



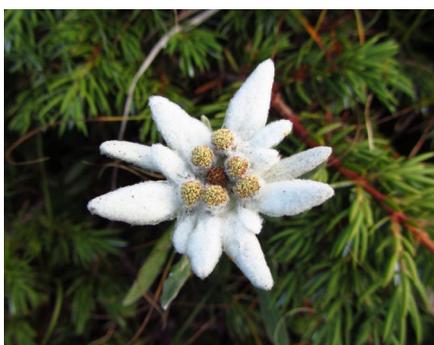
OeBFA
Austrian Treasury



REPUBLIC OF AUSTRIA DEBT MANAGEMENT

ANNUAL REVIEW 2021

Austrian Treasury
February 2022





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Foreword of the Federal Minister of Finance

After 2020, which was marked by one of the most severe global economic slumps, 2021 was all about recovery. According to forecasts by the World Bank and the OECD, the global economy grew by almost 6% in real terms in 2021 – the strongest growth in 80 years. Parallel to this, the economic environment in Austria also improved significantly: according to the WIFO forecast as of December 2021, real economic growth of 4.1% is expected for 2021, rising to 5.2% for 2022. Even though the budget deficit is expected to be -6.0% of GDP in 2021, the increased economic growth led to a stabilisation of the debt ratio at below 83%. As a result of a further lockdown in December 2021, the economic upswing has partially shifted into the year 2022, but experts expect the impact to be much smaller than it was with previous restrictions.

In the coming years Austria will be characterised by the topics recovery, stability and sustainability. The 2022 budget and the eco-social tax reform will provide tax relief for people’s income, create incentives for environmentally friendly behaviour and sustainably strengthen Austria as a business location. The economic recovery and the phasing out of pandemic-related fiscal measures are expected to contribute to a reduction of the debt ratio to below 80% of GDP in 2022. Austria’s interest expense is low not only because of the expansionary monetary policy of the ECB, but also thanks to the excellent work of the Austrian Treasury. In this context, the rating agencies regularly emphasise the robust debt sustainability of the Republic of Austria.

In line with the budget, the first issuance of an Austrian sovereign green bond was announced for the first half of 2022. Green investments such as the expansion of public transport and renewable energy will then be complemented with a suitable financing instrument.

Magnus Brunner
Federal Minister of Finance



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Foreword of the Managing Board

The year 2021 continued to be influenced by the COVID-19 pandemic. As a result of the corresponding crisis mitigation measures of the government, the total annual funding volume remained elevated at EUR 61.9 bn and – due to the volatile environment - the funding outlook had to be revised twice during the year.

Although higher inflation rates led to small interest rate increases last year, yields still remain at historically low levels. Austria is well positioned for future interest rate increases with its forward-looking debt management. Funds raised in 2021 were conducted at a negative average yield of -0.34% p.a with an average term of 10.1 years. Likewise, the effective interest rate of the total federal debt portfolio was reduced from 1.47% to 1.17% p.a. and the average maturity was extended from 10.1 to 10.6 years. The already high debt sustainability was thus further expanded during the pandemic.

Particularly noteworthy is the introduction of a new Austrian Treasury Bill (ATB) programme last year including monthly auctions, which expanded financial flexibility and broadened Austria’s investor base further. The high demand for Austria as a safe-haven in times of crisis has continued: While demand for government bonds at auctions normalised, syndicated new issues in 2021 reached an average oversubscription of 8.2 times. This was the highest demand in the history of the Republic. Demand at auction in the newly established ATBs was very high with an average oversubscription of 2.6.

In 2022, the total issuance volume will be similar to 2021 at EUR 60-65 bn. Around EUR 40 bn will be raised via government bonds. The volume of outstanding short-term financing will amount to at least EUR 18 bn at the end of the year 2022. In addition, the first issuance of an Austrian sovereign green bond in the first half of 2022 will make a significant contribution to Austria’s green investment agenda.

Markus Stix
Markets

Walter Jöstl
Risk Management/Operations

Managing Board of the Austrian Treasury
Republic of Austria Debt Management Office



ÖBB Railjet
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Photographer: Florian Kropshofer



Economic Data for Austria

In 2021, the global economy continued to be shaped by the far-reaching effects of the COVID-19 pandemic. At the same time, a global upswing set in and the world economy grew again significantly in real terms. Also in Austria, the economy recovered strongly, especially in spring and summer 2021, so that despite the restrictions in winter tourism at the beginning of 2021 and a renewed lockdown towards the end of the year, **real economic growth of 4.1%**¹ was achieved. Austria is thus close to the growth rate of the **euro area of 5.3%**². In 2022, economic sectors that were affected most by pandemic-related restrictions in 2021 are expected to develop strongly, especially tourism, catering as well as trade and consumer-related services. Significant obstacles from 2021, such as persistent supply bottlenecks and increased commodity prices, are expected to gradually dissolve again, which should enable the Austrian economy to **grow by 5.2%**³ in 2022. Meanwhile, a slight reduction of GDP growth in the **euro area to 4.0%**⁴ in 2022 is expected.

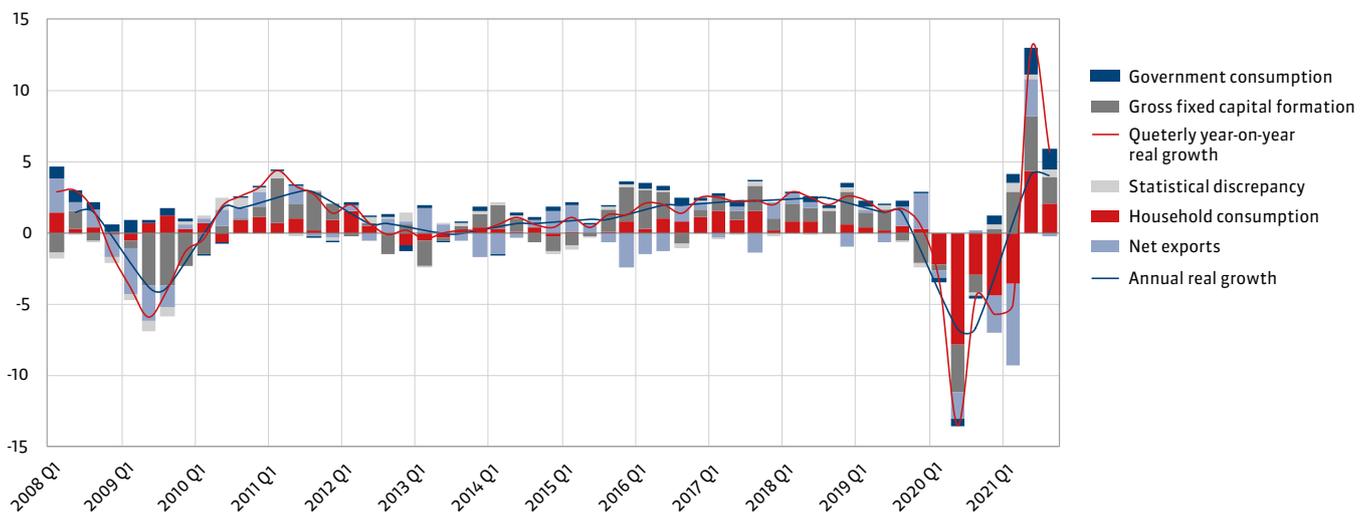
In the first quarter of 2021, the **savings rate reached 20.1%, the highest level since 1995**.⁵ A reduction in the savings rate in the **second and third quarter of 2021** led to an **increase in private consumption**, such that its **contribution to real GDP growth** in the second quarter of 2021 was **positive for the first time since the beginning of the crisis** (see chart). However, the **recovery is not yet completed** and private consumption remained below pre-crisis levels in the third quarter of 2021. The **lifting of pandemic-related**

restrictions as well as saved income will increase the scope for a further expansion of consumption and investment dynamics in the following years. Furthermore, wage increases and the entry into force of the tax reform in 2022 and 2023 are expected to have additional positive effects.

The **labour market developed very favourably in 2021**. The **unemployment rate decreased from 5.4% in 2020 to 5.0% in 2021**⁶, while the employment rate increased from 69.9% to 71.3%⁷. Unemployment is thus significantly lower than in the **euro area**, where the **unemployment rate in 2021 is unchanged from the previous year at 7.9%**⁸. In all likelihood, the unemployment rate will fall below the pre-crisis level in 2022 and will continue to decline until 2023. Labour market policy efforts have contributed significantly to the favourable labour market situation in Austria, and the **short-time work model** has made a significant contribution to **stabilising employment demand and income development**.⁹

Despite the crisis, Austria remains **one of the richest countries** in the euro area. **GDP per capita** in 2021 was EUR 39,281, **23% above the EU-27 average** (EUR 31,958) and **fourth in the euro area** (EUR 33,598).¹⁰ Household financial assets amounted to EUR 784 bn or 218% of GDP at the end of the third quarter. **Household debt** remained comparatively low at around 53% of GDP in the third quarter of 2021 and **significantly lower than in the euro area** (69% of GDP).¹¹

Contributions to Annual Real GDP Growth (in % – from 2008 to Q3 2021)



Source: OeNB, WIFO, December 2021

- 1 WIFO forecast, December 2021
- 2 European Commission, February 2022
- 3 WIFO, December 2021
- 4 European Commission, February 2022
- 5 Statistics Austria, December 2021
- 6 European Commission, November 2021
- 7 Note: actively employed, in % of working-age population (15 to 64 years), WIFO, December 2021
- 8 European Commission, November 2021
- 9 IHS, December 2021
- 10 European Commission, per capita in purchasing power standards, forecast November 2021
- 11 OeNB, ECB, January 2022



Brunnenmarkt, Vienna © WienTourismus/Paul Bauer, Photographer: Paul Bauer



Driven by high commodity and energy prices, **inflation**¹² rose to **2.8% in the past year** (euro area: 2.6%). The inflation rate for the year is **2022** expected to be at **3.4%**, about the same as in the euro area (3.5%). Contributing to inflation in Austria are, among other things, the introduction of CO₂ pricing from July 2022 onwards and the re-increase of VAT rates, which were reduced in certain areas in the course of the crisis. After 2022, inflation is expected to subside again with the slowdown of the global economy, which is why, according to WIFO, no permanent increase is forecasted.

Attractive Business Location

As a **business location in the middle of Europe**, Austria is characterised by a **high degree of political and economic stability, solid infrastructure, a qualified workforce** and high **purchasing power**. Due to this attractive environment, the Austrian **economy** has developed into **one of the most globalised** in the world. This is shown, among other things, by the KOF **Globalisation Index**, which measures the economic, social and political dimensions of globalisation, where Austria **ranks seventh among 208 countries**.¹³

More than 200 international companies, often with a focus on Central, Eastern and South Eastern Europe, have their headquarters in Vienna. Advantages such as the capital's geographical proximity to the core markets, Vienna Airport as an international hub and Austria's historically close ties to the core regions favour business settlement. In addition, Vienna is home to numerous headquarters and European headquarters of international organisations such as the UN, OPEC or the World Bank and presents itself as a link between East and West.

Austria provides strong impulses for the **innovative strength** of the domestic economy. The **innovation performance** significantly exceeds the average of the other EU countries.¹⁴ More than 3.2% of GDP was spent on **research and development** in 2020, which is a historic high.¹⁵ This means that the national research quota has been above the EU's target of 3% since 2014. In 2020, Austria achieved the third-highest ratio within the EU, overtaking Germany for the first time since 2012.

Powerful External Trade

Austria's economy is **strongly export-oriented**. Despite persistent pandemic-related supply bottlenecks and production difficulties, foreign trade recovered significantly in 2021. From **January to November 2021**, Austrian **exports grew by 15.7%** compared to the previous year.¹⁶ The main drivers of this increase were the **strong international economy** in 2021 as a whole and the **favourable investment activity of EU trading partners**, which steered demand towards important Austrian export goods.¹⁷

Especially in times of great uncertainty, Austria benefits from a **broadly diversified trade structure**. According to UNCTAD, the country **ranks sixth** among more than 200 countries in the **diversification of its export structure** and **tenth** in the **diversification of its imports**.¹⁸

In the **Economic Complexity Index** of Harvard University, a ranking based on the diversity and complexity of export baskets of different countries, Austria also takes a very good **seventh place among 133 countries**.¹⁹

Since 2002, Austria has generated **positive current account balances** up to and including 2020, which cumulatively amounted to more than EUR 132 bn. As a result, the net **international asset position** was positive for the first time in 2013. At the end of the third quarter of 2021, this value was 12.2% of GDP.²⁰ Lower exports of services, due to a significant impairment of winter tourism at the beginning of the year, led to a **negative current account balance of -0.8% of GDP in 2021**. Already **this year and in 2023**, however, the **balance should be positive again**, at **0.8% of GDP** in each case.²¹ The pandemic did not cause any structural change in domestic foreign trade, which is underpinned by the expected positive development in the following years.

Key Economic and Budget Figures

Real GDP growth	2019	2020	2021e	2022e
Austria	1.5 %	-6.7 %	4.1 %	5.2 %
Euro area	1.6 %	-6.4 %	5.3 %	4.0 %
Unemployment rate				
Austria	4.5 %	5.4 %	5.0 %	4.6 %
Euro area	7.6 %	7.9 %	7.9 %	7.5 %
Inflation (HICP)				
Austria	1.5 %	1.4 %	2.8 %	3.4 %
Euro area	1.2 %	0.3 %	2.6 %	3.5 %
Current account balance				
Austria (% of GDP)	2.1 %	1.9 %	-0.8 %	0.8 %
Euro area (% of GDP)	2.3 %	2.0 %	3.1 %	3.2 %
Maastricht deficit				
Austria (% of GDP)	0.6 %	-8.3 %	-6.0 %	-2.3 %
Euro area (% of GDP)	-0.6 %	-7.2 %	-7.1 %	-3.9 %
Debt ratio				
Austria (% of GDP)	70.6 %	83.2 %	82.8 %	79.1 %
Euro area (% of GDP)	85.5 %	99.3 %	100.0 %	97.9 %
GDP and debt Austria				
Nominal debt (EUR bn)	280.5	315.6	335.0	343.6
Nominal GDP (EUR bn)	397.5	379.3	404.5	434.6

Source: Statistics Austria, WIFO, Eurostat (December 2021) / Federal Ministry of Finance (October 2021), European Commission, February 2022

12 WIFO, December 2021, European Commission, February 2022
 13 ETH Zurich, KOF Index of Globalisation, December 2021
 14 European Commission, European Innovation Scoreboard 2021
 15 R&D Global Estimate 2021, Statistics Austria, July 2021
 16 Statistics Austria, February 2022
 17 WIFO, December 2021
 18 UNCTAD, July 2021
 19 Harvard University, second quarter 2021
 20 OeNB, December 2021
 21 WIFO, December 2021





Leader in Sustainability

Sustainability and environmental protection have long been integral parts of national policy. For example, Austria has the highest share of renewable energy sources in the electric supply in the euro area (78%)²², with the goal of increasing this to 100% by 2030. Austria supports the European Green Deal, with the ambitious goal of **achieving the²³ net zero target** for greenhouse gas emissions by **2040**.

In order to implement the targeted climate goals, Austria has developed numerous strategies and action plans. An essential cornerstone in this context is the Republic's Bioeconomy Strategy.²⁴ It encompasses all industrial and economic sectors that produce, process, handle or use biological resources and aims to replace fossil resources (raw materials and energy sources) with renewable raw materials in as many areas and applications as possible. The **Mobility Master Plan 2030**²⁵ identifies ways to avoid, shift and improve traffic and transport and significantly increases the share of eco-mobility in total transport. It includes targeted promotion of public transport as well as pedestrian and cycling traffic and shared mobility. Significant investments are required for this transformation process in order to achieve the **goal of a carbon-neutral transport system by 2040**. An outstanding example of this is the **"Climate Ticket"** introduced in 2021 – a flat-rate ticket valid for all public transport within Austria. In 2021, the Austrian government also launched a far-reaching **eco-social tax reform**, which provides for a price on CO₂ emissions for buildings, transport, agriculture and industry based on the polluter-pays principle.

The pioneering role Austria plays in many sustainability areas is also confirmed by excellent ESG ratings, where Austria is among the top performers worldwide and was even able to further improve its position in the past year.

Agency	Sustainability country rankings ²⁶
Sustainalytics	9 of 172 countries worldwide
ISS ESG	7 of 121 countries worldwide
EPI (Yale University)	6 of 180 countries worldwide
SDG Index	6 of 165 countries worldwide

Peaceful & Stable

Austria is considered a **peaceful** country with strong, reliable institutions. The Alpine Republic **ranks sixth** out of a total of **163 countries** in the **Global Peace Index**²⁷. In the **World Bank Governance Indicators**, Austria was **among the 20 most successful countries** in five out of six categories – first and foremost in the rule of law. Austria is also a country with **relatively low income inequality**. The **Gini coefficient** of equalised disposable income for 2020 is **27.0%**²⁸, which is the **fifth lowest value in the euro area**.

Austrian Banks Prove Robust

Austria's banks score well in terms of stability. Strengthened resilience has so far proven to be a key factor in coping with the economic impact of the pandemic. The improved **capitalisation** of Austrian banks, which has **more than doubled since the beginning of the global financial crisis in 2008**, has further increased their resilience. As of June 2021, Austrian banks reported a consolidated Common Equity Tier 1 (CET1) ratio of 16.1%. The significant reduction of profit distributions to shareholders in 2020 also contributed to the increase of the banks' total capital.²⁹

The support measures taken to combat the effects of the pandemic in Austria, including credit moratoria, made a substantial contribution to preventing loan defaults on a large scale, which meant that the consolidated **non-performing loan ratio** (NPL ratio) remained **at a low level of 1.9%** at the end of the second quarter of 2021.

Once again, the Austrian banking subsidiaries in **Central, Eastern and South Eastern Europe (CESEE)** made a **significant contribution to the consolidated profitability** of the sector. Their aggregated profit for the period (after tax) amounted to EUR 1.4 bn in the first half of 2021, up 56% year-on-year, largely due to the decline in risk costs.

High Debt Sustainability and Fiscal Leeway

The **general government debt ratio** has stabilised last year at below **83% of GDP**. In absolute terms, this corresponds to an increase to EUR 335 bn. The current forecasts of the Federal Ministry of Finance point to a decline in the debt ratio to below 80% of GDP in 2022. However, the increase in the debt ratio – triggered by extensive fiscal policy measures in the wake of the COVID-19 pandemic – was preceded by a **strong debt reduction**. The debt ratio was reduced **from 84.9% of GDP to 70.6% of GDP between 2015 and 2019**. In addition to a positive development in the public budget, the active portfolio reduction of the Austrian wind-down banks was largely responsible for the debt reduction. This, coupled with a favourable interest rate environment, made it possible to create the **fiscal leeway** that was needed in the past two years to cushion the negative effects of the COVID-19 pandemic through extensive government support.

²² Eurostat, February 2022 (latest available data for 2020)

²³ Government Programme Austria 2020 – 2024; <https://www.bundeskanzleramt.gv.at/en/federal-chancellery/the-austrian-federal-government/government-documents.html>

²⁴ See: <https://www.bmk.gv.at/en/topics/climate-environment/climate-protection/bioeconomy/strategy.html>

²⁵ See: <https://www.bmk.gv.at/en/topics/mobility/mobilitymasterplan2030.html>

²⁶ Current ratings and further information can be found at: <https://www.oebfa.at/en/investor-relations/ratings.html>

²⁷ Global Peace Index, June 2021

²⁸ Eurostat, December 2021

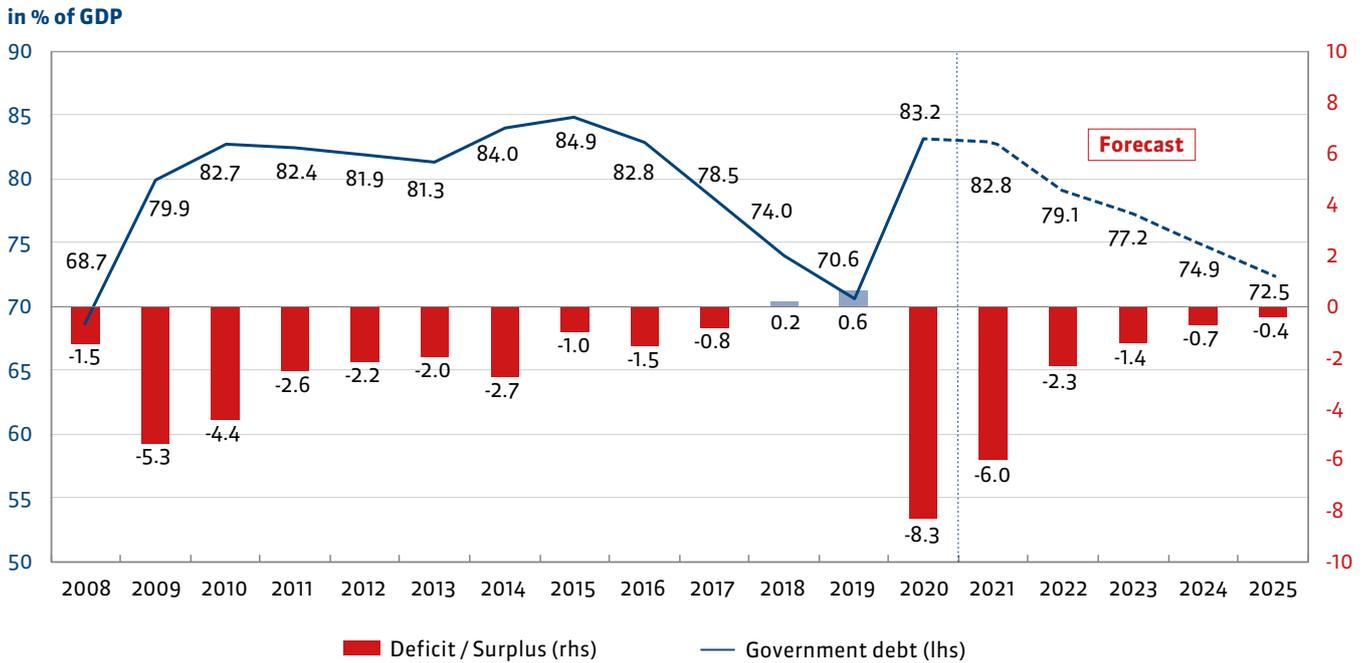
²⁹ OeNB, October 2021



Mountains and water
© Austrian National Tourist Office,
Photographer: Baumgartner



Budget Balance and Government Debt 2008-2025e



Source: Federal Ministry of Finance, October 2021

Overall, the Republic of Austria has a **robust debt sustainability** due to the long remaining average maturity of the financial debt portfolio of 10.6 years in combination with a very high fixed interest rate share of over 90%, which is regularly highlighted as a strength by rating agencies in their reports.

All leading rating agencies attest the Republic of Austria a **very high creditworthiness**. In addition to a AAA/Stable rating from DBRS, Austria is rated in the second best of 22 rating categories (AA+) by S&P, Moody's and Fitch. S&P has assigned a positive outlook on its rating. The preservation of all ratings is mainly due to Austria's high debt sustainability. For short-term liabilities (up to 12 months), Austria has received the best possible rating from all four agencies.³⁰

Ratings (AA+/Aa1/AA+/AAA)

Rating	long-term	short term	Outlook
Standard & Poor's	AA+	A-1+	Positive
Moody's	Aa1	P-1	Stable
Fitch	AA+	F1+	Stable
DBRS Morningstar	AAA	R-1 (high)	Stable

"We revised the outlook to positive from stable to reflect our view that Austria's economic growth outlook should remain broadly resilient over 2022-2025, benefitting the country's budgetary performance. We expect solid economic results over our forecast horizon, together with the phasing out of the temporary pandemic-related budgetary measures will enable the government to accelerate its budgetary consolidation."

(S&P, February 2022)



E-mobility / high-performance charger © Kelag

³⁰ Current rating reports are available at www.oebfa.at (under "Investor Relations" / "Ratings").



Debt Management: Stable and Innovative

The Austrian Treasury is entrusted by law with managing the debt portfolio and liquidity of the federal government in the name and for the account of the Republic of Austria. Its primary objective is to secure the government’s funding under a specified risk tolerance and at the lowest possible medium- to long-term costs. The Austrian Treasury is also mandated by the Federal Minister of Finance to provide certain funding and advisory services to other government sectors if these services generate a benefit for the sovereign as a whole. The responsibilities of the Austrian Treasury are listed in the Austrian Federal Financing Act.³¹

A large part of the funding is raised through **auctions of government bonds and Austrian Treasury Bills (ATBs)**, which are usually held on a monthly basis.³² The auction process is run on the electronic ADAS³³ platform. In addition, syndicated government bonds have been issued since 1999 with the help of a consortium of banks under the **Debt Issuance Programme**. In June 2017, the possibility to increase **own quota** of existing government bonds outside of auctions has been introduced. The **maximum legal term** for federal debt issues is **100 years**.

In July 2021, the Austrian Treasury announced a new ATB programme to the financial market. The existing ATB programme was renamed to Austrian Commercial Paper (ACP) programme. ATBs are now also issued via regular monthly auctions, whereby a total of five different ATBs were issued via auctions on four dates in 2021. The total issue volume amounted to EUR 7.4 bn. These issues were well received by the market with an average bid-cover ratio of 2.6. This underlines **Austria’s good standing in the money market and further diversifies the investor base with an additional investor group**.

The former ATB programme was renamed to **Austrian Commercial Paper (ACP) programme** and continues to allow for issuance in various currencies, whereby all foreign currency issues of the federal government are hedged into EUR. The issuance is flexible, depending on the financing needs of the federal government and the respective investor demand.

Other financing instruments include a Euro Medium Term Note (EMTN) programme, an Australian Dollar MTN programme and transactions in loan or “Schuldschein” format.

Austria’s financing activities are effectively supported by a strong group of **20 primary dealers for government bonds and 18 for ATBs**. This ensures active and committed participation in the primary and secondary markets as well as access to a broadly diversified spectrum of investors.

	20 Primary Dealers for RAGBs	18 Primary Dealers for ATBs	16 Dealers for ACPs
ABN AMRO Bank N.V.			x
AFS Interest B.V.			x
Bank of America Europe DAC			x
Barclays Bank Ireland PLC	x	x	x
BAWAG P.S.K.	x		
BNP Paribas	x	x	
BofA Securities Europe SA	x	x	
BRED Banque Populaire		x	x
Citigroup Global Markets Europe AG	x	x	x
Commerzbank AG	x	x	
Coöperative Rabobank U.A.			x
Deutsche Bank Aktiengesellschaft	x	x	
Erste Group Bank AG	x	x	x
Goldman Sachs Bank Europe SE	x	x	x
HSBC Continental Europe	x		x
ING Bank N.V.			x
J.P. Morgan SE	x	x	x
Landesbank Baden-Württemberg	x	x	
Morgan Stanley Europe SE	x	x	
Natixis	x	x	
Nomura Financial Products Europe	x	x	
Oberbank AG	x	x	
Raiffeisen Bank International AG	x	x	x
Société Générale	x	x	x
UBS Europe SE			x
UniCredit Bank AG	x	x	x
Volksbank Wien AG	x		

All documentation is available for download at www.oebfa.at („Financing Instruments“ section).

31 §2 Federal Financing Act

32 The current issuance calendar can be found at www.oebfa.at (under “Funding Republic of Austria”).
Details on the auction process:
<https://www.oebfa.at/en/capital-market-services/government-bond-and-atb-auctions/auction-procedure-for-government-bonds-of-the-republic-of-austria.html>

33 For details on ADAS (Austrian Direct Auction System) see:
<https://www.oebfa.at/en/capital-market-services/government-bond-and-atb-auctions/austrian-direct-auction-system-ad-as.html>



Festspielhaus, Bregenz
© Austrian National Tourist Office,
Photographer: Popp-Hackner



The Year 2021

Last year, **nine different outstanding government bonds**, with a total volume of EUR 15.2 bn, were **tapped via auction** on eleven dates. Thereby maturities between 2024 and 2051 were increased. In addition, **four new Austrian government bonds** were **issued via syndication** on three dates.

While the volume-weighted bid-cover ratio for bonds at auctions returned to normal at 2.3 in 2021 (previous year: 2.8), syndications reached a new historic high with an 8.2-fold average oversubscription. This underlines **Austria's excellent standing on the capital market as a safe-haven in uncertain times**.

On 27 January 2021, the new **0.00% Bundesanleihe 2021-2031/1** with a volume of EUR 4.0 bn and a yield of -0.331% p.a. was issued. The order book of EUR 32 bn was the largest in the history of the Republic at that time. The **yield of -0.331% p.a.** was the **lowest yield of a ten-year government bond** ever issued via syndication worldwide.

On 13 April 2021, the second and third new issue of the Republic of Austria took place by way of a double syndication: The new **0.70% Bundesanleihe 2021-2071/2** was issued with a volume of EUR 2.0 bn and a yield of 0.724% p.a. The coupon in the amount of 0.70% p.a. was very low compared to the last 50-year new issue (EUR 2.0 bn government bond 2012-2062) with 3.80% at that time.

The new **0.00% Bundesanleihe 2021-2025/3** was issued with a volume of EUR 4.5 bn and a yield of -0.574% p.a. The **spread to German**

Bunds (only 11 bp for the 4-year government bond) was the **lowest for a new syndicated government bond issue in the history** of the Republic.

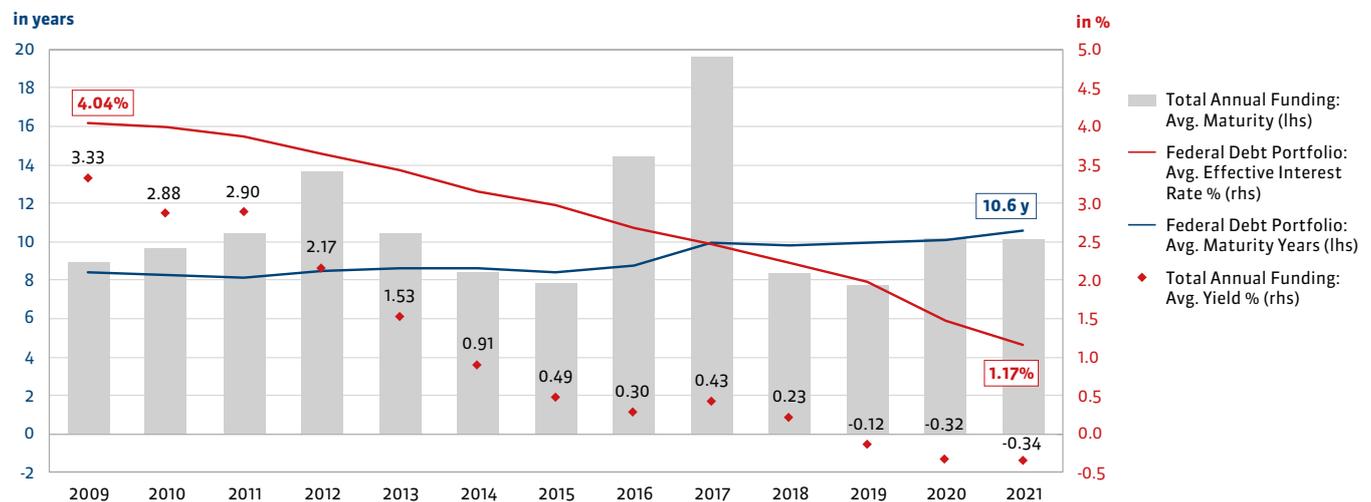
On 16 September 2021, the last syndication of the year 2021 took place. The new **0.25% Bundesanleihe 2021-2036/4** was issued with a volume of EUR 5.0 bn and a yield of 0.286% p.a. The **order book of EUR 42 bn** was the **largest order book in the history of the Republic** and significantly exceeded the record value of EUR 32 bn achieved only in January. The yield of 0.286% p.a. was the lowest yield among all 15-year EUR government bonds issued in 2021 to date.

In addition, nine different government bonds with maturities between 2023 and 2120 and a total volume of EUR 4.55 bn were increased by way of **26 bilateral syndications**.

In total, the Republic of **Austria issued EUR 40.1 bn** in government bonds in the past year. The **outstanding volume of short-term financing** at the end of 2021 was **EUR 18.8 bn** and thus close to the previous year (EUR 19.3 bn).

Under the new **ATB programme**, which was launched in July 2021, five different maturities with a total amount of **EUR 7.4 bn** were **issued** on four auction dates. These money market issues met with lively interest by investors and recorded an average **bid-cover ratio of 2.6**.

Federal Government Debt Portfolio 2009 to 2021



Source: Austrian Treasury, February 2022



Edelweiss © Pixabay, Photographer: Antelao



In the year 2021, the federal government borrowed a total of **EUR 61.9 bn** at an average negative interest rate of -0.34% p.a., which was even slightly below the previous year's level (-0.32% p.a.). The average remaining term of new funding last year was also slightly below the year before (10.2 years) at 10.1 years. Thus, for the third year in a row, the **average yield of annual funding was negative**. Overall, the effective interest rate of the federal government's entire debt portfolio again reached a historic low of 1.17% p.a. (2020:

1.47% p.a.), while the average remaining term to maturity was extended to 10.6 years (2020: 10.1 years).

The strategy of maintaining a relatively long maturity contributes to limiting Austria's interest rate and refinancing risk. In combination with the lower interest rate on the federal debt portfolio, **this development also has a positive effect on Austria's debt sustainability.**

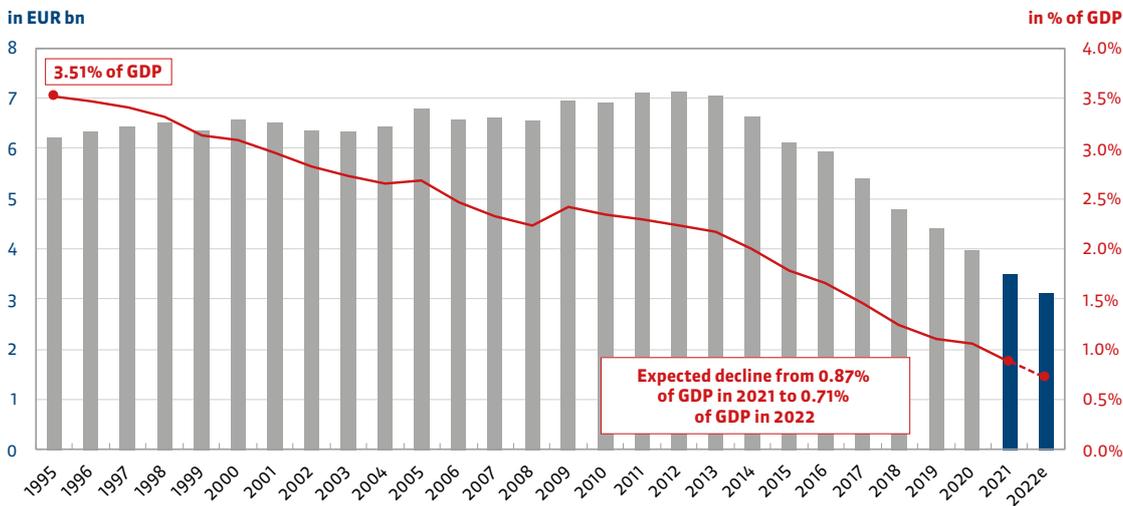
Issuance of Austrian Government Bonds (RAGB) in 2021 (in EUR mn)

	2016-2023/3	2019-2024/2	2021-2025/3	2016-2026/1	2017-2027/1	2018-2028/1	2019-2029/1	2020-2030/1	2021-2031/1	2021-2036/4	2007-2037/1	2020-2040/5	2016-2047/2	2020-2051/3	2021-2071/2	2016-2086/4	2020-2120/4	Volume
January	200	0	0	0	250	0	150	748	0	0	0	0	0	728	0	0	0	2,076
February	0	0	0	200	0	0	0	0	4,000	0	0	0	0	0	0	0	200	4,400
March	0	1,290 (1)	0	300	0	300	0	300	690	0	0	0	0	0	0	0	0	2,880
April	0	250	4,500	300	0	0	0	300	1,089	0	0	0	0	582	2,000	150	0	9,171
May	0	150	300	0	250	0	300	200	805	0	0	0	801	0	0	0	500 (2)	3,306
June	0	450	690	0	150	150	0	0	777	0	0	0	0	0	0	0	0	2,217
July	0	0	0	783	400 (3)	0	0	250	1,113 (4)	0	0	0	0	250	250	0	250	3,296
August	0	0	805	0	0	0	0	0	690	0	0	250	0	0	0	0	0	1,745
September	0	0	0	0	200	0	0	250	690	5,000	920	250	0	0	0	0	0	7,310
October	0	0	633	0	0	0	0	0	633	0	0	0	0	300	0	0	0	1,565
November	0	0	0	0	0	0	0	0	0	792	0	0	0	0	0	0	0	792
December	0	0	0	0	0	250	0	0	805	0	0	0	0	250	0	0	0	1,305
Volume	200	2,140	6,928	1,583	1,250	700	450	2,048	11,291	5,792	920	500	801	2,111	2,250	150	950	40,063

(1) thereof syndications EUR 600 mn
 (2) thereof syndications EUR 200 mn
 (3) thereof syndications EUR 150 mn
 (4) thereof own quota EUR 250 mn

Black = Auctions
 Red = Syndications
 Blue = Own quota increase

Federal Government Interest Payments 1995 to 2022e



Source: Austrian Treasury, February 2022



Cross-country skiing, Pitztal Glacier © Pitztal Glacier/Roland Haschke



Financing Strategy of the Republic of Austria in 2022

The projected **funding needs for 2022** amount to **EUR 60-65 bn** (all financing instruments). Thus, the financing volume will remain largely unchanged compared to 2021 (EUR 61.9 bn). A large share of the funding – **around EUR 40 bn** – will be raised (as in 2021) via **Austrian government bonds (RAGB format)**.

The interest refixing period is expected to be between 11.5 and 13.0 years at the end of 2022, and the range for the **portfolio tenor between 10.25 and 11.75 years**. Thus, ranges are slightly increased compared to 2021. The strategy of maintaining a relatively long term to maturity further contributes to limiting Austria's interest rate and refinancing risk.

As last year, **monthly auctions** of government bonds and ATBs are planned for 2022 in order to increase the liquidity of existing lines via taps. Furthermore, **three to four new RAGB issues** are planned by means of **syndication**, one of which will be the first issue of an Austrian sovereign green bond. In order to take account of the government's sustainability goals, Austria is planning the first issue of a green government bond for the first half of 2022. The green bond will comply with the ICMA Green Bond Principles (GBP) and will be aligned with the EU taxonomy to the greatest extent possible in terms of eligible green expenditures.

The outstanding volume of **short-term funding** is expected to be **at least EUR 18 bn at the end of 2022**, which is similar to the EUR 18.8 bn at the end of 2021.

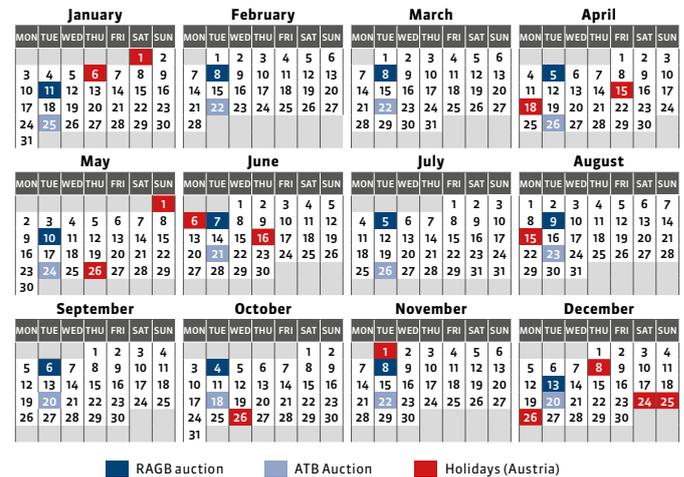
Outstanding Austrian Government Bonds³⁴

Republic of Austria Government Bond	ISIN	Maturity	Outstanding Volume (in EUR bn)	Term to Maturity in Years
3.65% Bundesanleihe 2011-2022/1	AT0000A0N9A0	20.04.2022	8.5	0.3
0.00% Bundesanleihe 2017-2022/2	AT0000A1XM92	20.09.2022	7.0	0.7
3.40% Bundesanleihe 2012-2022/2	AT0000A0U3T4	22.11.2022	10.5	0.9
0.00% Bundesanleihe 2020-2023/2	AT0000A2EJZ6	20.04.2023	6.2	1.3
0.00% Bundesanleihe 2016-2023/3	AT0000A1PE50	15.07.2023	9.8	1.6
1.75% Bundesanleihe 2013-2023/2	AT0000A105W3	20.10.2023	11.9	1.8
0.00% Bundesanleihe 2019-2024/2	AT0000A28KX7	15.07.2024	11.2	2.6
1.65% Bundesanleihe 2014-2024/1	AT0000A185T1	21.10.2024	10.3	2.8
0.00% Bundesanleihe 2021-2025/3	AT0000A2QRW0	20.04.2025	6.9	3.3
1.20% Bundesanleihe 2015-2025/1	AT0000A1FAP5	20.10.2025	11.2	3.8
4.85% Bundesanleihe 2009-2026/2	AT0000A0DXC2	15.03.2026	9.2	4.2
0.75% Bundesanleihe 2016-2026/1	AT0000A1K9C8	20.10.2026	15.1	4.8
0.50% Bundesanleihe 2017-2027/1	AT0000A1VKG0	20.04.2027	11.6	5.3
6.25% Bundesanleihe 1997-2027/6	AT0000383864	15.07.2027	9.4	5.6
0.75% Bundesanleihe 2018-2028/1	AT0000A1ZGE4	20.02.2028	10.8	6.2
0.50% Bundesanleihe 2019-2029/1	AT0000A269M8	20.02.2029	11.7	7.2
0.00% Bundesanleihe 2020-2030/1	AT0000A2CQD2	20.02.2030	11.4	8.2
0.00% Bundesanleihe 2021-2031/1	AT0000A2NWX3	20.02.2031	11.3	9.2
2.40% Bundesanleihe 2013-2034/1	AT0000A10683	23.05.2034	8.6	12.4
0.25% Bundesanleihe 2021-2036/4	AT0000A2T198	20.10.2036	5.8	14.8
4.15% Bundesanleihe 2007-2037/1	AT0000A04967	15.03.2037	15.0	15.2
0.00% Bundesanleihe 2020-2040/5	AT0000A2KQ43	20.10.2040	3.8	18.8
3.15% Bundesanleihe 2012-2044/4	AT0000A0VRQ6	20.06.2044	7.0	22.5
1.50% Bundesanleihe 2016-2047/2	AT0000A1K9F1	20.02.2047	8.2	25.2
0.75% Bundesanleihe 2020-2051/3	AT0000A2EJ08	20.03.2051	5.9	29.2
3.80% Bundesanleihe 2012-2062/1	AT0000A0U299	26.01.2062	3.8	40.1
0.70% Bundesanleihe 2021-2071/2	AT0000A2QQB6	20.04.2071	2.3	49.3
1.50% Bundesanleihe 2016-2086/4	AT0000A1PEF7	02.11.2086	2.7	64.9
2.10% Bundesanleihe 2017-2117/3	AT0000A1XML2	20.09.2117	6.0	95.7
0.85% Bundesanleihe 2020-2120/4	AT0000A2HLC4	30.06.2120	3.8	98.5
TOTAL			256.9	12.3

Austria's funding strategy is based on **diversification and flexibility**. The **investor base** is **broadly diversified and stable**, taking into account geographical and sectoral circumstances. Investors seeking the best possible creditworthiness and safety represent the largest investor group in Austrian debt instruments.

Over the years, Austria has been able to gain an excellent international reputation as a reliable and professional issuer, which means that government bonds will continue to be among the **most liquid instruments on the domestic market** also in 2022. Trading is carried out – beyond the circle of existing primary dealers – by a large number of market makers via telephone and all common international trading platforms.

Issuance Calendar for 2022³⁵



as of 31 December 2021

³⁴ Current data at: www.oebfa.at

(under "Financing Instruments" / "Government Bonds")

³⁵ The detailed issuance calendar for RAGB and ATB auctions can be found at www.oebfa.at (under "Funding Republic of Austria").



Risk Management

The Austrian Treasury is legally obligated to **conduct business in a risk-averse manner**.

The Austrian Treasury’s risk management focuses on **managing credit, market and liquidity risks**. The Treasury’s integrated and holistic risk management system represents the spectrum of a balanced combination of the following: consideration of risk-bearing capacity and risk culture, a suitable risk management organisation, corresponding best practice standards and an adequate governance structure. The Treasury’s methodical risk management systems are continuously evaluated and refined. In 2021, for example, the operational risk management guideline was revised and the credit risk guideline was updated. In addition, the settlement risk from FX transactions, which is necessary for hedging foreign currency risks, was largely eliminated through the connection to the international payment system „Continuous Linked Settlement“ (CLS).

The risk policy is laid down in the form of **risk management guidelines** and the debt management strategy. The risk management guidelines are to be approved by the Supervisory Board and the debt management strategy by the Federal Minister of Finance.

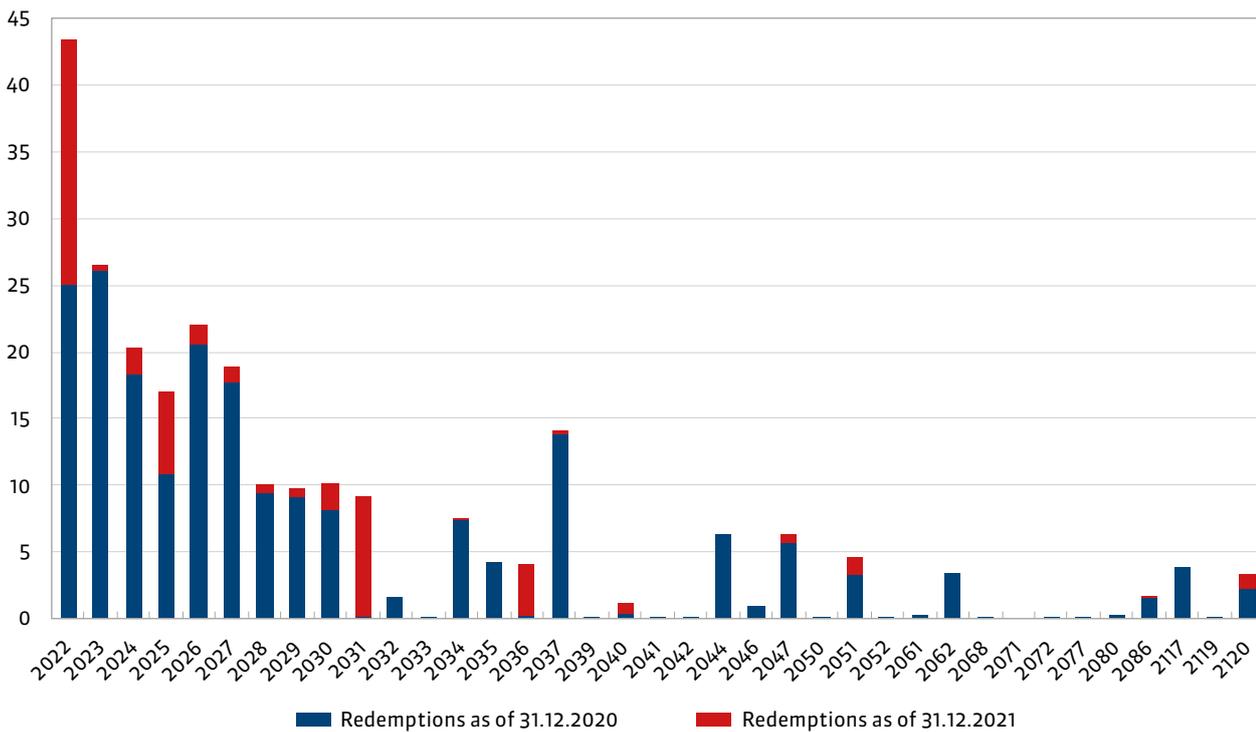
In addition to credit, market and liquidity risks, the risk management system of the Austrian Treasury controls other risks such as operational risks, credit risks, refinancing risks and reputation risks.

The **interest refixing period** and the **portfolio tenor** are used as core metrics for steering the debt management strategy of the federal government. The portfolio interest refixing is defined as the weighted remaining term to maturity of the portfolio’s fixed cash flows.

The debt management strategy includes ranges for both metrics, which are also published at www.oebfa.at.

Redemption Profile of the Republic of Austria

in EUR bn



Source: Austrian Treasury, January 2022



Karlskirche, Vienna © WienTourismus/Christian Stemper

Contact

Österreichische Bundesfinanzierungsagentur
Austrian Treasury
1010 Vienna, Seilerstaette 24
Tel.: +43 1 512 25 11-0
Fax: +43 1 513 99 94
Website: www.oebfa.at
Bloomberg: RAGB, AUST, RATB

Markus Stix
Managing Director
Markets
+43 1 512 25 11-22

Walter Jöstl
Managing Director
Risk Management/Operations
+43 1 512 25 11-30

Contact Money and Capital Markets

Sabine Denk, CFA, sabine.denk@oebfa.at	+43 1 512 25 11-14
Christoph Frömel, CFA, christoph.froemel@oebfa.at	+43 1 512 25 11-44
Eduard Kerestesi, eduard.kerestesi@oebfa.at	+43 1 512 25 11-33
Andreas Kroneder, andreas.kroneder@oebfa.at	+43 1 512 25 11-15
Christian Schreckeis, christian.schreckeis@oebfa.at	+43 1 512 25 11-48
Martin Stenitzer, martin.stenitzer@oebfa.at	+43 1 512 25 11-11
Anja Tritremmel, CFA, anja.tritremmel@oebfa.at	+43 1 512 25 11-37
Harald Weillechner, harald.weillechner@oebfa.at	+43 1 512 25 11-16
Salina Xu-Wong, salina.xu-wong@oebfa.at	+43 1 512 25 11-17
Pia Zivanovic-Amann, MBA, pia.zivanovic-amann@oebfa.at	+43 1 512 25 11-47

Links

- www.oebfa.at | Austrian Treasury: Auction calendar, monthly federal government debt, rating reports, investor relations
- www.bmf.gv.at | Federal Ministry of Finance, BMF: detailed information on the Austrian budget
- www.statistik.at | Statistics Austria
- https://www.rechnungshof.gv.at/rh/home/news/Bundesrechnungsabschluss_2021.html | Austrian Court of Audit: Federal financial statements
- www.oenb.at | Oesterreichische Nationalbank, OeNB
- www.fiskalrat.at | Fiscal Committee
- https://europa.eu/efc/efc-sub-committee-eu-sovereign-debt-markets_en | EFC Sub-Committee on EU Sovereign Debt Markets
- ec.europa.eu/eurostat | Eurostat
- <https://www.oekb.at/en/capital-market-services/our-range-of-data-knowledge-creates-an-advantage/data-on-austrian-government-bonds.html> | Oesterreichische Kontrollbank, OeKB
- www.wifo.ac.at | Austrian Institute of Economic Research, WIFO
- www.ihs.ac.at | Institute for Advanced Studies, IHS



Impressum

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