



AUSTRIA

FINANCIAL SECTOR ASSESSMENT PROGRAM

August 2026

TECHNICAL NOTE ON MACROPRUDENTIAL POLICY FRAMEWORK AND TOOLS

This Technical Note on Macprudential Policy Framework and Tools for the Austria Financial Sector Assessment Program was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on July 29, 2026.

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July 29, 2026

TECHNICAL NOTE

MACROPRUDENTIAL POLICY FRAMEWORK AND TOOLS

Prepared By
**Monetary and Capital Markets
Department**

This Technical Note was prepared by IMF staff in the context of the Financial Sector Assessment Program in Austria. It contains technical analysis and detailed information underpinning the FSAP's findings and recommendations. Further information on the FSAP can be found at

<http://www.imf.org/external/np/fsap/fssa.aspx>

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Glossary

Anacredit	Analytical Credit Database
AFAC	Fiscal Advisory Council
BBM	Borrower-Based Measure
BMF	Bundesministerium für Finanzen (Ministry of Finance)
BWG	Banking Act
CCyB	Counter-cyclical Capital Buffer
CESEE	Central Europe and Southeastern Europe
CET1	Common Equity Tier 1
CRD	EU Capital Requirements Directive
CRE	Commercial Real Estate
CRAR	Country Risk Assessment Report
CRR	EU Capital Requirements Regulation
DTI	Debt to Income Ratio
DSTI	Debt Service to Income Ratio
EBA	European Banking Authority
ECB	European Central Bank
ESRB	European Systemic Risk Board
EA	Euro Area
EAA	European Economic Area
EU	European Union
FAC	Fiscal Advisory Council
FINMA	Financial Stability and Macprudential Supervision Department
FMA	Financial Markets Authority
FMABG	Financial Markets Authority Act
FMSB	Financial Market Stability Board
FSAP	Financial Sector Assessment Program
FSR	Financial Stability Report
GBV	Limited Profit Housing Associations
HFCS	Household Finance and Consumption Survey
KIM-V	Kreditinstitute-Immobilienfinanzierungsmaßnahmen-Verordnung
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LSI	Less Significant Institution
LTC	Loan to Collateral
LTI	Loan to Income
LTV	Loan to Value Ratio
LVR	Loan to Value Ratio
MPR	Macprudential Report
MoF	Ministry of Finance

NBFI	Nonbank Financial Institutions
NPL	Non-performing Loans
NFC	Nonfinancial Corporates
NSFR	Net Stable Funding Ratio
OeNB	Austrian National Bank
O-SII	Other Systemically Important Institutions
PNR	Positive Neutral Rate
PD	Probability of Default
SI	Significant Institution
SSM	Single Supervisory Mechanism
SyRB	Systemic Risk Buffer
sSyRB	Sectoral Systemic Risk Buffer

EXECUTIVE SUMMARY

Austria's macroprudential framework has matured since the pandemic, but continued vigilance and proactive adaptation are needed to safeguard financial stability. The authorities have built a collaborative institutional setup involving the Oesterreichische Nationalbank (OeNB), Financial Market Authority (FMA), and Ministry of Finance (BMF), with the Financial Market Stability Board (FMSB) as the central decision-making body. The financial sector is resilient, with high profits and robust capital levels, supported by active use of macroprudential measures such as systemic risk buffers and borrower-based regulations. However, rising risks in the commercial real estate (CRE) sector, ongoing geopolitical tensions, and evolving European regulatory requirements underscore the need for Austria to maintain a strong, adaptive macroprudential framework.

The authorities should ensure that macroprudential policy is proactive, timely, and supported by robust institutional arrangements to counter inaction bias and promote financial stability. A strong institutional framework should foster a clear willingness to act, backed by sufficient powers and effective coordination. Key elements include a clear mandate, strong involvement of the central bank, well-defined objectives, and transparency and accountability mechanisms. The framework should encourage proactive measures, enabling authorities to take difficult decisions and safeguard stability over the longer term.

The authorities should consider strengthening Austria's institutional framework by increasing the voting power of the central bank. The macroprudential policy strategy in Austria is built on a shared responsibility among the FMA, OeNB, and BMF, with the FMSB as the central body for decision-making. Austria's approach is unique in Europe, with the BMF and Fiscal Advisory Council (FAC) holding disproportionate voting power in the FMSB, which limits the formal influence of the central bank compared to European peers. Reducing the voting power of the FAC and increasing that of the OeNB and clarifying that BMF consent should be limited to legal compliance rather than substantive policy decisions would enhance accountability and effectiveness.

The legal basis for precautionary macroprudential action should be strengthened. A key policy recommendation in this regard is to amend the Banking Act to allow FMA regulations to be taken on a precautionary basis.

Among key precautionary measures, binding borrower-based measures should be reintroduced as permanent regulation to safeguard lending standards and financial stability. Austria's experience with mandatory borrower-based measures (BBMs)—Loan-to-collateral (LTCs), debt-service to income (DSTI) caps, and loan term limits—demonstrates their success in improving lending standards, without constraining mortgage lending overall. International evidence shows that lapses in binding measures can quickly lead to a deterioration in credit standards and renewed risk build-up. In Austria, the shift to a guidelines-based approach could present challenges due to the large number of banks, which increases supervisory demands and complicates consistent enforcement. In the near term, the authorities should strengthen the guidelines-based framework by improving transparency and monitoring, including bank-wise credit standards. As the Banking Act is

amended to make it possible to introduce precautionary macroprudential measures, permanent, binding BBMs should be reintroduced to ensure robust and sustainable lending practices.

Further, Austria should expand its macroprudential space by building up releasable capital buffers, with a positive-neutral counter-cyclical capital buffer (CCyB) as the preferred instrument. Although banks are well-capitalized with large management buffers, Austria's macroprudential space is low compared to European peers, with limited releasable buffers. Releasable buffers—such as the CCyB and Systemic Risk Buffer (SyRB)—are important for cushioning shocks and supporting credit provision during stress periods. Increasing macroprudential space by adopting a positive-neutral CCyB ideally on top of existing buffers would ensure Austria is better positioned to respond to future financial shocks. In this regard, the new methodology for setting the CCyB that allows for earlier identification of cyclical risks and supports the gradual build-up of a positive-neutral buffer is a welcome step.

The authorities should continue closing data gaps and enhancing risk assessment tools to ensure an effective operational framework for systemic risk monitoring. Significant progress has been made, with the OeNB responsible for daily systemic risk analysis and the FMA contributing expertise on nonbank financial institutions. The launch of granular residential real estate (RRE) indicators in December 2025 and of the commercial real estate (CRE) by mid-2026 is a welcome step in this regard. Going forward, improving the granularity of data collection, enhancing data sharing between OeNB and FMA, and further developing systemic risk assessment tools in particular for real estate would be useful next steps.

KEY RECOMMENDATIONS

Table 1. Austria: Key Recommendations		
Recommendations	Authority	Time ¹
<i>Institutional Framework</i>		
Strengthen the macroprudential framework by increasing the voting power of the OeNB and reducing the voting power of the Fiscal Advisory Council	BMF	ST
Amend the Banking Act to allow FMA to set macroprudential policy regulations on a precautionary basis for capital and borrower-based measures	BMF	ST
The Banking Act should clarify that the consent of the Ministry of Finance (BMF) related to the adoption of FMA regulations concerning macroprudential measures only covers the determination of whether FMA regulations comply with legal requirements	BMF	MT
<i>Operational framework for Risk Monitoring and Analysis</i>		
Continue closing data gaps with respect to CRE, RRE and further develop risk assessment indicators to enhance systemic CRE risk monitoring	OeNB, FMA	ST
<i>Systemic Risks and Macroprudential Policy Setting</i>		
Make the borrower-based measures (LTC, DSTI and loan term limit) a permanent regulation	BMF	ST
Take measures to increase the macroprudential space in Austria, including by gradually applying a positive-neutral CCyB ideally on top of existing buffers when the cycle permits	FMSB	MT
¹ I Immediate (Less than a 1 year); ST Short Term (within 1-2 years); MT Medium Term (within 3-5 years)		

INTRODUCTION¹

1. The macroprudential framework in Austria has continued to mature since the global pandemic. Implementation of macroprudential policy in Austria is centered around a collaborative institutional framework involving the Oesterreichische Nationalbank (OeNB), Financial Market Authority (FMA) and the Federal Ministry of Finance (BMF). The Financial Market Stability Board (FMSB) is the central macroprudential decision-making body in Austria, bringing together the authorities. Financial sector resilience is strong with record level profits in 2024, bolstering banks' capital levels up to CET ratio of 18.6 of risk-weighted assets. The leverage ratio, which serves as a non-risk-weighted measure of indebtedness, increased to 9 percent over the same period. This figure stands at three times the EU minimum requirement, further underscoring the domestic sector's robust balance sheet and its capacity to withstand external shocks. The active use of macroprudential measures such as the SyRB, the recent sectoral SyRB for CRE exposures as well as the KIM-V regulation² introduced in 2022 related to borrower-based measures, have helped increase resilience and improve loan quality.

2. Risks in the commercial real estate sector, together with continued geopolitical tensions and increased uncertainty make it important for Austria to continue to have a strong macroprudential framework. Rising NPLs from lending to the CRE sector³ warrants continued vigilance by the authorities and further increases in the sectoral SyRB could be warranted in addition to continued efforts to strengthen risk assessment.

3. Macroprudential policy in Austria is a shared competency between national and European authorities. Under the SSM, national authorities in Austria are assigned specific responsibilities regarding macroprudential policy instruments as outlined in the Capital Requirement Directive (CRD) and Capital Requirements Regulation (CRR) and the SSM-regulation. The Austrian authorities can initiate and implement macroprudential measures but need to notify measures with the ECB. The ECB has the powers to "top up" measures when deemed necessary. The European Systemic Risk Board (ESRB) is responsible for the macroprudential oversight of the EU financial system and the prevention and mitigation of systemic risk. The ESRB monitors and assesses systemic risks in the EU's financial system. The ESRB can also issue warnings and recommendations.

4. CRD/CRR establishes a number of tools at the EU level while the implementation of other tools remains at the discretion of national authorities. CRD introduced the CCyB, systemic risk buffer and capital surcharges for systemically important institutions. Stricter risk weights or an increase in the minimum loss given default for exposures secured by residential or commercial

¹ Prepared by David Farelius (expert) and Adil Mohommad.

² Kreditinstitute-Immobilienfinanzierungs-Maßnahmen-Verordnung (KIM-V) entered into force from August 1, 2022, imposing upper limits for new loans/advances for financing for residential real estate (see Box 1).

³ The segment of the CRE sector that has been the focus of concern is residential real estate development projects by commercial developers.

property are also possible according to CRR. At the same time, the implementation of a range of macroprudential tools is outside the scope of the current CRD/CRR and only under the direct responsibility of national authorities and determined by national legislation. These measures include borrower-based tools such as loan-to-value caps and debt-service-to-income caps, as well as loan-to-deposit caps and margin and haircut requirements. These measures can be implemented in addition to the measures contained in the CRD/CRR.

5. This technical note assesses the strength and weaknesses of the macroprudential framework in Austria and provides policy recommendations. In the following section, the institutional arrangements for macroprudential policy are assessed. In the third section, the systemic risk monitoring framework is described and options to improve it are discussed. The fourth and final section assesses the level of systemic risk vulnerabilities, comments on the appropriateness of the current macroprudential policy setting and provides policy recommendations.

INSTITUTIONAL FRAMEWORK

6. A strong institutional framework is essential for effective macroprudential policy implementation. The institutional framework should promote a clear willingness to act and thereby mitigate biases that cause inaction. The arrangement should also foster the ability to act through a strong legal framework, comprehensive toolkit, timely data access, effective surveillance, and operational independence. Finally, the framework needs to promote effective cooperation and coordination between institutions with a financial stability mandate⁴. This section evaluates the current institutional arrangement against these three key principles, which are set out in the [IMF Policy Paper: Staff Guidance Note on Macroprudential Policy—Detailed Guidance on Instruments; November 6, 2014](#)

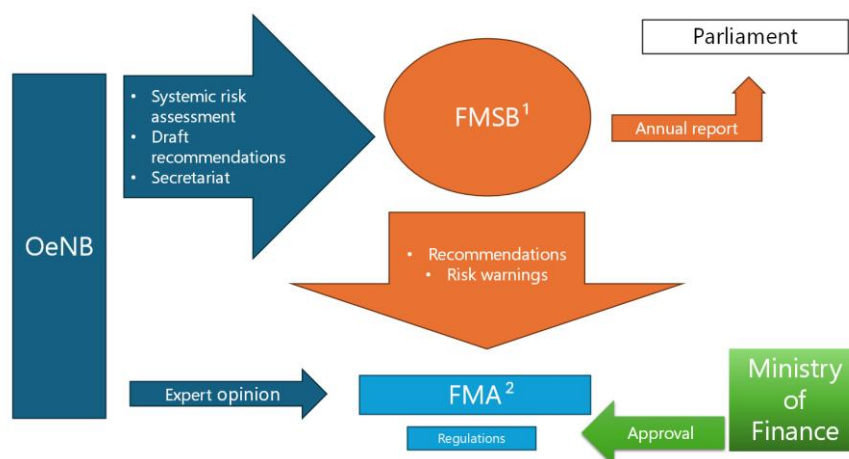
A. Principle I: Willingness to Act

7. The macroprudential framework should be designed to counter inaction bias. Concerns about short-term costs or pressures from political and industry stakeholders could make policymakers hesitate to implement macroprudential measures. It is important that the macroprudential policy framework is designed in a way that encourages a proactive stance, enabling the authorities to take difficult decisions and safeguard financial stability over the longer term. Key components of such framework include a clear mandate, strong involvement of the central bank, a well-defined objective, as well as transparency and accountability mechanisms.

⁴ Several studies note that it is desirable for the central bank to play an important role in macroprudential policy as this can harness the expertise of the central bank in systemic risk identification and its incentives to ensure macroprudential policy is pursued effectively. It can also help shield macroprudential policymaking from political interference that can slow the deployment of tools or bias their use toward other objectives (see for example “Key aspects of Macroprudential Policy”, IMF Publication, June 2013).

8. Austria's institutional framework contains a clear mandate and well-defined objectives. The macroprudential policy strategy, which was updated in 2021, notes that under Austrian law, macroprudential supervision is a shared responsibility of the Financial Market Authority (FMA), the Oesterreichische Nationalbank (OeNB) and the Federal Ministry of Finance (BMF). The primary objective of macroprudential supervision in Austria is to make a significant contribution to safeguarding the stability of the Austrian financial system.

Figure 1. Austria: Macroprudential Framework in Austria



1. Macroprudential authority established in accordance with Recommendation ESRB/2011/3

2. Designated authority established in accordance with Article 136 of Directive 2013/36/EU (CRD IV).

9. Austria's macroprudential supervision is built on a collaborative institutional framework involving the FMA, OeNB and the BMF. While the FMA is the competent and designated authority for macroprudential policy, the role of the OeNB is to provide analyses of systemic risks and propose recommendations and risk warnings in case systemic risks are identified. The BMF defines the regulatory framework and is consulted in public consultation proceedings on FMA administrative regulations.

10. The three authorities regularly meet in the Financial Market Stability Board (FMSB), a body chaired by the BMF. The role of the FMSB is to discuss issues related to financial stability, issue expert opinions and recommendations should systemic risks be identified. The FMSB can also issue warnings about risks that may have an adverse impact on financial stability. From an institutional perspective, the FMSB links the OeNB's macroprudential monitoring function with the FMA's supervisory responsibilities. The FMSB is the macroprudential authority in accordance with ESRB recommendation (ESRB/2011/03).

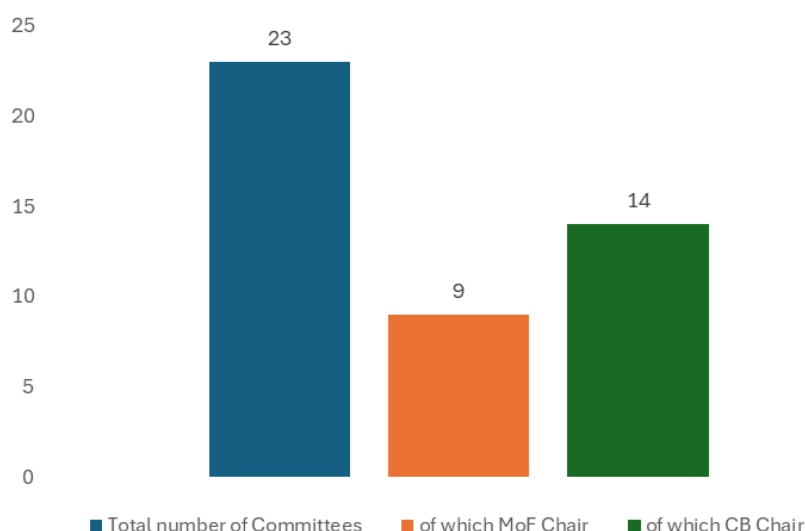
11. While the OeNB is hosting the secretariat function for the FMSB, the BMF plays a key role in the decision-making of the body. Before each regular meeting of the FMSB, a Risk Workshop is held during which FMA and OeNB staff discuss systemic risks and prepare the upcoming meeting. A steering group, consisting of senior staff from FMA and OeNB, decides the

draft agenda for the meeting of the FMSB. The voting arrangements in the FMSB promote the willingness to act, not least since decisions are made by a simple majority. At the same time, the FMSB consists of two representatives each of the BMF, also acting as chair, as well as the Fiscal Advisory Council, which does not have a financial stability mandate. The main role of the FAC in the FMSB is to monitor that fiscal rules are adhered to. However, in view of the mostly limited and indirect link between fiscal and macroprudential policy, the inclusion of the FAC in the FMSB seems also mainly to be of legacy. One key recommendation of the 2020 FSAP was for the authorities to increase the voting representation of the OeNB in the FMSB and make the OeNB chair of the FMSB. According to the authorities, in view of the fact that the OeNB is involved to a significant degree in the FMSB by providing its secretariat, no change of chairmanship has been or is envisaged.

12. Central banks play a central role in the established Financial Stability Committees in Europe. Since the ESRB recommendation on the macroprudential mandate of national authorities (ESRB/2011/3), 23 countries in the EEA have established dedicated financial stability councils or committees⁵. In 14 of the 23 jurisdictions, the central bank is the chair of the committee. In these cases, the Ministries of Finance have a coordinating role in the macroprudential policy area. Of the 23 countries having established committees, 9 are chaired by Ministries of Finance. Moreover, across EEA countries, in 21 jurisdictions it has been decided to have the same authority as both macroprudential and designated authority. Of these 21 jurisdictions, 15 are central banks. In 8 of the EEA countries, the central bank plays a stronger role in terms of having the jurisdiction of setting capital buffer rates, while the introduction of BBMs is within the realm of the Ministry of Finance⁶. In a few countries such as Belgium and the Netherlands, where the central bank is the designated authority for macroprudential policy, the Ministry of Finance has a dedicated role for decisions on borrower-based measures. At the same time, there are jurisdictions, including Austria, in which the Ministry of Finance has a strong involvement in the decision-making bodies and where the consent of the Ministry is a precondition for applying macroprudential tools.

⁵ Of these, 2 (Estonia and Finland) have a more informal role and one (Ireland) is established within the central bank.

⁶ CCyB, SyRB, OSII.

Figure 2. Austria: Financial Stability Committees in EEA

Source: ESRB and national central banks

Note: In three countries in the EEA, the MoF has a particularly strong role: Belgium (Royal Decree for measures); Denmark (designated authority for macroprudential policy); Norway (both designated and macroprudential authority).

13. The voting structure in the FMSB makes the Austrian macroprudential authority an outlier in a European context. As the Ministry of Finance and the Fiscal Advisory Council have four votes in total while the OeNB and FMA have one vote each, compared to European peer countries with Financial Stability Councils, the central bank has limited formal influence, which is not in line with the ESRB recommendation in this area, nor with the general thrust of the current institutional set-up in Europe⁷. Moreover, this arrangement is also in conflict with IMF principles in this area⁸. Looking at jurisdictions in which the Ministry of Finance has a strong role in peer countries, the central bank normally has a more balanced formal voting system. A comparable example is the Financial Stability Committee in Germany, where the Ministry of Finance has role of chair of the FSC as well as the secretariat function of the body. However, the central bank (Bundesbank) and the Supervisory Agency (BaFin) each have the same number of votes as the Ministry of Finance, making the formal voting power more balanced between the authorities⁹.

B. Principle II: Ability to Act

14. The macroprudential framework should grant the designated macroprudential authority sufficient powers to act. To ensure timely and effective action, the willingness to act should be backed by the necessary powers to act. These powers include information collection powers to assess evolving risks; rulemaking and calibration powers to be able to react to changing

⁷ In the follow-up report on assessment of ESRB recommendation 2011/03 in 2014, Austria was assessed as partially compliant on three sub-recommendations related to the role of the Central Bank and decision-making.

⁸ Key Aspects of Macroprudential Policy, IMF, 2013.

⁹ Information on Financial Stability Committee, BaFin (Federal Financial Supervisory Authority)

risks, and designation powers to ensure that macroprudential policies impact all relevant institutions (IMF 2013).

15. FMSB has the authority to take macroprudential policy action. The FMA is the designated authority for applying macroprudential instruments and follows the FMSB's recommendations on a comply-or-explain-basis. The FMA must implement the FMSB's recommendations as soon as it is practical or explain in writing why it has not done so. According to the Austrian Banking Act (BWG), the BMF's consent is necessary for the adoption of an FMA regulation concerning macroprudential measures, but the law does not specify whether BMF approval is limited to legal requirements or applies also to the substance of the FMA regulation. The OeNB is tasked with the assessment of the implementation of FMSB recommendations by the FMA.

16. At least two successive meetings of the FMSB are required for new macroprudential policy to be implemented. Decision-making usually takes at least two quarters since there needs to be a first meeting of the FMSB where it is acknowledged that a measure needs to be taken and a second meeting to decide on the specific recommendation. In addition, following the recommendation of the FMSB to take a particular macroprudential measure, the FMA needs to ask the OeNB for an expert opinion. While this process is prudent, there is a risk that measures are taken too late in the cycle.

17. The ability to take precautionary macroprudential measures is precluded in the law. For the FMA to take macroprudential measures, for example by setting the CCyB buffer rate above 0 percent or introducing BBMs, there have to be clear signs of systemic risks building up¹⁰. A consequence of this has been the expiration of the BBMs in July 2025. Austria has also not activated the CCyB above 0 percent since its inclusion in law in 2014. Amending the law to enable a more forward-looking approach to macroprudential policy implementation would enhance stability in the system and help Austria to be prepared for the outcome in the discussions related to the simplification of releasable buffers¹¹. In particular, Article 23a for the CCyB and Article 23h concerning borrower-based measures in the Banking Act should be amended to allow for taking more proactive, precautionary steps related to these measures.

Information-collection Powers

18. Legally binding data-sharing arrangements for macroprudential purposes ensure that the authorities have sufficient information-collection powers. The OeNB is required to provide the FMA with access to both microprudential and macroprudential data on banking supervision. The FMA, on its part, has to provide the OeNB with all relevant data from financial institutions needed for monitoring and assessment of financial stability risks. The authorities are making progress in

¹⁰ As the criteria for setting the O-SII buffer is based on factors such as size of total assets etc and these factors could be argued are more permanent in nature, the current legal framework allows for a precautionary perspective in this regard. However, for BBMs this is not the case. Moreover, under the current legal framework it is not possible to set PNR in the absence of signs of increased risk build-up.

¹¹ In view of the reliance on the SyRB, in the event this buffer is no longer available, the authorities will need to rely on the CCyB to maintain existing capital requirements.

closing real-estate data gaps. The OeNB and the FMA can adjust their reporting requirements, for example by collecting additional data through bank surveys.

C. Principle III: Coordination and Cooperation

Domestic Coordination

19. The preparatory process for FMSB meetings helps to promote cooperation between the relevant authorities. Within the context of a formalized and well-structured process, the meetings of the FMSB are prepared and led by the OeNB but in close collaboration with the FMA. A Risk Workshop is held around one or two months prior to each regular meeting of the FMSB where staff present the latest assessment of systemic risk analysis. The insights gained from the Risk Workshop serve as key input for the Steering Committee consisting of senior OeNB and FMA staff. The BMF supports the preparations by providing updates on relevant changes in national and EU-level regulations.

European Coordination

20. As Austria is a euro area member and part of the SSM, macroprudential policy is a shared competency between the national authorities and the ECB. The SSM regulation (Council regulation (EU) No 1024/2013) confers to the national authorities and the ECB-specific tasks relating to macroprudential instruments for the banking sector set out in the CRR and the CRD. The ECB can apply higher requirements for capital buffers and more stringent measures than those applied by national authorities (“topping-up power”) but cannot set lower requirements than those set nationally. The borrower-based limits are within the exclusive remit of the national authorities, but the ECB can suggest using their powers over these instruments without having any binding mechanism.

21. The Austrian institutions in charge of financial stability collaborate with the European institutions, share supervisory data and adhere to the reciprocity framework. In addition to the formal notification and review mechanisms under EU law, the Austrian authorities take part in various working groups and committees at the ECB and ESRB level.¹² As for reciprocation of macroprudential policy, even though the SyRB has been in place since 2016, it is only with the implementation of the sectoral SyRB for CRE exposures that the Austrian authorities have requested reciprocation via the ESRB.

22. The Austrian authorities are engaged in frequent and well-developed dialogue with Central Europe and Southeastern Europe (CESEE) supervisors. The OeNB has established a macroprudential supervisory dialogue on an ongoing basis with six CESEE countries with a large presence of Austrian banks. Cooperation with CESEE supervisors is also continued through the

¹² These working groups include the Macroprudential Forum (MPF), the Financial Stability Committee (FSC), the Macroprudential Policy Group (MPPG), the Macroprudential Analytical Group (MPAG), and related task forces and working groups at the ECB level. ESRB-level groups include the General Board, the Advisory Technical Committee (ATC), the Instruments Working Group (IWG) and the Analysis Working Group (AWG).

Vienna Initiative¹³. The FMA is part of the BSCEE initiative (Banking Supervision in Central Eastern Europe), which is an informal exchange for supervisors from Central and Eastern Europe.

D. Accountability and Communication

23. The accountability framework appears to be adequate. The FMSB is obliged to prepare an annual report and a publicly accessible strategy. Following each meeting of the FMSB, a press release is published summarizing the discussions and outcomes. In addition, risk warnings and recommendations are made publicly available on FMSB's website. The available range of communication tools is broad and includes the high-quality semi-annual OeNB Financial Stability Report (FSR), which involves a press conference at the time it is released. Moreover, the macroprudential policy strategy is evaluated every two years and is published on the FMSB website. The authorities are in the process of updating the policy and expect to have a revised strategy concluded by 2026. No material changes are envisaged compared to the current strategy.

24. Communication on financial stability related issues has been strengthened since the 2020 FSAP. Since 2024, the OeNB offers more in-depth information on macroprudential tools on its webpage and proactively publishes topical blogs relevant to financial stability in order to raise awareness and improve the public understanding of macroprudential measures. The FMA, on its part, is also proactive in communicating using various channels. Austria's new Freedom of Information Act (Informationsfreiheitsgesetz - IFG) came into force on September 1, 2025, replacing the previous principle of official secrecy. This law introduces a general right to access information held by government agencies and state-owned companies.

E. Recommendations

25. The accountability of the macroprudential framework should be enhanced by reducing the voting power of the FAC and increasing the voting power of the OeNB. The Ministry of Finance continues to have strong role in the macroprudential framework. While the OeNB and FMA play a strong role in the FMSB in terms of providing expert opinions and participate in the preparations for the FMSB meetings, four out of six members in the FMSB are from the political side, making the Austrian set-up for macroprudential policy decisions fairly unique compared to European peers. The accountability of framework should be enhanced by reducing the voting power of the FAC and increasing the voting power of the OeNB as a minimum. Moreover, the authorities should consider transferring the role as designated macroprudential authority from the

¹³ The European Bank Coordination "Vienna" Initiative is a framework for safeguarding the financial stability of emerging Europe. The [Initiative](#) was launched at the height of the first wave of the global financial crisis in January 2009. It brought together all the relevant public and private sector stakeholders of EU-based cross-border banks active in emerging Europe, which own much of the banking sectors in that region and also hold a significant part of government securities.

FMA to the OeNB in order to further strengthen the formal role of the central bank in the macroprudential policy area¹⁴.

26. The Banking Act should be amended in order for FMA regulations on macroprudential policy to be able to be introduced on a precautionary basis. For the FMA to take macroprudential measures, there must be clear signs of systemic risks building up, precluding the implementation of macroprudential measures from a precautionary perspective. A consequence of the lack of legal ability to take more forward-looking permanent measures has been the expiration of the BBMs in July 2025. Austria has also not activated the CCyB above 0 percent since its inclusion in law in 2014 as the underlying framework has not signaled increased risks. Amending the law to enable a more forward-looking and permanent approach to macroprudential policy implementation would enhance stability in the system. To this effect, opening up for the possibility for the Austrian authorities to take macroprudential measures from a precautionary basis, before clear signs of the buildup of systemic risks, the Banking Act should be amended.

27. The consent of the Ministry of Finance when adopting FMA regulations should be limited to determining whether the measure is complying with legal requirements. According to the Austrian Banking Act (BWG, Articles 21-23), the consent of the Ministry of Finance is necessary for the adoption of an FMA regulation concerning macroprudential measures. At the same time, the law does not specify whether BMF approval is limited to legal requirements or applies also to the substance of the FMA regulation. The role of BMF should be to check whether FMA regulations comply with legal requirements and their consent should not be a precondition for their adoption.

OPERATIONAL FRAMEWORK FOR SYSTEMIC RISK MONITORING

28. An effective macroprudential framework includes the ability to comprehensively monitor systemic risk and translate risk assessments into policy actions. How effective a macroprudential framework is depends on the monitoring and assessment of systemic risk as well as the calibration of macroprudential policy tools. In turn, access to high-quality data is essential. A broad range of indicators is important. Authorities have made significant progress in closing data gaps in assessing real estate markets, and further development of real estate risk indicators would be beneficial in view of elevated risks especially in commercial real estate. The analysis should be supported by the use of different econometric and modelling tools. When mapping systemic risk into policy actions, it is important to be able to do a cost-benefit analysis and regular ex-post evaluation.

29. The OeNB is responsible for conducting systemic risk monitoring on a daily basis, with the FMA contributing to monitoring the NBFIs on an individual basis, providing

¹⁴ Designated authority established in accordance with Article 136 of Directive 2013/36/EU (CRD IV).

supervisory expertise and data. The process is centered around preparations for the FMSB meetings. It is well-structured and provides sufficient opportunities for exchange of views between different institutions.

A. Organization of Risk Monitoring in OeNB and FMA

30. The OeNB Department for Financial Stability and the Supervision of Less Significant Institutions focuses on risk analysis. The main work is done in the Financial Stability and Macprudential Supervision Division (FINMA) which analyses and monitors developments which could affect financial stability in Austria. FINMA is organized into three units, one unit for macroprudential policy, one unit for financial market analysis and coordination, and finally, a unit for financial market infrastructure and NBFIs. In total the financial stability work involves 28 full-time employees (FTEs).

31. In the FMA, macroprudential supervision is a shared responsibility between the department for banking supervision and the department for integrated supervision. The division for horizontal supervision in the banking supervision department is in charge of the work related to ECB committees as well as the implementation of macroprudential measures and communication with the banking industry. The division for financial stability in the department for integrated supervision is charged with work related to the ESRB committees and substructures, coordination and preparations of the FMSB meetings as well as data analysis. Legal support comes from the legislative affairs division.

B. Risk Monitoring

32. The authorities risk monitoring and assessment relies on comprehensive quantitative and qualitative information which has been deepened since the 2020 FSAP. The authorities have an advanced framework for monitoring systemic risks. The OeNB monitors a broad range of indicators to assess the build-up of risks. The financial stability factsheet, a monthly internal factsheet, provides a host of metrics related to the Austrian financial sector. On a quarterly basis, the CCyB indicators are evaluated to gauge systemic risks. Findings and assessments are presented in the twice-yearly FSR of the OeNB. The longer-term risks are evaluated within the context of the longer-term risk assessment that is done when analyzing the size of the SyRB.

33. OeNB monitors the corporate and housing sector through a combination of macroprudential indicators, granular credit data and stress testing frameworks. Key elements of the framework include households' net disposable income, savings ratio as well as consumption behavior. Furthermore, debt sustainability is assessed by tracking the evolution of household indebtedness relative to income and asset values decomposed by asset classes. In order to identify excessive risk-taking in mortgage lending, LTV, DSTI and LTI ratios are tracked and in order to identify early signs of overheating in the housing market, price dynamics, credit growth and affordability metrics are assessed. Non-financial corporations are monitored against various metrics across industries. NFCs debt position is tracked alongside financing conditions and insolvencies. Systemic risk monitoring for NFCs focuses on corporate leverage, liquidity buffers, and sectoral

vulnerabilities. Foreign currency exposures are also taken into account, in particular in CESEE subsidiaries.

34. Both the OeNB and the FMA assess systemic risks in the NBFI sector in line with their respective legal mandates and coordinate their activities closely The stability, structural weaknesses and potential risks stemming from investment funds, insurance companies, pension funds and other intermediaries are assessed by the OeNB and FMA.

C. Data and Information

35. Corporate sector risks, including CRE is analyzed by using granular loan-level data of non-financial corporates domiciled in Austria, in addition to balance sheet data from real estate firms. AnaCredit provides detailed information on individual bank loans in the euro area, harmonized across all member states. While granular loan-level data is available with a monthly frequency for all loans to non-financial corporates exceeding EUR 20,000, micro data on balance sheets is not widely available.

36. Data availability related to non-financial firms has improved significantly after the legal requirement introduced in 2024 mandating such data to be provided in a machine-readable format. Apart from gathering publicly available balance sheet data from non-financial companies, data is also collected in accordance with the Foreign Exchange Act, which entails a legally binding reporting obligation. The OeNB also collects data on households' assets and liabilities as part of the Household Finance and Consumption Survey (HFCS) coordinated by the Eurosystem and conducted every three years in Austria.

37. Data for analyzing risks related to real estate lending lacks granularity. For residential real estate, the OeNB relies on the ECBs data portal, Statistics Austria as well as prudential reporting. While micro data at household level is not available, the most granular data to monitor systemic risk from RRE financing is on lending standards based on the FMA regulation. Data collection in this area, which is done in buckets of LTV started in 2020 and was made more frequent in 2025. CRE data gaps are extensive, including the lack of information on CRE prices and yields. It is not possible to make a viable distinction among the different categories of CRE, for example office, retail, industrial related to collateral and development of property prices.

38. The authorities should continue to close remaining data gaps, including the ones in the real estate sector. In this regard, the OeNB has developed an RRE dashboard, launched in December 2025, featuring extensive data on housing supply, demand, and prices, including across regions and by different market segments, as well as indicators of lending standards. The OeNB is also making efforts to close CRE data gaps and expects to launch a similar dashboard of 50-60 CRE indicators of supply, demand, and prices, including by different segments (commercial housing, tourism, retail, logistics and industrial CRE). The OeNB is working on the implementation of categorial break-down of CRE collateral. Statistics Austria is in the process of finalizing work on a commercial real estate price index with several subcategories from the first half of 2026. The first

CRE dashboard was released in 2026Q1, and a CRE price index is expected in 2026Q2, with historical data from 2015 onwards (2012 onwards for other indices).

39. Information-sharing arrangements between the OeNB and FMA ensure access to data. The Banking Act provides for the legal basis for sharing information between the two authorities. In addition, the FMA has the right to commission OeNB with analyses and on-site examinations and to request data from individual banks. The FMA has the right to ask the OeNB for expert opinions related to macroprudential measures. Information related to the interconnections between banks and NBFIs is also shared between the authorities. Staff in OeNB are currently in the process of mapping the interconnections between banks and the NBFI sector while FMA is working on a dashboard to integrate internal data and analyze the interconnections between the banks and non-banks.

D. Quantitative Tools

40. The OeNB uses several quantitative models to identify the build-up of systemic risks and assess the impact of such risks. A TUI (Tool for Unobserved-event Investigation) structural model, based on work done by the IMF, as well as House-price at risk and indicator-based approach, is used for the RRE sector¹⁵. The TUI model has been used three times in expert opinions in relation to decisions for borrower-based measures. For CRE, as a motivation for introducing additional capital requirements for commercial real estate exposures, a recent empirical strategy was conducted by the OeNB to project CRE companies' probability of financial stress in an adverse scenario and the possible losses from real estate financing¹⁶. The determination of the appropriate level of the SyRB also involves a four-step approach¹⁷.

41. The OeNB is in the process of enhancing the analytical tools for assessing risks related to the NFC sector. A micro dataset is being established which merges balance sheet data and credit data. Furthermore, work is being done to increase the periodicity of data from the insolvency register and further firm-level data, helping to establish a more accurate picture of NFC financing risks.

E. Recommendations

42. The authorities should continue to close remaining data gaps, including the ones in the real estate sector. The release of RRE and CRE dashboards in December 2025 and by mid-2026 are welcome steps in closing these data gaps in light of the ESRB (2016) recommendations on developing an extensive set of indicators covering (i) the physical CRE market (prices, yields, vacancies, construction activity), (ii) credit exposures (credit flows, NPLs, provisioning), and (iii) CRE lending

¹⁵ Stress Testing and Calibration of Macroprudential Policy Tools, IMF Working Papers Volume 2020, Issue 165. The work is based on a paper by Harrison and Mathew, Reserve Bank of New Zealand, 2008.

¹⁶ Systemic risks from commercial real estate lending of Austrian banks, OeNB FSR 48, November 2024.

¹⁷ Please see section on structural vulnerabilities for more details on the SyRB calibration

standards (LTVs, interest coverage, and debt service ratios). Going forward, in light of the [ESRB \(2022\)](#) recommendations to strengthen systemic CRE risk monitoring, the authorities may consider enhancing the CRE dashboard with risk assessments pertaining to CRE prices, income flows generated by CRE activity, financing sources and conditions, and interconnectedness between CRE and other sectors, and including cross-border spillovers.

SYSTEMIC RISKS AND MACROPRUDENTIAL POLICY SETTINGS

43. This section analyses the financial system vulnerabilities and assesses macroprudential tools based on identified risks in the analysis. Systemic vulnerabilities are evaluated based on the developments in multiple signaling indicators, following the IMF Staff Guidance Note on Macroprudential Policy. This section looks at (1) vulnerabilities from broad based credit booms, (2) vulnerabilities in the housing sector, (3) vulnerabilities in the corporate sector, (4) vulnerabilities emanating from the non-bank financial sector and (5) structural vulnerabilities. In view of each vulnerability, recommendations are provided for the macroprudential policy in Austria.

44. While still comprehensive, the recent expiration of the borrower-based tools has reduced the number of macroprudential tools in effect in Austria. The current available macroprudential tools in Austria cover a range of risks and are comprehensive. Capital-based tools such as the CCyB, the SyRB and capital add-ons for OSII's have been in place in the legislation since 2016. Borrower-based measures (KIM-V), which included regulation on an LTC limit of 90 percent, a DSTI limit of 40 percent as well as maximum term of 35 years, were introduced in 2022¹⁸. In accordance with Austrian banking regulation, these measures subsequently lapsed in 2025 as RRE risks were assessed as no longer elevated (see “the case for permanent BBMs” and Box 1). According to the Austrian Banking regulation, borrower-based measures can only be introduced for up to three years and can only be prolonged for up to two years if elevated systemic risks arising from real estate mortgage financing are identified. In view of the fact that the regulation was deemed effective in establishing sound lending practices, the fact that banks are well capitalized and that lending volumes had been low, no elevated systemic risks stemming from RRE financing were identified over an appropriate time horizon, the regulation expired in July 2025. The FMSB has communicated that it expects banks to continue to comply with the lending standards established by the KIM-V, even after its expiration. To be able to monitor lending standards more frequently, the reporting frequency has increased to quarterly reporting.

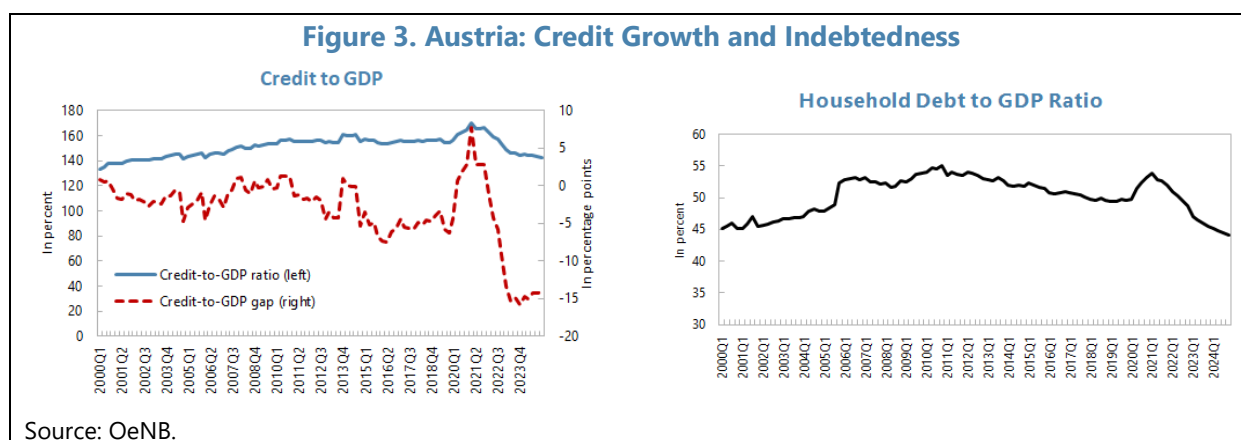
45. A sectoral SyRB has recently been introduced to cover risks in the CRE sector. At the FMSB meeting in October 2024, the FMSB advised the FMA to introduce a sectoral systemic risk buffer of 1 percent initially as of July 1, 2025 to cover systemic risks emanating from lending to the

¹⁸ In Austria, A LTC (Loan-to-Collateral) ratio was introduced in the Banking Act as a criterion for setting borrower-based measures. An LTC of 90 percent was set as a binding BBM by the FMA regulation, which expired in June 2025. The LTV ratio is also monitored but it has never been part of the legislation.

CRE sector. The level of the sSyRB was re-evaluated in November 2025 and the FMA raised the level to 2 percent as of July 2026, and it will be raised to 3.5 percent as of July 2027.

A. Broad-Based Vulnerabilities

46. While credit growth in general has been low due to weak demand and tight monetary policy, there are recent signs of an increased demand for mortgages. As mortgage loans have become more affordable due to lower interest rates and higher household incomes, the growth of mortgage loans turned positive in July 2025, the first time since mid-2023. At the same time, credit growth in the corporate sector remained subdued¹⁹.



47. The financial sector remains stable, liquid and profitable. At end- 2025, the CET1 ratio of the Austrian banks stood at 19 percent. The leverage ratio, which serves as a non-risk-weighted measure of indebtedness, increased to 9 percent over the same period, which is three times the EU minimum requirements of 3 percent. The liquidity coverage ratio for the unconsolidated banking sector stood at 177 percent in H1 2025, while the same figure for the net stable funding ratio was at 130 percent.

48. The availability of releasable buffers is limited compared to other European countries. While Austrian banks are well-capitalized and have large management buffers, the releasable buffer space of around 0.5 percent of RWA (see Figure 11), lower than most of its European peers, makes it desirable for Austria to increase releasable buffers. While the decision to gradually increase the sectoral SyRB to 3.5 percent will help to increase releasable buffer space, it is still lower than most European countries.

49. One of the key elements to address broad-based vulnerabilities is the Counter-Cyclical Capital Buffer (CCyB). However, since the CCyB was introduced in 2014, it has never been set above 0 percent. A new framework for setting the buffer rate of the CCyB in Austria has been

¹⁹ Financial Stability Report 50, OeNB

developed by the OeNB and was used for the first time when setting the buffer rate in June 2025²⁰. The revised framework is designed to better account for the relationship between real economic development and lending in order to detect procyclical risks early on. A new indicator set consists of five dimensions with several indicators per dimension (financial sector, private sector, macroeconomics, financial market, and credit-to-GDP gap). The credit-to-GDP gap includes two indicators, one which is the standardized (ESRB) credit-to-GDP gap, and the other credit-to-GDP gap with pure new loans. Indicators are weighted equally. If indicators exceed predefined thresholds this would indicate increased procyclical systemic risks. A particularly high cyclical risk is determined when both gap indicators or at least six other indicators indicate cyclical risks²¹. The new methodology for the CCyB will allow the authorities to identify risks early in the cycle, opening up the possibility to set a positive neutral rate for the buffer. Moreover, the setting of a PNR could be further made possible if the banking act is revised to allow for setting the CCyB from a precautionary perspective.

B. Household Sector Risks

50. **At under 50 percent of GDP, household debt in Austria is below the EA average.**

Household debt is relatively low compared to other similar countries. Another factor that could mitigate risks in the housing market in Austria is that only one third of households in the privately owned housing market have mortgages. While the share of variable rates in the stock of mortgages is higher (37 percent), the share of variable rates (up to 1 year, Euribor-linked) for new loans is around 20 percent, which is at its lowest level. Lower interest rates have increased credit demand. FX rate loans have continued to decline and currently stand at 3 percent of total outstanding loans to private households.

51. The demand for housing loans has picked up recently. Lower interest rates, together with higher real household incomes, have contributed to an improved loan affordability and an increase in the demand for residential real estate loans, although from a low level. The stock of loans has a loan volume of nearly 50 percent with interest fixation in excess of 10 years.

52. The Austrian housing market has a relatively large share of renting compared to European countries. With a homeownership rate of around 54 percent, Austria is well below the EU average of over 70 percent, and social housing, together with the rental component of the housing market continues to play an important role. A relatively smaller share of home ownership means that Austrian households are less exposed to market fluctuations in house prices and mortgage rates (see Box 1).

53. The housing market in Austria appears to have stabilized and risks have receded. There are signs that the housing market has stabilized, with credit standards having improved. In

²⁰ For more details on the framework see Mögliche neue Methodik zur Feststellung prozyklisch wirkender systemischer Risiken, April 2025 (OeNB). Cyclical risks are identified based on whether indicators exceed or fall below thresholds defined by empirical 10 percent or 90 percent quantiles.

addition to mitigating factors such as a relatively low share of mortgage holders in the private homeowners' market, the prominence of the rental market, household savings rates are high, further reducing risks. (for a more detailed assessment of the housing market, please refer to the section on the case for permanent BBMs).

C. Corporate Sector Risks

54. Corporate loan demand continues to be weak. The subdued growth prospects are affecting Austrian banks' lending business. Corporate loan demand declined in 2024 and continued to be weak in 2025 as firms remained reluctant to commit to new investments. Annual growth of loans to businesses hovered at around 2 percent in the first eight months of 2025 with banks expecting a turnaround in the second half of 2025.

55. The quality of Austrian banks' loan portfolios has been deteriorating, primarily driven by increasing NPLs for loans in the CRE sector. The share of NPLs in total loans increased to 3 percent in the first quarter of 2025 (Figure 4). NPLs in the non-financial corporate sector have increased by more than 50 percent since 2022, up to 4.9 percent in the same quarter, driven by non-performing loans in the CRE and non-performing loans granted to small and medium-sized enterprises. construction sectors. Moreover, NPL ratios related to CRE loans continue to rise, with NPLs on loans secured by commercially developed residential real estate reached 12.8 percent in mid-2025. Limited-profit housing associations (GBVs) have a different risk structure from profit-

Box 1. Austria: Key Features of the Housing Market Structure in Austria

Austria has a unique housing market centered on a well-developed rental sector. Austria has one of Europe's highest rental rates (45 percent) and the share has remained stable over the past two decades. Unlike many European countries that have recently reformed housing markets with new tools, reduced subsidies, and increased homeownership, Austria has maintained its focus on social housing and a regulated rental market supported by both explicit and implicit subsidies.

Both the public and private sector are active in the housing market. The public sector operates at federal, state, and municipal levels: the federation handles tax revenue, tenancy laws, and civil codes; the nine states manage subsidies, supervise housing associations, and control planning and building codes; municipalities provide land or tax abatements. States enjoy significant autonomy in housing policy, leading to variation across regions. Private players include Limited Profit Housing Associations (LPHAs), commercial developers, and private builders.

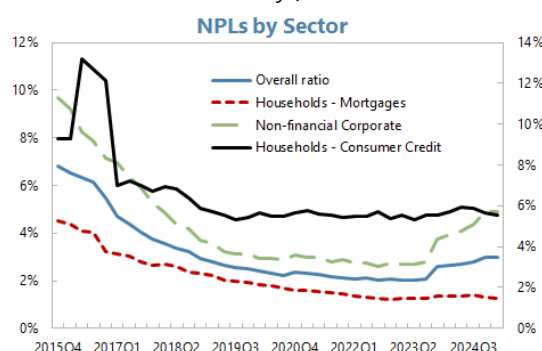
LPHAs play a very important role in providing affordable housing in Austria. Of the 4.2 million dwelling units in Austria, 1 million units (apartments) are provided by LPHAs, of which 70 percent are rented and the rest owner-occupied. LPHAs are required by law to charge cost-recovery based rents and enjoy subsidies provided by Austrian states to promote affordable housing. As a result, rents in LPHA-provided housing are about 30 percent lower than private (for profit) rentals. LPHA housing is considered high quality, and a generous income eligibility cutoff allows both low- and middle-income households access, making it serve a broader population. From a financial stability point of view, LPHAs have very low default rates on loans and enjoy highly favorable financing conditions from banks.

oriented debtors with a much lower share of NPLs. GBVs account for around 22 percent of domestic CRE loans and the largest share is in the “real estate activities” sector.

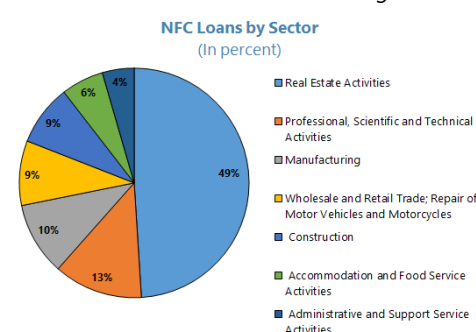
56. Following increased risks related to commercial real estate lending, the FMSB has imposed a sectoral SyRB for CRE exposures. Against the backdrop of growing risks in the CRE sector with increasing default rates and risk provisioning for CRE loans, the FMSB recommended in October 2024 the introduction of a sectoral SyRB for CRE lending of 1 percent effective July 1, 2025, subsequently raised to 3.5 percent, effective July 1, 2027. When the related supervisory reporting data will become available for the first time, the FMSB will evaluate the need for further increases.

Figure 4. Austria: NPLs and Lending to Nonfinancial Corporations (NFC)

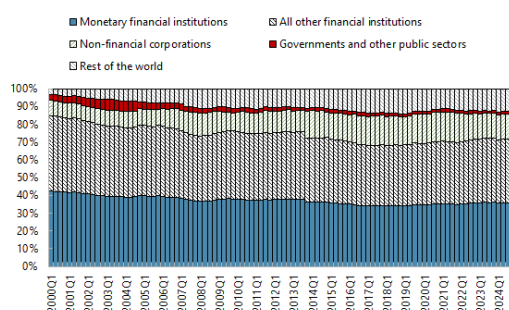
NPLs have increased recently for NFCs...



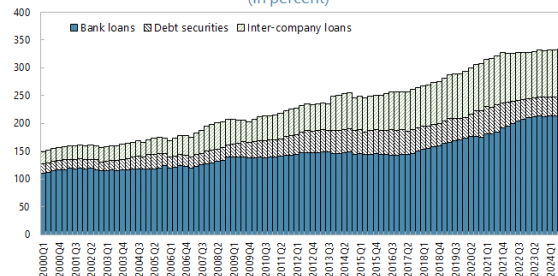
MFI loans to Real Estate Activities are large



NFC Loans by Lender (In percent)



Sources of NFC Debt (In percent)



Sources: OeNB and FMA.

D. Nonbank Financial Sector

57. The non-banking sector has been growing in Austria, mirroring a broader trend in Europe. The Austrian non-bank financial sector accounted for one third of the total financial system at the end of 2024²². Investment funds represent the largest NBFI component, accounting for 12 percent followed by insurance sector with 7 percent and pension funds at 2 percent. As the Austrian

²² Measured in terms of total assets for banks on a consolidated level, other financial institutions, insurance companies, pension funds and net asset value of investment funds.

banking sector has grown at a higher rate than the NBFIs sector, its share has been slightly reduced since 2019. Households and nonprofit institutions are the largest investors in investment funds.

58. Vulnerabilities in the open real estate investment funds have been identified, and measures have been taken. After a long period of net cash inflows, since 2023, the real estate fund market shifted to net cash outflows, leading to significant liquidity risks caused by the liquidity mismatch of assets and fund shares. The Austrian Real Estate Investment Fund Act has been amended to introduce a 12-month notice period that will be in effect from 1 January 2027. This measure will reduce the liquidity mismatch²³.

E. Exposures to CESEE

59. Foreign operations continue to play a key role in the profitability of the Austrian banking sector. In 2024, total foreign exposure amounted to EUR 551 billion, equivalent to 44 percent of total assets, of which around two-thirds are located in CESEE. Czechia and Slovakia account for more than half of Austrian SI's assets in CESEE, followed by Romania, Hungary and Croatia. The subsidiaries are locally funded and well-capitalized, limiting contagion risk compared to direct cross-border business. In 2024, the subsidiaries accounted for around 40 percent of the total consolidated profits of the Austrian banking system. The exposure to non-EU CESEE countries is 15 percent and declined since Russia's invasion of Ukraine, mostly driven by de-risking activities in Russia and the exit from Belarus. One of Austria's SI is acquiring a bank in Poland, which will contribute to a markedly higher exposure in the region.

60. Continued geopolitical risks and economic uncertainties, including trade tensions and the war in Ukraine are major sources of risks for the CESEE countries and hence the Austrian subsidiaries. At the level of subsidiaries, macroeconomic uncertainty and external shocks are prominent risk drivers and relevant for CESEE subsidiaries. Global political and economic uncertainties, such as trade tensions and the war in Ukraine are major sources of risk. Disruptions in major trading partner economies or international supply chains could for instance adversely impact the Czech economy and, consequently, its banking sector. Furthermore, there is the potential for an increase in non-performing loans (NPLs) due to the delayed impact of higher interest rates. Exposures to non-financial corporations (NFCs) and secured household loans are primary contributors to credit risk. A more subdued economic growth outlook with negative effects on labor markets might weigh on growth and credit quality. Lower policy rates in CESEE could contribute to a decline in net interest margins with a time lag.

61. Systemic risks from CESEE exposures are addressed through the SyRB. Introduced in 2016, the SyRB addresses the systemic risks arising from the structural characteristics of the Austrian banking system, including the lending activities in the CESEE countries. Following the 2020 FSAP

²³ Please refer to the Austria FSAP Financial Sector Stability Assessment for more details on the regulation and supervision of investment funds.

recommendation to consider reflecting the high profit-dependence on the CESEE region in calibration of the SyRB, the methodology was revised in 2022.

F. Structural Vulnerabilities

62. Structural vulnerabilities include large exposure to the CESEE, high concentration and interconnectedness in the banking sector, and low domestic profitability. The five largest banking groups account for over 80 percent of the domestic market share. Separately, developments in the three “decentralized segments” (Raiffeisen, Sparkassen, and Volksbanken) or in Austrian foreign subsidiaries have a high potential of spreading into the domestic financial system, due to the significant equity cross-holdings by many domestic entities and their collaboration arrangements (for example, IPS in the Raiffeisen sector and cross-guarantee schemes).²⁴

63. In order to address risks from structural vulnerabilities, the authorities use both the O-SII and SyRB buffers. In the framework, the O-SII buffer is used to address risks an individual institution poses to the stability of the financial system. The SyRB buffer captures the exposure of the individual institution to the system-wide risks. The identification of institutions subject to the O-SII buffer is based on EBA guidelines, but in 2018 the buffer was extended to the unconsolidated level. As Austria implemented the amended EU Capital Requirements Directive in domestic law in 2021, the SyRB is now cumulative with the O-SII buffer, i.e. the SyRB must be held in addition to the O-SII/G-SII buffer (and vice versa).

64. Setting the O-SII buffers follows a two-step approach in accordance with EBA guidelines. The first step involves assessing indicators which are intended to identify large, significant, complex, and interconnected institutions using a standardized procedure. The second step involves supervisory judgement²⁵. As of October 10, 2025, seven banks were subject to an O-SII buffer (ranging from 0.45 to 1.75 percent of RWA) at the consolidated level, and eight also at unconsolidated level.

65. The new ECB methodology for the implementation of an O-SII floor has not affected the O-SII calibration in Austria. On January 1, 2025, the [European Central Bank \(ECB\)](#) began implementing an enhanced floor methodology to assess capital buffer decisions for O-SIIs across the banking union. The new methodology introduces a Banking Union (BU) perspective to complement the existing national-level assessment. The ECB now assesses each bank against two floors: a national floor (based on domestic systemic importance) and the new BU floor (based on systemic importance to the entire banking union). The higher of the two floors applies. The new ECB methodology has not affected the calibration of the O-SII in Austria. The identified O-SIIs as well as the buffer amounts remain unchanged in 2026, compared with 2025.

66. The SyRB is calibrated in a four-step approach. The first step involves an analysis of systemic risks in the Austrian banking sector. Elements in this analysis include the fact that the

²⁴ These are discussed in detail in the Technical Note on Systemic Risk Analysis and the FSSA.

²⁵ EBA Guideline EBA/GL/2014/10

Austrian banking system is large and interconnected, the weak structural profitability of the banking sector as well as implicit state guarantees. The second step involves a selection of banks in the risk components based on potential systemic vulnerabilities and systemic cluster risk. Systemic risk vulnerabilities include the position in the Austrian banking sector and covered deposits. The systemic cluster risk includes risks emanating from similar business models and risks related to profitability from emerging markets²⁶. The third step includes the calibration of the general buffer size and the final step the calibration of individual banks' buffer size. Potential overlaps of the SyRB with the O-SII-buffer are calibrated in detail and considered when determining the individual banks' buffer size. In addition, the OeNB conducts an ex-ante impact assessment to assess the potential economic costs of policy measures and to assess the trade-off between costs and benefits. As of October 10, 2025, 12 banks were subject to an SyRB buffer at the consolidated level, and 11 also at unconsolidated level. The next regular evaluation of the SyRB takes place in 2026 and the evaluation of the calibration of the sectoral SyRB is planned for the second half of 2027.

Table 2. Austria: Macroprudential Instruments in use Compared with Peer Countries

		Austria	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Switzerland
Capital-based measures									
CCyB	Available	✓	✓	✓	✓	✓	✓	✓	✓
	Activated	✗	1.25% (broad)	2.5% (broad)	0.75% (broad)	2.0% (broad)	2.5% (broad)	2.0% (broad)	2.5% (sectoral)
	Explicit PNCCyB	✗	✗	✗	✗	✓	✗	✓	✗
SyRB	Available	✓	✓	✓	✓	✓	✓	✓	✗
	Activated	0.5-1% (broad) 12 banks	0%	0%	0%	0%	4.5% (broad) All banks	3% (broad) All banks	✗
sSyRB	Available	✓	✓	✓	✓	✓	✓	✓	✗
	Activated	1% (2% from July 2026; 3.5% July 2027) CRE	6% 7 banks	7% All banks	2% All banks	0%	0%	0%	
SIB buffer	Available	✓	✓	✓	✓	✓	✓	✓	✓
	Activated	0.45-1.75% 10 banks	0.75-1.5% 8 banks	1-3% 9 banks	0.5-2% 15 banks	0.25-2% 6 banks	1-2% 4 banks	1% 4 banks	0-1.44% 4 banks
CCoB	Available	✓	✓	✓	✓	✓	✓	✓	✓
	Activated	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5-4.8%
Borrower-Based Measures									
	Available	✗	✗	✓	✓	✓	✓	✓	✗
	Activated	✗	✗	✓	✗	✓	✓	✓	✗
	Note	Supervisory guidance on LTV, DSTI and loan maturity caps	LTV cap	LTV and DTI/LTI caps		LTV and loan maturity cap	LTV and DTI/LTI caps, amortization rule	LTV cap and amortization rule	Self-regulation with LTV cap and amortization

Source: ESRB, national central banks, as of June 2026.

²⁶ In line with the recommendations from the 2020 FSAP, the methodology has considered the importance of profits from CESEE for overall profitability of a bank since the regular SyRB assessment in 2022. If the share of CESEE-profits in total profits of a financial institution exceeds a certain threshold, the institution could qualify for a SyRB. However, two other criteria must be fulfilled. The share of CESEE exposure in a bank's balance sheet and the share of CESEE-exposure in the overall CESEE-exposure of all financial institutions in Austria must also exceed a certain threshold.

THE CASE FOR PERMANENT BORROWER-BASED MEASURES

67. Austria witnessed faster growth in house prices and greater house price overvaluation since 2010 compared to the euro area. Nominal annual house price growth was about 3¾ percentage points higher on average than in the euro area between 2010 and the peak of the house price cycle in 2022. The acceleration in house price growth was also faster in Austria since 2020 to the peak of the cycle than in the broader region. At peak, real house prices in Austria were nearly 70 percent higher in 2022Q1 than in 2010, as compared to 18 percent for the euro area as whole. Since the peak, real house prices have fallen but remain [43 percent] higher in real terms than in 2010.

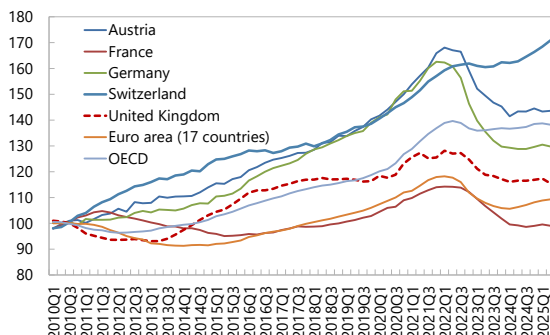
68. The acceleration in house prices can be related to several factors on both the demand and supply side. Mortgage interest rates fell following the policy rate easing cycle in 2011 and over the extended period of low interest rates. Mortgage credit expanded rapidly as well, by about 5 percent annually. Housing demand increased amid rapid population growth of 0.7 percent annually, faster by about 0.4 pp annually than in the euro over 2012-2025, although household real disposable incomes grew slower by about 0.25 percent annually compared to 0.7 percent in the euro area. Following the COVID-19 and energy price shocks, there was a sharp rise in construction costs, of similar magnitude as in the euro area.

69. House price misalignment rose from 2015 onwards under sustained price acceleration. OeNB and ECB estimates suggest that at the peak, house prices may have been overvalued by as much as 40-50 percent. Staff estimates (SIP 2024) suggest a similar high magnitude of overvaluation of around 30 percent.

70. Housing affordability deteriorated as house price growth outpaced incomes. House price-to-income ratios rose sharply and more than in other countries, mirroring the faster increase in house prices. At the same time, rent-to-income ratios also rose at a faster rate than other countries, indicating broader housing market demand and supply pressures rather than speculative dynamics fueled by low interest and/or loose credit standards. Affordability pressures were seen to increase especially for house prices in Vienna, but also in a few other regions including Tyrol, Salzburg and Vorarlberg.

Figure 5. Austria: House Prices and Affordability**Real Housing Price Index**

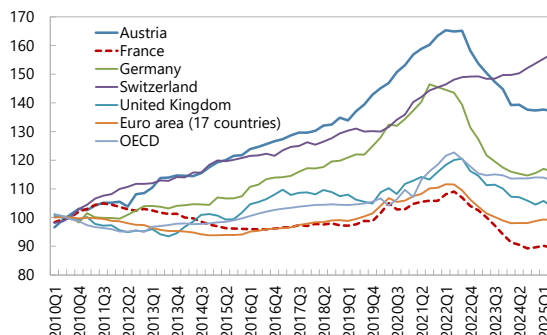
(Index, 2010=100)



Sources: OECD.

Housing Price to Income Ratio

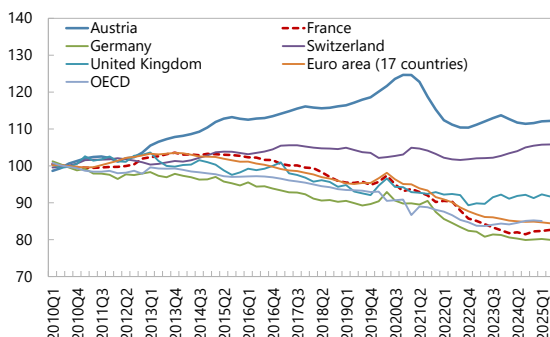
(Index, 2010=100)



Sources: OECD.

Housing Rent to Income Ratio

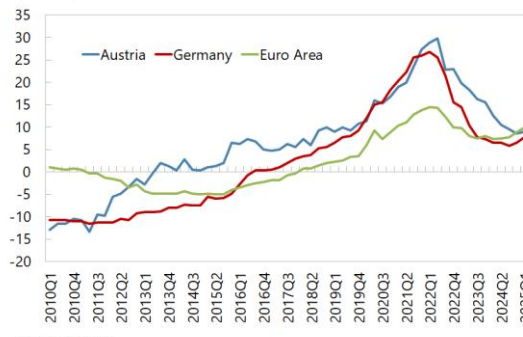
(Index, 2010=100)



Sources: OECD.

House Price Overvaluation

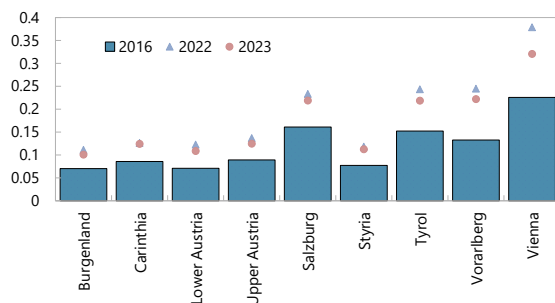
(Percent)



Sources: Haver.

Affordability of Houses by Region

(Ratio)

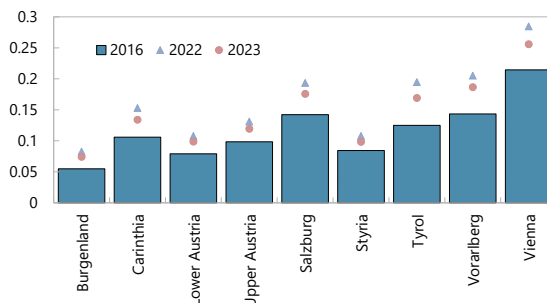


Sources: Statistics Austria and IMF staff calculations.

Note: Ratio is calculated by dividing house price per square meter by disposable income per capita.

Affordability of Rentals by Region

(Ratio)



Sources: Statistics Austria and IMF staff calculations.

Note: Ratio is calculated by dividing flat price per square meter by disposable income per capita.

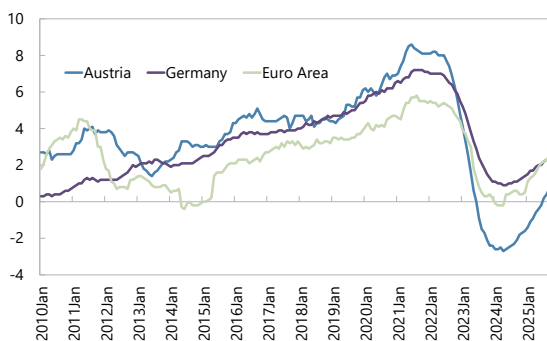
71. Mortgage loan quality deteriorated along with the acceleration in house price dynamics. Historical data from a subset of banks (accounting for at least 1/3rd of new lending volumes) suggest that over 2011-2019, the share of high LTVs in new mortgages (with LTV ratios over 80 percent) doubled from about 20 percent to nearly 40 percent (Figure 6). In 2020Q2, in the

full sample of Austrian banks, the share of new mortgages for owner-occupied houses with LTVs above 90 percent was found to be more than 60 percent (about half of all outstanding mortgages) suggesting that the full picture on mortgage credit quality was more concerning than suggested in the smaller sample of banks.

Figure 6. Austria: Mortgage Lending Credit Standards

Mortgage Lending Growth

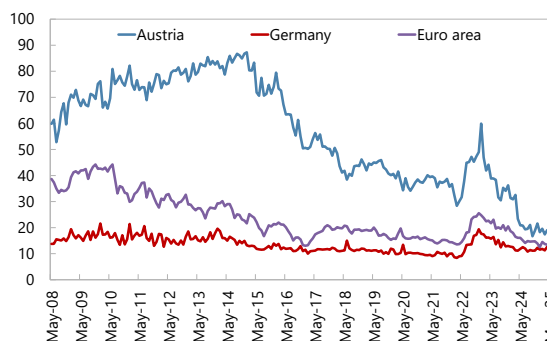
(Percent, YoY)



Sources: ECB.

Share of Variable Rate Loans in Total Loans for House Purchase

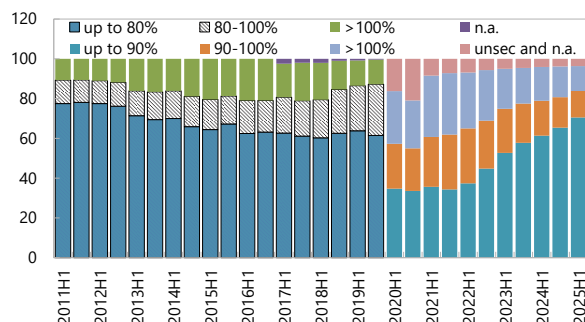
(Percentage)



Sources: ECB and IMF staff calculations.

Share of Current Mortgage Loans by LTV Ratio

(Percent)

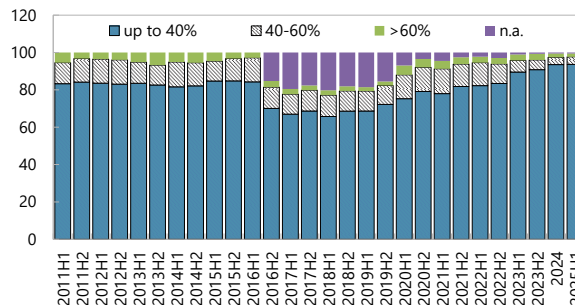


Source: OeNB.

Note: Series break reflects coverage change. Up to 2019H2: up to 11 banks, accounting for at least 1/3 of new lending volume. From 2020H1: all Austrian banks.

Share of New Mortgage Loans by DSTI Ratio

(Percent)



Source: OeNB.

Note: Series break reflects coverage change. Up to 2019H2: up to 11 banks, accounting for at least 1/3 of new lending volume. From 2020H1: all Austrian banks.

72. In response to rising systemic risks in housing mortgage lending, Austria introduced mandatory borrower-based measures (BBMs) in August 2022. The regulation—known as KIM-V—put in place caps on LTC ratios of 90 percent and DSTI ratios of 40 percent and imposed a maximum loan term limit of 35 years (with exemption limits within each bucket subject to an overall limit of 20 percent). These rules were amended over time (Box 2—legislative history of KIM-V) including to simplify the exemption limit rules.

Box 2. Austria: History of KIM-V Regulations in Austria

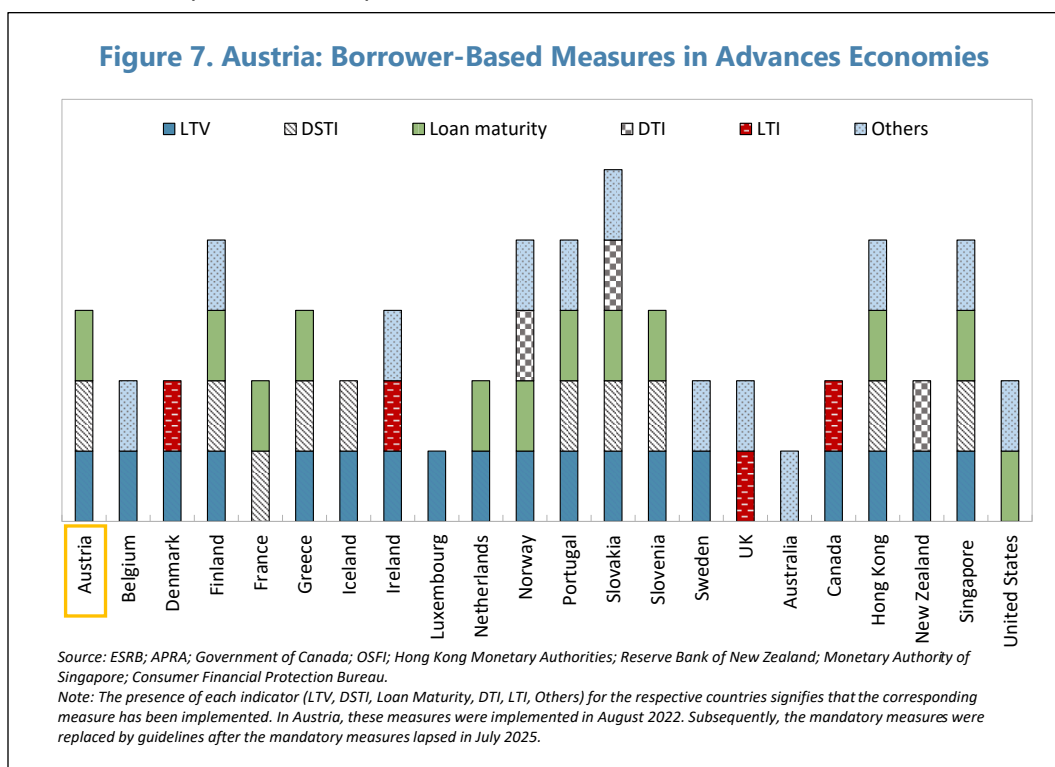
Austria’s management of systemic risks in residential real estate lending has evolved notably in recent years. In 2015, the FMSB had started discussing how additional instruments for RRE financing risks might be applied should the need arise. In its 9th meeting in 2016, the FMSG clarified “... the FMSB considers that sustainable lending standards in real estate lending must be consistently complied with to prevent the build-up of systemic risks and speculation in residential real estate lending.” The FMSB therefore called on banks to make lending standards for private residential real estate more sustainable. Nevertheless, no improvement in lending standards was observed. Subsequently, in its 17th meeting, the FMSB specified its expectations despite which lending standards did not improve.

Risks accelerated in 2020–2021, prompting the Financial Market Stability Board (FMSB) to recommend new actions (introducing the KIM-V regulations) to the Austrian Financial Market Authority (FMA) in March 2022 (the original plan to introduce KIM-V in 2020 was delayed due to COVID-19). The FMA responded by issuing the KIM-V Regulation, which set upper limits for new residential real estate loans: a maximum loan-to-collateral (LTC) ratio of 90 percent (with a 20 percent exception quota), a maximum debt-service-to-income (DSTI) ratio of 40 percent (10 percent exception quota), and a maximum loan term of 35 years (5 percent exception quota). Up to 20 percent of all loans could exceed these limits, and financing below EUR 50,000 for renovations and energy transitions was excluded (maximum 2 percent of new lending). These measures aimed to contain systemic risks while supporting sustainable lending practices. The regulatory framework was adapted in response to market developments and feedback. Amendments in early 2023 introduced exemptions for bridging loans and minimum exemption buckets of EUR 1 million. In April 2024, further changes abolished indicator-specific exemption buckets, retaining only the institution-specific 20 percent exemption.

The KIM-V regulation was subject to a sunset clause, limiting its duration to three years, with a possible two-year extension if elevated systemic risks persisted. In autumn 2024, the FMA commissioned the OeNB to reassess systemic risks in private residential real estate financing. The OeNB concluded that, due to the effectiveness of KIM-V in establishing sound lending standards, high capitalization in the banking sector, and historically low lending volumes, no elevated systemic risks were present. Consequently, the regulation expired automatically on 30 June 2025 as foreseen.

With the expiration of KIM-V, supervisory expectations shifted. The FMSB, in its December 2024 and February 2025 press releases, emphasized that credit institutions should continue adhering to the lending standards established by KIM-V. The FMA echoed this expectation, linking it to binding microprudential standards on loan origination. This connection distinguishes the new non-binding borrower-based measures (BBMs) from those in place before July 2022, as compliance is now framed as a supervisory expectation rather than a strictly regulatory requirement. The FMA reinforced this stance by issuing a circular on sound private residential real estate lending on 26 June 2025.

73. The mandatory measures helped restore sound lending standards. Following the introduction of the mandatory LTV and DSTI caps, the share of new loans for owner occupied housing with LTVs below 90 percent rose from 13 percent to 85 percent between 2020Q2 and 2025Q2 (from about 35 percent of the share of all current mortgages in 2020Q2 to about 70 percent of the total in 2025Q2). Over this period, the share of *new* mortgages with DSTI ratios below 40 percent rose from 75 percent to 93 percent.



74. The binding BBMs have been replaced by supervisory guidelines. In Fall 2024, the OeNB concluded given the BBMs were effective in establishing sound mortgage lending standards and systemic risks were no longer elevated amid high bank capitalization and historically low lending volumes. The BBMs were thus not renewed and expired in June 2025 in accordance with the law. They were replaced by FMA guidelines that maintained the caps as under the mandatory BBMs as regulatory expectations, with some adjustments, namely (i) consideration of interest rate risk for loans with fixed rate fixation less than the entire term of the loan, which would result in lower DSTI than 40 percent (ii) somewhat relaxed collateral requirements taking into account guarantees such as subsidies from Länder toward purchasing housing, and (iii) a 20 percent exemption limit as in place under KIM-V.

Table 3. Austria: LTV, DSTI, and DTI Settings in Select Advanced Economies

	LTV	DSTI	DTI
Austria	90% of the collateral value (an LTC measure), with an exemption limit of 20% of the assessment basis	40% (exemption quota of 10%)	
Belgium	80% for buy-to-let (exemption limit of 10%; 0% over LTV of 90%), 90% for owner-occupied (exemption limit of 35% for first time, and 20% for other buyers)		
Denmark	95% maximum		
Finland	95% for first time home buyers; (toggled between 85-90% for other buyers).	Recommended stressed DSTI should not exceed 60% (exemption limit of 15%)	
France		Recommended DSTI limit of 35%	
Greece	90% for first time, and 80% for other buyers (exemption limit of 10%)	50% for first time and 40% for subsequent buyers	
Iceland	85% for first time (90% earlier), 80% for other buyers	40% for first time and 35% for other buyers (exemption limit of 5%)	
Ireland	90% for first time, 80% for second home (subsequently increased to 90%), and 70% for buy-to-let (with exemption limits of 15%, 15%, and 10% respectively)		
Luxembourg	100% for first time, 90% for second home, and 80% for buy-to-let (exemption limit 15% for second home, maximum of 100% LTV)		
Netherlands	100% (decreased gradually from 106% in 2012 by 1pp per year)		
Norway	90% (85% earlier), 60% for second homes		Total debt may not exceed five times gross annual income (exemption limit of 10% 8% in Oslo).
Portugal	90% for owner-occupied and 80% for purposes other than own and permanent residence	50% (exemption limit of 10% for DSTI up to 60%, 5% for DSTI > 60%)	
Slovakia	90% maximum (exemption limit of 20% on LTVs exceeding 80%)	60% implied by the current maximum instalment	Total debt may not exceed 8 times net disposable income (exemption limit of 5% on loans clients < 35 years old and income < 1.3x average income).
Slovenia	80% for primary residence, 70% for not primary (reduced from 80%)	50% for all income levels (previously allowing 67% for incomes > EUR 1,700; exemption limit 3% lowered from 10% previously)	
Sweden	85%		
Canada	95% below \$500,000 (90% for value above) to obtain mortgage loan insurance. Uninsured mortgages have an LTV cap of 80%. 1/		
New Zealand	80% for owner-occupiers, 70% for investors (exemption limits at 25% and 10% raised in December 2025 from 20% and 5% respectively). 2/		Borrowing exceeding six time gross annual income net of debt for owner-occupier, 7 times gross annual income net of debt for investors is high-DTI. Banks can lend 20% respectively to these two types of high-DTI borrowers.
Singapore	75% for no outstanding housing loans and decreasing to 45% (35%) for 1 (2) outstanding housing loan(s)		

Sources: ESRB and IMF's iMaPP database.
1/ CMHC, OSFI.
2/ RBNZ.

75. Austria's binding BBMs were fairly typical and not unusually tight in their settings in international comparison. LTVs are common in several advanced economies with some notable exceptions such as France, UK, Australia, and the US. DSTIs are also fairly common among other advanced economies. A few advanced economies have DTI limits, and some have LTI limits (Figure 7). In terms of the LTV and DSTI caps, Austria's settings were broadly comparable to the settings in other countries (Table 3).

76. Only few countries in Europe have non-binding guidelines on mortgage lending. In some cases, the guidelines/recommendations are coupled with binding measures (e.g., Finland has binding LTVs and recommendations on stressed DSTIs. Slovenia has binding DSTI limits and non-binding LTVs; see Table 3). In Belgium and Portugal, there are no binding measures from the suite of borrower-based tools. In Belgium, there are supervisory expectations on LTVs (making them explicit in 2020 was a strengthening of the macroprudential setting from previous peer benchmarking and moral suasion, as intensified competition among banks led to a deterioration of lending

standards).²⁷ Portugal introduced recommendations on LTVs, DSTIs, and loan maturities in 2018, [amid signs of some easing in mortgage loan standards](#).

Table 4. Austria: Selected Cases of Non-binding Macroprudential Measures	
Belgium [1]	Supervisory expectations on LTVs for FHB, other owner-occupied, and buy-to-let.
Slovenia [2]	Binding DSTI, LTC (bridge financing), and maturity limits; non-binding LTVs.
Finland [3a, 3b]	Binding LTV, recommendation on stressed DSTI.
Portugal [4]	Recommendations on LTVs, DSTIs, maturity, and loan amortization.
Sources: [1]; [2]; [3a, 3b]; [4] NCA websites	

77. Guidelines on mortgage lending standards could provide flexibility to regulators to address housing market risks. In both Belgium and Portugal, MoF approval is needed to implement BBMs, whereas recommendations or prudential expectations do not require formal approval. In Portugal, the BBMs were implemented as a "comply-or-explain" recommendation. That said, the Bank of Portugal [may consider more binding measures](#) if felt needed.²⁸ In Austria, it is understood that the mortgage lending guidelines now in place can also be adjusted relatively quickly to make changes to the LTV and DSTI caps (around 2 months).

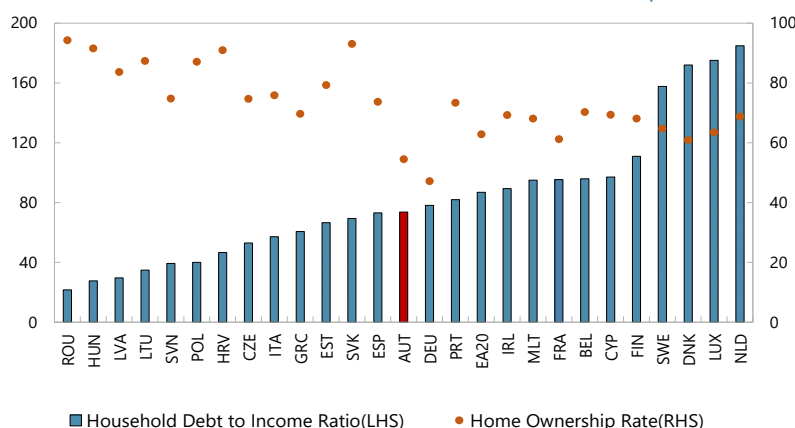
78. Non-binding guidelines could also be justified by mitigating factors that lower housing market vulnerabilities. Austrian households do not appear especially vulnerable in international comparison. In terms of household characteristics, key mitigating factors in Austria include (i) relatively low rates of home ownership, and (ii) moderate household debt relative to disposable income. Austria has the second lowest rate of homeownership after Germany at around 50 percent. Household debt relative to disposable income is also below the EU average. Further, only a third of homeowners have active mortgages.²⁹ In addition, the housing market is characterized by a high share of social housing (see Box 2 on the structure of the housing market), which has helped keep housing costs moderate in Austria. The high share of social housing with regulated rents allows households to find housing options without recourse to mortgage debt when affordability of private housing ownership is low.

²⁷ "Macroprudential policies to mitigate housing market risks," CGFS Papers (69), BIS December 2023; IMF iMaPP database.

²⁸ The choice of non-binding instead of a binding legal instrument was guided by the view that (i) risks were still in initial stages of build-up, and (ii) it was necessary to [gain experience](#) with implementation and the impact of these macroprudential measures.

²⁹ Property Market Review Q1-Q2 2023, OeNB.

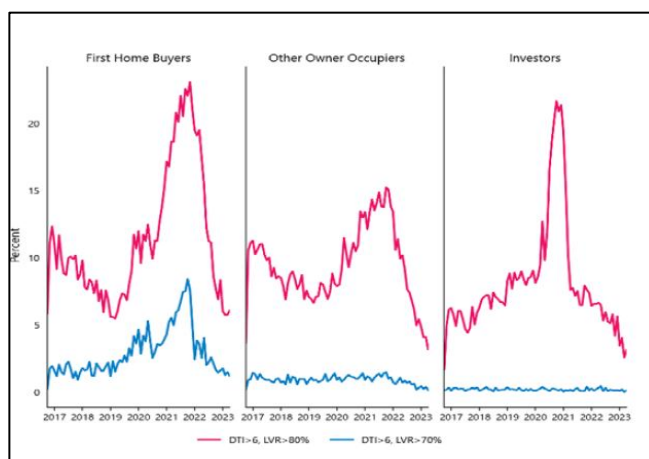
Figure 8. Austria: Household Debt and Homeownership Rates
(Percent 2023 for debt 2024 for Ownership)



Source: Eurostat and IMF Staff Calculations.

79. However, it is unusual for binding macroprudential measures to lapse once implemented. Removal of binding restrictions could lead to rapid build-up of systemic risks. A case in point is the [temporary suspension of LTV restrictions](#) in New Zealand at the onset of COVID-19. RBNZ removed LTV restrictions with the stated intention of suspending them for one year. However, lending standards worsened rapidly, with a sharp increase in the share of high-LTV lending across buyer class but especially among investors.³⁰ Expressing [concern about worsening credit standards and resumed house price growth](#), RBNZ decided to undo the suspension of the LTV restrictions earlier than initially planned (May 2021). There are several instances where countries have loosened macroprudential restrictions on mortgage lending or eased supervisory expectations as in the case of Australia (Table 5). In most cases, it appears that such easing of BBMs had moderate effects on the housing market (e.g., in Sweden, and in Ireland, the effects are assessed to have been limited).

Figure 9. Austria: New Zealand High-LTV and High-DTI Share of New Lending



Source: CGFS Papers (69), BIS December 2023.

³⁰ "Macroprudential policies to mitigate housing market risks; Country case study: New Zealand," CGFS Papers (69), BIS December 2023.

Table 5. Austria: Loosening of Mortgage Lending Rules and Impact

Country	Loosening Episode	Observed Outcome
New Zealand	Apr 2020: RBNZ suspended LVR restrictions (threshold and speed limits) during COVID-19.	High-LVR lending [LVR>70–80] nearly tripled [for investors], also rose for FHBs. LVRs reinstated in 2021 after housing acceleration. <i>House prices surged >40 percent from the trough [25 percent in aggregate]; low interest and supply constraints also in play.</i>
Sweden	Apr 2020–Aug 2021: Finansinspektionen suspended amortization requirements for all mortgages.	New borrowers took $\approx$ 4 percent larger loans and bought homes $\approx$ 1 percent more expensive, increasing leverage.
Australia	2018: APRA removed 10 percent investor-loan growth cap (2014) and 30 percent interest-only cap (2017).	Share of investor loans with 70–80 percent LVR rose from $\sim$ 3 percent to $\sim$ 10 percent; RBA noted rising risk appetite.
Korea	Multiple episodes since 2002.	LTVs and DSTIs are assessed to have significant dampening effects on house price and housing credit cycle.
Ireland	2022: Central Bank of Ireland raised LTI ratio cap for FTBs from 3.5 to 4 (effective Jan 2023).	Higher loan sizes among previously constrained borrowers; modest aggregate price effect.
Notes/Sources: New Zealand [1], [2], [3]; Sweden [4]; Australia [5], [6]; Korea, [7]; Ireland [9], [10]		

80. The authorities should amend the law to allow introduction of BBMs as a permanent measure to mitigate risks associated with excessive mortgage debt for several reasons:

- *Binding measures worked well in Austria.* Austria's recent experience suggests that having the mandatory measures played a key role in improving lending standards, and this occurred without constraining mortgage lending.³¹ Exemption limits were not exhausted even as LTVs and DSTIs improved between the 2022 and 2025; more than 60 percent of banks did not exhaust even half their exemption volumes 2 years following the introduction of the binding measures. In contrast, the guidelines on mortgage lending in place before the KIM-V regulations came into effect were unable to prevent the build-up of systemic risks.
- Counterfactual analysis using microsimulations on 2021 HFCS data show that having mandatory LTV limits of 90 percent in place significantly lower mortgage default probabilities. The reduction in cumulative default probabilities after 5 years is as much as 3–4 percent including under severe shocks, which translates into lower defaulted mortgages by almost 9 billion euros over 5 years relative to the counterfactual with no binding LTV limits.
- *Binding measures would help economize supervisory resources.* Under the new framework, the onus of maintaining compliance with supervisory guidelines has shifted back to the regulatory

³¹ Financial Stability Report 48, OeNB.

authorities. Austria has far more banks (over 400) compared to jurisdictions such as Belgium (80) or Portugal (142), implying a greater demand on supervisory resources as compared to under a framework of legally binding measures.

- *Lags in implementing binding measures when needed could exacerbate risk build-up.* Under current law, systemic risks need to be assessed in order to implement binding BBMs, which inherently builds in a lag between risk build-up and macroprudential action. However, in this regard, the introduction of quarterly reporting by banks has shortened the interval needed to establish a build-up in risks to a span of two quarters. Further, the BBMs now have a basis in law unlike previously, and the authorities have built up operational experience with the BBMs which should help to speed up the process. However, it is understood that operationally it could still take a year to implement binding measures, and there is a risk of extensive delays in political approval as BBMs are a sensitive topic in Austria.

81. In the near term, the guidelines-based framework could be further strengthened by shortening risk identification lags and increasing transparency on lending standards.

- Lags in identifying risks could be further shortened by increasing the scope for timely indicators and expert judgment to trigger policy action in addition to more time and data-intensive model-based evidence.
- Increasing transparency on banks' lending standards may further strengthen banks' adherence to the non-binding measures.

AUSTRIA NEEDS MORE MACROPRUDENTIAL SPACE

82. Recent experience has shown that releasable capital buffers can cushion the procyclical impact of shocks on banks' provision of liquidity to the economy in periods of stress. While not many countries had built up usable buffers prior to the COVID-19 pandemic, for those that had, the buffers were released as intended, helping to support credit extension (Figure 9). Studies point to the long-term costs of keeping higher buffers as modest. A gradual build-up of buffers would also likely keep costs lower³².

83. An important goal of building releasable buffers is to generate policy space for the release in the event of shocks. A positive neutral capital buffer recognizes that it is difficult to predict periods of aggregate stress and ensures that releasable buffers are available in the early stages of the financial cycle. Empirical research finds that banks want to maintain positive management buffers above their regulatory buffer requirements through periods of stress. Since the release of capital buffers creates additional headroom, it can promote the continued provision of credit when needed. Studies find that buffer releases during the covid-19 pandemic had the

³² Rethinking Macroprudential Capital Buffers; Miettinen & Nier (2025)

intended effect of supporting the provision of credit, especially for banks that were close to requirements before the release³³.

84. Releasable buffers can be built by using the CCyB or the SyRB. Both the ECB and the ESRB define releasable buffers as being made up of the CCyB and the SyRB since these are more flexible instruments that can be used to address a wide range of structural and cyclical risks at systemic level³⁴. Authorities can reduce the calibration of both the SyRB and the CCyB, meaning that the buffers are “releasable”³⁵. While a few countries have opted for a sectoral SyRB, focusing on specific exposures, or a general SyRB, focusing on all bank-specific exposures at consolidated level, the use of the CCyB has gained traction in Europe. Some countries have opted for an explicit target rate for the CCyB in an environment where systemic risk is neither subdued nor elevated. Other jurisdictions have opted for a more flexible approach for setting the CCyB, without a pre-defined target rate.³⁶

85. The positive neutral rate (PNR) CCyB is the most common buffer used for creating releasable buffers in Europe. Of 30 EEA member countries, 17 have set a positive-neutral CCyB³⁷. A few countries have also shifted from the structural SyRB to a PNR CCyB. For example, the Netherlands reduced the large predominance of structural buffers in 2020 when it lowered its SyRB rate and subsequently introduced a PNR CCyB. Similar developments have happened in Estonia and Ireland³⁸.

86. In some cases, authorities have amended the relevant legal legislation when implementing a positive neutral CCyB framework. As an example, Hong Kong SAR amended the legislation in 2023 to introduce the option of a positive neutral CCyB, stating that excessive credit growth no longer is a precondition for setting the CCyB above zero³⁹.

87. The main experience with the release of the PNR CCyB was during the COVID-19 pandemic. As can be seen in Figure 10, 16 jurisdictions made reductions in the buffer compared to preannounced levels during the pandemic. At the same time, a number of additional measures were implemented, both in terms of monetary and fiscal policies, which also helped to reduce the losses for the banking sector. In order for the release to be as effective as possible, communication is

³³ Some studies also point to the fact that the imposition of dividend restrictions could have played a role. See for example “Covid-19 bank dividend payout restrictions: effects and trade-offs”, BIS Bulletin nr 38, 2021.

³⁴ The Capital Conservation Buffer (CCoB) and the buffer for systemically important institutions (G/O-SII) are more permanent, structural buffers are not considered releasable.

³⁵ While the CCyB is specified under the CRD, there are no explicit provisions on the release of the SyRB in the CRD.

³⁶ Using the countercyclical capital buffer to build resilience early in the cycle; Joint ECB/ESRB report on the use of the positive neutral CCyB in the EEA, 2025.

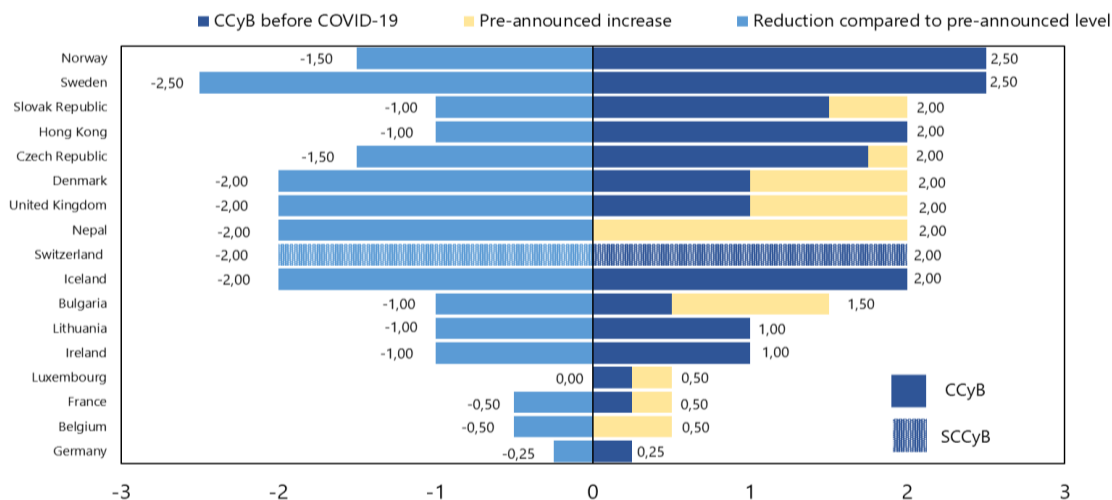
³⁷ Using the countercyclical capital buffer to build resilience early in the cycle, Joint ECB/ESRB report on the use of the positive neutral CCyB in the EEA.

³⁸ See for example Notification template for Articles 133 and 134(5) of the Capital Requirements Directives (CRD) – Systemic risk buffer (SyRB) 2021 for Estonia and for Ireland the Financial Stability Review in 2022.

³⁹ Range of practices in implementing a positive neutral countercyclical capital buffer; BIS BCBS, 2024.

important. For example, a capital release is found to be more effective when communication is able to convince banks that the release will not be reversed for some time or be rebuilt prematurely⁴⁰.

Figure 10. Austria: The Level of the CCyB Before COVID-19 and the Subsequent Relaxation (In percent)



Sources: Country authorities' websites; IMF, Financial Supervision and Regulation database; IMF Macropudential Policy survey; IMF, Policy Tracker; Yale Program on Financial Stability; and IMF staff calculations.
Note: CCyB - Countercyclical Capital Buffer.

Source: Miettinen & Nier (2025).

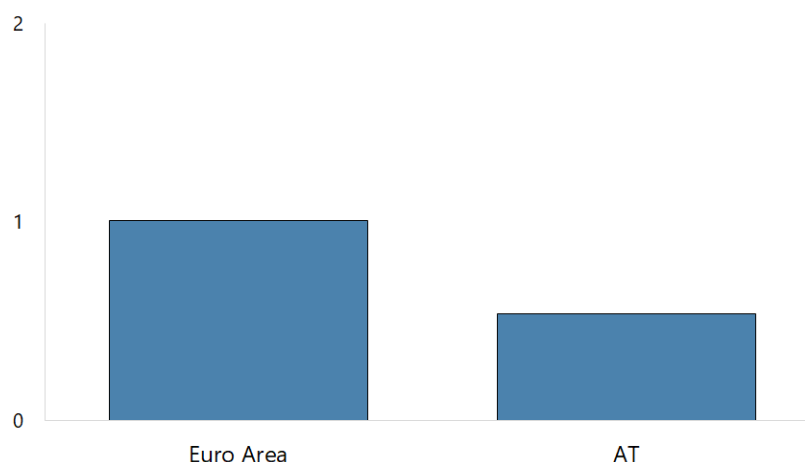
88. Overreliance on the credit-to-GDP-gap as a measure of excessive credit growth can contribute to a lack of buffers. As this "Basel" credit gap can stay negative for a protracted period of time, decisions to increase the buffer have been made difficult. Several jurisdictions, such as the Netherlands, have recently announced analytical frameworks for setting the CCyB that does not only rely on the Credit-to-GDP-gap but also allows for a more precise determination of the of cyclical systemic risks in which the country finds itself⁴¹. That said, there is no standard approach yet for the calibration of system-wide releasable rates.

89. While banks are well-capitalized with large management buffers, macroprudential space is low in Austria compared to European peers. With around 0.5 percent of releasable capital buffers (percent of RWA), Austria's macroprudential space is lower than most of its European peers. The recently announced increase in the sectoral SyRB for commercial real estate exposures will help to increase releasable buffer space. At the same time, efforts to further increase the releasable buffers would be desirable.

⁴⁰ Rethinking Macroprudential Capital Buffers; Miettinen and Nier (2025)

⁴¹ See for example "Analytical framework for setting the Countercyclical Capital Buffer in the Netherlands" (April 2022, DNB)

Figure 11. Austria: Releasable Macroprudential Buffers in Euro Area Countries
In percent (share of domestic RWA)



Source: ECB.

Notes: Releasable buffers for Austria include the general SyRB (2/3) and the sectoral SyRB (1/3).

Domestic releasable buffers (as a share of domestic RWAs), 2025Q4

sSyRB at 1% (valid until 30/06/2026): 0.54%

sSyRB at 2% (valid from 01/07/2026 to 30/06/2027): 0.73%

sSyRB at 3.5% (valid from 01/07/2027 onwards): 1.02%

90. Austria has implemented both a general SyRB as well as sectoral SyRB. The (general) SyRB was introduced in 2016, addressing the systemic risks arising from the structural characteristics of the Austrian banking system and covering exposures in a consolidated manner. The SyRB buffer consists of two parts: (i) the systemic vulnerability buffer up to 1 percent of RWA, aimed to address risks related to the institution's position in the domestic banking sector; and (2) the systemic cluster risk buffer of up to 1 percent of RWA, capturing risks related to concentration of exposures in the CESEE region. As of October 2025, 12 banks were subject to an SRB buffer at the consolidated level, and 11 also at unconsolidated level. The sectoral Systemic Risk Buffer was introduced in June 2025 with 1 percent for CRE exposures in Austria (unconsolidated) for all banks. At its meeting in December 2025, the FMSB advised the FMA to raise the buffer rate in two steps, first to 2% as of July 1, 2026, and then, one year later, to 3.5%.

91. The application of Article 458 CRR has been considered by the Austrian authorities. After the expiration of the FMA-regulation on legally binding borrower-based measures (KIM-V) by 30 June 2025, the application of Article 458 CRR was considered by the OeNB. However, given the effectiveness of the KIM-V in establishing sound lending standards, the banking system's high capitalization, and historically low lending volumes, no elevated systemic risks stemming from residential real estate financing were identified over an appropriate time horizon. Since these risks are a prerequisite for the application of Article 458 CRR, an application was not considered legally viable. Moreover, it is not clear that an application of Article 458 (by means of targeting risk weights or LGDs, Articles 124 and 164) would increase releasable capital buffers as these measures would target structural risks.

92. The revised framework for the CCyB broadens the analysis of cyclical risks. Since its introduction in 2014, the CCyB has never been set above 0 percent. A new framework for setting the buffer rate of the CCyB in Austria has been developed by the OeNB and was used for the first time when setting the buffer rate in June 2025. While the previous method was based primarily on the Basel indicator (credit-to-GDP gap), the revised framework is designed to better account for the relationship between real economic development and lending in order to detect procyclical risks early on. A new indicator set consists of five dimensions with several indicators per dimension (financial sector, private sector, macroeconomics, financial market, and credit-to-GDP gap). The credit-to-GDP gap includes two indicators, one which is the standardized (ESRB) credit-to-GDP gap, and the other credit-to-GDP gap with pure new loans. Indicators are weighted equally. If indicators exceed predefined thresholds this would indicate increased procyclical systemic risks. A particularly high cyclical risk is determined when both gap indicators or at least six other indicators indicate cyclical risks⁴².

93. The new methodology for the CCyB will allow the authorities to identify risks early in the cycle, opening up the possibility to set a positive neutral rate for the buffer. While the previous methodology with focus on the credit-to-GDP gap made it difficult to raise the buffer, the new framework will in principle open up for a PNR CCyB should the methodology signal the build-up of risks⁴³. The benefits of using the CCyB to increase macroprudential space is that the buffer is intended to be releasable by design, it targets domestic exposures, and it has become a well-used buffer across European jurisdictions.

94. There are pros and cons with both the CCyB and the SyRB buffers. The benefits of a sectoral and general SyRB include that it covers systemic risks that have been identified and that it has been identified as a possible measure by the FMSB. At the same time, a drawback with the general SyRB is that it is targeting structural risks, in the Austrian case the CESEE exposures. If there is a case to release buffers from a cyclical perspective, it might be more difficult to release the SyRB if the structural risks the buffer is targeting are still assessed as relevant. Therefore, for the purpose of releasability, a PNR of the CCyB intuitively makes more sense.

95. Setting a positive CCyB in Austria should come on top of existing releasable buffers. The calibration of the CCyB is intended to cover domestic exposures. In view of the large number of domestic banks with excess capital in Austria, it will be important to set a positive CCyB buffer rate on top of already existing buffer requirements in order to not reduce their excess capital. Furthermore, setting a positive rate for the CCyB should not lead to the reduction of other buffer requirements, such as the SyRB.

96. Austria could benefit from a simplification of the framework for releasable buffers. Considering using one single buffer that accounts for CESEE exposures as well as other unexpected

⁴² Cyclical risks are identified based on whether indicators exceed or fall below thresholds defined by empirical 10 percent or 90 percent quantiles.

⁴³ OeNB has analysed the application of the revised framework in a back-tracking perspective and concluded that in 2017 the revised framework would have signalled the need to raise the buffer rate.

risks could help simplify the Austrian framework and make it more aligned with practices in other EA countries and also in tune with the recent ECB views related to simplification of capital regulation⁴⁴, in essence reducing the number of capital stack elements in the prudential framework. Such single releasable buffer would likely be higher than the current SyRB and a release might only be particle to continue accounting for the structural risks arising from CESEE exposures. Should the approval with a merged CCyB and SyRB be considered, it will be important to retain the ability to impose a sectoral SyRB such as the current related to CRE.

Table 6. Austria: The Benefits and Drawbacks of the CCyB vs SyRB

CCyB	(s)SyRB
By definition releasable (+)	Can be used to address sectoral, targeted risks (+)
Covers domestic exposures (+) (-)	Covers exposures on a consolidated level (+)
Predominantly used in the EEA (+)	Flexibility: considered releasable although release is not explicitly defined in EU legislation (+)
Limited experience (Covid-19) (+) (-)	More difficult to release from a cyclical perspective if targeting structural risks (-)
Effectiveness is being discussed (+) (-)	

A. Recommendations

97. Austria needs to increase its macroprudential space and using a PNR CCyB should be the first-best option for Austria over the medium-term. The new methodology has made it possible for the authorities to work towards a PNR CCyB. While the SyRB framework is appropriate to cover structural risks and risks in separate areas such as CRE, a release of the SyRB could be made difficult in the event structural risks are assessed to not have diminished. A gradual build-up of a PNR CCyB in line with Austria's peer countries, would be the most appropriate buffer to augment macroprudential space, ideally on top of already applied buffers.

⁴⁴ Simplification of the European prudential regulatory, supervisory and reporting framework ECB, December 2025

Table 7. Austria: The Implementation of SyRB and CCyB in the EEA Countries

Country	SyRB level	SyRB exposure	sSyRB level	sSyRB exposure	CCyB
Austria	0.5-1.0%	All (bank specific)	1.0%	CRE (domestic)	0.0%
Belgium			6.0%	RRE	1,25%
Bulgaria	3.0%	Domestic			2.0%
Croatia	1.5%	All			1.5%
Czech Republic	0.5%	Domestic			1.25%
Cyprus					1.0%
Denmark			7.0%	CRE	2.5%
Estonia			2.0%	RRE	1.5%
Finland	1.0%	All			0.0%
France					1.0%
Germany			1.0%	RRE	0.75%
Greece					0,5%
Hungary	0.0%	All	1.0%	RRE and CRE	1.0%
Iceland	2.0%	Domestic (Bank specific)			2.5%
Ireland					1.5%
Italy	1.0%	Domestic			0.0%
Latvia					1.0%
Lithuania			2.0%	RRE	1.0%
Liechtenstein			1.0%	CRE	0.0%
Luxemburg					0.5%
Malta			1.5%	RRE	0.0%
Norway	4.5%	Domestic exposures			2.5%
Poland					1.0%
Portugal			4.0%	RRE	0,75
Romania	0-2.0%	All (Bank specific)			1.0%
The Netherlands					2.0%
Slovakia					1.5%
Slovenia			0.5%	RRE	1.0%
Spain					1.0%
Sweden	3.0%	All (Bank specific)			2.0%
Implemented PN CCyB rate					

Source: ESRB, national central banks, as of June 2026.

Annex I. Recommendations of the 2020 FSAP

Recommendations	Authority	Time ¹
<i>Institutional Framework</i>		
Increase the voting representation of the OeNB in the FMSB and make the OeNB chair the FMSB meetings.	BMF	MT
Clarify in law that the consent of the Ministry of Finance (BMF) as a precondition for the adoption of FMA regulations concerning macroprudential measures should only be required regarding the determination of whether FMA regulations comply with legal requirements.	BMF	I
Streamline macroprudential publications around risks to financial stability.	FMSB, OeNB	I
Review adequacy of resources devoted to macroprudential policy coordination at the EU level.	OeNB, FMA	I
<i>Operational Framework for Risk Monitoring and Analysis</i>		
Enhance the analysis of corporate sector vulnerabilities, and the drivers of prices in the real estate sector.	OeNB	I
Close remaining data gaps, including in the real estate and nonfinancial corporate sectors	OeNB, FMA, BMF	ST
<i>Operational framework for Risk Monitoring and Analysis</i>		
Close data gaps with respect to CRE, micro data for households.	OeNB, FMA	ST
<i>Systemic Risks and Macroprudential Policy Setting</i>		
Monitor the effectiveness of the FMSB guidance on sustainable lending standards and prepare further regulatory actions—such as binding borrower-based limits—if the risk profile of new residential real estate lending does not improve.	FMSB	ST
In the next biannual SRB review, consider reflecting the high profit-dependence on the CESEE region in the calibration of the SRB.	OeNB, FMSB	MT

¹ I Immediate (within 1 year); ST Short term (within 1–2 years); MT Medium Term (within 3–5 years)

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