

Compliance report

July 2024

Country-specific recommendations of the European Systemic Risk Board of 2 December 2021 on medium-term vulnerabilities in the residential real estate sector in Germany (ESRB/2021/10) and Austria (ESRB/2021/11), respectively

Annex II
Implementation standards for country-specific recommendations



ESRB

European Systemic Risk Board

European System of Financial Supervision

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Annex II Implementation standards for country-specific recommendations

Recommendation ESRB/2021/10 (GERMANY)

Recommendation A

	Limit on the loan-to-value ratio	Proportionality	Reporting by addressee
Fully compliant (FC) – Actions taken fully implement the recommendation	<ul style="list-style-type: none"> • Addressee has imposed a legally binding limit that applies to the loan-to-value (LTV) ratio in order to mitigate vulnerabilities in the residential real estate (RRE) sector in Germany as a source of risk to financial stability • Where this is not possible under German law, the addressee has activated a non-legally binding limit that applies to the LTV ratio to address the objectives set out therein • When activating a limit that applies to the LTV ratio, the addressee has sought to prevent a significant or increasing proportion of new mortgage loans secured by RRE that could result in credit losses in the event of default, combined with a decrease in house prices, following adverse economic or financial conditions, an increase in the cost of debt servicing or adverse developments in the RRE market • Addressee has assessed the position of Germany in the economic and financial cycles in order to determine the appropriate calibration and phasing-in of such measures • Addressee has used one or several borrower-based measures to ensure the effectiveness of the measures in place and to minimise any potential for their circumvention or for unintended consequences that could reduce their 	<ul style="list-style-type: none"> • Addressee provides evidence that it has acted in a proportionate manner • There is no evidence that the addressee has acted in a disproportionate manner 	<ul style="list-style-type: none"> • Addressee submits fully completed templates to the ESRB Secretariat by 30 June 2023, at the latest • Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B • The reports should include an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, Debt-to-income (DTI) and Debt-service-to-income (DSTI) ratios, maturities and amortisation profile, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this recommendation



	Limit on the loan-to-value ratio	Proportionality	Reporting by addressee
	<p>effectiveness and possibly create risks in other areas</p> <ul style="list-style-type: none"> Where the adopted LTV ratio limit was further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Germany, the relevant decision has taken into account the characteristics of the measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities Addressee has taken into account all loans that are to be ultimately serviced by households from their income, regardless of the form of the loans 		
Largely compliant (LC) – Actions taken largely implement the recommendation	<ul style="list-style-type: none"> Addressee has imposed a legally binding limit that applies to the LTV ratio or has activated a non-legally binding limit that applies to the LTV ratio. Such measures largely correspond with the outcome of assessments carried out by the addressee before deciding on the activation of borrower-based measures Where the adopted LTV ratio limit was further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Germany, the relevant decision has taken into account the characteristics of the measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities <p>or</p> <ul style="list-style-type: none"> Addressee is considering a legally binding limit that applies to the LTV ratio or a non-legally binding limit that applies to the LTV ratio. These measures have not yet been imposed but are in the final stages of approval. All necessary assessments have been carried out 	<ul style="list-style-type: none"> Addressee provides evidence that it has acted in a proportionate manner There is no clear evidence that the addressee has acted in a disproportionate manner 	<ul style="list-style-type: none"> Addressee submits template, as under “FC”, only minor elements are missing



	Limit on the loan-to-value ratio	Proportionality	Reporting by addressee
Sufficiently explained (SE) – No actions were taken, but the addressee provides sufficient justification	<ul style="list-style-type: none"> • Addressee has not imposed a legally binding limit or activated a non-legally binding limit that applies to the LTV ratio • Assessments carried out by the addressee clearly indicate that imposing or activating a legally binding or non-legally binding limit that applies to the LTV ratio would be disproportionate at this point in time 	[NB: unlikely that this grade would be applied]	<ul style="list-style-type: none"> • Addressee submits fully completed templates to the ESRB Secretariat by 30 June 2023, at the latest or • Addressee submits fully completed templates later than 30 June 2023 but has sufficiently explained the delay
Partially compliant (PC) – Actions taken only implement part of the recommendation	<ul style="list-style-type: none"> • Necessary assessments have been carried out indicating a need for a (non-) legally binding limit that applies to the LTV ratio. However, such measures have not yet been implemented or • Addressee has imposed a (non-) legally binding limit that applies to the LTV ratio or tightened existing limits. However, the addressee has not carried out proper assessment before such activation or tightening 	[NB: unlikely that this grade would be applied]	<ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023, but some essential information is missing or • Addressee submits completed templates later than 30 June 2023 but has explained the delay
Materially non-compliant (MN) – Actions taken only implement a small part of the recommendation	<ul style="list-style-type: none"> • Some of the assessments have been carried out. (Non) legally binding limits that apply to the LTV ratio have not yet been activated, the procedure for activation has not been initiated 	[NB: unlikely that this grade would be applied]	<ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023, but most of the essential information is missing or • Addressee submits completed templates later than 30 June 2023 but has not sufficiently explained the delay
Non-compliant (NC) – Actions taken are not in line with the nature of the recommendation	<ul style="list-style-type: none"> • Absence of any measures by national supervisory authorities to implement the recommendation or the measures do not address the content of the recommendation 	<ul style="list-style-type: none"> • There is evidence that the addressee has acted disproportionately; addressee does not provide any justification 	<ul style="list-style-type: none"> • Addressee does not submit templates to the ESRB Secretariat by 30 June 2023 and does not provide any justification for inaction or • Addressee submits templates to the ESRB Secretariat by 30 June 2023 but does not provide any justification for inaction
Inaction insufficiently explained (IE) – No actions were taken and the	<ul style="list-style-type: none"> • Absence of any measures by national supervisory authorities to implement the recommendation or the measures do not address the 	[NB: unlikely that this grade would be applied]	<ul style="list-style-type: none"> • Addressee does not submit templates to the ESRB Secretariat by 30 June 2023 but provides justification for



	Limit on the loan-to-value ratio	Proportionality	Reporting by addressee
addressee does not provide sufficient justification	content of the recommendation. Addressee provides justification which, however, is inadequate		<p>inaction which, however, is inadequate</p> <p>or</p> <ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023 and provides justification for inaction which, however, is inadequate

Recommendation B

	Activation of capital-based measures	Proportionality	Reporting of addressee
Fully compliant (FC) – Actions taken fully implement the recommendation	<ul style="list-style-type: none"> • Addressee has activated capital-based measures • The measures taken by the relevant authorities ensure the resilience of credit institutions authorised in Germany in the face of the potential materialisation of systemic risk related to RRE that could lead to direct and indirect credit losses stemming from mortgage loans or arising as a consequence of the decrease in consumption by households with housing loans • The measures taken by the relevant authorities complement the limit applied to the LTV ratio (set by the relevant authorities - Recommendation A) in mitigating vulnerabilities in the RRE sector in Germany • Addressee has taken into account the position of Germany in the economic and financial cycles while calibrating and phasing in such measures 	<ul style="list-style-type: none"> • Addressee provides evidence that it has acted in a proportionate manner • There is no evidence that the addressee has acted in a disproportionate manner 	<ul style="list-style-type: none"> • Addressee submits fully completed templates to the ESRB Secretariat by 30 June 2023, at the latest • Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B • Reports should include an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, maturities and amortisation profile with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this recommendation



	Activation of capital-based measures	Proportionality	Reporting of addressee
	<ul style="list-style-type: none"> Where the adopted capital-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Germany, the relevant decision has taken into account the characteristics of the capital-based measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities 		
Largely compliant (LC) – Actions taken largely implement the recommendation	<ul style="list-style-type: none"> Addressee has activated capital-based measures. Such measures largely correspond with the outcome of assessments carried out by the addressee before deciding on the activation of capital-based measures Where the adopted capital-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Germany, the relevant decision has taken into account, to a large extent, the characteristics of the capital-based measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities 	<ul style="list-style-type: none"> Addressee provides evidence that it has acted in a proportionate manner There is no clear evidence that the addressee has acted in a disproportionate manner 	<ul style="list-style-type: none"> Addressee submits template, as under “FC”, only minor elements are missing
Sufficiently explained (SE) – No actions were taken, but the addressee provides sufficient justification	<ul style="list-style-type: none"> Addressee has not activated capital-based measures or further tightened existing or activated additional macroprudential measures Assessments carried out by addressee clearly indicate that activating capital-based measures or further tightening of existing measures or activating additional macroprudential measures would be disproportionate at this point in time 	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> Addressee submits fully completed templates to the ESRB Secretariat by 30 June 2023, at the latest or Addressee submits fully completed templates later than 30 June 2023 but has sufficiently explained the delay



	Activation of capital-based measures	Proportionality	Reporting of addressee
Partially compliant (PC) – Actions taken only implement part of the recommendation	<ul style="list-style-type: none"> • Addressee has activated capital-based measures. However, addressee has not carried out proper assessment before activating capital-based measures or the outcome of such assessment was not taken into account or • Where the adopted capital-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Germany, the relevant decision has not taken into account the characteristics of the capital-based measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities 	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023, but some essential information is missing or • Addressee submits completed templates later than 30 June 2023 but has explained the delay
Materially non-compliant (MN) – Actions taken only implement a small part of the recommendation	<ul style="list-style-type: none"> • Addressee has carried out assessments, but not yet activated or tightened any capital-based measures; decisions to activate/tighten measures are still pending • Addressee has identified further vulnerabilities in Germany, but a final decision has not yet been made as to whether measures should be taken 	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023, but most of the essential information is missing or • Addressee submits completed templates later than 30 June 2023 but has insufficiently explained the delay
Non-compliant (NC) – Actions taken are not in line with the nature of the recommendation	<ul style="list-style-type: none"> • Addressee has not activated or tightened any capital-based measures and has not carried out any assessment • Addressee has identified further vulnerabilities in Germany but does not intend to take any further measures or actions that are not in line with the nature of the recommendation 	<ul style="list-style-type: none"> • There is evidence that the addressee has acted disproportionately; addressee does not provide any justification 	<ul style="list-style-type: none"> • Addressee does not submit templates to the ESRB Secretariat by 30 June 2023 and does not provide any justification for inaction or • Addressee submits templates to the ESRB Secretariat by 30 June 2023 but does not provide any justification for inaction



	Activation of capital-based measures	Proportionality	Reporting of addressee
Inaction insufficiently explained (IE) – No actions were taken and the addressee does not provide sufficient justification	<ul style="list-style-type: none"> Addressee has not activated or tightened any capital-based measures and has not carried out any assessment; addressee has not provided a justification for inaction or given justification was inadequate 	[NB: unlikely that this grade would be applied]	<ul style="list-style-type: none"> Addressee does not submit templates to the ESRB Secretariat by 30 June 2023 but provides justification for inaction which, however, is inadequate or Addressee submits templates to the ESRB Secretariat by 30 June 2023 and provides justification for inaction which, however, is inadequate

Sub-recommendation D(1)

	Monitoring of vulnerabilities and activation of income-related borrower-based measures	Proportionality	Reporting of addressee
Fully compliant (FC) – Actions taken fully implement the recommendation	<ul style="list-style-type: none"> Addressee has closely monitored all metrics (household indebtedness, overvaluation of house prices and lending standards) for new mortgage loans over the medium term; in particular, the addressee has monitored the proportion of borrowers taking out new mortgage loans who are at risk of not being able to repay these loans or service their debt regularly without significantly reducing their consumption due to adverse economic or financial conditions, an increase in the cost of debt servicing or adverse developments in the RRE market Addressee has assessed the position of Germany in the economic and financial cycles in order to determine the appropriate calibration and phasing-in of such measures 	<ul style="list-style-type: none"> Addressee provides evidence that it has acted in a proportionate manner There is no evidence that the addressee has acted in a disproportionate manner 	<ul style="list-style-type: none"> Addressee submits fully completed templates to the ESRB Secretariat by 30 June 2023, at the latest Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B Reports should include an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, maturities and amortisation profiles, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this recommendation



<p>Largely compliant (LC) – Actions taken largely implement the recommendation</p>	<ul style="list-style-type: none"> • Addressee has closely monitored almost all the metrics (household indebtedness, overvaluation of house prices and lending standards) for new mortgages loans over the medium term • Addressee has assessed the position of Germany in the economic and financial cycles in order to determine the appropriate calibration and phasing-in of such measures 	<ul style="list-style-type: none"> • Addressee provides evidence that it has acted in a proportionate manner • There is no clear evidence that the addressee has acted in a disproportionate manner 	<ul style="list-style-type: none"> • Addressee submits template, as under “FC”, only minor elements are missing
<p>Sufficiently explained (SE) – No actions were taken, but the addressee provides sufficient justification</p>	<ul style="list-style-type: none"> • Addressee has not monitored the key metrics (household indebtedness; overvaluation of house prices and lending standards) • Assessments carried out by addressee clearly indicate that any monitoring would be disproportionate at this point in time 	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits fully completed templates to the ESRB Secretariat by 30 June 2023, at the latest or • Addressee submits fully completed templates later than 30 June 2023 but has sufficiently explained the delay
<p>Partially compliant (PC) – Actions taken only implement part of the recommendation</p>	<ul style="list-style-type: none"> • Addressee has only monitored some of the key metrics (household indebtedness, overvaluation of house prices and lending standards) 	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023, but some essential information is missing or • Addressee submits completed templates later than 30 June 2023 but has explained the delay
<p>Materially non-compliant (MN) – Actions taken only implement a small part of the recommendation</p>	<ul style="list-style-type: none"> • Addressee has carried out monitoring, but has not specifically monitored key metrics related to the vulnerabilities identified in the RRE sector in Germany (household indebtedness, overvaluation of house prices and lending standards) 	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023, but most of the essential information is missing or • Addressee submits completed templates later than 30 June 2023 but has insufficiently explained the delay



<p>Non-compliant (NC) – Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> • Addressee has not monitored vulnerabilities identified in the RRE sector in Germany • Assessment carried out by the addressee is not in line with vulnerabilities identified in the German RRE sector 	<ul style="list-style-type: none"> • There is evidence that the addressee has acted disproportionately; addressee does not provide any justification 	<ul style="list-style-type: none"> • Addressee does not submit templates to the ESRB Secretariat by 30 June 2023 and does not provide any justification for inaction <p>or</p> <ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023 but does not provide any justification for inaction
<p>Inaction insufficiently explained (IE) – No actions were taken and the addressee does not provide sufficient justification</p>	<ul style="list-style-type: none"> • Addressee has not monitored the vulnerabilities related to household indebtedness, overvaluation of house prices and lending standards • The addressee has not carried out any assessment and has not provided any further justification for inaction 	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee does not submit templates to the ESRB Secretariat by 30 June 2023 but provides justification for inaction which, however, is inadequate <p>or</p> <ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023 and provides justification for inaction which, however, is inadequate



Sub-recommendation D(2)

	Monitoring of vulnerabilities and activation of income-related borrower-based measures	Proportionality	Reporting of addressee
Fully compliant (FC) – Actions taken fully implement the recommendation	<ul style="list-style-type: none"> • Addressee has activated legally binding income-related borrower-based measures, such as limits on the DTI ratio or on the DSTI ratio • Where this is not possible under German law, it is recommended that the relevant authorities activate non-legally binding income-related borrower-based measures to address the objectives set out therein • Addressee has used one or several borrower-based measures to ensure the effectiveness of the measures in place and to minimise any potential for their circumvention or for unintended consequences that could reduce their effectiveness and possibly create risks in other areas • Addressee has assessed the position of Germany in the economic and financial cycles in order to determine the appropriate calibration and phasing-in of such measures • Where the adopted income-related borrower-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Germany, the relevant decision has taken into account the characteristics of the measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities • Addressee has taken into account all loans that are to be ultimately serviced by households from their income, regardless of the form of the loans 	<ul style="list-style-type: none"> • Addressee provides evidence that it has acted in a proportionate manner • There is no evidence that the addressee has acted in a disproportionate manner 	<ul style="list-style-type: none"> • Addressee submits fully completed templates to the ESRB Secretariat by 30 June 2023, at the latest • Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B • Reports should include an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, maturities and amortisation profiles, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this recommendation



<p>Largely compliant (LC) – Actions taken largely implement the recommendation</p>	<ul style="list-style-type: none"> • Addressee has imposed (non-) legally binding income-related borrower-based measures, or tightened existing borrower-based measures, based on the results of the monitoring carried out pursuant to sub-recommendation D(1) • Assessment carried out by addressee indicates a further need to activate or tighten other borrower-based measures; however, the actions taken do largely correspond with the outcome of the assessments 	<ul style="list-style-type: none"> • Addressee provides evidence that it has acted in a proportionate manner • There is no clear evidence that the addressee has acted in a disproportionate manner 	<ul style="list-style-type: none"> • Addressee submits template, as under “FC” only minor elements are missing
<p>Sufficiently explained (SE) – No actions were taken, but the addressee provides sufficient justification</p>	<ul style="list-style-type: none"> • Addressee has not imposed (non-) legally binding income-related borrower-based measures, or tightened existing borrower-based measures, based on the results of the monitoring carried out pursuant to sub-recommendation D(1) • Assessments carried out by addressee clearly indicate that any activation or tightening of income-related borrower-based and/or of additional borrower-based measures would be disproportionate at this point in time 	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits fully completed templates to the ESRB Secretariat by 30 June 2023, at the latest or • Addressee submits fully completed templates later than 30 June 2023 but has sufficiently explained the delay
<p>Partially compliant (PC) – Actions taken only implement part of the recommendation</p>	<ul style="list-style-type: none"> • Addressee has activated new income-related borrower-based measures or tightened existing borrower-based measures. However, addressee has not carried out proper assessment before such activation or tightening as requested by sub-recommendation D(1) or • Addressee has activated new income-related borrower-based measures or tightened existing borrower-based measures. However, such measures are not in line with the key findings of the assessment pursuant to sub-recommendation D(1) (e.g. assessment shows evidence for activating or tightening additional borrower-based measures) 	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023, but some essential information is missing or • Addressee submits completed templates later than 30 June 2023 but has explained the delay



<p>Materially non-compliant (MN) – Actions taken only implement a small part of the recommendation</p>	<ul style="list-style-type: none"> • Addressee has not activated or tightened income-related borrower-based measures. Addressee has carried out an assessment before deciding not to activate or tighten income-related borrower-based measures, but this decision is not in line with the outcome of assessment or • Addressee has activated or tightened income-related borrower-based measures. However, this measure is not at all in line with outcome of the assessment 	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023, but most of the essential information is missing or • Addressee submits completed templates later than 30 June 2023 but has insufficiently explained the delay
<p>Non-compliant (NC) – Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> • Addressee has not activated or tightened any income-related borrower-based measures and has not carried out any assessment or its actions are not in line with the nature of the recommendation 	<ul style="list-style-type: none"> • There is evidence that the addressee has acted disproportionately; addressee does not provide any justification 	<ul style="list-style-type: none"> • Addressee does not submit templates to the ESRB Secretariat by 30 June 2023 and does not provide any justification for inaction or • Addressee submits templates to the ESRB Secretariat by 30 June 2023 but does not provide any justification for inaction
<p>Inaction insufficiently explained (IE) – No actions were taken and the addressee does not provide sufficient justification</p>	<ul style="list-style-type: none"> • Addressee has not activated or tightened any income-related borrower-based measures and has not carried out any assessment; addressee has not provided any further justification for inaction 	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee does not submit templates to the ESRB Secretariat by 30 June 2023 but provides justification for inaction which, however, is inadequate or • Addressee submits templates to the ESRB Secretariat by 30 June 2023 and provides justification for inaction which, however, is inadequate



Recommendation ESRB/2021/11 (AUSTRIA)

Recommendation A

	Activation of legally binding borrower-based measures	Proportionality	Reporting of addressee
Fully compliant (FC) – Actions taken fully implement the recommendation	<ul style="list-style-type: none"> • Addressee has activated legally binding borrower-based measures in order to prevent a significant or increasing share of: <ul style="list-style-type: none"> (a) new mortgage loans secured by RRE that could result in credit losses in the event of their default, combined with a decrease in house prices; (b) borrowers taking out new mortgage loans who are at significant risk of not being able to repay or service their debt regularly without significantly reducing their consumption due to adverse economic or financial conditions, an increase in the cost of debt servicing debt or adverse developments in the RRE market. • Addressee has used one or several legally binding borrower-based measures to ensure the effectiveness of the measures in place and to minimise any potential for their circumvention or for unintended consequences that could reduce their effectiveness and possibly create risks in other areas • Addressee has taken into account the position of Austria in the economic and financial cycles while calibrating and phasing in such measures • Addressee has taken into account the choice and calibration of the borrower-based measures currently in place, thus ensuring higher effectiveness in mitigating the vulnerabilities identified in Austria 	<ul style="list-style-type: none"> • Addressee provides evidence that it has acted in a proportionate manner • There is no evidence that the addressee has acted in a disproportionate manner 	<ul style="list-style-type: none"> • Addressee submits fully completed templates to the ESRB Secretariat by 30 June 2023, at the latest • Addressee reports to the ESRB by making use of the published reporting templates under Recommendation A • Reports should include an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, maturities and amortisation profiles, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this recommendation



	<ul style="list-style-type: none"> • Where the adopted borrower-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Austria, the relevant decision has taken into account the characteristics of the borrower-based measures already activated or tightened, the initial calibration of those measures and the results of the assessment of vulnerabilities • Addressee has taken into account all loans that are to be serviced by households from their income, regardless of the form of the loans, i.e. treating loans to housing companies as household debt <p>For reference, to be considered FC: the six compliance criteria presented in the annex for Recommendation A are met</p>		
<p>Largely compliant (LC) – Actions taken largely implement the recommendation</p>	<ul style="list-style-type: none"> • Addressee has activated borrower-based measures. Such measures largely correspond with the outcome of assessments carried out by addressee before deciding on the activation of borrower-based measures • Where the adopted borrower-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Austria, the relevant decision has taken into account the characteristics of the borrower-based measures already activated or tightened, the initial calibration of those measures and the results of the assessment of vulnerabilities <p>or</p> <ul style="list-style-type: none"> • Addressee considers the application of non-legally binding borrower-based measures. Such measures have not yet been activated but are in the final stages of approval. All necessary assessments have been carried out 	<ul style="list-style-type: none"> • Addressee provides evidence that it has acted in a proportionate manner • There is no clear evidence that the addressee has acted in a disproportionate manner 	<ul style="list-style-type: none"> • Addressee submits template, as under “FC” only minor elements are missing



	<p>For reference, to be considered LC: at least five out of six of the compliance criteria presented in the annex for Recommendation A are met (with at least criteria 1 and 2 fulfilled)</p>		
<p>Sufficiently explained (SE) – No actions were taken, but the addressee provides sufficient justification</p>	<ul style="list-style-type: none"> • Addressee has not yet activated non-legally binding borrower-based measures but has shown clear evidence that such measures were not necessary to mitigate the vulnerabilities in the RRE sector in Austria as a source of risk to financial stability • Assessments carried out by addressee clearly indicate that any activation or tightening of borrower-based measures would be disproportionate at this point in time 	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits fully completed templates to the ESRB Secretariat by 30 June 2023, at the latest or • Addressee submits fully completed templates later than 30 June 2023 but has sufficiently explained the delay
<p>Partially compliant (PC) – Actions taken only implement part of the recommendation</p>	<ul style="list-style-type: none"> • Necessary assessments have been carried out indicating a need for non-legally binding borrower-based measures. However, such measures have not yet been implemented <p>For reference, to be considered PC: at least compliance criteria 3, 4 and 6 in the annex are met</p> <p>or</p> <ul style="list-style-type: none"> • Addressee has activated new measures or tightened existing measures. However, addressee has not carried out proper assessment before such activation or tightening <p>For reference, to be considered PC: at least compliance criteria 1 and/or 2 and/or 5 in the annex are met</p>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023, but some essential information is missing or • Addressee submits completed templates later than 30 June 2023 but has explained the delay
<p>Materially non-compliant (MN) – Actions taken only implement a small part of the recommendation</p>	<ul style="list-style-type: none"> • Some of the assessments have been carried out. Non-legally binding borrower-based measures have not yet been activated, procedure for activation has not been initiated <p>For reference, to be considered MN: two or fewer of compliance criteria 3, 4 and 6 in the annex are met and compliance criteria 1 and/or 2 are fulfilled</p>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023, but most of the essential information is missing or • Addressee submits completed templates later than 30 June 2023 but has insufficiently explained the delay



<p>Non-compliant (NC) – Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> Absence of any measures by national supervisory authorities to implement the recommendation or the measures do not address the content of the recommendation 	<ul style="list-style-type: none"> There is evidence that the addressee has acted disproportionately; addressee does not provide any justification 	<ul style="list-style-type: none"> Addressee does not submit templates to the ESRB Secretariat by 30 June 2023 and does not provide any justification for inaction <p>or</p> <ul style="list-style-type: none"> Addressee submits templates to the ESRB Secretariat by 30 June 2023 but does not provide any justification for inaction
<p>Inaction insufficiently explained (IE) – No actions were taken and the addressee does not provide sufficient justification</p>	<ul style="list-style-type: none"> Absence of any measures by national supervisory authorities to implement the recommendation or the measures do not address the content of the recommendation. Addressee provides justification which, however, is inadequate <p>For reference, to be considered IE: none of the compliance criteria in the annex are met</p>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> Addressee does not submit templates to the ESRB Secretariat by 30 June 2023 but provides justification for inaction which, however, is inadequate <p>or</p> <ul style="list-style-type: none"> Addressee submits templates to the ESRB Secretariat by 30 June 2023 and provides justification for inaction which, however, is inadequate



Recommendation B

	Activation or tightening of capital-based measures	Proportionality	Reporting of addressee
Fully compliant (FC) – Actions taken fully implement the recommendation	<ul style="list-style-type: none"> • Addressee has activated additional or tightened existing capital-based measures • Addressee has taken into account the position of Austria in the economic and financial cycles while calibrating and phasing in such measures • Addressee has assessed the sufficiency of legally binding borrower-based measures, as activated in compliance with Recommendation A, in addressing the medium-term vulnerabilities, in order to determine whether activating or tightening capital-based measures would be appropriate • The measures taken by the relevant authorities ensure the resilience of credit institutions authorised in Austria in the face of the potential materialisation of systemic risk related to RRE that could lead to direct and indirect credit losses stemming from mortgage loans or arising as a consequence of the decrease in consumption by households with housing loans • Where the adopted capital-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Austria, the relevant decision has taken into account the characteristics of the capital-based measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities <p>For reference, to be considered FC: the three compliance criteria presented in the annex for Recommendation B are met</p>	<ul style="list-style-type: none"> • Addressee provides evidence that it has acted in a proportionate manner • There is no evidence that the addressee has acted in a disproportionate manner 	<ul style="list-style-type: none"> • Addressee submits fully completed templates to the ESRB Secretariat by 30 June 2023, at the latest • Addressee reports to the ESRB by making use of the published reporting templates under Recommendation B • Reports should include an assessment of the vulnerabilities related to household indebtedness and lending standards for new mortgage loans, including the distribution of new mortgage loans according to their LTV, DTI and DSTI ratios, maturities and amortisation profiles, with the relevant ratios being calculated in accordance with Annex IV to Recommendation ESRB/2016/14 of the European Systemic Risk Board, together with the functioning of the actions undertaken, having regard to the objectives of this recommendation



<p>Largely compliant (LC) – Actions taken largely implement the recommendation</p>	<ul style="list-style-type: none"> • Addressee has activated capital-based measures. Such measures largely correspond with the outcome of assessments carried out by addressee before deciding on the activation of capital-based measures • Where the adopted capital-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Austria, the relevant decision has taken into account, to a large extent, the characteristics of the capital-based measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities <p>For reference, to be considered LC: at least compliance criteria 1 and 2 presented in the annex for Recommendation A are met (with at least criteria 1 and 2 fulfilled)</p>	<ul style="list-style-type: none"> • Addressee provides evidence that it has acted in a proportionate manner • There is no clear evidence that the addressee has acted in a disproportionate manner 	<ul style="list-style-type: none"> • Addressee submits template, as under “FC” only minor elements are missing
<p>Sufficiently explained (SE) – No actions were taken, but the addressee provides sufficient justification</p>	<ul style="list-style-type: none"> • Addressee has not activated capital-based measures or further tightened existing or activated additional macroprudential measures • Assessments carried out by addressee clearly indicate that activating capital-based measures, further tightening of existing or activating additional macroprudential measures would be disproportionate at this point in time 	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits fully completed templates to the ESRB Secretariat by 30 June 2023, at the latest or • Addressee submits fully completed templates later than 30 June 2023 but has sufficiently explained the delay



<p>Partially compliant (PC) – Actions taken only implement part of the recommendation</p>	<ul style="list-style-type: none"> • Addressee has activated capital-based measures. However, addressee has not carried out proper assessment before activating capital-based measures or the outcome of such assessment was not taken into account <p>or</p> <ul style="list-style-type: none"> • Where the adopted capital-based measures were further tightened or additional macroprudential measures were needed to address the vulnerabilities identified in Austria, the relevant decision has not taken into account the characteristics of the capital-based measures already activated, the initial calibration of those measures and the results of the assessment of vulnerabilities <p>For reference, to be considered PC: compliance criterion 1 in the annex is met but criterion 2 has not' been fully met</p>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023, but some essential information is missing <p>or</p> <ul style="list-style-type: none"> • Addressee submits completed templates later than 30 June 2023 but has explained the delay
<p>Materially non-compliant (MN) – Actions taken only implement a small part of the recommendation</p>	<ul style="list-style-type: none"> • Addressee has carried out assessments, but not yet activated nor tightened any capital-based measures; decisions to activate/tighten measures are still pending • Addressee has identified further vulnerabilities in Austria, but a final decision has not yet been made as to whether measures should be taken <p>For reference, to be considered MN: compliance criterion 2 in the annex is met, but criteria 1 and 3 are not</p>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023, but most of the essential information is missing <p>or</p> <ul style="list-style-type: none"> • Addressee submits completed templates later than 30 June 2023 but has insufficiently explained the delay
<p>Non-compliant (NC) – Actions taken are not in line with the nature of the recommendation</p>	<ul style="list-style-type: none"> • Addressee has not activated nor tightened any capital-based measures and has not carried out any assessment <p>For reference, to be considered MN: compliance criteria 1 and 2 in the annex are not met</p> <p>or</p>	<ul style="list-style-type: none"> • There is evidence that the addressee has acted disproportionately; addressee does not provide any justification 	<ul style="list-style-type: none"> • Addressee does not submit templates to the ESRB Secretariat by 30 June 2023 and does not provide any justification for inaction <p>or</p> <ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023 but does not provide any justification for inaction



	<ul style="list-style-type: none"> • Addressee has identified further vulnerabilities in Austria but does not intend to implement any further measures or actions are not in line with the nature of the recommendation <p>For reference, to be considered MN: compliance criterion 2 in the annex is met, but criteria 1 and 3 are not</p>		
<p>Inaction insufficiently explained (IE) – No actions were taken and the addressee does not provide sufficient justification</p>	<ul style="list-style-type: none"> • Addressee has not activated or tightened any capital-based measures and has not carried out any assessment; addressee has not provided a justification for inaction or given justification was inadequate <p>For reference, to be considered IE: none of the compliance criteria in the annex are met</p>	<p>[NB: unlikely that this grade would be applied]</p>	<ul style="list-style-type: none"> • Addressee does not submit templates to the ESRB Secretariat by 30 June 2023 but provides justification for inaction which, however, is inadequate <p>or</p> <ul style="list-style-type: none"> • Addressee submits templates to the ESRB Secretariat by 30 June 2023 and provides justification for inaction which, however, is inadequate



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