Creditreform Sovereign Rating

Rating Object	Rating Information	
REPUBLIC OF AUSTRIA	Assigned Ratings/Outlook: **AA+ /stable**	Type: Monitoring, Unsolicited with participation
Long-term sovereign rating Foreign currency senior unsecured long-term debt Local currency senior unsecured long-term debt	Initial Rating Publication Date: Rating Renewal: Rating Methodologies:	29-07-2016 22-03-2024 "Sovereign Ratings" "Rating Criteria and Definitions"

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Rating Action

Neuss, 22 March 2024

Creditreform Rating has affirmed the unsolicited long-term sovereign rating of "AA+" for the Republic of Austria. Creditreform Rating has also affirmed Austria's unsolicited ratings for foreign and local currency senior unsecured long-term debt of "AA+". The outlook remains stable.

Key Rating Drivers

1. Following its pronounced downturn in 2023, we expect Austria's real GDP to see a moderate recovery this year, which should become somewhat more broad-based in 2025, likely aided to some extent by easing monetary policy; tourism should remain a supportive pillar; while vulnerabilities linked to dependency on Russian energy imports persist, there has been progress in shifting towards other energy suppliers, and the focus on enhancing energy security remains strong

2. Expected effects from recent socio-economic reforms, the recent plan to boost housing supply, as well as ongoing initiatives to drive the twin transition (digital and green), add to overall constructive medium-term growth prospects, with Austria's relatively high wealth level, its diversified economic structure, and its export competitiveness constituting key underlying strengths

3. Very strong institutional conditions, among others underpinned by significant advantages linked to EU/EMU membership; firm commitment to step up anti-corruption policies, which we will monitor against the backdrop of a recent deterioration in perceived control of corruption, as reflected by the respective World Bank metric; current polls hint at a fragmented political landscape and a potentially challenging government formation following the general election in autumn

4. Current fiscal plans do not point to a swift budgetary consolidation; in light of expected general government deficits and lower nominal GDP growth, the debt-to-GDP ratio is unlikely to see a pronounced decline in the medium term; contingent liabilities and demographics continue to pose risks, whilst vulnerabilities in connection with the housing market are receding somewhat; sound debt management and a favorable debt profile continue to represent risk-mitigating factors with regard to fiscal sustainability

5. We assess external risks as being contained by Austria's external buffers, also mirrored by its persistent net international creditor position and prevalent current account surpluses

Reasons for the Rating Decision and Latest Developments[1]

Macroeconomic Performance

Austria's credit rating is buttressed by its diversified and competitive economy, as well as its relatively high wealth level, given that its GDP per capita ranges among the highest in the EU. Strong labor market conditions, including good performance in the European Commission's (EC) Social Scoreboard, further add to its underlying macroeconomic strengths. Disinflationary tendencies should also bolster tourism, which has largely recovered from the pandemic. Austria's comparatively high dependency on energy imports from Russia constitutes a challenging backdrop for the near term, but there has been progress in diversifying energy suppliers, as well as the overall energy mix.

Following the pandemic recovery and an expansion by 4.8% in 2022, partly boosted by substantial fiscal support, Austria's real economic output deteriorated to a significantly larger degree in 2023 than we projected in our last review (Mar-23), falling by 0.8% last year compared to an 0.4% GDP increase in the euro area as a whole. Private consumption and gross fixed capital formation declined in 2023, amid high inflation rates throttling household expenditure and the slowing effects from high interest rates on the back of the monetary policy tightening cycle. Net exports contributed positively, as imports posted a stronger fall than exports. In Q4-23, real GDP only stagnated, on the heels of two consecutive quarterly contractions, underscoring an extended weak phase.

For the current quarter, the weekly GDP indicator provided by the Austrian Institute of Economic Research likewise points to lackluster development. Sentiment indicators, such as the European Commission (EC) Economic Sentiment Indicators, seem to be bottoming out, or even signaling a cautious turn for the better, with the exception of the construction sector, which continues to struggle with high interest rates and cost pressure. This February, the government responded by announcing a support package for the ailing construction sector (residential construction package), with a volume of EUR 2.2bn by 2027, in a bid to foster residential building and housing affordability, also taking into account ecological aspects.

With inflation rates decreasing on trend, we expect private consumption to recover somewhat in the course of the year, aided by overall solid labor market development and strong wage growth. Austria's inflation rate, which is typically above that of the euro area, has come down to 4.2% as of Feb-24 (EA: 2.6%), having averaged 7.7% in 2023 (EA: 5.4%). Weak economic performance in 2023 was partly mirrored by slowing employment growth compared to the euro area (EA) as a whole. While total employment increased in Austria, it slowed to 0.9% y-o-y in 2023 (EA: 1.4%, Eurostat, domestic concept), having exceeded euro area employment growth in 2022. As of Q4-23, the annual rate of change dropped further to 0.5% y-o-y, compared to a more robust 1.2% in the euro area.

At the same time, Austria's unemployment rate has edged up slightly, but at 5.0% in Jan-24 remains well below the euro area average (Jan-24: 6.4%, LFS-adj., s.a., Eurostat), following an average rate of 5.1% in 2023. While the labor market shows signs of loosening, as also corroborated by a decreasing—albeit still high—vacancy rate, upward pressure on wages has remained

[1] This rating update takes into account information available until 15 March 2024.

pronounced. The negotiated standard wage rate index recorded an increase of 7.6% in 2023 (2022: 3.0%, OeNB).

Investment will likely continue to be dampened by the high interest rate environment and pronounced uncertainty related to geopolitical tensions, which also affects foreign demand, exacerbated by disruptions in the Red Sea. Construction investment in particular remains weighed down by high lending rates and high costs for energy and materials. While the important tourism sector, exhibiting a direct value added of 5.3% of GDP in 2019 (Statistics Austria), i.e. prior to the pandemic, has seen a recovery since pandemic-related restrictions were lifted, the overall number of overnight stays in 2023 was somewhat below the record year 2019.

Despite the brightening picture for tourism on the back of retreating inflation rates, we think the net exports will pose a drag on GDP growth this year, with Germany as Austria's main export destination likewise undergoing a phase of protracted economic weakness. Alongside downside risks linked to geopolitical tensions, this adds to muted expectations for economic activity in the near term. That said, prospects of a turning monetary policy cycle from around the middle of this year lend support to expectations for a pick-up in GDP growth next year, with both domestic and foreign demand likely to see some recovery. At this stage, we expect real GDP to expand by 0.4% in 2024 and 1.7% in 2025.

The medium-term outlook is also brightening in light of expected monetary policy rate cuts, which adds to impulses likely coming from the ongoing green and digital transformation, in turn buttressed by the Recovery and Resilience Plan (RRP). Austria's modified RRP, which now includes a REPower chapter and forms the basis to access EUR 3.96bn in RRF grants, was greenlighted by the relevant European Union institutions in October and November 2023, with REPower-related pre-financing disbursed in December. Prior to submitting its modified RRP, Austria received a first grant disbursement in the amount of EUR 700mn in April 2023. More than half (56%) of the modified RRP is dedicated to supporting climate objectives, with more than a third (36%) focusing on fostering the digital transition. The measures could contribute to stabilizing potential growth, given that Austria's longer-term growth outlook remains constrained by its ageing population, which looks set to weigh on labor supply. Current estimates see Austria's potential growth at 1.1% in 2024 and 2025 (AMECO data).

Generally, Austria's credit assessment benefits from the economy's high level of diversification, high productivity level, and its non-cost competitiveness. Relatively moderate private sector indebtedness provides for some shock-absorbing capacities. Moreover, drawing on IMF estimates, Austria posted a per capita GDP (PPP terms, current prices) of USD 69,069 in 2023 (USD 66,889 in 2022), corresponding to roughly 121% of the weighted EU average. This continues to exceed median levels for our AA-rated sovereigns, as well as Germany's per capita GDP.

Ranked 24th among the 64 economies considered for the IMD's Global Competitiveness Index, Austria slipped by four places compared to 2022, but remains in the upper half among the EU members regarding this indicator. In terms of its innovation capacities, Austria continues to score relatively high when compared on an international scale, occupying rank 18 of 132 countries in the 2023 UN Global Innovation Index. Linked to this, R&D expenditure in terms of GDP, which in 2022 stood at 3.2%, has trended upward and counts among the highest in the EU.

Drawing on the EC's Digital Decade report 2023, while Austria generally compares favorably with the EU level as regards digital skills of individuals, the picture is somewhat more mixed regarding digital infrastructures. The 'Broadband Austria 2030' strategy is addressing this, remaining a work in progress.

A lower global export market share in 2022 compared to 2019 could hint at challenges to maintaining its competitiveness from a cost perspective, although pandemic distortions may play a larger role here. To be sure, recent developments in real unit labor costs as compared to main European trading partners do not suggest an erosion of price competitiveness.

We continue to see some challenges relating to reducing dependency on energy from Russia, including vulnerabilities to possible disruptions and price spikes, possibly compounded by an existing long-term contract until 2040 between the large Austrian energy company OMV and Gazprom. Natural gas accounted for 21.2% of Austria's energy mix in 2022 (Eurostat), and, according to the government, close to two-thirds (64.7%) of all gas imports in 2023 stemmed from Russia, with significant fluctuations in individual months. That said, Austria has made progress in diversifying its suppliers, with Norway and—to a smaller extent—North Africa and Central Asia gaining in importance. Moreover, authorities remain committed to further reducing dependency, in particular by working towards enhancing the share of renewables.

Institutional Structure

Austria's credit rating is buttressed by its very strong institutional quality, which includes the benefits linked to EU/EMU membership, also encompassing the reserve currency status of the euro, as well as the credible monetary policy framework of the ECB. High policy responsiveness adds to this, notwithstanding a more fragmented political landscape and a recent phase of elevated political volatility. Whilst current polls highlight uncertainty over the government constellation and, potentially, its stability after the general election to be held by the autumn, an ultimately high level of policy predictability remains our base scenario. This would also include commitment to implementing key reforms—despite recent slow progress regarding some aspects of judicial reform—and strengthening anti-corruption policies. We gather that a new anti-corruption action plan is currently being implemented amid a wider anti-corruption strategy, with a first evaluation of measures envisaged for 2025.

With regard to the four World Bank Worldwide Governance Indicators (WGIs) we consider the most relevant when assessing a sovereign's institutional quality, we note that Austria has seen a further deterioration regarding 'control of corruption' in the reference year 2022, possibly also reflecting ongoing high-level corruption investigations, as set out in our previous rating reports. That said, with its 33rd rank out of 209 economies, it still compares favorably against the euro area median, although trailing the median of our other AA-rated sovereigns.

However, Austria's respective ranks regarding the other three WGIs remain above the respective AA-median ranks, even though we note a weakening in all of our four favored pillars in the reference year 2022. The weaker ranking regarding 'government effectiveness' - notwithstanding a still strong 10th rank out of 209 economies – may reflect abovementioned episodes of political volatility to some extent.

While the EC Rule of Law report (Jul-23) generally underscores the high quality and efficiency of Austria's justice system, as well as ongoing reforms to further enhance its quality, it also highlights some open issues that require addressing, such as the establishment of an independent federal prosecution office. Similarly, the GRECO compliance report on corruption prevention with respect to members of parliament, judges and prosecutors (the fourth evaluation round), published in Nov-23, emphasizes that a number of recommendations remain to be addressed or further addressed, with 11 out of 19 recommendations partly implemented and 5 recommendations not implemented. We understand that the abovementioned new anti-corruption plan, approved by the government in Dec-23, aims to take these into account.

While political volatility has abated after a phase involving three prime ministers in quick succession, and the current coalition has demonstrated swift action to cushion adverse effects from the energy price shock and the inflationary burden, the national council election that has to be held by autumn 2024 may result in challenges to forming a stable government. Judging by current polls, the right-wing FPÖ is ahead of other parties, including the Christian democrats (ÖVP) and the Greens, which form the incumbent government coalition. FPÖ polls at about 27% of the votes, followed by the Social Democrats (SPÖ) with roughly 23%. ÖVP would currently obtain approximately 21% of the vote, while the Greens would come to about 8%. The liberal NEOS poll at around 11%.

In terms of greening the economy, Austria pursues the ambitious aim of becoming climate neutral by 2040. It does remain a frontrunner among the EU members when it comes to the EC Eco-Innovation Index, being ranked third, and its overall share of energy from renewable sources is well above the EU average, coming to 33.8% in 2022 (EU: 23.0%, Eurostat). With regard to its share of renewable energy sources in gross electricity consumption (2022: 74.7%), it ranks first among the euro area members. While data for 2022 is still pending, greenhouse gas emissions per head compared as slightly elevated against the EU in 2021 (8.8 tons vs. EU: 7.9 tons, Eurostat data). The issuance of a new 6-year green bond in Apr-23, and tapping an outstanding green bond in Oct-23, as well as the launch of an inaugural Green Investor Report in Jun-23, may serve as examples for an ongoing commitment to combining climate-protection aspirations with refinancing policies on the capital market.

Fiscal Sustainability

Austria's debt-to-GDP ratio remains above its pre-pandemic level, and whilst we expect an only gradual decrease in the public debt ratio by the end of 2025, we continue to assess fiscal sustainability risks as manageable. Support measures to cushion adverse effects from successive global crises should prospectively present less of a burden on public finances, whereas the effects of previous reforms to taxation, as well as envisaged social spending, look set to prevent a clearly improving trend of fiscal metrics in the medium term. Fiscal risks associated with contingent liabilities and unfavorable demographics remain in place, but are tempered by risk-mitigating factors, including sound debt management, a favorable debt profile, and still high debt affordability, notwithstanding rising interest outlays in the near term.

Similar to 2022, Austria's general governance balance was affected by fiscal support measures last year. With pandemic effects fading, the government stepped up to cushion high inflationary pressure on private households in particular. Nevertheless, and despite weakening economic activity, as well as the abolition of the income tax creep from 2023, the headline deficit, which in 2022 decreased to 3.5% of GDP, looks set to have come in lower than that in 2023. Positive developments on the revenue side were the main driver behind this, but expenditure also turned out slightly lower than in 2022, at least judging by preliminary results on the federal government level.

According to the finance ministry, net borrowing on the federal government level (cash balance) came in more favorably than in 2022, as well as more favorably than budgeted for 2023, standing at EUR 8.0bn (preliminary data). The revenue side benefited from higher tax revenue intake and revenue from national emissions trading, which was included in revenue for the first time, as well as from social contributions. Apart from that, federal government expenditure was below its 2022 level (-1.9% y-o-y) with regard to strategic energy and anti-inflation measures. At the same time, expenditure on interest, pensions and care increased y-o-y. We estimate the general government budget deficit to have been at 2.6% of GDP in 2023.

Government spending in 2024 will be boosted by indexed public wages, pensions and social benefits, while energy support measures are largely expiring. That said, some energy measures were extended until the end of the current year, although in a reduced form. Measures to ease the burden from high inflation for private households announced in May-23 (Living and Housing Costs Compensation Act) include expenditure of about EUR 181mn in 2023 (preliminary data), roughly EUR 362mn budgeted for 2024. Protection against eviction was increased by EUR 60mn in 2024 as part of the residential construction package.

Interest payments are set to increase further in 2024. Meanwhile, the revenue side will likely remain affected by the abolition of the cold progression, as well as cuts to the unemployment insurance and the corporate tax rate, alongside some tax measures intended to incentivize the green transition, such as tax-free photovoltaic from 2024. Given these considerations, we expect the 2024 headline deficit to remain at last year's expected level (2024e: 2.6% of GDP). With regard to 2025, despite the assumed acceleration in economic activity, we expect the general government deficit to move in similar territory. At this stage, we pencil in a deficit of 2.5% of GDP for 2025.

That said, the uptake of the residential construction package may pose downside risks to these forecasts, on top of a possible further escalation related to the war in Ukraine and the conflict in the Middle East. Risks also continue to emanate from the disruptions in the Red Sea and adverse effects on transport and commodity prices. More generally, the approaching election and very limited visibility over the resulting government constellation entails higher uncertainty around current fiscal projections. Over the medium term, spending to prop up the health sector, care, elementary education, as well as climate protection and mobility are set to weigh on public finances, alongside higher defense spending and assumed adverse effects on the revenue side from the abolition of the cold progression.

At 78.4% of GDP in 2022, Austria's general government debt decreased further from its pandemic peak, but remained well above its pre-pandemic level (2019: 70.6% of GDP). That said, it continues to stand well below the public debt ratio of the euro area as a whole (2022: 90.9% of GDP). As of Q3-23, the ratio had inched down to 78.2% of GDP. Given our expectations for persistent headline deficits and lower nominal GDP growth amid a gradual economic recovery and retreating inflation rates, we anticipate the public debt ratio to decrease to 75.7% of GDP by 2025, which would still be some way off its level prior to the outbreak of the corona crisis. Anticipated marked stock-flow adjustments may play a somewhat larger role in this.

Contingent liabilities remain elevated, but have continued to drop, standing at 15.2% in 2022, and are estimated to have decreased to 13.9% of GDP in 2023 and to decline to 13.3% of GDP this year (Draft Budgetary Plan 2024, DBP24). Moreover, guarantees linked to exports, which tend to be less prone to default, account for almost half of total public guarantees. In the context of a long-term contract until 2040 between Austria's large energy company OMV and the Russian gas supplier Gazprom, we will monitor potential risks of additional contingent liabilities.

Meanwhile, Austria's banking sector gives a sound impression, as underscored by relevant indictors. The NPL ratio was broadly stable at a relatively low 1.8% as of Q3-23, in line with the respective ratio for the EU overall (EBA data). The sector's profitability has increased markedly in the context of the high interest rate environment, judging by RoA, and capital buffers as measured by the CET1 ratio appear comfortable, whilst moving somewhat below the EU level as of Q3-23 (15.2% vs. EU 15.9%, EBA data). The latest Bank Lending Survey relating to Q4-23 (ECB) confirms a softening trend in bank lending, additionally spurred by stricter lending conditions. Partly reflecting a negative credit gap, the Financial Market Stability Board maintained the recommendation to keep the countercyclical capital buffer at 0% in Mar-24.

At the same time, house prices are on the decline, with annual rates of change in negative territory (Q3-23: -2.2% y-o-y, Eurostat data). Judging by OeNB data, house prices fell by 1.6% in 2023 as a whole (2022: +10.3%). We will continue to monitor risks around possibly more abrupt movements in housing prices. While household indebtedness compares as relatively moderate by EU standards, and the share of outstanding mortgage debt in private sector debt is low by comparison, we note that the share of variable-rate new loans to households was almost 50% as of Aug-23 (OeNB intelligence). However, risks are tempered by improving residential real estate standards on the back of binding borrower-based measures introduced in 2022. Drawing on BIS data as of Q3-23, Austrian banks' claims on Russian counterparties have decreased to about USD 13.1bn, corresponding to roughly 2.5% of GDP (USD terms) in 2023.

Debt affordability remains high overall, notwithstanding climbing interest payments. While interest expenditure has remained below the budgeted 8.7bn euro in 2023 (preliminary data), this represents almost twice the amount in 2022, and is likely to rise further in 2024. On the capital market, yields on 10-year Austrian government bonds stood at 2.74% as of 8 March 2024, down from 3.18% compared to six months earlier (8 September 2023, weekly data), partly reflecting expectations for monetary policy easing. We expect a first rate cut by the ECB for June, with the main refinancing rate likely standing at 3.75% at the end of the current year, from the current 4.50%.

Foreign Exposure

We deem risks to Austria's external position as limited. Buttressed by repeated current account surpluses, likely only temporarily interrupted by the successive crises affecting the global economy, Austria's net international investment position remains positive.

Under the impression of the energy price shock, and amid an incomplete recovery of tourism from the pandemic, Austria's current account balance turned negative in 2022 (-0.3% of GDP) for the first time since 2001. More recently, the goods balance has returned to a surplus as energy prices normalize, lifting the current account balance back into positive territory, to the tune of 2.1% of GDP as of Q3-23. The service balance was strongly affected by the corona crisis, but has improved to levels at roughly 2% of GDP (Q3-23: 1.9% of GDP), close to pre-pandemic levels. Going forward, we expect the current account to continue to exhibit surpluses in the order of magnitude of 2.0 to 2.5% of GDP in 2024 and 2025.

Austria retains a position as a net creditor to the world, with its NIIP at 17.4% of GDP as of Q3-23, partly fueled by successive current account surpluses over recent years, which in turn attest to Austria's competitive trade position.

Rating Outlook and Sensitivity

Our rating outlook on the Republic of Austria's long-term credit ratings is stable. This reflects our view that downside risks regarding the macroeconomic performance and the assumed slow fiscal consolidation are balanced by Austria's external strength, robust institutional framework, and overall sufficient fiscal buffers.

A positive rating action could be prompted by a significantly stronger economic rebound than currently expected, also lifting the medium-term growth outlook. A more rapid fiscal consolidation and/or a significantly lower debt-to-GDP ratio than currently assumed could also cause upward pressure to our rating or the outlook.

Conversely, we could lower the sovereign's outlook or rating if the recent economic weakness persists, possibly on the back of protracted or even intensifying adverse effects from geopolitical tensions and related vulnerabilities to price adjustments, leading to a significant deterioration of the medium-term growth outlook. Worsening public finances, including a higher debt trend, would exert downward pressure on the rating as well, as would materializing contingent liabilities.

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Ratings*

Long-term sovereign rating	AA+ /stable
Foreign currency senior unsecured long-term debt	AA+ /stable
Local currency senior unsecured long-term debt	AA+ /stable

*) Unsolicited

ESG Factors

Creditreform Rating has signed the ESG in credit risk and ratings statement formulated within the framework of the UN Principles for Responsible Investment (UN PRI). The rating agency is thus committed to taking environmental and social factors as well as aspects of corporate governance into account in a targeted manner when assessing creditworthiness.

While there is no universal and commonly agreed typology or definition of environment, social, and governance (ESG) criteria, Creditreform Rating views ESG factors as an essential yardstick for assessing the sustainability of a state. Creditreform Rating thus takes account of ESG factors in its decision-making process before arriving at a sovereign credit rating. In the following, we explain how and to what degree any of the key drivers behind the credit rating or the related outlook is associated with what we understand to be an ESG factor, and outline why these ESG factors were material to the credit rating or rating outlook.

For further information on the conceptual approach pertaining to ESG factors in public finance and the relevance of ESG factors to sovereign credit ratings and to Creditreform Rating credit ratings more generally, we refer to the basic documentation, which lays down key principles of the impact of ESG factors on credit ratings.

ESG Factor Box

Environmental Quality	Ecological Risks	Ressource Management	Education	Health	**Demographics**
Labor	Equality	Technology & Infrastructure	Saftey & Security	**Judicial system**	**Quality of Public Services**
Integrity of Public Officials	Quality and Efficacy of Regulations	**Civil Liberties/ Political Participation**	Market Access	**Business Environment**	Data Transparency

Environment	Social	Governance	Highly significant	Significant	Less significant	Hardly significant

The governance dimension plays a pivotal role in forming our opinion on the creditworthiness of the sovereign. As the World Bank's Worldwide Governance Indicators Rule of Law, Government Effectiveness, Voice and Accountability, and Control of corruption have a material impact on Creditreform Rating's assessment of the sovereign's institutional set-up, which we regard as a key rating driver, we consider the ESG factors 'Judicial System and Property Rights', 'Quality of Public Services and Policies', 'Civil Liberties and Political Participation', and 'Integrity of Public Officials' as highly significant to the credit rating.

Since indicators relating to the assessment of an economy's competitive stance by e.g. the World Bank, the World Economic Forum, the European Commission, and IMD Business School and the World Intellectual Property Organization (UN) add further input to our rating or adjustments thereof, we judge the ESG factor 'Business Environment' as significant.

The social dimension plays an important role in forming our opinion on the creditworthiness of the sovereign. Labor market metrics constitute crucial goalposts in Creditreform Rating's considerations on macroeconomic performance of the sovereign, and we regard the ESG factor 'Labor' as significant to the credit rating or adjustments thereof. Indicators or projections providing insight into likely demographic developments and related cost represent a social component affecting our rating or adjustments thereof. We regard the ESG factor 'Demographics' as less significant.

While Covid-19 may exert adverse effects on several components in our ESG factor framework in the medium to long term, it has not been visible in the relevant metrics we consider in the context of ESG factors – though it has a significant bearing on public finances. To be sure, we will follow ESG dynamics closely in this regard.

Economic Data

[in %, otherwise noted]	2018	2019	2020	2021	2022	2023e	2024e
Macroeconomic Performance							
Real GDP growth	2.4	1.5	-6.6	4.2	4.8	-0.8	0.4
GDP per capita (PPP, USD)	56,603	58,663	55,329	59,917	66,889	69,069	70,821
Credit to the private sector/GDP	87.3	88.7	95.7	95.9	91.9	86.6	n/a
Unemployment rate	5.2	4.8	6.0	6.2	4.8	n/a	n/a
Real unit labor costs (index 2015=100)	100.2	101.0	105.4	104.0	101.3	103.1	105.7
World Competitiveness Ranking (rank)	18	19	16	19	20	24	n/a
Life expectancy at birth (years)	81.7	82.1	80.8	81.9	81.8	n/a	n/a
Institutional Structure							
WGI Rule of Law (score)	1.9	1.9	1.8	1.8	1.7	n/a	n/a
WGI Control of Corruption (score)	1.6	1.5	1.5	1.2	1.3	n/a	n/a
WGI Voice and Accountability (score)	1.4	1.3	1.4	1.4	1.4	n/a	n/a
WGI Government Effectiveness (score)	1.5	1.5	1.6	1.5	1.5	n/a	n/a
HICP inflation rate, y-o-y change	2.1	1.5	1.4	2.8	8.6	7.7	3.9
GHG emissions (tons of CO2 equivalent p.c.)	9.2	9.3	8.4	8.8	n/a	n/a	n/a
Default history (years since default)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fiscal Sustainability							
Fiscal balance/GDP	0.2	0.6	-8.0	-5.8	-3.5	-2.6	-2.6
General government gross debt/GDP	74.1	70.6	83.0	82.5	78.4	76.3	76.4
Interest/revenue	3.3	2.9	2.8	2.2	1.9	n/a	n/a
Debt/revenue	151.4	143.5	169.9	163.7	158.0	n/a	n/a
Total residual maturity of debt securities (years)	9.9	10.4	10.9	11.3	11.5	13.0	n/a
Foreign exposure							
Current account balance/GDP	0.9	2.4	3.4	1.6	-0.3	n/a	n/a
International reserves/imports	12.0	12.8	17.7	15.5	14.2	n/a	n/a
NIIP/GDP	6.0	14.4	12.3	15.6	17.6	n/a	n/a
External debt/GDP	150.8	154.3	165.9	164.2	148.8	n/a	n/a

Sources: IMF, World Bank, Eurostat, AMECO, ECB, Statistik Austria, own estimates

Appendix

Rating History

Event	Publication Date	Rating /Outlook
Initial Rating	29.07.2016	AA+ /stable
Monitoring	30.06.2017	AA+ /stable
Monitoring	27.04.2018	AA+ /stable
Monitoring	26.04.2019	AA+ /positive
Monitoring	24.04.2020	AA+ /stable
Monitoring	16.04.2021	AA+ /stable
Monitoring	08.04.2022	AA+ /stable
Monitoring	24.03.2023	AA+ /stable
Monitoring	22.03.2024	AA+ /stable

Regulatory Requirements

In 2011 Creditreform Rating AG (CRAG) was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation. The rating was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

This sovereign rating is an unsolicited credit rating. The Austrian Treasury (OeBFA) participated in the credit rating process, as it provided additional information and commented on a draft version of the report prior to its publication. Thus, this report represents an updated version, which was augmented in response to OeBFA's factual comments during their review. However, the rating outcome as well as the related outlook remained unchanged.

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	YES
With Access to Internal Documents	NO
With Access to Management	NO

The rating was conducted on the basis of CRAG's "Sovereign Ratings" methodology (v1.2, July 2016) in conjunction with its basic document "Rating Criteria and Definitions" (v1.3, January 2018). CRAG ensures that methodologies, models, and key rating assumptions for determining sovereign credit ratings are properly maintained, up-to-date, and subject to a comprehensive review on a periodic basis. A complete description of CRAG´s rating methodologies and basic document "Rating Criteria and Definitions" is published on our website.

To prepare this credit rating, CRAG has used the following substantially material sources: International Monetary Fund, World Bank, Organization for Economic Co-operation and Development, Eurostat, European Commission, European Banking Authority, European Central Bank, World Economic Forum, World Intellectual Property Organization (WIPO), IMD Business School, Österreichische Nationalbank, Statistik Austria, Fiskalrat, Österreichische Bundesfinanzierungsagentur (OeBFA), Republik Österreich – Bundesministerium für Finanzen, Finanzmarktstabilitätsgremium (FMSG).

A Rating Committee was called consisting of highly qualified analysts of CRAG. The quality and extent of information available on the rated entity was considered satisfactory. The analysts and committee members declared that the rules of the Code of Conduct were complied with. No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks. The analysts presented the results of the quantitative and qualitative analyses and provided the Committee with a recommendation for the rating decision. After the discussion of the relevant quantitative and qualitative risk factors, the Rating Committee arrived at a unanimous rating decision. The weighting of all risk factors is described in CRAG´s "Sovereign Ratings" methodology. The main arguments that were raised in the discussion are summarized in the "Reasons for the Rating Decision."

As regards the rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the credit rating report. There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRAG website.

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