

To
CEBS Committee of
European Banking Supervisors

Public Hearing
Via Email cp18@c-eps.org

Vienna, May 16th 2008

**Comment of Austrian Federation of Limited-Profit
Housing Associations – Audit Association
On Consultation Paper CEBS of May 22nd 2008
On Provisions no 43 and 44 (IRB) for Public Hearing**

Application of discretions in Austria

In Austria's respective legislation (BGBl. II 274/2006 § 74 Abs. 3 Z. 1 und 2) both the options provided by EU-Directive 2006/48/EG Annex VII, Part 2, Point 15 first and last sentence are exercised: for enterprises with consolidated sales and consolidated assets below EUR 500 Mio as well as for enterprises investing primarily in real estate and consolidated sales and consolidated assets below EUR 1.000 Mio (M)aturity may be calculated in a specific way.

Characteristics of Limited-profit Housing in Austria

The above mentioned Federation embraces 192 member organisations (limited-profit housing companies and housing co-operatives) which rent and manage 510.000 rental dwellings and manage 240.000 owner occupied dwellings; the annual figure of new construction is 15.000 dwellings in average which is one third of total housing production in Austria.

Due to the long existence of these housing providers and the specifics of housing financing these providers are characterised by both a high level of assets and a long term debt financing via mortgages. 26 of the housing providers have assets above the level of EUR 500 Mio.

Perpetuation for national options and discretions for treatment of maturity for risk calculation

The last decades have proved that the structure of Austrian Limited-profit Housing providers and the general market situation led to a minimal risk in financing of housing in that sector; a margin in risk calculation depending on maturity and size of enterprise does not seem appropriate.

The Austrian Federation of Limited Profit Housing Associations therefore advocates the perpetuation of national options and discretions for small and medium sized real estate companies regarding the treatment of maturity for risk calculation.

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