



OESTERREICHISCHE NATIONALBANK

INTEGRAL PART OF THE EUROPEAN
SYSTEM OF CENTRAL BANKS

FINANCIAL STATEMENTS
FOR THE YEAR 2000





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⁾	×	×
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
	36,185,564,741.41	37,845,951

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 non-domestic 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	%
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 Wertpapiergestionierung 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 scheduled 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, **undry**, 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	Dec. 31, 2000	Change	
	EUR million			%
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.

I. Net interest income

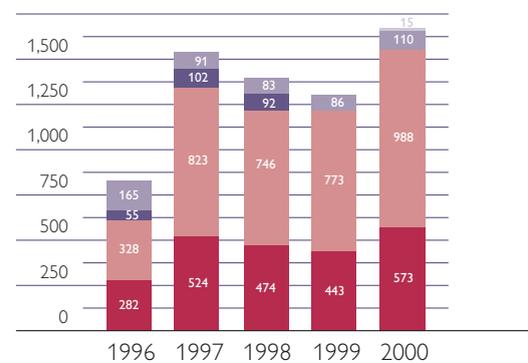
On the back of higher interest rates, interest income, net of interest expense, rose by EUR 251.844 million

(+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.

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 Rüschi
 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.
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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

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