

Outlooks Revised To Stable From Positive On Five Austrian Government-Related Entities After Austria Outlook Revision

August 29, 2022

- On Aug. 26, 2022, we revised our outlook on Austria to stable from positive based on rising risks to economic performance emanating from further potential stress to the energy supply.
- We equalize our ratings on Autobahnen-und Schnellstrassen-Finanzierungs-AG, Erdoel-Lagergesellschaft m.b.H., OeBB-Infrastruktur AG, Oesterreichische Entwicklungsbank AG, and Oesterreichische Kontrollbank AG with the ratings on Austria because we believe the entities benefit from an almost certain likelihood of receiving extraordinary government support.
- We therefore revised our outlooks to stable from positive and affirmed our 'AA+/A-1+' ratings on these five entities.

FRANKFURT (S&P Global Ratings) Aug. 29, 2022--S&P Global Ratings today revised its outlooks to stable from positive on the following five Austrian government-related entities (GREs):

- Autobahnen-und Schnellstrassen-Finanzierungs-AG (ASFINAG).
- Erdoel-Lagergesellschaft m.b.H. (ELG).
- OeBB-Infrastruktur AG (OeBB).
- Oesterreichische Entwicklungsbank AG (OeEB).
- Oesterreichische Kontrollbank AG (OeKB).

At the same time, we affirmed our 'AA+/A-1+' long- and short-term issuer credit ratings on these five entities.

Rationale

The outlook revision on the five GREs follows a similar action on Austria (see "Austria Outlook Revised To Stable From Positive On Rising Economic Risks; 'AA+/A-1+' Ratings Affirmed," published Aug. 26, 2022, on RatingsDirect). The rising risks to the economy emanating from the combination of high inflation and dependence on Russia for energy supplies, offset Austria's solid macroeconomic and fiscal credit metrics.

We consider ASFINAG, ELG, OeBB, OeEB, and OeKB to be GREs and equalize our ratings on them with those on Austria. This is based on our belief that there is an almost certain likelihood that the

PRIMARY CREDIT ANALYSTS

Didre Schneider

Frankfurt
+49 69 33 999 244
didre.schneider
@spglobal.com

Sabine Daehn

Frankfurt
+ 49 693 399 9244
sabine.daehn
@spglobal.com

Stefan Keitel

Frankfurt
+ 49 693 399 9254
stefan.keitel
@spglobal.com

Thomas F Fischinger

Frankfurt
+ 49 693 399 9243
thomas.fischinger
@spglobal.com

ADDITIONAL CONTACT

Sovereign and IPF EMEA

SOVIPF
@spglobal.com

Austrian government would provide them with timely and sufficient extraordinary support in the event of financial distress, since all five entities provide services critical to, and have close ties with, the Austrian government.

Autobahnen-und Schnellstrassen-Finanzierungs AG (ASFINAG)

Outlook

The stable outlook on Austrian state motorway operator ASFINAG reflects our assessment of the creditworthiness of the company's sole owner and guarantor, the government of Austria. Any rating action on Austria would lead us to also reassess our rating on ASFINAG. We also consider ASFINAG's strategic importance for the government and expect that neither the likelihood of extraordinary support, the guarantee, nor the legal framework for ASFINAG will change significantly. We believe the company will maintain its monopoly position and that there is no risk of privatization.

Downside scenario: We would lower the ratings on ASFINAG if we lowered the rating on Austria. A change in our assessment of the likelihood of support from the Austrian federal government would also trigger a downgrade. Should there be a change in law, privatization plans, or a refusal of future guarantees, we could reassess the company's role for and link with the government. However, we currently view these developments as unlikely.

Upside scenario: We could raise the rating if Austria's creditworthiness strengthened, leading to a positive rating action on the sovereign, and if the likelihood of support for ASFINAG remained almost certain.

Erdoel-Lagergesellschaft m.b.H. (ELG)

Outlook

The stable outlook on oil stockholding company ELG reflects that on Austria and our view that ELG's role for and link with the government are unlikely to change over at least the next two years. We therefore expect our ratings and outlook on ELG to move in line with those on Austria.

Downside scenario: We could lower the ratings if we took a similar action on Austria, or if we concluded that ELG's critical role for and integral link with the Austrian government had deteriorated.

Upside scenario: We could raise the ratings if we took a similar action on Austria and our assessment of the likelihood of government support remained the same.

OeBB-Infrastruktur AG (OeBB)

Outlook

The stable outlook on railroad infrastructure company OeBB mirrors the outlook on its sole owner,

the Austrian federal government. Our assessment is supported by the highly predictable legal support framework, irrevocable guarantees on most of the company's capital market debt, and the current funding framework with Austria's Federal Financing Agency (ÖBFA). We therefore expect our ratings and outlook on OeBB will move in line with those on Austria.

Downside scenario: We could lower the ratings on OeBB if we took a similar action on the sovereign. We would also consider lowering the ratings if changes to OeBB's ownership structure resulted in a weakening of the entity's role for and link to the Austrian federal government. Politically triggered changes to the legal or funding framework that reduce the likelihood of extraordinary support from the sovereign would also lead us to consider a downgrade. However, we currently view this scenario as unlikely.

Upside scenario: We would consider a positive rating action on the entity if we saw a strengthening of Austria's creditworthiness, and if our view of the likelihood of extraordinary support for OeBB from the sovereign remained unchanged.

Oesterreichische Entwicklungsbank AG (OeEB)

Outlook

Our stable outlook on development bank OeEB mirrors that on Austria and reflects our opinion that OeEB will continue to play a critical role for the implementation of Austria's international development policy. In our view, OeEB will remain Austria's officially designated development bank and we do not anticipate any change to OeEB's integral link with the government, including strong supervision and government guarantees on practically all assets. Furthermore, we assume that parent OeKB will continue to provide funding to its subsidiary whenever necessary.

Upside scenario: We could upgrade OeEB if we took the same action on Austria and our assessment of an almost certain likelihood of extraordinary support remained the same.

Downside scenario: We could downgrade OeEB if we took the same action on Austria. We could also take a negative rating action if OeEB's critical role for or integral link with the Austrian government weakened, which might be demonstrated by a significant change in the government's international development strategy or the supportive legal framework for OeEB. Additionally, we could lower the rating if we observed OeEB's relationship with its owner, OeKB, weakening and if the government didn't compensate for this.

Oesterreichische Kontrollbank AG (OeKB)

Outlook

Our stable outlook on export financing bank OeKB reflects that on Austria and our view that OeKB's role for and link with the government are unlikely to change over at least the next two years. We therefore expect our ratings and outlook on OeKB to move in line with those on Austria.

Downside scenario: We could lower the ratings if we were to conclude that the government was about to change its relationship with OeKB or withdraw its support, including guarantees on future bond issuance. Also, if the bank lost its exclusive position as the government's agent for export

guarantees and export guarantee-based financings, we would consider a downgrade. Additionally, if OeKB were to deviate from its current government-approved strategy and become more involved in commercial activities for its own account, we could reassess the bank's role for and link with the government.

Upside scenario: We could upgrade OeKB if we upgraded Austria and if our assessment of an almost certain likelihood of extraordinary support remained the same.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Austria Outlook Revised To Stable From Positive On Rising Economic Risks; 'AA+/A-1+' Ratings Affirmed, Aug. 26, 2022
- Sovereign Ratings List, Aug. 4, 2022
- Sovereign Ratings History, Aug. 4, 2022
- Sovereign Ratings Score Snapshot, Aug. 2, 2022
- Oesterreichische Kontrollbank, July 27, 2022
- Banking Industry Country Risk Assessment: Austria, July 13, 2022
- Sovereign Risk Indicators, July 11, 2022; a free interactive version is available at <http://www.spratings.com/sri>
- Oesterreichische Entwicklungsbank AG, June 24, 2022
- OeBB-Infrastruktur AG, June 15, 2022
- Autobahnen-und Schnellstrassen-Finanzierungs-AG, June 14, 2022
- Default, Transition, and Recovery: 2021 Annual Global Sovereign Default And Rating Transition Study, May 4, 2022
- Sovereign Debt 2022: Borrowing Will Stay High On Pandemic And Geopolitical Tensions, April 5, 2022
- Erdoel-Lagergesellschaft m.b.H., Nov. 25, 2021

Ratings List

Ratings Affirmed; Outlook Action

	To	From
Autobahnen-und Schnellstrassen-Finanzierungs-AG		
Erdoel-Lagergesellschaft m.b.H.		
OeBB-Infrastruktur AG		
Oesterreichische Entwicklungsbank AG		
Oesterreichische Kontrollbank AG		
Issuer Credit Rating	AA+/Stable/A-1+	AA+/Positive/A-1+

Ratings Affirmed

Autobahnen-und Schnellstrassen-Finanzierungs-AG		
Senior Unsecured	AA+	
Erdoel-Lagergesellschaft m.b.H.		
Senior Unsecured	AA+	
OeBB-Infrastruktur AG		
Senior Unsecured	AA+	
Oesterreichische Kontrollbank AG		
Senior Unsecured	AA+	
Commercial Paper	A-1+	

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