

## Notification template for borrower-based measures

Please send/upload this template to:

- [macropru.notifications@ecb.europa.eu](mailto:macropru.notifications@ecb.europa.eu) when notifying the European Central Bank (ECB);
- [notifications@esrb.europa.eu](mailto:notifications@esrb.europa.eu) when notifying the European Systemic Risk Board (ESRB).

This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure<sup>1</sup>.

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. In order to facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.

1. Notifying national authority and scope of the notification		
1.1	Name of the notifying authority	Austrian Financial Market Authority
1.2	Country of the notifying authority	Austria
1.3	Type of borrower-based measure	<p>Please select one of the measures listed below:</p> <p><input checked="" type="checkbox"/> Debt-service-to-income (DSTI)</p> <p><input type="checkbox"/> Loan-to-income (LTI)</p> <p><input checked="" type="checkbox"/> Loan-to-value (LTV) (i.e. LTC*)</p> <p><input type="checkbox"/> Debt-to-income (DTI)</p> <p><input checked="" type="checkbox"/> Loan maturity</p> <p><input type="checkbox"/> Other (please provide a short, name-like description here and provide more details in Section 2)</p> <ul style="list-style-type: none"> <li>• Our LTV measure indicates the ratio of the loan volume to collateralisation. We therefore call this ratio LTC.</li> </ul>

<sup>1</sup> On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

1.4	Type of notification	<p>What do you intend to notify?</p> <p><input type="checkbox"/> Activation of a new measure</p> <p><input checked="" type="checkbox"/> Change to an existing measure</p> <p><input type="checkbox"/> Extension of an existing measure</p> <p><input type="checkbox"/> Termination of an existing measure</p>
<b>2. Description of the measure</b>		
2.1	Description of the measure	<p>In 2022 the Austrian FMA introduced legally binding borrower-based-measures (BBMs) to mitigate the increasing systemic risks in the residential real estate market.</p> <p>The following upper limits have therefore applied since 2022:</p> <ul style="list-style-type: none"> <li>• A maximum loan-to-value (loan-to-collateral) ratio of 90%.</li> <li>• A debt service-to-income ratio of a maximum of 40%.</li> <li>• A maximum term of 35 years.</li> <li>• However, a maximum of 20% of all loans (measured by loan volume) is allowed to exceed these limits (per bank).</li> </ul>
2.2	Definition of the measure	<p>The <b>LTV (LTC) ratio</b> means the total level of debt in relation to mortgage collateral or other financial collateral securing the repayment of debt.</p> <ul style="list-style-type: none"> <li>• Numerator: Sum of consumer's total debt for RRE financing, including outstanding loans if they are from the same credit institution</li> <li>• Denominator: min (Property market value – prior liens; Mortgage collateral) + other financial collateral according to CRR.</li> </ul> <p>The <b>DSTI</b> ratio means the total level of debt service in relation to the borrower's annual income.</p> <ul style="list-style-type: none"> <li>• Numerator: Sum of interest and principal payments from servicing all of the borrower's loan liabilities, calculated over the period of one year. Interest and principal payments made by the borrower to third- party lenders must also be taken into account.</li> </ul>

		<p>Constant annuities are to be assumed over the entire term.</p> <ul style="list-style-type: none"> <li>• Denominator: Sum of annual income after deduction of taxes and social security tax plus transfer payments. Income components may only be taken into account if they are verified, regular and sustainable.</li> </ul> <p><b>Maturity Limit:</b> The maturity period starts with the disbursement of the loan, in the case of disbursements in several parts with the disbursement of the first part, in the case of credit lines with the first possibility of drawdown by the borrower.</p> <p><b>Exemption Bucket:</b> Up to 20% (but at least EUR 1,000,000 per institution) of an institution's new loans may exceed one or more of the upper limits.</p>
2.3	Legal basis and process of implementation of the measure	<p>On 1 July 2025 the legally binding BBMs as notified on 29 June 2022 and on 14 June 2024 will <b>expire</b>.</p> <p>In its meeting on 26 February 2025 the Austrian Financial Market Stability Board (FMSB) has decided to keep the BBMs as a <b>non-binding measure</b> and has published this via a press release.</p> <p>The type of borrower- based measures remain unchanged. (see sections 1.3, 2.1 and 2.2)</p> <ul style="list-style-type: none"> <li>- The change from a legally binding to a non-binding measure was necessary, as the legal requirements pursuant to para 23h of the Austrian Banking Act for setting binding BBM are not fulfilled any more. This is due to the significant decrease in overvaluation and prices for RRE, the decreasing loan demand for housing loans and a significant improvement of the credit quality due to the sustainable lending standards that followed the introduction of binding BBM.</li> <li>- Compliance will be ensured by means of: <ul style="list-style-type: none"> <li>o Increased reporting frequency: To allow for more timely monitoring of lending standards, the Financial Market Authority (FMA) is changing the reporting frequency to require quarterly data,</li> </ul> </li> </ul>

		<p>which allows for a timely identification of non-compliant institutions.</p> <ul style="list-style-type: none"> <li>○ Institutions that are identified as non-compliant will be subject to a comprehensive investigation of its lending standards. FMA will soon communicate to institutions a supervisory expectation.</li> <li>○ Aggregated data on compliance with the BBMs will be published by OeNB on a quarterly basis.</li> <li>○ In case of an overall deterioration of lending standards that could endanger financial market stability, binding BBMs may be re-introduced.</li> </ul>
2.4	Coverage	<p>Credit Institutions: the measure applies to CRR institutions pursuant to Article 1a para. 1 no.1 Austrian Banking Act with their registered office in Austria, CRR credit institutions licensed pursuant to Article 4 para. 4 Banking Act and CRR credit institutions from Member States operating in Austria through a branch pursuant to Article 9 para. 1 Banking Act.</p> <p>(no changes compared to the binding BBM).</p> <p>a. Loan applicants: The measure applies to natural persons. (no changes)</p> <p>b. Type of lending: The measure covers loans for residential property finance. (no changes)</p>

2.5	Calibration	No changes.
<b>3. Timing for the measure</b>		
3.1	Timing for the decision	The non-binding BBMs were decided and announced on 26 February 2025. Due to the non-binding nature of the measure no legal act will be issued and no further decisions are to be taken. The current binding BBMs will expire without any further decision necessary to be taken.
3.2	Timing for publication	The non-binding BBMs were decided and announced on 26 February 2025.
3.3	Disclosure	<a href="#">FMSG - 44th meeting of the Financial Market Stability Board</a>
3.4	Timing for the application	The non-binding measure applies from 1 July 2025.
3.5	End date (if applicable)	No end date foreseen.
<b>4. Reason for activation of the measure</b>		
4.1	Description of the macroprudential risk	<b>Currently</b> no significant systemic risks from RRE lending can be identified due to the successfully improved lending standards for housing loans. This is a consequence of the legally binding BBMs, negative credit growth, a decreasing share of loans with variable interest rate and the high level of capital/equity in the Austrian banking industry. This is a significant improvement

		<p>compared to the situation before the introduction of the binding BBMs in August 2022. However, in view of the current macroeconomic challenges in Austria (continued negative growth, rising unemployment) and the decreasing interest rates, which are expected to increase demand for housing loans, a deterioration of the currently satisfactory lending standards should be avoided. This can be accomplished by a non-binding measure.</p>
4.2	Indicators used for activation of the measure	<p>Besides general indicators on real estate price growth, its overvaluation, household indebtedness and credit growth, the main source of information is the semi-annual data reporting on private residential real estate lending by banks. It provides information about the stock and flow of loans and their lending standards. With Q3 2025 the reporting will be changed from a semi-annual to a quarterly reporting frequency.</p>
4.3	Effects of the measure	<p>The legally binding BBMs have so far led to a significant improvement in lending standards.</p> <p>As together with the introduction of the BBMs in August 2022 the ECB started rising its policy rates, the significant decrease in loan volume for housing loans is not attributable to the BBMs. Due to this coincidence of introduction of the binding BBMs and the turn in the interest rate cycle the effects of the binding BBMs on real estate prices and construction activities cannot be estimated. We expect that the non-binding measure will not be an obstacle to the financing of necessary housing due to the strong role of government subsidies and social housing for the building of new residential real estate, while it will prevent the build-up of a speculative bubble and non-sustainable lending standards.</p>
<b>5. Sufficiency, consistency and non-overlap of the policy response</b>		

5.1	Sufficiency of the policy response	Due to the decrease in systemic risks stemming from a significant reduction of overvaluation, decreasing real prices for RRE, a decreasing stock of RRE loans (negative credit growth) and a substantial improvement of lending standards no sufficient justification for prolonging the legally BBMs currently in force exists. Therefore, the non-binding measure is the only remaining option. The credit standards defined by the BBMs proved so far as sufficient to improve the credit quality of the stock of RRE-loans, which is also reflected in a sustained low NPL-ratio for such loans.
5.2	Consistency of application of the policy response	There were no changes to the established measures.
5.3	Non-overlap of the policy response	- There are currently no other policy measures in place to address the same risks.
<b>6. Cross-border and cross-sector impact of the measure</b>		

6.1	Assessment of cross-border effects and the likely impact on the Internal Market (Recommendation ESRB/2015/2 <sup>2</sup> )	Cross-border effects are not expected since the measure only concerns debt financing of private residential real estate that is secured by property located in Austria or if the borrower has a primary residence in Austria. Inward spillovers (i.e. cross-border lending by non-domestic, especially German lenders to domestic borrowers) are closely monitored and addressed in bilateral supervisory cooperation, if necessary.
6.2	Assessment of leakages and regulatory arbitrage within the notifying Member State	Since introduction of the binding BBMs no leakages or regulatory arbitrage within Austria and other jurisdictions have been identified.
6.3	Request for reciprocity	No. Cross-border business in this area is negligible.

<sup>2</sup> Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).



6.4	Justification for the request for reciprocity	n.a.
<b>7. Miscellaneous</b>		
7.1	Contact person(s)/mailbox at notifying authority	<p>Hauser-Rethaller Ursula, +43 676 88 249 131, <a href="mailto:ursula.hauser-rethaller@fma.gv.at">ursula.hauser-rethaller@fma.gv.at</a></p> <p>Nenning Nina, +43 676 88 249 610, <a href="mailto:nina.nenning@fma.gv.at">nina.nenning@fma.gv.at</a></p>
7.2	Any other relevant information	
7.3	Date of the notification	<p>Please provide the date on which this notification was uploaded/sent.</p> <p>Click or tap to enter a date. 18 March 2025</p>