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Morningstar DBRS Downgrades the Republic of Austria to AA (high), Trend Changed to Stable

Industry: Governments

Subindustry: Sovereigns

Region: Europe

DBRS Ratings GmbH (Morningstar DBRS) downgraded the Republic of Austria's (Austria) Long-Term Foreign and Local Currency – Issuer Ratings to AA (high) from AAA and changed the trend to Stable from Negative. At the same time, Morningstar DBRS confirmed Austria's Short-Term Foreign and Local Currency – Issuer Ratings at R-1 (high) with Stable trend.

KEY CREDIT RATING CONSIDERATIONS

The downgrade reflects Morningstar DBRS' assessment that government debt metrics will continue to deteriorate as budgetary pressures remain elevated over the next few years amid a challenging geopolitical and macroeconomic environment. Austria is running wider fiscal deficits than pre-pandemic largely due to durably higher expenditure levels. While the government delivered on its consolidation plans in 2025 – narrowing the deficit to 4.2% of GDP from 4.6% in 2024 – the deficit remains among the highest in the euro area. The government debt-to-GDP ratio increased to 81.3% in 2025, which is higher than the AAA-rated median. The Ministry of Finance (MoF) forecasts the general government budget deficit will remain wide at 4.2% of GDP in 2026, before receding to 3.0% by 2028. Despite the government's consolidation efforts, Austria's debt trajectory ratio will remain on a slow upward trend. The debt-to-GDP ratio is projected to reach 85% in 2030. Debt affordability will also weaken as debt is financed at higher interest rates. The credit rating action reflects the deterioration in the "Debt and Liquidity" building block.

Growth in the Austrian economy is gradually picking up. The Österreichisches Institut für Wirtschaftsforschung (WIFO) forecasts real GDP growth to accelerate from 0.8% in 2025 to 0.9% in 2026 and 1.3% in 2027. However, prolonged geopolitical tensions that result in higher-for-longer energy prices pose downside risks to both the growth and fiscal outlook. Structural factors, including adverse demographic trends, increasing global competition in key manufacturing industries, and elevated energy and labour costs are expected to weigh on Austria's medium-term growth prospects, which are likely to remain below pre-pandemic growth levels.

Despite the challenging fiscal outlook, the Stable trend reflects Morningstar DBRS' view that the risks to the credit ratings are balanced. The credit ratings are underpinned by Austria's highly productive, diversified and stable economy. Real GDP per capita in purchasing power terms is 17% higher than the European Union (EU) average. Austria's high institutional quality fosters sound policy management. Furthermore, the country's external position is solid. These credit strengths counterbalance the challenges associated with fiscal pressures and lower potential output growth than in the past decade.

CREDIT RATING DRIVERS

Morningstar DBRS could upgrade the credit ratings if the public debt-to-GDP ratio is put on a firm downward trajectory on the back of a durable fiscal adjustment.

Morningstar DBRS could downgrade the credit ratings if growth prospects materially weaken and public debt dynamics markedly deteriorate relative to current expectations.

CREDIT RATING RATIONALE

Budgetary Pressures Are Elevated Despite Consolidation Efforts

Austria's general government deficit narrowed to 4.2% of GDP in 2025 from 4.6% in 2024, but remains high. The fiscal outcome was 0.3 percentage points better than budgeted, reflecting the government's delivery on its 2025 consolidation package. Measures included the abolition of the climate bonus, the rollback of subsidies, and revenue-raising initiatives such as tax from banks and energy companies. The fiscal outturn also benefited from slightly stronger-than-expected economic growth, which supported revenue performance. However, the deficit remains well above pre-pandemic levels due to a structurally higher expenditure base. Higher spending has been shaped by delayed indexation effects from the 2021–23 inflation shock, greater social spending and higher interest costs. Despite consolidation efforts, the expenditure-to-GDP ratio was 55% in 2025, 4 percentage points above the 2010–19 average. While lower pension indexation in 2026 and a more moderate public-sector wage agreement are expected to slow expenditure growth, underlying spending pressures remain largely unchanged, as savings are offset by rising age-related expenditure, higher interest costs and defence spending. The government forecasts the general government budget deficit will remain wide at 4.2% in 2026. Going forward, the MoF estimates that consolidation measures to be implemented with a dual 2027–28 budget will ensure a gradual reduction in deficits in line with targets set out in its medium-term fiscal plans that pencil in deficits of 3.5% in 2027, 3.0% in 2028 and 2.8% in 2029. The envisaged fiscal adjustments centre on targeted revenue-enhancing measures, subsidy rationalisation and broad-based expenditure restraint. IMF projections foresee a slower decline in the deficit to 3.5% of GDP in 2028. In Morningstar DBRS' view, risks remain elevated given the heightened macroeconomic uncertainty.

Austria faces sizeable medium- to long-term fiscal pressures that will continue to weigh on budget balances. Austria has a relatively generous pension system, a comparatively low effective retirement age, and steadily rising healthcare and long-term care needs. Age-related expenditure has already increased significantly between 2019 and 2024, with spending on pensions, health, and long-term care rising by 2.5 percentage points of GDP. According to MoF projections, age-related expenditure is expected to increase by a further close to 1 percentage point by 2030. The government is targeting a gradual increase in total defence spending from 0.7% of GDP in 2025 to 2.0% by 2032. Furthermore, interest costs are again becoming a more material budgetary burden in a higher interest rate environment. In Morningstar DBRS' view, this suggests that Austria's fiscal position will remain under pressure over the medium term even with full implementation of announced consolidation measures.

Rising Debt Level and Higher-Rate Environment Weigh on Affordability

Austria's government debt-to-GDP ratio increased to 81.3% in 2025, up from 80.0% in 2024, reflecting the large fiscal deficit. The MoF projects the debt ratio to rise to 84.4% by 2029, with increases slowing from 2027, but more noticeably over 2028–29. According to the Fiscal Advisory Council (FAC), the government debt-to-GDP ratio will reach 85% of GDP by 2027, although the projection does not factor in the announced 2027–28 fiscal consolidation measures. At this level, government debt would be almost 15 percentage points above its pre-pandemic level, reflecting more limited fiscal flexibility to respond to future economic shocks. The FAC estimates that stabilising the debt ratio would require deficits below 2.5% of GDP, implying that debt will continue to rise in the absence of more-than-currently planned consolidation or stronger growth.

Austria has a favourable debt profile, which is slowing the rise in total interest payments. In 2025, the average effective interest rate on the federal debt portfolio was 2.0% and the average maturity stood at 11.5 years. However, Austria's debt affordability is weakening slowly as — similar to other economies — it transitions into a higher interest rate environment compared with the mid-2010s to early-2020s period. The average interest rate on federal government annual funding in 2025 stood at 2.5%, down from the recent peak of

3.3% in 2023, but well above the 0.5% level of 2015 when the government debt-to-GDP hit its historic high of 85.6%. General government interest expenditure rose to around 1.6% of GDP in 2025 and is projected by the MoF to approach 1.8% of GDP in 2026, as a larger debt stock is refinanced at higher interest rates. Longer term projections point toward a return to pre-pandemic interest cost levels of more than 2% of GDP by the end of the decade. Austria's favourable debt profile and prudent debt management limit debt sustainability risks and underpin Morningstar DBRS' positive qualitative adjustment in the "Debt and Liquidity" building block.

Economic Recovery Is Underway but Structural Headwinds and Risks Persist

The Austrian economy is recovering from a period of lower growth with real GDP increasing by 0.8% in 2025. Growth contributions were mixed, with investment and manufacturing rebounding while private consumption growth slowed. Exports grew marginally despite relatively resilient global trade. The WIFO forecasts real GDP growth to accelerate to 0.9% in 2026 and 1.3% in 2027. Private consumption growth is expected to remain subdued but positive, supported by a further reduction in the saving rate, while investment is projected to grow gradually and exports are expected to recover modestly. Risks to the growth outlook remain tilted to the downside. Under WIFO's downside risk scenario, a prolonged war in Iran persisting through the summer of 2026 would lead to sustained disruptions to oil and gas supply and energy price pressures. As a result, private consumption would slow sharply and investment would contract, materially weakening the recovery, with real GDP growth projected at just 0.2% in 2026 and 0.4% in 2027.

On a structural level, Austria's credit ratings benefit from high GDP per capita, a diversified economic structure, and the country's deep integration into the EU single market, which supports long-term competitiveness. However, structural headwinds weigh on Austria's medium-term growth potential. The IMF projects real GDP growth to slow to 0.8% by 2030, compared to a 1.6% average real GDP growth recorded over 2010–19. A shrinking working-age population is expected to constrain labour supply. At the same time, Austrian companies, like other European manufacturers, face intensifying competition, especially from China, and structural changes in key industrial sectors such as automotive and machinery. In addition, elevated energy prices and higher labour costs have eroded cost competitiveness.

Centrist Three-Party Coalition Government Makes Progress in Repairing Public Finances

Austria's institutional quality is a strength of the credit profile. According to the Worldwide Governance Indicators, Austria is a strong performer in areas such as the rule of law, corruption, and the stability of political and economic institutions. A centrist three-party government coalition, comprised of the centre-right Österreichische Volkspartei (ÖVP), the centre-left Social Democratic Party of Austria (SPÖ) and the liberal party NEOS, took office in March 2025, led by chancellor Christian Stocker (ÖVP). The coalition's priorities include tightening migration policy, budgetary consolidation, as well as improvements in education, health care and labour market participation. Fiscal consolidation has dominated the political agenda, with the government implementing its 2025–26 consolidation package and agreeing on further adjustments under a dual 2027–28 budget framework. The coalition commands a comfortable parliamentary majority and has so far functioned effectively, supporting policy continuity despite ongoing budgetary pressures. However, according to Politico's Poll of Polls, all three governing parties are losing support, with the right-wing Freedom Party (FPÖ) benefiting significantly in voting intentions compared to 2024 parliamentary election results.

External Finances Benefit from Sound Current Account and Net External Asset Position

Austria's external position is sound and benefits from strong service exports as well as a diversified manufacturing base that is well integrated into EU value chains. The twin pandemic- and energy-crisis shock only burdened the current account balance temporarily. The sharp increase in energy import prices resulted in a current account deficit of 1.3% of GDP in 2022, before Austria swung back to a surplus of 1.6% in 2023 as energy prices declined and tourism activity rebounded. The surplus rose to 1.9% in 2025, supported by

broadly stable goods and services surpluses. At this level, the current account is in line with the 2010–19 average. Looking ahead, the WIFO projects the current account surplus to ease slightly again to around 1.5% of GDP in 2026 and 2027, reflecting higher energy import costs but continued strength in tourism and only a modest recovery in domestic demand. Potential higher-for-longer energy prices might weigh further on the current account balance but are unlikely to weaken the country's external position in a sustained manner. Austria's credit ratings also benefit from a positive net international investment position (NIIP). The net asset position stood at 26.2% of GDP at year-end 2025, having shifted from net liabilities to net assets in 2013, reflecting a growing stock of outward foreign direct investment and an improving portfolio investment position. The sound external position provides the country with a significant buffer to absorb external shocks and supports its capacity for external adjustment. This underpins Morningstar DBRS' positive qualitative adjustment for the "Balance of Payments" building block assessment.

Financial Condition of the Banking Sector Is Strong, but Asset Quality Risks Related to Commercial Real Estate Are Elevated

The overall financial condition of the economy's banking sector is strong despite asset quality risks. Austrian banks' sound profitability and capital position, with the Common Equity Tier 1 ratio rising over the past few years to 19.0% as of December 2025, should help cushion a potential deterioration in credit quality. After rising to almost 3% over 2023–24, the nonperforming loans (NPL) ratio largely stabilised in 2025. However, asset quality deterioration could resume if macroeconomic conditions deteriorate significantly because of higher-for-longer energy prices. Pressures in commercial real estate (CRE) remain important, with the sector's NPL ratio standing at 8.3% as of December 2025. Banks' exposure to CRE is relatively large at around 13% of the banking sector's aggregate assets. To limit risks, Austrian authorities introduced a sectoral risk buffer of 1% for risk-weighted CRE assets starting from July 2025, to be gradually raised to 2% in July 2026 and 3.5% in July 2027. Considering risks emanating from CRE exposures, Morningstar DBRS applies a negative qualitative adjustment to the "Monetary Policy and Financial Stability" building block assessment. Risks related to residential real estate have faded as a result of improved lending standards and an orderly market correction in house prices over 2023–24 that reduced overvaluations. The Österreichische Nationalbank's (OeNB) property price overvaluation index stood at 4.6% as of December 2025, down from the 36.0% peak in 2022. Housing price growth and demand for mortgage loans picked up in 2025. Austrian household indebtedness is moderate at 41.6% of GDP in 2025. In general, Austrian banks' exposure to Central, Eastern and South-Eastern Europe (CESEE) countries is elevated, but it also provides a degree of diversification. Austria's second-largest bank remains active in Russia, but risks are limited by a significant reduction in loans to and deposits of Russian customers.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE CONSIDERATIONS

There were no Environmental, Social or Governance factors that had a significant or relevant effect on the credit analysis.

A description of how Morningstar DBRS considers ESG factors within the Morningstar DBRS analytical framework can be found in the Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings (16 May 2025) <https://dbrs.morningstar.com/research/454196>

For more information on the Rating Committee decision, please see the Scorecard Indicators and Building Block Assessments.

EURO AREA RISK CATEGORY: LOW

Notes:

All figures are in euros unless otherwise noted. Public finance statistics reported on a general government basis unless specified.



The principal methodology is the Global Methodology for Rating Sovereign Governments (09 July 2025) <https://dbrs.morningstar.com/research/457952>. In addition Morningstar DBRS uses the Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings <https://dbrs.morningstar.com/research/454196> in its consideration of ESG factors.

The credit rating methodologies used in the analysis of this transaction can be found at: <https://dbrs.morningstar.com/about/methodologies>.

The sources of information used for these credit ratings include Bundeskanzleramt (Government Programme 2025-2029; Bundeskanzler Stocker: Doppelbudget 2027/28 wird Österreich aus Defizitverfahren herausführen, April 2026), Austrian Ministry of Finance (BMF, Draft Budgetary Plan 2025-26 and Federal Financial Framework 2027-29, National Medium-Term Fiscal-Structural Plan 2025-29 – May 2025; 2025 Long-term fiscal projection, December 2025; Annual Progress Report, April 2026), Österreichische Bundesfinanzierungsagentur (OeBFA, Investor Presentation, May 2026), Österreichisches Institut für Wirtschaftsforschung (WIFO, Monthly Reports, April 2026), Österreichische Nationalbank (OeNB, Interim Economic Outlook for Austria, March 2026; Financial Stability Report, April 2026), Fiskalrat (Report on the Public Finances 2024–29, December 2025; Budget Outlook 2026 and 2027, April 2026), Austrian Parliament, Statistik Austria, European Commission (Debt Sustainability Monitor 2025, February 2026; May Forecast 2026), European Central Bank, Eurostat, Organisation for Economic Co-operation and Development (OECD), International Monetary Fund (2025 Article IV Consultation - Press Release, Staff Report; and Statement by the Executive Director for Austria; Austria Selected Issues – July 2025; WEO and IFS, April 2026), World Bank, Bank for International Settlements and Macrobond. Morningstar DBRS considers the information available to it for the purposes of providing these credit ratings to be of satisfactory quality.

With respect to FCA and ESMA regulations in the United Kingdom and European Union, respectively, these are unsolicited credit ratings. These credit ratings were not initiated at the request of the issuer.

With Rated Entity or Related Third Party Participation: YES
With Access to Internal Documents: NO
With Access to Management: NO

Morningstar DBRS does not audit the information it receives in connection with the credit rating process, and it does not and cannot independently verify that information in every instance.

The conditions that lead to the assignment of a Negative or Positive trend are generally resolved within a 12-month period. Morningstar DBRS' outlooks and credit ratings are under regular surveillance.

For further information on Morningstar DBRS historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see: <https://registers.esma.europa.eu/cerep-publication>. For further information on Morningstar DBRS historical default rates published by the Financial Conduct Authority (FCA) in a central repository, see <https://data.fca.org.uk/#/ceres/craStats>.

The sensitivity analysis of the relevant key credit rating assumptions can be found at: <https://dbrs.morningstar.com/research/482459>.

These credit ratings are endorsed by DBRS Ratings Limited for use in the United Kingdom.



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For more information on this credit or on this industry, visit dbrs.morningstar.com.

Issuer	Debt Rated	Credit Rating Action	Credit Rating	Trend
Austria, Republic of	Long-Term Foreign Currency - Issuer Rating	Trend Change	AAA	Stable
Austria, Republic of	Long-Term Foreign Currency - Issuer Rating	Downgraded	AA (high)	Stable
Austria, Republic of	Long-Term Local Currency - Issuer Rating	Trend Change	AAA	Stable
Austria, Republic of	Long-Term Local Currency - Issuer Rating	Downgraded	AA (high)	Stable
Austria, Republic of	Short-Term Foreign Currency - Issuer Rating	Confirmed	R-1 (high)	Stable
Austria, Republic of	Short-Term Local Currency - Issuer Rating	Confirmed	R-1 (high)	Stable

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Austria

Scorecard Indicators

Source

Current Scorecard Input

Fiscal Management and Policy	2020	2021	2022	2023	2024	2025	2026	2027	2028			
Overall Fiscal Balance (% of GDP)	-8.2%	-5.7%	-3.4%	-2.6%	-4.7%	-4.5%	-4.2%	-3.8%	-3.8%	IMF WEO	13 year average	-3.3%
Government Effectiveness (Percentile Rank)	96.1	95.7	94.3	92.4	91.5	-	-	-	-	World Bank	5 year average	94.0
Debt and Liquidity	2020	2021	2022	2023	2024	2025	2026	2027	2028			
General Government Gross Debt (% of GDP)	83.2%	82.4%	78.1%	77.8%	79.2%	80.5%	82.1%	82.7%	83.4%	IMF WEO	5 year projection	85.2%
Interest Costs (% of GDP)	1.1%	0.9%	0.8%	0.8%	1.0%	1.3%	1.5%	1.6%	1.7%	IMF WEO	5 year average	1.2%
Economic Structure and Performance	2020	2021	2022	2023	2024	2025	2026	2027	2028			
GDP per Capita (USD thousands)	48.8	53.8	52.7	56.8	58.4	63.2	67.8	69.9	71.8	IMF WEO	10 year average	52.7
Output Volatility (%)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.4%	-	IMF WEO	Latest	2.5%
Economic Size (USD billions)	434	481	474	517	535	580	624	645	664	IMF WEO	5 year average	517
Monetary Policy and Financial Stability	2020	2021	2022	2023	2024	2025	2026	2027	2028			
Rate of Inflation (% EOP)	1.0%	3.8%	10.5%	5.7%	2.1%	3.8%	2.2%	2.3%	2.1%	IMF WEO	13 year average	3.2%
Total Domestic Savings (% of GDP)	226%	229%	207%	202%	205%	208%	-	-	-	ECB/IMF	Latest ¹	208%
Change in Domestic Credit (% of GDP)	10.5%	0.4%	-9.9%	-8.5%	-4.0%	-5.6%	-	-	-	ECB/IMF	7 year average ¹	-2.5%
Net Non-Performing Loans (% of Capital)	4.0%	3.1%	2.6%	5.0%	7.8%	7.9%	-	-	-	IMF IFS	Latest ¹	7.9%
Change in Property Price/GDP Index (%)	14.4%	5.4%	-4.9%	-8.2%	-4.3%	-1.7%	-	-	-	OeNB/IMF	7 year average ¹	0.1%
Balance of Payments	2020	2021	2022	2023	2024	2025	2026	2027	2028			
Current Account Balance (% of GDP)	3.4%	1.7%	-1.3%	1.6%	1.5%	1.0%	0.4%	0.7%	1.6%	IMF WEO	8 year average	0.9%
International Investment Position (% of GDP)	11.5%	14.4%	16.0%	16.4%	23.9%	26.2%	-	-	-	IMF	5 year average ¹	19.4%
Share of Global Foreign Exchange Turnover (Ratio)	206.7%	210.0%	204.4%	207.0%	208.8%	190.3%	-	-	-	BIS/IMF	Latest	190.3%
Exchange Rate Classification (see footnote)	5	5	5	5	5	5	-	-	-	IMF	Latest	5
Political Environment	2020	2021	2022	2023	2024	2025	2026	2027	2028			
Voice and Accountability (Percentile Rank)	95.2	94.7	93.7	93.7	92.8	-	-	-	-	World Bank	5 year average	94.0
Rule of Law (Percentile Rank)	96.2	96.2	95.7	95.7	96.2	-	-	-	-	World Bank	5 year average	96.0

See Morningstar DBRS' Global Methodology for Rating Sovereign Governments for additional details on the methodology behind the scorecard indicators and associated scoring thresholds. Following the World Bank's December 2025 methodology update, percentile rankings on World Bank Governance Scores are calculated by Morningstar DBRS. Exchange Rate Classifications: Freely floating exchange rate = 1; Float = 2; Crawls, banded pegs, and other managed = 3; Stabilized = 4; Pegs, currency unions and dollarized arrangements = 5.

¹ Scores for 2025 have been computed using the most recent data when year-end data is not available.

Austria

Building Block Assessments and Rating Committee Summary



2-Jun-2026

Building Blocks	Scorecard Result	Quantitative Assessment	Net Impact of Qualitative Factors	Building Block Assessment
Fiscal Management and Policy	15.92	Strong/Good	N/A	Strong/Good
Debt and Liquidity	11.57	Good/Moderate	+ 1 Category	Good
Economic Structure and Performance	13.78	Good	N/A	Good
Monetary Policy and Financial Stability	19.90	Very Strong	- 1 Category	Strong
Balance of Payments	14.78	Good	+ 1 Category	Strong/Good
Political Environment	20.00	Very Strong	N/A	Very Strong
Overall Assessment	Composite Scorecard Result	Scorecard Rating Range	Composite Building Block Assessment	Indicative Rating Range
	80.0	AAA - AA	81.6	AAA - AA (high)

Austria's Long-Term Foreign Currency - Issuer Rating

AA (high)

Main topics discussed in the Rating Committee include: Austria's economic performance and outlook, fiscal developments and outlook, trajectory of government debt, political environment, financial sector stability risks and external sector performance. For additional details on Morningstar DBRS analysis and opinions, please see the accompanying rating report.

Morningstar DBRS Scorecard: Scoring Ranges and Associated Assessment Categories

Lower bound	0.00	1.00	3.00	5.00	7.00	9.00	11.00	13.00	15.00	17.00	19.00
Upper bound	0.99	2.99	4.99	6.99	8.99	10.99	12.99	14.99	16.99	18.99	20.00
Assessment Category	Very Weak	Weak	Weak/Poor	Poor	Poor/Moderate	Moderate	Good/Moderate	Good	Strong/Good	Strong	Very Strong

Austria, Republic of
ESG Checklist

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis: Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*		
Environmental		Overall:	N	N
Emissions, Effluents, and Waste	Do the costs or risks result in changes to a government's financial standing or relationship with other governments, and does this affect the assessment of credit risk?	N	N	N
Carbon and GHG Costs	Does a government face coordinated pressure from a higher-tier government or from numerous foreign governments as a result of its GHG emissions policies, and does this affect the assessment of credit risk?	N	N	N
	Will recent regulatory changes have an impact on economic resilience or public finances?	N	N	N
	Carbon and GHG Costs	N	N	N
Resource and Energy Management	Does the scarcity of key resources impose high costs on the public sector or make the private sector less competitive?	N	N	N
	Is the economy reliant on industries that are vulnerable to import or export price shocks?	N	N	N
	Resource and Energy Management	N	N	N
Land Impact and Biodiversity	Is there a risk to a government's economic or tax base for failing to effectively regulate land impact and biodiversity activities?	N	N	N
Climate and Weather Risks	Under key IPCC climate scenarios will climate change and adverse weather events potentially destroy a material portion of national wealth, weaken the financial system, or disrupt the economy?	N	N	N
Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N	N
Social		Overall:	N	N
Human Capital and Human Rights	Compared with regional or global peers, is the domestic labour force more or less competitive, flexible and productive?	N	N	N
	Are labour or social conflicts a key source of economic volatility?	N	N	N
	Are individual and human rights insufficiently respected or failing to meet the population's expectations?	N	N	N
	Is the government exposed to heavy, coordinated international pressure as a result of its respect for fundamental human rights?	N	N	N
	Human Capital and Human Rights	N	N	N
Access to Basic Services	Does a failure to provide adequate basic services deter investment, migration, and income growth within the economy?	N	N	N
Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N	N
Governance		Overall:	N	N
Bribery, Corruption, and Political Risks	Does widespread evidence of official corruption and other weaknesses in the rule of law deter investment and contribute to fiscal or financial challenges?	N	N	N
Institutional Strength, Governance, and Transparency	Compared with other governments, do institutional arrangements provide a higher or lesser degree of accountability, transparency, and effectiveness?	N	N	N
	Are regulatory and oversight bodies insufficiently protected from inappropriate political influence?	N	N	N
	Are government officials insufficiently exposed to public scrutiny or held to insufficiently high ethical standards of conduct?	N	N	N
	Institutional Strength, Governance, and Transparency	N	N	N
Peace and Security	Is the government likely to initiate or respond to hostilities with neighbouring governments?	N	N	N
	Is the government's authority over certain regions contested by domestic or foreign militias?	N	N	N
	Is the risk of terrorism or violence sufficient to deter investment or to create contingent liabilities for the government?	N	N	N
Peace and Security	N	N	N	
Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N	N
Consolidated ESG Criteria Output:		N	N	N

* A Relevant Effect means that the impact of the applicable ESG Factors has not changed the rating or rating trend on the issuer.
A Significant Effect means that the impact of the applicable ESG Factors has changed the rating or trend on the issuer.

Austria, Republic of: ESG Considerations

5 June 2026

Environmental

There were no Environmental factors that had a significant or relevant effect on the credit analysis. Austria's exposure to environmental risks is low and fiscal pressure arising from new investments to achieve climate targets is not expected to weigh significantly on public finances in the medium term. Austria aims to cover 100% of annual electricity consumption with renewable energy by 2030, up from the already highest share in the euro area at 90%, and to achieve climate neutrality by 2040. A national carbon tax covering emissions outside the European Emission Trading Scheme (ETS), accounting for 40% of total emissions, was introduced in October 2022 and gradually increased until December 2025. The national carbon tax is planned to be replaced by ETS 2, which will cover additional sectors. The IMF assesses that further efforts (incl. higher green public investments) are needed to meet emissions targets. The country's exposure to extreme natural events is low, although the country faces physical risks from climate change, such as flooding. The Austrian Treasury continues to be one of the most active issuers of green securities benefiting from a large and diversified investor base.

Social

There were no Social factors that had a significant or relevant effect on the credit analysis. Austria has high levels of human capital and labour productivity as reflected in its high income per capita, which is estimated at USD 63,161 in 2025. The country's respect for human rights is high, and access to quality healthcare and other basic services is very high.

Governance

There were no Governance factors that had a significant or relevant effect on the credit analysis. The country has independent and transparent institutions, providing a strong environment for investment and a limited scope for corruption. Austria's very strong political environment and institutions are reflected in the World Bank's Worldwide Governance Indicators which rank the country consistently among the top performers in areas such as 'Government Effectiveness', 'Voice and accountability' and 'Rule of Law'.



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