

## INTERNATIONAL SAVINGS BANKS

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# The Savings Banks Organisation in Austria

The first savings bank was founded in 1819 when the First Austrian Savings Bank (Erste Österreichische Spar-Casse) was established in Vienna. The savings banks were founded by associations and were intended to counterbalance the banking houses that existed at the time. The savings banks were intended to be a preventive institution against the impoverishment of the population and also to enable the working population to accumulate assets.

Traditionally, the Austrian banking sector is divided into seven sectors according to the legal form and (historical) customer orientation of the respective institutions, with the boundaries between the sectors becoming increasingly blurred. A distinction is made between joint-stock banks, savings banks, building societies, Volksbanken, Landeshypothekenbanken, Raiffeisenbanken, special banks and branches of credit institutions from EU member states.

The majority of Austrian savings banks are public limited companies. Shareholders include foundations and share management savings banks (AVS), which use the income from their savings bank holdings for activities that are oriented towards the common good. The remaining institutions still exist in the traditional form of 3 municipal and 11 association savings banks.

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## The Austrian banking market

In macroeconomic terms, the banking sector in Austria is of above-average importance compared to other European countries. In 2024, the balance sheet total of all banks was as large as 2.6 times the country's overall economic output. By comparison, the European average was 2.04 times the GDP. The bank branch network in Austria is well developed with 2,917 inhabitants per branch. In comparison, the European average is 4,216 inhabitants per branch (see charts 1 and 2).

In 2024, the portfolio of loans at risk of default at Austrian banks was above the level of the European average with a value of 2%. The cost-income ratio of Austrian banks in 2024 was 49.6%, which was below the level of other European countries. Profitability, measured by return on equity, was 10.9% in 2024, slightly above the level of other banks in Europe (see charts 3 and 4).

The profitability of Austrian banks reached EUR 11.5 billion, the second-highest result in their history, after the record level of EUR 14 billion in 2023. Current developments also point to another strong result. This was due in particular to high operating results and low credit risk costs. The CESEE<sup>1</sup> subsidiaries also made a significant contribution to the positive overall performance, generating a profit of EUR 5.4 billion.

Strong income growth, ongoing uncertainty, subdued sentiment and real asset losses led to a renewed increase in the savings rate to 11.7% in 2024 (2023: 8.7%). Private consumption fell short of expectations. The savings rate is expected to decline slowly until 2027, but remain above the long-term average. Between Q3 2022 and Q4 2024, Austria was in a mild recession. GDP grew again at the beginning of 2025 and the labour market remained stable despite the difficult situation.

At the same time, the aforementioned improved results of Austrian banks in recent years are primarily attributable to increased interest income. Credit growth in the recession phase was strongly influenced by interest rates and real economic developments. Since 2024, however, there has been an upward trend in new lending in the residential property sector. This has been driven by falling interest rates and rising real household incomes, which have led to a revival in demand for credit.

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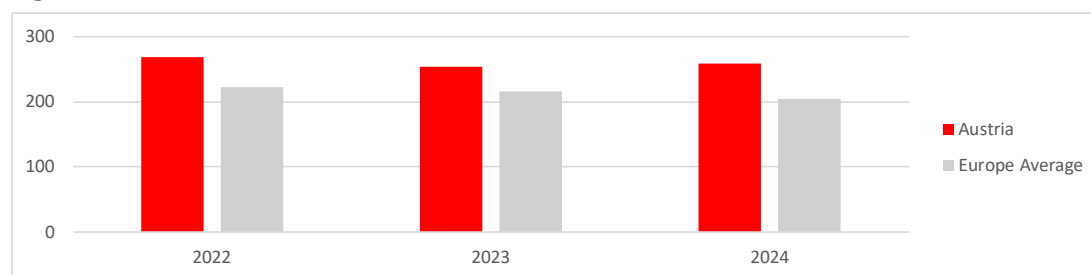
<sup>1</sup> Central, Eastern & Southeastern Europe

**Table 1: The largest Austrian banks/banking groups**

Gruppe	2024	2023	2022	2021	2020
Erste Group Bank	354	337	324	307	277
Raiffeisen Bank International (RBI)	200	198	207	192	166
UniCredit Bank Austria AG	105	103	107	118	119
BAWAG Group AG	71	55	57	56	53
Raiffeisenlandesbank Oberösterreich	49	48	49	51	49

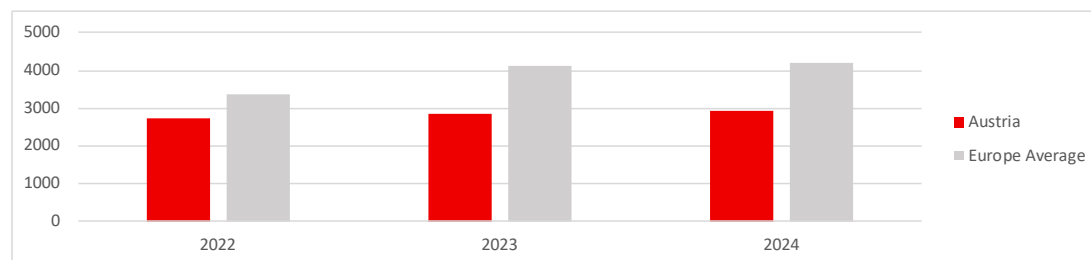
Source: Financial Report 2024 of the respective group, balance sheet total in EUR billion

**Figure 1: Banks' balance sheet total to GDP in %**



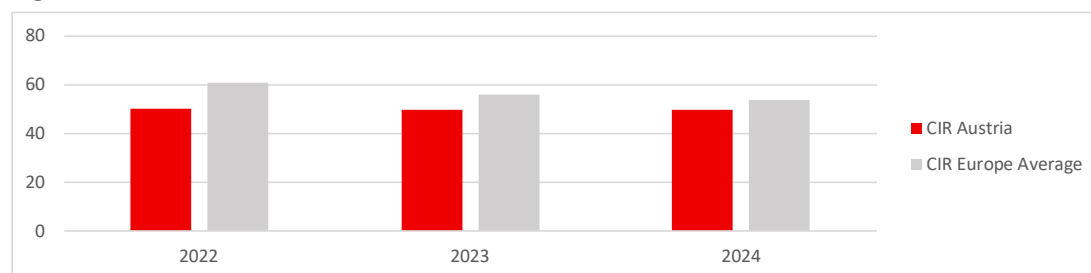
Source: European Central Bank 2024, own calculations

**Figure 2: Inhabitants per office**



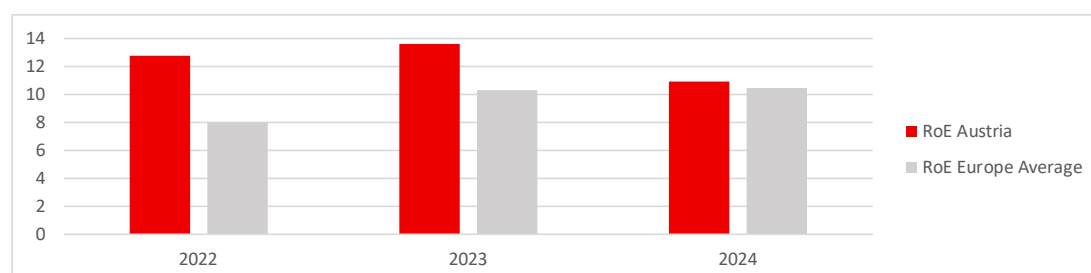
Source: European Central Bank, Eurostat 2024, own calculations

**Figure 3: Cost-income ratio (CIR) in %**



Source: EBA Dashboard, 2024

**Figure 4: Return on equity (RoE) in %**



Source: EBA Dashboard, 2024

## The Austrian savings banks

The Austrian savings bank group consists of 48 institutions: 46 savings banks in the federal provinces, as well as "Erste Bank der oesterreichischen Sparkassen AG" (Erste Bank Oesterreich) and "Die Zweite Wiener Vereins-Sparcasse" (Zweite Sparkasse). In some statements, Erste Group Bank AG, which acts as a holding company and central institution, is also added as the 49th institution. Erste Bank and the savings banks are represented in all nine federal provinces of Austria. A de facto regional principle applies, with the market areas of the savings banks being defined by the cross-guarantee system agreement.

Erste Group Bank AG, as the holding company, is responsible for the strategic orientation of its subsidiary banks in Austria, the Czech Republic, Slovakia, Romania, Hungary, Serbia and Croatia, and operationally for the central functions of treasury, large corporates and international business. Erste Bank Oesterreich is responsible for the entire Austrian business including the joint liability scheme.

In 2024, 258,740 new customers were acquired. Loans to customers of the savings banks group increased from EUR 99.5 billion to EUR 102.1 billion, which represents a plus of ~2.6%.

### Table 2: Structural characteristics of the Austrian Savings Banks

<b>Legal form</b>	In the 1979 Savings Bank Act, which is still in force, the Austrian savings banks are defined in Section 1 (1) as " <i>legal persons under private law established by municipalities or savings bank associations</i> ". <b>Municipal savings banks</b> are institutions supported by one or more municipalities, whereby the municipalities were fully liable for the liabilities of the savings bank until the beginning of 2003. In terms of their structure, the <b>Vereinssparkassen</b> roughly correspond to the German independent savings banks.
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Since 1987, the Austrian savings banks have had the option of transferring their banking business to a stock corporation. The original savings bank remains an **Anteilsverwaltungssparkasse** (AVS), i.e. its function now solely comprises the management of the shares it holds in the Sparkassen-Aktiengesellschaft (savings banks cooperation) as well as charitable activities.

35 savings banks (including Erste Bank Oesterreich and Erste Group) have outsourced their business operations to a public limited company. The remaining 14 institutions still exist in the traditional form of three municipal and 11 association savings banks.

***Ownership structure***

The shareholders of the total of 35 Sparkassen-Aktiengesellschaften include 36 foundations and the remaining share management savings banks. This means that the shares of some the Sparkassen-Aktiengesellschaften are held by several foundations or share management savings banks.

***Savings Banks Foundations***

Since 1.1.1999, share management savings banks can be converted into private foundations. In the case of municipal savings banks, the municipality is only liable for the liabilities existing at the time of conversion into the foundation, but not for newly entered liabilities, so that the liability is reduced to almost zero over time and thus the state aid element accepted by the EU loses its significance. So far, 35 Anteilsverwaltungssparkassen have been converted into a savings banks foundation pursuant to Section 27a of the Savings Banks Act.

**Business activities** As universal banks, the Savings Banks have been on an equal footing with all other credit institutions since 1979. The traditional focus is on private customers, small and medium-sized enterprises and asset management.

**Regional principle/-market place adjustment** Abolished in 1979. In fact, the regional principle has been reintroduced, as the central institution Erste Bank Oesterreich has largely transferred its branches to the Bundesländer-sparkassen in exchange for savings bank holdings as part of the market place streaming process. In total, about 100 Erste Bank branches have been transferred to the savings banks since 1998. Market areas of the savings banks are defined by the cross-guarantee system agreement. In Burgenland, the savings bank group is represented by branches of Erste Bank and Sparkasse Hainburg-Bruck-Neusiedl, which is a member of the the Association of Savings Banks in Lower Austria.

**Public welfare/corporate social responsibility** Within their catchment area, the savings banks also perform charitable tasks, particularly social and cultural tasks. The social and community involvement is voluntary. In 2024, Erste Bank and the savings banks supported a total of EUR 34.4 million to support a wide range of charitable activities such as regional, social, cultural, youth and educational projects throughout Austria.

**Joint liability scheme** Since 2002, Erste Bank and the savings banks have been liable under mutual liability agreements for the payment of customer deposits far in excess of the amounts guaranteed by law.

The joint liability scheme acts as a safety net in addition to the statutory deposit guarantee and investor compensation. It is a subsidiary instrument that comes into force after the statutory deposit guarantee in the event of default (opening of bankruptcy proceedings against a member of the joint liability scheme).

The joint liability scheme is borne by s-Haftungs GmbH, in which Erste Bank Oesterreich holds the majority stake. In 2007, it was expanded by an "economic merger" of its members (effective since January 2008). The

objectives of the development of an effective production network, the uniform market presence and the advertising line, a uniform risk policy, -coordinated liquidity management and common standards in controlling, which should expand the market position.

In addition, the basic agreement on the joint liability scheme, to which all<sup>2</sup> Austrian savings banks belong, contains an early recognition system to enable a prompt response to the economic difficulties of a savings bank. In 2014, joint liability scheme 3 came into force, which contains a contractual group structure.

***Second Savings  
Bank***

In 2006, the Second Savings Bank was founded on the initiative of the Erste Bank Foundation. It provides a credit account for people who no longer have access to banking services. The Second Savings Bank, which works closely with charities and debt counselling services, is now active throughout Austria (except Vorarlberg). The Second Savings Bank is mainly represented in the branches of the local savings banks. It has its own branches in Vienna, Graz, Innsbruck, Klagenfurt, Linz, Salzburg and Villach.

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<sup>2</sup> One exception is Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft, Which concluded a trilateral liability agreement with Erste Group Bank AG and Erste Bank Oesterreich in 2009.

**Table 3: Key structural indicators of the Austrian savings banks**

	2024	2023
Employees	16,700	16,200
Customers	4.3 M	4.2M
Offices	743	766

Source: Factsheet Erste Bank und Sparkassen 2024

**Table 4: Key balance sheet and income statement ratios of the Austrian savings banks**

	2024	2023
Net interest income	2,940	3,092
Operating result	2,291	2,432
Pre-tax result	1,811	2,090
Loans to customers	102,080	99,532
Deposits from customers	113,984	108,780
Loans/Deposits ratio	90%	92%

Source: Factsheet Erste Bank und Sparkassen 2024, in EUR million



## The central institution: Erste Group Bank AG (group holding)

Founded in 1819 as the "Erste österreichische Spar-Casse", Erste Group went public in 1997 with the strategy of expanding its retail business into the growth markets of Central and Eastern Europe (CEE). Through numerous acquisitions and organic growth, Erste Group has become one of the largest financial services providers in the eastern part of the EU, measured by customer numbers and total assets. In May 2025, Erste Group acquired 49% of Santander Bank Polska and 50% of Santander TFI for EUR 7 billion. This was financed from its own funds, with a reduction of dividends in 2025. The acquisition strengthens the CET1-ratio and increases EPS and ROTE.

**Table 5: Key figures of Erste Group Bank AG**

	2024	2023
Employees	45,700	45,723
Customers	16,6 M	16,2 M
Offices	1,871	1,948
Total assets	354	337
Total equity	30.8	29.0
Operating result	5.90	5.53
Net result	3.13	3.00
CET1 capital ratio	15%	16%
Cost-income-ratio	47%	48%
Cash return on equity	15%	16%

Source: Annual Report Erste Group 2024, in EUR billion

**Figure 5: Overview Group structure Erste Group Bank AG**



Source: [erstegroup.com/](https://erstegroup.com/)

## The umbrella organisation: Austrian Savings Banks Association



**Table 6: Structural features of the Austrian Savings Banks Association**

<b>Members</b>	The seven regional associations of the Austrian savings banks and the 49 Austrian savings banks (including Erste Group Bank), cooperation partners according to the articles of association are the Anteilsverwaltungssparkassen, Sparkassenstiftungen, the Sparkassen-Prüfungsverband and the association partners of the savings bank group.
<b>Legal form</b>	Incorporated association
<b>Tasks</b>	<ul style="list-style-type: none"> <li>• Representation of interests (national and EU)</li> <li>• Strategic discussion platform of the Savings Banks Group</li> <li>• Collective agreement responsibility</li> <li>• Consultation and services relevant to the Savings Banks in the areas of law, economic policy, data management and press and public relations work</li> <li>• Reconciliation of interests within the Savings Banks Group</li> </ul>

The Austrian Savings Banks Association is a member of the World Savings and Retail Banking Institute (WSBI) and the European Savings and Retail Banking Group (ESBG) as well as an associate member of the German Savings Banks Association e.V., and a member of the German Sparkassenstiftung for International Cooperation (Bonn).

# Imprint

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