MORNINGSTAR | DBRS

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Morningstar DBRS Confirms Republic of Austria at AAA, Stable Trend

Industry: Governments
Subindustry: Sovereigns
Region: Europe

DBRS Ratings GmbH (Morningstar DBRS) confirmed the Republic of Austria's (Austria) Long-Term Foreign and Local Currency – Issuer Ratings at AAA. At the same time, Morningstar DBRS confirmed Austria's Short-Term Foreign and Local Currency – Issuer Ratings at R-1 (high). The trend on all ratings is Stable.

KEY CREDIT RATING CONSIDERATIONS

The confirmation of the Stable trend reflects the view that despite persistent fiscal deficits, Austria's public sector debt ratio will remain broadly stable in the coming years. The recession and the temporary fiscal support will not alter significantly the long-standing prudent fiscal approach, although economic policy measures and tax reforms present a near-term challenge. Austria's economy has been in recession since the second half of 2022, but the Oesterreichische Nationalbank forecasts a recovery from -0.7% real GDP growth in 2023 to 0.6% in 2024 and 1.7% in 2025. The country remains exposed to risks including those related to the still high reliance on Russian gas imports and to a more severe economic downturn in Austria's main trading partner, Germany. Fiscal deficits are projected to level off near the current level of 2.7% of GDP and the public debt-to-GDP ratio is projected to stabilize at around 76% of GDP.

The credit ratings are underpinned by Austria's prosperous, diversified, and stable economy. The country benefits from a real GDP per capita in purchasing power terms that is estimated at about 24% higher than the European Union (EU) average, solid and credible institutions, and a sound external position. Moreover, an overall conservative fiscal approach is expected to offset fiscal pressures from a variety of costs associated with an ageing population, defense and climate measures.

CREDIT RATING DRIVERS

One or a combination of the following factors could lead to a downgrade: (1) Austria's government commitment to improve its public finances weakens significantly over the medium term; or (2) there is a material worsening in macroeconomic prospects, leading to a persistent and significant increase in the public debt ratio.

CREDIT RATING RATIONALE

Austria is Slowly Adjusting to Alternative Energy Supplies and an Economic Recovery is Forecast for this Year

Austria's credit ratings benefit from its high GDP per capita level, relatively low output volatility, and high diversification. Despite its moderate size, the country enjoys a high level of integration in the EU bloc, which generally supports Austria's external competitiveness. The recent economic downturn is linked to relatively high inflation. Consumer prices have been growing at a higher pace than in the euro zone average since mid-2022, which has weighed on consumption. Weaker external demand and high interest rates are constraining investment, particularly in the construction sector. After posting strong growth of 4.8% in 2022, the economy is estimated to have contracted by 0.7% in 2023. However, a gradual recovery is likely going forward, with output forecast to grow by 0.6% this year, 1.7% in 2025, and 1.3% in 2026. As inflation declines amid strong wage gains, real wage growth will support the recovery, albeit presenting some challenges to external price competitiveness. Although gas storage levels are high, Austria remains dependent on Russian gas, which makes the economy relatively more vulnerable than other European countries to geopolitical risk from the conflict in Ukraine.

Medium-term economic prospects are partly constrained by restrictive regulations in the services markets, a high part-time employment rate among women, and a high tax wedge. However, with the tax reforms and other measures included in Austria's Recovery and Resiliency Plan (ARRP), the government aims to ease these constraints and lift GDP potential.

Fiscal Trajectory to Remain Broadly Stable

The economic rebound, along with a gradual withdrawal of fiscal support measures, should facilitate the stabilization of public sector accounts after the sizeable deterioration in the budget balance in 2020. The deficit peaked at a record level of 8.0% of GDP in 2020 and then declined substantially to 3.5% in 2022 and 2.7% in 2023, despite the costly energy- and cost-of-living packages. The government aims to wind down support in 2025, and the fall in energy prices is likely to result in a lower take-up of energy subsidies. However, the government projects the fiscal deficit to remain at 2.7% of GDP this year and then rise to 2.8% in both 2025 and 2026, before falling again to 2.7% in 2027. Moderate nominal GDP growth should continue to support a positive trend of revenues, despite the impact of the eco-social tax reform and the elimination of bracket creep. Coming years are also likely to see higher military spending and social benefits that will challenge the fiscal accounts. To account for these fiscal risks, we have added a negative qualitative adjustment to the "Fiscal Management and Policy" building block assessment.

In Morningstar DBRS' view, Austria's additional fiscal vulnerabilities relate more to the long term because of the expected rise in age-related expenditures. In particular, according to the government, health and long-term care expenditures will increase to 8.5% and 3.1% of GDP in 2060, respectively, from 7.1% and 1.3% of GDP in 2019. At the same time, the cost of gross public pensions at 13.4% of GDP in 2019 was one of the highest in the EU and is expected to continue to rise, peaking in 2035 at 15.5%, reflecting a declining working age population and relatively low participation rates among older workers. However, some measures envisaged in the ARRP should contribute to improving the fiscal sustainability of the pension system.

Elevated Debt Profile But Structural Benefits

Moderate nominal GDP growth along with the unwinding of temporary fiscal measures support Morningstar DBRS' expectation of a stabilization in the public debt-to-GDP ratio over the medium term. After the peak of 83.0% in 2020, the debt ratio is estimated to have declined to 76.4% last year. Government borrowing yields have increased substantially, reflecting the tightening in monetary policy but debt affordability remains sound thanks to a favourable debt profile. As debt is expected to be refinanced at a higher rate, total interest payments on the federal debt are projected to rise from 0.7% of GDP in 2023 to 1.4% in 2026, a level that if reached would still remain below that of 2017. The long maturity profile and the fact that almost all federal government debt is at fixed rates reduces the risk of a rapid increase in the interest bill. The stock of contingent liabilities, estimated by the government to decline from 15.2% of GDP in 2022 to 13.3% this year, is not negligible but is not expected to weigh significantly on public finances. All of these factors contribute to lowering debt sustainability risks and lend support to Morningstar DBRS' positive qualitative adjustment in the "Debt and Liquidity" building block assessment.

Current Account Position is Improving

Austria's external position is sound and benefits from service exports as well as a diversified manufacturing base that is well integrated into EU value chains. Despite the pandemic-related restrictions from 2020 to early 2022, and the deterioration in terms of trade associated with the energy shock, Austria's external performance has remained resilient. The rapid recovery in tourism flows mitigated the impact of the rise in energy bills. The current account is estimated to have shifted from a deficit of 0.3% of GDP in 2022 to a surplus of 2.4% last year, an amount slightly higher than the average in the 2009–19 period (2.0%). On the other hand, if the trend in strong wage growth is sustained, increasing unit labour costs could negatively affect external competitiveness. Morningstar DBRS views this risk as contained at the moment, as wage growth should moderate reflecting a decline in inflation, and the inflation differential with Austria's main trading partners should narrow.

Austria's credit ratings benefit also from a healthy positive net international investment position (NIIP). At 17.6% of GDP in Q2 2023, the NIIP is lower but not far off from the record level of 21.1% of GDP registered in Q3 2022. Since March

2013, NIIP has shifted to a net asset position, reflecting a growing stock of foreign direct investment abroad as well as a decline in inward portfolio investment.

Sound Banking System, Moderate Household Debt, and Macroprudential Measures Mitigate Risks to Financial Stability

Risks to financial stability remain contained in Austria thanks to the elevated level of capitalisation in the banking system and the introduction of stricter lending standards in the real estate lending process. Austrian banks' sound capital position and profitability should help withstand the expected deterioration in credit quality as a result of high inflation, the tightening in financial conditions, and the phase-out of the pandemic and cost-of-living support measures. Austrian banks' exposure to Central, Eastern and South-eastern Europe (CESEE) countries remains elevated, although it provides a certain degree of diversification. The banking sector's exposure to Russia remains a point of attention in light of the conflict in Ukraine and possible sanctions and counter-sanctions.

The real estate market is stabilising after years of increasing overvaluation. This, together with binding lending standards, bode well for financial stability. Furthermore, the worsening in household debt affordability due to rising rates is mitigated by the moderate amount of debt. According to the Oesterreichische Nationalbank (OeNB), after seven quarters of annual growth of more than 10%, residential real estate prices have decelerated since the end of 2022 and declined by 2.9% in the third quarter of 2023, reflecting the impact of tighter monetary policy. According to OeNB, this contributed to a decline in property price overvaluation, which stood at 21.7% in Austria and at 31.8% in Vienna in April 2023, compared with 36% and 42%, respectively, in April 2022. However, according to OeNB, household debt affordability is deteriorating as a result of the monetary tightening and the large share of mortgages at variable rates. Nevertheless, households tend to display high incomes and wealth by international standards. Their balance sheets are strong, reflecting moderate debt in aggregate as a share of gross disposable income. Moreover, a relatively high net financial worth, estimated at approximately 129% of GDP as of Q3 2023, provides a buffer for households to absorb potential shocks. Macroprudential binding measures adopted since August 2022 further mitigate risks stemming from risky borrowers. Nonetheless, in view of the financial risks, including the high share of mortgages at variable rates, Morningstar DBRS applies a negative qualitative adjustment to the "Monetary Policy and Financial Stability" building block assessment.

The Institutional Framework Remains Sound Despite the Frequent Changes in Leadership Over the Past Few Years

In spite of an unusual period of political uncertainty over the past years leading to changes in government leadership, the institutional framework in Austria is sound. This is reflected in very high scores in the Worldwide Governance Indicators. In Morningstar DBRS' view, the coalition government comprising the Österreichische Volkspartei (ÖVP) party and the junior partner (Greens) will likely continue until the end of the legislative term in 2024. Elections later this year may bring to power a right wing coalition, as the Freedom Party is leading in opinion polls. This would bring more attention to immigration and security issues.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE CONSIDERATIONS

There were no Environmental, Social and 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 DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings (04 July 2023) https://dbrs.morningstar.com/research/416784/dbrs-morningstar-criteria:-approach-to-environmental,-social,-and-governance-risk-factors-in-credit-ratings

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 (06 October 2023) https://dbrs.morningstar.com/research/421590/global-methodology-for-rating-sovereign-governments. In addition Morningstar DBRS uses the DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings https://dbrs.morningstar.com/research/416784/dbrs-morningstar-criteria:-approach-to-environmental,-social,-and-governance-risk-factors-in-credit-ratings 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 Statistik Austria, OeNB (Financial Stability report – November 2023, Austria's Economic Outlook - December 2023), Österreichische Bundesfinanzierungsagentur (OeBFA, Investor Presentation – December 2023), Austrian Ministry of Finance (BMF, Budget 2024 and Medium Term Expenditure Framework 2024-2027 at a Glance), FISCALRAT - Public Finance Report December 2023, EC (Autumn forecast 2023 – November 2023, the Digital Economy and Society Index – September 2022, Commission Opinion on Draft Budget - November 2023), Social Progress Imperative, Entsog, Transparency International, European Central Bank, WIFO, Eurostat, International Monetary Fund (IMF WEO October 2023, IFS), Organisation for Economic Co-operation and Development (OECD), Weltrisikobericht, World Bank, Bank for International Settlements, Haver Analytics, Politico Poll of Polls. 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 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's outlooks and 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/426401/.

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

Lead Analyst: Nichola James, Managing Director, Credit Ratings, Global Sovereign Ratings
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Initial Rating Date: June 21, 2011
Last Rating Date: July 14, 2023

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	Confirmed	AAA	Stable
Austria, Republic of	Long-Term Local Currency - Issuer Rating	Confirmed	AAA	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

Fiscal Management and Policy	2018	2019	2020	2021	2022	2023	2024	2025	2026	Source	Current Scorecard Input	
Overall Fiscal Balance (% of GDP)	0.2%	0.6%	-8.0%	-5.8%	-3.2%	-2.4%	-2.0%	-1.7%	-1.6%	IMF WEO	13 year average	-2.3%
Government Effectiveness (Percentile Rank)	91.0	91.4	93.8	93.8	91.5	-	-	-	-	World Bank	5 year average	92.3
Debt and Liquidity	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**			
General Government Gross Debt (% of GDP)	74.1%	70.6%	82.9%	82.3%	78.5%	74.8%	74.0%	71.7%	70.7%	IMF WEO	5 year projection	68.2%
Interest Costs (% of GDP)	1.2%	1.0%	0.9%	0.7%	0.6%	0.7%	1.1%	1.3%	1.4%	IMF WEO	5 year average	0.9%
Economic Structure and Performance	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**			
GDP per Capita (USD thousands)	51.2	50.2	48.9	53.5	52.2	58.0	60.6	63.2	65.5	IMF WEO	10 year average	50.3
Output Volatility (%)	2.4%	2.5%	2.5%	2.5%	2.5%	2.5%	2.4%	2.4%	-	IMF WEO	Latest	2.5%
Economic Size (USD billions)	455	445	435	481	471	526	552	579	603	IMF WEO	5 year average	471
Monetary Policy and Financial Stability	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**			
Rate of Inflation (%, EOP)	1.7%	1.8%	1.0%	3.8%	10.5%	5.6%	3.2%	2.1%	2.0%	IMF WEO	13 year average	2.9%
Total Domestic Savings (% of GDP)	198%	202%	227%	229%	204%	199%	-	-	-	ECB/IMF	Latest[1]	199%
Change in Domestic Credit (% of GDP)	0.2%	-0.4%	10.5%	0.5%	-11.6%	-13.5%	-	-	-	ECB/IMF	7 year average[1]	-2.1%
Net Non-Performing Loans (% of Capital)	7.7%	6.0%	4.0%	3.1%	2.7%	3.2%	-	-	-	IMF IFS	Latest[1]	3.2%
Change in Property Price/GDP Index (%)	2.5%	0.8%	11.6%	4.8%	0.2%	-10.6%	-	-	-	OeNB/IMF	7 year average[1]	1.4%
Balance of Payments	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**			
Current Account Balance (% of GDP)	0.9%	2.4%	3.0%	0.4%	0.7%	0.1%	0.0%	0.3%	0.4%	IMF WEO	8 year average	0.9%
International Investment Position (% of GDP)	6.0%	14.4%	12.3%	15.6%	17.6%	17.6%	-	-	-	IMF	5 year average[1]	15.5%
Share of Global Foreign Exchange Turnover (Ratio)	198.4%	205.7%	206.7%	210.1%	204.4%	207.4%	-	-	-	BIS/IMF	Latest	207.4%
Exchange Rate Classification (see footnote)	5	5	5	5	5	5	-	-	-	IMF	Latest	5
Political Environment	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**			
Voice and Accountability (Percentile Rank)	94.7	94.7	95.7	94.7	94.2	-	-	-	-	World Bank	5 year average	94.8
Rule of Law (Percentile Rank)	98.6	98.6	97.1	97.1	95.8	-	-	-	-	World Bank	5 year average	97.4

See Morningstar DBRS' Global Methodology for Rating Sovereign Governments for additional details on the methodology behind the scorecard indicators and associated scoring thresholds. 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 2023 have been computed using the most recent data when year-end data is not available.*

Rating Committee Date: 9-Jan-2024

Austria

Building Block Assessments and Rating Committee Summary

9-Jan-2024

Building Blocks	Scorecard Result	Quantitative Assessment	Net Impact of Qualitative Factors	Building Block Assessment
Fiscal Management and Policy	17.11	Strong	- 1 Category	Strong/Good
Debt and Liquidity	13.75	Good	+ 1 Category	Strong/Good
Economic Structure and Performance	14.29	Good	N/A	Good
Monetary Policy and Financial Stability	19.26	Very Strong	- 1 Category	Strong
Balance of Payments	15.00	Strong/Good	N/A	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
	82.8	AAA - AA (high)	81.2	AAA - AA

Austria's Long-Term Foreign Currency - Issuer Rating AAA

Main topics discussed in the Rating Committee include: Austria's fiscal and economic outlook, financial risks and banking sector exposure to Russia, public debt-to-GDP trajectory, and political environment. 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
	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
		Will recent regulatory changes have an impact on economic resilience or public finances?	N	N
		Carbon and GHG Costs	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
		Is the economy reliant on industries that are vulnerable to import or export price shocks?	N	N
		Resource and Energy Management	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
	Climate and Weather Risks	Under key IPCC climate scenarios up to a 2°C rise in temperature by 2050, 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
	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
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
		Are labour or social conflicts a key source of economic volatility?	N	N
		Are individual and human rights insufficiently respected or failing to meet the population's expectations?	N	N
		Is the government exposed to heavy, coordinated international pressure as a result of its respect for fundamental human rights?	N	N
		Human Capital and Human Rights	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
	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
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
	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
		Are regulatory and oversight bodies insufficiently protected from inappropriate political influence?	N	N
		Are government officials insufficiently exposed to public scrutiny or held to insufficiently high ethical standards of conduct?	N	N
		Institutional Strength, Governance, and Transparency	N	N
	Peace and Security	Is the government likely to initiate or respond to hostilities with neighboring governments?	N	N
		Is the government's authority over certain regions contested by domestic or foreign militias?	N	N
		Is the risk of terrorism or violence sufficient to deter investment or to create contingent liabilities for the government?	N	N
		Peace and Security	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
		Consolidated ESG Criteria Output:	N	N

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

Austria, Republic of: ESG Considerations

12 January, 2024

Environmental

This factor does not affect the credit ratings. Austria's exposure to environmental risks is low and fiscal pressure arising from new investments to achieve climate targets including the reduction of greenhouse gas (GHG) emissions, is not expected to weigh significantly on public finances in the medium term. Moreover, the government introduced a carbon tax in October 2022 which is projected to contribute to the national target of carbon neutrality by 2040. The country's reliance on Russian gas is high but it is expected to fall in the medium term, although slower than other EU countries on average reflecting still high Russian gas deliveries. The country's exposure to disasters in consequences of extreme natural events is low, according to the World Risk Index in 2022. The government plans to dedicate around 56% of total resources of the National Recovery and Resilience Plan (NRRP) to achieve climate targets, which is one of the largest shares among all the EU members' national plans. In light of this, the Austrian treasury continues to be one of the most active issuers of green securities benefitting from a large and diversified investor base.

Social

This factor does not affect the credit ratings assigned to Austria. The country's respect for human rights is high, and access to quality healthcare and other basic services is very high. According to the 2022 Social Progress Imperative, Austria ranked 11th out of 169 countries. A productive workforce reflecting a high GDP per capita supports the country's competitiveness. Moreover, Austria's human capital score is above the EU average in all the EC Digital Economy and Society Index (DESI) indicators apart from the percentage of firms providing ICT training. The government plans to introduce measures to boost digitisation and encourage female labour market participation, which is somewhat lower than the average among Austria's EU rating peers, according to the OECD.

Governance

This factor does not affect the credit ratings of Austria. The country benefits from a very high degree of independence and transparency of its institutions. The justice system is perceived as very independent and despite political uncertainty caused by a political scandal in 2019 and the resignation of Mr Kurz from the Chancellery in October 2021, the perception of corruption in Austria remains very low. According to the World Bank, the country ranks favourably for control of corruption with a percentile of 84.9 in 2022, which, however, declined slightly from the historical average slightly above 90. Very high institutional quality is reflected also in a strong performance in the Worldwide Governance Indicators. As of 2022, Austria's percentile rank was 91.5 for Government Effectiveness, 94.2 for Voice and Accountability and 95.8 for Rule of Law, respectively.