



Mr Igor Matovič
Deputy Prime Minister and Minister of Finance of the Slovak Republic
Ministry of Finance of the Slovak Republic
Štefanovičova 5
817 82, Bratislava, Slovakia

ECB-PUBLIC
ESRB/2021/0117

Copy to:

Peter Kažimír,
Governor, Národná banka Slovenska
Imricha Karvaša 1
813 25 Bratislava, Slovakia

9 December 2021

Warning of the European Systemic Risk Board of 2 December 2021 on medium-term vulnerabilities in the residential real estate sector of Slovakia (ESRB/2021/16)

Dear Mr Matovič,

This is to inform you that, on 2 December 2021, the General Board of the European Systemic Risk Board (ESRB) adopted a set of country-specific Recommendations and Warnings on medium-term vulnerabilities in the residential real estate sector (RRE) in seven countries, including Warning ESRB/2021/16 on medium-term vulnerabilities in the residential real estate sector of Slovakia.

The General Board of the ESRB decided to issue those Recommendations and Warnings, following a systematic and forward-looking European Economic Area-wide assessment of vulnerabilities relating to the residential real estate sector. The Recommendations are addressed to countries that received ESRB warnings in 2016 and 2019 and in which vulnerabilities related to the residential real estate as a source of systemic risk have not been sufficiently addressed, while the Warnings to countries in which vulnerabilities relating to the residential real estate as a source of systemic risk have been newly identified as not being sufficiently addressed.

As regards Slovakia, this recent assessment has revealed that the main vulnerabilities are the increasing risk of house price overvaluation coupled with the high rate of house price growth as well as rising household indebtedness together with pockets of risk related to increasing household indebtedness and provision of mortgage loans.

Warning ESRB/2021/16 on medium-term vulnerabilities in the residential real estate sector of Slovakia is being transmitted to your authority, in accordance with Article 16(2) of Regulation (EU) 1092/2010.

In line with Article 18(2) of Regulation (EU) No 1092/2010, I would hereby also like to inform you that Warning ESRB/2021/16 will be published on the ESRB's website and later in the *Official Journal of the European Union*. In addition, in line with Article 18(3) of Regulation (EU) No 1092/2010, addressees of public warnings have the right to make public their views and reasoning on the matter. Should you wish to utilise this right, you are kindly invited to submit to the ESRB Secretariat any views and reasoning that you may have on the matter by 24 January 2022.

Yours sincerely,

A handwritten signature in black ink that reads "Francesco Mazzaferro". The signature is written in a cursive style with a large initial 'F'.

Francesco Mazzaferro
Head of the ESRB Secretariat

Enclosed:

Warning ESRB/2021/16 on medium-term vulnerabilities in the residential real estate sector of Slovakia.