



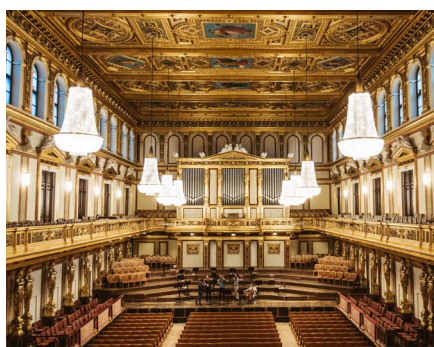
**OeBFA**  
Austrian Treasury



# REPUBLIC OF AUSTRIA DEBT MANAGEMENT

## ANNUAL REVIEW 2020

Austrian Treasury  
February 2021





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### Foreword by the Minister of Finance

2020 was an exceptional year. The COVID-19 pandemic not only worsened the lives of many people, but also caused serious consequences for the global economy. The IMF puts last year's global growth at -3.5%. Unsurprisingly, the economic shock did not leave Austria unaffected as a tourism and export country in the centre of Europe.

In response to the crisis, the Austrian government has set up a comprehensive package of measures with three objectives: saving lives, jobs and companies; relieving the burden on citizens and investments in Austria's business environment and competitiveness. The EUR 38 billion safety net adopted in June was extended to a EUR 50 billion economic stimulus package, of which around EUR 31 billion have already been legally committed or disbursed. The government's social and economic policy has thus cushioned the crisis to a considerable extent.

However, these measures should not be a carte blanche for new debt. Although the debt ratio has increased to 84.9% in 2020, it must remain our long-term goal to keep the public finances in order and to avoid financing our prosperity at the expense of our children. Austria's interest burden is very low, not only because of the ECB's monetary policy but also due to the good work of the Austrian Treasury. These positive developments have not gone unnoticed by rating agencies, which emphasize, above all, Austria's advantageous debt structure and high financing flexibility. However, even debt, funded at low interest rates, must ultimately be repaid.

Austria has achieved a good starting position: Over the past five years, public debt ratio has been reduced by a total of 15%. This has had a positive impact on Austria's debt sustainability and now provides the necessary fiscal space to finally emerge stronger from this crisis.

**Gernot Blümel**  
Federal Minister of Finance



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### Foreword by the Managing Board

The year 2020 was dominated by the COVID-19 pandemic and thus also represented a challenge for sovereign debt management. The total volume of annual funding amounted to EUR 63.1 billion last year. Compared to the originally forecasted volume in December 2019, this nearly represents a doubling. In this regard, the interest rate environment favoured new borrowing activities, which in total were carried out with an average negative yield of -0.32% p.a. and an average maturity of 10.2 years. The effective interest rate of the financial debt portfolio decreased from 1.99% to 1.47% p.a. At the same time, the maturity of the portfolio was extended from 9.9 to 10.1 years. Austria's already robust debt sustainability was thus further improved.

In the past year, Austria's financing activities included a very successful new issue of a second "century bond" with a volume of EUR 2 billion and a twelve times oversubscription. This was the highest demand for an Austrian government bond to date. The high demand for Austria as a safe haven in times of crisis also became apparent at government bond auctions. The average bid-cover ratio (oversubscription) rose to 2.8, the highest level since 2007. This year we are planning to continue the intensified use of bi-lateral increases of outstanding government bonds which we started last year. These had, among other aspects, favourable effects on secondary market liquidity.

In 2021, the total issuance volume is expected to be around EUR 65 billion, a slight increase compared to 2020. A minimum of EUR 40 billion will be raised via government bonds, the outstanding volume of short-term debt instruments is expected to amount to EUR 20 billion at the end of 2021. To accommodate this increased share, we have decided to introduce a new program for EUR ATBs (Austrian Treasury Bills) under Austrian law in 2021. Regular auctions are also planned under this program. We are convinced, that this will increase Austria's financial flexibility and further expand Austria's investor base.

**Markus Stix**  
Markets

**Walter Joestl**  
Risk Management/Operations

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





# Economic Data for Austria

In 2020, the global economy was dominated by the massive impact of the COVID-19 pandemic. However, Austria has weathered the crisis comparatively well despite the global economic setback. The decline in real GDP of -7.3%<sup>1</sup> will be roughly as large as that of the euro area at -7.8%<sup>2</sup>. The measures, introduced in spring 2020 to contain the pandemic, led to a sharp economic contraction in the second quarter of 2020. Economic output was 14.1% lower than that of the same quarter in the previous year. Of this decline, 8.2 percentage points can be attributed to a decrease in private consumption<sup>3</sup>. In Austria, private savings usually decrease in times of crisis, thus dampening negative effects on consumption. However, in the past year a significant increase in the savings ratio is to be expected. The share of disposable income saved is expected to rise to 15.7%, the highest level since 1995. This development offers potential for a strong recovery of private consumption in the coming years, once sentiment improves again.

The economic recovery in the summer of 2020 proved better than expected and, measured against the severity of the previous downturn, was also exceptionally strong in international context. In addition to the easing of measures to contain the COVID-19 pandemic, the strong rebound was also attributable to expansionary

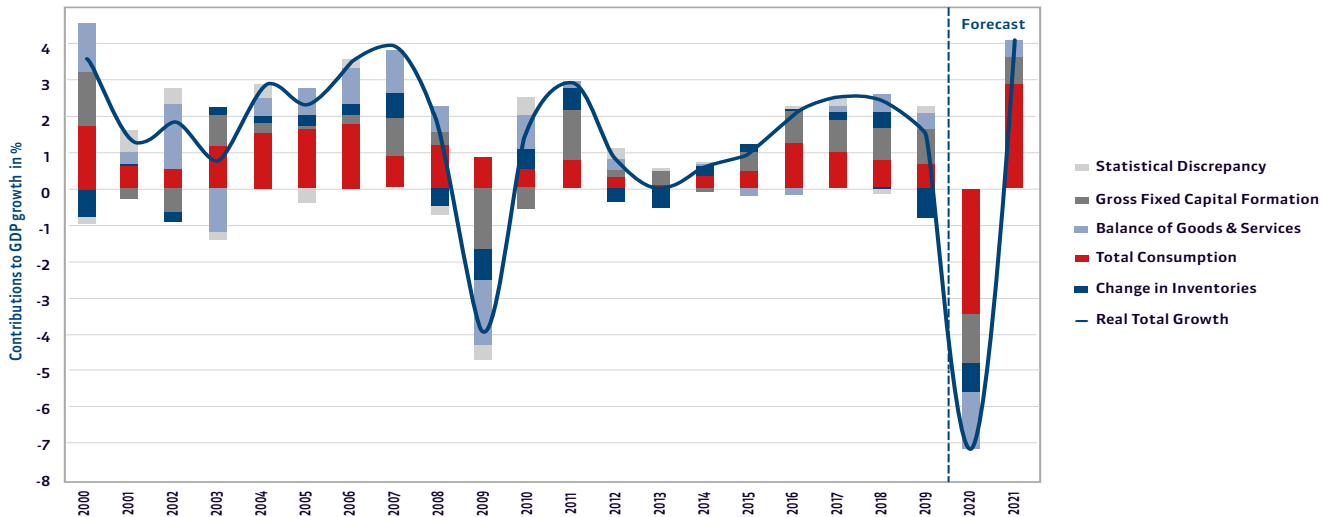
economic policy, which stabilised household incomes and subsequently consumer demand. In addition, exports benefited from the rapid recovery of world trade. These developments were accompanied by favourable financing conditions, which increased fiscal leeway.

Despite the crisis, Austria remains one of the wealthiest countries in the euro area. GDP per capita, at EUR 37,200, is projected to be 27% above the EU-27 average (EUR 29,360) and ranks fourth in the euro area (EUR 30,880)<sup>4</sup>. The financial assets of households amounted to EUR 739 billion or 195% of GDP at the end of the third quarter. Household debt remained comparatively low at around 53% of GDP in the third quarter of 2020, well below the euro area average (69% of GDP).<sup>5</sup>

According to preliminary figures, inflation (HICP) averaged 1.4% in the past year (euro area: 0.3%)<sup>6</sup>. For 2021 and 2022, slightly higher inflation rates of 1.5% and 1.6%<sup>7</sup> respectively are forecasted, which are just above those of the euro area (2021 1.4% and 2022 1.3%)<sup>8</sup>.

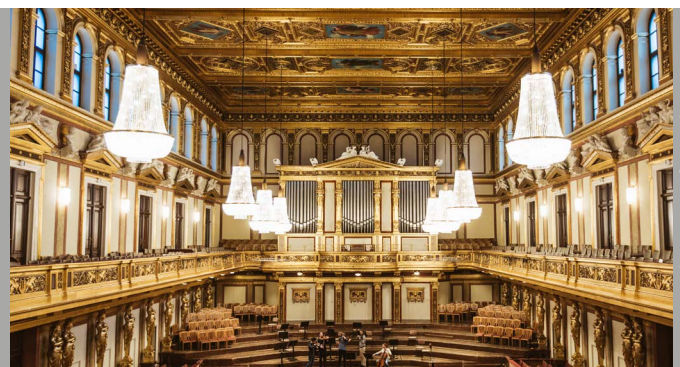
Economic output is expected to recover in 2021, with real GDP growth of 4.5%<sup>9</sup>.

## Real GDP growth (in%)



Source: European Commission (AMECO), February 2021

1 WIFO, December 2020  
 2 European Commission, February 2021  
 3 OeNB, December 2020  
 4 European Commission, in purchasing power standards per capita, November 2020  
 5 OeNB, ECB, January 2021  
 6 WIFO, December 2020, European Commission, February 2021  
 7 WIFO, December 2020  
 8 European Commission, February 2021  
 9 WIFO, December 2020



Wiener Musikverein, Großer Saal  
 © Oesterreich Werbung/Sebastian Stiphout



## 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 these attractive conditions, Austria's economy has developed into one of the most globalised in the world. This is shown by the **KOF Globalisation Index 2020**, in which Austria ranked **seventh out of 203 countries**<sup>10</sup>. In the category "Trading Across Borders" of the World Bank's **Ease of Doing Business Index**, Austria ranks **first among 190 economies**<sup>11</sup>.

More than 200 international companies – the majority of which focus on Central, Eastern and South-Eastern Europe (CESEE) – have their headquarters situated in Vienna. Advantages such as Vienna's geographical proximity to core markets, the Vienna International Airport as an international logistics hub, and Austria's historically close ties to core regions contribute to the choice to locate in Vienna. The capital city is also home to numerous international and European headquarters of multinational organisations such as the United Nations, OPEC and the World Bank, presenting itself as a link between East and West.

Austria provides strong impulses for the **innovative strength** of the domestic economy. Its **innovation performance** significantly exceeded the average of the other EU countries<sup>12</sup>. Around EUR 12.7 billion or 3.2% of GDP was spent on **research and development** in 2019 – a sharp increase from 2.4% of GDP in 2007<sup>13</sup>. Of this amount, nearly half was financed by domestic companies. The Austrian

## Key Economic and Budget Figures

Real GDP growth	2018	2019	2020e	2021e
Austria	2.6%	1.4%	-7.3%	4.5%
Euro area	1.9%	1.3%	-6.8%	3.8%
Unemployment rate				
Austria	4.9%	4.5%	5.4%	5.1%
Euro area	8.1%	7.5%	8.3%	9.4%
Inflation (HICP)				
Austria	2.1%	1.5%	1.4%	1.5%
Euro area	1.8%	1.2%	0.3%	1.4%
Current account balance				
Austria (% of GDP)	1.3%	2.8%	2.3%	2.9%
Euro area (% of GDP)	2.9%	2.3%	1.8%	1.9%
Budget balance				
Austria (% of GDP)	0.2%	0.7%	-9.8%	-7.1%
Euro area (% of GDP)	-0.5%	-0.6%	-8.8%	-6.4%
Debt				
Austria (% of GDP)	74.0%	70.5%	84.9%	87.9%
Euro area (% of GDP)	87.7%	85.9%	101.7%	102.3%
GDP and debt (Austria)				
Total nominal debt (bn EUR)	285.3	280.3	317.7	342.9
Nominal GDP (bn EUR)	385.4	397.6	374.4	390.2

Sources: Statistics Austria, WIFO, Ministry of Finance, Eurostat as of December 2020, European Commission February 2021

research quota has exceeded the EU's target of 3% by 2020 since 2014.

## Relatively Low Unemployment

Despite the drastic economic downturn in 2020 triggered by the COVID-19 pandemic, unemployment remained relatively low by European comparison partly due to the **rapid implementation of a short-time work scheme**. The **unemployment rate** rose by 0.9 percentage points from 4.5% in 2019 to 5.4%. **For 2021, the figure is expected to fall to 5.1%**<sup>14</sup>. In comparison, the unemployment rate in the euro area is predicted to rise from 8.3% in 2020 to 9.4%<sup>15</sup>. This development reflects the **high flexibility of the Austrian labour market**.

## Peaceful & Stable

Austria is considered a **peaceful and politically stable country** with strong and reliable institutions. The **Global Peace Index**<sup>16</sup> ranks the Alpine Republic **fourth among 163 countries**. In the **World Bank Governance Indicators**, Austria was **among the 20 most successful countries** in five out of six categories – particularly with regard to the rule of law. Austria is also a country with **relatively low income inequality**. The **Gini coefficient** of equalised disposable income for 2019 is **27.5%**<sup>17</sup>, the **sixth lowest in the euro area**.

## Austrian Banks Prove Robust

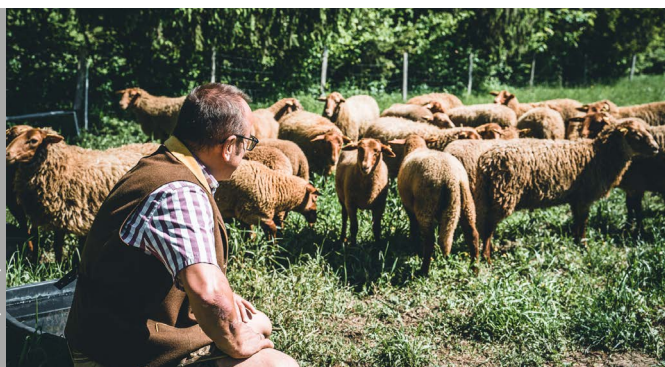
In the first half of 2020, the consolidated profit of the Austrian banking sector dropped significantly year on year, as initial COVID-19-related costs started to affect credit institutions. Operating profits fell by almost one quarter, mainly as a result of a decline in non-core operating income items and a strong rise in operating costs.

Austrian banks' subsidiaries in CESEE made a significant – albeit smaller in comparison with the previous year – contribution to consolidated profitability. Their aggregate net profit (after tax) amounted to EUR 0.9 billion in the first half of 2020, down by around a third in a year-on-year comparison.

Lending by Austrian banks has been subdued since the beginning of the COVID-19 crisis. However, thanks to credit moratoria and state guarantees, lending growth rebounded and increased to 5.9% for loans to corporations and stabilised at 3.7% for loans to households (both measured over the twelve months to July 2020).

The ratio of non-performing loans (NPL ratio) continued to improve in the first half of 2020 and stood at 2.0% on a consolidated basis (1.5% for domestic loans, 2.3% for loans extended by CESEE-based subsidiaries).

The consolidated common equity tier 1 (CET1) ratio of Austrian banks stood at 15.5% by mid-2020 – unchanged from the previous year. Compared with levels recorded prior to the financial crisis of 2008, the Austrian banking sector has more than doubled its capi-



Sheeps Gastgawirt Eugendorf © DEW/AMA/Christian Kremser

10 ETH Zurich, KOF Globalisation Index, December 2020  
 11 World Bank, Doing Business 2020, October 2019  
 12 European Commission, European Innovation Scoreboard 2020  
 13 Statistics Austria, December 2020  
 14 WIFO, December 2020  
 15 European Commission, November 2020  
 16 Global Peace Index, June 2020  
 17 Eurostat, December 2020



tal ratio in accordance with the tighter prudential requirements.<sup>18</sup>

The banking sector has been playing an essential role in maintaining the funding of the domestic economy during the COVID-19 crisis. **Austrian banks have significantly strengthened their resilience in recent years, also due to prudent and forward-looking supervision.**

### Leader in Sustainability

Sustainability is a high priority in Austria. For example, the share of **energy generated from renewable sources** for electricity is 75.1%, which is more than double the EU average (34.1%) thus placing Austria ahead of all other EU countries<sup>19</sup>.

In the European Commission's **Eco-Innovation Scoreboard**, which uses indicators such as resource efficiency among companies or green investments to calculate an index, **Austria ranks fifth** among all EU countries<sup>20</sup>. 25.3% of the total agricultural land is **farmed organically** – by far the **highest value among all EU countries**<sup>21</sup>. At 42.7%, the capital city Vienna has the **third highest proportion of green areas** among 50 OECD cities. Furthermore, Austria is **very well prepared for climate change**<sup>22</sup> according to the University of Notre Dame (ranked 8th out of 181 countries in the ND-Gain Country Index).

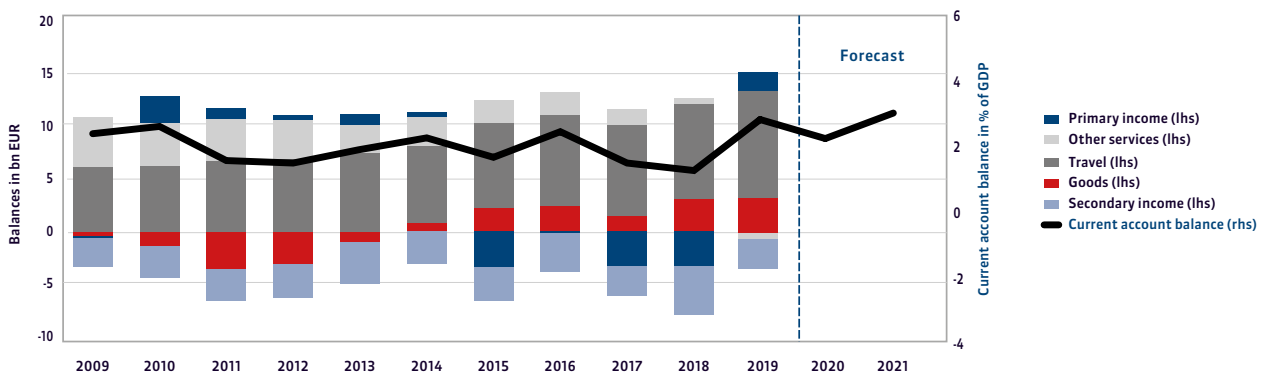
Agency	Sustainability Country Rating
Sustainalytics	18 <sup>th</sup> of 172 countries in the world
EPI (Yale University)	6 <sup>th</sup> of 180 countries in the world
ISS ESG	12 <sup>th</sup> of 60 countries in the world
SDG Index	7 <sup>th</sup> of 166 countries in the world

### Strong Foreign Trade

Austria's economy is strongly **export-oriented**. The pandemic-related impairment of international demand and supply chains caused **Austrian exports to decline by -8.2%** compared with the previous year from **January to November 2020**. In the course of the year, however, global trade and subsequently Austrian foreign trade recovered somewhat. In comparison to the same month of the previous year, exports recorded a positive growth of 0.1% for the first time again in September 2020. In the month of November, growth already amounted to 1.8%<sup>23</sup>. Especially in times of great uncertainty, Austria benefits from a **highly diversified trade structure**. According to UNCTAD, the country ranks **sixth among over 200 countries measured by the diversification of its export structure and 13th in terms of the same indicator for imports.**

**Since 2002, Austria has managed to maintain positive current account balances**, which cumulatively amount to over EUR137 billion. This resulted in the **international net asset position** being positive since 2013. As of the end of the third quarter in 2020, this figure stood at 11.3% of GDP<sup>24</sup>. A significant **current account surplus of 2.3% of GDP** is also expected for the crisis-ridden year 2020. Due to **high competitiveness**, this stable trend is predicted to continue in the future. In **2021, the surplus is expected to increase to 2.9% of GDP**<sup>25</sup>.

### Current Account Balances 2009-2021e



Source: OeNB, December 2020, European Commission, November 2020

18 OeNB, October 2020  
 19 Eurostat, February 2021 (most recent data available for the year 2019)  
 20 European Commission, December 2020  
 21 Eurostat, February 2021  
 22 ND-GAIN Country Index, June 2020  
 23 Statistics Austria, February 2021  
 24 OeNB, December 2020  
 25 European Commission, November 2020



Zeinischloch, Reservoir Kops  
 © TVB Paznaun



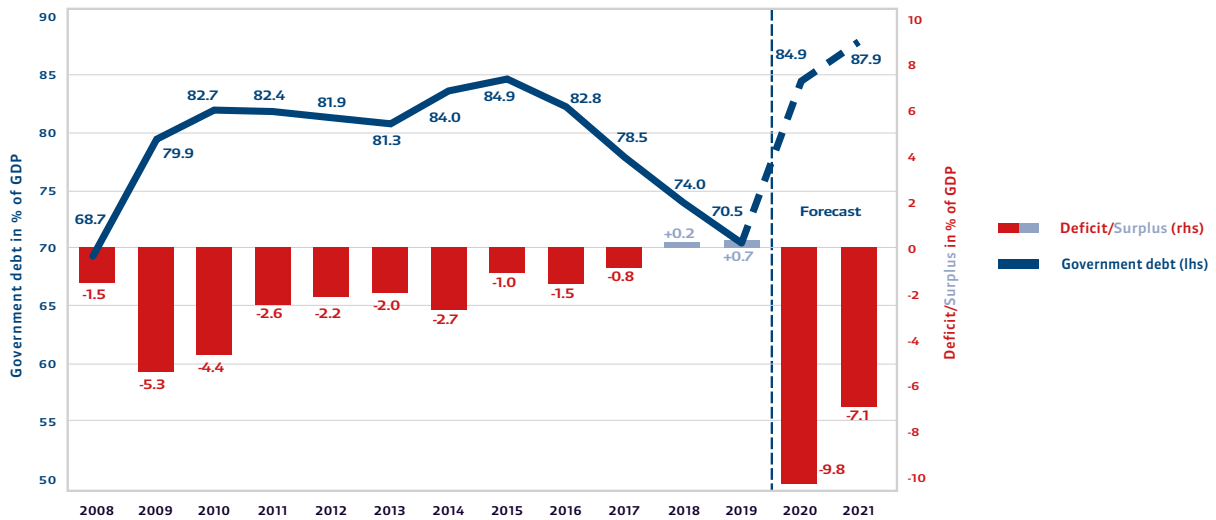
## Fiscal Space Through Debt Reduction

The public debt ratio increased from 70.5% of GDP in 2019 to **84.9% of GDP in the past year**. In absolute terms, this corresponds to an increase to EUR 317.7 billion. Current forecasts by the Federal Ministry of Finance indicate a further slight increase in the debt ratio to 87.9% of GDP in 2021.

However, the latest increase in the debt ratio was preceded by a **strong reduction in debt** in the past years. Since 2015, the debt ra-

tio was reduced from 84.9% of GDP to 70.5% within a period of **just four years**. In addition to a positive development in the public budget, the ongoing portfolio reduction of the Austrian wind-down banks takes a vital role in the debt reduction. The successful reduction, which was accompanied by a favourable interest rate environment, provided the fiscal leeway that was needed last year and will continue to be used in 2021. This development is also supported by a **further improvement of debt sustainability** in 2020, which is also underlined by rating agencies in their current reports.

## Budget Balance and Government Debt 2008-2021e



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

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

The creditworthiness of the Republic of Austria's long-term obligations is rated very high by the leading credit rating agencies. In addition to a AAA/Stable rating from DBRS Morningstar, Austria has been placed in the second best of 22 rating categories (AA+/Stable) by Standard & Poor's and Moody's and Fitch.

The preservation of all credit ratings is, among other criteria, attributable to Austria's high debt sustainability. For short-term obligations (up to 12 months), Austria has received the best possible rating from all four agencies.<sup>26</sup>

## Summary

"Austria's credit profile reflects its wealthy and diversified economy, strong institutions and very high debt affordability. Those credit features mitigate Austria's key credit challenge related to the elevated debt burden coupled with a relatively weak trend growth. In addition, the coronavirus shock is expected to result in a significant – temporary though – deterioration of economic and fiscal metrics."

Moody's, Februar 2021



<sup>26</sup> Current rating reports are released online at [www.oebfa.at](http://www.oebfa.at) ("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 Republic of Austria in the name and for the account of the sovereign. The 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 treasury is also mandated by the Federal Minister of Finance to provide other government sectors with specified funding and advisory services 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<sup>27</sup>.

A large part of the funding is raised through **government bond auctions**, which are usually held on a monthly basis<sup>28</sup>. The auction process is run on the electronic ADAS platform<sup>29</sup>. In addition, syndicated government bonds have been issued with the help of a bank consortium under the **Debt Issuance Programme** since 1999. 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**. Austria's financing activities are supported by primary dealers: A group of 21 institutions with a strong placement track record, some of which were transferred to EU entities in 2020 due to Brexit. This ensures continued active and committed participation in the primary and secondary market as well as providing access to a broadly diversified spectrum of investors.

Since 1999, short-term funding has been successfully handled through the **Austrian Treasury Bills (ATB) programme**. This programme allows issuance in various currencies, with all foreign currency issues of the federal government being hedged into EUR. The maximum term of the programme is 364 days, and issuance is flexible depending on the financing needs of the government and the respective investor demand. In addition to the nine primary dealers for ATBs, there are also numerous "ad hoc dealers". In 2021, Austria plans to introduce a new **EUR ATB programme** under Austrian law with regular auctions planned beginning in the course of 2021. The existing ATB programme, under English law, will be renamed to ACP programme (Austrian Commercial Paper) for differentiation purposes and in order to be able to respond flexibly to the demand of foreign currency issuances in the future.

**Other financing instruments** include a Euro Medium Term Note (EMTN) programme, an Australian Dollar MTN programme, and transactions in loan or Schuldschein format. Since 2019, Austria has been approved by the Chinese authorities for a Panda Bond programme. Austria is thus the sovereign with the highest credit rating in the world which can issue bonds under Chinese domestic law.

### Primary Dealers of Austrian Government Bonds

Barclays Bank Ireland PLC  
BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Postsparkasse AG  
BNP Paribas  
BofA Securities Europe SA  
Citigroup Global Markets Europe AG  
Commerzbank AG  
Deutsche Bank Aktiengesellschaft  
Erste Group Bank AG  
Goldman Sachs Bank Europe SE  
HSBC Continental Europe  
J.P. Morgan AG  
Landesbank Baden-Württemberg  
Morgan Stanley Europe SE  
Natixis  
NatWest Markets N.V.  
Nomura Financial Products Europe GmbH  
Oberbank AG  
Raiffeisen Bank International AG  
Société Générale  
UniCredit Bank AG  
Volksbank Wien AG

### Dealers for Austrian Treasury Bills

ABN AMRO Bank N.V.  
AFS Interest BV  
Bank of America Europe Designated Activity Company  
Barclays Bank Ireland PLC  
BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse AG  
BRED Banque Populaire  
Citigroup Global Markets Europe AG  
Credit Suisse Securities (Europe) Limited  
Erste Group Bank AG  
Goldman Sachs Bank Europe SE  
HSBC Continental Europe  
ING Bank N.V.  
J.P. Morgan AG  
Rabobank International  
Raiffeisen Bank International AG  
Société Générale S.A.  
UBS Europe SE  
UniCredit Bank AG

All documentation is available for download at [www.oebfa.at](http://www.oebfa.at).<sup>30</sup>

<sup>27</sup> §2 Federal Financing Act

<sup>28</sup> The issuance calendar can be viewed at [www.oebfa.at](http://www.oebfa.at) ("Funding Republic of Austria" / "Government Bonds Issuance Calendar"). Details about the auction procedure: [www.oekb.at/en/capital-market-services/government-bond-auctions-for-the-republic-of-austria/auction-procedure-for-government-bonds-of-the-republic-of-austria.html](http://www.oekb.at/en/capital-market-services/government-bond-auctions-for-the-republic-of-austria/auction-procedure-for-government-bonds-of-the-republic-of-austria.html)

<sup>29</sup> For details on ADAS (Austrian Direct Auction System) visit: [adas.oekb.at](http://adas.oekb.at)

<sup>30</sup> All documentation is available for download at [www.oebfa.at](http://www.oebfa.at) (under "Financing Instruments").





# The Year 2020

In 2020, outstanding **government bond issues** with a total volume of EUR 11.6 billion were tapped via auction on ten dates. In addition, **five new government bonds were issued under syndication** on four dates. The total volume amounted to EUR 15.25 billion.

On January 29, 2020, the 0.0% Austrian government bond 2020-2030 with a volume of EUR 3.25 billion and a yield of -0.111% p.a. was newly issued. At over **EUR 30 billion**, the order book was the **largest in the history of the Republic** to date. Austria is thus the first sovereign worldwide to issue a new 10-year nominal bond with a negative yield via syndicate.

On April 2, 2020, the second and third new issuances of the Republic of Austria took place via a dual syndication. The new 0.00% Austrian government bond 2020-2023 was issued with a volume of EUR 5.00 billion and a negative yield of -0.239% p.a. The new 0.75% Austrian government bond 2020-2051 was issued with a volume of EUR 2.50 billion and a yield of 0.788% p.a. In total, the order book for both bonds exceeded **EUR 43 billion**, making it the **largest order book for a dual syndication in the history of the Republic**.

Furthermore, a new 100-year benchmark bond in the ultra-long maturity segment was launched on June 30, 2020. The 0.85% Austrian government bond 2020-2120 was newly issued with a volume of EUR 2.00 billion and a yield of 0.88% p.a. The **12-fold oversubscription** achieved in the process represents the **historically highest demand for any Austrian government bond**.

The final new issue on October 22, 2020 was the 0.00% Austrian

government bond 2020-2040 with a volume of EUR 2.50 billion and a negative yield of -0.094% p.a., which was oversubscribed nine times. **Austria is thus the first ever SSA borrower worldwide to issue a new 20-year bond with a negative yield via syndicate.**

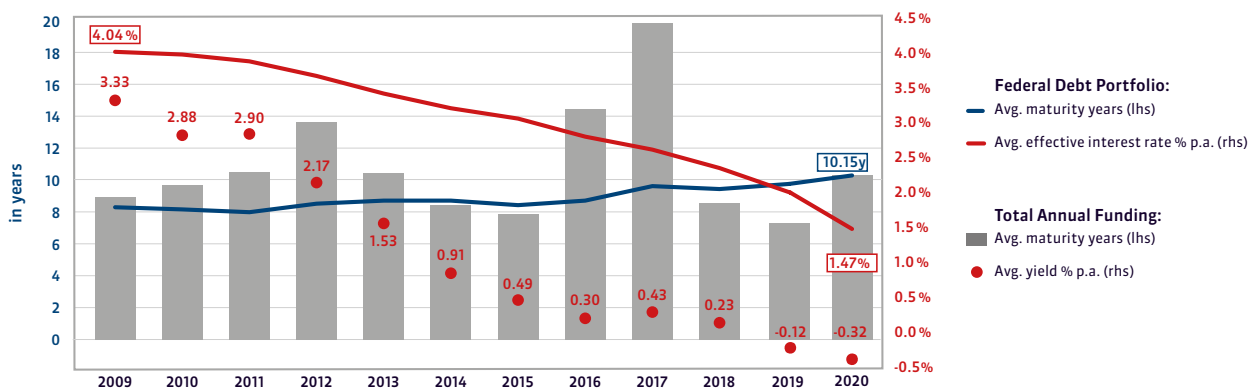
Additionally, 14 different government bonds with maturities between 2022 and 2120 and a total volume of EUR 10.08 billion were increased by way of **45 bi-lateral syndications**.

In total, the Republic of Austria issued EUR 40.0 billion in the past year via government bonds. The **outstanding volume of short-term financing instruments** was increased from EUR 7.4 billion at the end of 2019 to **EUR 19.3 billion** at the end of 2020 in order to provide the liquidity required for the government's COVID-19 aid packages.

In 2020, total funding of the federal government was **EUR 63.1 billion** with a negative average interest rate of -0.32% p.a. This was an even lower figure than the -0.12% p.a. achieved in 2019. The average remaining term to maturity was extended from 7.7 years to 10.2 years. For the second time in the history of the Republic, the **average yield of annual funding was negative**. As a result, the effective interest rate of the federal debt portfolio was 1.47% p.a. (previous year: 1.99% p.a.) with an average remaining term to maturity of 10.1 years (previous year: 9.9 years).

The strategy of maintaining a relatively long average residual maturity helps to limit Austria's interest rate and refinancing risk. In combination with the lowered interest rate of the federal debt

## Federal Government Debt Portfolio 2009-2020



Source:OeBFA, February 2021







portfolio, this development positively impacts Austria's debt sustainability.

Despite the lower yields, demand for Austrian government bonds was very high last year. At auctions, the volume-weighted bid-cover ratio was 2.80. On the one hand, this was the highest bid-cover

ratio in the entire euro area, and on the other hand, it was the highest bid-cover ratio in Austria since 2007. At syndications, demand was also very good, with an average oversubscription of 8.1-times. This underlines Austria's excellent standing on the capital market as a safe haven investment in volatile times.

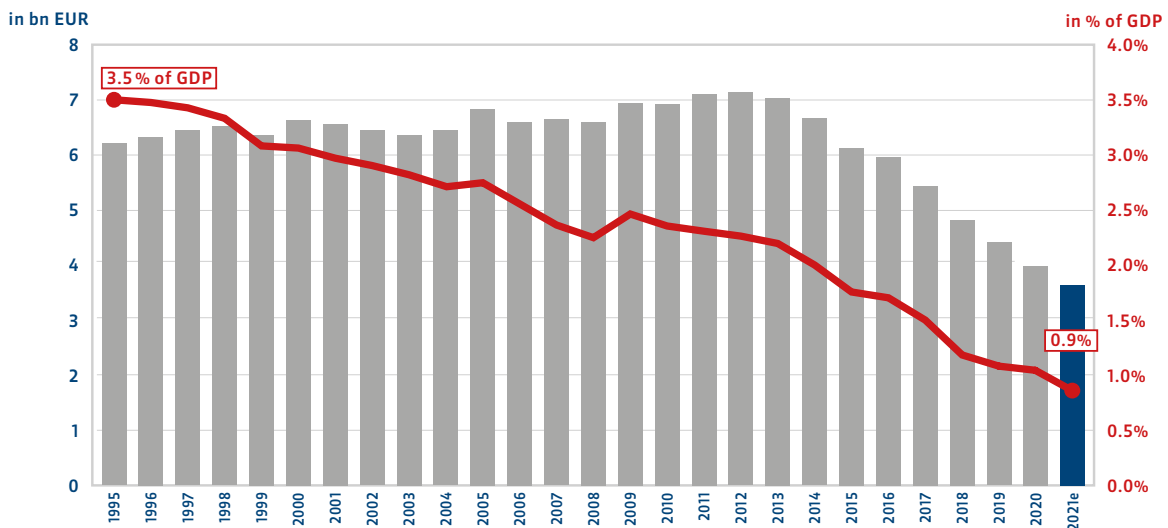
### Issuance of Austrian Government Bonds (RAGB) in 2020 (in EUR mn)

	2017-2022/2	2013-2023/2	2020-2023/2	2016-2023/3	2019-2024/2	2015-2025/1	2016-2026/1	2009-2026/2	2017-2027/1	1997-2027/6	2018-2028/1	2019-2029/1	2020-2030/1	2013-2034/1	2007-2037/1	2020-2040/5	2012-2044/4	2016-2047/2	2020-2051/3	2017-2117/3	2020-2120/4	Volume
January	250	250	0	750	575	0	0	250	0	0	0	460	0	0	0	0	0	0	0	100	0	2,635
February	0	0	0	0	0	0	200	0	0	0	0	0	3,250	0	0	0	0	0	0	100	0	3,550
March	0	0	0	275	250	350	550	0	0	0	0	0	593	0	0	0	0	593	0	0	0	2,612
April	250	0	5,000	0	575	250	0	0	0	250	0	0	710(1)	0	250	0	250	0	2,500	0	0	10,035
May	0	0	0	0	200	0	300	0	650	0	350	250	1,148(2)	0	0	0	0	0	542	0	0	3,440
June	0	0	690	0	1,000(3)	0	150	0	0	0	0	0	690	0	0	0	0	0	250	0	2,000	4,780
July	0	0	500	0	600(4)	200	250	0	0	0	0	0	1,420(5)	0	0	0	0	0	518	0	350	3,838
August	0	0	0	0	690	0	350	0	350	0	0	400	460	0	0	0	0	0	0	0	100	2,350
September	0	0	0	0	0	0	0	0	0	0	0	0	598	635	0	0	0	0	0	0	0	1,233
October	0	0	0	0	783(6)	0	0	0	0	0	0	0	518	0	0	2,500	0	0	0	0	0	3,800
November	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	799	0	0	0	0	0	799
December	0	0	0	0	0	0	150	0	400	0	0	0	0	0	0	0	0	0	0	0	350	900
Volume	500	250	6,190	1,025	4,673	800	1,950	250	1,400	250	350	1,110	9,386	635	250	3,299	250	593	3,811	200	2,800	39,972

- (1) thereof own quota EUR 250 mn
- (2) thereof syndications EUR 500 mn
- (3) thereof own quota EUR 250 mn
- (4) thereof own quota EUR 300 mn
- (5) thereof own quota EUR 500 mn
- (6) thereof syndication EUR 150 mn

Black = Auctions  
 Red = Syndications  
 Blue = Own quota increase

### Federal Government Interest Payments 1995 to 2021e



Source: OeBFA, February 2021



Paragliding, Salzburg © Pixabay



# Financing Strategy of the Republic of Austria in 2021

The total **funding needs for 2021** amount to around EUR 65 billion (all financing instruments). Compared to 2020 (EUR 63.1 billion), this implies a slight increase. A large share of the funding – **at least EUR 40 billion** – will be raised via **Austrian government bonds (RAGB format)**.

The range for the interest refixing period as of the end of 2021 is between 10.2 and 11.7 years, while the **range for the portfolio tenor** remains unchanged compared to 2020 at between 9.0 and 10.5 years. The strategy of maintaining a relatively long term to maturity and high share of fixed-rate debt portfolio contributes further to limit Austria's interest rate and refinancing risk.

As in the previous year, **monthly auction dates** are planned for 2021 in order to increase the liquidity of existing bonds via taps. The increased use of bi-lateral taps of government bonds is also planned to be continued. In addition, three to four new **RAGB issues by means of syndication** are planned, as was the case in 2020.

The outstanding volume of **short-term financing instruments** is to be further increased in 2021: from EUR 19.3 billion at the end of 2020 to **at least EUR 20 billion at the end of 2021**. To accommodate this increased share, Austria plans to **introduce a new programme for EUR ATBs under Austrian law** this year. This will also include regular auctions, which will increase Austria's financial flexibility and further broaden its investor base.

## Outstanding Austrian Government Bonds<sup>32</sup>

Republic of Austria Government Bond	ISIN	Maturity	Outstanding Volume (in EUR bn)	Term to Maturity in Years
3.50% Bundesanleihe 2006-2021/1	AT0000A001X2	15.09.2021	15.9	0.6
3.65% Bundesanleihe 2011-2022/1	AT0000A0N9A0	20.04.2022	8.5	1.2
0.00% Bundesanleihe 2017-2022/2	AT0000A1XM92	20.09.2022	7.0	1.6
3.40% Bundesanleihe 2012-2022/2	AT0000A0U3T4	22.11.2022	10.5	1.8
0.00% Bundesanleihe 2020-2023/2	AT0000A2EJZ6	20.04.2023	6.2	2.2
0.00% Bundesanleihe 2016-2023/3	AT0000A1PE50	15.07.2023	9.8	2.4
1.75% Bundesanleihe 2013-2023/2	AT0000A105W3	20.10.2023	11.9	2.7
0.00% Bundesanleihe 2019-2024/2	AT0000A28KX7	15.07.2024	9.0	3.4
1.65% Bundesanleihe 2014-2024/1	AT0000A185T1	21.10.2024	10.3	3.7
1.20% Bundesanleihe 2015-2025/1	AT0000A1FAP5	20.10.2025	11.2	4.7
4.85% Bundesanleihe 2009-2026/2	AT0000A0DXC2	15.03.2026	9.2	5.1
0.75% Bundesanleihe 2016-2026/1	AT0000A1K9C8	20.10.2026	13.7	5.7
0.50% Bundesanleihe 2017-2027/1	AT0000A1VGG0	20.04.2027	10.6	6.2
6.25% Bundesanleihe 1997-2027/6	AT0000383864	15.07.2027	9.4	6.4
0.75% Bundesanleihe 2018-2028/1	AT0000A1ZGE4	20.02.2028	10.1	7.0
0.50% Bundesanleihe 2019-2029/1	AT0000A269M8	20.02.2029	11.4	8.0
0.00% Bundesanleihe 2020-2030/1	AT0000A2CQD2	20.02.2030	10.1	9.0
0.00% Bundesanleihe 2021-2031/1	AT0000A2NW83	20.02.2031	4.0	10.0
2.40% Bundesanleihe 2013-2034/1	AT0000A10683	23.05.2034	8.6	13.3
4.15% Bundesanleihe 2007-2037/1	AT0000A04967	15.03.2037	14.0	16.1
0.00% Bundesanleihe 2020-2040/5	AT0000A2KQ43	20.10.2040	3.3	19.7
3.15% Bundesanleihe 2012-2044/4	AT0000A0VRQ6	20.06.2044	7.0	23.4
1.50% Bundesanleihe 2016-2047/2	AT0000A1K9F1	20.02.2047	7.4	26.0
0.75% Bundesanleihe 2020-2051/3	AT0000A2EJ08	20.03.2051	4.5	30.1
3.80% Bundesanleihe 2012-2062/1	AT0000A0U299	26.01.2062	3.8	41.0
1.50% Bundesanleihe 2016-2086/4	AT0000A1PEF7	02.11.2086	2.5	65.7
2.10% Bundesanleihe 2017-2117/3	AT0000A1XML2	20.09.2117	6.0	96.6
0.85% Bundesanleihe 2020-2120/4	AT0000A2HLC4	30.06.2120	2.8	99.4
<b>TOTAL</b>			<b>239.0</b>	<b>12.0</b>

As of 4 Februar 2021

Austria's financing strategy is based primarily on **diversity and flexibility**. The **investor base** is diverse 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 should remain among the most **liquid instruments on the domestic market** also in 2021. Trading is carried out – beyond the circle of existing primary dealers – by a large number of market makers via telephone and all major international trading platforms.

## Issuance Calendar for 2021<sup>31</sup>

Issue date	Issuance Details
Jan 12	EUR 0.75 bn increase of 0.00% RAGB 2020-2030
Jan 27	EUR 0.73 bn increase of 0.75% RAGB 2020-2051
Mar 2	EUR 4.00 bn syndication of 0.00% RAGB 2021-2031
Apr 6	
May 4	
Jun 8	
Jul 6	Volumes and terms will be announced on the Thursday in the week before the issue date. / Value date is T+2.
Aug 3*	
Sept 7	
Oct 5	
Nov 2	
Dec 14	

\* Reserve date

31 The issuance calendar can be viewed at [www.oebfa.at](http://www.oebfa.at) (under "Funding Republic of Austria")

32 Current data is released at [www.oebfa.at](http://www.oebfa.at) (under "Financing Instruments"/"Government Bonds")





# 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 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 2020, for example, this led to an adaptation of the credit and liquidity risk guidelines. If necessary, the Treasury supports other public sector entities in establishing and strengthening their risk management.

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

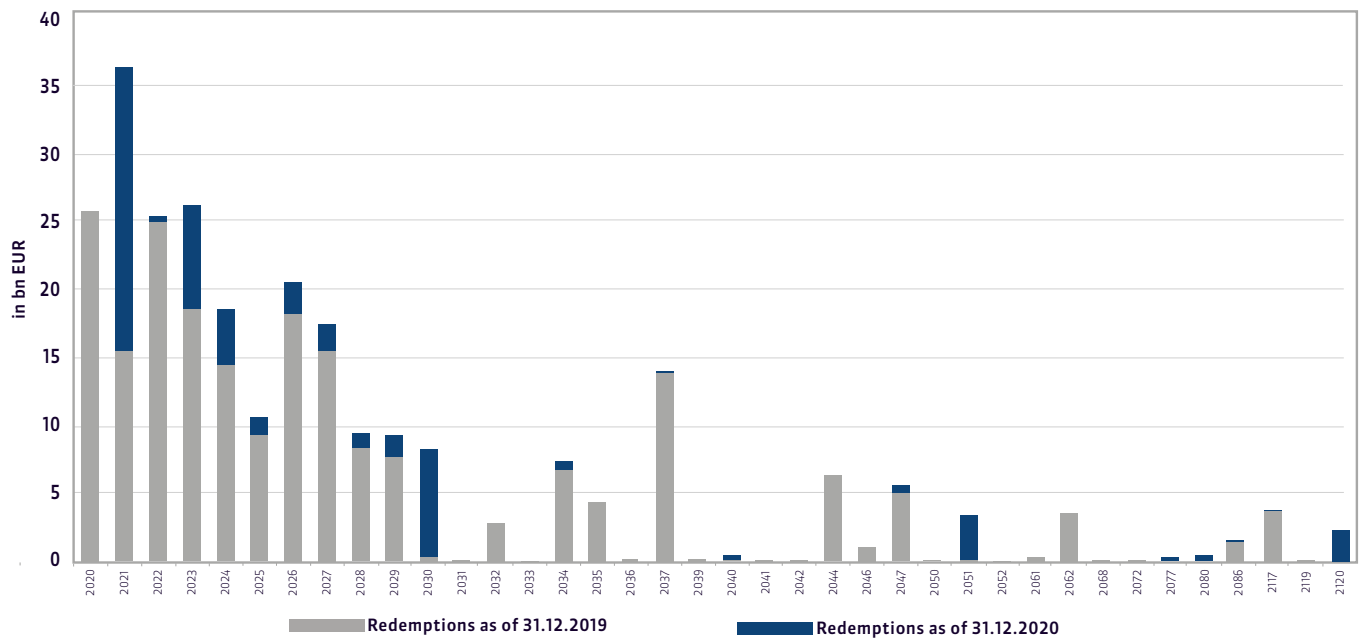
debt management strategy by the Federal Minister of Finance.

In addition to 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.

Core metrics are the **portfolio interest refixing period and the portfolio tenor**. 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](http://www.oebfa.at).

## Redemption Profile of the Republic of Austria



Source: Austrian Treasury, January 2021



Hiking in Oberurgl, Oetzal  
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## Links

- [www.oebfa.at](http://www.oebfa.at) | Austrian Treasury: Auction calendar, monthly federal government debt, rating reports, investor relations
- [www.bmf.gv.at](http://www.bmf.gv.at) | Federal Ministry of Finance, BMF: Detailed information about the Austrian budget
- [www.statistik.at](http://www.statistik.at) | Statistics Austria
- [www.rechnungshof.gv.at/berichte/bundesrechnungsabschluss.html](http://www.rechnungshof.gv.at/berichte/bundesrechnungsabschluss.html) | Auditor General's Office: Federal Financial Statements
- [www.oenb.at](http://www.oenb.at) | Oesterreichische Nationalbank, OeNB
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- [europa.eu/efc/etc-sub-committee-eu-sovereign-debt-markets\\_en](http://europa.eu/efc/etc-sub-committee-eu-sovereign-debt-markets_en) | EFC Sub-Committee on EU Sovereign Debt Markets
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- [www.oekb.at/kapitalmarkt-services/unser-datenangebot/daten-zu-bundesanleihen-der-republik-oesterreich.html](http://www.oekb.at/kapitalmarkt-services/unser-datenangebot/daten-zu-bundesanleihen-der-republik-oesterreich.html) | Oesterreichische Kontrollbank, OeKB
- [www.wifo.ac.at](http://www.wifo.ac.at) | Austrian Institute of Economic Research, WIFO
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