



OESTERREICHISCHE NATIONALBANK
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Austrian banking sector: capitalisation improved, cost-income ratio worsened, financial stability good

In 2025, Austrian banks retained much of previous strong profits, thereby increasing their capitalisation, which strengthens financial stability in times of heightened geopolitical uncertainty. Central, Eastern and Southeastern Europe remained an important profit contributor. Domestic lending gained momentum (especially mortgages), and credit quality stabilised overall, but loans to SMEs and commercial real estate (CRE) companies show increasing NPL ratios. To keep systemic risks at bay, the OeNB recommends, among other things, that banks ensure adequate credit risk management and comply with stricter regulatory requirements for CRE financing while staying committed to sustainable lending standards for residential real estate financing.



War in the Middle East clouds economic outlook

Geopolitical shocks are affecting markets as global volatility is rising. In its latest outlook, the OeNB expects Austria's economy to grow at a subdued pace in 2026.



Banking sector remains well capitalised

Austrian banks again recorded a high profit in 2025. This helped them reach their highest capitalisation to date.



Credit quality broadly stable

The NPL ratio of the banking sector remained stable at 3%. Loan loss provisioning fell, which reduced banks' coverage ratios and leaves them more dependent on collateral values holding up.

Recent developments and macroprudential update¹

War in the Middle East clouds economic outlook for Austria

Emerging from a two-year recession, the Austrian economy expanded at a moderate 0.7% in 2025. However, the outbreak of the war in the Middle East and the subsequent rise in energy prices have again been causing great uncertainty. In its outlook of March 2026, the OeNB expects Austria's economy to grow at a subdued 0.5% this year, with the unemployment rate projected to remain at 7.5%. However, we expect the economic recovery to be only temporarily interrupted and growth to accelerate to 1.0% in 2027 and 1.1% in 2028. Inflation is forecast to accelerate to 2.7% in Austria in 2026 owing to higher commodity prices. But given that commodity prices are expected to decline again substantially in the course of 2026, we forecast inflation to drop to 2.3% in 2027 and further to 2.1% in 2028. However, in the current environment of rapidly rising uncertainty, this inflation forecast is subject to significant upside risks.²

Geopolitical shocks affect markets as global volatility is rising. In 2025, the macrofinancial environment was more resilient than expected. Global financial markets were in a “Goldilocks” mood, assuming a solid economic environment, supported by expectations of AI-driven productivity gains. That said, concerns about both the disruptive capacity of AI for mature industries as well as the huge investment needs for AI itself and the role of private credit markets received some investor attention. More recently, however, the war in the Middle East has been adding to uncertainty and concerns about the implications of energy price shocks and supply chain disruptions. Although financial market volatility has considerably heightened since the outbreak of the war, markets have remained resilient as valuations seem to assume a short-lived conflict in the Middle East. This increases the risk of a sentiment reversal if these expectations fail to materialise. European bank equity prices declined, reversing earlier gains that had temporarily narrowed the valuation gap vis-à-vis their US peers. In 2026, the former have so far been underperforming the market due to their higher sensitivity to the uncertain economic environment.

The Austrian yield curve has flattened on geopolitical pressures, while banks maintain a robust funding position. The war in the Middle East has fuelled inflation expectations and thus led to an increase in short-term interest rates. As long-term Austrian bond yields have reacted less strongly, the yield curve has been flattening since early 2026. At the same time, the yield spread vis-à-vis German bonds has remained relatively stable at around 30 basis points. Amid current uncertainties, international institutions and rating agencies assess the Austrian banking sector to be profitable, well capitalised and liquid. Hence, Austrian banks are in a position to benefit from funding access at favourable cost. Also, a recent analysis shows that only 5% of the total consolidated exposure of Austrian banks is to energy-intensive sectors. This indicates an overall moderate level of risk exposure and currently does not pose a threat to financial stability. Nevertheless, the challenging external environment, coupled with limited fiscal space and the resulting impaired economic resilience in Austria, has led Standard & Poor's to downgrade the Banking Industry Country Risk Assessment (BICRA) anchor rating for Austrian banks from 2 to 3.

Banking sector well is capitalised, but coverage of credit risks deteriorates

The total assets of the Austrian banking sector increased to more than EUR 1.3 trillion in 2025. This expansion was driven by loans and securities, which made up two thirds and close to one fifth of total assets, respectively (cash reserves account for another tenth). In Austria, mortgage lending picked up

¹ Last data update: 31 March 2026.

² For further details, please refer to the OeNB's March 2026 [Interim Outlook for Austria for 2026 to 2028](#).

from recent lows, whereas in banks' foreign operations, exposures to neighbouring countries expanded most dynamically. Non-bank deposits have remained the most important source of funding and also contributed most to the growth of banks' liabilities. The sector's consolidated loan-to-deposit ratio remained stable at just below 100%, while the ratio of total assets to Austrian GDP stood at 255% at the end of 2025.

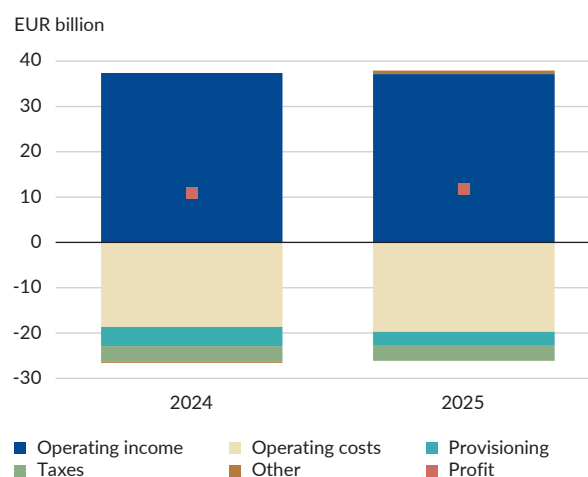
The banking sector recorded its second highest annual profit in 2025, as operating income proved resilient and provisioning declined. Net interest income remained high supported by a growing balance sheet, while the net interest margin only declined slightly (to 2.0%). At the same time, strong progress in fees and commissions was undermined by weaker and volatile income from other business (especially trading income). As a result, operating income was broadly stable at EUR 37 billion in 2025. As regards costs, staff and other administrative expenses rose markedly – driven inter alia by higher salaries, taxes and IT costs – which resulted in increased operating costs. Consequently, operating profit fell, but this drop was fully compensated for by provisioning falling by close to one third. Higher profits from at-equity investments and the absence

of a negative one-off³ ultimately lifted the sector's profit to EUR 11.8 billion (+EUR 1.0 billion or +9% year on year). The increase was driven, on the one hand, by the major banks, and on the other hand by results from domestic business activities, as operations in Central, Eastern and Southeastern Europe (CESEE) witnessed declining profits (see section below). The consolidated profit of the Austrian banking sector translates into a stable return on assets of 1.0% for 2025. This places Austria above the average profitability of the EU banking sector.

Strong profitability and capital retention led to the banking sector reaching its highest capitalisation to date. As common equity tier 1 (CET1) capital rose by more than 8% and risk-weighted assets increased by less than 2%, the CET1 ratio rose to 19.0% (+1.2 percentage points year on year). Banks retained more than two thirds of their 2024 profit, the 2025 dividend payouts show. For 2026, a decline in the payout ratio is expected at the aggregate level. This is primarily due to acquisitions by major Austrian banks. In this context, it is assumed that part of the existing capital surplus will be used for purchases. Strong profitability will therefore strengthen resilience, provide space for lending and expansions (e.g. by Erste Group in Poland and RBI in Romania). In 2026, these acquisitions will, however, dent capitalisation levels, and audits of year-end accounts may yet result in higher provisioning requirements.

Robust liquidity buffers underscore the stability of Austria's banking sector. Austria's banking sector maintains a solid liquidity profile, which is also reflected in key regulatory metrics. Both the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) indicate that institutions across the system are comfortably positioned to meet short- and long-term funding requirements. Despite slight declines in 2025, both ratios remain clearly above the regulatory minimum requirement of 100%.⁴ This favourable liquidity position has been supported by three main factors: First, Austrian banks have maintained

Chart 1
Austrian banking sector: profit and loss statement



Source: OeNB.

³ 2024 saw a negative deconsolidation effect from Raiffeisen Bank International's (RBI) Belorussian subsidiary.

⁴ The LCR reduction is largely attributable to a single significant institution that markedly reduced its exposure to short-term money market lending.

substantial liquidity buffers, amounting to roughly 20% of total assets, even as system-wide central bank liquidity declined due to the ECB's quantitative tightening measures. Banks have largely replaced central bank reserves with similarly safe and liquid assets, in particular top-rated government and covered bonds. Second, deposit funding has proven remarkably stable, despite increased competition from new deposit-like investment products, including the Austrian government savings instrument Bundesschatz, introduced in April 2024, as well as online savings platforms. Third, Austrian banks have responded to the expiry of the ECB's targeted longer-term refinancing operations (TLTROs) at the end of 2024 by increasing their use of capital-market funding. This shift involved issuing secured funding via covered bonds as well as senior preferred, senior non-preferred and subordinated instruments. As in previous years, covered bonds accounted for the bulk of debt issuance in 2025.

Stablecoins require a robust regulatory framework and careful oversight

The use of stablecoins is primarily driven by their function within the crypto asset ecosystem, where they facilitate trading, liquidity and settlement. The global stablecoin market, which is almost entirely denominated in US dollars, has expanded rapidly and is currently valued at over EUR 240 billion. Whether stablecoins will achieve broader adoption beyond this environment remains uncertain. If their volume increases substantially in the future, stablecoins could affect financial stability. On the one hand, they are associated with potential structural vulnerabilities, such as reserve quality, liquidity mismatches and governance challenges. On the other hand, disruptions within stablecoin arrangements could be transmitted to traditional financial institutions or markets. These factors highlight the need for a robust regulatory framework and careful oversight.

Domestic lending by the Austrian banking sector continued to gain traction in 2025, although it remained below the strong levels witnessed in the early 2020s. This renewed momentum was driven by more dynamic mortgage lending, as households gradually returned to the market despite lingering economic uncertainty. Consumer credit also recorded a notable increase, which, however, could be viewed with some caution given the simultaneous rise in unemployment – a pattern that has traditionally preceded an uptick in defaults. By contrast, new corporate lending remained subdued. Although the euro area bank lending survey indicated for Austria a renewed increase in loan demand towards the end of the year, this has not yet translated into a rise in new corporate loans. The reason was a further contraction in lending, for instance to the construction and trade sectors, which offset stable or slightly increased lending to real estate firms, professional, scientific and technical activities, manufacturing and energy supply companies. Recent upward shifts in the sovereign yield curve in the wake of the war in the Middle East are also likely to have a dampening effect on credit growth.

Credit quality remained broadly stable overall in 2025 despite rising insolvencies and increasing unemployment. The consolidated non-performing loans (NPL) ratio of the banking sector remained stable at 3.0%, after the increase in the NPL volume was offset by rising loan growth. Most of the increase in NPLs was due to exposures in Austria and, to a lesser extent, to exposures in Slovakia and Romania. Developments in Germany and Czechia were more favourable, mitigating the negative NPL trend.

The credit quality of small and medium-sized enterprises (SMEs) and commercial real estate (CRE) loans⁵ showed signs of strain, while NPL ratios of consumer loans improved. However, the latter was largely driven by strong credit growth rather than by borrowers' better repayment performance.

In corporate lending, banks continued to rely on forbearance measures, particularly in the SME segment, which helped avoid a stronger increase in defaults. As a result, the forbearance ratio rose to 2.8% of total loans by year-end.

Austrian banks' loan loss provisioning fell in 2025, reducing the consolidated coverage ratio below 40%, a level slightly lower than the EU average. This development marks a retreat of coverage ratios from much stronger levels seen in the mid-2010s, when the Austrian coverage ratio was both well above 50% and higher than the EU average. When we compare the figures for major banking groups according to the EBA, we see that the comfortable lead of Austrian banks' coverage ratio turned into a disadvantage of 2.2 percentage points.⁶ Amid ongoing difficulties in CRE markets, banks saw mainly well-collateralised CRE exposures moving into default and were left more dependent on collateral values holding up. Given supervisory expectations for higher provisioning following the NPL increase since 2023 and a close monitoring of collateral values, the adequacy of banks' risk-mitigation strategies remains a central supervisory concern in 2026.

After improving significantly in recent years, the share of long-overdue NPLs started to rise again. The proportion of loans more than two years past due had fallen from its peak of more than 30% to 11% by the start of 2025, reflecting progress in resolving problematic legacy assets. In the course of 2025, however, the share of long-overdue NPLs began to quickly climb again, reaching 15% by year-end. This highlights the persistent challenge of addressing older, impaired loans that are harder to resolve.

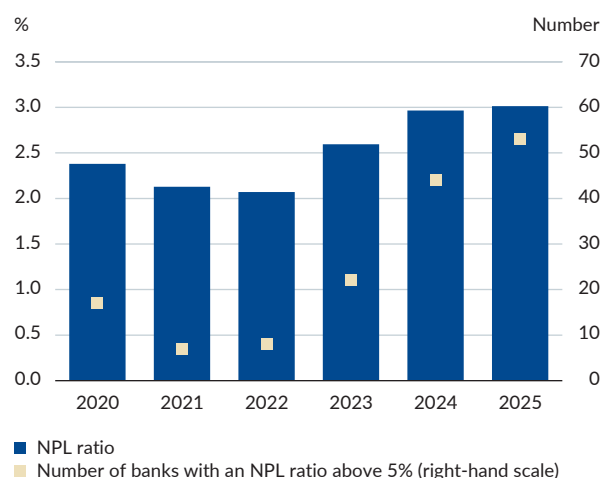
Austrian banks' consolidated NPL ratio has been above the EU average since late 2023, and the gap widened further in 2025. This applies to both significant institutions operating under the European banking supervision framework (Single Supervisory Mechanism – SSM) and to less significant institutions supervised at the national level. The number of Austrian banks with an NPL ratio above 5% – a threshold associated with heightened supervisory scrutiny – has increased sharply in recent years, as illustrated in chart 2. In this regard, the Austrian banking sector stands out negatively compared to other countries. As a result, supervisory attention focuses on banks with elevated NPL levels. Affected institutions face growing pressures to strengthen their workout units, accelerate the reduction of legacy NPLs and develop credible, forward-looking strategies to manage asset quality risks.

⁵ For further details, please refer to the section on CRE loans below.

⁶ The coverage ratio of the Austrian banking sector is even lower than the figure for major banking groups.

Chart 2

Austrian banks' credit quality



Source: OeNB (FINREP).

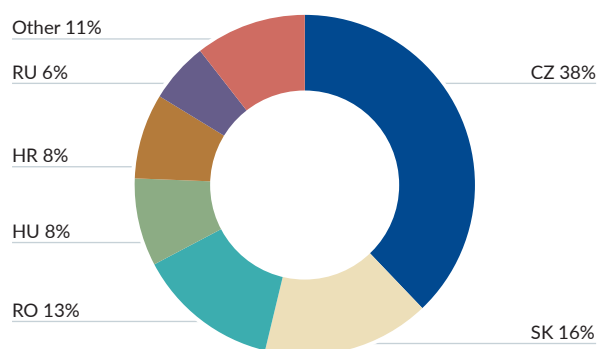
Austrian banks’ exposure to sovereigns and non-bank financial intermediaries (NBFIs) at moderate level

Austrian banks’ exposures to the public sector are slightly below the EU average. Domestic institutions hold a meaningful, though not excessive portion of Austria’s outstanding government debt. The sovereign-bank nexus is considered to be at a moderate level by international standards, as Austrian banks’ sovereign bond holdings of 12% of total assets remain below the EU average. They still exceed those of some peers, however, reflecting the sector’s long-standing presence in CESEE. After several years of only gradual increases, sovereign exposures expanded markedly from 2022 onwards, as central bank reserves decreased against the backdrop of the Eurosystem’s quantitative tightening. The bulk of the rise was attributable to Austrian government bonds, which increased particularly strongly, while exposures to CESEE sovereigns grew at a more measured pace. The overall composition of portfolios reflects a meaningful diversification and has shifted little: the vast majority consists of EU issuances, roughly half of which are from the euro area. The stock of sovereign bonds held by Austrian banks has increased above the level of their CET1 capital, indicating a notable increase in relative exposure. Even so, banks’ portfolios remain broadly diversified across issuers and jurisdictions, which helps to mitigate concentration risks.

Austrian banks maintain comparatively modest linkages with non-bank financial intermediaries (NBFIs). Only about 8.5% of domestic banks’ liabilities are funded by non-banks. At European significant institutions, this share is roughly 15%. By contrast, Austrian banks’ asset-side exposures are broadly aligned with the European average (8.1% vs about 10%). Compared with the entire European banking sector, Austrian banks’ reliance on NBFIs is thus significantly lower on the funding side, reflecting a generally more contained interconnectedness. Over the past two years, both liability- and asset-side exposures have fluctuated within a narrow band of 8% to 9%, without showing a clear trend. The composition of instruments has remained largely stable, with NBFIs consistently acting as net funders.

CESEE: sizeable profits and benign risk costs

Country breakdown of total assets of Austrian banks’ CESEE subsidiaries



Note: Data as of end-2025.
Source: OeNB.

Chart 3

The total assets of Austrian banking subsidiaries in CESEE rose strongly in 2025, reaching EUR 321 billion.

This expansion was driven by strong lending to non-banks as well as investments in debt securities, and, on the funding side, higher deposits from non-banks. Balance sheets are dominated by loans to non-banks and, to a lesser extent, debt securities. Together, these make up more than three quarters of total assets, while the remainder is mostly cash reserves as well as interbank loans (including to central banks). Funding, on the other hand, mainly comes from deposits from non-banks (three quarters), resulting in a healthy loan-to-deposit ratio of 74% at the end of 2025.⁷ When it comes to geographic diversification, we see that Austrian banks’ exposure has become more concentrated: Czechia accounts

⁷ For more details on the role of Austrian macroprudential policy in this context, please refer OeNB Financial Stability Report 47, Success of the Austrian Sustainability Package.

for nearly two fifths of total assets, while Slovakia and Romania represent mid-sized markets (see chart 3). Hungary, Croatia and, to a lesser extent, Russia contribute smaller but still sizeable exposures. In 2026, CESEE will become even more important for Austria's financial stability, given Erste Group's and RBI's acquisitions in Poland and Romania, respectively.

Austrian banks' subsidiaries in CESEE recorded profits of EUR 4.8 billion in 2025. Despite net interest income as well as fees and commissions performing well, other net operating income turned decidedly negative,⁸ dragging operating income down somewhat, to EUR 12.7 billion. As staff and other administrative expenses grew significantly, operating expenses were also up. Consequently, operating profits declined to EUR 6.7 billion. As credit risks stayed benign, provisioning halved to just EUR 410 million. In total, profits declined by 11% compared with 2024.

The NPL ratio at Austrian banks' CESEE subsidiaries improved in all major loan segments. Overall, the NPL ratio – excluding cash and sight deposits at central banks – declined slightly, to 1.8% in 2025, driven by improvements in corporate and household loans. The NPL ratio for the former declined to 2.6% and for the latter to 2.1%. With regard to loans secured by real estate, improvements were more muted, with NPL ratios ending the year at 2.8% for commercial real estate (CRE) loans and 1.0% for residential real estate (RRE) loans. At the country level, NPL ratios at CESEE subsidiaries were highly heterogeneous, ranging from just 1.1% in Czechia to 6.3% in Ukraine.

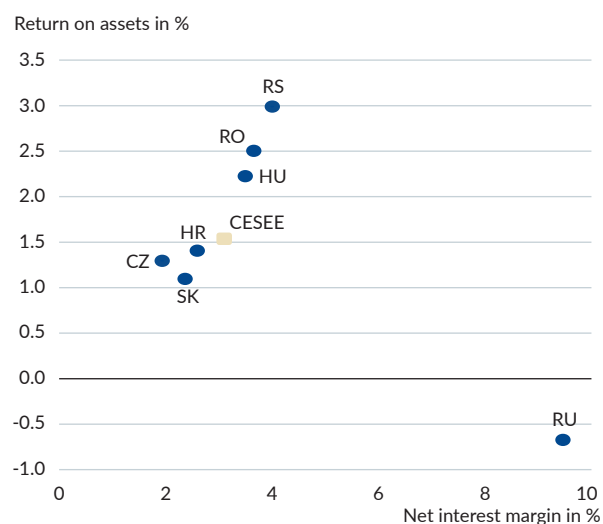
The capitalisation of CESEE subsidiaries was strengthened in 2025, with their aggregate CET1 ratio – based on local regulatory standards – rising by 1.1 percentage points to 20.2%. This improvement was driven by a strong rise in CET1 capital, while risk-weighted assets rose more moderately. It is noteworthy that these aggregates have been driven substantially by one Russian subsidiary with very high capitalisation. Excluding this outlier, the aggregate CET1 ratio would be 18.1% and thus below the level of the consolidated Austrian banking sector.

Real estate-related lending remains crucial for financial stability and macroprudential policy

The rise in interest rates has brought vulnerabilities in commercial real estate (CRE) funding to the fore. Since 2022, when interest rates started to increase, Austrian banks have experienced a strong increase in non-performing CRE loan ratios: from 0.9% at the end of 2022 to 8.3% at the end of 2025.⁹ In non-CRE corporate sectors, NPL ratios responded in a more muted manner. Compared to the rest of Europe, the

Chart 4

Austrian banking subsidiaries in CESEE: net interest margin vs. return on assets in 2025



Note: The chart shows only countries where Austrian banking subsidiaries have more than EUR 10 billion in total assets.

Source: OeNB.

⁸ See "Russian AO Raiffeisenbank derecognizes EUR 1.2 billion of expected proceeds from enforcement of legal recourse against Rasperia in Austria".

⁹ We use a sector perspective, i.e. CRE loans are loans to the NACE-sectors construction and real estate (excluding non-profit developers, which experienced no defaults). Note: NACE is the statistical classification of economic activities in the European Community.

Austrian banking sector stands out not only with regard to the increase of non-performing CRE loans, but also regarding the share of CRE lending in total corporate lending. In the workout of NPLs, values of real estate that have served as collateral play a crucial role. Supervisors have increased their efforts to ensure conservative valuations at banks and have demanded higher risk provisions when deemed necessary. Furthermore, we are monitoring CRE dynamics via a new [CRE dashboard](#) that went live in March. We are also planning to publish a report and new data (e.g. land and CRE price indices) later in the year.

The sectoral systemic risk buffer (sSyRB) is scheduled to increase, as systemic risks from CRE funding remain elevated. In 2024, the Financial Market Stability Board (FMSB) decided to limit the sSyRB to 1% until the effects of the Capital Requirements Regulation (CRR) III on the risk-bearing capacities of banks became evident. However, the introduction of the CRR III did not bring about a significant change on the aggregate level, while systemic risks further increased. For this reason, the FMSB recommended, based on OeNB analyses, that the buffer rates be increased to 2% by mid-2026 and to 3.5% by mid-2027. The calibration considered the risk-bearing capacity stemming from Pillar 1 and Pillar 2 requirements, other macroprudential buffers as well as loss provisions for performing loans. The sSyRB will stabilise the banking system by reserving additional risk-bearing capacity to enable it to cope with a further economic deterioration. The sSyRB will also reduce systemic risk by incentivising banks to have lower loan-to-value ratios and more pre-sale contracts. Finally, it also encourages the reallocation of CRE exposures towards banks with a higher risk-bearing capacity. As the overwhelming majority of banks will not have to raise new capital because of the sSyRB – but will have to “ earmark ” part of their existing free capital for it – the buffer’s impact on lending rates and real economic activity ranges from insignificant to modest, depending on the scenario.

In residential real estate (RRE) lending, legally binding borrower-based measures¹⁰ have expired and two key measures were implemented to uphold the established lending standards. First, the Austrian Financial Market Authority (FMA) announced its supervisory expectations through a circular.¹¹ Second, the OeNB intensified its macroprudential monitoring: Leveraging our RRE dashboard (see next paragraph), we are tracking aggregate lending trends to monitor the sustainability of lending standards (as outlined in a press release¹²) and, in general, broader market developments. Since the regulation for sustainable lending standards for residential real estate financing (KIM-V) expired, compliance with the FMSB’s lending standards remained within the 20% exemption bucket that has existed when the KIM-V was still binding. Compared to the first half of 2025, the share of the lending volume that meets the lending standards declined by 3 percentage points in Q3 2025 and by 5 percentage points in Q4 2025. Lending has recovered strongly from its trough at end-2023, when interest rates on mortgages had reached their peak. As loan growth is picking up, the OeNB calls on banks to maintain sound lending standards.

The OeNB’s RRE dashboard is a comprehensive tool for analysing Austria’s residential property market. It consolidates around 300 quantity- and price-related time series from approximately 10 data sources, divided into four key areas: supply, demand, residential property market, where demand and supply meet (including granular RRE price indices), and macroprudential analysis. The information gleaned from our dashboard indicates that the market stabilised in 2025: Prices rose moderately (by 2.1% nominally), with growth remaining below the inflation rate. We will publish an RRE report later in 2026.

¹⁰ The regulation for sustainable lending standards for residential real estate financing (Kreditinstitute-Immobilienfinanzierungsmaßnahmen-Verordnung, KIM-V) expired in mid-2025.

¹¹ [Circular on Private Residential Real Estate Financing](#).

¹² [44th meeting of the Financial Market Stability Board](#).

Recommendations for simplifying banking regulation

At the end of 2025, the ECB Governing Council proposed high-level recommendations for simplifying banking regulation in the EU.¹³ These include reducing the elements of risk-weighted capital requirements (in particular macroprudential buffers), establishing a more proportionate supervisory regime for smaller banks and introducing more harmonised methodologies for assessing overall capital demand within a centralised governance mechanism at the ECB. The recommendations have fed into the Eurosystem’s response to the European Commission’s consultation on the competitiveness of the EU banking sector and will inform the Commission’s report on the EU Single Market in Q3 2026.

In parallel, the SSM proposed a package of operational measures intended to reduce the complexity of supervision.¹⁴ This encompasses comprehensive improvements to the Supervisory Review and Evaluation Process (SREP) as well as the project “Next-level supervision”. These projects cover all relevant supervisory activities, including authorisations, capital-related decisions, internal model investigations, stress testing and on-site inspections. As of 2026 and beyond, the focus of the SSM lies on effectively implementing these reforms.

The simplification effort has also gained traction at the EBA, leading to 21 concrete proposals.¹⁵ In its review of the regulatory and supervisory framework, the EBA has identified four key areas for improving efficiency and reducing compliance costs: (1) the production of Level 2 and Level 3 regulatory measures addressed to financial institutions, (2) the reporting burden for supervised institutions, (3) the EBA’s contribution to the overall EU prudential regulatory framework and (4) internal working arrangements at the EBA.

The OeNB proactively contributes to European initiatives and welcomes further simplification. The discussion about proportionality, i.e. the regulation and supervision of smaller banks, is particularly relevant for Austria. This is because Austria’s banking sector consists of many less significant institutions (most of them small and non-complex institutions) with traditional business models based on loans and deposits. Proportionality is already well embedded in Austria’s supervisory framework, with a strong risk-based approach in the SREP to be further enhanced through the planned multi-year assessment (MYA). Other measures include the use of top-down stress tests by the OeNB based on existing supervisory data as well as governance requirements, recovery planning and on-site inspections tailored to the different types, sizes and complexity of institutions. In supervisory reporting, the principle of proportionality is already implemented through differentiated regulatory requirements. In addition, supervisory reporting requirements are continuously and regularly reviewed, with a view to streamlining reporting obligations and removing obsolete reports and reports that are no longer necessary. As a result, several national credit risk templates and the “Additional Data Request” were discontinued recently. Ongoing projects at both the European and national level aim to assess and, where appropriate, further unlock potential for simplifying the reporting framework.

Overall, simplification efforts should take into account banking sector resilience and compliance with the Basel framework.

¹³ https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-competitiveness-eu-banking-sector-2026_en.

¹⁴ Streamlining supervision, safeguarding resilience: the ECB’s agenda for more effective, efficient and risk-based European banking supervision.

¹⁵ EBA Report on the efficiency of the regulatory and supervisory framework (EBA/REP/2025/26), 1 October 2025.

Recommendations by the OeNB

Against the background of recent spikes in geopolitical risks, it is important for Austrian banks to preserve their resilience to serve the evolving financing and investment needs of households and enterprises. To keep systemic risks at bay, the OeNB recommends that banks:

- ensure adequate credit risk management, including
 - the active management of NPLs (and their determined reduction),
 - higher provisioning (especially for the unsecured part of loans) and
 - conservative collateral valuations;
- comply with stricter regulatory requirements for commercial real estate loans (in particular the sectoral systemic risk buffer);
- maintain the good capital level;
- stay committed to sustainable lending standards for residential real estate financing; and
- ensure sustainable profitability, especially by
 - maintaining structural cost discipline and
 - investing in the future, i.e. digitalisation and cybersecurity.

The OeNB's semi-annual Financial Stability Report provides regular analyses of Austrian and international developments with an impact on financial stability.

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