Republic of Austria

Rating report

Rating rationale

Rising general government debt: The public debt-to-GDP ratio increased to 81.5% in 2025, 10pps above pre-Covid levels in 2019. We expect government deficits to remain elevated, averaging 3.7% of GDP over the next five years, leading public debt to reach 86% of GDP by 2031. While fiscal consolidation is underway, Scope believes further near-term measures will be required in addition to deeper structural reforms to stabilise debt-to-GDP and strengthen the country's medium-term fiscal outlook.

Wealthy and diversified economy, but modest growth outlook: Austria's ratings benefit from high wealth levels and a competitive, highly diversified economy. After a robust post-pandemic recovery, economic output declined in 2023 and 2024 but returned to modest growth in 2025, growing by 0.8%. Growth is set to remain modest in 2026 at 0.7%, below its medium-term potential of around 1%, before rising to 1.2% in 2027.

Strong external position: Austria has a solid track record of current account surpluses. It also has a robust net international investment position with low private sector debt and a favourable external liability structure with low levels of short-term external debt.

Sound banking sector: The banking sector remains strong, underpinned by robust capital and liquidity buffers. Robust net interest income helped support the sector amid a challenging macroeconomic environment and heightened geopolitical uncertainty. Non-performing loans have increased in recent years and a systemic risk buffer for CRE exposures became effective as of July 2025 in response to declining asset quality following weak economic growth.

Debt profile and market access: Austria benefits from very strong market access and a favourable debt profile, with an exceptionally long average maturity and low, although rising, interest rates.

Rating challenges: i) high and rising public debt; ii) persistent budgetary pressures from rising pension and healthcare costs absent reforms; and iii) a subdued economic growth outlook.

Figure 1: Austria's sovereign-rating drivers

Risk pillars		Quantitative		Reserve currency	Political risk	Qualitative	Final rating
		Weight	Indicative rating	Notches	Notches	Notches	
Domestic economic risk		35%	a+	EUR [+1]	Austria [-0]	0	AA+
Public finance risk		25%	a-			0	
External economic risk		10%	aa			1/3	
Financial stability risk		10%	aa-			1/3	
ESG risk	Environmental factors	3%	aa			0	
	Social factors	3%	aaa			0	
	Governance factors	14%	aaa			0	
Sovereign Quantitative Model*		**aa**				**+1**	
Additional considerations						**0**	

*Scope's Sovereign Quantitative Model (SQM) signals a final indicative credit rating of 'aa', which was approved by the Rating Committee.

For details, please see Scope's Sovereign Rating Methodology.

Foreign currency

Long-term issuer rating/Outlook

AA+/Negative

Senior unsecured debt/Outlook

AA+/Negative

Short-term issuer rating

S-1+

Local currency

Long-term issuer rating/Outlook

AA+/Negative

Senior unsecured debt/Outlook

AA+/Negative

Short-term issuer rating

S-1+

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Credit strengths and challenges

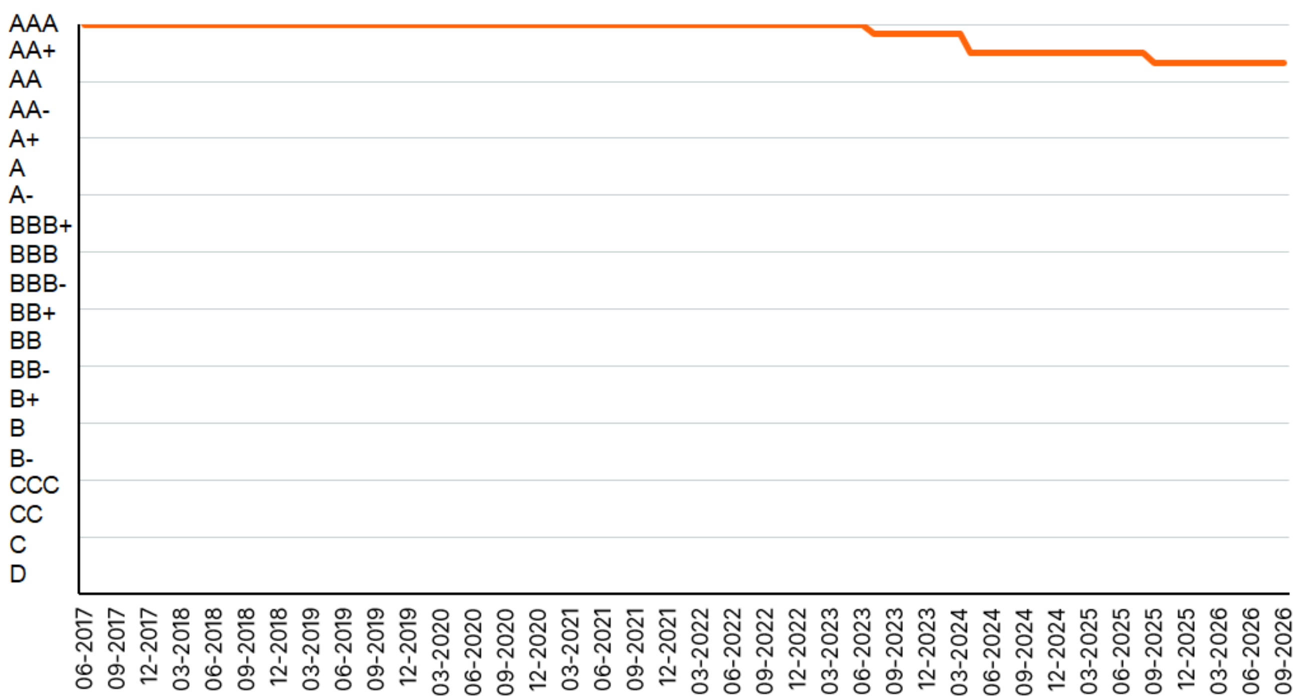
Credit strengths	Credit challenges
• Wealthy and diversified economy • Strong external position with low private sector indebtedness • Sound banking sector • Favourable public debt profile and excellent market access	• High and rising public debt • Budgetary pressure, adverse demographic trend • Subdued economic outlook

Outlook and rating triggers

The **Negative Outlook** reflects the view that risks for the ratings are skewed to the downside over the next 12-18 months.

Positive rating-change drivers	Negative rating-change drivers
• Improved fiscal outlook, resulting in a stabilisation of the debt-to-GDP trajectory • Significantly stronger medium-term growth prospects	• Worsening fiscal outlook, resulting in sustained increase in public debt • Deterioration in growth outlook over the medium term • Crystallisation of financial stability risks, with significant negative implications for the economic and/or public finance outlook

Figure 2: Rating history



Foreign-currency long-term issuer rating; Positive/Negative Outlooks treated with a +/-0.33-notch adjustment; Credit Watch positive/negative with a +/-0.67-notch adjustment.
Source: Scope Ratings

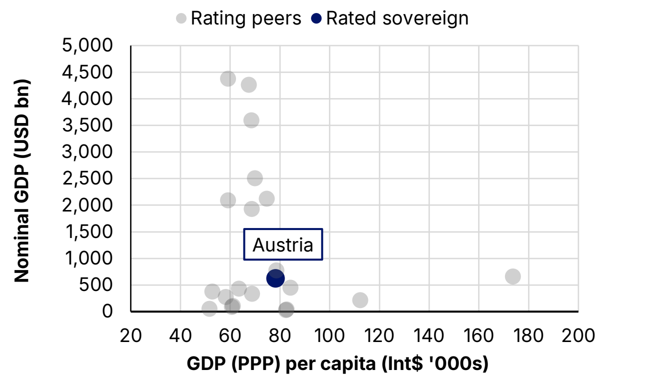
Rating analysis

Domestic economic risk

Overview of Scope's assessments of Austria's *Domestic Economic Risk*

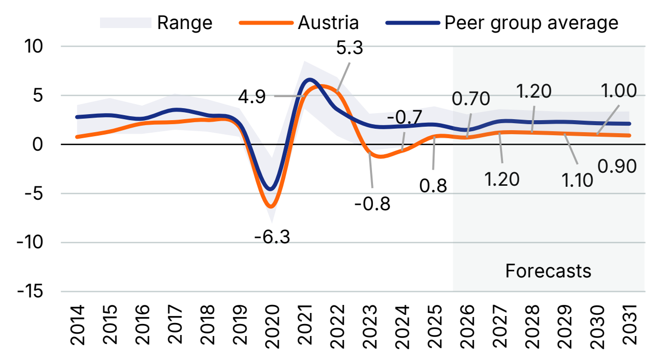
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a+	Growth potential and outlook	Neutral	0	Low medium-term growth potential compared with its peers; labour supply bottlenecks are a constraint
	Monetary policy framework	Neutral	0	ECB is a highly credible and effective central bank
	Macroeconomic stability and sustainability	Neutral	0	Highly competitive and well-diversified economy; resilient labour market; higher unit labour costs following substantial wage increases

Figure 3: Nominal GDP and GDP per capita (2025E)



Source: IMF World Economic Outlook (WEO), Scope Ratings

Figure 4: Real GDP growth, %



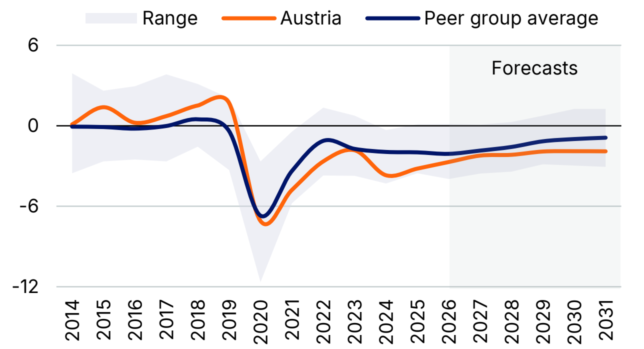
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

Overview of Scope's assessments of Austria's *Public Finance Risk*

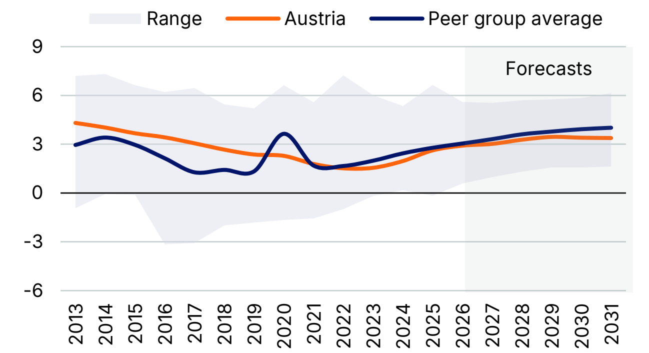
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a-	Fiscal policy framework	Neutral	0	Sizeable budgetary response to Covid-19 and energy crises; pre-crisis budget surpluses; only gradual medium-term fiscal consolidation
	Long-term debt trajectory	Weak	-1/3	Elevated public debt level, debt-to-GDP ratio projected to rise gradually, deviating from pre-crisis downward trend
	Debt profile and investor base	Strong	1/3	Excellent government market access, low government financing costs, long average maturity of central government debt

Figure 5: Primary balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

Figure 6: Net interest payments, % of government revenue



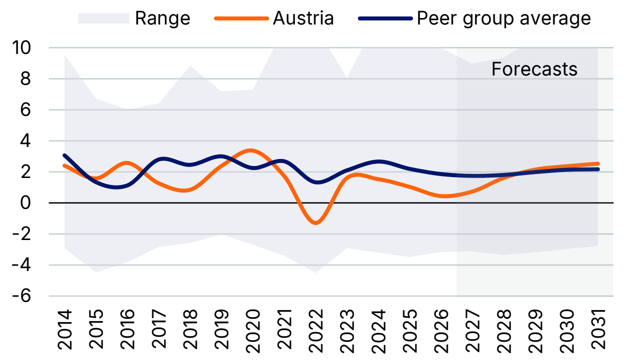
Source: IMF WEO forecasts, Scope Ratings

External economic risk

Overview of Scope's assessments of Austria's *External Economic Risk*

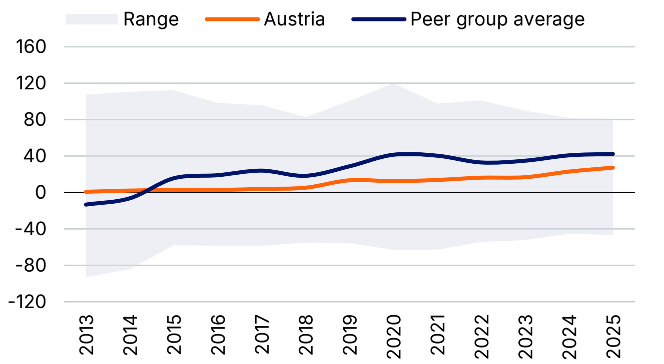
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aa	Current account resilience	Neutral	0	Diversified, competitive export sector; recurrent current account surpluses; net creditor position; some volatility due to energy (especially gas) imports
	External debt structure	Strong	1/3	Low short-term external debt
	Resilience to short-term external shocks	Neutral	0	Highly open economy; benefits from euro area membership in line with peers

Figure 7: Current-account balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

Figure 8: Net international investment position (NIIP), % of GDP



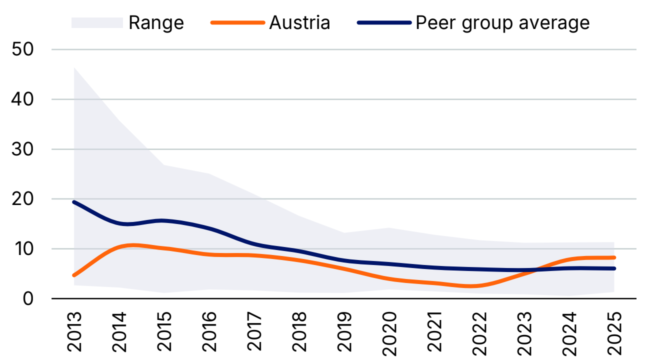
Source: IMF, Scope Ratings

Financial stability risk

Overview of Scope's assessments of Austria's *Financial Stability Risk*

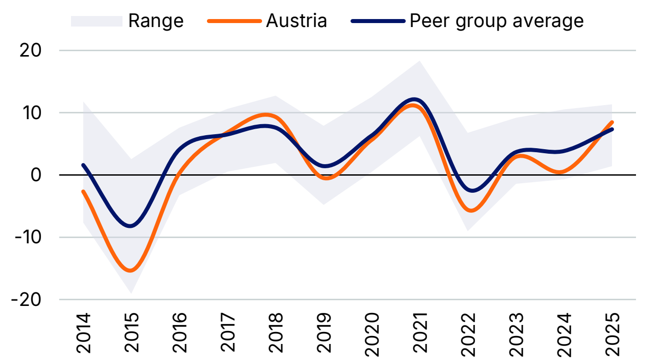
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aa-	Banking sector performance	Neutral	0	Adequate banking-system capitalisation, strong earnings and comfortable liquidity, rising NPLs
	Financial sector oversight and governance	Neutral	0	Effective oversight under the national competent authorities and the ECB as part of the banking union
	Financial imbalances	Strong	1/3	Relatively low household and non-financial corporate sector indebtedness; elevated credit risk from commercial real estate sector

Figure 9: Non-performing loans net of provisions, % of capital



Source: IMF, Scope Ratings

Figure 10: Private sector credit growth, %



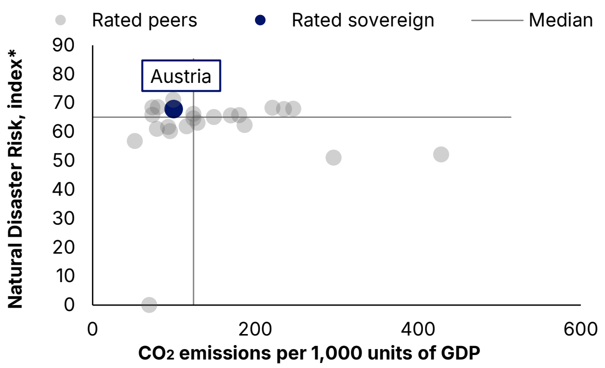
Source: World Bank (WB), Scope Ratings

Environmental, Social and Governance (ESG) risk

Overview of Scope's assessments of Austria's *ESG Risk*

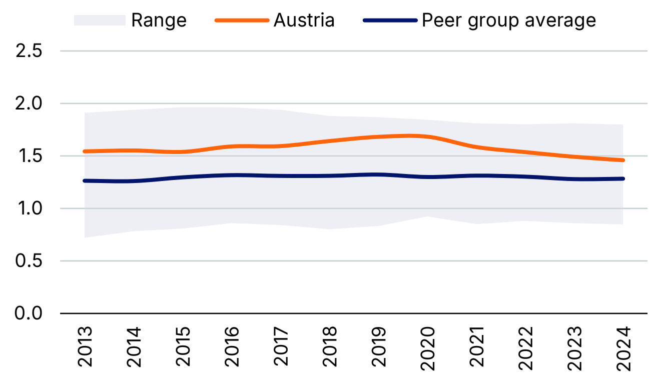
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Environmental factors	Neutral	0	High share of renewables and ambitious decarbonisation targets by 2030; gaps remain to climate targets in a 'no policy change' scenario
	Social factors	Neutral	0	Strong social safety net and favourable social outcomes; labour supply constrained by low effective retirement age, high share of women in part-time work, and migrant integration challenges
	Governance factors	Neutral	0	High-quality institutions and relatively stable political environment

Figure 11: Natural disaster and transition risks



Source: European Commission, Notre Dame Global Adaptation Initiative, Scope Ratings
*Higher scores indicate lower vulnerability to physical risks. Median of SQM peers.

Figure 12: Governance, index score*



Source: World Bank (WB), Scope Ratings
*Mean of the WB estimates for Control of Corruption, Government Effectiveness, Regulatory Quality, and Rule of Law.

Reserve-currency adjustment

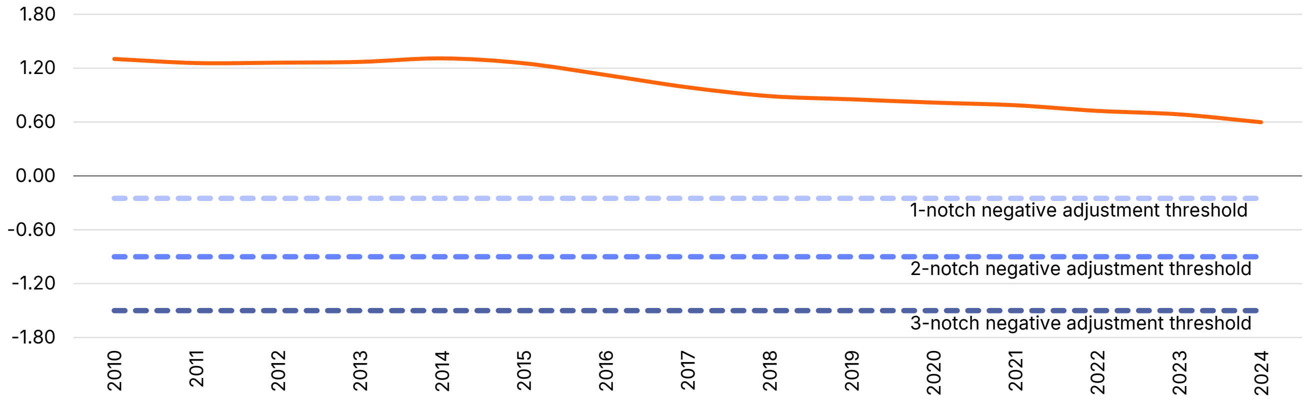
IMF SDR basket and Scope reserve-currency adjustment

Currency	U.S. dollar	**Euro**	Chinese yuan	Japanese yen	Pound sterling	Other
IMF SDR basket weights, %	43.4	**29.3**	12.3	7.6	7.4	0.0
Positive adjustment, notches	3	**1**	1	1	1	0

Source: IMF, Scope Ratings

Political-risk adjustment

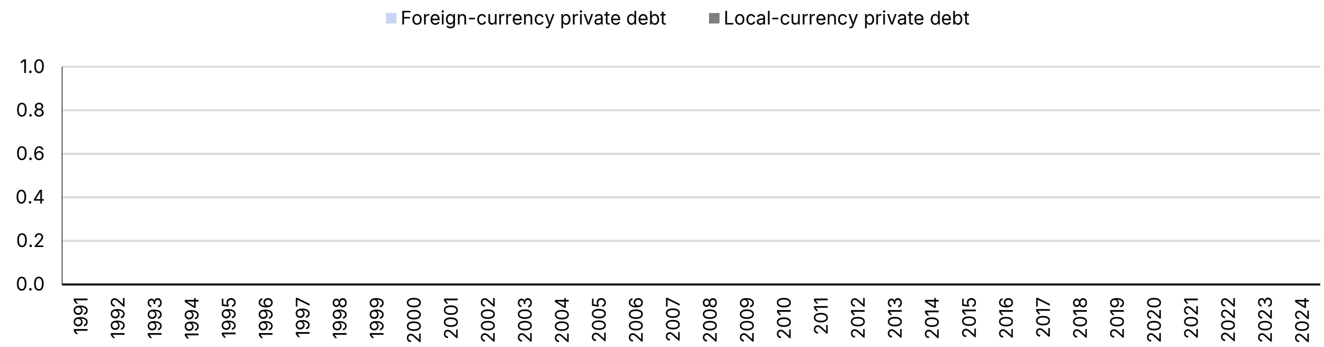
Figure 13: WB Political Stability & Absence of Violence/Terrorism index, **Austria**, three-year moving average



Source: WB, Scope Ratings

Sovereign default history and applicability of the default cap

Figure 14: Sovereign default history, USD bn



Depicted private-debt defaults may not always constitute a credit event under Scope's credit-rating definitions.

Source: Bank of Canada–Bank of England Sovereign Default Database, Scope Ratings

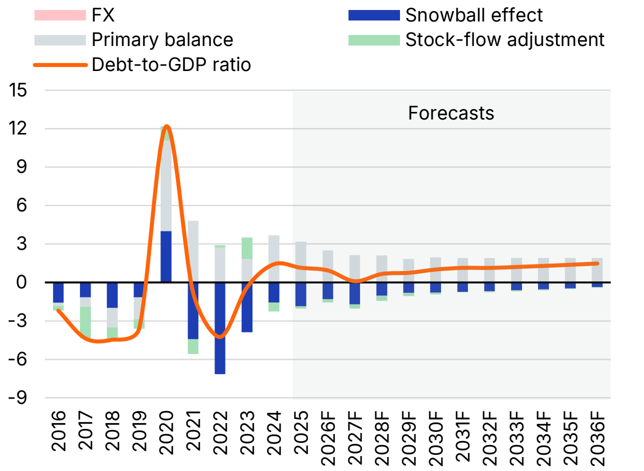
In view of the absence of a recent episode of default, the rating committee did not apply a cap to the indicative SQM rating.

Additional considerations

No adjustment was applied to the rating from additional considerations.

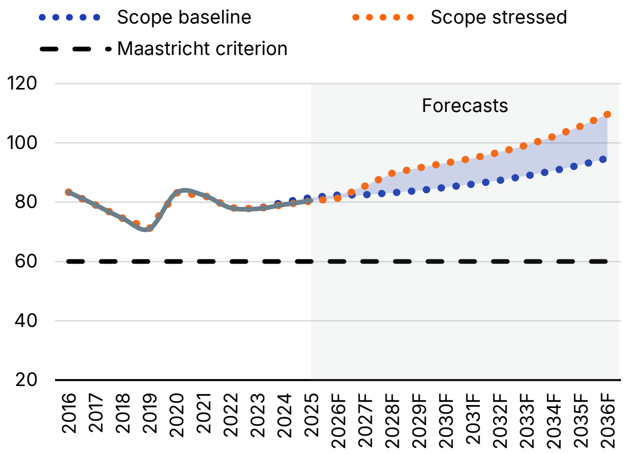
Appendix 1. Debt sustainability analysis

Figure 15: Contributions to change in debt ratio, pps of GDP



Source: IMF WEO, Scope Ratings forecasts

Figure 16: Debt-to-GDP forecasts, % of GDP



Source: IMF WEO, Scope Ratings forecasts

Scope DSA baseline, % of GDP (unless stated otherwise)

	2025	2026F	2027F	2028F	2029F	2030F	2031F	avg. 2032F-2036F
Real GDP growth (%)	0.8	0.7	1.2	1.2	1.1	1.0	0.9	**0.9**
Deflator (%)	3.3	2.8	2.9	2.2	2.1	2.1	2.1	**2.1**
Primary balance	-3.2	-2.4	-2.1	-2.0	-1.7	-1.9	-1.8	**-1.7**
Δ Cost of ageing	0.0	0.0	0.3	0.4	0.5	0.6	0.7	**0.7**
Net interest payments	1.3	1.6	1.6	1.8	1.9	1.8	1.8	**2.3**
General government debt (gross)	81.5	82.4	82.5	83.2	84.0	85.0	86.1	**92.8***

* Figure refers to the end-2036 forecast.
Source: Scope Ratings

Appendix 2. Rating peers

Rating peers are sovereigns with an indicative rating in the same rating category or adjacent categories, as assigned by Scope's SQM after accounting for methodological reserve-currency and political-risk adjustments.

Peer group*
Czech Republic
Finland
United Kingdom

*Selected publicly-rated sovereigns only; the full sample of sovereign-rating peers may be larger.

Appendix 3. Economic development and default indicators

IMF Development Classification	Advanced economy
5-year USD CDS spread (bps) as of 4 September 2026	11.04

Appendix 4. Statistical table for selected SQM indicators

This table presents a selection of the indicators (21 out of 26 – with the governance indicator reflecting a composite of four indicators) used in Scope's quantitative model, in line with Scope's Sovereign Rating Methodology. The metrics and sources used ensure comparability across global sovereign peers and may therefore differ from national or other international statistical series; as a result, they may not immediately reflect the latest national updates.

Pillar	Core variable	Source	2021	2022	2023	2024	2025	2026E
Domestic Economic	**GDP per capita (PPP)**, Int$ '000s	IMF	63.7	71.5	72.6	73.5	75.8	78.3
	Nominal GDP, USD bn	IMF	481	474	517	535	580	624
	Real growth, %	IMF	4.9	5.3	-0.8	-0.7	0.6	0.7
	CPI inflation, %	IMF	2.8	8.6	7.7	2.9	3.6	2.5
	Working-age population growth, %	UN	0.1	0.6	0.2	-0.7	-0.7	-0.7
Public Finance	**General government debt**, % of GDP	IMF	82.4	78.1	77.8	79.2	80.5	82.1
	Net interest payments, % of government revenue	IMF	1.8	1.5	1.5	2.0	2.6	2.9
	Primary balance, % of GDP	IMF	-4.8	-2.7	-1.8	-3.7	-3.2	-2.7
External Economic	**Current-account balance**, % of GDP	IMF	1.7	-1.3	1.6	1.5	1.0	0.4
	NIIP, % of GDP	IMF	13.8	16.2	16.8	22.9	27.3	-
Financial stability	**Non-performing loans net of provisions**, % of capital	IMF	3.1	2.6	5.0	7.8	8.2	-
	Private sector credit growth, (7y av. YoY change, %)	WB	10.8	-5.6	2.9	0.6	8.5	-
ESG	**CO_2 per EUR 1,000 of GDP**, kgCO_2e	EC	117.4	105.5	99.4	99.9	-	-
	Income share of bottom 50%, %	WID	23.3	23.3	23.2	23.2	-	-
	Labour-force participation rate, %	WB	77.1	77.7	78.0	77.9	77.9	-
	Unemployment rate, %	WB	6.5	5.0	5.3	5.2	5.6	-
	Composite governance indicators*, index	WB	1.6	1.5	1.5	1.5	-	-
	Political stability, index	WB	0.8	0.7	0.7	0.6	-	-

*Average of the following four World Bank Worldwide Governance Indicators: Control of Corruption, Rule of Law, Government Effectiveness, and Regulatory Quality.

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Applied methodology

Sovereign Rating Methodology, March 2026

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