

Republic of Austria

Rating report

Rating rationale

Wealthy and diversified economy: The Republic of Austria's (Austria) rating benefits from high wealth levels and a competitive, highly diversified economy. After achieving a robust post-pandemic recovery, the Austrian economy contracted by 1.0% in 2023 and 1.2% in 2024, given subdued external demand and declining investment activity. We project the economy to stagnate this year, with risks to the forecast on the downside, and a recovery only in 2026.

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, providing the country with a resilient external position.

Sound banking sector: The Austrian banking sector remains strong, underpinned by robust capital and liquidity buffers. High net income has been supportive of greater resilience in the sector, given heightened geopolitical and credit risk, particularly in the commercial real estate sector and some corporate segments, and material CEE exposures for some banks, including in Russia.

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) a high and rising public debt stock relative to other highly-rated peers; ii) persistent budgetary pressures, with rising pension and healthcare costs absent structural reform; 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%	aa	EUR	Austria	0	AA+
Public finance risk	20%	a			0	
External economic risk	10%	a			1/3	
Financial stability risk	10%	aaa			1/3	
ESG risk	Environmental factors	5%	[+1]	[-0]	0	
	Social factors	7.5%			0	
	Governance factors	12.5%	aaa		0	
Sovereign Quantitative Model			aa		+1	
Additional considerations					0	

*The reserve-currency quantitative adjustment applies to currencies in the IMF's Special Drawing Rights (SDR) basket.
 **The political-risk quantitative adjustment is based on the World Bank's Political Stability & Absence of Violence/Terrorism index.
 ***The qualitative scorecard analyst adjustments, capped at one notch per rating pillar, are weighted equally with an aggregate adjustment rounded to the nearest integer. For details, please see Scope's [Sovereign Rating Methodology](#). Source: Scope Ratings.

Foreign currency

Long-term issuer rating/Outlook

AA+/Stable

Senior unsecured debt

AA+/Stable

Short-term issuer rating/Outlook

S-1+/Stable

Local currency

Long-term issuer rating/Outlook

AA+/Stable

Senior unsecured debt

AA+/Stable

Short-term issuer rating/Outlook

S-1+/Stable

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Credit strengths and challenges

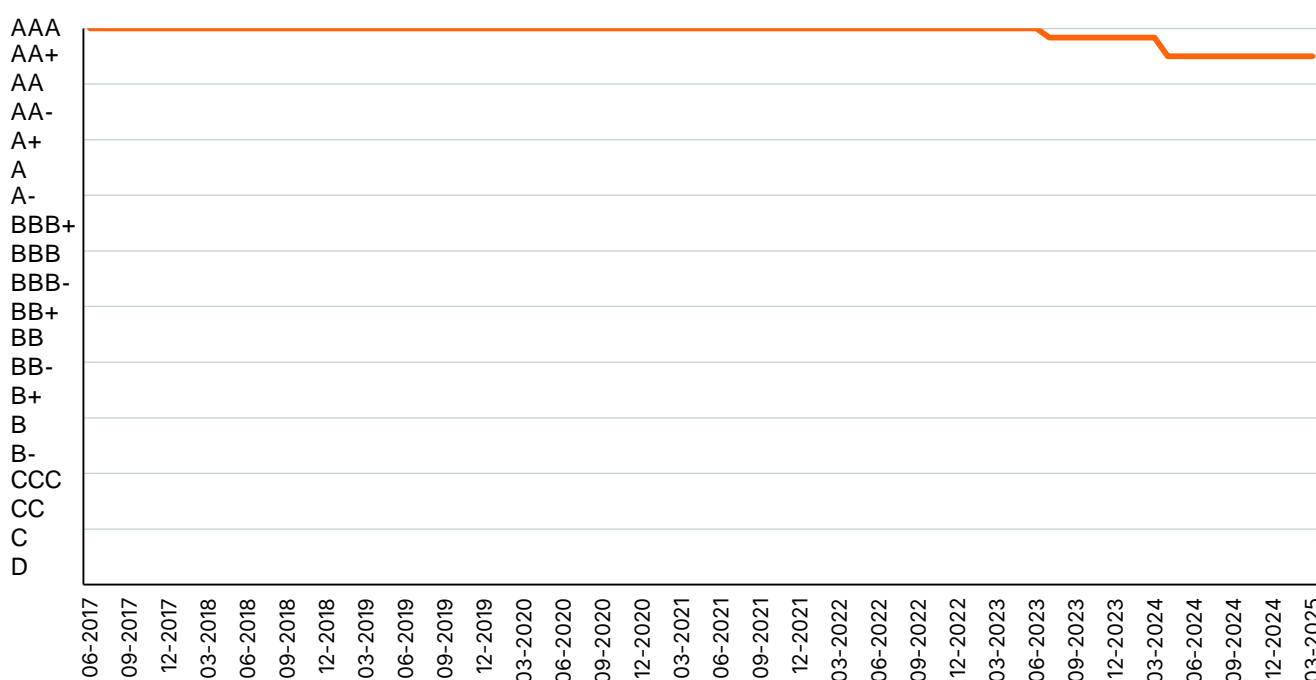
Credit strengths	Credit challenges
<ul style="list-style-type: none"> Wealthy and diversified economy Strong external position with low private sector indebtedness Sound banking sector Favourable public debt profile and excellent market access 	<ul style="list-style-type: none"> High and rising public debt stock relative to highly-rated peers Budgetary pressures, adverse demographic trend Subdued economic growth outlook

Outlook and rating triggers

The Stable Outlook underscores the view that risks for the ratings are balanced.

Positive rating-change drivers	Negative rating-change drivers
<ul style="list-style-type: none"> Stronger fiscal outlook, sustained decline in debt-to-GDP ratio Stronger medium-term growth prospects 	<ul style="list-style-type: none"> Worsening fiscal outlook, steeper debt-to-GDP trajectory Weaker medium-term growth prospects Financial stability risks emerged, with significant negative implications for the economic and/or public finance outlook

Figure 2: Rating history



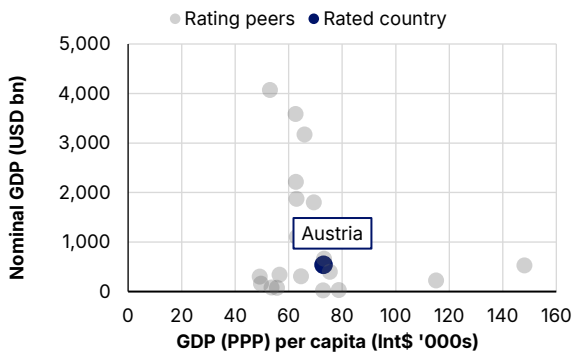
Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

Domestic economic risk

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

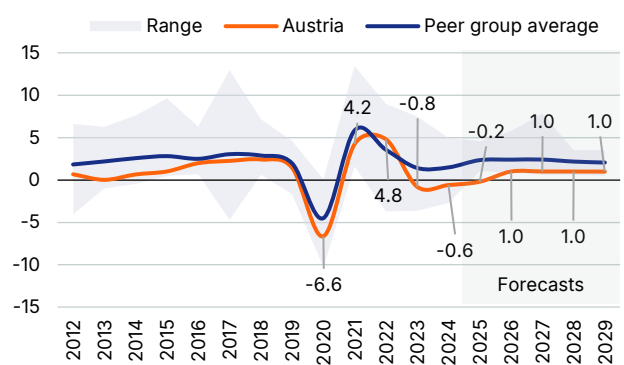
SQM ¹ indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aa	Growth potential and outlook	Neutral	0	Medium-term growth potential broadly in line with highly-rated peers at around 1%; labour supply bottlenecks are a constraint
	Monetary policy framework	Neutral	0	ECB is a highly credible and effective central bank
	Macroeconomic stability and sustainability	Neutral	0	Highly competitive and well-diversified economy; resilient labour market; increasing risk of higher unit labour costs following substantial wage increases

Figure 3: Nominal GDP and GDP per capita (2024E)



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

Figure 4: Real GDP growth, %



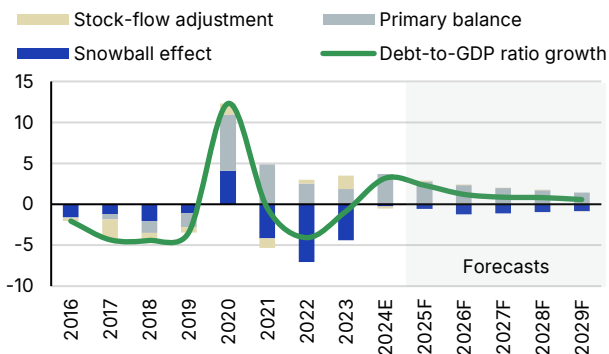
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

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

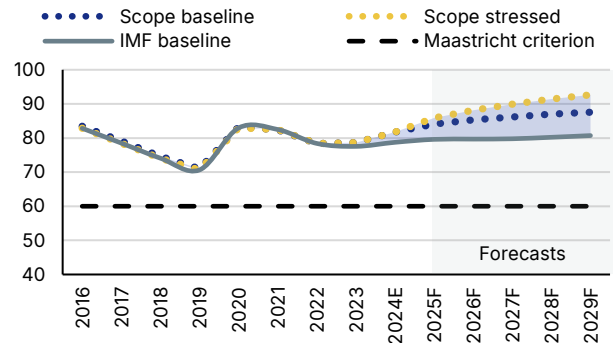
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a	Fiscal policy framework	Neutral	0	Sizeable budgetary response to Covid-19 and energy crises; pre-crisis budget surpluses; only very gradual medium-term fiscal consolidation compared to highly-rated peers
	Long-term debt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

Figure 5: Contributions to change in debt levels, pps of GDP



Source: IMF WEO, Scope Ratings forecasts

Figure 6: Debt-to-GDP forecasts, % of GDP



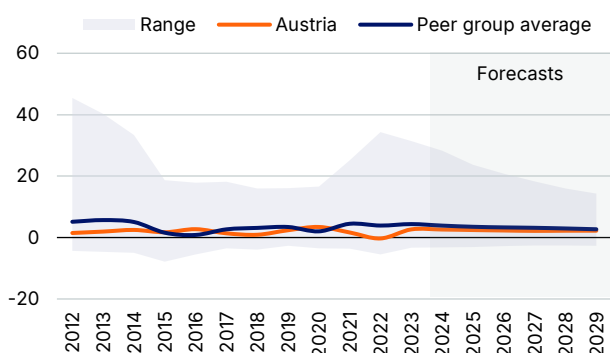
Source: IMF WEO, Scope Ratings forecasts

External economic risk

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

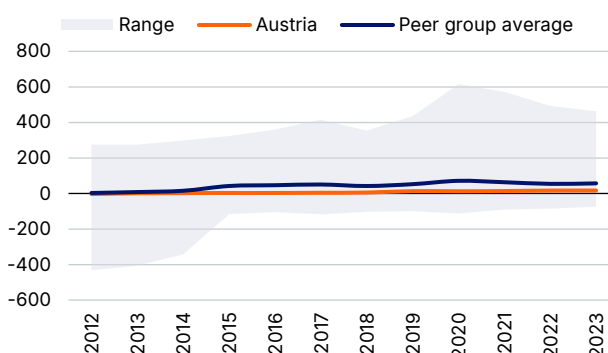
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a	Current account resilience	Neutral	0	Diversified, competitive export sector; recurrent current account surpluses; net creditor position; some volatility due to energy (especially gas) imports
	External debt structure	Strong	1/3	Low gross and 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), % GDP



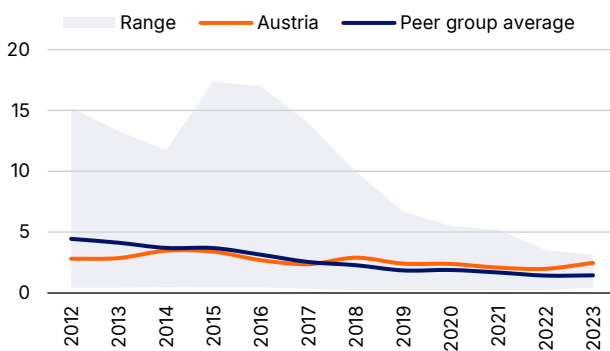
Source: IMF, Scope Ratings

Financial stability risk

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

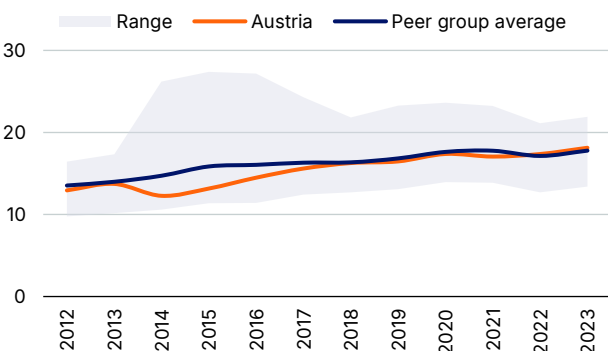
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Banking sector performance	Neutral	0	Adequate banking-system capitalisation, strong earnings and comfortable liquidity, low albeit rising NPLs
	Financial sector oversight and governance	Neutral	0	Effective oversight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

Figure 9: NPLs, % of total loans



Source: World Bank (WB), Scope Ratings

Figure 10: Tier 1 capital, % of risk-weighted assets



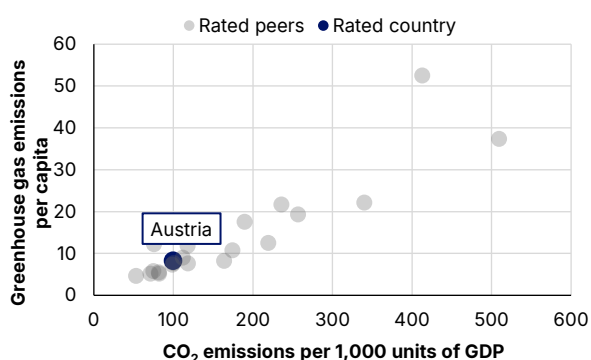
Source: IMF, Scope Ratings

Environmental, Social and Governance (ESG) risk

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

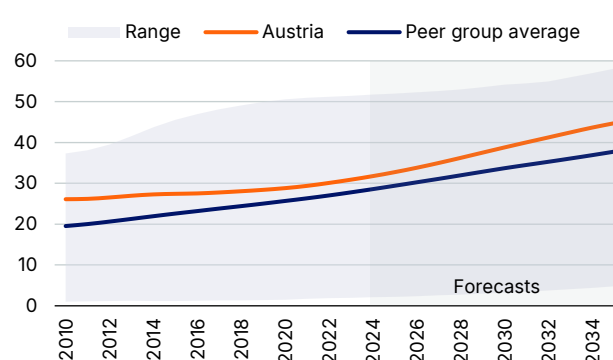
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aa-	Environmental factors	Neutral	0	High share of renewables and ambitious decarbonisation targets by 2030; gaps remain to climate targets in a 'no policy change' scenario
	Social factors	Neutral	0	Strong social safety net and favourable social outcomes, in line with peers, adverse demographics
	Governance factors	Neutral	0	High-quality institutions and stable political environment, in line with peers

Figure 11: CO₂ emissions per GDP, mtCO₂e (2023)



Source: European Commission (EC), Scope Ratings

Figure 12: Old-age dependency ratio, %



Source: United Nations (UN), Scope Ratings

Reserve-currency adjustment

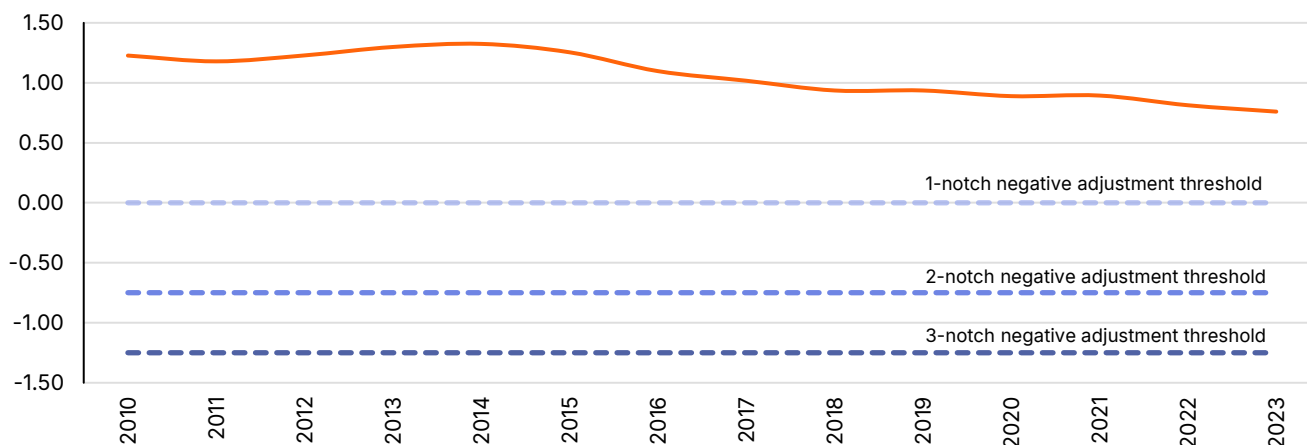
IMF SDR basket and Scope reserve-currency adjustment

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



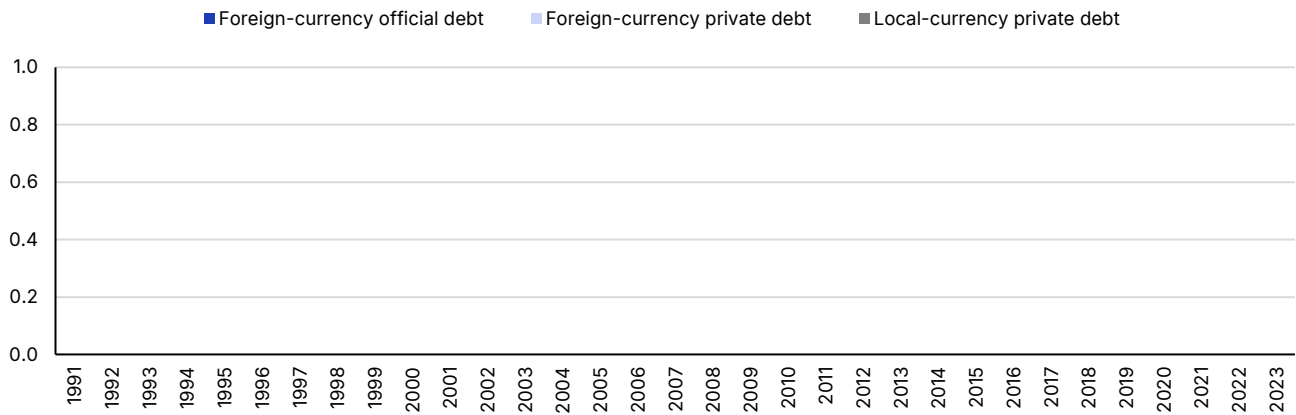
Source: WB, Scope Ratings

Additional considerations

No adjustment has been applied to the credit rating from additional considerations.

Appendix 1. Sovereign default history

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.

Appendix 2. Rating peers

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

Peer group*
Finland

*Select 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
5y USD CDS spread (bps) as of 3 April 2025	17

Appendix 4. Statistical table for selected SQM indicators

This table presents a selection of the indicators (24 out of 30 – with the governance indicator reflecting a composite of five indicators) used in Scope's quantitative model, in line with Scope's Sovereign Rating Methodology. The metrics and sources for the data presented here ensure comparability across global country peers and may therefore differ from data from national and other select international statistical series.

Pillar	Core variable	Source	2019	2020	2021	2022	2023	2024
Domestic Economic	GDP per capita (PPP), Int\$ '000s	IMF	60.7	58.7	63.6	71.0	72.0	73.1
	Nominal GDP, USD bn	IMF	445	435	480	471	518	536
	Real growth, %	IMF	1.5	-6.6	4.2	4.8	-0.8	-0.6
	CPI inflation, %	IMF	1.5	1.4	2.8	8.6	7.7	3.0
	Unemployment rate, %	WB	4.6	5.2	6.5	5.0	5.3	-
Public Finance	Public debt, % of GDP	IMF	70.6	82.9	82.5	78.4	77.5	78.7
	Net interest payment, % of government revenue	IMF	2.4	2.3	1.8	1.5	1.6	2.3
	Primary balance, % of GDP	IMF	1.7	-6.9	-4.9	-2.5	-1.8	-2.2
External Economic	Current-account balance, % of GDP	IMF	2.4	3.4	1.6	-0.3	2.7	2.6
	Total reserves, months of imports	WB	1.1	1.6	1.3	1.2	1.1	-
	NIIP, % of GDP	IMF	13.3	12.3	13.8	16.3	16.7	-
Financial Stability	NPL ratio, % of total loans	IMF	2.4	2.4	2.1	2.0	2.5	-
	Tier 1 ratio, % of risk-weighted assets	IMF	16.1	15.9	17.2	16.2	17.3	18.2
	Credit to the private sector, % of GDP	WB	86.3	93.1	93.1	89.5	84.9	-
ESG	CO ₂ per EUR 1,000 of GDP, mtCO ₂ e	EC	117.4	114.9	116.5	102.8	99.6	-
	Income share of bottom 50%, %	WID	22.7	22.0	22.0	22.0	22.0	-
	Labour-force participation rate, %	WB	76.9	76.5	77.1	77.7	78.0	-
	Old-age dependency ratio, %	UN	28.4	28.8	29.4	30.1	30.9	31.8
	Composite governance indicators*	WB	1.5	1.5	1.4	1.4	1.4	-
	Political stability, index	WB	0.9	0.9	0.9	0.8	0.8	-

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

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Applied methodologies

[Sovereign Rating Methodology](#), January 2025

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