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DECREE

of Národná banka Slovenska

of 29 May 2018

amending Decree No 10/2017 of Národná banka Slovenska laying down detailed provisions on the assessment of borrowers' ability to repay consumer loans

Národná banka Slovenska, in accordance with Section 7(41)(a) to (c) and (f) of Act No 129/2010 on consumer credits and on other credits and loans for consumers (and amending certain laws), as amended, has adopted this Decree:

Article I

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) is amended as follows:

1. In Section 1, the following subparagraph (f) is added:
'(f) the maximum limit on the debt-to-income (DTI) ratio and the method for calculating the ratio'.
2. After Section 6, the following Section 6a, including heading, is added:

'Section 6a

The DTI ratio 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 6 to 12 times the borrower's total net income as defined in Section 2(4).

(2) The maximum limit on the DTI ratio is 8 unless paragraph 3 provides otherwise.

(3) The volume of consumer loans and housing loans with a DTI ratio higher than 8, excluding loans provided under paragraph 5 and under other legislation,^{11a} shall not constitute more than 5% of the total volume of new consumer loans and housing loans provided under loan agreements concluded in the same calendar quarter, excluding loans provided under paragraph 5 and under other legislation.^{11a}

(4) If, within the previous three months, the creditor provided a consumer loan to the borrower in addition to the new loan, or topped up a consumer 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 consumer loans for the purposes of paragraph 3. This does not apply to existing loans that will be repaid by the loan applied for.

(5) The DTI ratio limit under paragraphs 1 and 2 does not apply to consumer loans that are to be used to refinance one or more existing housing loans or consumer loans, or to existing consumer 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.

(6) For the purposes of this Section, a borrower's total debt means the sum of the new consumer loan provided to the borrower and the outstanding amounts of the borrower's existing consumer loans and housing loans, verified against the information from a register of consumer loans in accordance with Section 7(17) of the Act and from a register of housing loans under other legislation;^{11b} it shall be calculated as the sum of the following: the outstanding amounts of the borrowers' 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. In the case of a consumer loan provided in the form of an authorised overdraft or credit card, the amount of this loan shall be included in the amount equal to 20% of the authorised overdraft facility or in the amount equal to 20% of the credit card facility. 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 consumer loan provided to the borrower if the drawdown of that loan is conditional on the repayment of that outstanding amount or part thereof.

(7) For the purposes of calculating a borrower's total debt in accordance with paragraph 6, 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.

(8) The accuracy and currency of information on the outstanding amount of the existing loans which is required for calculating a borrower's total debt under paragraphs 6 and 7 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 consumer loan is being assessed.'

Footnotes 11a and 11b are added as follows:

^{11a} Section 8a(6) of 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), as amended.

^{11b} Section 8(31) of Act No 90/2016.'

3. After Section 7, the following Section 7a, including heading, is added:

**'Section 7a
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 6a(3) applies as follows: the volume of consumer loans and housing loans which have a DTI ratio higher than 8, excluding loans provided under Section 6a(5) and under other legislation,^{11a} shall not constitute more than 20% of the total volume of new consumer loans and housing loans provided under loan agreements concluded in the same calendar quarter, excluding loans provided under Section 6a(5) and under other legislation.^{11a}

(2) From 1 October 2018 to 31 December 2018, the limit set out in Section 6a(3) applies as follows: the volume of consumer loans and housing loans which have a DTI ratio higher than 8, excluding loans provided under Section 6a(5) and under other legislation,^{11a} shall not constitute more than 15% of the total volume of new consumer loans and housing loans provided under loan agreements concluded in the same calendar quarter, excluding loans provided under Section 6a(5) and under other legislation.^{11a}

(3) From 1 January 2019 to 30 June 2019, the limit set out in Section 6a(3) applies as follows: the volume of consumer loans and housing loans which have a DTI ratio higher than 8, excluding

loans provided under Section 6a(5) and under other legislation,^{11a} shall not constitute more than 10% of the total volume of new consumer loans and housing loans provided under loan agreements concluded in the same calendar quarter, excluding loans provided under Section 6a(5) and under other legislation.^{11a}.

Article II

This Decree takes effect on 1 July 2018, with the exception of the following: Article I, point 2 (in respect of Section 6a(6) to (8)), which takes effect on 1 October 2018; and Article I, point 2 (in respect of Section 6a(4)), which takes effect on 1 January 2019.

Jozef Makúch
Governor

Issuing unit: Regulation Department
Banking and Payment Services Regulation Section

Telephone: +421 2 5787 3301

Fax: +421 2 5787 1118