

Notification template for borrower-based measures

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This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure¹.

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. In order to facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.

1. Notifying national authority and scope of the notification		
1.1	Name of the notifying authority	Národná banka Slovenska (NBS)
1.2	Country of the notifying authority	Slovak Republic
1.3	Type of borrower-based measure	Please select one of the measures listed below: <ul style="list-style-type: none"> <input type="checkbox"/> Debt-service-to-income (DSTI) <input type="checkbox"/> Loan-to-income (LTI) <input checked="" type="checkbox"/> Loan-to-value (LTV) <input type="checkbox"/> Debt-to-income (DTI) <input type="checkbox"/> Loan maturity <input type="checkbox"/> Other (please provide a short, name-like description here and provide more details in Section 2)
1.4	Type of notification	What do you intend to notify? <ul style="list-style-type: none"> <input type="checkbox"/> Activation of a new measure <input checked="" type="checkbox"/> Change to an existing measure <input type="checkbox"/> Extension of an existing measure <input type="checkbox"/> Termination of an existing measure

¹ On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

2. Description of the measure		
2.1	Description of the measure	<p>The notified measure is a targeted recalibration of the existing loan-to-value (LTV) limit for housing loans.</p> <p>Important note: This is an informal preliminary early notification outlining the draft proposal and tentative timing, before starting the public consultation. The exact set-up of the measure taken as well as timing of the measure can be subject to potential changes during the legislative process.</p> <p>Current framework: the LTV limit is set at 80%, while 20% of new housing loans may be granted above 80% up to 90%.</p> <p>New differentiated LTV limits:</p> <p>Young first-time home buyers: the LTV limit will be increased from 80% to 90%. This preferential limit applies where all of the following conditions are met: (i) the borrowers are up to 35 years of age; (ii) none of the borrowers owns a residential real estate property; and (iii) the purpose of the housing loan is the purchase or construction of a residential real estate property.</p> <p>Loans for the acquisition of a third or subsequent residential property: the LTV limit will be reduced from 80% to 70%, with no exemption. This stricter limit applies where the borrowers own two or more residential real estate properties before the loan application (the sum for all debtors applies). It applies irrespective of the borrowers' age, the intended use of the properties (own housing, rental, recreational use or other use) and the purpose of the loan.</p> <p>Other borrowers/loans: the LTV limit will remain at 80%. The size of this exception will be reduced from the current 20% of new housing loans to 5% of new housing loans. The reduction reflects that young first-time home buyers, who have historically used most of the existing exception, will be covered directly by the new 90% LTV limit.</p> <p>The change does not prohibit lending to any borrower group. It changes only the maximum share of the</p>

		<p>property value that may be financed by credit in the targeted segments.</p>
2.2	Definition of the measure	<p>LTV indicator: the LTV indicator is the ratio of (i) the amount of the consumer's indebtedness related to the housing loan to (ii) the value of the collateral securing the housing loan.</p> <p>a) Value of the loan/debt</p> <p>The numerator is the amount of the housing loan being granted, together with the outstanding principal of any other housing loans granted to the consumer that are secured by the same residential real estate. The value is increased by certain prior-ranking encumbrances registered in the land register or similar register, in particular where these are in favour of the same creditor and will not be repaid from the new loan, or in favour of the State Housing Development Fund. The value may be reduced by eligible deposits securing the loan under the conditions set out in the existing regulation.</p> <p>Types of loans included: housing loans within the meaning of Act No 90/2016 Coll. on housing loans, in particular loans secured by a right in rem over real estate and loans intended for the acquisition, construction or preservation of ownership rights to residential real estate, including refinancing loans where applicable under the law.</p> <p>b) Value of the collateral</p> <p>The denominator is the value of the residential real estate securing the housing loan. Under the existing regulation:</p> <ul style="list-style-type: none"> • for a purchased residential property, the value is the lowest of the purchase price, expert valuation and internal valuation; • for a property under construction, the value is the lower of the estimated future general value after

		<p>completion and the contractual construction financing price, if available;</p> <ul style="list-style-type: none"> • for other residential real estate, the value is based on an internal valuation or an expert valuation not older than three years; • if several properties secure the loan, the collateral value is the sum of the eligible values; <p>the valuation does not take into account internal risk-management haircuts applied by the creditor.</p> <p>For identifying whether the loan belongs to the preferential or stricter segment, residential real estate means houses, flats and other real estate that can be used for housing. Land plots and the property under construction that is being financed are not counted for this ownership test. Only residential real estate located in Slovakia is assessed; ownership of foreign real estate is not checked. Ownership is verified using land-register data. Co-ownership is counted only if the ownership share is at least 50%, including ownership in the joint matrimonial property regime. For multiple borrowers, the number of residential properties is assessed jointly.</p>
2.3	Legal basis and process of implementation of the measure	<p>The measure will be implemented through an amendment to NBS Measure No 10/2016 of 13 December 2016 laying down details on the assessment of the consumer's ability to repay a housing loan, as amended. The legal basis of this amendment is paragraph 8(16)(f) of Act No 90/2016 Coll. on housing loans and on amendments to certain laws, as amended.</p> <p>The measure is legally binding. It applies directly to all creditors within the meaning of Act No 90/2016 Coll. and is enforceable by NBS in the ordinary supervisory process. Compliance is supported by the existing reporting, supervisory review and sanctioning framework. The draft amendment is expected to be subject public consultation and discussion with the Ministry of Finance in June 2026.</p>

2.4	Coverage	<p>a. Types of credit providers to be covered by the measure:</p> <p>The measure applies to creditors providing housing loans within the meaning of Act No 90/2016 Coll. This includes banks, foreign banks and branches of foreign banks authorised to provide housing loans, as well as other creditors authorised under the Act to provide housing loans (although currently there are no non-bank mortgage providers in Slovakia). The coverage is activity-based: the measure applies where these entities provide housing loans covered by the LTV framework.</p> <p>b. Types of borrowers to be covered by the measure:</p> <p>The measure covers consumers/natural persons applying for housing loans. For loans with more than one borrower, the relevant borrower characteristics are assessed jointly. The stricter LTV limit applies borrowers with two or more RREs (total number of residential real estate properties owned by all co-borrowers). The looser LTV limit requires that none of the borrowers owns a residential real estate property, and that the borrower age condition and condition on the purpose of the loan is met.</p> <p>c. Types of lending to be covered by the measure:</p> <p>The measure covers all new housing loans secured by residential real estate, except loans for refinancing without a significant top-up (i.e. less than EUR 2,000 and 5%).</p>
2.5	Calibration	<p>The calibration is based on newly available data linking new mortgage loans with land register information on borrowers' ownership of residential real estate. These data allow a more precise segmentation of borrowers by their position in the housing market and by their likely behaviour over the financial cycle.</p>

		<p>Key calibration considerations:</p> <p>The current flat 80% LTV limit with an exception up to 90% is not sufficiently targeted. It does not differentiate between young first-time buyers, for whom the main constraint is the lack of accumulated savings, and borrowers acquiring additional properties, whose behaviour is more likely to amplify the real estate and credit cycle.</p> <p>The 70% limit for third and subsequent properties is aligned with the risk profile of investment-oriented purchases and with approaches seen in several EU countries. The 90% limit for young first-time buyers is also consistent with the more favourable treatment of first-time buyers in a number of EU jurisdictions.</p> <p>The reduced exception of 5% preserves flexibility for other life situations, such as moving before selling the original property, inherited property, recreational property or complex co-ownership situations. The former 20% exception is reduced because the main group using it - young borrowers - will be covered directly by the new preferential limit.</p> <p>Overall, the calibration is designed to be risk-neutral.</p> <p>The expected increase in risk from higher LTV for young first-time buyers is compensated by the risk reduction from lower LTV for third and subsequent properties. The estimated effect on overall new mortgage production is below 1%, while the structure of new lending should shift towards first-home financing by young borrowers and away from more leveraged acquisition of additional properties.</p>
3. Timing for the measure		
3.1	Timing for the decision	<p><i>(tentative)</i></p> <p>25/08/2026</p>

3.2	Timing for publication	01/06/2026
3.3	Disclosure	<p>Provide information about the strategy for communicating the notified measure to the market.</p> <p>Public analytical and explanatory materials were published by NBS in the Financial Stability Report - May 2026, Chapter 2.3, and in the public Q&As on differentiated LTV limits (in SK language only).</p>
3.4	Timing for the application	<p>01/10/2026</p> <p>(no phase-in)</p>
3.5	End date (if applicable)	No fixed end date is envisaged. The measure is intended to remain in place until it is amended or terminated by NBS. As with other borrower-based measures, its calibration will be subject to regular monitoring and reassessment in light of developments in the housing market, mortgage lending and financial stability risks.
4. Reason for activation of the measure		
4.1	Description of the macroprudential risk	<p>The measure addresses macroprudential risks arising from changes in the structure of the Slovak housing and mortgage markets. Investment demand in residential real estate has strengthened, while the number of underused dwellings has increased. More transactions are made by buyers who already own residential real estate, and a meaningful share of new mortgages is granted to borrowers who already own multiple properties.</p> <p>The main risk is that investment-oriented purchases can amplify the real estate and credit cycle. In an upswing, such demand can put additional upward pressure on prices, increase the risk of a real estate bubble and worsen access to first housing. In</p>

		<p>a downturn, investment owners may be more prone to fire-sells, which could amplify price declines. This can increase losses for banks through higher LGD and through weaker collateral values.</p> <p>The Slovak market has limited domestic crisis experience with the current level of investment-oriented housing demand. The last severe housing-market downturn occurred when the structure of the mortgage and housing market was materially different. International evidence indicates that investment property lending can be more procyclical and more vulnerable to fire-sale dynamics.</p> <p>At the same time, the current flat LTV limit creates a constraint for young first-time buyers. These borrowers often have sufficient income to service the loan but lack the accumulated savings needed for the down payment. A targeted increase in the LTV limit for this group can ease the savings constraint without broad-based easing of lending standards.</p>
4.2	Indicators used for activation of the measure	<p>Indicators and evidence used for the activation/calibration include:</p> <p>Land-register data on the number of residential properties owned by borrowers applying for new mortgage loans. In 2025, more than half of purchases of flats and houses were made by persons who already owned at least one residential property. 16% of new mortgage loans in 2025 were granted to borrowers who already owned at least two residential properties; around 5% of new mortgages were granted to borrowers who already owned three or more properties. In the age group above 40, around every fourth new mortgage was granted to borrowers owning two or more properties.</p> <p>The share of new mortgages to borrowers owning three or more properties increased between 2024 and 2025.</p> <p>Mortgages for third and subsequent properties show riskier parameters: around half had LTV above 70% in 2025, and mortgages for fourth and subsequent properties show higher DSTI and DTI.</p>

		<p>For young borrowers up to 35, the LTV limit is a binding constraint: almost half of new mortgages in 2025 were granted at the 80% LTV limit or above it. The current exception above 80% is used mainly by young borrowers.</p> <p>The analysis also considers expected changes in DSTI and estimated probability of default after the recalibration, showing that the increase in risk for the preferential segment is largely offset by lower risk in the stricter segment.</p>
4.3	Effects of the measure	<p>Domestic banking system: The measure is expected to be broadly risk-neutral for banks. Higher LTV lending to young first-time buyers may increase LGD and debt service in that segment, but creditworthiness assessment, DSTI and DTI limits remain unchanged. This increase is offset by stricter LTV for loans related to third and subsequent residential properties, which reduces leverage, lowers debt service burden in that segment and reduces the probability and severity of losses in a downturn. The average probability of default of new mortgage production is therefore not expected to change materially.</p> <p>Other parts of the financial system: Material adverse effects on other financial intermediaries are not expected. The measure applies to the regulated housing-loan framework. Potential leakages are expected to be limited by the scope of Act No 90/2016 Coll. and by the existing supervisory framework.</p> <p>Real economy: The aggregate impact on new mortgage production is expected to be small. The analysis indicates that the change may decrease total new mortgage production by less than 1%. The main effect should be compositional: the volume of mortgages to young borrowers could increase by around 3%, while the volume of mortgages for third and subsequent properties could decrease by around 6%. The measure is therefore not expected to materially restrict credit growth or housing construction. The measure also preserves flexibility through a 5% exception for other borrowers up to 90% LTV for any borrowers with less than two RREs,</p>

		<p>which can be used for individual life situations where the standard segmentation would otherwise be too restrictive. This supports proportionality and limits unintended effects.</p> <p>Financial stability: The measure should improve the structure of mortgage lending and reduce procyclical risks associated with more leveraged investment-oriented demand. It also supports a more targeted allocation of higher LTV lending to a segment that is less likely to amplify the financial cycle and has a strong incentive to continue servicing its mortgage, because the loan finances primary housing.</p>
<p>5. Sufficiency, consistency and non-overlap of the policy response</p>		
<p>5.1</p>	<p>Sufficiency of the policy response</p>	<p>The policy response is considered sufficient because it directly targets the segments where the current flat LTV limit is either too restrictive or insufficiently risk-sensitive. The higher 90% limit for young first-time buyers addresses the savings constraint without relaxing DSTI or DTI requirements. The lower 70% limit for third and subsequent properties reduces leverage in the segment more likely to amplify the real estate cycle and generate higher losses during stress.</p> <p>The measure is consistent with the IMF 2025 FSAP recommendation to adjust LTV limits with a greater emphasis on mitigating the procyclicality of credit and house price growth, while keeping the principle focus on the structural built-up of resilience.</p> <p>As the net effect of both measures is expected to balance out, these changes in net terms would also be in line with the ECB Governing Council policy stance to maintain borrower-based measures at the current level.</p>

5.2	Consistency of application of the policy response	<p>The policy response is consistent with the objectives of borrower-based macroprudential measures: strengthening borrower resilience, limiting excessive leverage, reducing the procyclicality of household credit and mitigating risks to banks from housing-market corrections.</p> <p>The recalibration is consistent over time because it modifies the existing LTV framework rather than replacing it. It preserves the existing 80% general limit, the maximum 90% LTV ceiling where permitted, and the parallel application of DSTI, DTI and maturity rules. The change improves consistency within the framework by aligning LTV limits more closely with the risk profile and financial-cycle behaviour of borrower groups.</p> <p>The approach is also consistent with international practice. Differentiated LTV limits for first-time buyers and for additional or investment properties are increasingly used across EU. The calibration of 90% for young first-time buyers and 70% for third and subsequent properties is in line with the range of approaches observed in countries applying differentiated LTV limits.</p>
5.3	Non-overlap of the policy response	<p>Other active borrower-based instruments in Slovakia address complementary dimensions of household credit risk: DSTI limits address debt-service capacity, DTI limits address total indebtedness relative to income and maturity limits restrict excessive extension of repayment periods.</p> <p>The notified measure does not overlap inappropriately with these tools. It adjusts only the collateral/leverage dimension of housing lending and leaves income-based affordability constraints unchanged. The higher LTV limit for young first-time buyers is not a broad easing of credit standards because DSTI, DTI, income verification and maturity limits continue to bind. Conversely, the stricter LTV for third and subsequent properties addresses procyclicality and collateral-related</p>

		<p>loss risks that are not fully captured by income-based limits.</p> <p>The instruments therefore interact in a complementary way: LTV controls leverage against collateral, while DSTI and DTI ensure that higher leverage does not lead to unsustainable debt service or excessive overall indebtedness.</p>
6. Cross-border and cross-sector impact of the measure		
6.1	<p>Assessment of cross-border effects and the likely impact on the Internal Market (Recommendation ESRB/2015/2²)</p>	<p>The measure is expected to have negligible cross-border effects and no material adverse impact on the Internal Market. It applies to housing loans provided under the Slovak housing-loan regulatory framework and is justified by risks in the Slovak residential real estate and mortgage markets.</p> <p>Risk adjustment and regulatory arbitrage channels: The main adjustment will occur within the domestic mortgage market through a change in the maximum LTV available to specific borrower groups. Material risk adjustment by foreign lenders or relocation of lending activity is not expected.</p> <p>Inward spillovers: Inward spillovers are expected to be limited. The measure concerns lending to Slovak consumers in the context of residential real estate financing and is implemented through the Slovak borrower-based framework.</p> <p>Outward spillovers: Outward spillovers to other Member States are expected to be immaterial. The measure is targeted at Slovak housing-market risks and does not constrain credit provision in other Member States.</p> <p>Overall impact on the Single Market: The measure is proportionate, non-discriminatory and justified by domestic financial stability risks. It should not create any barriers to the Single Market.</p>
6.2	<p>Assessment of leakages and regulatory arbitrage within the notifying Member State</p>	<p>The scope for leakages and regulatory arbitrage is assessed as limited. The measure is an activity-based measure that applies to all creditors providing housing loans under Act No 90/2016 Coll., including domestic banks, foreign banks and branches of foreign banks.</p> <p>Potential leakages could arise if borrowers try to finance part of the own contribution through unsecured consumer</p>

² Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

		<p>credit, loans from other financial institutions or other forms of borrowing. This risk is thoroughly monitored and is to a large extent mitigated by existing DSTI and DTI limits, which take into account the borrower's debt service and overall indebtedness, and by the requirement to assess creditworthiness.</p> <p>Cross-border arbitrage is expected to be limited because housing loans secured by Slovak residential real estate are mainly provided by domestic or locally operating lenders, and because the measure is tied to the Slovak housing-loan framework and collateral/borrower information available through Slovak data sources.</p>
6.3	Request for reciprocation	<p>No. NBS does not intend to request an ESRB recommendation for reciprocation. The measure is borrower-based, targeted at risks in the Slovak residential real estate and mortgage markets, and expected cross-border effects are immaterial. The potential for material circumvention through cross-border lending is assessed as limited.</p>
6.4	Justification for the request for reciprocation	<p>Not applicable, as no request for reciprocation is made.</p>
7. Miscellaneous		
7.1	Contact person(s)/mailbox at notifying authority	<p>Marek Ličák, Director of the Financial Stability Department</p> <p>financna.stabilita@nbs.sk</p>

7.2	Any other relevant information	<p>References</p> <p>NBS, Questions and answers on the introduction of differentiated LTV limits (in Slovak): https://nbs.sk/financna-stabilita/otazky-a-odpovede-k-zavedeniu-rozdielnych-limitov-pre-ltv/</p> <p>NBS, Financial Stability Report - May 2026, Chapter 2.3 (in Slovak): https://nbs.sk/dokument/5905501d-9aef-455c-b4b5-2d2a9e251be6/stiahnut/?force=true</p> <p>NBS Measure No 10/2016 of 13 December 2016, consolidated text: https://nbs.sk/dokument/0e8400d8-1461-4600-b890-9f7072d36ba9/stiahnut/?force=true</p>
7.3	Date of the notification	03/06/2026