Implementation details

Activating debt-to-income limits as a macroprudential policy tool

November 2025

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY | APRA.GOV.AU

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Commencement

This debt-to-income (DTI) lending limit policy commences from **1 February 2026**

Applicable prudential standard

Prudential Standard APS 220 Credit Risk Management – Attachment C Macroprudential Policy: credit measures

DTI is defined in *Reporting Standard ARS 223.0 Residential Mortgage lending* (ARS 223.0)

Entities subject to this policy

All authorised deposit-taking institutions (ADIs) that conduct residential mortgage lending in Australia

Please refer to ARS 223.0 – section 'Application and commencement' for detail

Scope

New loans funded – secured by residential property in Australia

Housing purposes (owner-occupied and investment), please refer to ARS 223.0 section B for details.

Limits

- Up to **20 per cent** of new investment loans funded at DTI greater or equal to **six times;** and
- Up to **20 per cent** of new owner-occupied loans funded at DTI greater or equal to **six times**

Proportionality

The different policy treatments for ADIs are based on their significant financial institution (SFI) classification.[1]

For SFIs:

- Quarterly measure (please see 'Calculation of high DTI' section for detail)
- Expected to report on the collection form *ARF 923.5 – Residential Mortgage Information Request*, on a monthly and full form basis to capture loan data on the exempted loan types outlined below

For non-SFIs:

- Four-quarter rolling measure (please see 'Calculation of high DTI' section for detail)
- Flexibility to choose:
    - not to carve out exempted loans and no additional reporting is required (a default option); or
    - to carve out exempted loans. If chosen, entities are to report on the collection form *ARF 923.5- Residential Mortgage Information Request*, on a quarterly and partial form basis (column 2, 3, 4, 8 and 9, the form is provided below for reference). **Note: for entities selecting this option, please email DataAnalytics@apra.gov.au and address to: Manager, Macroprudential Policy by 31**

[1] Please see *Prudential Standard APS 001 Definitions* for SFI definitions. The current list of SFIs is here. - Significant financial institutions register | APRA

January 2026. Once notified, APRA will allocate the ARF923.5 form with reporting to commence from end-June 2026 reporting quarter.

Exemptions

The following residential mortgage loans (sub-categories) are exempt from the DTI limits:

- *Finance for the construction of new dwellings*, as defined in *Reporting Standard ARS 701.0 ABS/RBA Reporting Concepts for the EFS Collection* (ARS 701.0)
- *Finance for the purchase of newly erected dwellings*, as defined in ARS 701.0; and
- *Bridging finance*, as defined below.

Bridging finance is owner-occupied lending funded during a period where borrowers intend to transfer their principal place of residence and in the interim also have an existing owner-occupied loan. APRA expects this temporary arrangement to be completed within twelve months of origination.[2]

Reporting and compliance

The primary reporting form is the formal collection of ARF 223.0. However, this form does not capture the exempted loan types outlined above.

The supplementary reporting form ARF923.5 captures data for the exempted loan types.

Calculation of high DTI lending for compliance with APRA's limit

Step 1: Calculate the value of new high DTI lending

Without exemptions (ARF 223 only)

- **Owner-occupied loans**: the total value of new loans with DTI ≥ 6 (code BASO27917).
- **Investment loans**: the total value of new loans with DTI ≥ 6 (code BSAO27918).

With exemptions (ARF 223 and ARF 923.5)

- **Owner-occupied loans:**

  Take the total value of new loans with DTI ≥ 6 in ARF 223 (code BSAO27917)

  Subtract the value of exempt high-DTI loans from ARF 923.5

- **Investment loans:**

  Take the total value of new loans with DTI ≥ 6 in ARF 223 (code BSAO27918)

  Subtract the value of exempt high-DTI loans from ARF 923.5

[2] Also see *Prudential Practice Guide APG 112 Standardised Approach to Credit Risk* – paragraph 10 for guidance

Identifying exempt high-DTI loans in ARF 923.5.

Use BSAO30221 where:

- **DTI Category (BSAO30214):**

'>= 6x to < 7x', '>= 7x to < 8x', '>= 8x to < 9x', '>= 9x to < 10x', '>= 10x'

- **Cohort (BSAO30215):**

Either Owner-occupied or Investment

- **Exemption basis (BSAO30216 or BSAO30220)**:

A loan is exempt if any of the following conditions are met:

- BSAO30216 = 'Purchase of new dwellings',
- BSAO30216 = 'Construction of new dwellings',
- BSAO30220 = 'Yes', only when the loan is for an owner-occupied property

Step 2: Calculate the value of total new lending

No exemptions (ARF 223 only)

For **owner-occupied loans**, take the total value of new loans (code BASO27899).

For **investment loans**, take the total value of new loans (code BSAO27900).

With exemptions (ARF 223 and ARF 923.5)

- **Owner-occupied loans:**

  Take the total value of new loans in ARF 223 (code BSAO27899)

  Subtract the value of total exempt new loans from ARF 923.5

- **Investment loans:**

  Take the total value of new loans ARF 223 (code BSAO27900)

  Subtract the value of total exempt new loans from ARF 923.5

Identifying total exempt new loans in ARF 923.5.

Use BSAO30221 where:

- **DTI Category (BSAO30214):**

'< 4x',' >= 4x to < 6x', '>= 6x to < 7x', '>= 7x to < 8x', '>= 8x to < 9x', '>= 9x to < 10x', '>= 10x'

- **Cohort (BSAO30215):**

Either Owner-occupied or Investment

- **Exemption basis (BSAO30216 or BSAO30220)**:

A loan is exempt if any of the following conditions are met:

- BSAO30216 = 'Purchase of new dwellings',
- BSAO30216 = 'Construction of new dwellings',
- BSAO30220 = 'Yes', only when the loan is for an owner-occupied property

Step 3: Calculate the share of new lending at high-DTI for the relevant period.

Using the values calculated in step 1 and step 2, calculate the shares of new lending at high DTI for the relevant period. For SFIs this will be done on a quarterly basis, for non-SFIs this will be done on a rolling 4-quarter ended basis.

Quarterly calculation for SFIs (for owner-occupied or for investment, respectively).

Use the values for that quarter only. For example:

$$Share\ for\ Q1\ 2026\ = \frac{Sum\ of\ high\ DTI\ new\ lending\ in\ Q1\ 2026}{Sum\ of\ total\ new\ lending\ in\ Q1\ 2026}$$

Rolling 4-quarter calculation for non-SFIs (for owner-occupied or for investment, respectively).

Add up the values over the latest four quarters. For example:

$$Share\ for\ Q1\ 2026\ = \frac{Sum\ of\ high\ DTI\ new\ lending\ in\ Q1\ 2026 + Q4\ 2025 + Q3\ 2025 + Q2\ 2025}{Sum\ of\ total\ new\ lending\ in\ Q1\ 2026 + Q4\ 2025 + Q3\ 2025 + Q2\ 2025}$$

Contact: should you have any questions in relation to the implementation details, please contact email dataanalytics@apra.gov.au and address to: Manager, Macroprudential Policy team.

ARF 923.5 Residential Mortgage Information Request

Reporting Instructions

These instructions assist completion of the reporting form *Residential Mortgage Information Request*. The report collects measures relating to new housing loans funded.

Where data quality or reporting issues are suspected, contact DataAnalytics@apra.gov.au and address to: Manager, Macroprudential Policy.

Reporting consolidation

This form is to be completed for each reporting period on a domestic books basis.

Reporting basis and units of measurement

Report values in this form in whole Australian dollars (AUD).

Amounts denominated in foreign currency are to be converted to AUD in accordance with *AASB 121 The Effects of Changes in Foreign Exchange Rates*.

Reporting periods and due dates

- Significant Financial Institution (SFI) ADIs are to provide data on this form on a monthly basis.
- Eligible non-SFI ADIs are to provide data on this form on a quarterly and partial form basis (column 2, 3, 4, 8 and 9)

The form is required to be provided to APRA within 15 business days of the end of the reporting period (month or quarter).

Specific Instructions

Where items reported under this form are aligned with items reported under APRA's reporting standards, this has been specified. Where no equivalent item exists in APRA's reporting standards, provide the information on a best endeavours basis, based on the explanations below.

Scope

All new loans funded to households for the purpose of housing in each reporting period (month or quarter). The scope of this form aligns with that of the Economic and Financial Statistics collection, specifically *Reporting Form ARF 744.0 ABS/RBA Housing Credit Stocks, Flows and Interest Rates*.

Unknown or unavailable data

Where data for a specific dimension is unknown or unavailable, report the dimension value as 'Unknown'.

Definitions

Column 1	Report the loan-to-valuation ratio (LVR) categorisation specific to the total new loans funded for the various combinations of categorisations in Columns 1 to 8. LVR is as defined in Attachment C of *Prudential Standard APS 112 Standardised Approach to Credit Risk*.
Column 2	Report the debt-to-income (DTI) ratio categorisation specific to the total new loans funded for the various combinations of categorisations in Columns 1 to 8. DTI ratio is as defined in *Reporting Standard ARS 223 Residential Mortgage Lending*.
Column 3	Report the loan purpose categorisation specific to the total new loans funded for the various combinations of categorisations in Columns 1 to 8. Loan purpose refers to the classification of residential property for which finance has been extended to a household by (intended) occupancy into owner occupied or investment. Owner-occupied and investment are as defined in *Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection* (ARS 701.0).
Column 4	Report the loan purpose sub-class categorisation specific to the total new loans funded for the various combinations of categorisations in Columns 1 to 8. The loan purpose sub-class categories are consistent with those reported in *Reporting Standard ARS 743.0 ABS/RBA Housing Finance* and are as defined in ARS 701.0.
Column 5	Report the repayment type categorisation specific to the total new loans funded for the various combinations of categorisations in Columns 1 to 8. Amortising, interest-only and revolving credit are as defined in ARS 701.0.
Column 6	Report the net income surplus (NIS) categorisation specific to the total new loans funded for the various combinations of categorisations in Columns 1 to 8. NIS is allowable income less all expenses considered by an ADI in its serviceability assessments, as well as repayments as assessed at the stressed (buffered) interest rate. Exclude income outside policy, or any other policy adjustments or overrides when calculating NIS.

Column 7	Report the first-home buyer categorisation specific to the total new loans funded for the various combinations of categorisations in Columns 1 to 8. First-home buyer is as defined in ARS 701.0.
Column 8	Report the bridging finance categorisation specific to the total new loans funded for the various combinations of categorisations in Columns 1 to 8. Bridging finance is owner-occupied lending funded during a period where borrowers intend to transfer their principal place of residence and in the interim also have an existing owner-occupied loan.
Column 9	Report the total value of new loans funded for the various combinations of categorisations in Columns 1 to 8. Report all amounts funded during the reporting period, irrespective of whether or not they were drawn. Report values gross of offset account balances (i.e. do not subtract offset account balances) and of redraw facilities (i.e. do not subtract the amounts available in redraw facilities). Funded is as defined in ARS 701.0.

ARF_923_5: Residential mortgage information request

Housing loans funded

LVR (1)	Debt-to-income ratio (2)	Loan purpose (3)	Loan purpose sub-class (4)	Repayment type (5)	Net income surplus (6)	First-home buyers (7)	Bridging finance (8)	Value funded (9)
BSAO30213	BSAO30214	BSAO30215	BSAO30216	BSAO30217	BSAO30218	BSAO30219	BSAO30220	BSAO30221
< 60	< 4x	Owner-occupied	Purchase of land	Interest-only	>= $1000 per month	Yes	Yes	
>= 60 to <80	>= 4x to < 6x	Investment	Construction of new dwellings	Amortising	>= $500 to < $1000 per month	No	No	
>= 80 to <81	>= 6x to < 7x	Unknown	Purchase of new dwellings	Revolving credit	>= $200 to < $500 per month	Unknown	Unknown	
>= 81 to <85	>= 7x to < 8x		Purchase of existing dwellings	Unknown	>= $0 to < $200 per month			
>= 85 to <90	>= 8x to < 9x		Finance for alterations, additions and repairs		< $0 per month			
>= 90 to <95	>= 9x to < 10x		External refinance		Unknown			
>= 95	>= 10x		Internal refinance					
Unsecured	Unknown		Unknown					
Unknown								