

DECREE
of Národná banka Slovenska
of 29 May 2018

**amending Decree No 10/2016 of Národná banka Slovenska laying down detailed provisions on
the assessment of borrowers' ability to repay housing loans**

Národná banka Slovenska, in consultation with the Ministry of Finance of the Slovak Republic and in accordance with Section 8(16)(a) to (c), (f) and (g) of Act No 90/2016 on housing loans (and amending certain laws), as amended, has adopted this Decree:

Article I

Decree No 10/2016 of Národná banka Slovenska laying down detailed provisions on the assessment of borrowers' ability to repay housing loans (Notification No 373/2016) is amended as follows:

1. In Section 1, the following subparagraph (h) is added:
'(h) the maximum limit on the debt-to-income (DTI) ratio, the level of this limit and the method for calculating the ratio.'
2. In Section 7(1), the words '5 to 7 to the value of the loan collateral under paragraphs 8 to 13; the LTV ratio for a housing loan shall not exceed 1' are replaced by the words '4 to 6 to the value of the loan collateral under paragraphs 7 to 12; the LTV ratio for a housing loan shall not exceed 0.9'.
3. In Section 7, paragraph 2 is deleted.
Paragraphs 3 to 13 are renumbered paragraphs 2 to 12.
4. In Section 7(2), the words 'under paragraph 4' are replaced by the words 'under paragraph 3' and the word '40%' is replaced by the word '20%'.
5. In Section 7(3), the words '(1) to (3)' are replaced by the words '(1) and (2)'.
6. In Section 7(9), the words '(8) and (9)' are replaced by the words '(7) and (8)'.
7. In Section 7(11), the words '(8) to (11)' are replaced by the words '(7) to (10)'.
8. In Section 8(2), first sentence, the words '(8) to (10)' are replaced by the words '(7) to (9)'.
9. After Section 8, the following Section 8a, including heading, is added:

'Section 8a
The DTI ratio limit, the level of the limit,
and the method for calculating the DTI ratio

(1) The DTI ratio shall be calculated as the ratio of a borrower's total debt under paragraph 7 to 12 times the borrower's total income as defined in Section 2(4).

(2) The maximum limit on the DTI ratio is 8 unless paragraphs 3 and 4 provide otherwise.

(3) The volume of housing loans and consumer loans with a DTI ratio higher than 8, excluding loans provided under paragraph 6 and under other legislation,¹⁸ shall not constitute more than 5% of the total volume of new housing loans and consumer loans provided under loan agreements concluded in the same calendar quarter, excluding loans provided under paragraph 6 and under other legislation.¹⁸

(4) The volume of loans which satisfy the conditions for the application of a tax bonus under other legislation¹⁹ and have a DTI ratio higher than 8 and lower than 9, excluding loans provided under paragraph 6, shall not constitute more than 5% of the total volume of new housing loans and consumer loans provided under loan agreements concluded in the same calendar quarter, excluding loans provided under paragraph 6 and under other legislation.¹⁸

(5) If, within the previous three months, the creditor provided a housing loan to the borrower in addition to the new loan, or topped up a housing loan that the same creditor had previously provided to the borrower, the cumulative value of all such loans shall be included in the total volume of housing loans for the purposes of paragraphs 3 and 4. This does not apply to existing loans that will be repaid by the loan applied for.

(6) The DTI ratio limit under paragraphs 1 and 2 does not apply to housing loans that are to be used to refinance one or more existing housing loans or consumer loans, or to existing housing loans that are to be topped up by amending the loan agreement, provided that the amount of the loan applied for does not exceed by the lower of the following amounts the sum of the outstanding amounts of the loans to be refinanced or topped up:

(a) €2,000;

(b) 5% of the sum of the outstanding amounts of the loans to be refinanced or topped up.

(7) For the purposes of this Decree, a borrower's total debt means the sum of the new housing loan provided to the borrower and the outstanding amounts of the borrower's existing housing loans and consumer loans, verified against the information from a register of consumer loans and housing loans; it shall be calculated as the sum of the following: the outstanding amounts of the borrower's existing housing loans, consumer loans, overdraft credit and credit card credit; and the amount equal to 20% of the undrawn amount of the borrower's authorised overdraft and credit card facilities. A borrower's total debt may be lowered by the outstanding amount of the existing loans, or part thereof, which will be repaid upon the drawdown of the housing loan provided to the borrower if the drawdown of that loan is conditional on the repayment of that outstanding amount or part thereof.

(8) For the purposes of calculating a borrower's total debt in accordance with paragraph 7, the borrower shall be treated as the sole borrower in respect of any existing loan agreements under which the borrower is a co-borrower. If a co-borrower under another loan agreement applies for a loan together with the borrower, the outstanding amount of the other loan shall be included only once.

(9) The accuracy and currency of the information on the outstanding amount of existing loans which is required for calculating a borrower's total debt under paragraphs 7 and 8 shall be verified against information obtained from a register of information on consumer loans and housing loans; this verification shall be based on information available when the provision or topping-up of the housing loan is being assessed.'.

Footnotes 18 and 19 are added as follows:

¹⁸ Section 6a(5) of Decree No 10/2017 of Národná banka Slovenska laying down detailed provisions on the assessment of borrowers' ability to repay consumer loans (Notification No 306/2017), as amended.

¹⁹ Section 33a of Act No 595/2003 on income tax, as amended.'.

10. After Section 9, the following Section 9a, including heading, is added:

**‘Section 9a
Transitional provisions for regulations in effect from 1 July 2018**

(1) From 1 July 2018 to 30 September 2018, the limit set out in Section 7(2) applies as follows: the volume of housing loans which are secured by immovable property in accordance with Section 6(2) and (3) and for which the LTV ratio exceeds 0.8, excluding housing loans provided under Section 7(3), shall not constitute more than 35% of the total volume of new housing loans which are secured by immovable property in accordance with Section 6(2) and (3) and are provided under loan agreements concluded in the same calendar quarter, excluding housing loans provided under Section 7(3).

(2) From 1 October 2018 to 31 December 2018, the limit set out in Section 7(2) applies as follows: the volume of housing loans which are secured by immovable property in accordance with Section 6(2) and (3) and for the which the LTV ratio exceeds 0.8, excluding housing loans provided under Section 7(3), shall not constitute more than 30% of the total volume of new housing loans which are secured by immovable property in accordance with Section 6(2) and (3) and are provided under loan agreements concluded in the same calendar quarter, excluding housing loans provided under Section 7(3).

(3) From 1 January 2019 to 30 June 2019, the limit set out in Section 7(2) applies as follows: the volume of housing loans which are secured by immovable property in accordance with Section 6(2) and (3) and for the which the LTV ratio exceeds 0.8, excluding housing loans provided under Section 7(3), shall not constitute more than 25% of the total volume of new housing loans which are secured by immovable property in accordance with Section 6(2) and (3) and are provided under loan agreements concluded in the same calendar quarter, excluding housing loans provided under Section 7(3).

(4) From 1 July 2018 to 30 September 2018, the limit set out in Section 8a(3) applies as follows: the volume of housing loans and consumer loans which have a DTI ratio higher than 8, excluding loans provided under Section 8a(6) and under other legislation,¹⁸ shall not constitute more than 20% of the total volume of new housing loans and consumer loans provided under loan agreements concluded in the same calendar quarter, excluding loans provided under Section 8a(6) and under other legislation.¹⁸

(5) From 1 October 2018 to 31 December 2018, the limit set out in Section 8a(3) applies as follows: the volume of housing loans and consumer loans which have a DTI ratio higher than 8, excluding loans provided under Section 8a(6) and under other legislation,¹⁸ shall not constitute more than 15% of the total volume of new housing loans and consumer loans provided under loan agreements concluded in the same calendar quarter, excluding loans provided under Section 8a(6) and under other legislation.¹⁸

(6) From 1 January 2019 to 30 June 2019, the limit set out in Section 8a(3) applies as follows: the volume of housing loans and consumer loans which have a DTI ratio higher than 8, excluding loans provided under Section 8a(6) and under other legislation,¹⁸ shall not constitute more than 10% of the total volume of new housing loans and consumer loans provided under loan agreements concluded in the same calendar quarter, excluding loans provided under Section 8a(6) and under other legislation.¹⁸.

Article II

This Decree takes effect on 1 July 2018, with the exception of the following: Article I, point 9 (in respect of Section 8a(7) to (9)), which takes effect on 1 October 2018; Article I, point 9 (Section 8a(5)), which takes effect on 1 January 2019; and Article I, point 9 (Section 8a(4)), which takes effect on 1 July 2019.

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