REPUBLIC OF AUSTRIA

*EJR Sen Rating(Curr/Prj) A+/ A+

*EJR CP Rating: A1

Rating Analysis - 7/30/20

*EJR's 3 yr. Default Probability: 1.3%

Economic growth is projected to edge down over the 2020-21 period as the global slowdown and trade tensions weaken export growth and business investment. Following an increase in pension entitlements, the budget balance will deteriorate over 2019-21 with fiscal policy being accommodative. COVID19-related disruption is likely to weigh heavily on the economy with a sharp uptick in government support payments and a decline in revenues. Domestic demand will be the key driver of future growth.

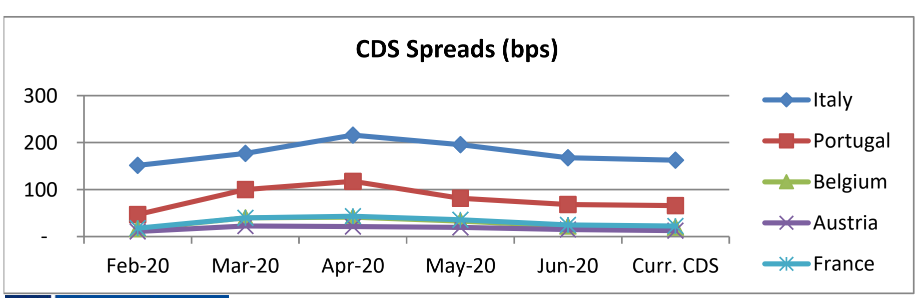
As confidence of manufacturing firms has fallen sharply, business investment growth has slowed. The strong slowdown in major markets has also reduced export growth. The authorities need to make the revenue structure of the general government more growth-friendly and more conducive to social inclusion, for example by further reducing labor taxes on low-income earners and finance it with green taxes. Household consumption will remain the key driver of the expansion, as the weak external environment weighs on exports. We are affirming.

Annual Ratios
(source for past results: IMF, CountryEconomy)

CREDIT POSITION	2017	2018	2019	P2020	P2021	P2022
Debt/ GDP (%)	78.4	73.9	70.3	68.1	65.6	62.5
Govt. Sur/Def to GDP (%)	-0.2	0.7	1.2	1.6	1.9	2.3
Adjusted Debt/GDP (%)	78.4	73.9	70.3	68.1	65.6	62.5
Interest Expense/ Taxes (%)	6.8	5.9	5.2	5.1	5.0	4.9
GDP Growth (%)	3.9	4.4	3.1	2.3	2.3	2.5
Foreign Reserves/Debt (%)	2.1	2.5	2.1	2.5	2.0	2.4
Implied Sen. Rating	AA-	AA-	AA-	AA-	AA-	AA-

INDICATIVE CREDIT RATIOS	AA	A	BBB	BB	B	CCC
Debt/ GDP (%)	100.0	115.0	130.0	145.0	170.0	200.0
Govt. Sur/Def to GDP (%)	2.5	0.5	-2.0	-5.0	-8.0	-10.0
Adjusted Debt/GDP (%)	95.0	110.0	125.0	140.0	160.0	190.0
Interest Expense/ Taxes (%)	9.0	12.0	15.0	22.0	26.0	35.0
GDP Growth (%)	3.5	3.0	2.0	1.0	-1.0	-5.0
Foreign Reserves/Debt (%)	3.0	2.5	2.0	1.5	1.0	0.5

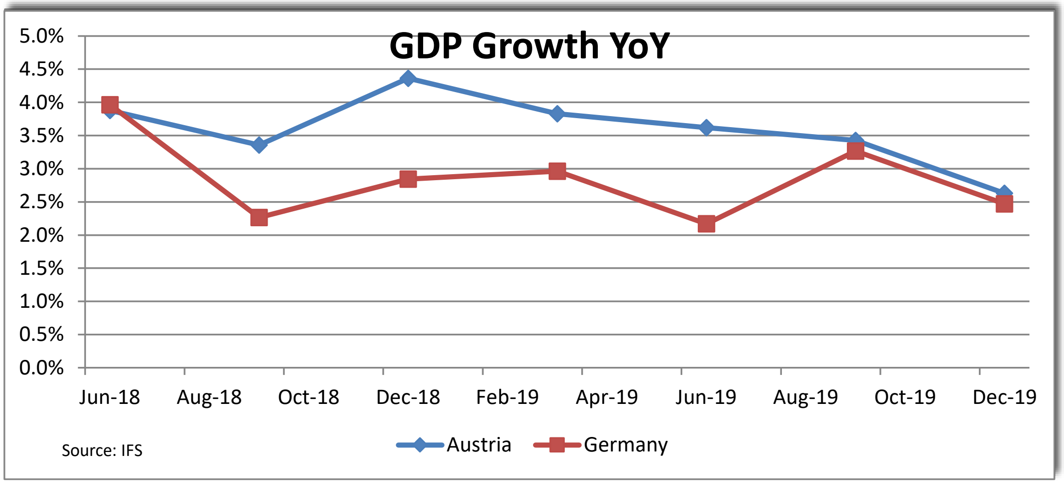
PEER RATIOS	Other NRSROs	Debt as a % GDP	Govt. Surp. Def to GDP (%)	Adjusted Debt/ GDP	Interest Expense/ Taxes %	GDP Growth (%)	Ratio-Implied Rating*
Federal Republic of Germany	AAA	59.8	1.6	59.8	3.3	2.5	AA
French Republic	AA	98.1	-2.5	98.1	4.7	2.9	A+
Kingdom of Belgium	AA	120.9	-1.5	120.9	6.6	2.9	A-
Republic of Italy	BBB-	154.7	-2.1	154.7	11.7	1.2	BB+
Portugal Republic	BB+	137.1	-0.7	137.1	12.0	3.9	A-



Country	EJR Rtg.	CDS
Italy	BBB-	162
Portugal	BBB-	66
Belgium	BBB	20
Austria	A+	13
France	A+	22

Economic Growth

OECD has projected the GDP to contract by 6.2% in 2020 if there are no further virus outbreaks (the single-hit scenario), and by over 7% if there is a renewed outbreak later this year (the double-hit scenario). EJR expects the economic recovery will take time, with output still below its pre-crisis level by the end of 2021. Given the additional spending as part of the pandemic relief policy response and weaker tax revenues, a large government budget deficit is in the cards. The comparatively low rate of inflation is expected to slow in the near term, picking up somewhat in 2021. More positively, the economy has now largely reopened, while in mid-June the government boosted fiscal stimulus to EUR 50 billion, which should support activity heading into Q3. Considering the first four months of the year, the country recorded a EUR 607.8 million trade shortfall, as imports declined 11.3 percent and exports fell at a softer 9.3 percent.



Fiscal Policy

The total COVID-19 budget is EUR 38 billion (around 9% of GDP), including credit guarantees and tax deferrals. Private spending fell 3.3% during Q1 2020, while public consumption rose 0.6%. Also, gross fixed capital formation declined 1.1%. Less monetary policy support could pose risks to fiscal space, with adverse consequences for the recovery. EJR believes the recovery in H2 2020 is likely to hinge on household confidence. Private consumption has driven recent fluctuations in GDP to a greater degree than in conventional downturns. Fiscal support during the lockdown has tended to focus on supporting household incomes, resulting in an expansion in household saving - the question now is to what degree households utilize these savings to drive a stronger recovery in consumption in the latter half of 2021.

	Surplus-to-GDP (%)	Debt-to-GDP (%)	5 Yr. CDS Spreads
Austria	1.17	70.34	12.68
Germany	1.58	59.76	14.33
France	-2.53	98.12	22.27
Belgium	-1.52	120.94	20.21
Italy	-2.08	154.66	162.44
Portugal	-0.69	137.13	66.00

Sources: Thomson Reuters, IFS and CountryEconomy

Unemployment

The effective shutdown of many sectors led to a contraction of 2.6% in GDP in Q1 2020, as a result the number of registered unemployed workers increased to over 500 thousand (April end) from around 350 thousand at the end of 2019. The unemployment rate in Austria jumped to 10.1 percent in June 2020 from 6.5 percent in the same period of the previous year. It was the highest jobless rate for a June month on record. In May, the jobless rate was higher at 11.5 percent.

Unemployment (%)	2018	2019
Austria	4.86	4.53
Germany	3.40	3.20
France	9.11	8.43
Belgium	5.98	5.44
Italy	10.62	9.90
Portugal	7.05	6.33

Source: Intl. Finance Statistics

Banking Sector

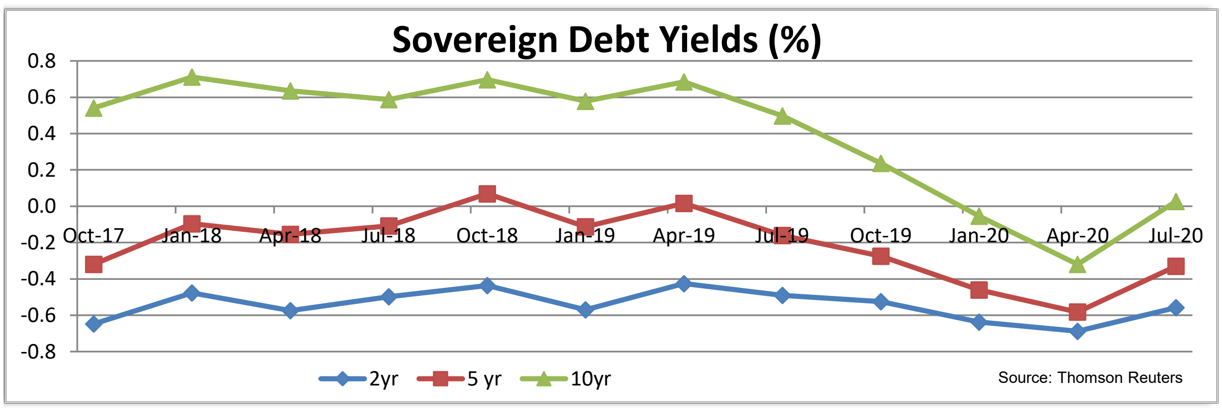
Austria's banking system is relatively stable, especially during these COVID pandemic times, due to its lower exposure to higher risk Central and Eastern Europe countries. The government's EUR 38 bn package, including EUR15 bn aid and compensation fund for companies that had to shut down provides some comfort. Despite these measures, EJR expects the Austrian banking environment to deteriorate amid rising asset quality weakness. Further earnings challenges from weaker business volumes and rising loan impairment charges/loan loss provisioning further weigh on its outlook. The risk-weighted capital ratios and the funding profile remain strong - aided by a high customer deposit base.

Bank Assets (billions of local currency)

	Assets	Mkt Cap/ Assets %
ERSTE GROUP BANK	236.8	5.74
RAIFFEISEN INTL	140.1	5.10
OEST VOLKSBANKEN	2.4	0.38
OBERBANK AG	22.2	13.97
Total	401.5	
EJR's est. of cap shortfall at 10% of assets less market cap		16.3
Austria's GDP		398.5

Funding Costs

The Austria 10Y Government Bond has a - 0.290% yield and the Central Bank Rate is 0.00%. Current 5-Year Credit Default Swap quote is 10.49 and the implied probability of default is 0.17%. In June 2020, Austria issued a 100-year bond (current yield at 0.88%) thus proving its ability to raise debt at low costs, seizing on the opportunity after the unprecedented stimulus efforts by the ECB



Ease of Doing Business

Major factors for growing the economy are the ease of doing business and the economic freedom; although not the sole factor for determining economic growth, a country which makes it easy for businesses to operate and provides a reasonably free environment to conduct business has a good chance for growth. The chart on the right indicates that with an overall rank of 27 (1 is best, 189 worst) is strong.

The World Bank's Doing Business Survey*

	2019 Rank	2018 Rank	Change in Rank
Overall Country Rank:	**27**	**22**	**-5**
Scores:			
Starting a Business	127	118	-9
Construction Permits	49	42	-7
Getting Electricity	29	22	-7
Registering Property	31	31	0
Getting Credit	94	77	-17
Protecting Investors	37	29	-8
Paying Taxes	44	39	-5
Trading Across Borders	1	1	0
Enforcing Contracts	10	9	-1
Resolving Insolvency	22	23	1

* Based on a scale of 1 to 189 with 1 being the highest ranking.

Economic Freedom

As can be seen below, Austria is above average in its overall rank of 73.3 for Economic Freedom with 100 being best.

Heritage Foundation 2020 Index of Economic Freedom
World Rank 73.3*

	2020 Rank**	2019 Rank	Change in Rank	World Avg.
Property Rights	87.3	84.2	3.1	56.6
Government Integrity	84.0	71.3	12.7	43.8
Judicial Effectiveness	73.2	77.4	-4.2	45.1
Tax Burden	51.3	50.5	0.8	77.3
Gov't Spending	27.2	24.5	2.7	66.0
Fiscal Health	87.9	85.5	2.4	69.1
Business Freedom	73.0	74.9	-1.9	63.3
Labor Freedom	68.3	68.7	-0.4	59.4
Monetary Freedom	81.0	81.5	-0.5	74.6
Trade Freedom	86.4	86.0	0.4	73.8

*Based on a scale of 1-100 with 100 being the highest ranking.
**The ten economic freedoms are based on a scale of 0 (least free) to 100 (most free).
Source: The Heritage Foundation

*EJR Sen Rating(Curr/Prj) A+/ A+
*EJR CP Rating: A1
*EJR's 3 yr. Default Probability: 1.3%

Credit Quality Driver: Taxes Growth:
REPUBLIC OF AUSTRIA has grown its taxes of 3.7% per annum in the last fiscal year which is more than the average for its peers. We expect tax revenues will grow approximately 3.7% per annum over the next couple of years and 3.7% per annum for the next couple of years thereafter.

Credit Quality Driver: Total Revenue Growth:
REPUBLIC OF AUSTRIA's total revenue growth has been more than its peers and we assumed no growth in total revenue over the next two years.

Income Statement	Peer Median	Issuer Avg.	Assumptions Yr. 1&2	Yr. 3,4,5
Taxes Growth%	2.7	3.7	**3.7**	**3.7**
Social Contributions Growth %	3.2	4.1	**4.0**	**4.0**
Grant Revenue Growth %	0.0	NMF		
Other Revenue Growth %	0.0	NMF		
Other Operating Income Growth%	0.0	1.6	**1.6**	**1.6**
Total Revenue Growth%	2.8	3.6	**3.6**	**3.2**
Compensation of Employees Growth%	3.1	2.5	**2.5**	**2.5**
Use of Goods & Services Growth%	2.3	3.3	**3.3**	**3.3**
Social Benefits Growth%	3.8	3.3	**3.3**	**3.3**
Subsidies Growth%	7.3	3.1		
Other Expenses Growth%	0.0			
Interest Expense	1.8	2.0	**2.0**	**2.0**
Currency and Deposits (asset) Growth%	(2.3)	0.0		
Securities other than Shares LT (asset) Growth%	8.9	0.0		
Loans (asset) Growth%	0.8	(7.3)	**(7.3)**	**(7.3)**
Shares and Other Equity (asset) Growth%	9.7	9.5	**9.5**	**9.5**
Insurance Technical Reserves (asset) Growth%	1.6	0.0		
Financial Derivatives (asset) Growth%	11.4	(5.8)	**(5.8)**	**(5.8)**
Other Accounts Receivable LT Growth%	1.8	5.8	**3.7**	**3.7**
Monetary Gold and SDR's Growth %	0.0	0.0	**5.0**	**5.0**
Other Assets Growth%	0.0	0.0		
Other Accounts Payable Growth%	(1.4)	(0.7)	**3.0**	**3.0**
Currency & Deposits (liability) Growth%	1.0	3.3	**3.3**	**3.3**
Securities Other than Shares (liability) Growth%	6.8	1.9	**1.3**	**1.3**
Loans (liability) Growth%	(2.4)	(2.2)	**0.5**	**0.5**
Insurance Technical Reserves (liability) Growth%	0.0	0.0		
Financial Derivatives (liability) Growth%	5.9	14.4	**4.8**	**4.8**
Additional ST debt (1st year)(millions EUR)	0.0	0.0		

ANNUAL OPERATING STATEMENTS

Below are REPUBLIC OF AUSTRIA's annual income statements with the projected years based on the assumptions listed on page 5.

ANNUAL REVENUE AND EXPENSE STATEMENT (MILLIONS EUR)

	2016	2017	2018	2019	P2020	P2021
Taxes	97,051	100,273	105,767	109,696	113,755	117,964
Social Contributions	54,013	56,043	58,702	61,101	63,545	66,087
Grant Revenue						
Other Revenue						
Other Operating Income	22,508	22,761	23,914	24,303	24,303	24,303
Total Revenue	173,572	179,077	188,383	195,100	201,603	208,354
Compensation of Employees	37,991	39,109	40,375	41,375	42,400	43,450
Use of Goods & Services	22,548	22,967	23,884	24,684	25,511	26,365
Social Benefits	80,828	81,898	84,117	86,891	89,756	92,716
Subsidies	4,930	5,152	5,798	5,976	5,977	5,977
Other Expenses				15,755	15,755	15,755
Grant Expense						
Depreciation	9,104	9,390	9,736	10,089	10,089	10,089
Total Expenses excluding interest	170,071	173,210	179,485	184,770	189,488	194,353
Operating Surplus/Shortfall	3,501	5,867	8,898	10,330	12,115	14,001
Interest Expense	7,445	6,793	6,269	5,663	5,777	5,894
Net Operating Balance	-3,944	-925	2,629	4,667	6,338	8,107

*EJR Sen Rating(Curr/Prj) A+/ A+
*EJR CP Rating: A1
*EJR's 3 yr. Default Probability: 1.3%

ANNUAL BALANCE SHEETS

Below are REPUBLIC OF AUSTRIA's balance sheets with the projected years based on the assumptions listed on page 5.

Base Case	ANNUAL BALANCE SHEETS (MILLIONS EUR)					
ASSETS	2016	2017	2018	2019	P2020	P2021
Currency and Deposits (asset)	38,629	33,798	30,803	30,614	36,151	36,151
Securities other than Shares LT (asset)	8,016	6,763	6,103	5,650	5,650	5,650
Loans (asset)	45,424	43,249	41,252	38,234	35,437	32,844
Shares and Other Equity (asset)	60,656	66,648	69,995	76,656	83,951	91,940
Insurance Technical Reserves (asset)					0	0
Financial Derivatives (asset)	935	548	379	357	336	317
Other Accounts Receivable LT	25,322	25,931	26,892	28,465	29,518	30,610
Monetary Gold and SDR's						
Other Assets					-1	-1
Additional Assets	1		-1	-1		
Total Financial Assets	178,983	176,937	175,423	179,975	191,042	197,511
LIABILITIES						
Other Accounts Payable	28,398	30,623	31,494	31,288	32,227	33,193
Currency & Deposits (liability)	5,580	1,594	1,650	1,705	1,705	1,705
Securities Other than Shares (liability)	290,229	281,549	276,481	281,760	285,526	289,342
Loans (liability)	45,993	46,583	45,073	44,098	37,760	29,654
Insurance Technical Reserves (liability)	123	126	125	125	125	125
Financial Derivatives (liability)	799	823	452	517	542	568
Other Liabilities	16,743	17,172	17,741	17,911	17,911	17,911
Liabilities	387,865	378,470	373,016	377,404	382,133	380,496
Net Financial Worth	-208,882	-201,532	-197,593	-197,429	-191,091	-182,985
Total Liabilities & Equity	178,983	176,938	175,423	179,975	191,042	197,511

Egan-Jones is not an NRSRO (as defined by the SEC) for sovereign/municipal issuers and structured finance/ABS issuers.

Comments on the Difference between the Model and Assigned Rating
In this case, there has been little change in the recent results and therefore we have used our best judgement in making adjustments which are reflected in the results for the projected ratings. We have assigned a rating of "A+" whereas the ratio-implied rating for the most period is "AA-"; we expect results to decline slightly.

Changes in Indicative Ratios
We have not made any adjustment in the indicative ratios at this time.

SEC Rule 17g-7(a) Disclosure (Non-NRSRO)

Below are the disclosures as required by Paragraph (a) of Rule 17g-7.

1. The symbol in the rating scale used to denote the credit rating categories and notches within categories and the identity of the obligor, security, or money market instrument as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7:

For the issuer REPUBLIC OF AUSTRIA with the ticker of 1480Z AV we have assigned the senior unsecured rating of A+. There are three notches in our rating categories (e.g., A- A, and A+) except for AAA and those deep into speculative grade, i.e., CC, C, and D do not have notches.

2. The version of the procedure or methodology used to determine the credit rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7:

We are using the Methodologies for Determining Credit Ratings (Main Methodology) version #15 available via egan-jones.com under the tab at the bottom of the page "Methodologies".

3. The main assumptions and principles used in constructing the procedures and methodologies used to determine the credit rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7:

The credit rating assigned reflects our judgement regarding the future credit quality of the issuer. Regarding the specific assumptions used, please refer to projections on pages 1, 6, and 7 of this Rating Analysis Report.

4. The potential limitations of the credit rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7:

Our rating pertains solely to our view of current and prospective credit quality. Our rating does not address pricing, liquidity, or other risks associated with holding investments in the issuer.

5. Information on the uncertainty of the credit rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7:

Our rating is dependent on numerous factors including the reliability, accuracy, and quality of the data relied used in determining the credit rating. The data is sourced from publicly available information from the IMF and other similar sources. In some cases, the information is limited because of issues such as the lack of reported data, a delay in reporting data, restatements, inaccurate accounting, and other issues. Such issues are not always readily apparent. EJR aims to identify such shortcomings and make adjustments using its best judgement.

6. Whether and to what extent third-party due diligence services have been used in taking the rating action as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7:

EJR does not utilize third-party due diligence services.

7. How servicer or remittance reports were used, and with what frequency, to conduct surveillance of the credit rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7:

Servicer or remittance reports normally pertain to structured finance issuers; this report does not pertain to a structured finance issuer (EJR is not an NRSRO for structured finance or sovereigns/ municipal issuers). Regarding surveillance, the minimum time period for corporation issuers is normally one year.

8. A description of the data that were relied upon for the purpose of determining the credit rating as required by Paragraph (a)(1)(ii)(H) of Rule 17g-7:

EJR uses publicly available information from the IMF, governmental filings, and other similar sources for ratings on sovereign issuers.

9. A statement containing an overall assessment of the quality of information available and considered in the credit rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7:

The information is generally adequate and acceptable.

10. Information relating to conflicts of interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7:

This rating is unsolicited.

11. An explanation or measure of the potential volatility of the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7:

Our rating aims to assess the probability of the payment of obligations in full and on-time. Factors which affect such probability, and in turn our rating include changes in the operating performance of the issuer, changes in capital structure, and merger and acquisition events.

12. Information on the content of the credit rating as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7:

Regarding the historical performance of the credit rating, our rating transition matrix is available in our Form NRSRO, exhibit 1. The expected probability of default and the expected loss in the event of default is listed on the first page of this report.

13. Information on the sensitivity of the credit rating to assumptions as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7:

Below is a summary of the impact of the 5 assumptions which independently would have the greatest impact on our "ratio-implied rating":

	Assumptions			**Resulting Ratio-Implied Rating**		
	Base	Optimistic	Pessimistic	Base	Optimistic	Pessimistic
Taxes Growth%	3.7	7.7	(0.3)	AA-	AA-	AA-
Social Contributions Growth %	4.0	7.0	1.0	AA-	AA-	AA-
Other Revenue Growth %	0.0	3.0	(3.0)	AA-	AA-	AA-
Total Revenue Growth% Monetary	3.6	5.6	1.6	AA-	AA-	AA-
Gold and SDR's Growth %	5.0	7.0	3.0	AA-	AA-	AA-

14. If the credit rating is assigned to an asset-backed security, a description of: (i) the representations, warranties, and enforcement mechanisms available to investors; and (ii) how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities, as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7:

This credit rating is not assigned to an asset-backed security.

ATTESTATION FORM

In compliance with the US Securities and Exchange Commission (SEC) Rule 17g-7(a), the Egan-Jones analyst who published the report is responsible for the rating action and to the best knowledge of the person:

1) No part of the credit rating was influenced by any other business activities,
2) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated, and
3) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

Analyst Signature: **Today's Date**

………………………………………………………….. August 4, 2020
……………………………………….

Subramanian NG
Senior Rating Analyst

Reviewer Signature: **Today's Date**

Steve Zhang
………………………………………………………….. August 4, 2020
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Steve Zhang
Senior Rating Analyst

Sovereign Rating Methodology (Non-NRSRO)

Scope and Limitations: Sovereign Issuer Credit Quality Ratings (CQR) are a forward-looking assessment of a sovereign's capacity and willingness to honor its existing and future obligations in full and on time. Sovereigns are assigned two CQRs: a Local-Currency CQR, which reflects the likelihood of default on debt issued and payable in the currency of the sovereign, and a Foreign-Currency CQR, which is an assessment of the credit risk associated with debt issued and payable in foreign currencies.

Key Rating Drivers: EJR's approach to sovereign risk analysis is a synthesis of quantitative and qualitative judgments. The quantitative factors EJR uses are:

- Debt in relation to GDP.
- Surplus or deficit in relation to GDP.
- Debt plus potential under-funding of major banks in relation to GDP.
- Interest expense in relation to taxes.
- GDP growth.
- Foreign reserves in relation to debt.

Debt levels for many sovereign issuers have increased at an accelerating rate over the past decade, affecting implied ratings. EJR also considers unemployment levels and funding costs. EJR recognizes that no model can fully capture all the relevant influences on sovereign creditworthiness, meaning that its sovereign ratings can and do differ from those implied by the rating model. Some of the qualitative factors that impact its ultimate assessment of credit quality include the flexibility, stability and overall strength of the economy, efficiency of tax collection, acceptance of contract law, ease of doing business, trade balances, prospects for future growth and health and monetary policy, and economic freedom. These subjective and dynamic qualitative issues are not captured by the model but affect sovereign ratings.

For additional information, please see Exhibit 2: Methodologies in EJR's Form NRSRO.