50	71.05	..	..	x	x	—	—	—	—
September	486.21	31,049.02	71.33	..	..	x	x	—	—	—	—
October	472.64	31,168.14	71.72	..	..	x	x	293.33	—	—	—
November	449.14	30,901.61	72.19	..	..	x	x	—	—	1,461.25	—
December	456.86	31,197.46	72.36	..	..	x	x	13.48	—	—	—

Quoted issues
shares participation certificates profit sharing rights warrants

Listed companies

	number	number	number	number	number
1991	117	15	20	106	103
1992	128	15	20	98	112
1993	129	15	20	154	111
1994	130	14	20	14	111
1995	128	13	20	11	109
1996	123	8	18	3	106
1997	118	8	20	3	101
1998	112	7	20	3	96
1999	113	6	21	3	98
2000	111	3	22	3	97
2000					
January	113	6	20	3	98
February	112	6	20	3	97
March	112	6	20	3	97
April	109	6	20	3	94
May	108	5	20	3	92
June	110	5	20	3	94
July	111	3	21	3	96
August	110	3	21	3	96
September	110	3	21	3	98
October	110	3	21	3	96
November	112	3	21	3	97
December	111	3	22	3	97

Source: Wiener Börse AG.

¹⁾ Issues launched by domestic issuers.

²⁾ End of period.

³⁾ Purchases and sales.

⁴⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

⁵⁾ Total turnover figures are not available.

The Austrian Bond Market/I

	Nonbank issues					Bank issues			Debt securities	
	federal government		other public	other	domestic	foreign issuers	total	thereof	total	
	total	thereof federal medium- term notes	bodies	domestic nonbanks	nonbanks (1 + 3 + 4)			mortgage bonds	municipal bonds	(5 + 6 + 7)
	EUR million ¹⁾									
	1	2	3	4	5	6	7	8	9	10
Volume of debt securities outstanding										
1991	27,076.52	7,773.38	2,110.42	2,247.63	31,434.56	1,442.56	35,758.96	4,136.10	9,555.46	68,636.08
1992	30,070.57	7,141.05	2,167.18	2,148.06	34,385.81	1,947.63	37,029.86	4,347.36	9,575.37	73,363.30
1993	34,912.03	6,222.32	2,180.77	2,539.55	39,632.35	2,172.92	41,967.18	4,838.78	9,590.56	83,772.45
1994	39,821.44	5,427.79	2,279.53	3,072.75	45,173.72	1,947.63	45,688.10	5,043.42	9,478.65	92,809.46
1995	44,768.79	4,885.14	1,869.94	3,677.03	50,315.76	1,893.13	49,606.26	5,201.99	9,482.21	101,815.15
1996 ²⁾	49,027.56	3,818.67	1,719.37	3,032.86	53,779.86	1,394.59	53,462.79	4,796.04	9,272.47	108,637.24
1997	53,938.36	2,114.63	2,073.65	3,397.82	59,409.82	1,674.02	56,923.03	4,937.32	8,684.26	118,006.87
1998	61,470.32	1,310.95	1,878.74	3,758.57	67,107.55	1,743.42	56,198.41	4,902.51	8,110.14	125,049.45
1999	78,807.73	967.28	1,598.66	3,723.76	84,130.14	1,452.73	58,696.03	4,958.69	7,221.43	144,278.83
2000	89,411.93	710.01	1,383.18	3,405.30	94,200.42	1,302.30	62,420.95	4,541.83	7,109.15	157,923.66
2000										
January	83,434.45	967.28	1,590.66	3,727.17	88,752.28	1,452.73	58,839.27	4,910.07	7,242.21	149,044.28
February	83,565.62	967.28	1,548.51	3,685.09	88,799.23	1,452.73	58,449.23	4,837.98	7,165.90	148,701.19
March	84,936.52	967.28	1,545.75	3,703.92	90,186.19	1,452.73	58,646.11	4,811.16	7,160.96	150,285.02
April	87,115.76	929.49	1,545.75	3,534.88	92,196.39	1,452.73	58,976.84	4,818.43	7,078.48	152,625.96
May	86,466.50	849.55	1,399.82	3,538.44	91,404.84	1,452.73	59,940.84	4,848.37	7,114.53	152,798.41
June	88,094.74	827.74	1,383.69	3,534.01	93,012.43	1,380.06	60,287.78	4,835.29	7,148.75	154,680.28
July	88,734.55	776.87	1,383.69	3,527.18	93,645.41	1,380.06	60,596.50	4,747.57	7,252.17	155,621.97
August	88,720.01	762.34	1,382.96	3,523.83	93,626.81	1,380.06	60,916.33	4,733.04	7,276.51	155,923.20
September	89,850.08	762.34	1,376.42	3,557.63	94,784.13	1,374.97	60,770.11	4,573.66	7,283.93	156,929.14
October	90,950.05	762.34	1,375.70	3,503.70	95,829.45	1,374.97	61,828.30	4,617.63	7,162.20	159,032.65
November	90,931.08	746.35	1,387.25	3,501.52	95,819.93	1,374.97	62,944.19	4,572.87	7,163.51	160,139.10
December	89,411.93	710.01	1,383.18	3,405.30	94,200.42	1,302.30	62,420.95	4,541.83	7,109.15	157,923.66
Gross issues										
1991	4,738.49	121.44	36.34	111.33	4,886.16	363.36	5,152.94	604.57	537.85	10,402.46
1992	4,348.16	—	192.58	39.97	4,580.71	541.41	6,573.26	718.01	796.13	11,695.38
1993	6,850.00	121.36	363.36	626.15	7,839.51	370.63	10,268.16	868.73	1,031.52	18,478.30
1994	7,285.02	195.49	308.86	874.76	8,468.64	330.66	9,950.73	617.57	886.25	18,750.03
1995	8,362.03	482.55	127.18	1,008.26	9,497.47	272.52	12,587.88	654.64	1,266.25	22,357.87
1996 ²⁾	7,503.47	47.24	171.87	437.49	8,112.83	397.52	12,237.74	361.62	917.93	20,748.09
1997	8,752.43	—	398.68	792.93	9,944.04	478.84	12,430.62	687.56	735.96	22,853.57
1998	11,950.83	232.55	9.08	659.43	12,619.35	127.18	11,560.50	542.72	572.59	24,307.03
1999	19,596.30	—	39.97	690.46	20,326.74	—	13,379.50	791.70	400.43	33,706.39
2000	18,217.70	—	21.80	102.54	18,342.04	—	14,491.54	353.92	940.90	32,833.88
2000										
January	5,375.97	—	—	7.27	5,383.24	—	1,176.57	28.71	130.45	6,559.81
February	1,649.96	—	—	—	1,649.96	—	1,000.56	36.34	66.50	2,650.60
March	2,242.97	—	—	13.01	2,255.98	—	1,131.73	18.53	94.69	3,387.72
April	2,750.01	—	—	—	2,750.01	—	1,014.37	31.10	14.39	3,764.38
May	668.88	—	—	—	668.88	—	1,793.57	34.08	90.70	2,462.45
June	1,649.96	—	7.27	7.27	1,664.50	—	1,196.41	24.85	128.19	2,860.98
July	1,649.96	—	—	—	1,649.96	—	1,086.02	7.56	189.53	2,736.06
August	—	—	—	—	—	—	648.31	3.34	67.00	648.31
September	1,129.99	—	—	34.01	1,164.00	—	619.90	19.48	84.95	1,783.90
October	1,099.98	—	—	2.98	1,102.96	—	1,679.76	83.07	29.43	2,782.72
November	—	—	14.53	34.88	49.42	—	1,742.99	8.58	17.30	1,792.40
December	—	—	—	3.12	3.12	—	1,401.35	58.28	27.76	1,404.55

Source: OeNB.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

²⁾ Data break because of the new survey method applied from the beginning of the 1996 reporting period.

³⁾ It is not possible to compare results (volume of debt securities outstanding of the previous period + net issues = volume of debt securities outstanding) for periods which include data prior to the first quarter of 1996 with data after that period because the data after the beginning of the 1996 reporting period include the schilling values of foreign currency issues (resulting in possible valuation differences).

The Austrian Bond Market/II

	Nonbank issues					Bank issues			Debt securities	
	federal government		other public bodies	other domestic nonbanks	domestic nonbanks (1 + 3 + 4)	foreign issuers	total	thereof	total (5 + 6 + 7)	
	total	thereof federal medium-term notes					mortgage bonds	municipal bonds		
	EUR million ¹⁾									
	1	2	3	4	5	6	7	8	9	10
Redemptions										
1991	1,450.84	711.76	151.23	141.93	1,744.00	—	4,080.94	425.86	499.55	5,824.95
1992	1,354.11	632.33	135.83	139.53	1,629.47	36.34	5,302.36	506.75	776.22	6,968.16
1993	2,008.53	1,040.09	349.77	234.66	2,592.97	145.35	5,330.84	377.32	1,016.33	8,069.16
1994	2,375.60	990.02	210.10	341.56	2,927.26	555.95	6,229.81	412.93	998.16	9,713.01
1995	3,414.68	1,025.20	536.76	403.99	4,355.43	327.03	8,669.72	496.06	1,262.69	13,352.18
1996 ²⁾	2,460.70	819.82	133.35	445.05	3,039.11	290.69	8,991.08	638.36	1,051.79	12,320.88
1997	3,841.70	1,704.03	76.38	377.97	4,295.98	200.43	9,238.03	546.79	1,324.10	13,734.37
1998	4,416.18	1,036.24	204.07	262.86	4,883.18	316.13	12,014.64	581.02	1,146.70	17,213.80
1999	8,291.83	358.20	377.10	633.71	9,302.49	290.69	11,583.98	735.52	1,289.00	21,177.01
2000	7,083.71	257.26	215.47	516.56	7,815.82	150.43	10,706.09	770.77	1,053.25	18,672.19
2000										
January	749.26	—	7.99	3.63	760.88	—	1,255.06	77.32	109.66	2,015.94
February	1,518.86	—	20.35	41.93	1,581.14	—	1,052.96	108.43	142.80	2,634.03
March	872.07	—	2.83	65.41	940.31	—	1,172.07	45.42	99.63	2,112.38
April	40.77	37.79	—	170.05	210.82	—	863.79	23.76	96.95	1,074.61
May	1,318.14	79.94	145.93	3.56	1,467.63	—	660.89	4.22	54.65	2,128.44
June	21.80	21.80	23.40	5.09	50.29	72.67	810.23	37.86	93.89	933.26
July	1,010.15	50.87	—	7.27	1,017.42	—	855.07	95.35	86.19	1,872.49
August	14.53	14.53	0.73	25.44	40.70	—	435.75	17.80	42.66	476.44
September	—	—	6.54	1.31	7.85	5.09	845.48	178.85	77.54	858.41
October	—	—	0.73	57.34	58.07	—	808.41	39.10	151.16	866.48
November	18.97	15.99	2.91	37.28	59.23	—	456.60	53.34	16.06	515.76
December	1,519.15	36.34	4.07	98.25	1,621.48	72.67	1,489.79	89.31	82.05	3,183.94
Net issues										
1991	3,287.65	— 590.32	— 114.90	— 30.60	3,142.16	363.36	1,072.00	178.70	38.30	4,577.52
1992	2,994.05	— 632.33	56.76	— 99.56	2,951.24	505.08	1,270.90	211.26	19.91	4,727.22
1993	4,841.46	— 918.73	13.59	391.49	5,246.54	225.29	4,937.32	491.41	15.19	10,409.15
1994	4,909.41	— 794.53	98.76	533.20	5,541.38	— 225.29	3,720.92	204.65	— 111.92	9,037.01
1995	4,947.35	— 542.65	— 409.58	604.27	5,142.04	— 54.50	3,918.16	158.57	3.56	9,005.69
1996 ^{2) 3)}	5,042.77	— 772.58	38.52	— 7.56	5,073.73	106.83	3,246.66	— 276.74	— 133.86	8,427.21
1997	4,910.72	— 1,704.03	322.30	414.96	5,648.06	278.41	3,192.59	140.77	— 588.14	9,119.21
1998	7,534.65	— 803.69	— 194.98	396.58	7,736.17	— 188.95	— 454.13	— 38.30	— 574.12	7,093.23
1999	11,304.48	— 358.20	— 337.13	56.76	11,024.25	— 290.69	1,768.57	56.18	— 888.57	12,502.34
2000	11,133.99	— 257.26	— 193.67	— 414.02	10,526.22	— 150.43	3,785.46	— 416.85	— 112.35	14,161.68
2000										
January	4,626.72	—	— 7.99	3.63	4,622.36	—	78.49	— 48.62	20.78	4,543.87
February	131.10	—	— 20.35	— 41.93	68.82	—	52.40	— 72.09	— 76.31	16.57
March	1,370.90	—	— 2.83	— 52.40	1,315.67	—	40.33	— 26.89	— 4.94	1,275.34
April	2,709.24	— 37.79	—	— 170.05	2,539.19	—	150.58	7.34	— 82.56	2,689.77
May	— 649.26	— 79.94	— 145.93	— 3.56	— 798.75	—	1,132.68	29.87	36.05	334.00
June	1,628.16	— 21.80	— 16.13	2.18	1,614.21	— 72.67	386.18	— 13.01	34.30	1,927.72
July	639.81	— 50.87	—	— 7.27	632.54	—	230.95	— 87.79	103.34	863.57
August	— 14.53	— 14.53	— 0.73	— 25.44	— 40.70	—	212.57	— 14.46	24.35	171.87
September	1,129.99	—	— 6.54	32.70	1,156.15	— 5.09	— 225.58	— 159.37	7.41	925.49
October	1,099.98	—	— 0.73	— 54.36	1,044.89	—	871.35	43.97	— 121.73	1,916.24
November	— 18.97	— 15.99	11.63	— 2.40	— 9.81	—	1,286.38	— 44.77	1.24	1,276.64
December	— 1,519.15	— 36.34	— 4.07	— 95.13	— 1,618.35	— 72.67	— 88.44	— 31.03	— 54.29	— 1,779.39

Source: OeNB.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

²⁾ Data break because of the new survey method applied from the beginning of the 1996 reporting period.

³⁾ It is not possible to compare results (volume of debt securities outstanding of the previous period + net issues = volume of debt securities outstanding) for periods which include data prior to the first quarter of 1996 with data after that period because the data after the beginning of the 1996 reporting period include the schilling values of foreign currency issues (resulting in possible valuation differences).

Stock Exchange Turnover¹⁾

	Equity securities					total	Mutual funds shares	Debt securities
	domestic shares	domestic participation certificates	subtotal	foreign shares	warrants			
<i>Market value in EUR million²⁾</i>								
1991	10,949.33	996.64	11,945.89	507.26	1,319.96	13,773.10	11.05	2,160.71
1992	7,462.49	413.33	7,875.82	352.07	438.14	8,666.03	12.33	1,644.58
1993	11,092.03	562.94	11,654.97	792.98	301.90	12,749.85	16.15	1,062.22
1994	13,596.61	300.03	13,896.65	489.69	141.46	14,527.79	11.65	1,048.54
1995	18,871.21	151.23	19,022.44	353.42	8.76	19,384.62	7.13	1,379.19
1996	15,789.22	129.88	15,919.11	537.74	11.10	16,467.95	7.21	1,462.88
1997	21,840.56	167.11	22,007.67	551.97	2.94	22,562.58	4.47	1,035.82
1998	29,796.58	948.72	30,745.30	480.09	5.23	31,230.63	1.98	841.51
1999	21,581.65	53.95	21,635.60	285.44	2.54	21,923.58	0.98	713.12
2000	20,380.62	23.20	20,403.82	404.01	1.93	20,809.76	—	559.88
2000								
January	1,877.52	5.46	1,882.98	27.34	0.10	1,910.41	—	60.84
February	2,594.80	3.89	2,598.69	45.75	0.06	2,644.50	—	58.39
March	2,236.31	7.60	2,243.91	25.88	0.28	2,270.07	—	60.34
April	1,400.36	3.02	1,403.38	13.55	0.23	1,417.16	—	36.87
May	1,147.11	2.16	1,149.27	16.41	0.33	1,166.01	—	55.13
June	1,186.93	0.14	1,187.07	10.85	0.08	1,198.00	—	38.46
July	1,805.64	0.11	1,805.75	15.60	0.10	1,821.44	—	42.50
August	1,808.76	0.13	1,808.90	33.12	0.04	1,842.06	—	38.83
September	1,744.90	0.13	1,745.03	104.05	0.02	1,849.11	—	41.51
October	1,353.79	0.40	1,354.18	50.13	0.07	1,404.38	—	49.53
November	2,049.08	0.11	2,049.19	30.90	0.47	2,080.56	—	37.46
December	1,175.42	0.05	1,175.47	30.41	0.16	1,206.05	—	40.02

Source: Wiener Börse AG.

¹⁾ Official Market.

²⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Real Economy Indicators in Austria

	1997	1998	1999	2000	1997	1998	1999	2000
	EUR billion				Annual change in %			
National accounts¹⁾								
Nominal GDP, at current prices	182.7	190.0	197.1	205.9	+ 2.6	+ 4.0	+ 3.7	+ 4.5
Real GDP, at 1995 prices	178.1	183.9	189.1	195.1	+ 1.3	+ 3.3	+ 2.8	+ 3.2
Real consumption:								
Private consumption	101.2	104.1	106.5	109.4	+ 1.4	+ 2.9	+ 2.3	+ 2.7
Government consumption	35.1	36.1	37.3	38.1	- 1.4	+ 2.8	+ 3.2	+ 2.3
Gross fixed capital formation	41.4	42.5	43.9	45.2	+ 1.0	+ 2.7	+ 3.2	+ 2.9
Changes in inventories including acquisition less disposal of valuables	1.3	1.2	0.7	0.9	x	x	x	x
Exports of goods and services	76.7	80.9	87.1	95.6	+ 9.9	+ 5.5	+ 7.6	+ 9.8
Imports of goods and services	77.8	80.7	86.4	94.3	+ 9.7	+ 3.7	+ 7.1	+ 9.2
	Thousands				Annual change in %			
Labor market								
Payroll employment	3,055.6	3,076.7	3,107.9	3,133.7	+ 0.3	+ 0.7	+ 1.0	+ 0.8
thereof employment of foreigners	298.8	298.6	306.4	319.9	- 0.5	- 0.1	+ 2.6	+ 4.4
Registered unemployment	233.3	237.8	221.7	194.3	+ 1.2	+ 1.9	- 6.8	-12.4
	%				Annual change in %			
Unemployment rate (national concept)	7.1	7.2	6.7	5.8	x	x	x	x
Unemployment rate (EU concept)	4.4	4.5	4.0	3.7	x	x	x	x
	EUR 1,000				Annual change in %			
Labor productivity (GDP per unit of labor input), nominal	46.5	48.0	49.1	50.9	+ 2.1	+ 3.2	+ 2.3	+ 3.6
	1996 = 100				Annual change in %			
Unit labor cost in manufacturing								
Nominal (1 st half of 2000)	102.4	105.1	108.1	110.1	+ 2.4	+ 2.6	+ 2.9	+ 2.3
Real (1 st half of 2000)	101.3	103.0	105.5	105.2	+ 1.3	+ 1.7	+ 2.4	+ 0.5
Wages and salaries								
National consumer price index	101.3	102.2	102.8	105.2	+ 1.3	+ 0.9	+ 0.6	+ 2.4
Harmonized consumer price index	101.2	102.0	102.5	104.5	+ 1.2	+ 0.8	+ 0.5	+ 2.0
Wholesale price index	100.4	99.9	99.0	103.0	+ 0.4	- 0.5	- 0.8	+ 4.0
Minimum wage index (1986 = 100)	153.3	156.7	160.6	163.9	+ 1.8	+ 2.2	+ 2.5	+ 2.1
	EUR/ton				Annual change in %			
Import price of crude oil	132.0	91.0	121.7	3,283.4	+10.3	-31.0	+33.7	+96.1
	1995 = 100				Annual change in %			
GDP deflator	102.6	103.3	104.2	105.5	+ 1.2	+ 0.7	+ 0.9	+ 1.2
Consumption deflator	103.2	103.8	104.8	106.7	+ 1.3	+ 0.6	+ 1.0	+ 1.8
	Percentage share				Annual change in %			
Unit labor cost across all sectors ²⁾	53.7	54.0	54.5	54.6	+ 0.2	+ 0.7	+ 0.9	+ 0.2
	EUR billion				Annual change in %			
External sector								
Imports	57.4	61.2	65.3	74.3	+10.9	+ 6.6	+ 6.7	+13.7
Exports	52.0	56.3	60.3	69.2	+16.8	+ 8.4	+ 7.0	+14.8
	% of GDP				Annual change in %			
Trade balance	- 3.0	- 2.6	- 2.6	- 2.5	x	x	x	x
Current account balance	- 3.2	- 2.5	- 3.2	- 2.8	x	x	x	x
	Balance of positiv and negative answers				Annual change in %			
Leading indicators								
Industrial confidence indicator	-10.0	- 9.0	-14.0	- 3.0	x	x	x	x
Consumer confidence indicator	-12.0	- 3.0	3.0	1.0	x	x	x	x
	% of GDP				Annual change in %			
General government fiscal position								
Revenues	52.2	52.0	51.6	50.6	x	x	x	x
Outlays	53.9	54.3	53.7	51.8	x	x	x	x
Deficit	- 1.7	- 2.2	- 2.1	- 1.1 ³⁾	x	x	x	x
Debt	64.7	63.9	64.7	62.9 ³⁾	x	x	x	x
	EUR billion				Annual change in %			
Balance of payments								
Current account	- 5.8	- 4.7	- 6.2	- 5.9	x	x	x	x
Goods	- 3.8	- 3.3	- 3.4	- 2.9	x	x	x	x
Services	0.9	2.1	1.7	0.8	x	x	x	x
Income	- 1.3	- 1.8	- 2.6	- 2.4	x	x	x	x
Current transfers	- 1.5	- 1.7	- 1.9	- 1.5	x	x	x	x
Capital account	- 0.1	- 0.3	- 0.2	- 0.5	x	x	x	x
Financial account	5.4	5.5	6.5	5.1	x	x	x	x
Direct investment	0.6	1.6	0.0	6.5	x	x	x	x
Portfolio investment	1.4	5.9	- 2.9	1.1	x	x	x	x
Other investment	0.0	0.7	7.9	- 2.8	x	x	x	x
Financial derivatives	0.8	0.2	- 0.4	- 0.4	x	x	x	x
Reserve assets	2.6	- 2.9	2.0	0.8	x	x	x	x
Errors and omissions	0.4	- 0.5	0.0	1.2	x	x	x	x

Source: OeNB, Statistics Austria, Eurostat, AMS, Association of Austrian Social Security Institutions, European Commission.

¹⁾ Calculated on the basis of ESA 95.

²⁾ Compensation of employees in % of real GDP.

³⁾ Preliminary data.

Real Economy Indicators in the Euro Area¹⁾

	1997	1998	1999	2000	1997	1998	1999	2000
	EUR billion				Annual change in %			
National accounts								
Nominal GDP, at current prices	5,650.1	5,879.8	6,136.6	6,417.5	+ 2.2	+ 4.1	+ 4.4	+ 4.6
Real GDP, at 1995 prices	5,506.9	5,660.5	5,802.6	5,997.1	+ 2.3	+ 2.8	+ 2.5	+ 3.4
Consumption:								
Private consumption	3,092.7	3,188.4	3,278.3	3,362.0	+ 1.6	+ 3.1	+ 2.8	+ 2.6
Government consumption	1,121.4	1,133.1	1,151.8	1,170.5	+ 0.8	+ 1.0	+ 1.6	+ 1.6
Gross fixed capital formation	1,132.7	1,187.3	1,249.9	1,307.7	+ 2.4	+ 4.8	+ 5.3	+ 4.6
Changes in inventories including acquisition less disposal of valuables	6.0	27.4	27.2	24.4	+ 0.1	+ 0.5	+ 0.5	+ 0.4
Exports of goods and services	1,807.2	1,933.8	2,025.6	2,262.8	+10.4	+ 7.0	+ 4.7	+11.7
Imports of goods and services	1,679.6	1,803.5	1,932.8	2,299.8	+ 9.0	+ 7.4	+ 7.2	+19.0
	Thousands				Annual change in %			
Labor market								
Payroll employment	112,572	114,647	117,016	..	+ 0.5	+ 1.8	+ 2.1	..
thereof employment of foreigners	x	x	x	x	x	x	x	x
Registered unemployment	14,807	14,079	13,003	11,873	+ 0.6	- 4.9	- 7.6	- 8.7
	%				Annual change in %			
Unemployment rate (national concept)	x	x	x	x	x	x	x	x
Unemployment rate (EU concept)	11.5	10.9	9.9	9.0	x	x	x	x
	EUR 1,000				Annual change in %			
Labor productivity (real GDP per unit of labor input), nominal	50.2	51.3	52.4	..	+ 1.5	+ 2.2	+ 2.3	..
	1996 = 100				Annual change in %			
Hourly industrial wages								
Nominal (2000: 1 st through 3 rd quarter)	102.5	104.8	107.4	110.4	+ 2.5	+ 2.2	+ 2.5	+ 2.8
Real (2000: 1 st through 3 rd quarter)	100.9	102.0	103.5	104.2	+ 0.9	+ 1.1	+ 1.5	+ 0.7
	1995 = 100				Annual change in %			
Prices								
National consumer price index	x	x	x	x	x	x	x	x
Harmonized consumer price index	101.6	102.7	103.8	106.3	+ 1.7	+ 1.2	+ 1.1	+ 2.4
Wholesale price index	101.4	100.6	100.2	105.6	+ 1.1	- 0.7	- 0.4	+ 5.3
	USD/barrel				Annual change in %			
Oil price Brent	19.39	12.87	17.95	28.53	- 7.7	-33.6	+39.5	+58.9
	1995 = 100				Annual change in %			
GDP deflator	102.6	103.9	105.8	107.0	- 0.2	+ 1.2	+ 1.8	+ 1.2
Consumption deflator	103.5	104.5	106.3	108.8	+ 0.2	+ 1.0	+ 1.8	+ 2.3
	EUR billion				Annual change in %			
External sector								
Imports	674.2	711.0	780.5	991.0	+14.2	+ 5.5	+ 9.8	+27.0
Exports	762.8	796.3	831.8	1,003.6	+14.4	+ 4.4	+ 4.5	+20.7
	% of GDP				Annual change in %			
Trade balance	2.8	2.2	1.6	2.2	x	x	x	x
Current account balance	1.6	1.0	0.5	- 0.2	x	x	x	x
	Balance of positiv and negative answers				Annual change in %			
Industrial confidence indicator	- 4	- 1	- 7	5	x	x	x	x
Consumer confidence indicator	- 15	- 5	- 3	- 1	x	x	x	x
	EUR billion				Annual change in %			
Monetary aggregate								
Broad monetary aggregate M3	4,267.5	4,464.1	4,791.0	5,079.9	+ 4.0	+ 4.7	+ 6.1	+ 5.2
	% of GDP				Annual change in %			
General government fiscal position								
Revenues	46.3	46.0	46.4	46.2	x	x	x	x
Outlays	50.3	49.3	49.0	47.1	x	x	x	x
Deficit	- 2.6	- 2.1	- 1.3	0.3	x	x	x	x
Debt (gross)	74.7	73.1	72.1	69.7	x	x	x	x
	EUR billion				Annual change in %			
Balance of payments								
Current account	61.5	31.1	- 5.8	- 28.3	x	x	x	x
Goods	115.7	109.3	83.4	59.8	x	x	x	x
Services	3.1	- 2.0	- 11.8	- 13.5	x	x	x	x
Compensation of employees and investment income	-15.2	-28.8	- 32.4	- 24.7	x	x	x	x
Current transfers	-42.2	-47.4	- 45.0	- 49.9	x	x	x	x
Capital account	13.0	12.4	13.5	8.7	x	x	x	x
Financial account	x	-61.2	19.1	2.6	x	x	x	x
Direct investment	-44.5	-83.2	-120.6	- 23.0	x	x	x	x
Portfolio investment	-24.3	-99.7	- 41.7	-120.4	x	x	x	x
Financial derivatives	x	- 7.5	8.1	- 3.6	x	x	x	x
Other investment	x	120.9	163.1	131.6	x	x	x	x
Reserve assets	x	8.2	10.2	18.1	x	x	x	x
Errors and omissions	x	17.8	- 26.8	17.1	x	x	x	x

Source: Eurostat, ECB, European Commission, Datastream.

¹⁾ Data for 2000 are preliminary.

Federal Budget¹⁾

	1997			1998			1999			2000		
	Total	Annual change		Total	Annual change		Total	Annual change		Total	Annual change	
	EUR million		%	EUR million		%	EUR million		%	EUR million		%
Budget												
Outlays ²⁾	54,500 ³⁾	- 353	- 0.6	56,510	+ 2,010	+ 3.7	57,249	+ 739	+ 1.3	58,209	+ 960	+ 1.7
Revenues ²⁾	49,615 ³⁾	+1,257	+ 2.6	51,712	+ 2,097	+ 4.2	52,293	+ 581	+ 1.1	55,356	+3,063	+ 5.9
thereof taxation revenues (net)	30,028	+2,160	+ 7.8	33,445	+ 3,418	+11.4	32,678	- 767	- 2.3	33,037	+ 359	+ 1.1
Overall surplus/deficit ⁴⁾	4,885	-1,609	-24.8	4,798	- 87	- 1.8	4,956	+ 158	+ 3.3	2,854	-2,102	- 42.4
Primary balance ⁵⁾	1,496	+1,732	x	1,751	+ 254	+17.0	1,685	- 65	- 3.7	3,907	+2,222	+131.8
Gross financing⁶⁾	11,867	-2,586	-17.9	15,794	+ 3,927	+33.1	16,515	+ 721	+ 4.6	16,174	- 341	- 2.1
Debt service⁷⁾												
Interest payments	6,381	+123	+ 2.0	6,549	+ 168	+ 2.6	6,641	+ 92	+ 1.4	6,761	+ 120	+ 1.8
Principal payments	6,982	- 838	-10.7	10,995	+ 4,014	+57.5	11,559	+ 564	+ 5.1	13,320	+1,761	+ 15.2
Other expenditure	67	- 109	-61.9	- 295	- 362	x	4	+ 299	x	231	+ 227	x
Debt service total	13,430	- 824	- 5.8	17,249	+ 3,820	+28.4	18,205	+ 955	+ 5.5	20,312	+2,107	+ 11.6
Federal debt⁸⁾												
Schilling/euro debt ⁹⁾ ¹⁰⁾	85,100	+5,099	+ 6.4	97,939	+12,839	+15.1	101,196	+3,257	+ 3.3	103,983	+2,787	+ 2.8
Bonds ¹¹⁾	50,588	+5,197	+11.5	68,120	+17,532	+34.7	75,095	+6,975	+ 10.2	79,796	+4,700	+ 6.3
Treasury obligations	2,478	-1,704	-40.7	1,482	- 996	-40.2	1,294	- 188	- 12.7	856	- 438	- 33.9
Treasury bills and notes	9,126	+1,192	+15.0	7,631	- 1,495	-16.4	5,988	-1,643	- 21.5	5,241	- 747	- 12.5
Loans	22,905	-1,026	- 4.3	20,659	- 2,247	- 9.8	18,577	-2,081	- 10.1	18,089	- 488	- 2.6
Other lending	3	+0	-10.4	47	+ 44	x	241	+ 194	+411.5	2	- 239	- 99.1
Foreign currency debt ⁹⁾ ¹²⁾ ¹³⁾	22,160	+647	+ 3.0	13,664	- 8,496	-38.3	16,778	+3,115	+ 22.8	16,722	- 56	- 0.3
Federal debt total	107,260	+5,746	+ 5.7	111,603	+ 4,343	+ 4.0	117,974	+6,372	+ 5.7	120,704	+2,730	+ 2.3
	% of nominal GDP ¹⁴⁾											
Budget indicators												
Outlays ²⁾			29.8			29.7			29.0			28.2
Revenues ²⁾			27.2			27.2			26.5			26.8
Taxation revenues (net)			16.4			17.6			16.6			16.0
Overall surplus/deficit ⁴⁾			2.7			2.5			2.5			1.4
Primary balance ⁵⁾			0.8			0.9			0.9			1.9
Debt service ⁷⁾			7.4			9.1			9.2			9.8
Federal debt ⁸⁾			58.7			58.7			59.9			58.5

Source: BMF, ÖBFA, WIFO, Statistics Austria.

¹⁾ Until 1999 final budget accounts; provisional outturn for 2000.

²⁾ Including gross amounts of currency swaps (as disclosed in the final accounts and the provisional outturn).

³⁾ Following the reclassification of ASFINAG to the private sector, budget revenues and outlays were adjusted downward by EUR 6,032 million each, with no impact on the budget result.

⁴⁾ Corresponds to the term "net deficit" of the former Budget Legislation.

⁵⁾ Overall surplus/deficit ("net borrowing") minus interest payments.

⁶⁾ Borrowing requirement to finance the overall deficit and principal payments.

⁷⁾ Interest and principal payments on government liabilities including net interest on currency swaps.

⁸⁾ Federal government's fiscal debt burden taking into account revenues and outlays under currency swaps.

⁹⁾ Break in data series at the end of 1998: Since to the introduction of the euro the federal government's domestic debt has comprised both redenominated schilling debt and debt denominated in the constituent currencies of the euro.

¹⁰⁾ The outstanding total schilling/euro debt has been adjusted for Treasury securities held in the government's portfolio (1997: EUR 1,436 million, 1998: EUR 2,674 million, 1999: EUR 4,822 million, 2000: EUR 6,239 million).

¹¹⁾ Government bonds and bonds swapped in euro.

¹²⁾ Break in data series at the end of 1998: Since the introduction of the euro the federal government's foreign currency debt has comprised only government liabilities denominated in non-euro currencies. Foreign currency debt was revalued at mid-market prices at the end of the year.

¹³⁾ The outstanding total foreign currency debt has been adjusted for Treasury securities held in the government's portfolio (1998: EUR 30 million, 1999: EUR 40 million, 2000: EUR 38 million).

¹⁴⁾ Based on ESA 1995 conventions; 1997 through 1999 data according to Statistics Austria, 2000 data (provisional) according to WIFO.

Austria's Balance of Payments, Annual and Quarterly Results/I

	Current account																	
	total																	
	goods, services and income																	
	total						goods and services						services					
							total			goods			total					
9930	credit	debit	net	9920	credit	debit	net	9910	credit	debit	net	1000	credit	debit	net	2000	credit	debit
EUR million ¹⁾																		
1992 ²⁾	64,227	64,771	- 545	63,184	62,923	+ 260	57,285	55,925	+1,360	35,522	41,634	-6,112	21,763	14,291				
1993 ²⁾	63,889	65,102	-1,212	62,821	63,183	- 362	56,654	55,747	+ 907	34,042	39,514	-5,472	22,612	16,233				
1994 ²⁾	67,706	70,424	-2,717	66,573	68,394	-1,822	60,581	61,030	- 449	37,340	43,897	-6,557	23,241	17,133				
1995 ²⁾	72,169	76,659	-4,490	69,994	73,230	-3,236	63,623	65,118	-1,495	42,253	47,127	-4,874	21,369	17,991				
1996 ²⁾	77,706	81,886	-4,180	75,283	78,096	-2,812	67,675	69,773	-2,097	44,615	50,213	-5,598	23,060	19,560				
1997 ²⁾	87,729	93,487	-5,758	85,155	89,407	-4,252	76,600	79,503	-2,903	52,038	55,816	-3,777	24,562	23,688				
1998 ²⁾	94,427	99,112	-4,685	91,813	94,760	-2,947	82,939	84,106	-1,167	56,413	59,702	-3,289	26,525	24,404				
1999 ³⁾	104,205	110,414	-6,209	101,466	105,772	-4,307	89,886	91,611	-1,725	60,504	63,881	-3,377	29,381	27,729				
2000 ⁴⁾	117,136	123,013	-5,877	113,998	118,411	-4,413	101,264	103,308	-2,044	69,647	72,534	-2,887	31,617	30,774				
2000 ⁴⁾																		
1 st quarter	28,190	28,773	- 583	27,332	27,575	- 242	24,567	24,000	+ 567	16,646	17,448	- 802	7,921	6,552				
2 nd quarter	28,466	30,023	-1,558	27,905	28,850	- 946	24,740	25,208	- 468	17,538	17,979	- 441	7,202	7,229				
3 rd quarter	29,239	31,406	-2,167	28,632	30,364	-1,732	25,413	26,623	-1,209	17,101	17,897	- 796	8,313	8,726				
4 th quarter	31,241	32,810	-1,569	30,129	31,623	-1,493	26,544	27,478	- 934	18,363	19,211	- 848	8,181	8,267				

Source: OeNB, Statistics Austria.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

²⁾ Final data.

³⁾ Revised data.

⁴⁾ Provisional data.

Austria's Balance of Payments, Annual and Quarterly Results/II

	Current account																			
	goods, services and income																			
	goods and services																			
	services																			
	transportation					travel					communications services					construction services				
	other transport												total			abroad				
2140	credit	debit	net	2360	credit	debit	net	2450	credit	debit	net	2490	credit	debit	net	2500	credit	debit		
EUR million ¹⁾																				
1992 ²⁾	1,566	1,453	+113	10,975	6,302	+4,673	72	83	-11	564	328	+236	564	328						
1993 ²⁾	1,594	1,474	+120	10,793	6,572	+4,221	83	144	-61	497	342	+155	497	342						
1994 ²⁾	1,810	1,621	+189	10,167	7,293	+2,873	101	117	-15	686	415	+271	686	415						
1995 ²⁾	1,474	1,408	+ 66	9,883	7,958	+1,925	219	222	- 3	561	436	+125	561	436						
1996 ²⁾	1,602	1,424	+179	9,835	8,481	+1,354	260	278	-17	570	476	+ 94	570	476						
1997 ²⁾	1,837	1,394	+443	9,744	8,956	+ 788	283	334	-51	679	437	+242	629	347						
1998 ²⁾	2,166	1,651	+515	10,058	8,556	+1,502	379	440	-61	663	418	+245	628	301						
1999 ³⁾	2,181	1,527	+654	10,354	8,623	+1,730	402	492	-90	664	519	+146	629	424						
2000 ⁴⁾	2,542	1,751	+791	10,729	9,209	+1,520	522	463	+59	592	322	+269	553	210						
2000 ⁴⁾																				
1 st quarter	584	395	+188	3,539	1,675	+1,864	104	96	+ 8	136	77	+ 59	125	50						
2 nd quarter	625	428	+197	2,126	2,390	- 265	153	100	+53	120	80	+ 40	108	50						
3 rd quarter	669	457	+212	2,870	2,929	- 60	125	128	- 2	156	94	+ 61	148	66						
4 th quarter	665	472	+193	2,195	2,215	- 20	140	139	+ 0	179	71	+109	171	44						

Source: OeNB, Statistics Austria.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

²⁾ Final data.

³⁾ Revised data.

⁴⁾ Provisional data.

transportation													
total													
thereof international passenger transport													
sea transport													
air transport													
net	2050 credit	debit	net	2055 credit	debit	net	2060 credit	debit	net	2100 credit	debit	net	
+7,472	2,507	2,202	+ 304	627	401	+225	150	193	- 43	791	557	+234	
+6,379	2,636	2,274	+ 362	655	412	+243	158	197	- 39	885	603	+282	
+6,108	2,904	2,520	+ 384	748	509	+239	172	215	- 43	922	684	+238	
+3,379	2,735	2,398	+ 337	804	585	+220	56	114	- 59	1,206	876	+330	
+3,501	3,080	2,484	+ 597	882	588	+295	131	219	- 88	1,348	842	+506	
+ 874	3,599	2,592	+1,007	1,119	544	+575	105	215	-110	1,656	982	+674	
+2,122	4,065	2,819	+1,246	1,299	730	+568	80	127	- 47	1,819	1,041	+778	
+1,652	4,044	2,741	+1,302	1,417	743	+674	76	173	- 97	1,786	1,041	+745	
+ 843	4,696	3,215	+1,481	1,606	827	+779	112	283	-172	2,042	1,180	+862	
+1,369	1,092	721	+ 371	385	181	+204	26	64	- 39	483	262	+221	
- 27	1,141	814	+ 327	380	236	+144	28	69	- 41	489	317	+172	
- 413	1,290	846	+ 444	487	225	+261	29	74	- 45	592	316	+276	
- 86	1,172	834	+ 339	354	185	+170	30	77	- 47	478	285	+193	

insurance services													
financial services													
computer and information services													
in Austria													
net	2510 credit	debit	net	2530 credit	debit	net	2600 credit	debit	net	2620 credit	debit	net	
236	x	x	x	417	510	- 93	320	362	- 42	33	68	- 35	
155	x	x	x	443	527	- 84	387	386	+ 1	39	78	- 39	
271	x	x	x	448	527	- 79	369	427	- 58	47	88	- 41	
125	x	x	x	466	602	-136	451	526	- 75	60	110	- 50	
94	x	x	x	583	641	- 58	678	672	+ 6	64	132	- 68	
+283	50	91	-41	577	699	-122	523	515	+ 9	71	139	- 68	
+327	35	117	-82	718	840	-122	680	638	+ 42	78	206	-127	
+206	35	95	-60	785	891	-106	882	789	+ 93	105	222	-117	
+343	39	113	-74	833	990	-157	1,455	1,285	+170	143	227	- 84	
+ 76	11	27	-16	181	230	- 49	345	319	+ 26	38	68	- 30	
+ 57	13	30	-17	200	239	- 39	311	297	+ 14	35	54	- 20	
+ 82	7	28	-21	199	257	- 58	379	342	+ 37	31	44	- 13	
+128	8	27	-19	254	265	- 11	420	327	+ 93	40	61	- 21	

Austria's Balance of Payments, Annual and Quarterly Results/III

Current account															
goods, services and income															
goods and services															
services															
royalties and license fees			other business services												
			total			merchenting			other trade-related services			operational leasing services			
2660			2680			2700			2710			2720			
credit	debit	net	credit	debit	net	net	credit	debit	net	credit	debit	net	credit	debit	net
EUR million ¹⁾															
1992 ²⁾	98	335	-237	2,550	2,468	+ 82	+ 689	328	849	-521	298	111	+187		
1993 ²⁾	100	353	-253	2,853	2,317	+ 537	+ 796	389	758	-369	352	107	+245		
1994 ²⁾	107	377	-270	3,065	2,416	+ 648	+ 763	399	731	-333	343	93	+249		
1995 ²⁾	98	390	-292	3,450	2,657	+ 793	+ 895	414	707	-294	306	86	+220		
1996 ²⁾	140	534	-395	3,756	3,062	+ 693	+ 886	430	718	-288	307	117	+189		
1997 ²⁾	166	611	-445	3,837	3,267	+ 570	+ 920	459	778	-319	274	169	+105		
1998 ²⁾	88	728	-639	4,624	3,389	+1,235	+ 953	466	785	-318	445	165	+279		
1999 ³⁾	113	583	-470	4,720	3,453	+1,267	+1,056	514	723	-210	546	238	+308		
2000 ⁴⁾	177	589	-412	5,249	3,671	+1,578	+1,301	631	808	-178	365	350	+ 14		
2000 ⁴⁾															
1 st quarter	38	140	-102	1,162	881	+ 281	+ 291	118	194	- 76	98	94	+ 4		
2 nd quarter	36	105	- 68	1,232	829	+ 403	+ 303	157	190	- 33	106	67	+ 39		
3 rd quarter	24	136	-112	1,279	900	+ 379	+ 343	152	215	- 62	78	88	- 10		
4 th quarter	79	208	-129	1,575	1,061	+ 515	+ 364	203	210	- 7	82	101	- 19		

Source: OeNB, Statistics Austria.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

²⁾ Final data.

³⁾ Revised data.

⁴⁾ Provisional data.

Austria's Balance of Payments, Annual and Quarterly Results/IV

Current account															
goods, services and income															
income															
compensation of employees			investment income												
			total			on direct investment			on portfolio investment			on other investment			
3100			3200			3300			3390			3700			
credit	debit	net	credit	debit	net	credit	debit	net	credit	debit	net	credit	debit	net	
EUR million ¹⁾															
1992 ²⁾	650	164	+486	5,249	6,835	-1,585	-229	607	- 836	753	2,338	-1,585	4,726	3,890	
1993 ²⁾	650	244	+406	5,517	7,191	-1,675	- 67	623	- 690	1,028	3,216	-2,188	4,556	3,353	
1994 ²⁾	698	242	+457	5,293	7,122	-1,829	195	1,146	- 951	1,155	3,226	-2,071	3,943	2,751	
1995 ²⁾	741	253	+488	5,630	7,859	-2,228	9	1,547	-1,538	1,303	3,167	-1,863	4,318	3,145	
1996 ²⁾	758	267	+491	6,851	8,056	-1,205	530	1,399	- 869	1,500	3,586	-2,087	4,821	3,071	
1997 ²⁾	811	304	+507	7,743	9,600	-1,857	736	1,741	-1,005	1,971	4,052	-2,081	5,036	3,807	
1998 ²⁾	841	336	+505	8,034	10,318	-2,284	680	1,733	-1,053	2,286	4,645	-2,359	5,068	3,940	
1999 ³⁾	957	397	+560	10,623	13,765	-3,142	849	1,927	-1,078	3,228	5,826	-2,598	6,546	6,012	
2000 ⁴⁾	989	414	+574	11,746	14,689	-2,943	1,212	2,257	-1,045	4,651	7,330	-2,679	5,883	5,102	
2000 ⁴⁾															
1 st quarter	234	94	+141	2,531	3,481	- 950	295	565	- 270	963	1,619	- 656	1,273	1,297	
2 nd quarter	241	107	+135	2,924	3,536	- 612	296	564	- 268	1,221	1,839	- 618	1,407	1,133	
3 rd quarter	237	99	+138	2,981	3,642	- 661	297	564	- 267	1,195	1,866	- 671	1,490	1,213	
4 th quarter	276	115	+161	3,309	4,030	- 721	324	564	- 240	1,272	2,007	- 734	1,713	1,459	

Source: OeNB, Statistics Austria.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

²⁾ Final data.

³⁾ Revised data.

⁴⁾ Provisional data.

												income		
												total		
miscellaneous business, professional and technical services			personal, cultural and recreational services			government services, n.i.e.			unclassified transactions					
2730			2870			2910			9820			3000		
credit	debit	net	credit	debit	net	credit	debit	net	credit	debit	net	credit	debit	net
1,235	1,508	-273	90	115	-25	330	89	+241	3,807	1,429	+2,378	5,899	6,999	-1,100
1,316	1,452	-135	109	112	-4	336	88	+247	4,336	3,041	+1,295	6,167	7,436	-1,269
1,560	1,591	-31	135	122	+13	435	124	+311	4,777	2,707	+2,071	5,991	7,364	-1,373
1,836	1,864	-28	118	142	-24	381	111	+270	2,948	2,438	+510	6,372	8,112	-1,741
2,133	2,227	-94	155	175	-20	424	105	+320	3,515	2,520	+995	7,608	8,323	-715
2,185	2,320	-136	187	220	-33	342	122	+220	4,553	5,796	-1,243	8,555	9,904	-1,349
2,760	2,439	+321	189	205	-17	475	113	+362	4,507	6,052	-1,545	8,875	10,654	-1,779
2,604	2,492	+112	210	194	+15	413	109	+304	6,690	9,112	-2,422	11,580	14,162	-2,582
2,952	2,512	+440	208	188	+20	318	85	+233	6,695	10,529	-3,834	12,735	15,103	-2,368
655	593	+62	62	50	+12	133	20	+113	1,090	2,275	-1,184	2,766	3,575	-809
666	572	+94	53	47	+7	69	22	+47	1,726	2,252	-526	3,165	3,643	-478
706	597	+109	43	44	-2	64	29	+35	1,853	2,976	-1,122	3,219	3,741	-522
926	750	+176	50	47	+3	52	13	+38	2,025	3,027	-1,001	3,585	4,145	-560

										Capital and financial account			
										total		capital account	
current transfers										total			
total			general government			other sectors							
net	3790		net	3800		net	3900		net	9960	9940		net
	credit	debit		credit	debit		credit	debit		net	credit	debit	
+ 836	1,043	1,848	- 805	157	646	- 489	886	1,202	-316	- 226	197	453	-257
+1,203	1,069	1,919	- 851	152	718	- 566	917	1,201	-284	+1,460	208	779	-571
+1,192	1,133	2,029	- 896	169	771	- 602	964	1,258	-294	+2,914	547	779	-232
+1,173	2,175	3,429	-1,254	1,375	2,415	-1,040	799	1,014	-214	+4,844	395	598	-203
+1,750	2,422	3,790	-1,367	1,503	2,631	-1,128	919	1,159	-240	+3,736	454	529	-75
+1,229	2,575	4,080	-1,506	1,520	2,889	-1,369	1,055	1,191	-136	+5,337	521	632	-111
+1,128	2,614	4,352	-1,738	1,480	2,828	-1,349	1,134	1,523	-389	+5,223	431	738	-308
+ 534	2,739	4,641	-1,902	1,590	3,000	-1,411	1,149	1,641	-492	+6,242	522	769	-248
+ 781	3,137	4,602	-1,465	1,848	2,996	-1,148	1,290	1,606	-316	+4,654	551	1,036	-486
- 24	858	1,199	- 341	534	803	- 268	323	396	- 73	+ 145	123	195	- 72
+ 274	561	1,173	- 612	260	793	- 533	301	380	- 79	+1,364	122	240	-118
+ 277	607	1,043	- 435	304	651	- 348	303	391	- 88	+1,593	96	182	- 86
+ 254	1,112	1,188	- 76	749	749	+ 1	362	439	- 77	+1,553	210	420	-210

Austria's Balance of Payments, Annual and Quarterly Results/V

Capital and financial account														
capital account									financial account					
capital transfers						acquisition/disposal of nonproduced, nonfinancial assets			total		direct investment			
general government			other sectors								total		abroad	
4010			4300			4800				9950	5000	5050		
credit	debit	net	credit	debit	net	credit	debit	net	net	net	credit	debit	net	
EUR million ¹⁾														
1992 ²⁾	x	x	x	197	453	-257	x	x	x	+ 31	- 211	275	1,631	-1,356
1993 ²⁾	x	x	x	208	779	-571	x	x	x	+2,031	- 46	455	1,462	-1,006
1994 ²⁾	x	x	x	547	779	-232	x	x	x	+3,147	+ 702	385	1,428	-1,043
1995 ²⁾	31	x	+ 31	355	596	-241	9	2	+ 7	+5,047	+ 567	596	1,424	- 828
1996 ²⁾	168	x	+168	282	527	-245	4	3	+ 2	+3,812	+1,917	530	2,018	-1,488
1997 ²⁾	186	3	+182	291	599	-308	44	29	+15	+5,448	+ 591	10,733	12,495	-1,762
1998 ²⁾	166	57	+109	244	649	-405	20	32	-11	+5,531	+1,609	1,717	4,186	-2,469
1999 ³⁾	201	15	+186	268	727	-459	53	28	+25	+6,489	- 49	6,402	9,175	-2,773
2000 ⁴⁾	164	9	+154	344	972	-628	43	55	-12	+5,140	+6,469	1,682	5,145	-3,462
2000 ⁴⁾														
1 st quarter	49	0	+ 48	59	158	- 99	15	36	-21	+ 216	+ 575	318	986	- 669
2 nd quarter	49	1	+ 48	65	233	-169	9	6	+ 3	+1,481	+ 265	798	671	+ 127
3 rd quarter	22	5	+ 17	67	169	-102	7	8	- 1	+1,679	- 252	206	1,904	-1,698
4 th quarter	43	3	+ 41	153	412	-259	13	5	+ 8	+1,763	+5,881	360	1,583	-1,223

Source: OeNB, Statistics Austria.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

²⁾ Final data.

³⁾ Revised data.

⁴⁾ Provisional data.

Austria's Balance of Payments, Annual and Quarterly Results/VI

Capital and financial account															
financial account															
other investment															
total		assets					currency and deposits								
		total	trade credits		loans			other sectors							
					total	monetary authorities	general government	banks	other sectors		total	monetary authorities	general government	banks	other sectors
		7000	7030	7060	7140	7150	7190	7220	7250	7300	7310	7320	7330	7340	
		net	net	net	net	net	net	net	net	net	net	net	net	net	
EUR million ¹⁾															
1992 ²⁾		-3,041	- 5,838	+ 73	- 2,680	x	- 35	-2,048	- 641	- 596	-3,396	x	+ 108	-2,762	- 741
1993 ²⁾		-1,662	- 4,293	+145	- 601	x	+135	- 327	+ 87	- 409	-3,624	x	- 8	-3,959	+ 342
1994 ²⁾		+2,949	- 2,311	-291	- 734	x	-109	+ 219	+ 474	- 843	-1,242	- 13	+ 25	-1,459	+ 205
1995 ²⁾		-2,078	- 7,414	+262	- 1,599	x	+140	-1,745	-1,611	+ 6	-5,877	- 95	- 100	-6,172	+ 491
1996 ²⁾		+4,020	+ 651	+785	- 2,734	x	+ 8	-1,760	-1,248	- 981	+2,102	+ 107	+ 454	+2,556	-1,015
1997 ²⁾		+ 46	- 4,526	+211	- 3,770	x	+ 9	-3,005	-1,851	- 774	+ 964	- 0	- 385	+1,059	+ 290
1998 ²⁾		+ 742	- 825	+641	- 3,836	x	+ 55	-2,456	-1,985	-1,435	+2,401	- 16	- 429	+2,952	- 106
1999 ³⁾		+7,936	- 5,262	-639	-11,417	-1,004	+ 77	-7,941	-3,936	-2,549	+6,863	+2,972	+ 281	+3,191	+ 419
2000 ⁴⁾		-2,812	-15,677	-998	-10,084	+ 874	+ 16	-9,408	-5,048	-1,565	-4,647	+ 703	- 991	-5,339	+ 979
2000 ⁴⁾															
1 st quarter		-2,520	- 7,685	-283	- 3,523	+ 663	+ 3	-3,743	- 639	- 446	-3,821	- 63	- 300	-2,308	-1,149
2 nd quarter		- 44	- 576	-231	- 3,284	- 946	+ 6	-2,107	-1,264	- 237	+2,736	+4,468	- 485	-1,874	+ 627
3 rd quarter		-1,314	- 7,360	-178	- 1,315	+1,256	+ 7	-2,029	-1,918	- 549	-5,981	-2,792	+ 794	-3,598	- 385
4 th quarter		+1,066	- 56	-305	- 1,962	- 100	- 0	-1,529	-1,226	- 333	+2,418	- 909	-1,000	+2,441	+1,886

Source: OeNB, Statistics Austria.

¹⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

²⁾ Final data.

³⁾ Revised data.

⁴⁾ Provisional data.

			portfolio investment									
in Austria			total									
			foreign securities					domestic securities				
			total	equity securities	bonds and notes	money market instruments	total	equity securities	bonds and notes	money market instruments		
5550 credit	debit	net	6000 net	6020 net	6100 net	6200 net	6300 net	6520 net	6600 net	6700 net	6800 net	
1,371	227	+1,144	+5,390	- 2,172	- 144	- 2,013	- 16	+ 7,562	+ 125	+ 5,032	+2,405	
1,251	290	+ 961	+5,547	- 1,596	- 513	- 1,019	- 64	+ 7,143	+1,006	+ 8,121	-1,985	
2,028	283	+1,745	+ 292	- 3,744	- 727	- 2,834	- 184	+ 4,036	+1,093	+ 2,983	- 39	
2,466	1,071	+1,395	+7,346	- 2,073	- 400	- 1,780	+ 108	+ 9,418	+ 910	+ 9,073	- 565	
3,819	414	+3,405	-1,631	- 6,396	- 887	- 5,024	- 485	+ 4,764	+2,051	+ 3,610	- 896	
3,503	1,150	+2,354	+1,374	- 8,800	- 2,123	- 7,038	+ 361	+10,174	+2,327	+ 6,720	+1,127	
6,037	1,959	+4,078	+5,902	-10,116	- 4,672	- 5,775	+ 331	+16,018	+ 908	+14,806	+ 304	
5,081	2,357	+2,724	-2,944	-27,214	- 4,942	-22,114	- 158	+24,270	+2,002	+18,736	+3,532	
11,596	1,664	+9,932	+1,056	-28,462	-16,620	-10,991	- 851	+29,518	+2,031	+25,519	+1,968	
1,439	195	+1,244	+1,723	- 8,518	- 3,096	- 5,029	- 393	+10,241	+ 274	+ 8,126	+1,841	
676	538	+ 138	+1,112	- 7,718	- 3,357	- 3,678	- 683	+ 8,830	+ 476	+ 7,630	+ 724	
1,689	243	+1,446	+2,962	- 6,827	- 1,990	- 2,006	-2,831	+ 9,789	+ 601	+ 7,601	+1,587	
7,793	689	+7,104	-4,741	- 5,399	- 8,177	- 278	+3,056	+ 658	+ 680	+ 2,161	-2,184	

other assets					liabilities							
					total	trade credits		loans				
total	monetary authorities	general government	banks	other sectors				total	monetary authorities	general government	banks	other sectors
7360 net	7370 net	7400 net	7430 net	7460 net	7530 net	7560 net	7640 net	7650 net	7690 net	7720 net	7750 net	
+ 165	x	+144	+ 45	- 25	+ 2,797	- 182	+1,279	x	+ 299	- 168	+1,148	
- 213	x	- 58	- 68	- 87	+ 2,631	- 29	- 101	x	- 324	- 249	+ 472	
- 45	x	- 73	- 68	+ 96	+ 5,260	+ 509	+1,013	x	+1,355	+ 140	- 481	
- 199	x	-209	- 170	+180	+ 5,336	- 218	+1,189	x	+ 485	+ 102	+ 602	
+ 497	x	-213	+1,056	-345	+ 3,369	- 73	+ 116	x	- 153	+ 209	+ 61	
-1,930	x	-216	-1,412	-303	+ 4,572	+ 355	- 382	x	- 134	+ 78	- 325	
- 30	-120	-111	+ 190	+ 10	+ 1,566	- 266	+ 59	- 0	+ 333	+ 173	- 447	
- 69	-	- 70	+ 140	-139	+13,198	+1,181	+1,848	+477	+ 17	+ 568	+ 786	
+ 51	-	-111	+ 315	-152	+12,865	+ 231	+2,573	-664	- 119	+2,453	+ 904	
- 57	-	- 17	+ 64	-104	+ 5,165	+ 58	- 121	-561	- 19	+ 475	- 16	
+ 203	-	- 18	+ 210	+ 11	+ 532	- 122	+ 166	+110	- 71	- 378	+ 505	
+ 113	-	- 38	+ 147	+ 4	+ 6,046	+ 169	+ 951	-208	- 2	+1,268	- 107	
- 207	-	- 38	- 106	- 63	+ 1,122	+ 126	+1,577	- 6	- 27	+1,088	+ 521	

Austria's Balance of Payments, Annual and Quarterly Results/VII

Capital and financial account														
financial account														
other investment									financial derivatives			reserve assets ¹⁾		
liabilities									total	assets	liabilities	total	monetary gold	
currency and deposits					other liabilities									
total	monetary authorities	banks		total	monetary authorities	general government	banks	other sectors						
7800 net	7810 net	7830 net	thereof short-term 7835 net	7860 net	7870 net	7900 net	7930 net	7960 net	9100 net	6400 net	6900 net	8000 net	8100 net	
EUR million ²⁾														
1992 ³⁾	+1,614	x	+1,614	+1,298	+ 86	x	-118	+130	+ 74	- 89	- 89	x	-2,017	x
1993 ³⁾	+2,693	x	+2,693	+3,543	+ 68	x	-117	+151	+ 34	+120	+120	x	-1,929	x
1994 ³⁾	+3,416	x	+3,416	+3,111	+322	x	- 55	+278	+ 99	- 28	- 28	x	- 768	x
1995 ³⁾	+4,086	x	+4,086	+3,251	+279	x	-117	+303	+ 93	+213	+213	x	-1,001	x
1996 ³⁾	+3,869	x	+3,869	+4,225	-544	x	-385	-181	+ 23	+315	+315	x	- 809	x
1997 ³⁾	+4,808	x	+4,808	+3,611	-210	x	-150	- 71	+ 11	+829	+624	+204	+2,608	x
1998 ³⁾	+1,465	x	+1,465	+1,823	+308	x	+138	+183	- 13	+193	+275	- 83	-2,914	-657
1999 ⁴⁾	+9,652	+157	+9,495	+8,418	+517	x	+ 45	+149	+323	-418	-510	+ 93	+1,963	+153
2000 ⁵⁾	+9,904	+122	+9,782	+9,880	+157	x	+319	+216	-379	-413	-390	- 23	+ 839	+280
2000 ⁵⁾														
1 st quarter	+5,504	+134	+5,370	+4,974	-276	x	-162	+103	-217	+449	+307	+142	- 11	-
2 nd quarter	+ 457	- 11	+ 468	+ 825	+ 31	x	+ 93	- 2	- 59	-132	-171	+ 39	+ 281	-
3 rd quarter	+4,804	+ 2	+4,802	+4,989	+122	x	+187	+ 51	-116	+ 66	+219	-153	+ 217	-
4 th quarter	- 861	- 3	- 858	- 908	+280	x	+202	+ 64	+ 13	-796	-745	- 51	+ 352	-

Source: OeNB, Statistics Austria.

¹⁾ As of the beginning of 1999 reserve assets – in accordance with the new harmonized Eurosystem definition – in addition to monetary gold and the reserve position in the Fund only show foreign-currency claims the OeNB has on nonresidents of the euro area. All other cross-border assets and liabilities of the OeNB are assigned to the respective funding instruments.

²⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

³⁾ Final data.

⁴⁾ Revised data.

⁵⁾ Provisional data.

Errors
and
omissions

special drawing rights	reserve position in the Fund	reserve position in the EMI	currency and deposits	securities	financial derivatives	other claims	
8200 net	8300 net	8455 net	8456 net	8600 net	8770 net	8800 net	9980 net
x	x	x	x	x	x	x	+ 770
x	x	x	x	x	x	x	- 248
x	x	x	x	x	x	x	- 197
x	x	x	x	x	x	x	- 354
x	x	x	x	x	x	x	+ 443
x	x	x	x	x	x	x	+ 421
+ 0	-241	+2,856	- 204	-4,669	x	x	- 539
-79	+439	-	- 562	+2,010	x	x	- 32
+71	+177	-	+ 826	- 515	x	x	+1,223
- 3	+ 37	-	+ 299	- 344	x	-	+ 439
+ 8	+140	-	- 93	+ 227	x	-	+ 194
+63	-	-	- 577	+ 450	x	-	+ 574
+ 2	-	-	+1,198	- 848	x	-	+ 17

Reference Rates of the ECB¹⁾

	U.S.A.	Japan	Greece	Denmark	United Kingdom	Sweden	Switzerland	Iceland	Norway	Bulgaria	Cyprus
	USD	JPY	GRD	DKK	GBP	SEK	CHF	ISK	NOK	BGN	CYP
	Currency units for 1 EUR ²⁾										
Period average											
1999	1.0668	121.43	325.74	7.4356	0.65920	8.8102	1.6004	x	8.3144	x	0.57887
2000	0.9240	99.53	336.64	7.4538	0.60945	8.4459	1.5577	75.01	8.1137	1.9490	0.57394
2000											
January	1.0137	106.53	331.07	7.4439	0.61834	8.5968	1.6103	x	8.1215	x	0.57721
February	0.9834	107.64	333.18	7.4453	0.61466	8.5114	1.6069	x	8.0991	x	0.57592
March	0.9657	103.02	333.76	7.4476	0.61226	8.4149	1.6072	x	8.1179	x	0.57527
April	0.9470	99.92	335.22	7.4505	0.59802	8.2671	1.5740	x	8.1545	x	0.57452
May	0.9060	98.09	336.60	7.4570	0.60151	8.2410	1.5562	x	8.1994	x	0.57288
June	0.9492	100.71	336.64	7.4607	0.62927	8.3177	1.5608	x	8.2490	x	0.57456
July	0.9397	101.39	336.86	7.4589	0.62304	8.4070	1.5505	x	8.1755	x	0.57428
August	0.9041	97.76	337.27	7.4578	0.60710	8.3917	1.5506	x	8.0959	x	0.57271
September	0.8721	93.11	338.60	7.4627	0.60773	8.4145	1.5307	x	8.0266	x	0.57241
October	0.8552	92.75	339.45	7.4472	0.58933	8.5245	1.5130	72.83	8.0032	1.9482	0.57241
November	0.8564	93.26	340.16	7.4564	0.60039	8.6289	1.5216	74.89	7.9950	1.9468	0.57241
December	0.8973	100.61	340.70	7.4580	0.61342	8.6622	1.5137	77.30	8.1334	1.9520	0.57270
Highest and lowest quotation in 2000											
High	1.0388 (1/6)	111.88 (2/23)	340.75 (12/15-29)	7.4680 (9/18)	0.64020 (6/14)	8.8600 (12/27)	1.6147 (1/20)	78.80 (12/29)	8.3425 (5/30)	1.9557 (12/20)	0.57857 (1/31)
Low	0.8252 (10/26)	89.30 (10/26)	329.85 (1/3)	7.4404 (1/3)	0.57110 (5/3)	8.0550 (5/3)	1.5014 (10/23)	72.08 (10/20)	7.8735 (10/31)	1.9457 (10/25)	0.57240 (5/9)
Difference in %	22.92	22.45	3.25	0.37	11.41	9.52	7.27	8.91	5.78	0.51	1.07

	Latvia	Malta	Poland	Romania	Slovenia	Slovak Republic	Turkey	Australia	Canada	Hong Kong	New Zealand
	LVL	MTL	PLN	ROL	SIT	SKK	TRL	AUD	CAD	HKD	NZD
	Currency units for 1 EUR ²⁾										
Period average											
1999	x	x	4.2269	x	194.4215	x	x	1.6540	1.5857	x	2.0158
2000	0.5432	0.3968	4.0078	21,769.31	206.6200	43.381	591,425.79	1.5894	1.3712	6.7818	2.0279
2000											
January	x	x	4.1603	x	199.8146	x	x	1.5421	1.4687	x	1.9716
February	x	x	4.0782	x	201.2455	x	x	1.5642	1.4270	x	2.0057
March	x	x	3.9502	x	202.6436	x	x	1.5850	1.4109	x	1.9772
April	x	x	4.0065	x	203.9081	x	x	1.5878	1.3890	x	1.9097
May	x	x	4.0731	x	204.9301	x	x	1.5703	1.3549	x	1.9355
June	x	x	4.1731	x	206.8081	x	x	1.5968	1.4018	x	2.0174
July	x	x	4.0528	x	207.8614	x	x	1.5978	1.3886	x	2.0394
August	x	x	3.9446	x	208.5482	x	x	1.5575	1.3406	x	2.0305
September	x	x	3.9174	x	209.1689	x	x	1.5749	1.2945	x	2.0882
October	0.5324	0.3933	3.9670	20,985.77	209.9911	43.663	579,613.82	1.6176	1.2924	6.6682	2.1346
November	0.5376	0.3952	3.9000	21,488.91	211.4028	42.930	586,149.45	1.6387	1.3204	6.6789	2.1438
December	0.5597	0.4020	3.8744	22,833.26	213.0077	43.551	608,514.11	1.6422	1.3679	6.9982	2.0905
Highest and lowest quotation in 2000											
High	0.5764 (12/29)	0.4077 (12/27)	4.2627 (1/5)	24,142'— (12/29)	213.5990 (12/28)	43.990 (12/28)	625,000'— (12/27)	1.6770 (12/29)	1.5091 (1/6)	7.2610 (12/27)	2.1842 (11/13)
Low	0.5191 (10/26)	0.3883 (10/25)	3.8097 (9/11)	20,502'— (10/26)	198.7975 (1/4)	42.534 (11/22)	570,380'— (10/26)	1.5155 (5/4)	1.2491 (10/26)	6.4361 (10/26)	1.8212 (5/3)
Difference in %	10.46	4.87	11.22	16.31	7.18	3.37	9.14	10.12	18.85	12.04	18.13

Source: Reuters, ECB, IMF.

¹⁾ The abbreviations used in the table header are in line with the ISO code.

²⁾ Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Czech Republic CZK	Estonia EEK	Hungary HUF	Lithuania LTL
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				Period average
36.880	15.6466	252.74	x	1999
35.603	15.6466	259.99	3.4788	2000
				2000
36.005	15.6466	254.91	x	January
35.685	15.6466	256.12	x	February
35.583	15.6466	256.88	x	March
36.323	15.6466	258.45	x	April
36.549	15.6466	259.03	x	May
35.959	15.6466	259.73	x	June
35.608	15.6466	260.22	x	July
35.356	15.6466	260.88	x	August
35.440	15.6466	262.35	x	September
35.236	15.6466	262.92	3.4214	October
34.609	15.6466	263.27	3.4262	November
34.834	15.6466	264.95	3.5889	December
				Highest and lowest quotation in 2000
37.202	15.6466	265.59	3.7231	High
(5/10)	x	(12/27)	(12/27)	
34.269	15.6466	246.80	3.3013	Low
(11/27)	x	(11/28)	(10/26)	
8.21	x	7.33	12.01	Difference in %

Singapore SGD	Korea, Republic of KRW	South Afrika ZAR	Special Drawing rights (SDRs) XDR
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EUR for
1 currency unit

				Period average
x	x	x	1.28325	1999
1.5177	1,015.1014	6.6100	1.43013	2000
				2000
x	x	x	1.35212	January
x	x	x	1.36765	February
x	x	x	1.39026	March
x	x	x	1.41493	April
x	x	x	1.44654	May
x	x	x	1.40197	June
x	x	x	1.40859	July
x	x	x	1.44781	August
x	x	x	1.48409	September
1.4982	965.0995	6.3928	1.50486	October
1.4970	990.6073	6.5770	1.49799	November
1.5580	1089.5942	6.8602	1.44247	December
				Highest and lowest quotation in 2000
1.6126	1,177.08	7.0392	1.54540	High
(12/29)	(12/29)	(12/29)	(10/26)	
1.4486	938.67	6.3267	1.32882	Low
(10/26)	(10/26)	(10/4)	(1/6)	
10.71	22.54	10.66	15.07	Difference in %

Irrevocable Euro Conversion Rate

	ISO Code	1 EUR =
Belgium	BEF	40.3399
Germany	DEM	1.95583
Spain	ESP	166.386
France	FRF	6.55957
Ireland	IEP	0.787564
Italy	ITL	1,936.27
Luxembourg	LUF	40.3399
Netherlands	NLG	2.20371
Austria	ATS	13.7603
Portugal	PTE	200.482
Finland	FIM	5.94573

Source: ECB.

EMS II

	Denmark DKK	Greece GRD
	1 EUR =	
Upper intervention point	7.62824	406.075
Central rate	7.46038	353.109
Lower intervention point	7.29252	300.143

Source: OeNB, ECB.

Effective Exchange Rate Indices of the Euro (in Nominal and Real Terms)

Period average	Effective exchange rate in nominal terms		Effective exchange rate in real terms	
	<i>Index</i>	<i>Change</i>	<i>Index</i>	<i>Change</i>
	<i>Jan. 4, 1999</i> = 100	<i>%</i>	<i>January 1999</i> = 100	<i>%</i>
1999	92.5	x	94.0	x
2000	82.9	-10.4	84.2	-10.3
2000				
January	87.2	-11.5	88.7	-11.3
February	86.2	-10.7	87.7	-10.7
March	84.7	-10.9	86.1	-11.0
April	83.1	-11.5	84.3	-11.6
May	81.7	-12.7	82.7	-12.9
June	84.4	- 8.0	85.8	- 7.9
July	84.0	- 8.4	85.6	- 8.5
August	81.8	-11.3	83.3	-11.2
September	80.1	-11.3	81.4	-11.0
October	79.0	-13.3	80.2	-13.0
November	79.7	-10.3	81.0	-10.0
December	82.7	- 5.0	84.1	- 4.8

Source: BLS.

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