Research Update:

# Austria Outlook Revised To Stable From Positive On Rising Economic Risks; 'AA+/A-1+' Ratings Affirmed

**August 26, 2022**

## Overview

- We expect Austria's real GDP growth will remain relatively strong at 3.6% in 2022 and the government will continue on a budgetary consolidation path through 2025.
- The potential for Russia to further cut energy supplies to Europe is a key risk for Austria and its major trading partners.
- We therefore revised our outlook on Austria to stable from positive and affirmed our 'AA+/A-1+' long- and short-term ratings.
- The stable outlook balances our view of Austria's solid macroeconomic and credit metrics, including our expectations on economic growth and further budgetary consolidation, against the rising risks to the economy emanating from the combination of high inflation and dependence on Russia for energy supplies.

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## Rating Action

On Aug. 26, 2022, S&P Global Ratings revised its outlook on Austria to stable from positive. At the same time, we affirmed our 'AA+/A-1+' long- and short-term foreign and local currency sovereign credit ratings on Austria.

We also affirmed our 'AA+' long-term and 'A-1+' short-term issue ratings on the country's senior unsecured debt.

## Outlook

The stable outlook balances our view of Austria's solid macroeconomic and credit metrics, including our expectations on economic growth and further budgetary consolidation, against the rising risks to the economy emanating from the combination of high inflation and dependence on Russia for energy supplies.

### Upside scenario

We could raise our ratings on Austria if the current risks to energy supplies fade and budgetary consolidation accelerates, with the government's debt burden as a share of GDP remaining on a clearly discernible downward trajectory.

### Downside scenario

We could lower the ratings if the adverse effects of the Russia-Ukraine conflict were to materially weaken the economic growth outlook, or if budgetary and current account outcomes were significantly worse than our current projections.

## Rationale

The outlook revision reflects our view of rising risks to economic performance emanating from further potential stress in energy supply, in particular in relation to gas supply. Austria's efforts to reduce gas exposure to Russia will continue, but it will take time to shield the economy fully from disruptions in gas supply. In our view, Austria's high, albeit declining dependency on Russian gas is an important economic vulnerability in the current geopolitical environment. A further significant disruption of gas flows to Austria or its eurozone trading partners could significantly weigh on Austria's domestic economy.

We currently expect Austria's external position to remain strong and real economic growth to reach 3.6% in 2022, backed by the sound recovery in tourism in the first half of the year. Budgetary consolidation will continue albeit at a more moderate pace in 2022 due to the one-off anti-inflationary measures that will support economic growth and limit the consequences of the geopolitical headwinds.

We view Austria's economy as competitive and diversified, and its institutions as effective and stable, which supports the ratings. Further rating strengths include Austria's membership in the euro area, allowing it to benefit from the eurozone's deep capital markets and the European Central Bank's (ECB's) policy responses to financial stress.

### Institutional and economic profile: Economic policies aim to cushion the negative effects of the Russia-Ukraine conflict and accelerate Austria's green agenda

- We forecast real GDP growth will soften to 3.6% this year due to the indirect effects of the Russia-Ukraine conflict.
- A complete shutdown of gas flows from Russia is not our base case, but would likely have negative implications for Austria's real GDP growth along with its budgetary and external positions.
- We expect the current governing coalition will continue its economic and budgetary policy agenda, but will adjust to the changing conditions to support economic recovery.

The Russia-Ukraine conflict has led to a sharp rise in inflation and a reduction in business confidence. Accordingly, we revised our real GDP growth projections for 2022 downward to 3.6% from 4.1%. Austria continued to display solid estimated growth of 0.5% quarter on quarter in second-quarter 2022 since tourism bounced back strongly, with overnight stays reaching 96% of the record levels in 2019. For the remainder of 2022, we note a rising risk of a recession on a quarterly basis as the fallout from high energy prices and slowing growth in key trading partners will be felt more significantly. Leading economic and confidence indicators such as the WIFO business climate index in July also signal a weaker economic outlook.

Although direct trade exposure to Russia is limited (3% of total imports and 1% of total exports), gas dependency has historically been high, with about 80% of annual consumption coming from Russia. Although we note that there has been progress in reducing and diversifying gas supply away from Russia to about 50%, a supply shutdown would have a significant negative impact on the Austrian economy and its key trading partners.

The authorities are continuing to work on reducing gas consumption and diversifying supply, while filling up gas reserves. So far, the Austrian government has passed various reforms, including:

- The introduction of a strategic gas reserve of 20 terawatt hours (TWh)--representing about 20% of annual domestic consumption;
- Freeing up of reserves that have been systematically unused in the past;
- A mandatory fuel switch from gas to alternative energy sources, such as district heating, for bulk buyers and state cost compensation for companies and households is being negotiated.

Moreover, Austria's biggest energy supplier OMV, acquired additional pipeline capacity of 40 TWh for 12 months from October to transport gas from its own production site in Norway and other additional liquefied natural gas (LNG) volumes to Austria. The new transfer points are nodes Oberkappel in Upper Austria and Arnoldstein in Carinthia, which should provide some relief to the domestic economy if needed.

We consider the government's economic and budgetary policy measures, including the implementation of selected anti-inflationary measures, will help to preserve Austria's track record of predictable and effective policymaking and its mature institutional framework. However, the longer-term policy agenda continues to be less certain, given the limited ideological common ground in the governing coalition composed of the ÖVP (Austrian People's Party) and the Green Party. We note that the authorities have become more specific about their medium-term fiscal policy plans; however, concrete action points, such as the implementation of a pension reform, remain vague and are unlikely to be implemented at this time considering current uncertainties.

Reform progress is on track, with the eco-social tax reform passed in February 2022. The reform entails about €19 billion in measures to strengthen Austria's global competitiveness over 2022-2025. It primarily targets the Austrian tax structure by gradually easing the burden on companies and their employees, while greening the tax system through the introduction of carbon dioxide pricing--the latter has been delayed to October 2022 to provide some relief from higher energy prices. The policy focus has shifted to supporting economic recovery by limiting the negative indirect consequences of the Russia-Ukraine war while the government gradually continues with its green agenda. Austria's €4.5 billion EU recovery and resilience grants package should help the reform momentum, which includes, for example, eco-social tax reforms and measures to increase digitalization of the economy.

Austria's labor market continues to perform strongly and we expect unemployment to reach 4.5% by year-end, well below the EU average of 6.0% and sharply down from 6.2% in 2021. We note that there is some risk of capacity constraints especially in the tourism sector. At the same time, integrating refugees from Ukraine into the labor market could help alleviate labor shortages. In our view, measures included in the government's eco-social tax reform with respect to the reduction of the tax burden on employees and employers could favor further increases in the employment rate toward the outer years of our forecast horizon.

## Flexibility and performance profile: Budgetary pressures due to additional spending to support economic recovery should be mitigated by solid government revenue performance

- Inflation rose to 9.3% in July mainly due to high energy prices, but also because of rising core inflation.
- We expect the anti-inflationary support measures to result in a budget deficit of 3.8% in 2022, before budgetary consolidation accelerates again, reducing the deficit to an average of 1.2% over 2023-2025.
- Despite the Russia-Ukraine conflict, Austria's external position remains a rating strength. We expect another small current account deficit in 2022, with surpluses to resume from 2024.

We estimate Austria's budget deficit will reach 3.8% of GDP in 2022, up from our previous expectation of 2.5% mainly due to the three anti-inflationary packages worth roughly €7.5 billion (1.8% of GDP) combined. All inflationary packages combined total approximately €35 billion until 2026 and include investments into sustainable energy projects, as well as various subsidies and aid for vulnerable groups to support households and companies amid rising energy prices. These new budgetary measures supplement the pandemic discretionary funds which mainly expired in June this year, while we expect the revenue side to be supported by solid economic performance and higher inflation, boosting government revenues. As a result, the budget deficit will be higher than previously projected in 2022 but still lower than in 2021.

Our forecast assumes a moderately slower budgetary consolidation path as suggested by the government, with the general government deficit reaching 3.8% of GDP in 2022 and 1.0% by 2025, versus 3.1% and 0.3% respectively, projected in the government's revised strategy program 2022-2025 as of June. The slower pace of budgetary consolidation as per the amended framework excludes costs for example for the strategic gas reserve of about €4 billion (0.9% of GDP) for 2022 and the indexation of personal income tax brackets, which should reduce tax payments by €18 billion from 2023 to 2026. We believe that the favorable economic performance--in particular high nominal GDP growth--will keep supporting government revenue growth especially this year and next, and that the government will keep spending broadly under control.

Based on the current underlying assumptions, we expect net general government debt to remain on a downward path, at 71% of GDP on average through 2025, up from 66% in 2019. Government debt generally benefits from a long average maturity of about 10 years and low interest costs. Global monetary policy tightening will put interest payments on a slight upward trend, though we expect they will remain low in an international comparison. We expect interest payments to increase to 2.5% of government revenue by 2025 from 2.2% in 2021.

In our view, government contingent liabilities are low. We estimate government guarantees, not included in general government debt, at about 19% of GDP. This includes export and export-finance guarantees of about €31 billion (7% of GDP) as of March 2022, which we deem as having a particularly low risk of materializing on the government's balance sheet, since there have been very limited calls on these guarantees since 1950.

Austria's external profile remains a credit strength, although rising energy prices, lower economic growth of key trading partners, and supply-side bottlenecks have been pushing the current account into a deficit since 2021. The current account was in a small deficit in 2021, and we expect a somewhat similar outturn in 2022. Compared with other economies, the current account balance should not be hit as hard, due to the strong recovery in tourist-related sectors which generally contribute about 7.5% of GDP. We expect the current account to return to a surplus in 2024 mainly due to moderation in commodity prices, a reduction of trade pressures, and solid growth in the tourism sector. If supply chain disruptions endure longer than expected or energy flows are disrupted, especially those to Germany (Austria's main trading partner), it will have a negative impact, particularly on Austria's manufacturing sector.

Austria's relatively high external indebtedness and external financing needs are somewhat mitigated by its eurozone membership. We expect Austria's gross external financing needs will average about 179% of current account receipts (CARs) plus usable reserves over 2022-2025 and its external debt will exceed liquid external assets by about 106% of CARs over the same period. However, we note that Austria's overall net international investment position is much stronger, partly thanks to the country's substantial outward stock of foreign direct investment.

Austria continues to benefit from its eurozone membership through the monetary union's highly developed capital markets and the ECB's credible monetary policy. Although the ECB has started normalizing its monetary policy due to rising inflation, the process will be gradual and we don't expect it to be disruptive for the economy's financial conditions. As a result, we expect monetary policy will allow the Austrian government to keep funding costs low in an international comparison.

Austria's inflation rose to 9.3% in July--the highest rate since 1975. Similar to other countries, most can be attributed to imported price pressures through energy price inflation and supply chain disruptions. We expect average inflation of 8.1% in 2022 and 5.1% in 2023, before a gradual decrease to 1.6% by 2025 based on a reversal of currently high commodity prices and supply side constraints.

We expect the banking sector to remain stable and the impact of the war on the sector to be contained. The trend on Austria's banking industry risk remains negative, reflecting structural profitability pressures (see "Banking Industry Country Risk Assessment: Austria," published July 13, 2022, on RatingsDirect). We think that the cost efficiency of domestic operations will remain a weakness for most Austrian banks compared with many of their European peers.

## Key Statistics

Table 1

### Austria Selected Indicators

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Economic indicators (%)** | | | | | | | | | | |
| Nominal GDP (bil. LC) | 358 | 369 | 385 | 398 | 379 | 403 | 437 | 463 | 480 | 496 |
| Nominal GDP (bil. $) | 396 | 417 | 455 | 445 | 433 | 476 | 475 | 521 | 557 | 580 |
| GDP per capita (000s $) | 45.5 | 47.6 | 51.6 | 50.2 | 48.7 | 53.3 | 52.8 | 57.6 | 61.3 | 63.6 |
| Real GDP growth | 2.0 | 2.3 | 2.5 | 1.5 | (6.7) | 4.8 | 3.6 | 1.8 | 1.6 | 1.4 |
| Real GDP per capita growth | 0.6 | 1.4 | 1.9 | 1.1 | (7.2) | 4.4 | 2.8 | 1.4 | 1.1 | 1.0 |
| Real investment growth | 4.3 | 4.2 | 4.4 | 4.8 | (5.2) | 4.3 | 1.6 | 1.8 | 2.0 | 2.0 |
| Investment/GDP | 24.3 | 24.8 | 25.8 | 25.6 | 25.8 | 27.8 | 26.5 | 26.0 | 25.9 | 26.0 |
| Savings/GDP | 27.0 | 26.2 | 26.7 | 27.7 | 27.7 | 27.3 | 25.6 | 25.9 | 27.1 | 27.2 |

Table 1

## Austria Selected Indicators (cont.)

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Exports/GDP | 52.4 | 54.1 | 55.4 | 55.4 | 51.4 | 56.6 | 60.0 | 60.7 | 62.0 | 62.4 |
| Real exports growth | 3.0 | 4.9 | 5.1 | 3.4 | (10.8) | 13.9 | 7.9 | 3.6 | 2.5 | 2.0 |
| Unemployment rate | 6.5 | 5.9 | 5.2 | 4.8 | 6.0 | 6.2 | 4.5 | 4.4 | 4.3 | 4.3 |
| **External indicators (%)** | | | | | | | | | | |
| Current account balance/GDP | 2.7 | 1.4 | 0.9 | 2.1 | 1.9 | (0.5) | (1.0) | (0.1) | 1.1 | 1.3 |
| Current account balance/CARs | 4.4 | 2.2 | 1.4 | 3.3 | 3.3 | (0.8) | (1.4) | (0.1) | 1.6 | 1.8 |
| CARs/GDP | 61.6 | 62.1 | 63.3 | 64.1 | 58.0 | 64.6 | 67.3 | 67.8 | 69.0 | 69.3 |
| Trade balance/GDP | 0.7 | 0.3 | 0.3 | 1.0 | 0.8 | (0.4) | (0.1) | 0.3 | 1.1 | 1.2 |
| Net FDI/GDP | (0.5) | 0.8 | (0.4) | (1.4) | (2.3) | (1.5) | (1.3) | (1.0) | (1.0) | (1.0) |
| Net portfolio equity inflow/GDP | (2.0) | (1.8) | (1.5) | (1.3) | (0.9) | (2.4) | (1.7) | (1.5) | (1.3) | (1.3) |
| Gross external financing needs/CARs plus usable reserves | 185.1 | 175.3 | 180.8 | 178.3 | 191.0 | 185.2 | 182.1 | 180.2 | 177.4 | 177.3 |
| Narrow net external debt/CARs | 109.9 | 121.9 | 102.8 | 104.0 | 137.2 | 109.5 | 111.5 | 107.8 | 103.2 | 102.8 |
| Narrow net external debt/CAPs | 115.0 | 124.6 | 104.3 | 107.5 | 141.9 | 108.6 | 109.9 | 107.6 | 104.9 | 104.7 |
| Net external liabilities/CARs | (10.8) | (9.7) | (13.3) | (24.1) | (21.9) | (27.1) | (24.6) | (21.1) | (20.7) | (21.3) |
| Net external liabilities/CAPs | (11.3) | (10.0) | (13.5) | (24.9) | (22.7) | (26.8) | (24.3) | (21.0) | (21.0) | (21.7) |
| Short-term external debt by remaining maturity/CARs | 106.4 | 93.2 | 95.8 | 96.0 | 112.2 | 102.8 | 100.1 | 97.1 | 94.2 | 93.4 |
| Usable reserves/CAPs (months) | 1.1 | 1.1 | 0.9 | 1.0 | 1.2 | 1.2 | 1.3 | 1.1 | 1.0 | 1.0 |
| Usable reserves (mil. $) | 23,270 | 21,622 | 23,198 | 23,565 | 30,505 | 34,039 | 33,509 | 32,987 | 32,430 | 31,850 |
| **Fiscal indicators (general government; %)** | | | | | | | | | | |
| Balance/GDP | (1.5) | (0.8) | 0.2 | 0.6 | (8.0) | (5.9) | (3.8) | (1.4) | (1.2) | (1.0) |
| Change in net debt/GDP | (0.5) | (0.9) | (0.1) | (1.2) | 7.0 | 5.0 | 3.7 | 1.5 | 1.3 | 1.2 |
| Primary balance/GDP | 0.5 | 1.0 | 1.8 | 2.0 | (6.7) | (4.8) | (2.9) | (0.4) | (0.1) | 0.2 |
| Revenue/GDP | 48.5 | 48.5 | 48.9 | 49.2 | 49.0 | 50.1 | 49.1 | 48.9 | 48.9 | 49.1 |
| Expenditures/GDP | 50.1 | 49.3 | 48.7 | 48.6 | 57.0 | 56.0 | 52.9 | 50.3 | 50.1 | 50.1 |
| Interest/revenues | 4.3 | 3.8 | 3.3 | 2.9 | 2.7 | 2.2 | 1.9 | 2.1 | 2.3 | 2.5 |
| Debt/GDP | 81.3 | 76.9 | 72.5 | 69.1 | 81.8 | 81.5 | 78.6 | 75.1 | 73.9 | 72.7 |
| Debt/revenues | 167.5 | 158.6 | 148.2 | 140.4 | 167.0 | 162.7 | 160.1 | 153.7 | 151.2 | 148.1 |
| Net debt/GDP | 75.4 | 72.1 | 69.0 | 65.7 | 75.8 | 76.4 | 74.2 | 71.5 | 70.4 | 69.3 |

Table 1

### Austria Selected Indicators (cont.)

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Liquid assets/GDP | 5.9 | 4.8 | 3.5 | 3.4 | 5.9 | 5.1 | 4.4 | 3.7 | 3.5 | 3.4 |
| **Monetary indicators (%)** | | | | | | | | | | |
| CPI growth | 1.0 | 2.2 | 2.1 | 1.5 | 1.4 | 2.8 | 8.1 | 5.1 | 3.2 | 1.6 |
| GDP deflator growth | 1.8 | 1.0 | 1.8 | 1.6 | 2.3 | 1.3 | 4.7 | 4.2 | 1.9 | 2.0 |
| Exchange rate, year-end (LC/$) | 0.95 | 0.83 | 0.87 | 0.89 | 0.81 | 0.88 | 0.91 | 0.87 | 0.85 | 0.85 |
| Banks' claims on resident non-gov't sector growth | 5.9 | (3.0) | 2.5 | 4.9 | 3.5 | 4.2 | 6.5 | 6.1 | 3.5 | 3.4 |
| Banks' claims on resident non-gov't sector/GDP | 115.3 | 108.2 | 106.3 | 108.2 | 117.4 | 115.2 | 113.1 | 113.1 | 113.1 | 113.1 |
| Foreign currency share of claims by banks on residents | 6.1 | 4.8 | 4.4 | 3.8 | 3.1 | 2.6 | 3.0 | 3.0 | 3.0 | 3.0 |
| Foreign currency share of residents' bank deposits | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Real effective exchange rate growth | 3.6 | (0.4) | 1.4 | (1.0) | (8.3) | 9.3 | N/A | N/A | N/A | N/A |

Sources: Eurostat (economic indicators), the Oesterreichische Nationalbank (external indicators), Statistics Austria (fiscal indicators), and the Oesterreichische Nationalbank and IMF (monetary indicators).
Adjustments: Government debt adjusted by excluding guarantees on debt issued by the European Financial Stability Facility.
Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A--Not applicable. LC--Local currency. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

## Ratings Score Snapshot

Table 2

### Austria Ratings Score Snapshot

| Key rating factors | Score | Explanation |
|---|---|---|
| Institutional assessment | 2 | Strong, but short track record of policies. Generally effective checks and balances with free flow of information throughout society and unbiased enforcement of contracts, strong legal system, and rule of law. In addition, coordination requirements at the eurozone level might hinder timely policy response. |
| Economic assessment | 1 | Based on GDP per capita ($) as per the Selected Indicators in Table 1. |

Table 2

## Austria Ratings Score Snapshot (cont.)

| Key rating factors | Score | Explanation |
|---|---|---|
| External assessment | 2 | Based on narrow net external debt as per Selected Indicators in Table 1. In the context of our external assessment, we consider Austria, a member of the Economic and Monetary Union, as if the currency was actively traded. The sovereign is displaying current account surpluses, on average, from 2022-2025 (as per Selected Indicators in Table 1). The sovereign has external short-term debt by remaining maturity that generally exceeds 100% of current account receipts (CARs), as per Selected Indicators in Table 1. The sovereign’s net international investment position is more favorable than the narrow net external debt position by over 100% of CARs, as per Selected Indicators in Table 1. |
| Fiscal assessment: flexibility and performance | 3 | Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1. |
| Fiscal assessment: debt burden | 3 | Based on net general government debt (% of GDP) and general government interest expenditure (% of general government revenue) as per Selected Indicators in Table 1. Nonresidents generally hold over 60% of government commercial debt. |
| Monetary assessment | 2 | In the context of our monetary assessment, we consider the euro to be a reserve currency. The European Central Bank has an established track record in monetary authority independence with clear objectives and a wide array of policy instruments, including nonconventional tools. The consumer price index is low and in line with that of its trading partners. Austria is a member of the Economic and Monetary Union. |
| Indicative rating | aa+ | As per Table 1 of "Sovereign Rating Methodology." |
| Notches of supplemental adjustments and flexibility | 0 | None. |
| | AA+ | |
| **Final rating** | | |
| Foreign currency | AA+ | |
| Notches of uplift | 0 | We do not believe that default risks apply differently to foreign- and local-currency debt. |
| Local currency | AA+ | |

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

## Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

## Related Research

- Sovereign Ratings History, Aug. 4, 2022
- Sovereign Ratings List, Aug. 4, 2022
- Banking Industry Country Risk Assessment: Austria, July 13, 2022
- Sovereign Risk Indicators, July 11, 2022. An interactive version is also available at www.spratings.com/sri
- Default, Transition, and Recovery: 2021 Annual Sovereign Default And Rating Transition Study, May 4, 2022

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

## Ratings List

| **Ratings Affirmed** | |
|---|---|
| **Austria** | |
| Transfer & Convertibility Assessment | AAA |
| Senior Unsecured | AA+ |
| Short-Term Debt | A-1+ |
| Commercial Paper | A-1+ |
| **Heta Asset Resolution AG** | |
| Subordinated | AA+ |

**Ratings Affirmed; Outlook Action**

| | To | From |
|---|---|---|
| **Austria** | | |
| Sovereign Credit Rating | AA+/Stable/A-1+ | AA+/Positive/A-1+ |