



OeBFA
Austrian Treasury



Republic of Austria

Republic of Austria

Investor Information – June 2017

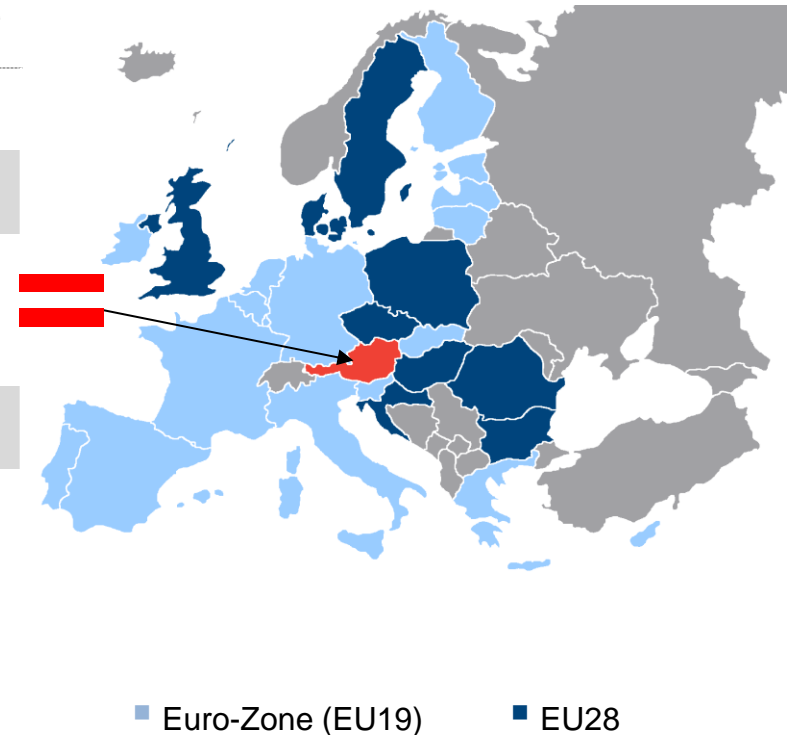
Austrian Treasury

Agenda

1. General Overview – Austria's favourable fundamentals 3
2. Funding Strategy Republic of Austria 26

Austria – Key Data and Facts

	Austria	Euro-Zone
Area (sq. km '000)	84	2.758
Population 2016 (Mio.)	8.7	339.9
Population growth (2013 – 2016, average yearly change)	+0.9%	+0.4%
GDP per capita 2016 (EUR)	40.000	31.600
Net financial assets per private household as of Q3 2016 (EUR)	115.173	102.523 ¹



Source: Eurostat, OECD

1) EA19 without Ireland

Austria – Key Data and Facts

in %	Austria			Euro-Zone		
	2016	2017	2018	2016	2017	2018
Real GDP growth	1.5	2.0	1.8	1.8	1.7	1.8
Inflation (HICP)	1.0	1.8	1.7	0.2	1.6	1.3
Unemployment	6.0	5.9	5.9	10.0	9.4	8.9
Current Account Balance	2.1	2.0	2.2	3.3	3.0	2.8
Budget Balance (Maastricht)	-1.6	-1.0	-0.8	-1.5	-1.4	-1.3
Structural Budget Balance	-0.7	-0.5	-0.5	-1.0	-1.1	-1.3
Debt to GDP	84.6	80.8	78.5	91.3	90.3	89.0
Year	2016	2017	2018	2016	2017	2018

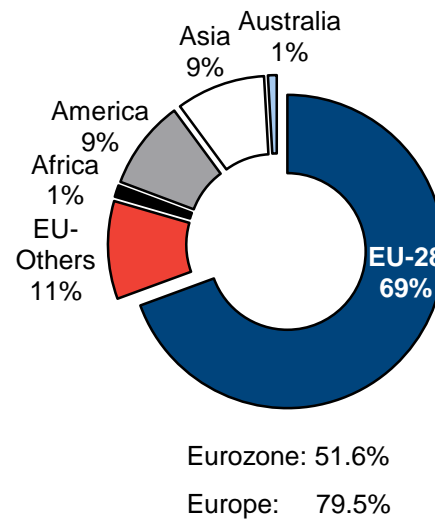
Source: Data on Austria: WIFO, March 2017 / Statistics Austria, March 2017 / Federal Ministry of Finance, April 2017 / EC – Spring Economic Forecast, May 2017
 Data on Euro-Zone: EC – Spring Economic Forecast, May 2017
 Note: Structural budget balance Austria excludes additional expenditures on refugees and asylum seekers

Austria – GDP and external trade

Composition of Austrian GDP¹

2016	EUR 349.5 bn
Consumption	73%
Investments	24%
Net exports	4%
Exports	52%
Imports	48%

Distribution of Austrian Exports²



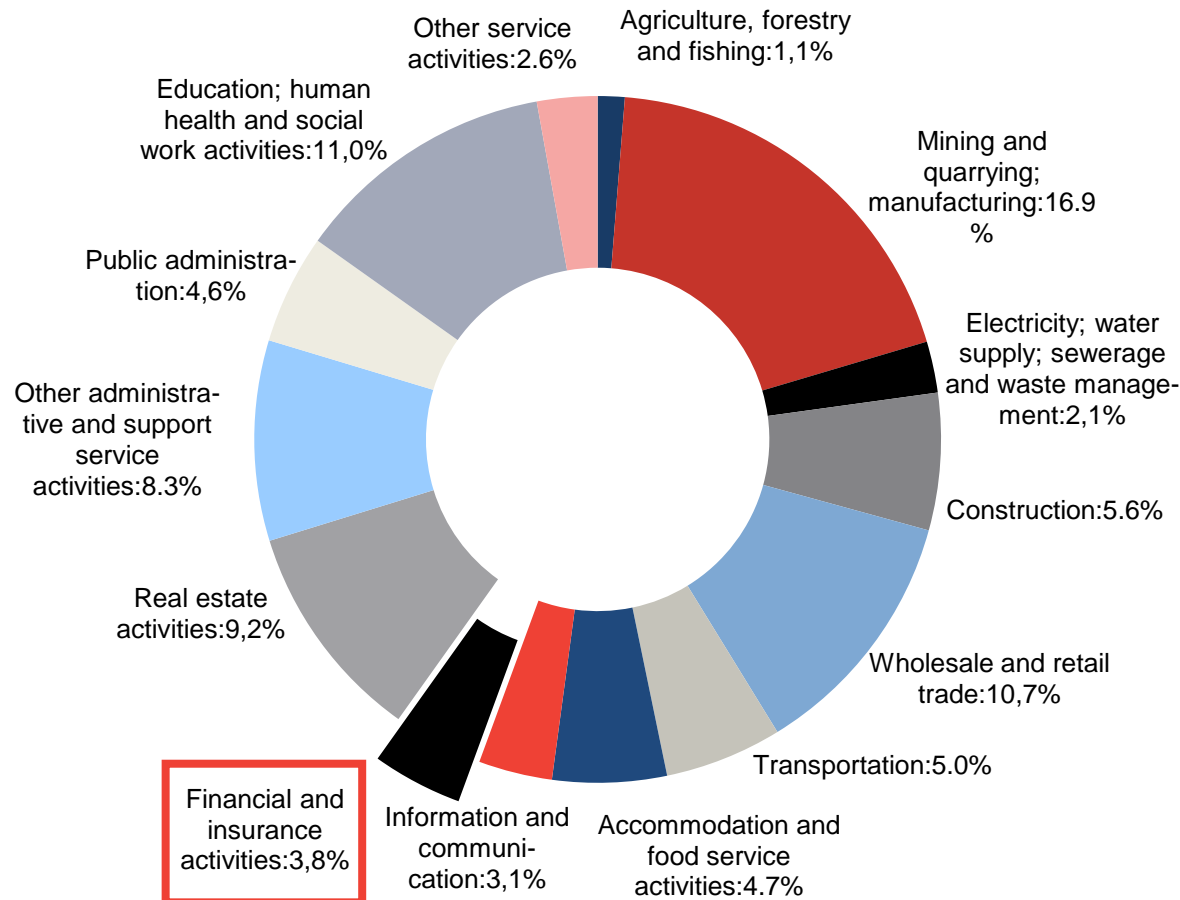
Top-10 Export Partners 2016³

Country	Share in %
Germany	30.5
USA	6.7
Italy	6.4
Switzerland	5.5
France	4.1
Czech Republic	3.7
Hungary	3.3
United Kingdom	3.1
Poland	3.0
China	2.5

Source: 1) Statistics Austria as of March 2017
 2) Statistics Austria as of March 2017
 3) Statistics Austria as of March 2017

Note: Totals might not add up due to rounding

Composition of the Austrian GDP - Low exposure to financial sector (3.8% of GDP)



Source: Statistics Austria as of March 2017

Credit Ratings Overview

	Long Term	Short Term	Outlook
Moody's	Aa1	P-1	Stable
Standard & Poors	AA+	A-1+	Stable
Fitch	AA+	F1+	Stable
DBRS	AAA	R-1 (high)	Stable

- All rating reports available online at www.oebfa.at

Austria: Leader in Sustainability

Sustainability Country Ranking¹

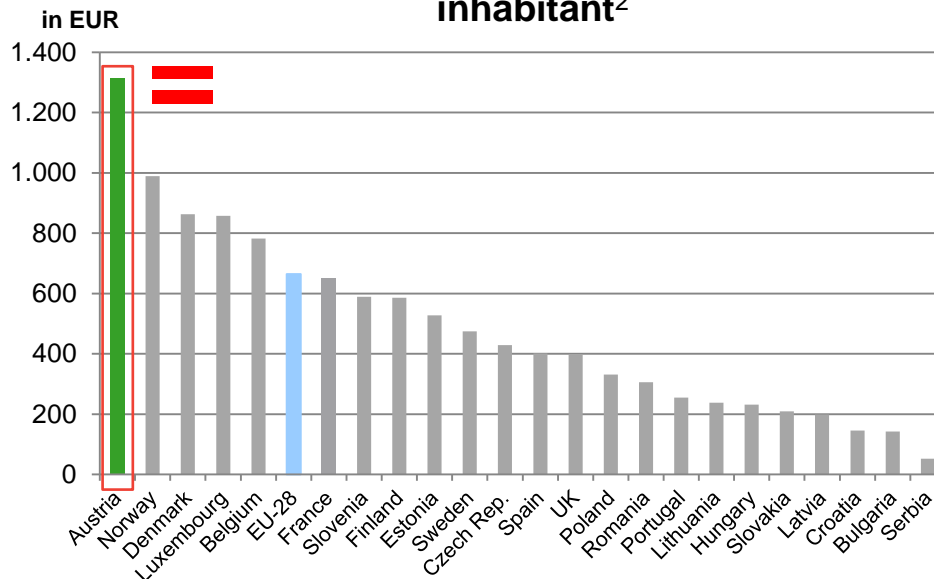
Sustainalytics

Ranked 5th out of 172 countries worldwide

oekom research

Ranked 11th out of 57 countries worldwide

Environmental protection expenditure per inhabitant²



- **Highest environmental protection expenditure per capita² and highest share of green jobs in the EU³**
- Share of **renewable energy sources** (in total gross final energy consumption) is over 32%. That is **twice the EU average (16%)** and puts Austria in 4th place in Europe⁴
- Austria has the **2nd highest recycling rate of waste** in the EU⁴
- With over 20% of its agricultural area utilised under **organic farming**, Austria ranks **1st among all EU member states⁴**

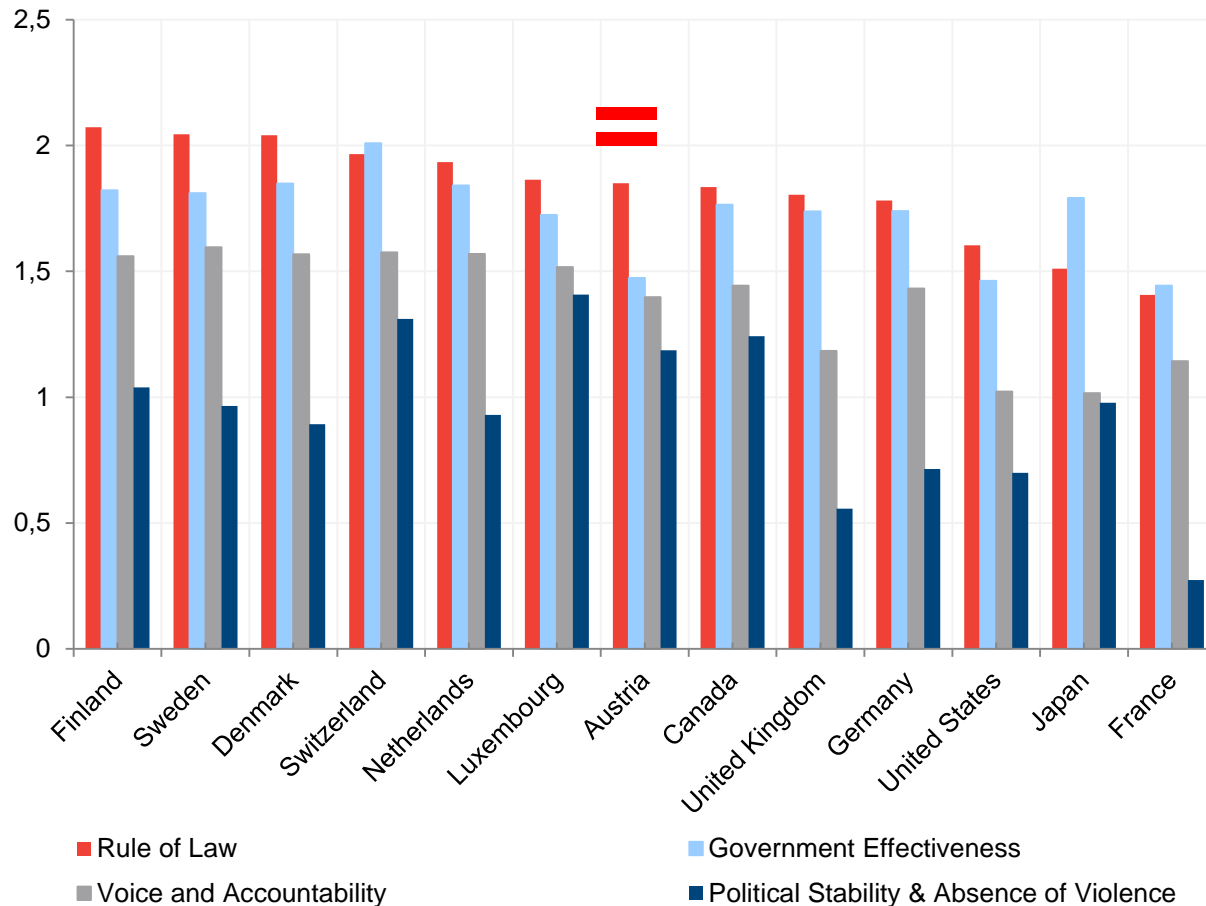
1) Reports available online at www.oebfa.at

2) Eurostat, February 2017 (no data available for Germany, Netherlands, Italy, Ireland, Greece)

3) Eurostat, Employment in the environmental goods and services sector; May 2017

4) Eurostat, Sustainable Development in the European Union 2016

Austria's High Institutional Strength Worldbank Governance Indicators

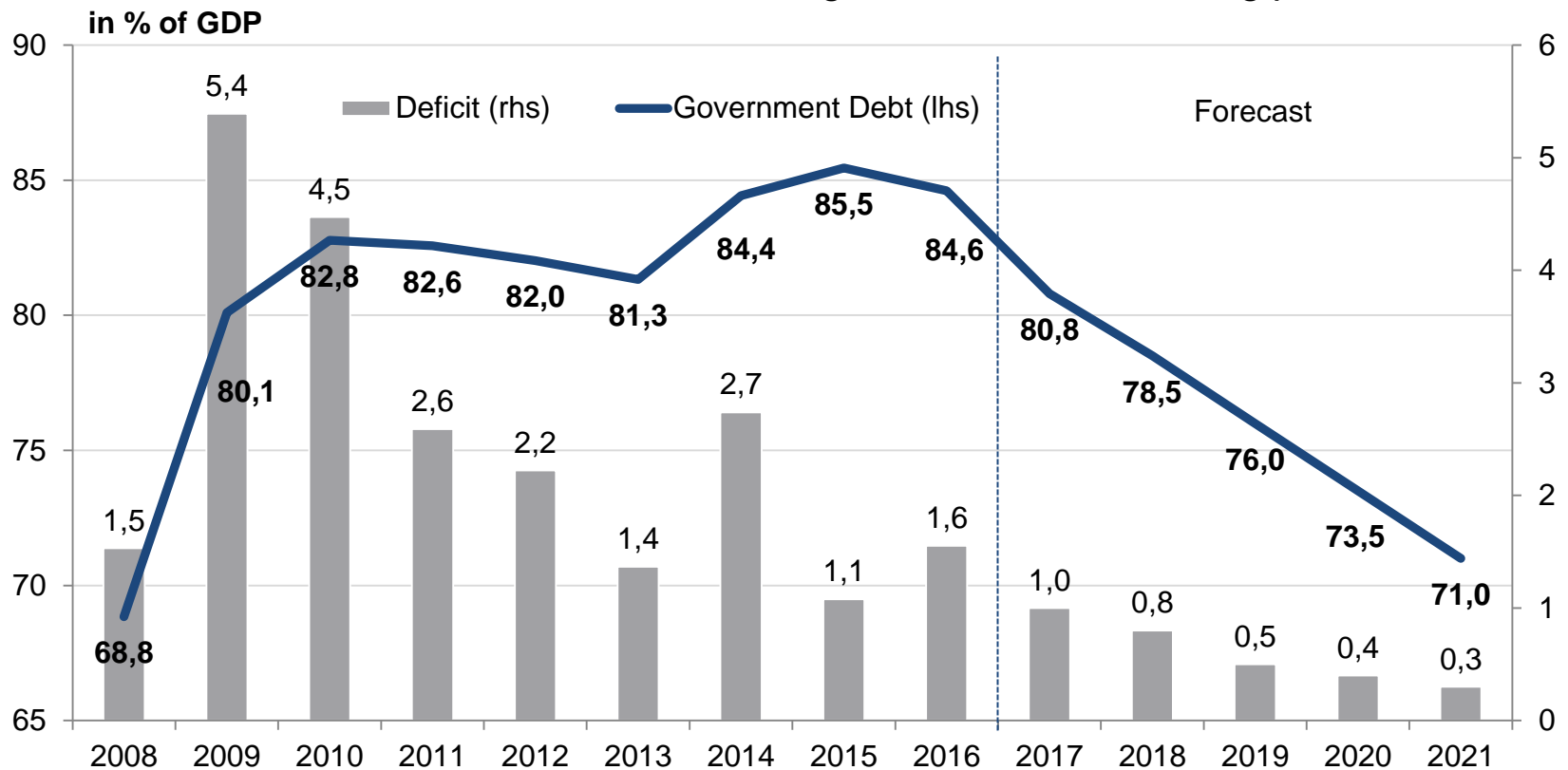


- **Rule of Law:** ranked 10 out of 214 countries worldwide
- **Voice and Accountability:** ranked 12 out of 214 countries worldwide
- **Political Stability & Absence of Violence** ranked 19 out of 214 countries worldwide
- **Government Effectiveness:** ranked 21 out of 214 countries worldwide

Note: Values range from -2.5 (weak) to +2.5 (strong) / data as of November 2016

Austria's Favourable Fiscal Position

Government Debt Ratio and Budget Deficit on a declining path



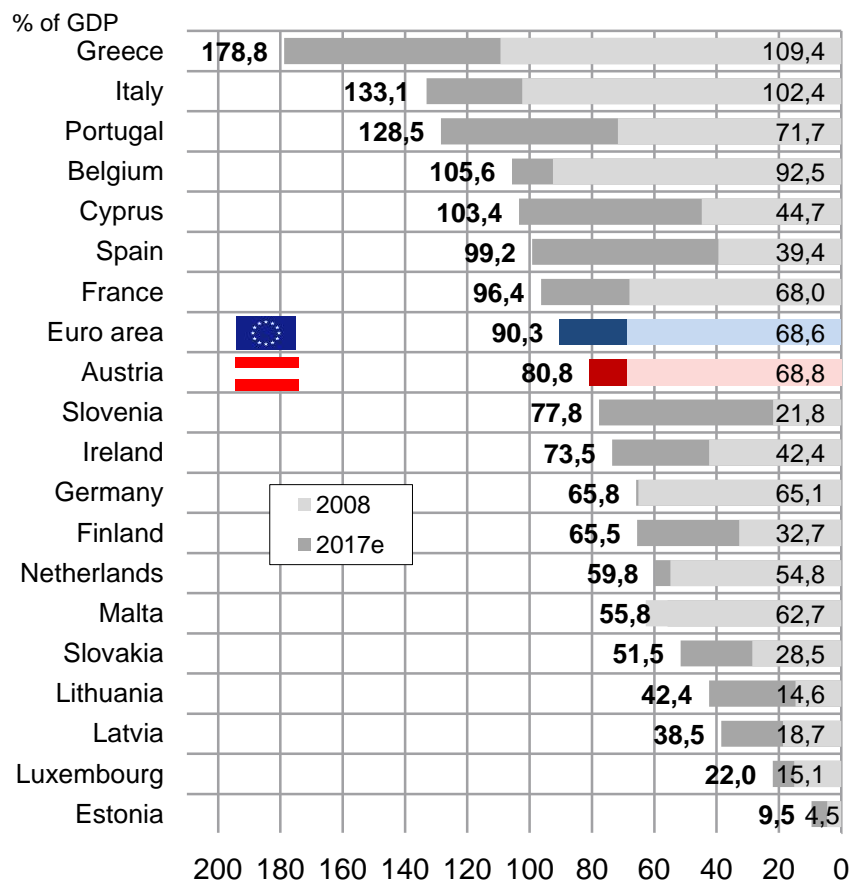
- Excluding liabilities of government-owned wind-down units, Austria's general government debt was at 78% of GDP (end-2016)
- More details on the fiscal consolidation strategy of Austria: [Austrian Stability Programme 2016 – 2021](#)

Source: Statistics Austria, March 2017 / Federal Ministry of Finance, April 2017

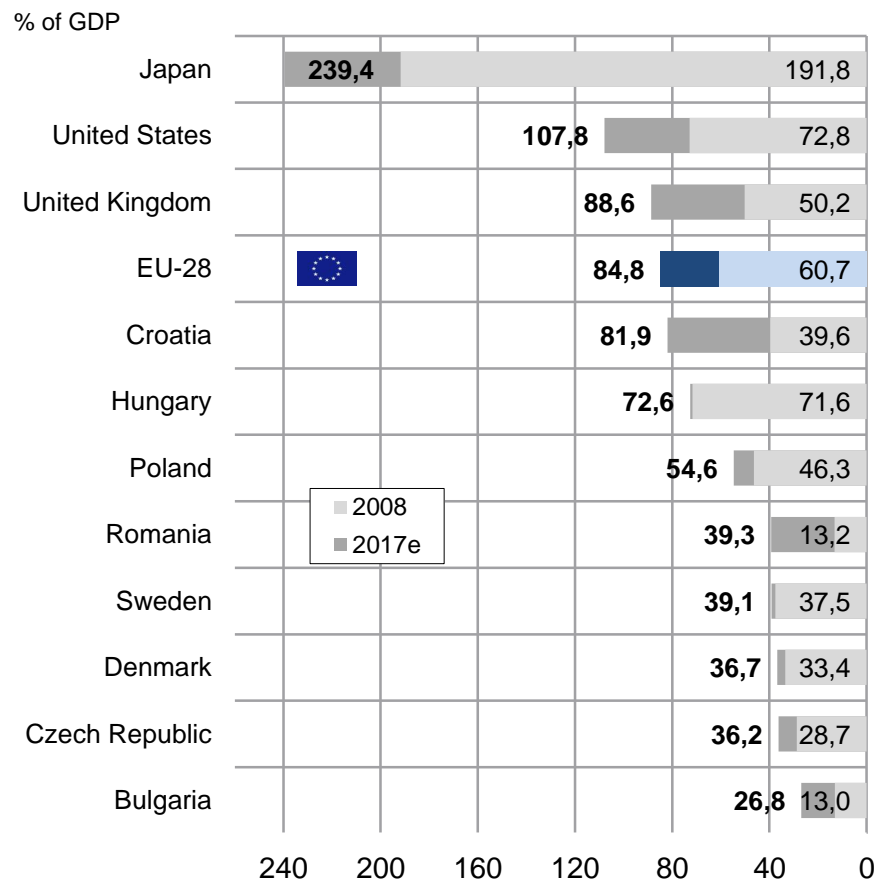
Public Debt/GDP in Austria

Increase since 2008 substantially below Eurozone-average

Euro area



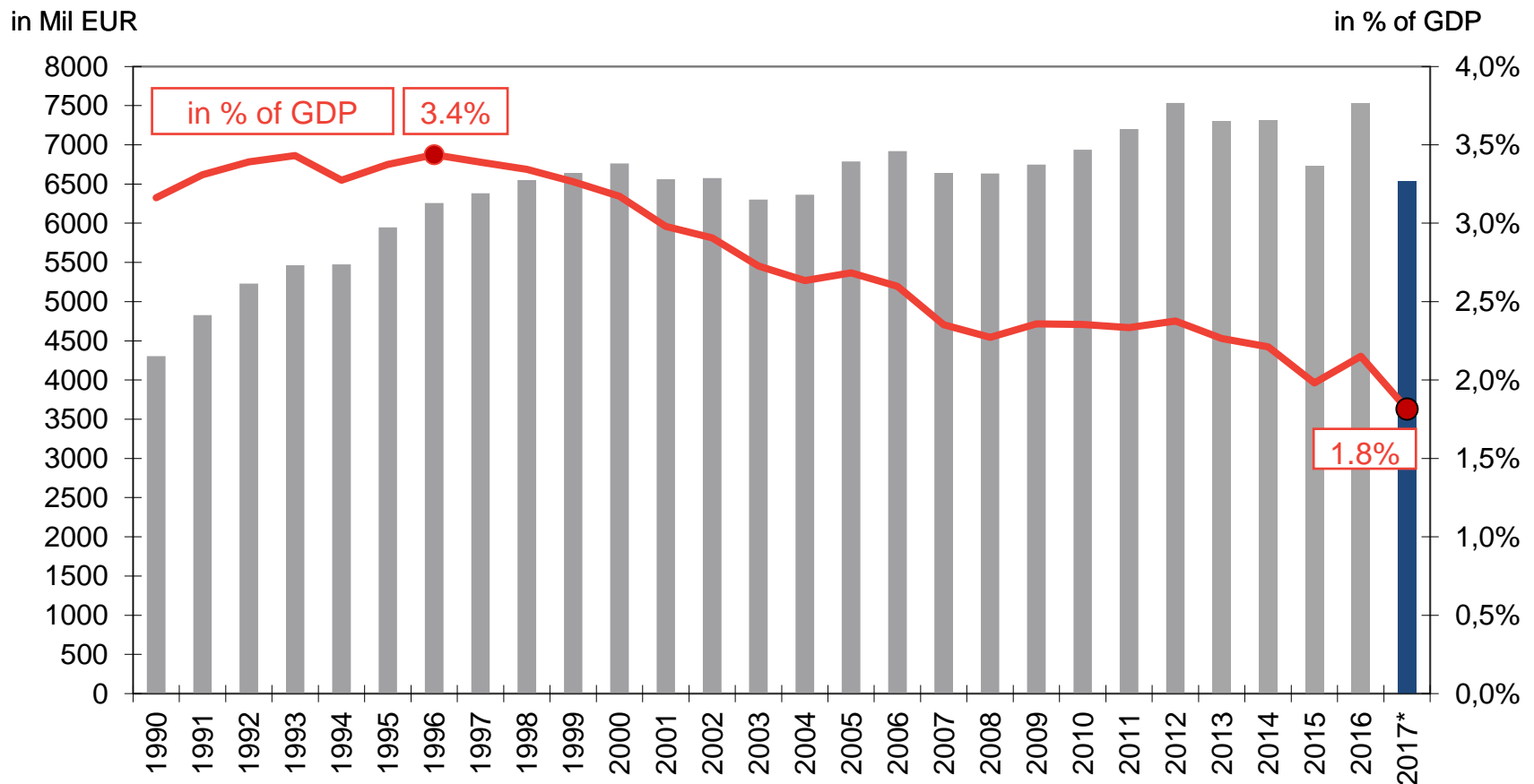
Non-euro area and others



Source: Statistics Austria, March 2017 / Federal Ministry of Finance, April 2017 / EC Spring Economic Forecast, May 2017

Federal government - Interest payments 1990-2017

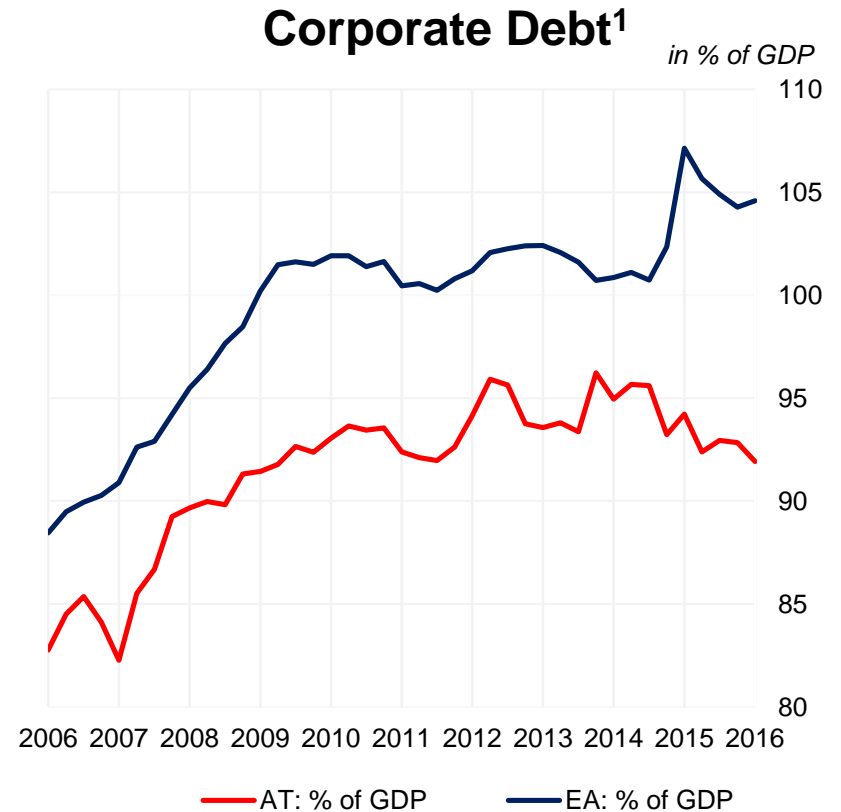
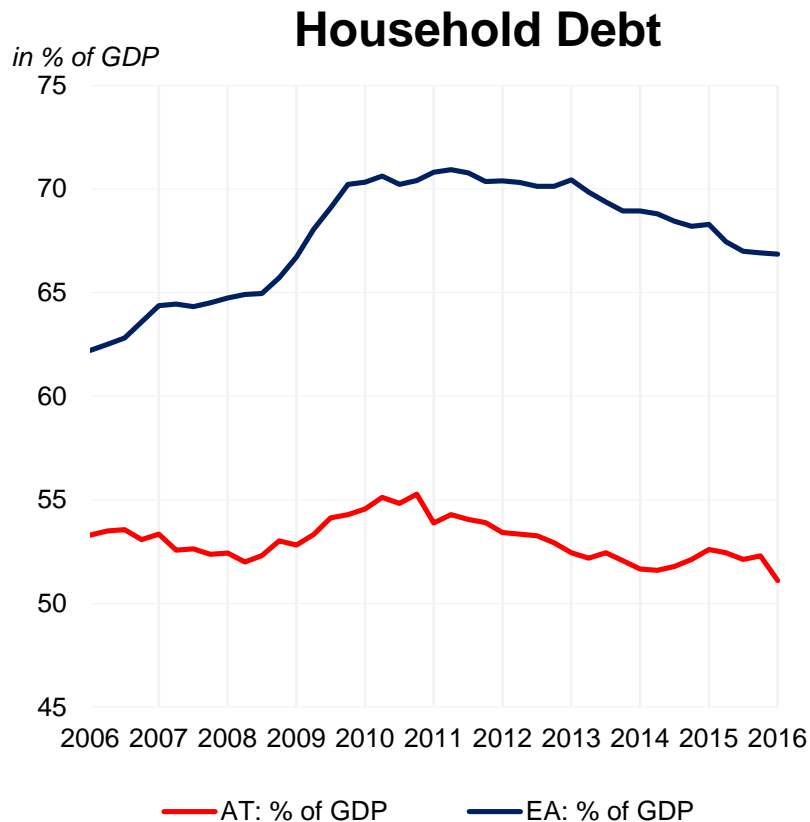
- Absolute level of interest payments relatively stable
- Relative to GDP interest payments are below 2% and well beneath peak levels in 1996



* Interest payments 2017: BVA (budgetary forecast as of November 2016)

Indebtedness of households and corporates

Level of corporate and household indebtedness substantially below Euro-Zone average

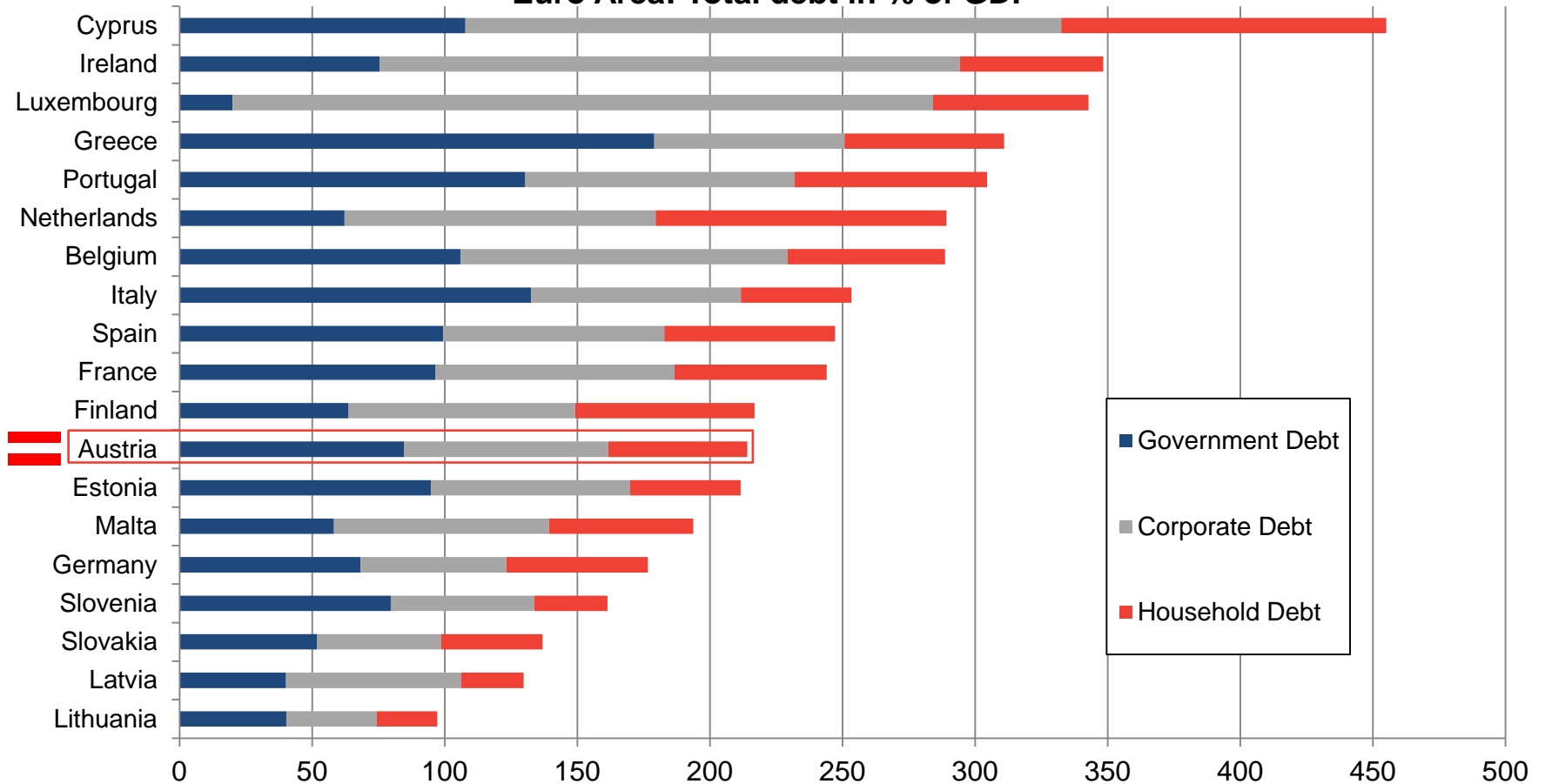


¹ Short- and long-term loans, money and capital market instruments.

Total indebtedness of the real economy

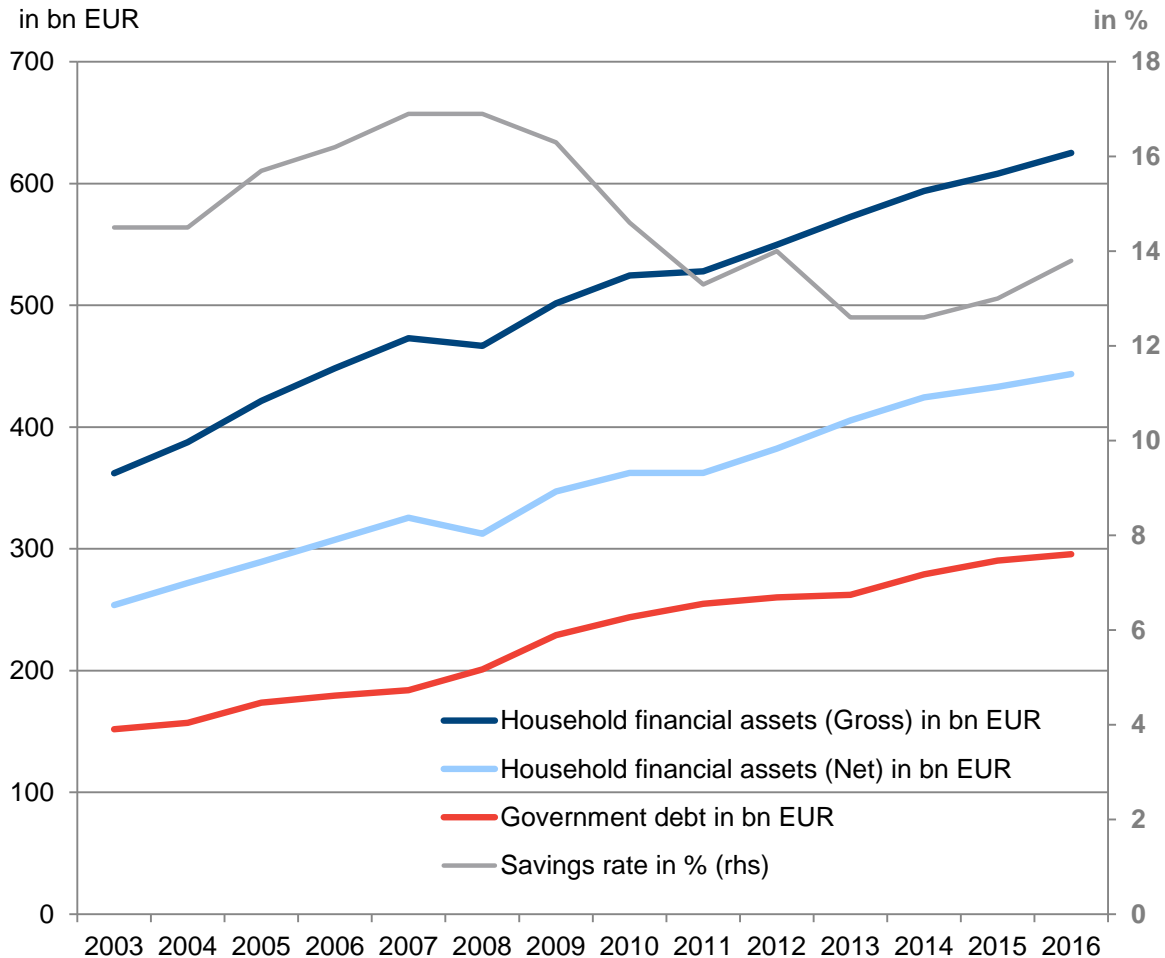
Level of total indebtedness in Austria relatively low

Euro Area: Total debt in % of GDP



Source: ECB / ESRB, May 2017 (data as of Q4 2016)

Government debt and household assets

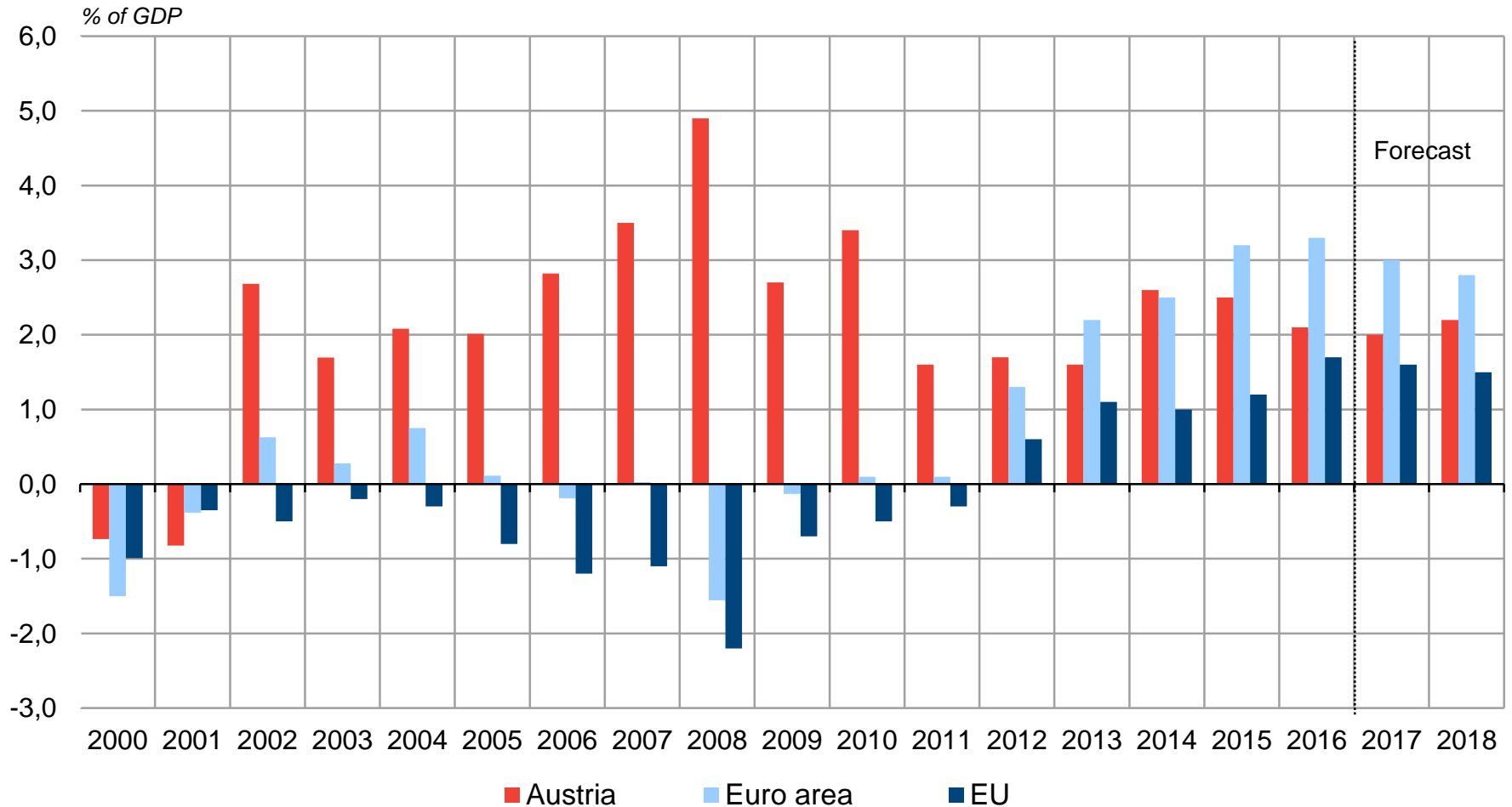


Source: Statistics Austria, March 2017 / Austrian National Bank, April 2017

High domestic wealth

- Growth in net financial assets of households exceeds increase in government debt
- GDP per capita is 38% higher than EU-average
- Sustainable current account surplus

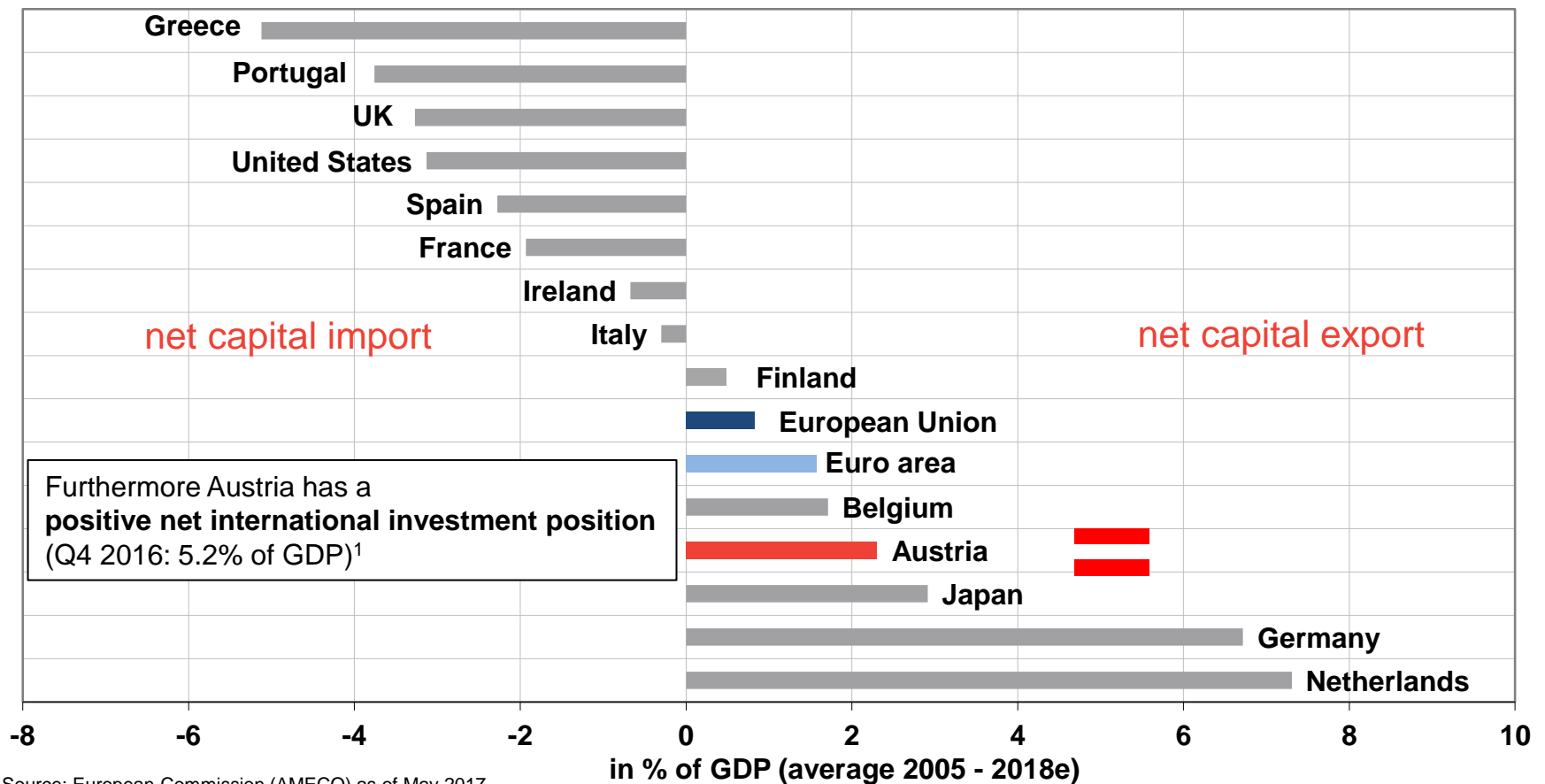
Austria's strong competitive position



Source: Eurostat, EC – Spring Economic Forecast, May 2017

Austria is an International Net Lender

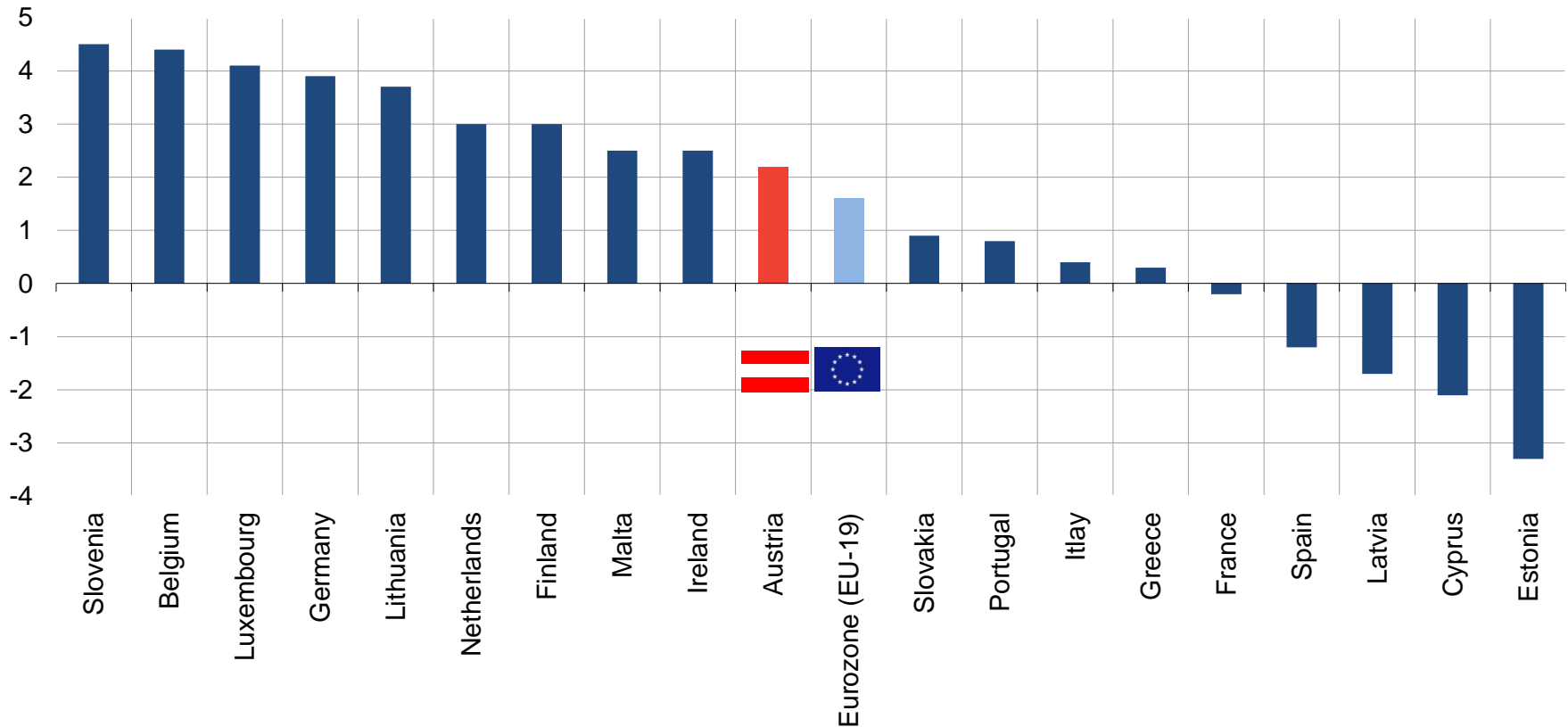
Net lending (+) / net borrowing (-) of the nation in % of GDP



Source: European Commission (AMECO) as of May 2017
1) OeNB, March 2017

Age-related expenditure under control

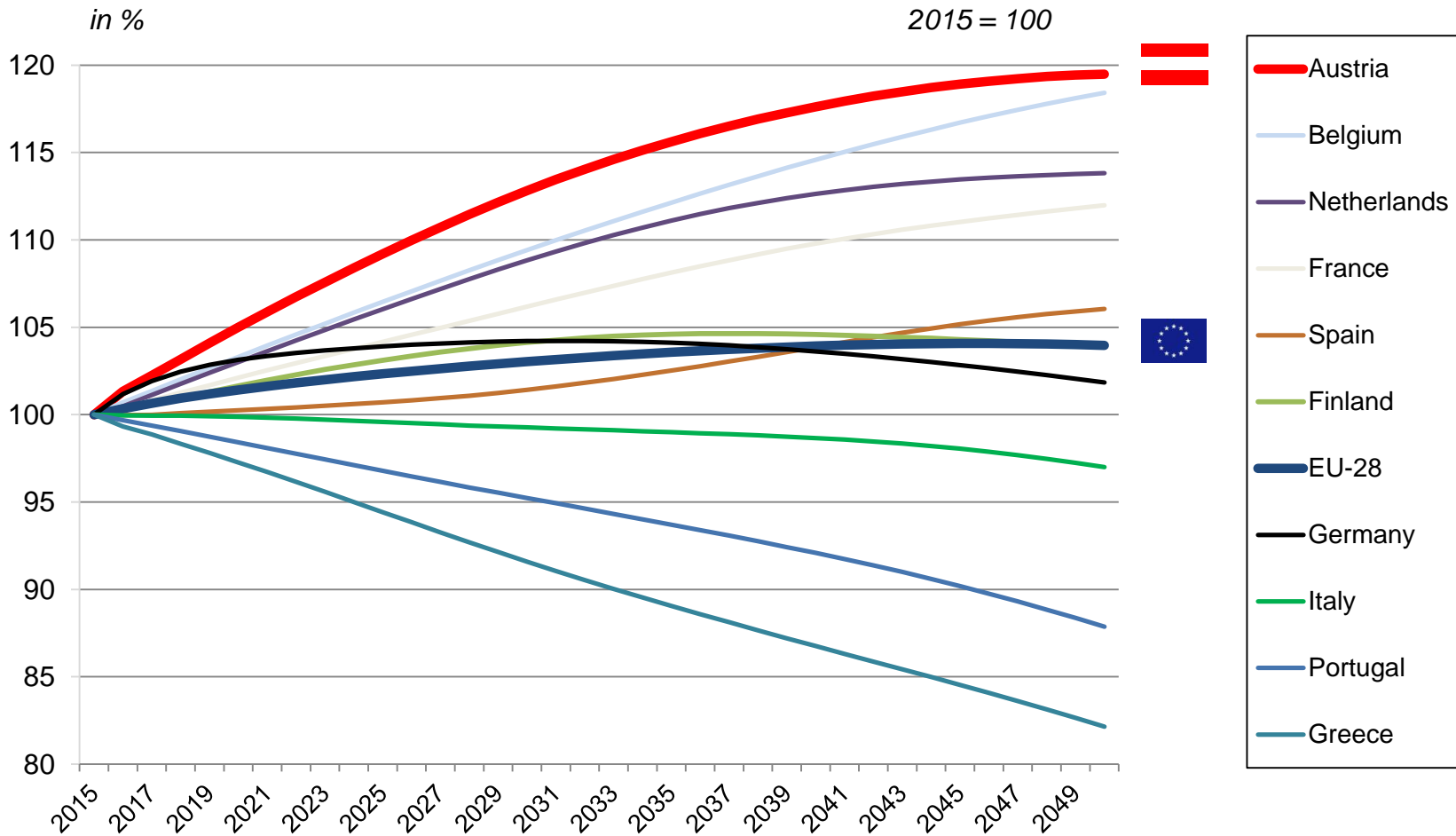
Total Age-related expenditure in the euro area (projected change in pp of GDP, 2013-2040)



Pursuing further structural pension reforms is one of the key goals of the federal government.

Source: European Commission Ageing Report, May 2015 (baseline scenario)

Austria's population growth outperforms European average

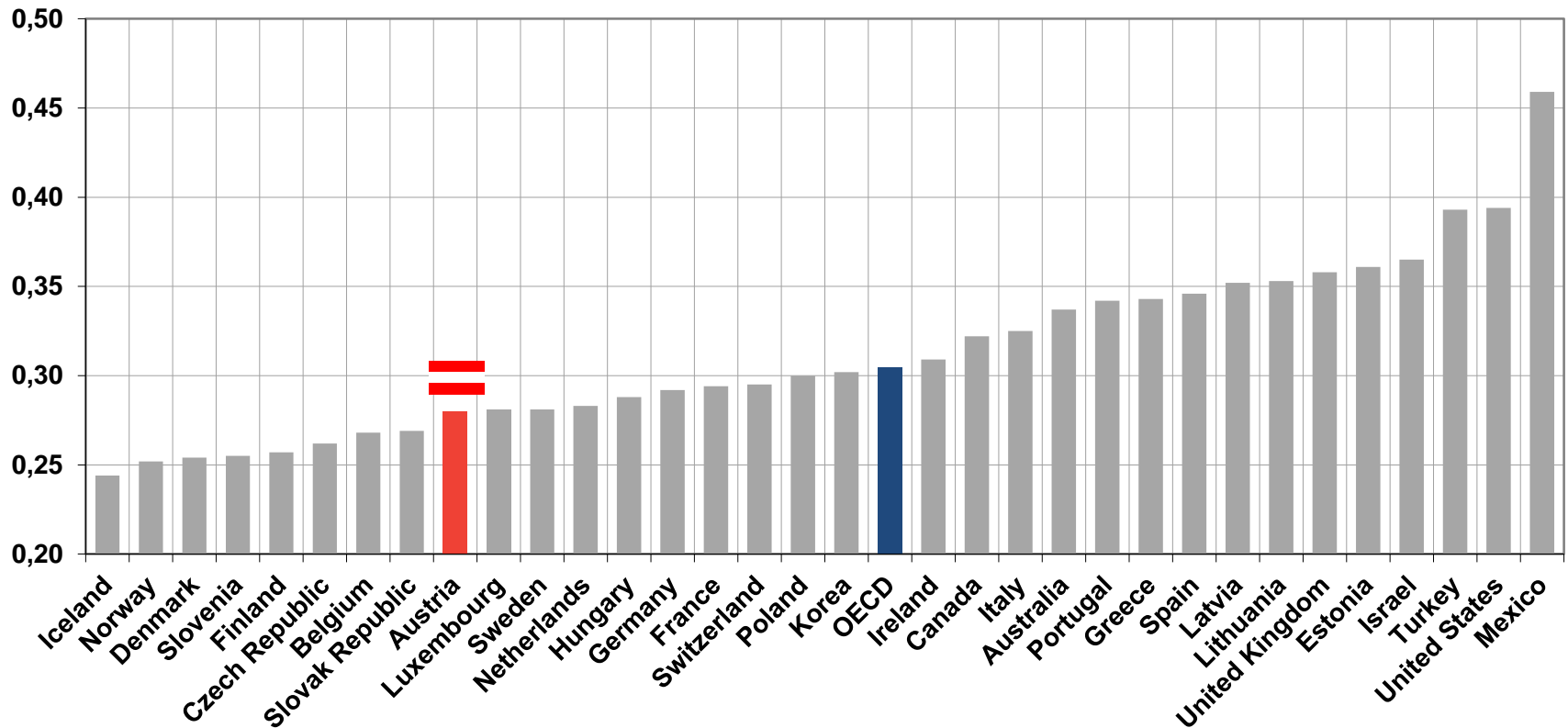


Source: Eurostat, data extracted in April 2017

Population Projections (main scenario): Assumptions related to fertility, mortality, net international migration as well as the approximated values of life expectancy at birth

High Social Stability

Gini Coefficient



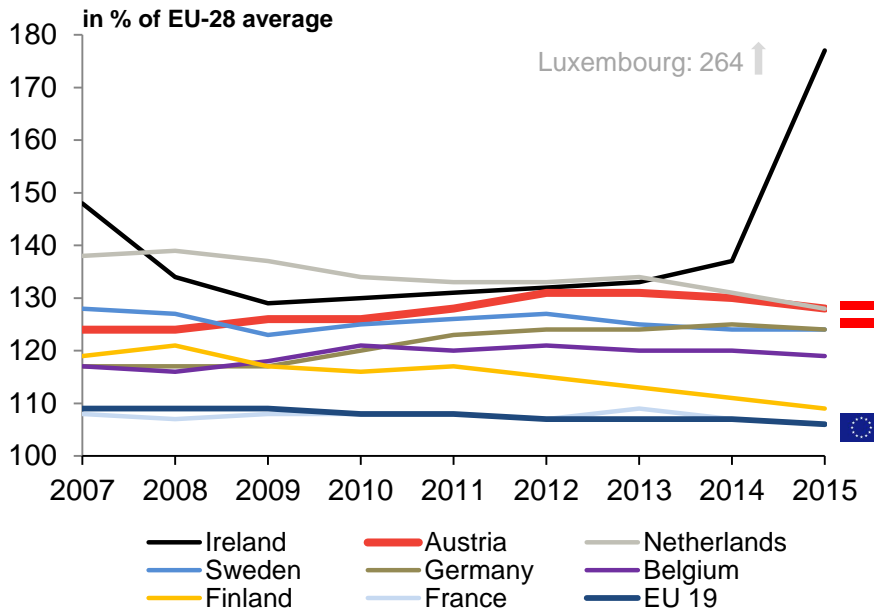
Austria's low Gini coefficient indicates a relatively equal income distribution

Source: OECD Income Distribution Database, no data for Japan, New Zealand and Russia available / Gini coefficient 2014 or latest available, September 2016

Austria's favourable fundamentals

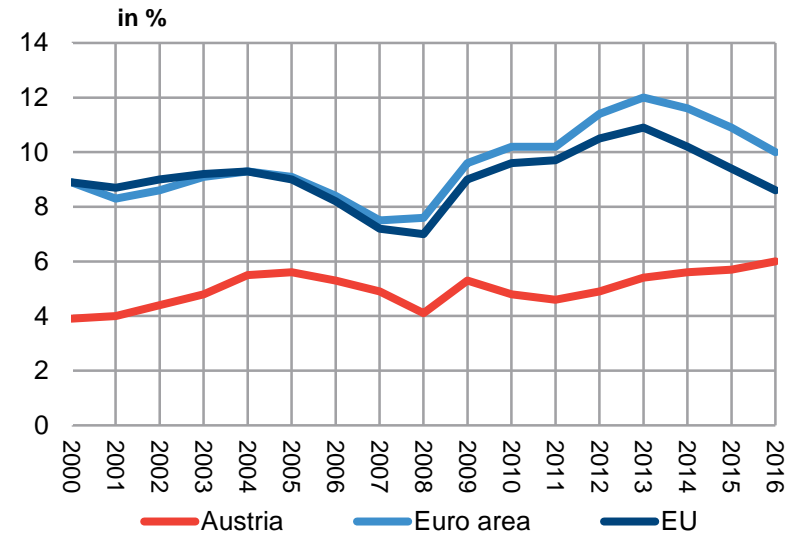
High GDP per capita and low unemployment

Austria's GDP per capita¹:
3rd highest in the EU



- GDP per capita since 2007 up from 5th to 3rd rank in the EU

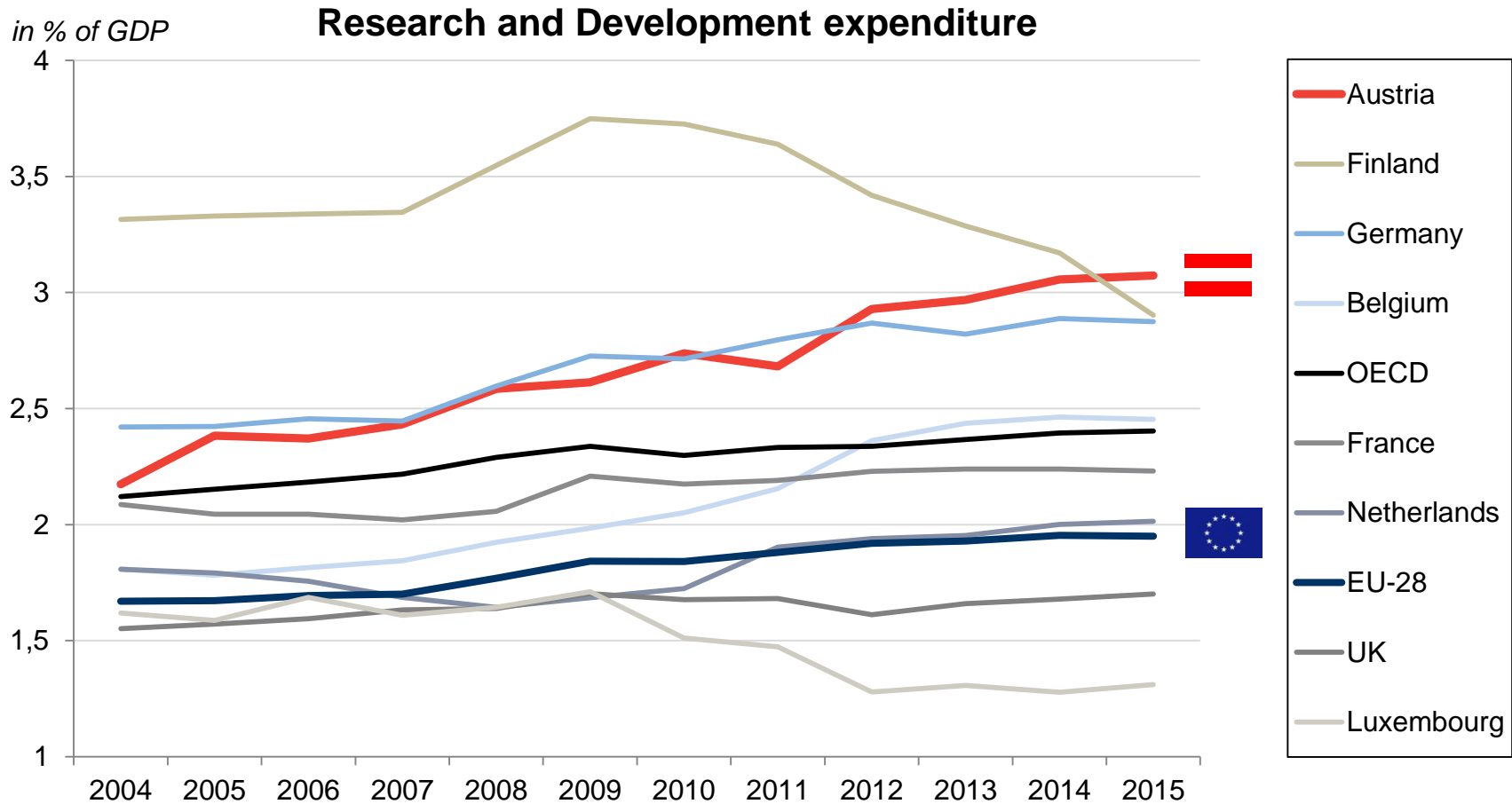
Austria's unemployment rate:
3rd lowest in the Eurozone



- Unemployment rate nearly half of the Eurozone-average
- 2nd lowest long-term unemployment and 3rd lowest youth unemployment rate in the Eurozone

Source: European Commission, Eurostat as of April 2017
1) in purchasing power standards

Strong Innovation Performance Austria's R&D expenditure above peers



Source: OECD (2017), Gross domestic spending on R&D (indicator). doi: 10.1787/d8b068b4-en (Accessed on 20 April 2017)

EU Macroeconomic Imbalance Procedure

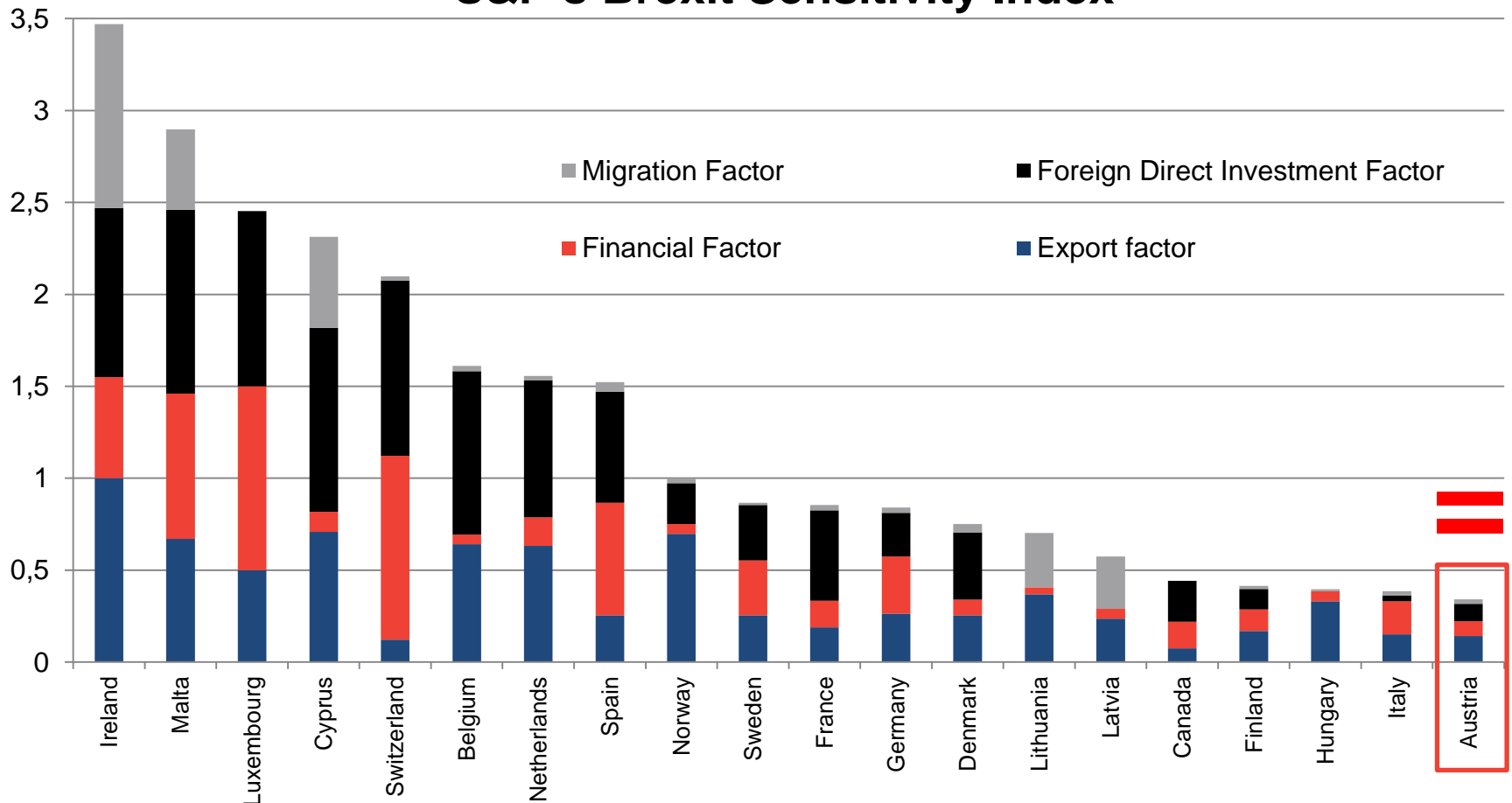
Austria ranks top among peers

	External Imbalances						Internal Imbalances					New employment indicators			# of Total warning signals
	Current Account Balance as % of GDP, 3 year average	Net International Investment Position as % of GDP	Real Effective Exchange Rate (42 trading partners, based on HICP/CPI), % change (3 years)	Export Market Shares, % change (5 years)	Nominal ULC, % change (3 years)	Deflated House Price Index (1-year % change)	Private Sector Credit Flow as % of GDP, consolidated	Private Sector Debt as % of GDP, consolidated	General Government Sector Debt as % of GDP	Unemployment Rate, 3 year average	Total Financial Sector Liabilities (1-year % change)	Activity rate in % of total population aged 15 - 64 (3 years change)	Long-term unemployment rate in % of active population aged 15-74 (3 years change)	Youth unemployment rate in % of active population aged 15-24 (3 years change)	
Threshold	-4/+6%	-35%	+/- 5% (EA) +/- 11% (Non-EA)	-6%	9% (EA) 12% (Non-EA)	6%	14%	133%	60%	10%	16.5%	-0.2	0.5	2.0	
Germany	7.5	48.7	-1.4	-2.81	5.7	4.1	3	98.9	71.2	4.9	2.8	0.4	-0.4	-0.8	2
Austria	2.1	2.9	1.8	-9.6	6.1	3.5	2.1	126.4	85.5	5.6	0.6	0.4	0.5	1.2	3
Luxembourg	5.3	35.8	-0.5	22.93	0.6	6.1	24.2	343.1	22.1	6.1	15.5	1.5	0.3	-1.4	3
Sweden	5	4.1	-7.9	-9.34	3.6	12	6.5	188.6	43.9	7.8	2.3	1.4	0	-3.3	3
UK	-4.8	-14.4	11.3	1	1.7	5.7	2.5	157.8	89.1	6.3	-7.8	0.8	-1.1	-6.6	3
Denmark	8.8	39	-1.5	-8.75	4.9	6.3	-3.3	212.8	40.4	6.6	-2	-0.1	-0.4	-3.3	4
France	-0.7	-16.4	-2.7	-5.43	2.5	-1.3	4.4	144.3	96.2	10.3	1.8	0.8	0.6	0.3	4
Finland	-1	0.6	2.3	-20.48	3.6	-0.4	9.5	155.7	63.6	8.8	1.5	0.6	0.7	3.4	5
Belgium	-0.2	61.3	-1.2	-11.28	1.5	1.3	4.5	166.3	105.8	8.5	-1	0.7	1	2.3	5
Netherlands	9.1	63.9	-0.6	-8.31	0.2	3.6	-1.6	228.9	65.1	7.2	3.2	0.6	1.1	-0.4	5
Ireland	4.7	-208	-5.9	36.26	-18.1	8.3	-6.7	303.4	78.6	11.3	9.5	0.8	-3.7	-9.5	6

Source: MIP Scoreboard, European Commission (November 2016)

Austria: Least exposed to Brexit scenario

S&P's Brexit Sensitivity Index



Source: S&P, "Who has the most to lose from Brexit?" Brexit Sensitivity Index (June 9, 2016)

Austria

A Safe Haven Core-Eurozone Economy

- Diversified and competitive economy
- No major macroeconomic imbalances, low private sector indebtedness
- High level of innovation
 - R&D expenditure 2016e: above 3% of GDP / among Top-10 worldwide¹
- Strong exports and tourism
 - 2nd most diversified export structure in the world (out of 217 countries)²
- 3rd lowest unemployment in Eurozone
- Sustainable current account surplus
- Net capital exporting country and positive net international investment position
- High savings ratio / 2nd highest percentage of savers worldwide³
- 3rd richest country in the EU⁴
- 4th most peaceful country in the world (out of 163)⁵
- Very low vulnerability to climate change / ranked 3 out of 116 countries worldwide⁶

1) Statistics Austria, April 2016 / Research and Development Expenditures in % of GDP, June 2016 (UNESCO)

2) UNCTAD Statistics, Concentration and diversification indices of merchandise exports, November 2016

3) World Bank Global Financial Inclusion Database, (% aged 15+) saved any money in the past year

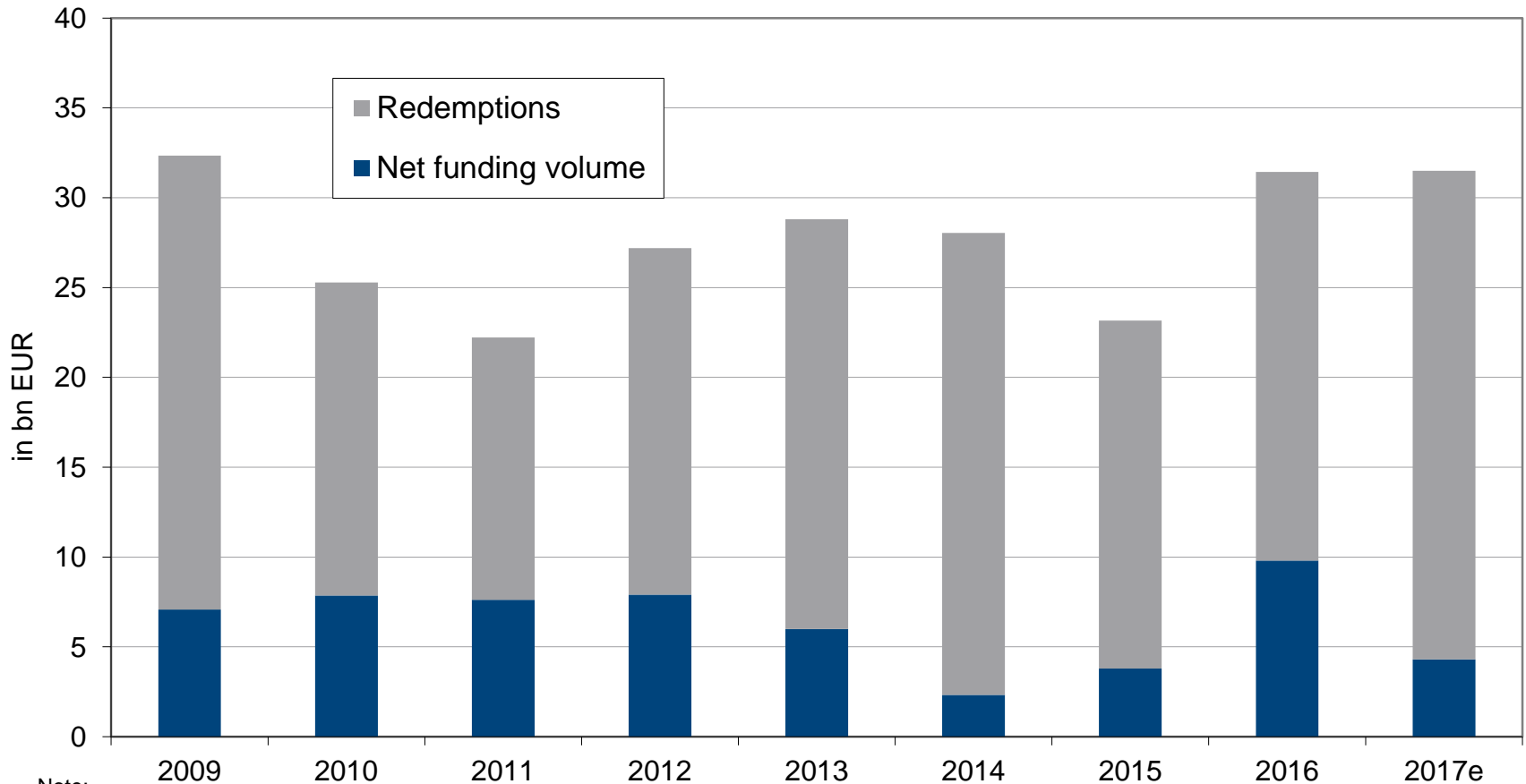
4) 2015 GDP per capita on purchasing power parities, Eurostat, April 2017

5) Institute for Economics and Peace, Global Peace Index 2017, June 2017

6) S&P, May 2014

Funding 2017 – below 3% of Eurozone

Total gross funding volume 2009 – 2017e



Note:

All funding instruments including 10% own quota of the Republic of Austria auctions and pre-funding

Funding 2017 – Outlook

Total issuance including all instruments (RAGB, T-bills, EMTN, loans):

2017: 30-33 bn EUR

2016: 30-33bn EUR (updated forecast from Oct 11, 2016: 30–33bn EUR)
outcome: 31.4 bn EUR

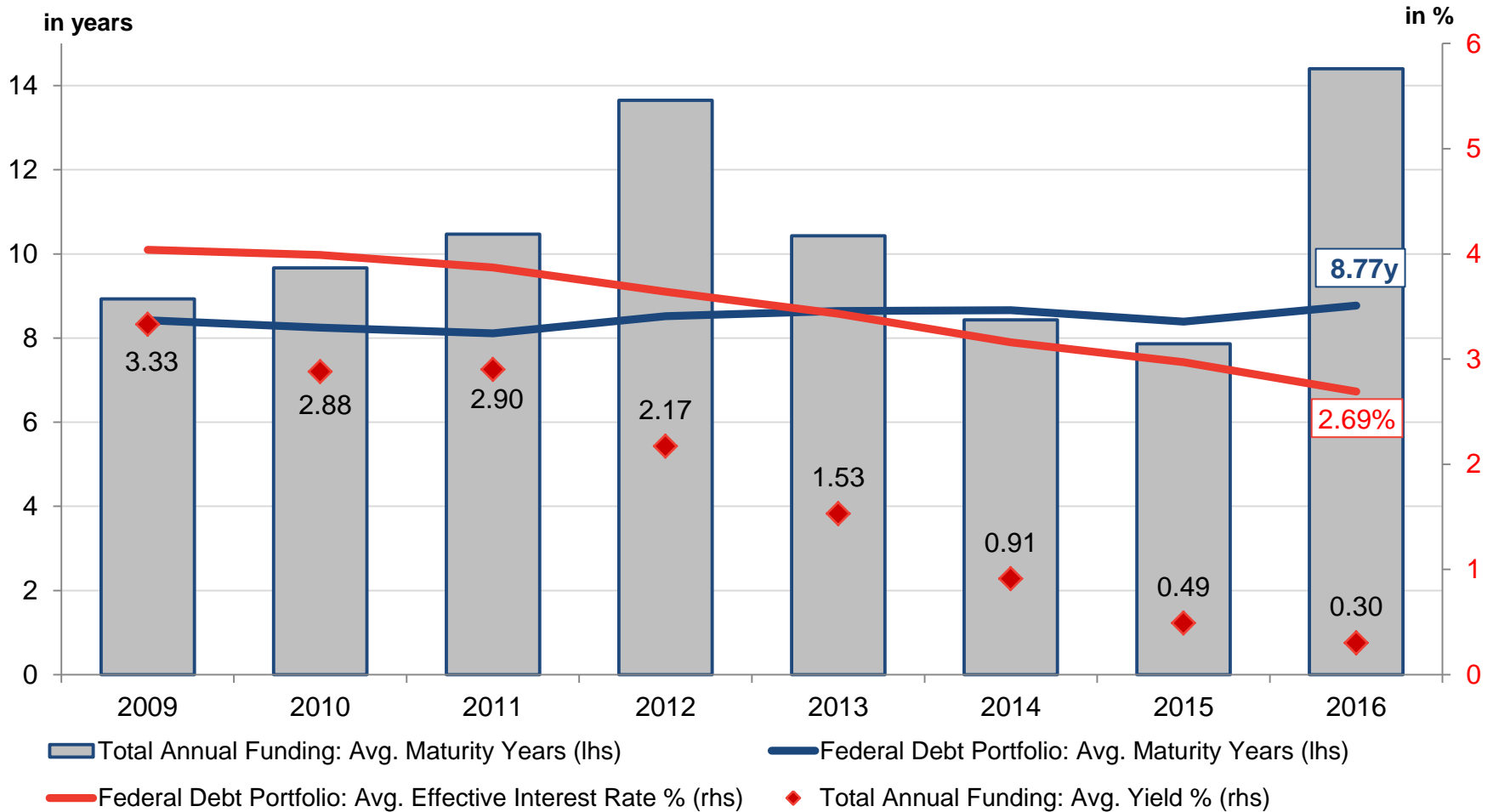
RAGB issuance 2017: 20–22 bn EUR

RAGB issuance 2016: 20-22 bn EUR (announced on Dec 10, 2015)
outcome: 22.9 bn EUR

2017: one or two syndicated issues

As of June 7, 2017: over 50% of total funding programme completed

Key metrics of Federal Debt Portfolio 2009-2016



Auction Calendar & Issuance 2017

Announcement	Issue date	Value date	
Jan 3	Jan 10	Jan 12	EUR 0.41 bn increase of 1.50% RAGB 2016-2047 EUR 0.72 bn increase of 0.75% RAGB 2016-2026
Jan 31	Feb 7	Feb 9	EUR 0.77 bn increase of 0.75% RAGB 2016-2026 EUR 0.66 bn increase of 1.75% RAGB 2013-2023
Feb 28	Mar 7	Mar 9	EUR 0.69 bn increase of 2.40% RAGB 2013-2034 EUR 0.66 bn increase of 0.75% RAGB 2016-2026
Mar 28	Apr 4	Apr 6	EUR 0.65 bn increase of 6.25% RAGB 1997-2027 EUR 0.72 bn increase of 0.00% RAGB 2016-2023
Apr 10	Apr 11	Apr 20	EUR 4.5 bn syndication of 0.50% RAGB 2017-2027
May 2	May 9	May 11	EUR 0.52 bn increase of 1.50% RAGB 2016-2047 EUR 0.70 bn increase of 0.50% RAGB 2017-2027
May 30	Jun 6	Jun 8	EUR 0.78 bn increase of 0.50% RAGB 2017-2027 EUR 0.66 bn increase of 0.00% RAGB 2016-2023
Jun 27	Jul 4	Jul 6	
Aug 1	Aug 8 (reserve date)	Aug 10	
Aug 29	Sep 5	Sep 7	
Sept 26	Oct 3	Oct 5	
Oct 31	Nov 7	Nov 9	
Dec 5	Dec 12	Dec 14	

- Volume and tenors are announced one week prior to the issue date at www.oebfa.at
- A re-opening of existing issues is regularly done in order to enhance liquidity.
- The average tenor of the outstanding debt is 8.9 years (as of April 30, 2017).

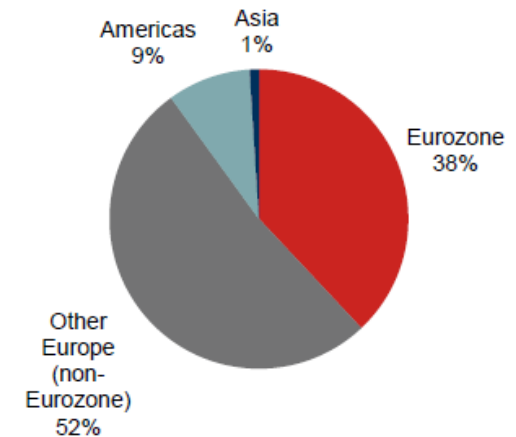
Most recent syndication Republic of Austria (April 2017)

4.5 bn 10-YR 0.50% RAGB 2017 - 2027

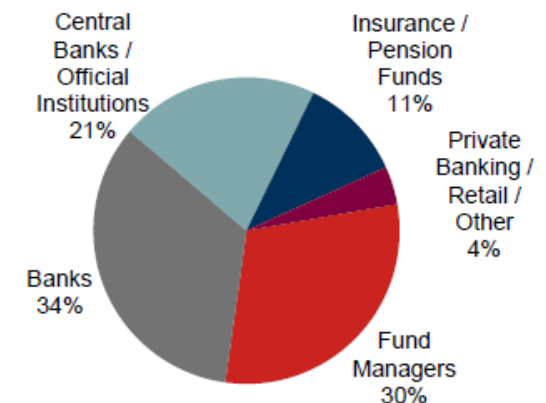
Pricing Date:	11 th April 2017
Settlement Date:	20 th April 2017
Maturity Date:	20 th April 2027
Coupon:	0.500% (annual)
Benchmark:	DBR 0.25% Feb 2027
Reoffer vs. BM:	+32.4bps
Reoffer vs. MS:	-18bps
Reoffer Price / Yield:	99.621% / 0.539%

- The 0.50% coupon is the **lowest ever coupon for a 10-year RAGB** in the history of the Republic of Austria
- **Tightest 10-year** syndicated print versus mid swaps for an SSA issuer so far **this year**
- With 4.5 bn EUR **largest new single** line from Austria since 2007
- **New on-the-run 10-year Austrian benchmark bond**

Geography



Investor Type



Cornerstones of Funding Strategy

- Diversity of funding sources (geographically and by instruments)
- Financial flexibility (e.g. to address specific investor demand)
- Capitalizing on scarcity value and strong fundamentals
- Secondary market liquidity
- Monthly auctions
- 21 RAGB primary dealers, 9 ATB dealers
- One of the lowest debt rollover ratios
- Conservative debt management strategy
 - around 95% fixed rate
 - around 10% short term debt
- No foreign currency risk
- Well-balanced maturity profile
- Reliability, Transparency, stability-oriented approach
- Rigorous Investor Relations Programme

Financing Instruments Republic of Austria

- Government bonds RAGB
- Debt issuance programme (DIP 144A)
- EMTN-Programme (Euro Medium Term Notes)
- Australian Dollar MTN-Programme – „Kangaroo Programme“
- Online retail savings product (bundesschatz.at)
- Loans and Schuldschein-Format
- Austrian Treasury Bills (ATB-Programme)

Primary Dealer Panel Republic of Austria

21 Primary Dealers for Austrian Government Bonds

- Barclays Bank PLC
- BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse AG
- BNP Paribas
- Citigroup Global Markets Limited
- Commerzbank AG
- Deutsche Bank Aktiengesellschaft
- Erste Group Bank AG
- Goldman Sachs International Bank
- HSBC France
- J.P. Morgan Securities plc
- Landesbank Baden-Württemberg
- Merrill Lynch International
- Morgan Stanley & Co. International plc
- Natixis
- NatWest Markets
- Nomura International plc
- Oberbank AG
- Raiffeisen Bank International AG
- Société Générale
- UniCredit Bank AG
- Volksbank Wien AG

9 Dealers for Austrian Treasury Bills

- Bank of America Merrill Lynch International Limited
- Barclays Bank PLC
- BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse AG
- Citibank Europe plc
- Credit Suisse Securities (Europe) Limited
- Goldman Sachs International
- Raiffeisen Bank International AG
- UBS Limited
- UniCredit Bank AG

Debt Rollover Ratio among lowest worldwide

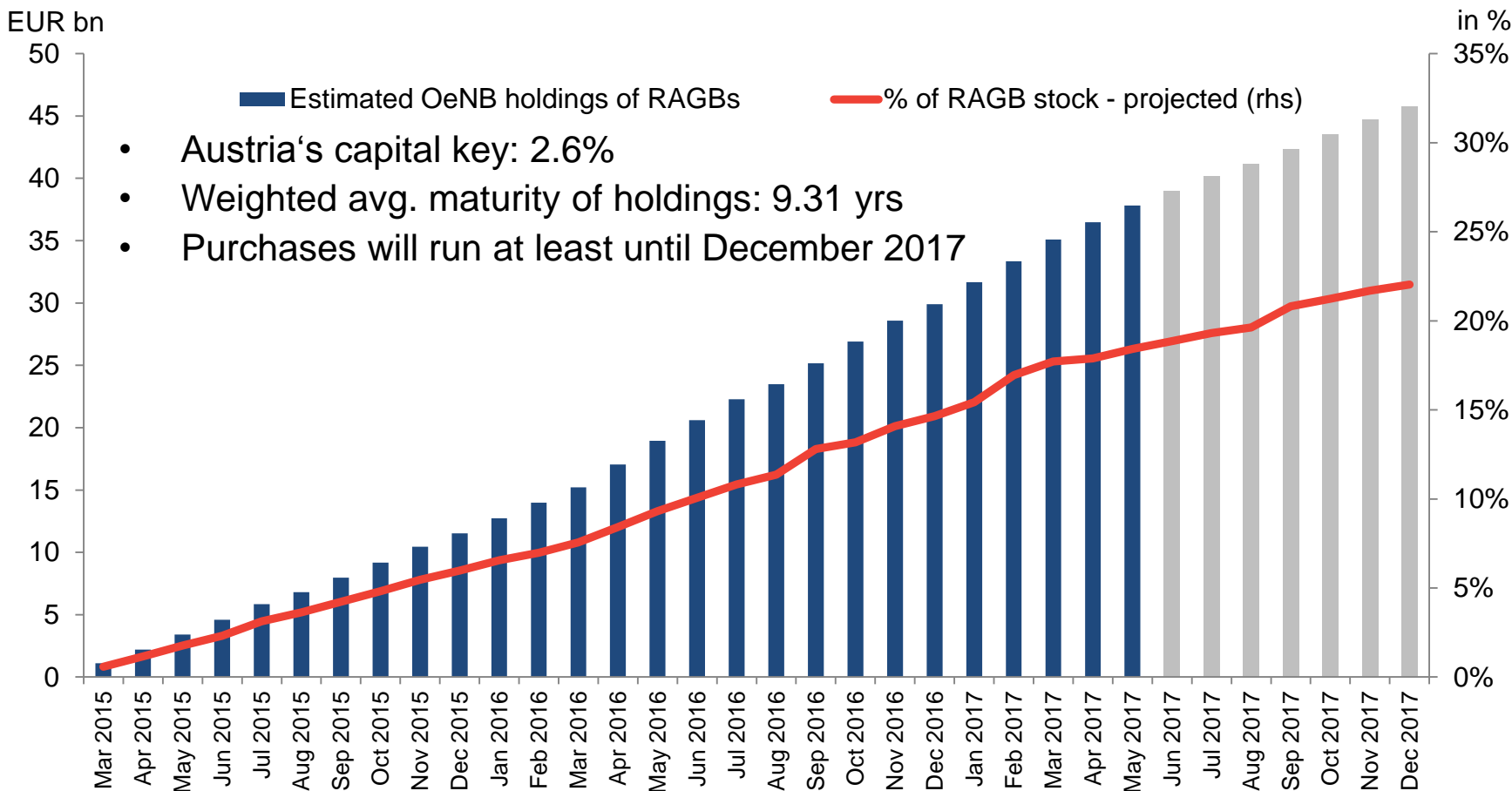
EU 19	2013	2014	2015	2016	2017e
Italy	19.6	21.0	20.2	18.0	19.0
Portugal	16.5	22.0	15.8	20.1	16.4
Belgium	18.2	15.0	16.3	15.9	16.2
Spain	6.9	15.0	15.7	14.9	14.7
Greece	17.2	22.0	17.4	18.3	13.7
France	13.2	13.0	13.5	17.1	11.0
Netherlands	12.8	13.0	9.3	6.0	8.7
Finland	6.1	5.0	5.6	6.9	8.0
Slovenia	5.2	10.0	6.1	9.0	6.7
Malta	7.4	8.0	6.1	7.9	6.5
Austria	6.5	8.0	5.4	6.2	6.1
Slovakia	9.1	4.0	3.3	4.9	5.9
Latvia	1.8	12.0	7.6	2.6	5.5
Germany	7.9	7.0	6.2	6.1	5.2
Ireland	13.9	10.0	6.9	4.9	5.1
Cyprus	17.8	24.0	11.4	13.2	3.9
Lithuania	n/a	n/a	4.5	4.3	3.0
Luxembourg	4.4	0.0	0.0	0.0	0.4
Estonia	0.1	0.0	0.1	0.1	0.1
Average	10.3	11.6	9.0	9.3	8.2

- defined as short-term debt stock of the previous year plus maturing medium- and long-term debt in % of GDP - **indicator for refinancing-risk**
- Austria: very low refinancing-risk
- Conservative strategy

Others	2013	2014	2015	2016	2017e
Japan	n/a	65	75	70.2	65.6
USA	n/a	17	16.1	18.1	19.0
UK	6.5	6	6.9	14.8	7.6
Sweden	7.3	9	11.6	7.6	7.3
Norway	8.4	5	4.3	2.6	3.9
Turkey	8.9	7	4.1	3.4	3.0
Switzerland	3.3	3	2.3	2.5	1.9

Source: S&P Global Sovereign Debt Report 2017, February 2017

PSPP* holdings of RAGBs as % of outstanding stock



* Public Sector Purchase Programme of the Eurosystem (more details: [PSPP Q&A on ECB website](#))


Source: ECB, Austrian Treasury / data as of 31 May 2017

Overview: Investors in Austrian Government Bonds

- Over 90% of debt held by investors domiciled in Europe
- Over 80% within the Eurozone¹

	Domestic	Non-domestic
Prior to introduction of EUR	around 70% (=ATS)	30%
After introduction of EUR	around 80% (=EUR)	20%

Distribution by region ²		Distribution by category ²	
Europe (incl. Austria)	87%	Banks	39%
Americas	7%	Asset managers	28%
Asia	4%	Insurance & pension funds	17%
Middle East	1%	Central banks & int. org.	12%
Africa	1%	Retail	3%
		Others	1%

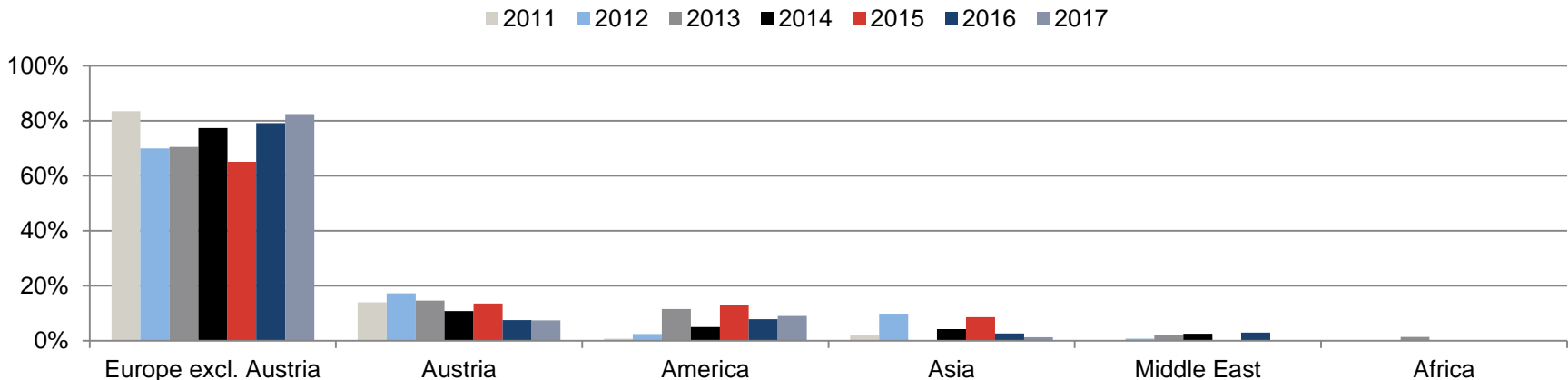
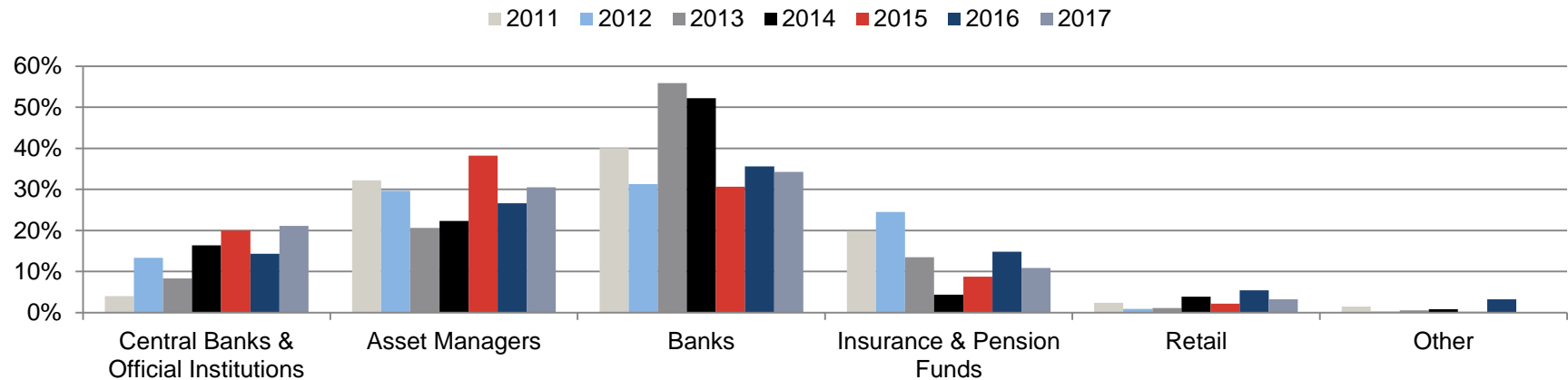
 Diversified investor base with Eurozone as home market (and strong overweight by Austrian investors)

Source: 1) IMF (CPIS) / Austrian National Bank

2) Austrian Treasury estimates: syndicated RAGB issues 2011-2017

Austria's stable Investor Base

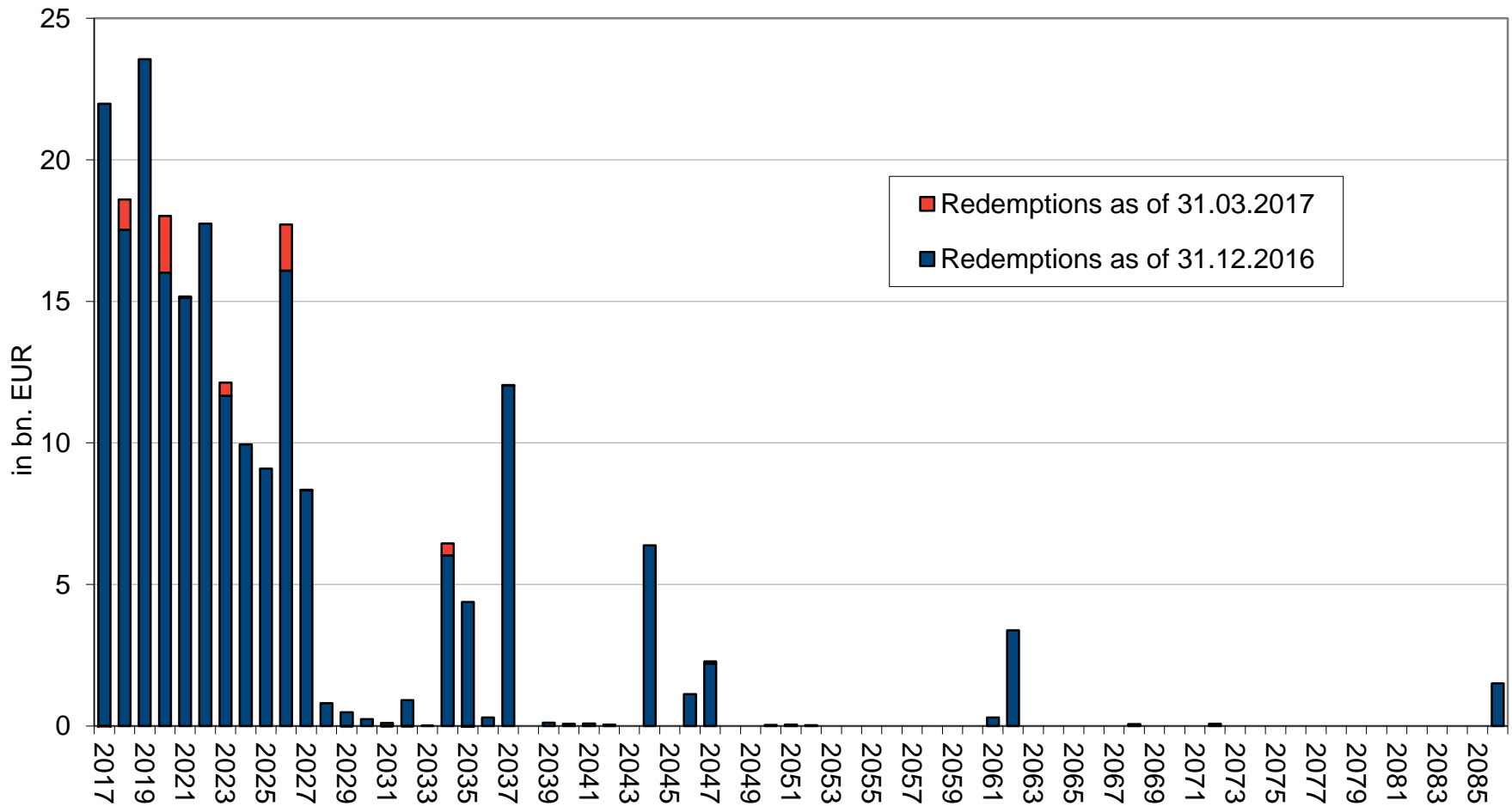
Investors by type and region (syndicated RAGB issues)*



Source: Austrian Treasury

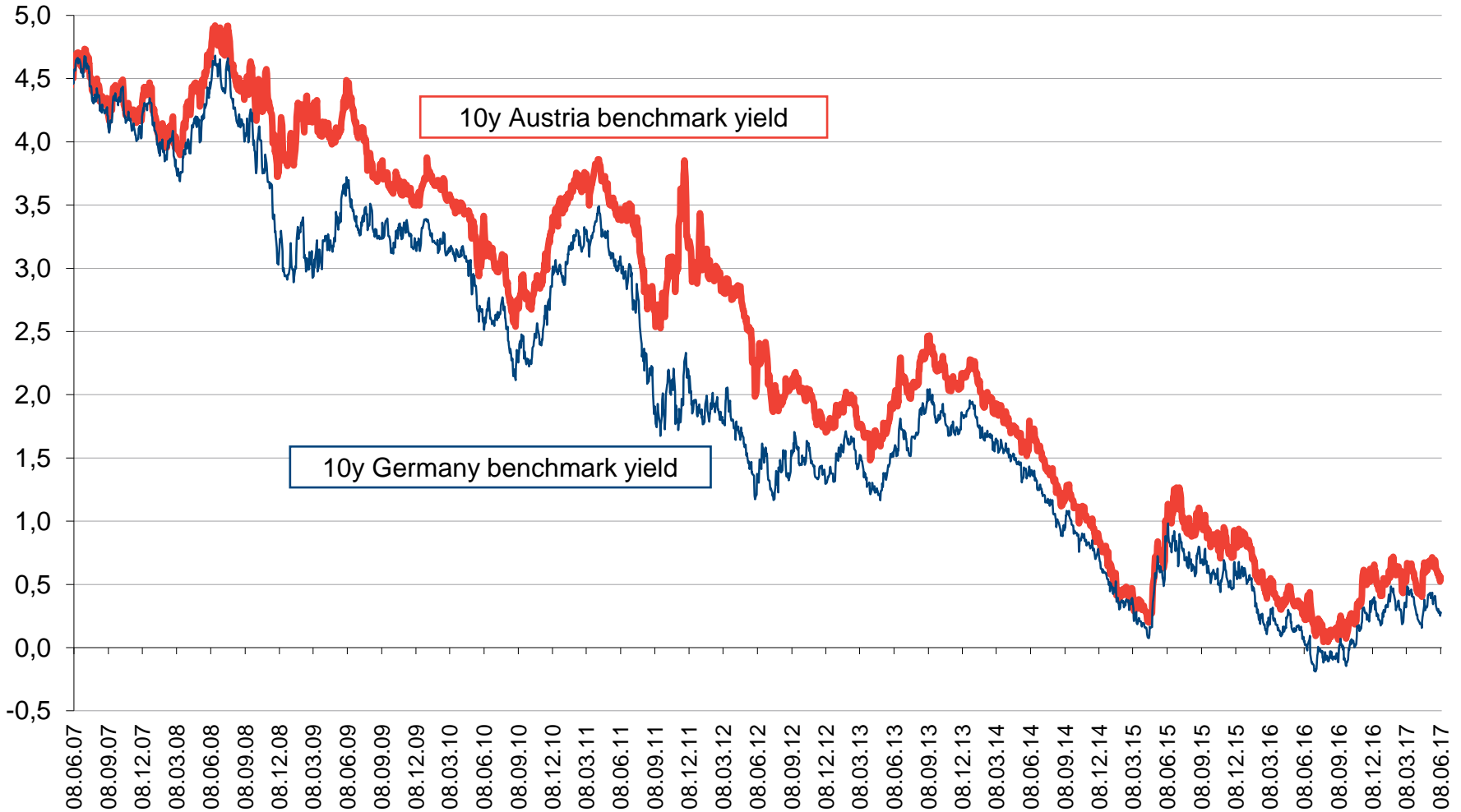
* Primary market only (excluding PSPP purchases)

Debt Portfolio – Redemption Profile Well Diversified



10y Yields - Austria vs. Germany

Yield in %



Source: Bloomberg

Summary

- Strong credit fundamentals, diversified and competitive economy
- No major macroeconomic imbalances
- Sound financial policies (e.g. falling debt/GDP ratio)
- High institutional strength
- Low unemployment rate
- Strong exports and tourism
- Sustainable current account surplus
- Conservative funding strategy
- Net capital exporting country and positive net international investment position

Further Information

- www.oebfa.at (**Austrian Treasury**): auction calendar, debt portfolio, rating reports, etc.
- www.bundesschatz.at (**Online retail savings product Republic of Austria**)
- www.bmf.gv.at (**Federal Ministry of Finance**): details on the Austrian budget and Financial Stability Measures
- www.statistik.at (**Statistics Austria**)
- www.rechnungshof.gv.at/berichte/bundesrechnungsabschluss.html (**Austrian Court of Audit**): Reports on the Federal Financial Statements (in German only)
- www.oenb.at (**Austrian National Bank**)
- www.fiskalrat.at (**Austrian Fiscal Advisory Council**)
- <http://ec.europa.eu/eurostat> (**Eurostat**)
- http://europa.eu/efc/about-sub-committee_en (**EFC Sub-Committee on EU Sovereign Debt Markets**)
- www.oekb.at/en/capital-market/government-bonds/pages/default.aspx (**OeKB / Austrian Government Bonds page**)

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