Financial Stability Report

May 2026

NÁRODNÁ BANKA SLOVENSKA
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Contact
Národná banka Slovenska
Imricha Karvaša 1
813 25 Bratislava
info@nbs.sk

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Foreword

In recent years, our Financial Stability Reports have frequently pointed to heightened uncertainty and new challenges facing the economy. Unfortunately, we have yet to see any significant improvement in this regard. Alongside slow economic growth and persistent uncertainty, this year we must also contend with new risks, particularly in the form of rising energy prices and their impact on inflation.

On the domestic front, attention should be paid to the mortgage market, whose growth remains robust but has probably already peaked. Demand for residential real estate remains strong, supported by rising housing prices and a gradual increase in mortgage rates.

However, demand for investment housing is also rising, to the point that most purchases of flats are now not purchases of a primary residence. This represents a new risk for financial stability, to which Národná banka Slovenska intends to respond by adjusting certain limits on mortgage lending. The new rules will therefore focus more on investment demand by tightening conditions for mortgages on third and subsequent properties. At the same time, they will be eased for young first-time home buyers.

Challenges are also present in the corporate sector. Although its financial situation remains favourable, uncertainty is still high. This is evident in the slowdown in lending, particularly to large firms and industrial firms. Specific risks – especially in the form of US tariffs and competition from China – are increasingly affecting the economic engine of many countries: the automotive industry. Given the importance of this sector for the Slovak economy, a close eye must be kept on this situation.

Despite these pressures, the domestic financial sector remains in good condition. Stress tests confirm that domestic banks would be able to withstand even a marked deterioration in the economic and financial environment. Their capital and liquidity buffers are in good shape, and they are maintaining profit-generating capacity. In other words, the banking sector is stable, resilient to potential shocks, and able to continue financing firms and households.

In the current climate, however, vigilance must be the watchword. Future developments will depend on the economy's ability to adapt to tighter financial conditions in a highly uncertain environment. Our task remains to consistently monitor existing and emerging imbalances and to be ready to respond in a timely manner to protect financial system stability and, by extension, people and firms.

Peter Kažimír
Governor
Národná banka Slovenska

Overview

The financial system in Slovakia remains stable even in a more challenging economic environment

The financial system in Slovakia continues to be stable, profitable and resilient. However, the economic environment is less favourable than in the past, as economic growth is weaker and uncertainty remains elevated.

The main source of risk is still the external environment. The war in the Middle East has intensified geopolitical risks and disrupted global energy markets in particular. Although Slovakia does not import oil or gas directly from the conflict region, nor notably exceed the EU average in terms of oil import dependence, higher energy prices will increase inflation in the country.

The weakening of domestic economic growth is due to a combination of external risks, households' increasing caution, fiscal consolidation, and the low competitiveness of the domestic economy. While consolidation is important for long-term sustainability, it subdues domestic demand in the short term. Slower economic growth is gradually being reflected in lending activity, especially among firms.

Mortgage and housing market activity remained strong in 2025

Lending to households continued to grow strongly in 2025, although mortgage growth appears to have already peaked. Mortgage demand was supported mainly by earlier improvements in interest rate conditions and rising property prices. Looking ahead, however, mortgage growth may slow somewhat owing to a weakening labour market, lower income growth, and a moderate increase in interest rates.

Prices of flats rose at a double-digit pace last year and accelerated slightly in early 2026. Moreover, time to sale in the housing market has decreased. Long-term price growth has been driven by strong demand and a limited supply of new housing. On the other hand, data suggest that increased construction of new flats does not necessarily lead to slower price growth or improved housing affordability for young people. Investment demand is a crucial factor in this regard. Purchases of second and subsequent properties are increasing as a share of flat purchases. In 2025 alone, more than half of residential real estate purchases fell into that category. Meanwhile, the housing stock includes a large number of underused flats. In Slovakia's larger cities, they account for more than 10% of all flats, and in almost all the cities under review this share is increasing.

Growing demand for investment housing requires increased attention from a financial stability perspective. Of the mortgages granted in 2025, 16% went to borrowers who already owned at least two properties, while another 39% owned one. Loans for investment purchases may contribute to higher risks, since borrowers may be more inclined to sell their properties in a downturn, thereby, in a worst-case scenario, potentially amplifying price declines. At the same time, investment demand may artificially drive up housing prices, making first-time home purchases less affordable.

In response, NBS proposes adjusting loan-to-value (LTV) limits to better differentiate between different types of housing demand. The limit would be tightened for the financing of third and subsequent properties, helping to mitigate risks associated with investment demand. Conversely, limits would be relaxed for young first-time home buyers, lowering entry barriers to the market. Under this combined approach, the risk profile of bank portfolios should remain unchanged, and overall mortgage growth should not be significantly affected – only its structure is expected to change. That said, housing affordability is a complex issue. Beyond looser financing conditions and more flexible housing supply, it is important to address the growing demand for investment housing.

Households and firms are still able to repay loans, but their sensitivity remains elevated

Some households remain more vulnerable to adverse developments, owing to higher interest rates, slower income growth, and increased living costs. While the share of mortgages that are non-performing remains low, the credit quality of the consumer loan portfolio has deteriorated to its level of four years ago.

Particular attention should be paid to mortgages granted to self-employed persons and entrepreneurs. Their importance in the mortgage portfolio has increased markedly in recent years, with nearly one-fifth of total mortgages now held by such individuals. However, because their income is more volatile and more difficult to verify, these loans carry greater risk, as past data confirm. The income of self-employed borrowers is often estimated based on a portion of revenues, not necessarily giving a precise picture of long-term debt servicing capacity. For these borrowers, banks should therefore carefully assess the quality and stability of income.

Firms' financial situation continues to be relatively sound despite the weaker economic environment. After a good start to 2025, revenue growth slowed and continued to do so into early 2026. Corporate profits declined only slightly year-on-year, with higher wage and tax costs partly offset by lower interest expenses. Non-performing loan ratios remain stable. Corporate lending has slowed, especially to large firms and industrial firms. The commercial real estate sector remains vulnerable, although investment and leasing activity in the sector has picked up.

The automotive industry is currently facing several structural challenges, including high US import tariffs, increasing competition from China, and pressure to transform production models. Given the sector's dominant role in the Slovak economy, these developments are important from a financial stability perspective. There are, however, two mitigating factors, the first being the relatively low exposure of domestic banks to this sector, including its suppliers. The second is carmakers' hitherto ability to adapt and to reroute part of their exports to other markets.

The banking sector remains strong and resilient

The banking sector in Slovakia has maintained robust profitability. Net interest income could be expected to continue growing in the near term, supported mainly by mortgage portfolio growth. Profitability has increased banks' loss-absorption capacity and their ability to finance the economy. Both capital and liquidity positions

remain strong. Cyclical risks are not building up excessively, although uncertainty in the economic environment remains elevated. For this reason, NBS is keeping the countercyclical capital buffer rate unchanged.

Stress testing has confirmed that banks would be able to withstand even severely adverse developments. Their resilience was demonstrated in a scenario combining a sharp economic slowdown with rising inflation driven by higher energy prices. Any potential economic shock would be reflected in increased credit losses, but thanks to banks' accumulated capital and profitability, the overall impact on the sector would remain limited.

Insurers, investment funds and pension funds are experiencing growth but remain sensitive to financial market developments

The insurance sector's profitability has improved, particularly in the non-life segment. Non-life premiums have been adjusted upwards with a lag to reflect earlier inflation, helping to improve the sector's performance. Stricter regulation regarding uninsured vehicles may also enhance the balance between premiums and claims in motor insurance.

Assets under management in investment and pension funds have increased, driven by both fund performance and inflows of new customers. At the same time, the equity component of portfolios has continued to rise. While this trend boosts potential returns during good times, it also increases sensitivity to any financial market downturns.

In Slovakia, risks across investment and pension funds remain limited compared with certain foreign markets. At the European level, discussions often focus on risks in asset management, such as liquidity mismatches, leverage, and interconnectedness. Overall, the Slovak non-bank financial sector does not exhibit these risk characteristics to any significant extent.

1 Macroeconomic environment and financial markets

1.1 Risks have increased, mainly owing to geopolitical conflicts and concerns about rising energy prices

The unrealised threat of a trade war has been replaced by the reality of the war in the Middle East and the resulting energy shock

Last year saw the global economy undergo a demanding stress test in the form of a reconfiguration of trade relations between the United States and the rest of the world. The entire process was accompanied by uncertainty and heightened rhetoric from key actors, and it seemed at times that trade tensions might spiral into a trade war. Ultimately, such an escalation was avoided, as the situation stabilised towards the end of the year around a new balance of relations. Despite the introduction of tariffs on most goods imported into the world's largest economy, the United States, the pace of global trade growth accelerated further. More broadly, the world economy demonstrated better-than-expected resilience and adaptability, and the feared worst-case scenarios did not materialise.

However, the relative calm in geopolitical and geoeconomic conditions did not last long, with the arrival of 2026 bringing a new wave of turbulence and sources of uncertainty. The US intervention in Venezuela and disputes over Greenland were only a prelude to the main event: the outbreak of war between the United States and Iran in the final days of February. As maritime transport of energy commodities from the Persian Gulf became disrupted by this war, and as the hydrocarbon extraction and processing infrastructure in several Gulf countries suffered damage, the result has been an energy shock that is already being described as the largest in history. Against a backdrop of supply shortages, the price of oil surged from around USD 60 per barrel at the beginning of 2026 to roughly USD 100 per barrel. Natural gas prices also rose sharply, while supplies of other critical commodities have also come under threat.

The energy shock will act as a brake on economic activity while simultaneously contributing to higher inflation. Given, however, the unpredictability of the conflict's future course, it is difficult at this stage to quantify these effects reliably. Much depends on the duration of the effective closure of the Strait of Hormuz and the extent of damage to production capacities in the region. Even if hostilities end in the near future, global GDP growth will likely slow to 3.1% in 2026, some three-tenths of a percentage point lower than last year, while inflation will rise to 4.4%.[1] In more

[1] April 2026 *World Economic Outlook* reference forecast, IMF.

adverse scenarios, with persistently elevated prices for energy and other affected commodities, economic growth could decline to around 2% and, conversely, inflation could rise to about 6%.

The euro area, as a net importer of energy, will be among the regions more severely affected. Even before the current energy shock, the euro area was projected to experience a slight slowdown in year-on-year growth, to just above 1% at best. This was due to the full impact of US tariffs and aggressive industrial competition from China. The current situation only reinforces that outlook. Nor can it be ruled out, if the Middle East conflict proves prolonged, that growth will be minimal or non-existent and that inflation will return to high single-digit levels.

Box 1

Risks stemming from the war in the Middle East

The Middle East conflict has caused a supply shock in energy markets

Energy markets are systemic in nature and their dynamics affect the economy as a whole. The prices of energy commodities, as well as their actual availability, are currently subject to a heightened degree of uncertainty. For this reason, the current situation in energy markets represents a material risk to financial stability. The consequences of shocks vary depending on their type. Price shocks can threaten financial stability primarily through pressures on firms' and households' costs, higher inflation, and disruption to economic stability. On the other hand, energy supply shocks can directly constrain production and escalate into a broader economic crisis, with the shock progressively spreading through production chains. Past experience shows that energy shocks have not acted in isolation, but rather as triggers in environments with existing imbalances. Their impact has spread mainly through rising business costs, declining real household incomes, and subsequent tightening of financial conditions, thereby amplifying weaknesses already present in the economy. A partially mitigating factor is the long-term gradual decline in the importance of oil for value added generation in modern economies.

Uncertainty centres on energy commodity prices and related intermediate goods

Although the repercussions of the Middle East crisis will vary from economy to economy, the price impact will be felt by all – including countries that do not import energy commodities directly from the Gulf region.[2] Rising commodity prices will weigh on all importing economies regardless of whether they are directly dependent on imports from the conflict region. For importing countries, the key factor is the degree of dependence on commodity imports, especially oil

[2] The heterogeneous impact across economies worldwide was also highlighted by IMF Managing Director Kristalina Georgieva in a speech on the global economic outlook delivered on 9 April 2026.

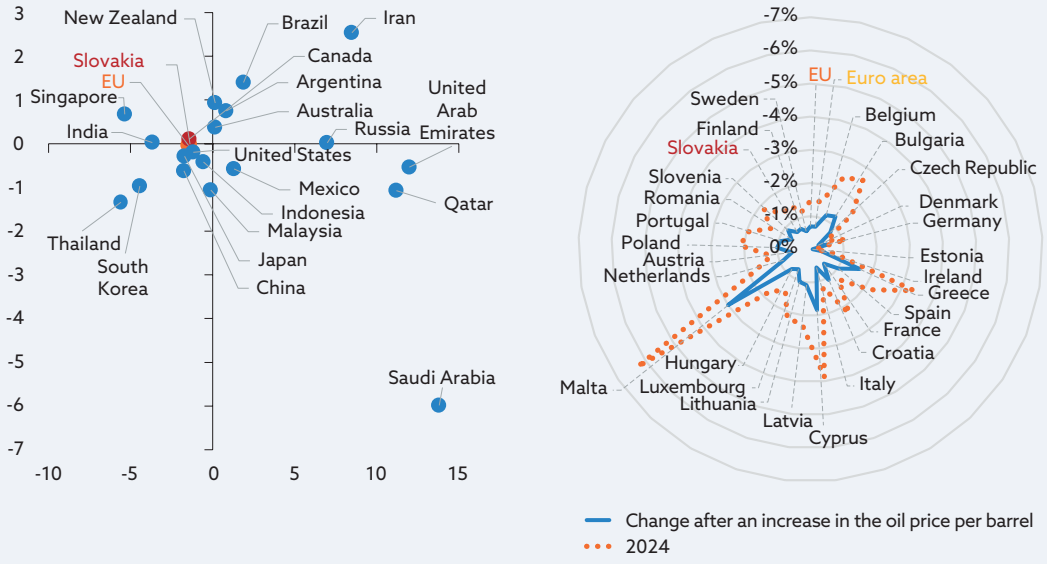
and gas. Conversely, economies outside the conflict region that export oil and gas will be the least affected. Exporting countries in the region will face revenue losses primarily owing to export restrictions.

All EU countries are net oil importers, and in terms of dependence on oil imports, Slovakia ranks around the middle. Differences in the level of oil import dependence – measured by the ratio of net oil imports[3] to GDP – expose these countries to varying magnitudes of shock due to rising oil prices. Countries with a higher ratio of net oil imports to GDP would be most affected. By this measure, Slovakia is close to the EU average, which stands at around 1.5% of GDP. Assuming the average annual oil price rises to USD 120 per barrel,[4] the additional cost of net oil imports for the Slovak economy would be approximately 0.7% of GDP.[5]

Chart 1

Countries differ in their oil import dependence, an indicator of their vulnerability to oil price movements

Left panel: Ratio of net oil imports to GDP for selected countries in 2024 (horizontal axis) and change in the ratio between 2015 and 2024 (vertical axis) (percentages of GDP)
Right panel: Ratio of the value of net oil imports to GDP in 2024 (dotted orange line) and change in the ratio assuming an oil price increase to USD 120 per barrel (solid blue line) (percentages of GDP)



Sources: Eurostat, Trademap, World Bank, and NBS.
Notes: Net imports represent the difference between a country's total oil imports and exports. In the left panel, negative values on the horizontal axis denote countries with net oil imports, while positive values denote countries that are net oil exporters. On the vertical axis of the left panel, positive values for net importers denote a reduction in the economy's dependence on oil, while positive values for exporters denote an increase in net oil exports. Net oil imports and GDP were converted into USD.

[3] Net imports represent the difference between total imports and exports of oil.

[4] This is an illustrative calculation; a temporary increase in the oil price to USD 120 per barrel was also considered in the second stress scenario of the stress test exercise.

[5] This represents the additional cost to Slovakia if the increased oil price of USD 120 per barrel were applied to its oil imports in 2024.

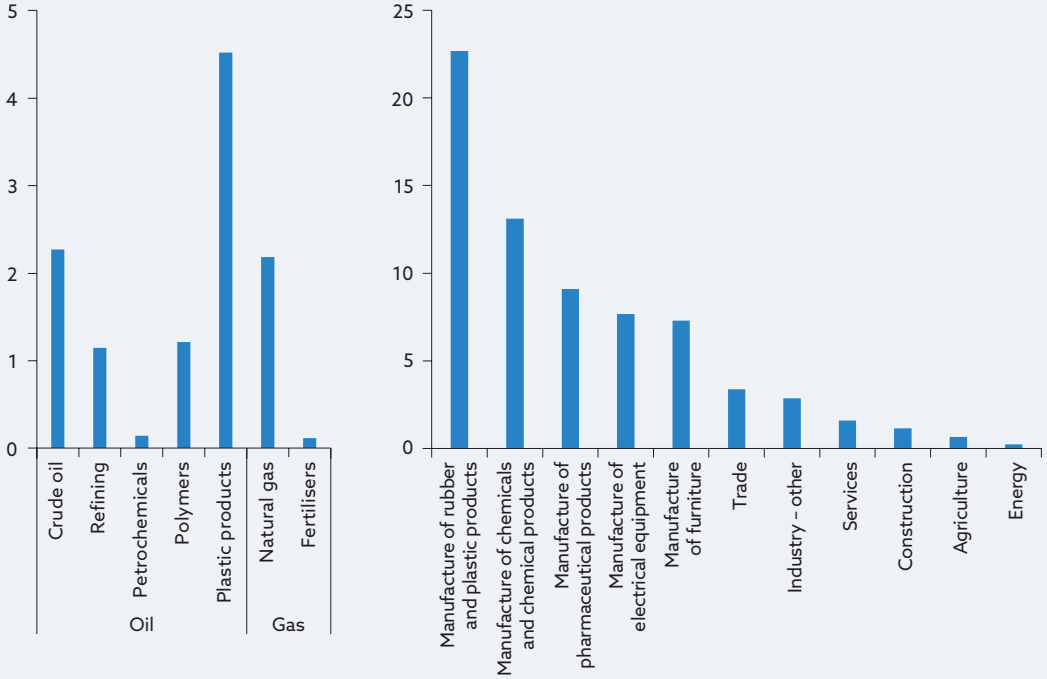
The degree of an economy's exposure to rising energy prices depends not only on its dependence on oil imports, but also on its dependence on natural gas imports and on intermediate goods linked to these commodities.[6] These are inputs whose prices and availability depend on developments in energy markets.[7] Slovakia's imports of oil, gas and related intermediate goods amount to nearly 11% of GDP. The highest exposure to direct imports of these products[8] is naturally found in petroleum refining (53%), followed by the manufacture of rubber and plastic products (23%). The share in chemical and pharmaceutical manufacturing is close to 10%.

Chart 2

Imports of energy commodities and related intermediate goods

Left panel: Share of imports of energy commodities and intermediate goods resulting from their processing in total imports in 2025 (percentages)

Right panel: Share of imports of energy commodities and intermediate goods resulting from their processing in the variable costs of individual sectors in 2025 (percentages)



Sources: Eurostat, and NBS.
Note: The right panel does not show the petroleum refining sector, where the share of direct imports in variable costs exceeds 50%.

[6] The aim of this part is not to identify the full chain of products linked to oil and natural gas, since at certain stages of production these inputs are combined with other factors. We therefore focused on typical products found at earlier stages of the production chain, where the link to oil and gas is most direct. At later stages of production, impacts were captured using an input–output approach, which allows for consideration of complex interconnections within the economy.

[7] In the case of oil, this mainly concerns the petrochemical industry, the production of polymers, plastics and packaging, as well as selected segments of final production. For natural gas, it mainly involves fertilisers and ammonia as an intermediate stage of production.

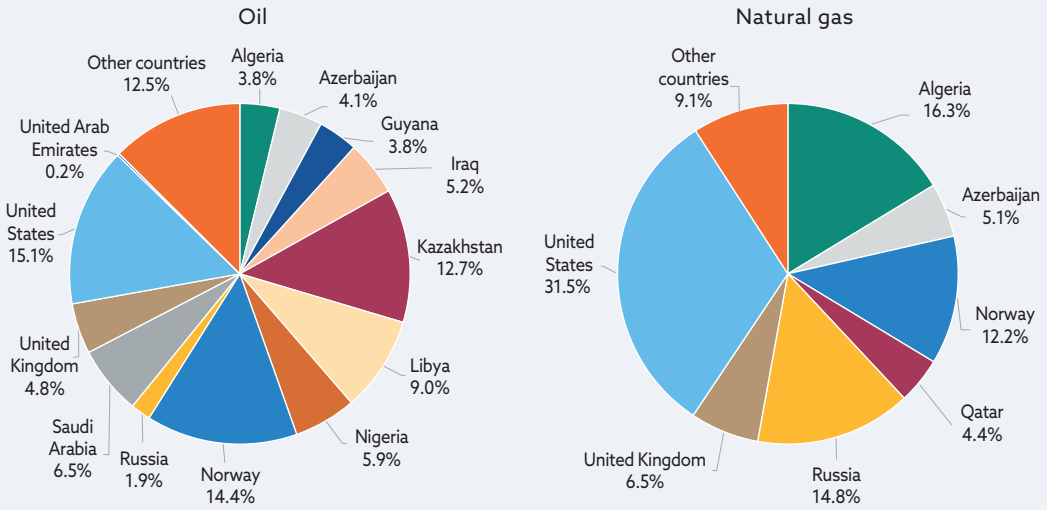
[8] The share of imports of energy commodities and related intermediate goods in the variable costs of individual sectors.

Slovakia currently does not import oil or gas from the war-affected Middle East region, which helps mitigate the initial shock associated with the conflict. Energy commodity imports within the EU are relatively diversified, although this also reflects differences among individual EU Member States. While Slovakia last year imported more than four-fifths of its oil and over 90% of its gas from Russia, the composition of countries supplying oil and gas to the EU as a whole was considerably more varied. Persian Gulf countries affected by the conflict accounted for approximately 12% of the EU's oil imports and more than 5% of its gas imports. Although these shares are not particularly large, the risk for EU Member States is that other countries importing fuels directly from the Middle East may increasingly seek supplies from alternative markets that are also traditional suppliers to EU countries.

Chart 3

The EU as a whole has more diversified energy commodity imports than Slovakia

Left panel: EU oil imports by country of origin in 2025 (percentages)
Right panel: EU natural gas imports by country of origin in 2025 (percentages)



Sources: UN Comtrade, and NBS.

Reduced availability of energy commodities may have economy-wide effects

A comprehensive view of the impact of potential energy supply disruptions in Slovakia can be modelled using inter-sectoral supply chains in the economy.[9] Looking at imports alone provides only a partial picture. By using input–output matrices that quantify the interconnectedness of sectors, it is possible to obtain a rough estimate[10] of how shocks originating in one sector may propagate through

[9] The framework uses input–output matrices derived from national accounts as input data. To capture disruptions in energy commodity supplies, the Ghosh input–output model was applied, since it allows analysis of the transmission of supply-side shocks. The most recent data available are for 2022.

[10] Input–output models also have limitations that may lead to underestimation or overestimation of shock effects. They do not capture non-linearities in supplier relationships, which may result in an underestimation of negative effects. On the other hand, they do not account for behavioural changes in response to shifts in relative prices, potentially resulting in an overestimation of negative effects.

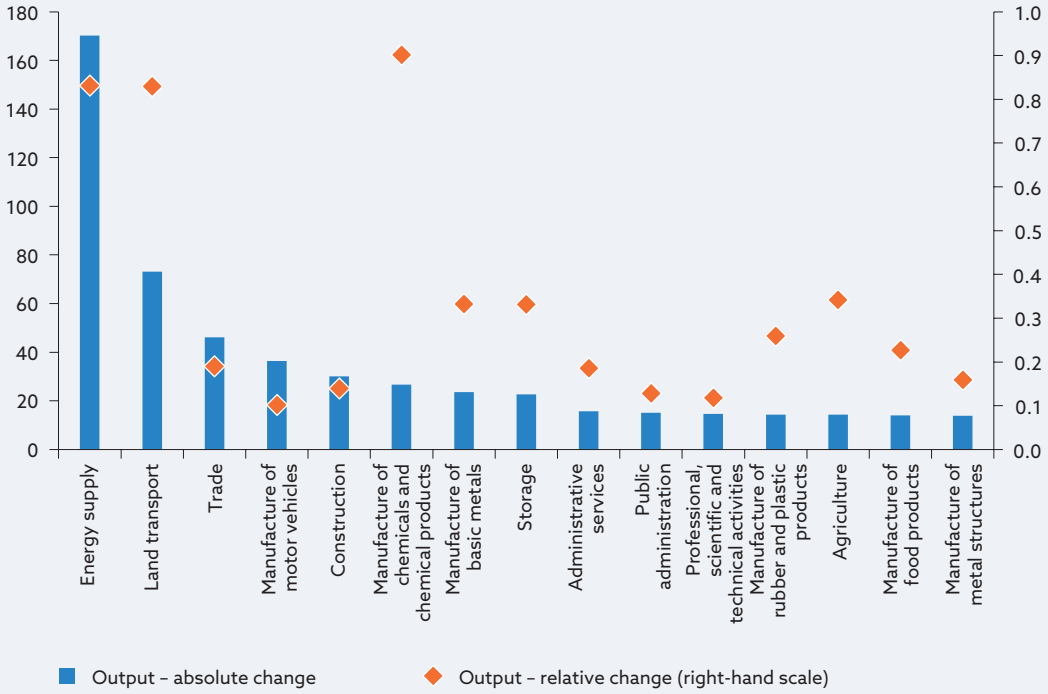
the rest of the economy. The model takes into account not only direct exposure but also indirect effects through related spillovers. Using this framework, it is therefore possible to approximate secondary, tertiary, and higher-order effects of reduced production in the petroleum refining sector and to estimate the impact on overall economic performance. An example is transport, which has almost no direct exposure but is significantly affected indirectly through rising fuel prices, and subsequently influences many other sectors.

The sectors most sensitive to oil supply disruptions are energy supply, land transport, and the chemical industry. A 10% decrease in the volume of imported oil would reduce total output in these sectors by more than 0.8%. In terms of the overall impact on the economy, the energy supply sector would have the largest effect, followed by land transport, trade, and the manufacture of transport equipment. The absolute magnitude of the impact depends on both the size of the sector and its sensitivity to oil supply disruptions.

Chart 4

The sectors most sensitive to oil supply disruptions are energy supply, transport, and manufacture of chemicals and chemical products

Impact of oil supply disruptions on the output of selected sectors in both absolute and relative terms (EUR millions; percentages)



Sources: Eurostat, and NBS.

Financial markets, non-bank financial institutions, and the imbalances within them pose prominent risks to financial stability

The response of financial markets to recent geopolitical events, in particular the war in the Middle East, has so far been relatively muted, with a prevailing

assumption that the conflict will be short-lived. The correction in major global stock market indices peaked at around 10% at the end of March, while credit markets also showed a more moderate reaction compared with the stress episode following last year's initial announcement of reciprocal tariffs. Since then, valuations have turned upwards again, with the US benchmark S&P 500 even reaching new all-time highs. Most investors therefore appear to continue to bet on an optimistic outlook for macro-financial variables, including inflation, interest rates, and the contribution of AI to corporate profitability and overall economic productivity, which has long shaped the upward phase of the financial cycle. A possible escalation of the Middle East conflict or another adverse geopolitical shock could ultimately trigger a reassessment of this narrative. Another significant downside risk to asset prices is that valuations are currently in the upper range of their historical distribution. Moreover, their recent uptrend has been driven by concentrated purchases of shares in large technology companies. These firms have invested – or plan to invest – hundreds of billions of euro in AI infrastructure, increasingly through debt financing. If the promises of AI fall short of currently high expectations, the valuations of these firms could decline and pull the broader market down with them. On the other hand, even if the benefits of AI materialise, there remains a downward risk to asset prices linked to firms in sectors where business models may be disrupted by such technological progress. A more prolonged shift in market sentiment under the weight of these potential shocks could lead to a significant broad-based tightening of financial conditions and spill over to financial stability.[11]

In the spotlight:

Cyber risks from advanced AI models are on the rise

Recent advances in large language models (LLMs), including Claude Mythos Preview, point to growing cyber risks with potential systemic implications for financial stability. These models possess enhanced capabilities in source code analysis, debugging, and identifying software vulnerabilities. The expanding scope of these capabilities is shown by benchmark testing results for new models, whose roll-out is also gathering pace. While such functionalities can significantly strengthen cybersecurity defences, they also raise concerns about accelerating the discovery and exploitation of software weaknesses by malicious actors.

From a financial stability perspective, the primary risk lies not in individual cyber incidents, but in their scale, speed and coordination. Advanced AI tools can significantly lower both the cost and the level of expertise required to identify vulnerabilities in widely used financial software, payment infrastructure, and third-party service providers. This increases the likelihood of simultaneous or cascading cyber incidents across multiple institutions, potentially disrupting critical financial services such as payments, clearing, and liquidity management.

[11] Compared with the past, the increased correlation between price movements in equity and bond markets further amplifies this risk.

The systemic dimension of this risk is particularly significant given the financial sector's strong reliance on shared technological solutions and cloud services.[12] If AI-powered tools were to substantially increase the efficiency of cyberattacks, the result could be sudden operational outages, loss of confidence, and liquidity stress. In already strained financial market conditions, even short-term disruptions could amplify procyclical effects and spill over into the real economy.

Another important aspect is the asymmetric distribution of risk. Large financial institutions may be able to invest in AI-based defensive capabilities, while smaller banks, non-bank financial institutions (NBFIs), and critical service providers may lag behind.

These risks may be partly mitigated by Project Glasswing, a coordinated cybersecurity defence initiative recently launched by Anthropic in direct response to the capabilities of the Claude Mythos Preview model. The project is a programme of collaboration among a closed circle of selected technology firms, financial institutions, and public sector bodies, aimed at identifying and fixing software vulnerabilities before they fall into the hands of malicious actors. No European institutions or private companies are currently part of this initiative.

Accumulated imbalances and risks in certain parts of the broad non-bank financial sector are a threat owing to their potential procyclical effect in times of stress and their transmission across the entire financial system. Liquidity mismatches between assets and liabilities, exposure to illiquid assets, elevated financial leverage, concentration, and a tangled network of both mutual and external interconnections represent the main sources of vulnerability in the non-bank sector. Data for 2025 show that in many areas these risk characteristics have intensified further. In addition to hedge funds, real estate funds, and corporate bond funds – which often exhibit the above features – the rapidly growing but opaque private credit segment[13] has also come into focus in recent months. Sentiment that was until recently clearly positive has begun to turn – particularly among more volatile retail investors – with several private credit vehicles attracting significant media attention as they face increased redemption requests and declines in their share prices. These developments reflect uncertainty as to whether reported asset valuations truly correspond to realisable prices, as well as concerns about further credit events.[14] While limits on the redemption of shares or units in 'semi-liquid' funds are a standard structural feature of such vehicles, in the current climate

[12] Anthropic has noted that its latest model, Claude Mythos Preview, has identified thousands of previously unknown cybersecurity vulnerabilities across major operating systems and web browsers.

[13] Although European private credit vehicles are considered less risky and are smaller in scale than, for example, US equivalents, European investors on the one hand and non-financial corporates on the other are significantly connected – on the asset and liability sides, respectively – to the global private credit market. The wave of heightened media attention on the private credit segment was triggered by several closely watched defaults of US firms financed through this channel. In addition, there has been an increase in the share of borrowers at the lower end of the credit rating spectrum, while the growing use of payment-in-kind structures may artificially postpone further defaults.

[14] The increasing use of funding sourced from private credit providers to finance massive AI-related investment activities by hyperscalers (large cloud service providers) has further intensified the link between credit markets and public equity markets. At the same time, funding from private credit intermediaries is being

they are being perceived as a sign of serious problems. Although the prevailing view is that neither the absolute size of private credit assets nor issues with the quality of underlying portfolios should in themselves trigger systemic disruptions, there remains a risk that initially localised distrust could evolve into broader risk aversion. This would trigger a wave of price adjustments and forced liquidation of positions, reduce the availability of (re)financing in both the financial system and the real economy, and ultimately contribute to the materialisation of credit losses on a much larger and more abrupt scale than would be implied by the fundamental quality of the underlying claims.

The adverse end of the macro-financial scenario spectrum would in particular represent an additional shock for many countries' public finances, which are already significantly strained both cyclical and structurally. A prolonged increase in energy prices would likely deepen fiscal deficits and put upward pressure on long-term interest rates, as evidenced by their recent rise to multi-year highs. This would increase the need for debt financing and shift its structure further towards shorter-term issuance. In the context of a simultaneous economic slowdown, creditor confidence in the sustainability of public finances could be undermined. Turbulence in the key benchmark market in government bonds has a high potential to transmit stress to other parts of the financial system and to spread it across borders. Among other things, a negative feedback loop between the banking sector and sovereign risk could re-emerge via holdings of government bonds.

In the spotlight:

Only a small share of Slovak households is directly exposed to financial market fluctuations

One of the frequently cited risks to financial stability is a potential correction in financial markets. Although market investments can generate higher returns for households over the long term, a market downturn may expose them to a negative shock.

Households' active investments in financial markets amount to around half the level of their total bank account balances and cash holdings.[15] Active investments – comprising mainly investments in investment funds and direct purchases of shares, bonds and crypto-assets – total €23.5 billion, while households hold €53.4 billion in bank deposits and cash. The majority of financial assets (69%) is kept in bank accounts or held in cash.

Moreover, active investments are relatively concentrated across households. Only 11% of households actively invest their savings. Among households with

heavily directed towards sectors where business models are coming under increasing pressure from advances in AI, such as software companies.

[15] The data are based on quarterly financial accounts. The analysis does not include pension or insurance products, nor equity holdings in the form of unlisted shares (e.g. ownership interests in privately held companies).

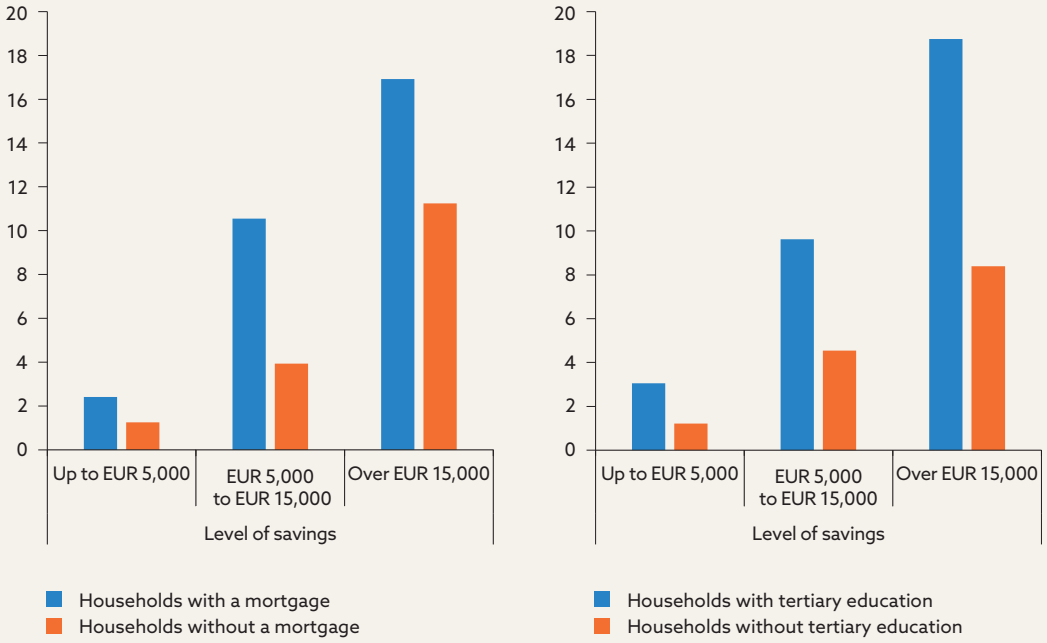
smaller financial assets (up to €5,000), only 3% invest, while among those with assets exceeding €15,000, the share of investing households reaches 30%.[16]

Interest in active investing increases with higher levels of savings, income, and education. Households with mortgages also tend to invest more. Given the characteristics of these households, they are likely to have a higher level of financial literacy. Among households with tertiary education, a mortgage, and savings above €15,000, more than half (54%) actively invest in financial markets. Of these, 22% allocate more than one-third of their savings and account for 57% of all active investments by Slovak households.

Chart 5

The share of investing households increases with higher savings

Left panel: Share of households that actively invest at least 30% of their savings in financial instruments, by level of savings and mortgage debt (percentages)
Right panel: Share of households that actively invest at least 30% of their savings, by level of savings and education (percentages)



Source: HFCS.
Notes: Active investments in financial instruments include shares, bonds, investment funds, crypto-assets and other instruments. They do not include bank deposits, cash, pension funds or insurance. Tertiary education was determined on the basis of the education level of the household reference person.

[16] Source: HFCS (Household Finance and Consumption Survey) data.

1.2 Slovak economic growth slows

The domestic economy will slow further amid uncertainty

The Slovak economy has been losing momentum for around a year and a half. Its growth has been dampened by both domestic and external factors. Negative external influences have included changing US trade tariffs, increasing pressure from Chinese exports, and the adverse effects of the ongoing war in Ukraine. Domestic factors have included the urgent need to continue fiscal consolidation and the impact of structural problems – such as rising and hard-to-predict energy prices, increasing labour costs, challenges in the automotive sector, and unfavourable demographics linked to a shortage of skilled labour.

Reflecting these factors, Slovakia's economic growth moderated to 0.8% last year.[17] Household consumption, previously a major driver of growth, weakened significantly. Households beset by persistent uncertainty and the effects of certain consolidation measures reduced their spending. The climate of uncertainty had an impact on corporate decisions, with firms reining in their investment plans. As a result, investment in 2025 was primarily financed from public sources. The general government sector supported economic growth through consumption expenditure. In this sector, employment reached a historical high, resulting in higher wage expenditure, and there were also increases in spending on goods and services and on healthcare. After a period of decline, net exports also picked up, supported mainly by the automotive sector and, towards the end of the year, by a revival in the manufacturing of machinery, equipment and metals.

The outlook for further growth of the Slovak economy remains gloomy. In addition to existing sources of uncertainty, the outbreak of the war in the Middle East has overshadowed previous factors due to its intensity and its immediate impact on energy markets and prices. A prolonged conflict could heighten the disruption to exports of key commodities (oil, gas, fertilisers, sulphur, and copper), driving their prices higher. Under this scenario, the Slovak economy could fall into recession already this year. If, however, the worst-case expectations do not materialise, the economy may still maintain fragile growth of around 0.5%.[18]

Annual headline inflation remained above 4% for most months of last year. The main driver of overall price growth was services inflation, reflecting upward pressure from accelerating wages. On the other hand, energy prices helped contain the headline rate owing partly to the government's energy price support measures. Going forward, price developments in energy commodity prices and key agricultural inputs will be crucial for the course of inflation.

While the labour market has started to be affected by weakening economic growth, its dynamics at the turn of the year also pointed to its resilience. The unemployment rate based on data from labour offices reached a two-and-half-year peak of 5.3% at

[17] In 2024 the Slovak economy still grew at a rate of 1.9%.

[18] NBS's spring 2026 medium-term forecast of macroeconomic developments in the Slovak Republic (MTF-2026Q1).

the end of 2025,[19] with nearly 173,000 people seeking work. With the slowdown in economic growth, recruitment has moderated. The number of advertised job vacancies has fallen by more than a quarter[20] over the past year and a half. At the same time, late-year statistics were likely influenced by tighter eligibility rules for unemployment benefits introduced at the beginning of this year, which may have encouraged some individuals to leave employment earlier under the previous rules. As regards the supply side of the labour market, the number of economically active people has declined gradually since 2022 owing to demographic trends. Moreover, in early 2026 several employers announced the closure of production activities in Slovakia. The number of unemployed is therefore likely to increase gradually over the coming period.

Slovakia still urgently needs to put public finances on a sustainable path

Even after three rounds of fiscal consolidation, the general government deficit is unlikely to fall below 4% of GDP this year.[21] In this environment, public debt is expected to continue rising and, without deeper adjustments to fiscal policy, could approach 70% of GDP by the end of this decade. Several factors are contributing to its increase. Chief among them is the persistence of significant fiscal deficits over the past five years, even after excluding debt servicing costs.[22] Another factor is the downtrend in economic growth and its further hindrance to fiscal deficit reduction. Besides its negative impact on budget revenues, low GDP growth – a manifestation of macroeconomic weakness – is undermining the ability to reduce public debt.[23] In the past, economic growth was an important factor in reducing public debt relative to GDP, but that positive effect is now fading as growth slows. At the same time, rising interest rates on rolled-over Slovak government bonds are increasing the cost of servicing public debt. This, together with the growing stock of debt, is increasing funds required for public debt servicing.[24]

For the economy to develop in a healthy manner, fiscal consolidation must continue to be pursued. The makeup of that effort should, however, take into account the need to revive economic growth. Achieving a sustainable public debt trajectory requires reducing the primary deficit. At present, the ability of fiscal policy to respond to existing risks is significantly constrained by current fiscal deficit levels and rising public sector debt. This is also reflected in the diminishing capacity of fiscal policy to mitigate the impacts of adverse developments, as it did, for example, during the COVID-19 pandemic.

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19 The registered unemployment rate published by the Central Office of Labour, Social Affairs and Family of the Slovak Republic (UPSVaR SR).

20 Seasonally adjusted data from Profesia, the largest online job portal in Slovakia (www.profesia.sk).

21 After amounting to around 4.6% of GDP in 2025, the general government deficit is projected in the current NBS forecast to be 4.3% this year.

22 The primary balance of general government exceeded 4% of GDP in every year from 2020 to 2024 except for 2022, and it stood at just below 3% last year.

23 A key factor reducing Slovakia's public debt relative to GDP has in the past been the interest-growth (i–g) differential, as the difference between the implicit interest rate that the government pays on its debt and the nominal growth rate of the economy.

24 Since 2022 alone, the implicit interest rate on public debt has increased by 1 percentage point, to 2.9% in 2025. Over the same period, the share of interest payments on public debt in total government spending increased by 1 percentage point, to 3.4%.

Box 2

Macroeconomic scenarios for modelling adverse effects

Stress testing of the banking sector against three macroeconomic scenarios

To assess the strength and resilience of the Slovak banking sector under different variants of adverse macroeconomic developments, NBS conducts stress testing of the sector on an annual basis. In this year's exercise, we considered three scenarios. The baseline scenario assumes a continuation of existing trends in the banking sector and the credit market against the macroeconomic backdrop envisaged in the current NBS macroeconomic forecast.[25] This scenario served as a reference point against which we modelled two independent technical stress scenarios, introducing macroeconomic shocks of differing natures. In the first stress scenario, we simulated a real economy shock where significant weakening of external demand causes a decline in the real output of the Slovak economy and, by extension, a marked rise in unemployment, while inflation moderates amid softening demand. The second stress scenario assumes a similar decline in the real economy, accompanied not only by a weakening of external demand but also by an acceleration in inflation due to an energy price shock.

Table 1

Macroeconomic scenarios

		Baseline scenario			Stress scenario 1			Stress scenario 2		
	2025	2026	2027	2028	2026	2027	2028	2026	2027	2028
Assumptions for macroeconomic indicators and for the simulation of household loans at risk										
Real GDP (change)	0.8	0.5	2.0	2.6	-7.0	0.0	0.9	-7.0	0.0	1.0
Unemployment rate (level)	5.4	6.0	6.4	6.3	7.6	11.4	11.9	7.2	11.2	12.5
Nominal wages (change)	5.7	3.9	3.9	4.5	0.5	3.3	4.5	1.7	6.8	7.1
Real disposable income (change)	-1.1	-0.8	2.1	1.5	-4.5	1.3	-0.2	-6.1	1.3	1.0
Inflation (change)	4.2	3.9	2.5	2.9	2.8	0.8	2.4	5.2	5.5	5.5
Housing prices (change)		10	7	5	-30	0	0	-30	0	0
Mortgage rate (level)	3.5	3.6	3.8	3.8	3.3	3.2	3.2	3.6	3.8	3.8
Assumptions for the simulation of firms at risk										
Nominal revenues (change)	4.1	1.7	3.2	4.0	-14.3	0.3	2.2	-10.0	6.0	4.5
Unit costs (change)										
... energy	0.3	9.6	-2.3	7.5	8.4	-2.0	8.8	12.7	6.6	27.3
... other inputs, goods and services	4.9	3.2	3.1	2.3	4.8	1.9	1.2	4.9	4.2	5.3
... employees	5.3	3.2	1.8	2.3	6.0	-0.9	2.1	7.8	2.2	4.8
Three-month EURIBOR (average)	2.2	2.3	2.6	2.6	0.0	0.3	0.4	2.3	2.6	2.6

Source: NBS.

[25] NBS's spring 2026 medium-term forecast of macroeconomic developments in the Slovak Republic (MTF-2026Q1).

The baseline scenario[26] envisages only very modest economic growth this year, its pace slowed mainly by weakening domestic demand. Real household consumption as well as investment are assumed to decline, while government final consumption expenditure remains flat owing to ongoing fiscal consolidation. In the following years, the scenario assumes a gradual, albeit only modest, recovery in economic activity. Inflation eases but remains above the ECB's inflation target throughout the three-year simulation period. As a result of the assumed economic stagnation, the unemployment rate is estimated to rise gradually by approximately one percentage point over the three years. Real wages stagnate in the first year of the scenario, which, combined with declining employment, erodes real household disposable income in that year. Interest rates remain broadly stable in this environment.

Stress scenario 1 models a situation in which Slovakia's output experiences a sudden year-on-year decline owing to significant cooling of the global economy (due to, for example, escalating geopolitical risk). This is accompanied by a slump in domestic demand, with household consumption as well as investment declining sharply. The economy recovers only gradually from this contraction, experiencing stagnation in the following year and only very modest growth in the third year of the scenario. Such a downturn has a severe impact on the labour market, with the unemployment rate estimated to rise to more than double its pre-crisis level. In this situation, wages stagnate in the first year of the scenario, leading to a decline in real household disposable income. As the scenario does not assume a price shock, weaker demand contributes to a marked slowdown in inflation. With inflation stabilising at low levels, financing conditions ease, resulting in lower interest rates compared with the baseline scenario. Nevertheless, long-term mortgage rates remain elevated, similar to levels observed during the global financial crisis in 2009–2011.

Stress scenario 2 is similar to stress scenario 1 in its assumption of the decline in Slovakia's real economy as a result of weakening global demand. It also assumes a similar path of stagnation followed by only very modest recovery in subsequent years. The main difference compared with the first stress scenario lies in price developments, with energy commodity prices assumed to rise to around twice the first scenario levels owing to the escalation of geopolitical conflict. This triggers an acceleration in goods and services prices that keeps headline inflation above 5% in each year of the simulation period. As a result of rising inflation, the decline in real household disposable income in the first year is greater in this scenario than in the first stress scenario. Amid higher inflation, there is increasing pressure from employees for wage increases, even while the unemployment rate is estimated to double as a result of the economic slowdown. Higher prices also increase financing costs, leading to a rise in interest rates.

[26] The baseline scenario is the same as that applied in NBS's spring 2026 macroeconomic forecast (MTF-2026Q1).

2 Financing of the economy

2.1 Mortgage growth has likely peaked

Mortgage demand reflects interest rate movements and housing market developments

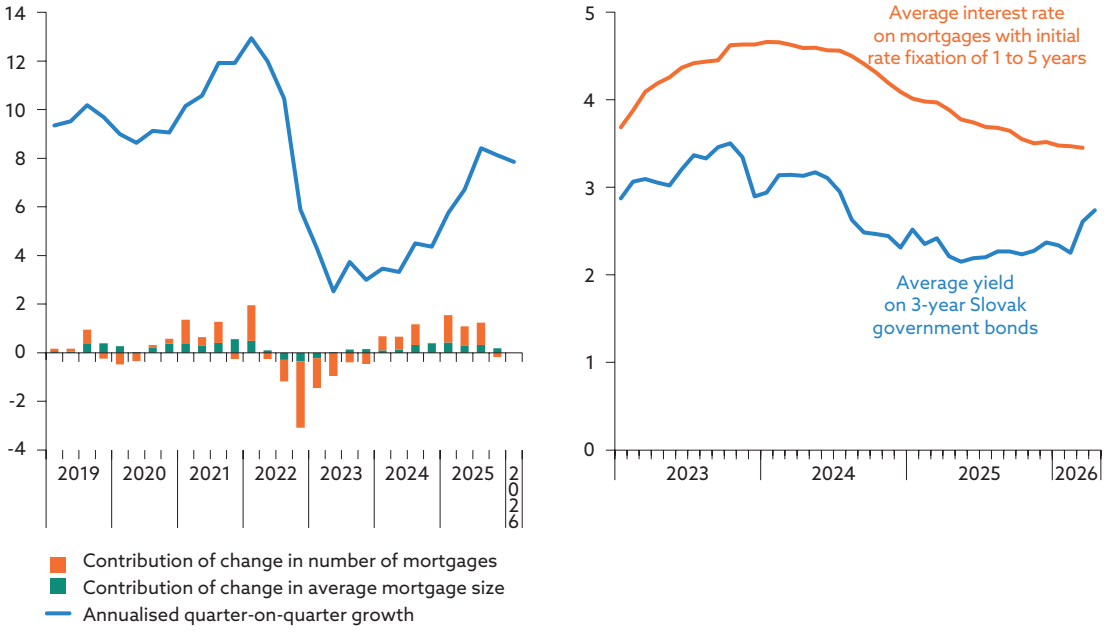
Mortgage demand peaked in the third quarter of 2025 and subsequently declined slightly. This had a lagged impact on the mortgage portfolio's year-on-year growth, which accelerated significantly in the recent period and likely peaked in the first quarter of 2026. From the beginning of 2025 to March 2026, annual growth of the mortgage portfolio increased from 4.1% to 8.3%. This was due mainly to a recovery in demand that began in the first half of 2025, when the number of new mortgages returned roughly to the level seen before interest rates started rising. The significant acceleration, particularly in the first half of 2025, may also have partly stemmed from pent-up demand from the previous period. In the second half of the year, by contrast, the monthly number of mortgage originations did not change significantly. What continued to be an important factor, however, was the increasing average size of newly originated mortgages. New mortgages for the purchase of residential real estate accounted for almost two-thirds of mortgages granted in 2025. Compared with other mortgages, these loans were twice as large and had an LTV ratio higher by 14 percentage points.

Chart 6

Mortgage demand likely peaked during 2025, with its subsequent easing partly reflecting the slower decline in interest rates

Left panel: Annualised quarter-on-quarter growth in mortgages and contributions to that growth (three-quarter moving average; percentages)

Right panel: Average interest rate on new purchase mortgages and the three-month moving average of yields on three-year zero-coupon Slovak government bonds (percentages)



Source: NBS.

At the same time, the downtrend in interest rates slowed markedly at the turn of 2025–26. The average mortgage rate edged down from 3.55% to 3.45% over the six months to March 2026, and it is expected to rise in the coming months, with several banks having already revised up their mortgage pricing. A similar trend is evident in the key benchmark – yields on Slovak government bonds – which rose slightly at the turn of March and April 2026. In international comparison, the slowdown in the previous mortgage rate growth is not unusual. Compared with other the euro area countries, mortgage rates in Slovakia remain around the median.

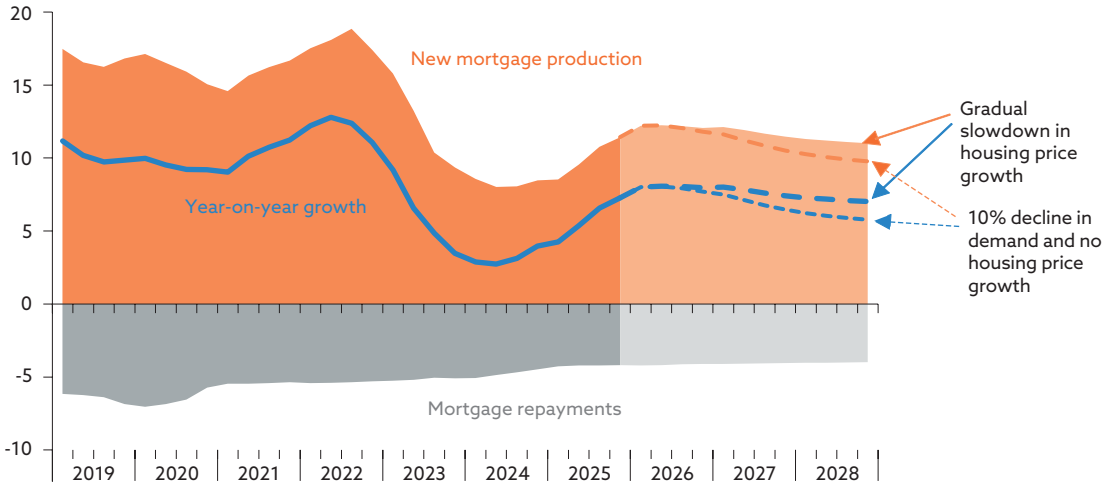
In the period ahead, a moderate slowdown in annual mortgage growth cannot be ruled out. Households are perceiving a gradual deterioration in the economic situation. Several components of the consumer confidence indicator point to more challenging economic conditions or increased uncertainty regarding the near future, partly reflecting a weaker labour market. A rise in interest rates could likewise contribute to weaker mortgage demand. A counterweight to this economic uncertainty is provided by the housing market, where prices continue to rise.

When estimating the future path of mortgage lending, NBS works with several alternative scenarios. If demand, measured by the number of newly originated mortgages, remained unchanged and growth in housing prices moderated slightly in line with the assumptions of the baseline scenario (Box 2), mortgage growth would be estimated to slow to 7%. Were housing prices to stop increasing altogether and demand were to decline by one-tenth, mortgage growth would decrease to approximately 5%. A more pronounced slowdown could occur under the stress scenarios, but even in these cases, NBS does not expect the mortgage portfolio to stop growing or contract. The reason is that the volume of newly originated mortgages has long been far greater than the volume of mortgage repayments.

Chart 7

Further growth of the mortgage portfolio will depend mainly on housing prices and the number of mortgages

Annual growth in mortgages and the share of annual new mortgage production and mortgage repayments in the total stock of mortgages (percentages)



Source: NBS.
Note: The assumption of a gradual increase in housing prices is based on the baseline scenario assumptions described in Box 2.

Banks have become more cautious in consumer lending, but loan production remains stable

Monthly flows of consumer credit have been relatively stable for the fourth successive year. Although the volume of new loans has increased, portfolio growth in year-on-year terms has gradually slowed owing to a base effect, reaching around 5.7% in early 2026. By this measure, Slovakia still remains slightly above the EU median. However, the credit quality of the portfolio has deteriorated slightly, prompting banks to adopt a more cautious approach to consumer lending, according to the Bank Lending Survey for the first quarter of 2026. That said, banks expect demand for consumer credit to continue growing.

Interest rates on consumer credit averaged 9.0% in the first quarter of 2026 and have evolved broadly in line with mortgage rates over the past three years. From 2013 until autumn 2022, the gap between the two lending rates gradually halved, from nearly 11 percentage points to approximately 5.5 percentage points. Since then, both rates have moved largely in tandem, albeit with somewhat greater volatility in the case of consumer credit.

2.2 Housing prices continued to rise in 2026

Growth in prices of flats accelerated slightly in early 2026

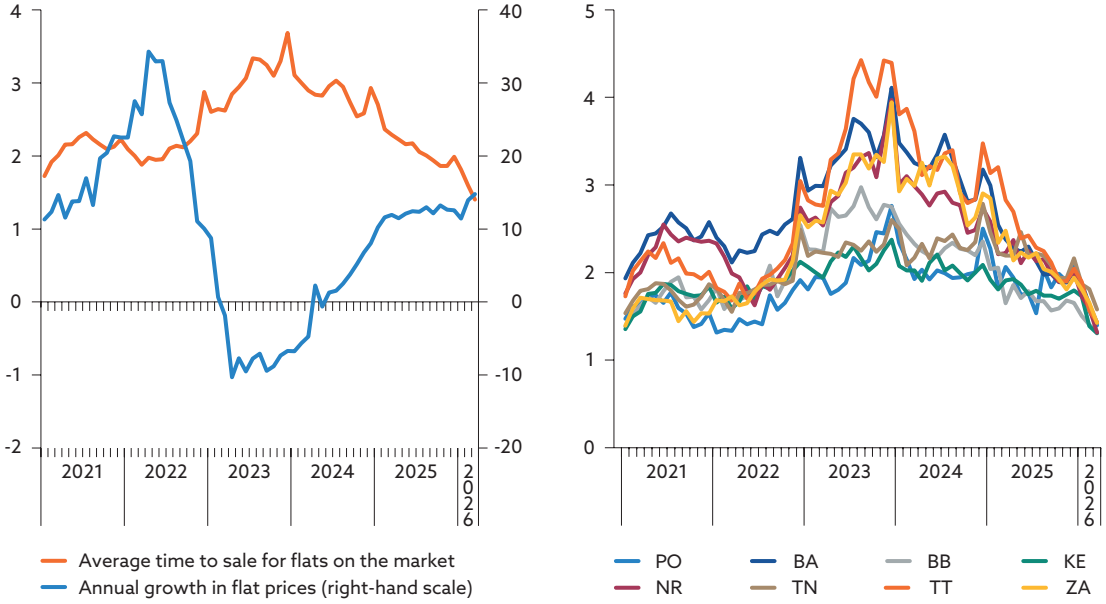
Annual growth in prices of flats accelerated slightly to 14% as of March 2026, while asking prices rose by nearly 5% in the first quarter. Market activity intensified, and the average estimated time needed to sell a flat on the market ('time to sale') decreased to a new low.[27] As of March 2026, flats remained listed for sale for only about six weeks on average (Chart 8, left panel). Time to sale has been gradually declining across all regions since 2024 (Chart 8, right panel) and is generally shorter for smaller flats.

[27] Average time to sale was calculated on a sample of listings available on selected online platforms as the average number of consecutive months during which a given property was actively advertised for sale. Listings were matched based on location and property characteristics, so that a given property's presence on the market could be tracked over time. In tracking the continuity of a listing, a one-month gap was tolerated, meaning that if a property ceased to be listed for one month and then reappeared, it was still considered a single uninterrupted listing.

Chart 8

Housing market activity accelerating across all regions

Left panel: Time to sale for flats on the market and annual growth in flat prices in Slovakia (months; percentages)
Right panel: Time to sale for flats on the market by region (months)



Sources: NBS, United Classified, and own calculations.
Notes: Average time to sale was calculated on a sample of listings available on selected online platforms as the average number of consecutive months during which a given property was actively advertised for sale. Listings were matched based on location and property characteristics so that a given property's presence on the market could be tracked over time. In tracking the continuity of a listing, a one-month gap was tolerated, meaning that if a property ceased to be listed for one month and then reappeared, it was still considered a single uninterrupted listing. In the right panel, PO stands for Prešov Region, BA for Bratislava Region, BB for Banská Bystrica Region, KE for Košice Region, NR for Nitra Region, TN for Trenčín Region, TT for Trnava Region, and ZA for Žilina Region.

In the resale housing market, prices of flats increased across all regions during the first quarter of 2026. For most types of flat, the average price increased in all regions, with smaller units recording the strongest growth. Annual growth in prices of houses stood at only 6% as of March 2026. Houses are on average more expensive than flats, are less liquid, and their prices are generally more stable (Chart 9, left panel).

In Bratislava, prices of both older flats and new builds increased, although at different rates. Asking prices for flats in new developments and new-build resale flats[28] were more stable and responded more slowly to market changes than prices of older flats. Prices of standard new-build flats grew at a modest year-on-year rate of around 4% as of March 2026. The average price of premium new builds[29] in Bratislava even declined slightly, by 3% year-on-year. Older flats in Bratislava recorded stronger price growth of almost 8% over the year, although this was still below the Slovak average.[30]

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[28] A new-build resale flat is defined as a listing on the resale market labelled as a 'new build'. These are typically relatively new properties.

[29] Flats in residential developments located in the cadastral areas of Staré Mesto and Nivy, where the average price typically exceeds €6,000 per m^2.

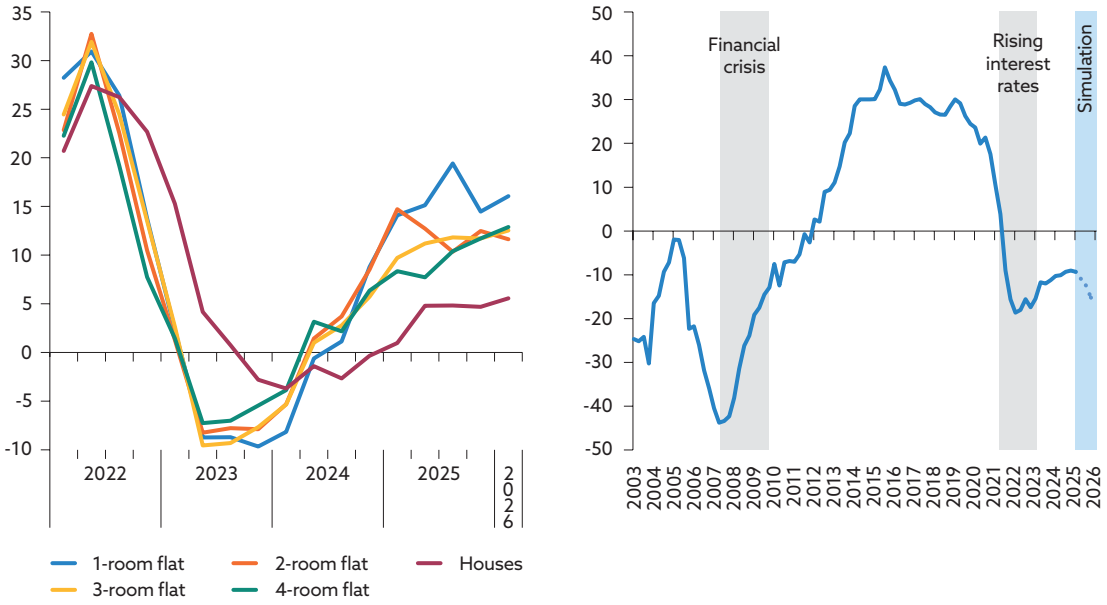
[30] The differing dynamics of individual segments of the Bratislava market are also driven by differences in the composition of older and new flats. While the new-build segment is dominated mainly by smaller two-room flats, older flats have a more balanced structure, with a higher share of larger units, especially three-room flats.

Chart 9

Housing prices continue to rise, while the financial affordability of housing remains low

Left panel: Annual growth in prices of flats and houses (percentages)

Right panel: Financial affordability of housing and simulation under unchanged trends (percentages)



Sources: NBS, and SO SR.

Notes: Financial affordability of housing is calculated as the ratio of the average net wage to the mortgage payment for an average flat, assuming an average interest rate and unchanged maturity. The blue area indicates a simulation of its trajectory until the end of 2026 under the assumption that current trends in prices, interest rates, and net wages continue.

As in the past, the acceleration in price growth was accompanied by an unfavourable trend in the financial affordability of housing (Chart 9, right panel). On the one hand, rising prices worsened affordability, while, on the other hand, declining affordability motivated potential buyers to accelerate their purchase decisions, thereby putting upward pressure on prices. Such developments in flat prices are outpacing economic fundamentals, and their long-term sustainability is therefore questionable. If housing prices and household incomes continued to grow at their current pace and interest rates remained unchanged, the financial affordability of housing would fall to one of its lowest levels in the past 15 years by the end of the year.

Box 3

The supply of new-build dwellings (flats and houses) is outpacing population growth, and many flats remain underused

Housing price growth in recent years has been driven mainly by strong demand. Although housing purchases have been evenly split between those made with a mortgage and those made without a mortgage, the dynamics of mortgage lending better explain the growth in prices of flats. Key demand factors have

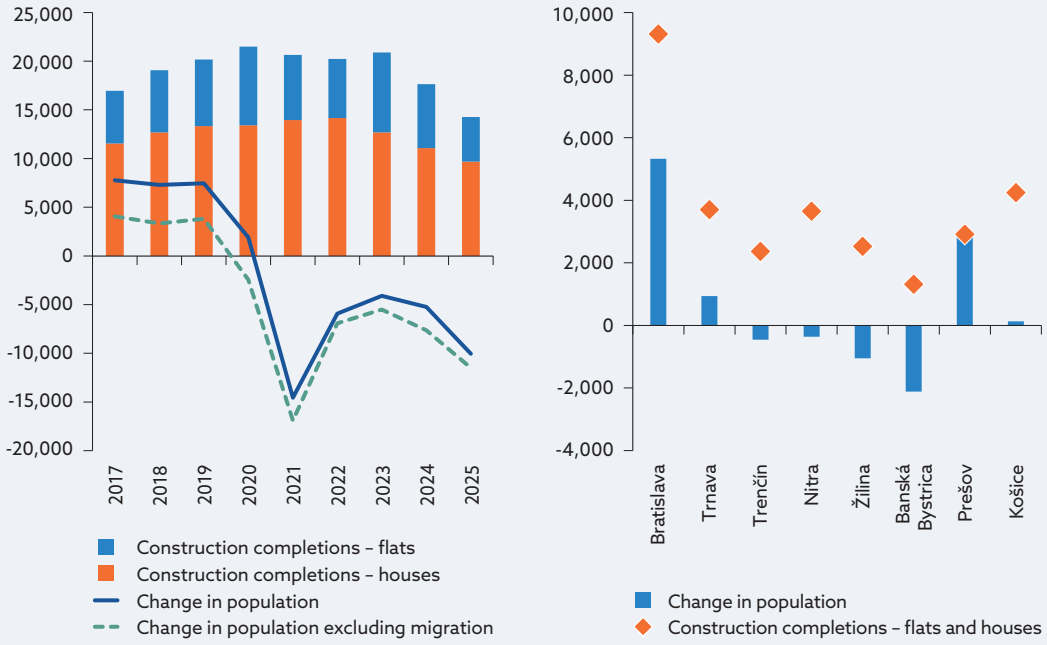
included mortgage rate movements and, in particular, changing sentiment and expectations regarding future price developments.

The size of new housing supply is equally important. Among EU countries, Slovakia ranks among the lowest for number of rooms per capita[31] and has a relatively low number of flats per capita.[32] However, the issue of housing affordability remains equally sensitive and relevant even in countries with the highest number of dwellings per capita.[33] It remains the case, however, that sufficient flexibility in the supply of new housing is crucial for a well-functioning housing market. In this regard, Slovakia certainly has scope to improve efficiency and simplify processes and requirements. A separate issue is the impact of property developers on the supply of new housing (through, for example, concentration of land ownership, developers' incentives to maintain rising prices).

Chart 10

Residential construction has remained steady, outpacing population growth

Left panel: Supply of new-build dwellings and demographic changes in Slovakia (number)
Right panel: Supply of new-build dwellings and demographic changes in Slovak regions during 2022–2025 (number)



Source: SO SR.
Notes: The left panel shows data on the number of dwelling completions and the change in Slovakia's population in each year. The right panel shows the cumulative change in the number of dwelling completions and population over four years (2022–2025). Data are limited to districts of regional capitals.

[31] The number of rooms per capita stands at 1.2 in Slovakia and 1.8 across the EU as a whole.

[32] OECD: https://webfs.oecd.org/Els-com/Affordable_Housing_Database/HM1-1-Housing-stock-and-construction.pdf?utm_source=copilot.com. The total number of dwellings per thousand inhabitants in Slovakia has increased by approximately one-fifth over the past two decades.

[33] For example, Italy, Portugal and Spain rank 1st, 3rd and 6th among OECD countries in terms of number of dwellings per capita.

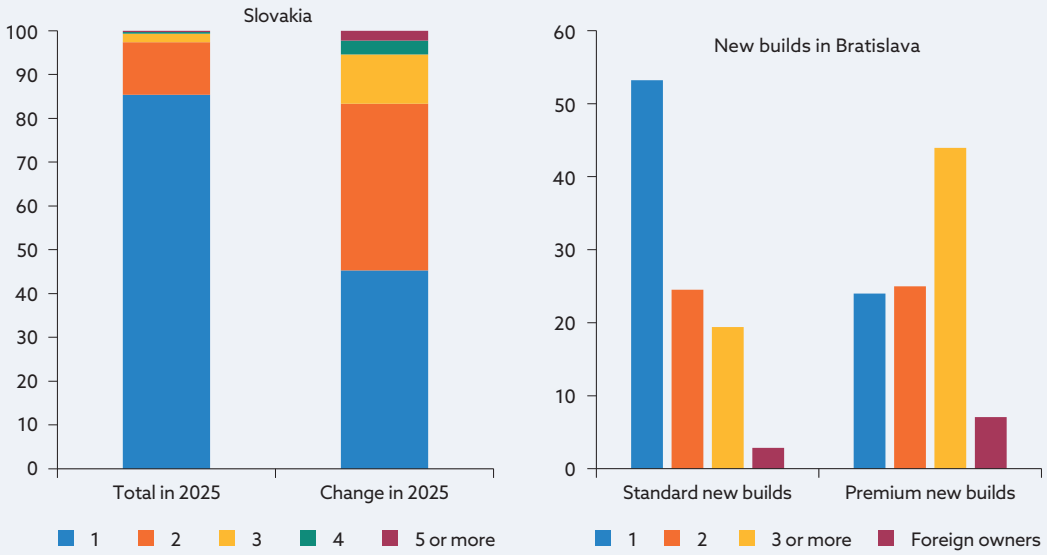
The number of dwellings completed each year has been outpacing population growth for some time (Chart 10, left panel). In fact, Slovakia's population has declined over the past five years, even after accounting for the impact of positive net migration. Residential construction has continued at a pace similar to previous years. During this period, only five of Slovakia's seventy-nine districts recorded population growth exceeding the number of completed dwellings.[34] In all regional capitals, however, residential construction has outpaced demographic trends.

Chart 11

Purchases of second and subsequent dwellings are relatively widespread

Left panel: Slovakia: dwellings (flats and houses) by number of dwellings owned per owner – total and acquisitions in 2025 (percentages)

Right panel: Bratislava: new-build flats by number of dwellings owned per owner (including the newly acquired flat) (percentages)



Source: Real estate cadastre.

Notes: The left panel shows in the column 'Total in 2025' the number of dwellings (houses and flats) owned by one owner in 2025. The 'Change in 2025' column in the left panel shows the house or flat serial number of acquisitions in 2025 by number of dwellings owned per owner; the right panel shows the same for new-build dwellings. Ownership of a dwelling is defined as having an ownership share of at least 50% in the property. New builds in Bratislava are based on a sample of flats: standard new builds (3,472 flats acquired between 2002 and 2025) and premium new builds (1,289 flats acquired between 2017 and 2025). Premium new builds are defined as flats in residential developments located in the cadastral areas of Staré Mesto and Nivy, where the average price typically exceeds €6,000/m^2.

More than half of the dwellings purchased in Slovakia in 2025 were bought by people who already owned at least one dwelling. Purchases of additional dwellings were roughly evenly split between those financed with mortgages and those financed without mortgages. Household ownership of residential property became more concentrated in 2025. While the share of dwellings owned by individuals holding more than one property stood at 15% as of December 2025, the share for dwellings acquired in 2025 was 56% (Chart 11, left panel).

A closer look at residential developments in Bratislava suggests that purchasers of new-build flats often already own one or more dwellings (Chart 11, right panel).

[34] Senec, Kežmarok, Sabinov, Stará Ľubovňa, and Gelnica.

On the one hand, the construction of new dwellings increases the supply of housing; on the other hand, these properties are purchased not only by first-time home buyers but to a large extent by people who already own a flat or house. Such buyers account for half of the purchasers of premium new-build flats in Bratislava and one-quarter of the purchasers of standard new-build flats in the city.

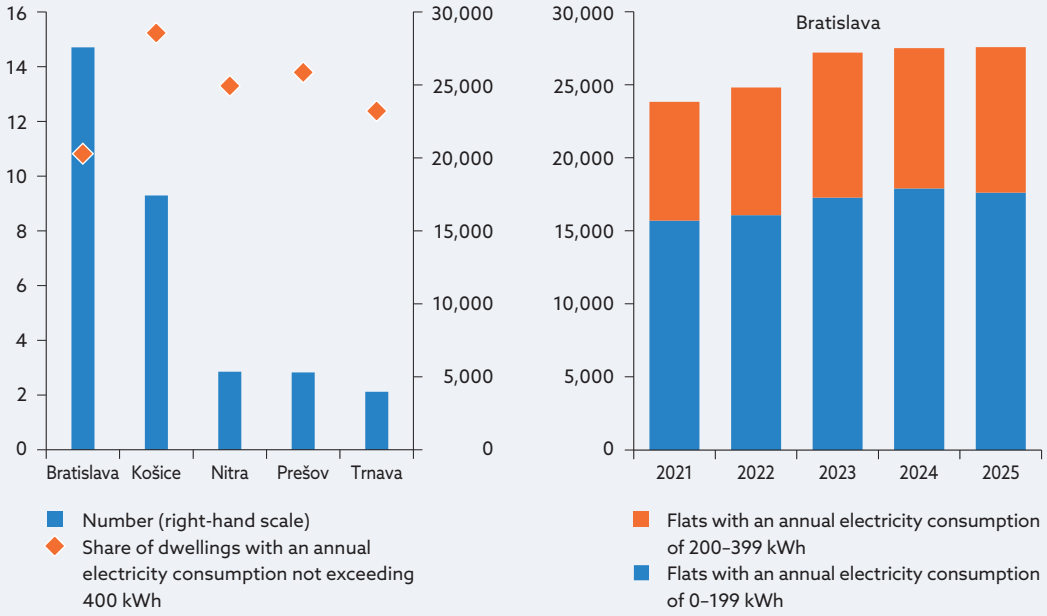
There are tens of thousands of underused dwellings in Slovakia with extremely low electricity consumption levels.[35] Data on electricity consumption for selected cities[36] in Slovakia suggest that many dwellings are used only minimally. The share of such dwellings in large cities ranges from 10.9% in Bratislava to 15.2% in Košice.

In Bratislava, the number of unoccupied flats has increased slightly in recent years. The total number of flats in Bratislava with low electricity consumption rose from 23,828 in 2021 to 27,571 in 2025. At the same time, the number of new-build flats brought onto the market in Bratislava during 2025 was around 4,000.[37]

Chart 12

Even in urban areas, a large number of dwellings have low electricity consumption

Left panel: Dwellings in selected municipalities (percentages; number)
Right panel: Bratislava: flats with low electricity consumption (number)



Sources: Real estate cadastre, Západoslovenská energetika, a. s. (ZSE), and Východoslovenská energetika, a. s. (VSE).
Notes: The right panel is at the level of municipalities of the city; the data represent an average for 2025. Dwellings with extremely low electricity consumption are defined as those whose total annual electricity consumption does not exceed 400 kWh.

[35] Dwellings with extremely low electricity consumption are defined as those whose total annual electricity consumption does not exceed 400 kWh.

[36] Complete data for the Žilina, Trenčín, and Banská Bystrica regions for the period 2021–2025 were not available.

[37] Given the relatively high velocity of flat sales, properties listed for sale or rent cannot be considered to have low electricity consumption in a given year. These are separate groups; therefore, flats with low annual electricity consumption are generally not included in the supply of flats for sale or rent.

2.3 Targeted limits on loan-to-value (LTV) ratios will support loan portfolio stability

Newly obtained data on the number of dwellings owned by mortgage borrowers allow better differentiation of their risk profiles and behaviour over the financial cycle

NBS reports regularly analyse the structure of the mortgage market and its changes. The November 2024 Financial Stability Report (FSR) compared the characteristics of loans and purchased properties across younger and older borrowers. The May 2025 FSR focused on comparing housing financing options for different types of households, as well as on the impact of long-term demographic changes on the mortgage market. In the November 2025 FSR, changes in housing affordability and in the characteristics of newly originated mortgages were examined; it noted the growing share of higher-income groups – holding a higher number of mortgages – and identified areas where the mortgage market has adapted to worsening housing affordability. At the same time, the role of mortgages in property acquisition was examined.

Newly obtained data allow mortgage borrowers to be broken down by the number of dwellings they own. Data on the number of dwellings owned by applicants for a new mortgage were not available in the past, but such data are now accessible via the real estate cadastre, making it possible to divide newly originated mortgages into several groups. At one end of the spectrum are young households financing their first home with a mortgage. At the other end are borrowers who use a mortgage to acquire a dwelling in which they do not intend to reside – typically for investment or wealth accumulation. This group includes borrowers who move into a newly purchased dwelling while retaining their previous one. Between these two groups lies a relatively diverse group of other borrowers who use mortgages for different reasons, for example, to move to a larger property, undertake a renovation, or settle inheritance matters.

These groups of borrowers differ in their behaviour over the financial cycle. Evidence from international studies shows that first-time home buyers are highly likely to repay their mortgages and do not significantly amplify financial cycles.[38] Even in the event of economic shocks, these borrowers typically need to retain their homes and are highly motivated to continue servicing their mortgages notwithstanding the more challenging conditions. Risks are higher in the case of investment properties. Mortgages taken out to acquire a dwelling in which the borrower does not intend to reside tend to amplify cyclical behaviour in both housing and mortgage markets.[39] During periods of rising property prices, investment purchases can stoke market overheating and the formation of price bubbles. In downturns, however, the reverse situation may arise, as the investment segment is more prone to sell-offs, which accelerate price declines and increase banks' losses. A larger share of investment demand therefore increases

[38] Kelley et al. (2015), Nier et al. (2019), and Lazarov and Hinterschweiger (2018).

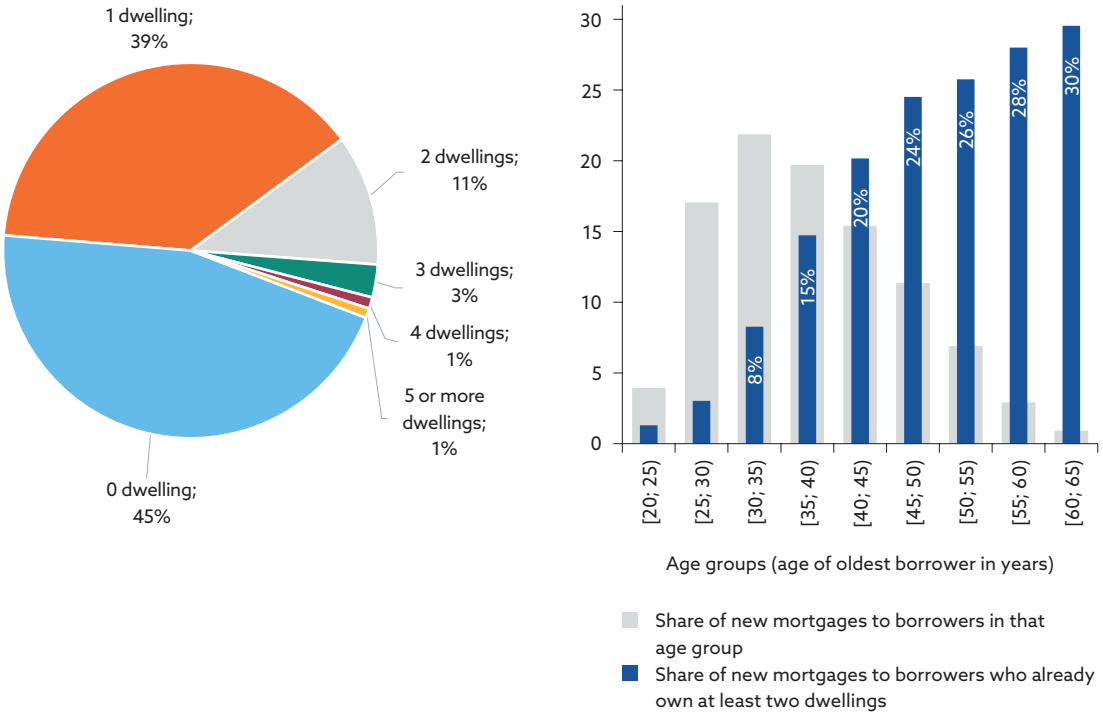
[39] Lazarov and Hinterschweiger (2018). The amplification of cyclical behaviour applies to properties not intended as the owner's primary residence, regardless of whether the property is rented out or not.

price volatility in the housing market. These loans also exhibit less favourable risk characteristics in certain respects.

Chart 13

Mortgages for third and subsequent dwellings occur mainly among borrowers aged over 40

Left panel: Share of new purchase mortgages by number of dwellings owned by the borrower prior to applying for the mortgage (percentages)
Right panel: Share of new purchase mortgages granted to borrowers who already own at least two dwellings, by age group; and share of new purchase mortgages within each age group (percentages)



Sources: NBS, and real estate cadastre.
Notes: The panels show the share of the number of new purchase mortgages (i.e. excluding refinancings and top-ups) granted during 2025, broken down by the number of dwellings owned by the borrowers at the end of 2024. Ownership of a dwelling is defined as having an ownership share of at least 50% in the property. In the case of multiple borrowers, the total number of dwellings owned by them is considered. The data are calculated on a sample covering 70% of mortgages for which data were available on the number of dwellings (with full data available for 54% of cases and partial data for 16%).

In Slovakia, we do not yet have sufficient experience of how real estate investors and investment mortgages behave during an economic crisis of a kind relevant to the current situation. The last major economic crisis associated with a slump in property prices occurred more than 15 years ago,[40] when the share of investment property purchases was much lower than it is today. Since then, however, the housing market and the structure of new lending have changed substantially. More than half of new mortgages are granted to borrowers who already own at least one dwelling. As for mortgage borrowers owning two or more dwellings at the time of application, they accounted for 16% of all new mortgages in 2025, with 11% owning two dwellings and 5% owning three or more. This share is notably higher among middle-aged and older borrowers. One-quarter of the mortgages granted to borrowers aged over 40

[40] Housing prices also declined in 2023, but this decrease was not associated with an economic recession; rather, it was linked to a temporary increase in interest rates.

go to borrowers who already own two or more dwellings, and the data show that this trend is rising.[41] In the future, these risks may be further exacerbated by adverse demographic trends, as the number of young people – the natural pool of demand for home purchases – is gradually declining.[42]

Differentiated LTV limits can more precisely distinguish support for financing first-time home purchases by young people from the mitigation of riskier demand, hence their increasingly widespread use in other countries. In around half of EU countries, LTV limits are stricter for mortgages used to purchase a second or subsequent dwelling than for first-time home buyers.[43] In most of these countries, the LTV limit is set at 90%, while under the current LTV framework in Slovakia, only one-fifth of mortgages may be granted with such an LTV ratio. By contrast, several countries have also introduced a separate, stricter LTV limit for investment properties, typically at around 70%.[44]

Introduction of differentiated LTV limits in Slovakia

In Slovakia, too, NBS intends to introduce differentiation of LTV limits for different groups of borrowers. Under the current regulatory framework, the LTV limit is set uniformly at 80%, with an exemption permitting up to 20% of mortgages to have an LTV ratio of up to 90%. At present, 17% of mortgages are granted under the limit exemption; this share has recently been increasing following a previous decline. The intention is to differentiate the currently uniform LTV limit so that it better reflects the extent to which different groups of borrowers contribute to fluctuations in the housing and credit markets, particularly during economic shocks. At the same time, financing for young first-time home buyers could become more accessible. The proposed framework for LTV limits is set out in the following figure.[45]

41 The share of new purchase mortgages granted during the year to borrowers who, by the end of that year, owned three or more dwellings increased by 2.5 percentage points between 2024 and 2025.

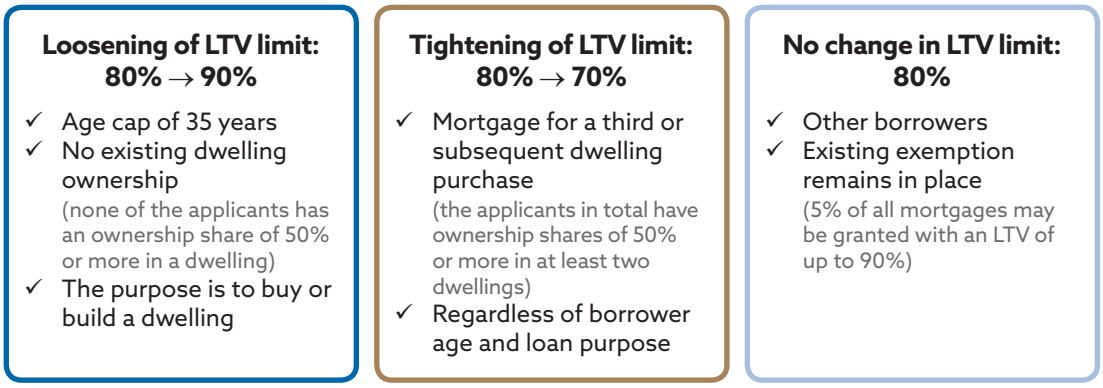
42 This applies particularly to regions where adverse demographic trends further amplify the negative effects of internal migration within Slovakia.

43 Looser LTV limits for borrowers purchasing their first property are in place in Belgium, Estonia, the Czech Republic, Finland, Greece, Hungary, Lithuania, Luxembourg, Malta, Portugal, Romania and Slovenia.

44 Cyprus, the Czech Republic, Ireland, Lithuania and Romania. The Czech Republic introduced a stricter limit of 70% for this group of mortgages as of 1 April 2026. This stricter limit is recommended for mortgages on third and subsequent properties or for mortgages used to finance the purchase of investment properties.

45 From a legislative perspective, the change should be implemented through an amendment to Decree No 10/2016 of Národná banka Slovenska of 13 December 2016 laying down detailed provisions on the assessment of a consumer's ability to repay a housing loan, as amended. The interdepartmental consultation process is expected to take place in June 2026, with the decree amendment planned to take effect on 1 October 2026.

Figure 1
Differentiation of LTV limits



Source: NBS.

A recalibration of the existing uniform limit has also been proposed by the IMF. In its final report from the Financial Sector Assessment Program (FSAP) for Slovakia, the IMF recommended adjusting the current system of lending limits so that it better captures the impact of different groups of borrowers on the procyclicality of lending activity and housing prices.

Tightening the LTV limit on mortgages for third and subsequent dwellings will mitigate risks associated with investment demand

A stricter LTV limit on mortgages for third and subsequent dwellings better reflects the risk profile of these loans and borrower behaviour over the financial cycle. As noted above, other countries' experience shows that such loans have an amplifying effect on volatility in both housing prices and the credit cycle. Mortgages for third and subsequent dwellings also have riskier lending parameters. These mortgages have higher LTV ratios, including across age groups. In 2025 approximately half of mortgages for third and subsequent dwellings had an LTV above 70%. Mortgages for fourth and subsequent dwellings also have higher DSTI and DTI ratios. Some banks already apply stricter rules to mortgages that are likely to have an investment character (e.g. where the borrower is pledging a third or subsequent dwelling as collateral or is taking out a third or subsequent mortgage). Such mortgages are then subject to shorter maturities, lower LTV limits, stricter creditworthiness assessments, more stringent approval processes, or higher interest rates.

Moreover, investment purchases, by the nature of the dwellings acquired, compete more directly with young people buying their first home. In the case of mortgages for third and subsequent dwellings, one- and two-room flats account for 44% of purchased dwellings, while for other mortgages (excluding those for young borrowers) this share is only 34%.

The LTV limit is to be tightened for mortgages on third and subsequent dwellings, while remaining looser for mortgages on first and second dwellings. A second dwelling does not necessarily represent an investment. It may reflect a temporary situation where the borrower is moving to a larger dwelling and purchases the new flat or house before selling their current residence. That future sale, however, cannot be reliably verified by the bank at the time of loan approval. Households financing

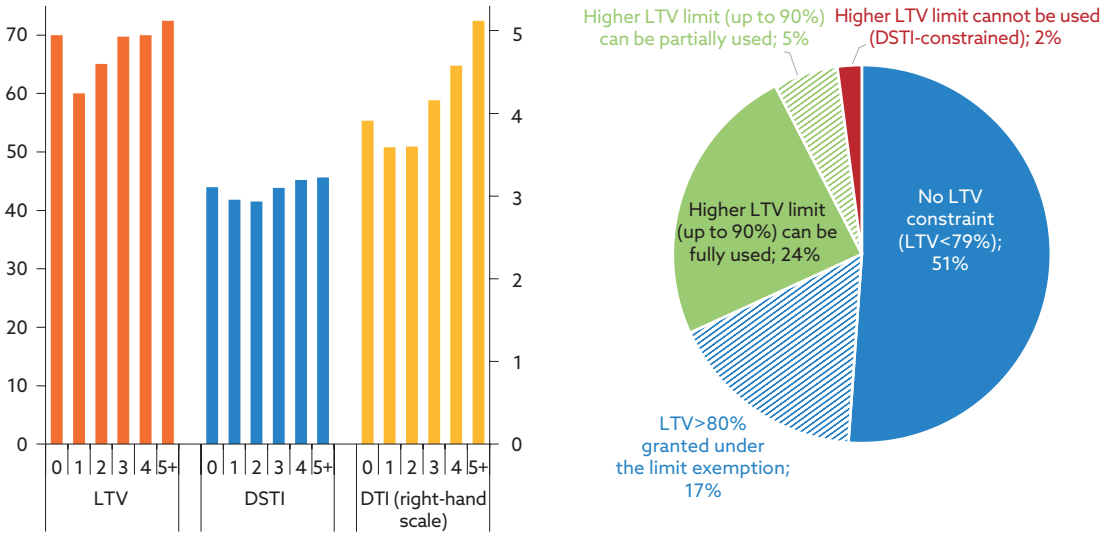
the purchase of their first home may also already own an inherited flat or house that does not meet their current housing needs, for example due to its location, condition or size. A second dwelling may also be purchased for recreational purposes and not be used for permanent residence. In the case of third and subsequent dwellings, it is already significantly more likely that the purchase represents an investment or wealth accumulation.

Chart 14

Lending parameters for new mortgages indicate higher risk when financing third and subsequent dwellings (left panel) **and also indicate the possibility for young borrowers to make use of the higher LTV limit** (right panel)

Left panel: Median values of loan parameters (LTV, DSTI, and DTI) for new purchase mortgages granted in 2025 by number of dwellings owned by the borrower at the time of loan application

Right panel: New purchase mortgages granted in 2025 to applicants aged up to 35 years, by LTV ratio



Sources: NBS, and real estate cadastre.

Note: DSTI (debt service-to-income) denotes the borrower's total loan payments relative to their income less the minimum subsistence amount; DTI (debt-to-income) denotes the borrower's total indebtedness relative to their income; LTV (loan-to-value ratio) denotes the loan amount relative to the value of the mortgaged property.

Relaxing the LTV limit for young borrowers could reduce barriers to financing for first-time home purchases

The LTV limit is currently the main constraint on the amount of financing available to young people. Among mortgages granted in 2025 to borrowers aged up to 35, nearly half of new purchase mortgages were granted at the LTV limit (80%) or above it (up to 90%). Loans with higher LTVs (up to 90%) are provided under a permitted regulatory exemption and account for 17% of all new mortgages. Banks allocate most of this exemption to loans for young borrowers. The remaining 31% of new mortgages granted at the LTV limit (80%) can be considered potentially constrained by this limit. By comparison, the debt service-to-income (DSTI) limit potentially constrains only 10% of new mortgages, and the debt-to-income (DTI) limit only 2%.

If the LTV limit were increased for borrowers aged up to 35, most of the people who are now potentially constrained by the limit would be able to benefit from its increase. For 24% of new mortgages granted in 2025 with an LTV of 80%, the LTV limit could be

raised to 90%, as these loans are not constrained by DSTI or DTI limits. For a further 5% of new mortgages, a partial increase to an LTV below 90% would be possible. The remaining 2% are constrained by other limits, and their LTV would remain at 80%.

A higher LTV limit could therefore ease the main barrier to housing finance for young people –the need to accumulate sufficient savings. Young borrowers, given their shorter time in the labour market, have less capacity to fund the down payment for a property purchase compared with middle-aged or older borrowers. On the other hand, young people have greater flexibility to address potential financial difficulties, for example through temporary repayment reductions. Moreover, evidence from other countries shows that mortgages for first-time home purchases are the least risky. A targeted LTV relaxation for young first-time home buyers would therefore focus on households with sufficient income but lacking savings to enter the housing market. Such a measure could improve housing affordability without simultaneously loosening conditions for riskier segments of the market.

Such an LTV limit adjustment is not, however, without risks. A higher LTV implies potentially higher losses on non-performing mortgages if housing prices were to fall. Larger loans also mean higher loan payments and increased vulnerability in the event of a deterioration in economic conditions. Looser financing conditions for young borrowers may also increase demand in the housing market and thereby accelerate price growth, although the magnitude of this effect is difficult to assess. In Ireland, for example, a similar relaxation of LTV limits led to higher-LTV loans, but this was driven by reduced use of own savings rather than the purchase of more expensive properties (McCann and Durante, 2022).

After the LTV limit is relaxed, it remains essential from a financial stability perspective that it does not reach 100%. At that level, no down payment is required. The requirement for borrower equity also acts as a simple test of financial discipline and the ability to build reserves. Without it, borrowers who can service a loan only under favourable conditions – but not in the event of a shock – may more easily enter the market, increasing overall portfolio fragility. A down payment encourages more responsible decision-making. Without one, loans are significantly more vulnerable to declines in housing prices, with even a slight drop potentially resulting in negative equity. When such loans default, banks therefore face higher losses due to less effective debt recovery (as borrowers with a 100% LTV typically have limited assets) and due to an increasing consumer protection emphasis in legislation and court decisions.[46] An LTV of 100% also encourages excessive household indebtedness and increases housing price volatility. If the LTV limit for young borrowers were increased from 80% to 100%, the share of mortgages with a DSTI close to the regulatory limit (i.e. above 55%) would rise from 21% to 49%, significantly increasing the risk profile of the portfolio. Without the requirement to make a down payment, buyers may pay higher prices, thereby adding upward pressure to price growth, increasing loan demand, and amplifying the housing cycle.

[46] Evidence from Spain and Ireland shows that, in the event of a crisis, the possibility of enforcing the uncovered portion of the debt through foreclosure is not sufficient to mitigate the risks associated with higher LTV levels.

The proposed combination of relaxation and tightening offers multiple benefits without a significant increase in risks

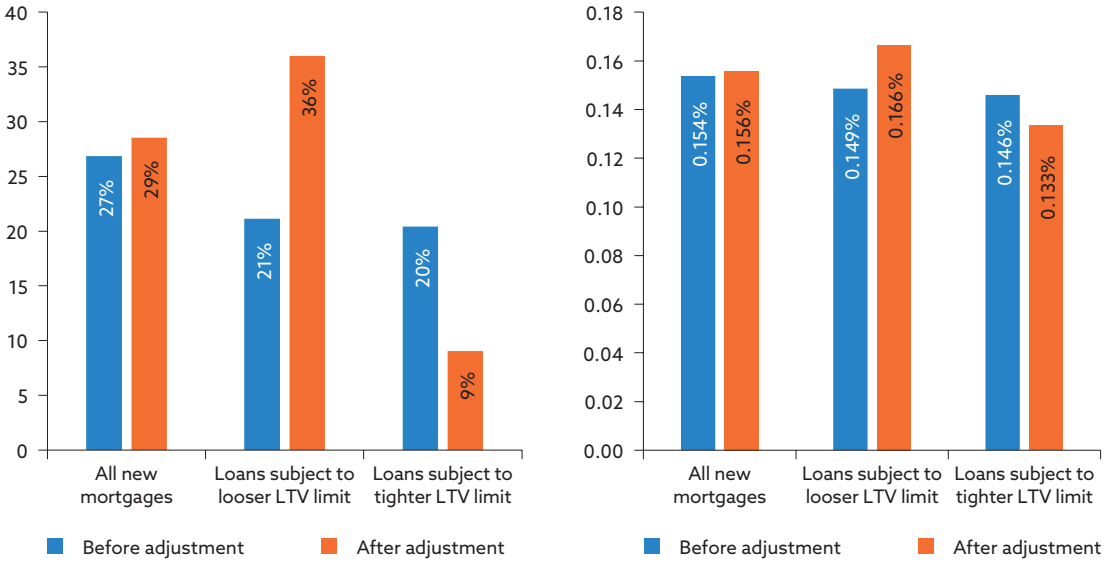
Combining a relaxation of the LTV limit for young borrowers with a tightening of the limit for third and subsequent dwellings creates better incentives in the mortgage market and is broadly risk-neutral. The tightening provides a counterweight to increased demand among young borrowers (if the limit is relaxed for them), thereby mitigating the risk of an acceleration in housing prices. At the same time, the stricter LTV limit reduces debt service burdens in the affected borrower group, lowering the probability of default. This reduction in default probability largely offsets the increase in risk in the group of loans subject to the looser LTV limit, since a higher LTV – and thus higher debt – worsens the DSTI ratio. As a result, the overall average probability of default for newly granted mortgages does not change significantly. Such recalibration is also consistent with the July 2025 statement of the ECB's Governing Council, according to which a targeted recalibration of macroprudential measures can be considered when such action would not reduce substantially the overall resilience of the banking sector.

Chart 15

The risks of LTV limit tightening for third and subsequent dwellings and LTV limit relaxation for young borrowers largely balance out

Left panel: Share of new purchase mortgages with a DSTI above 55% before and after LTV limit adjustment (percentages)

Right panel: Probability of default for new mortgages before and after LTV limit adjustment (percentages)



Sources: NBS, and real estate cadastre.
Note: In the right panel, the probability of default after the LTV limit adjustment is derived from the estimated change in DSTI and the long-term relationship between the probability of default and the DSTI level.

The proposed differentiation also reflects current banking practice. It is already the case that loans with an LTV above 80%, permitted under the regulatory exemption, are granted primarily to young borrowers. Two-thirds of loans with an LTV above 80% are granted to people aged 35 or under, and a further 18% to those aged 36 to 40. Among borrowers over 40, both the use of this exemption and the LTV levels within the limit decline.

The proposed adjustment is not expected to significantly affect overall mortgage growth, but may change its structure

The proposed recalibration of LTV limits is not expected to have a significant impact on mortgage growth. This conclusion reflects two countervailing effects:

- The relaxation of the LTV limit for the purchase of a first dwelling could affect approximately 13% of new mortgages, increasing the average size of those affected by an estimated 11%. In addition to increasing the existing flow of mortgages, the looser LTV limit may increase mortgage demand among people who, under the current rules, would not apply for a loan or would have their application rejected. This effect is, however, difficult to quantify and is not expected to be substantial, as the limit does not relate to borrowers' creditworthiness or income.
- The tightening of the LTV limit for third and subsequent dwellings would affect approximately 7.3% of total new mortgages, and NBS expects the size of these mortgages to decrease on average by around 12%.

Overall, as a result of this adjustment, the volume of new mortgage production is estimated to increase by less than 1%, with the impact on mortgage growth being negligible.

What may be expected, however, is a change in the structure of newly originated mortgages. The volume of mortgages to young borrowers could increase by around 3%, while the volume of mortgages for third and subsequent dwellings could decline by about 6% (this, however, is a smaller segment, as such mortgages are far fewer than those for young borrowers).

Despite the tightening of LTV limits for mortgages on third and subsequent dwellings, NBS does not expect a significant impact on the investment property segment. The measure does not restrict lending to a specific group of borrowers; it only requires a higher down-payment rate and thus lower financial leverage. However, it sends an important signal to banks and the market that, on current trends, risks in this segment may increase and therefore this type of mortgage warrants closer attention. For this reason, NBS views the measure primarily as preventive.

Combining the LTV limit adjustment with social and fiscal measures can increase its effectiveness

While relaxing the LTV limit for young borrowers may help overcome the problem of their insufficient savings, it is not usually enough by itself to improve housing affordability for this group. In countries seeking to support young first-time home buyers, this measure is usually complemented by additional tools[47] outside the central bank's remit.

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[47] Other countries' experience shows that looser LTV limits for young borrowers are most effective when combined with other government measures. In Ireland, support is based on a shared ownership model, in which the state covers part of the purchase price in exchange for an equity stake that the household can later buy out. In Estonia, the state – through a public agency – provides a guarantee on mortgages for first-time home buyers, reducing the required down payment. In France, an interest-free loan is available, which complements a standard mortgage loan in financing a primary residence. The Netherlands provides a mortgage guarantee that reduces the lender's risk and can improve loan pricing conditions. Portugal offers young first-time buyers exemptions from property transfer tax and stamp duty and has also introduced a public guarantee of up to 15% of the transaction value. These examples show that it is typically not

In Slovakia, too, a broader package of measures should be considered. The need for more efficient and flexible residential construction is often mentioned. However, the structure of demand is also an important factor. If a large share of new housing supply is absorbed by investment purchases, even a sharp rise in new builds will not significantly improve housing affordability for young people. Investment demand reduces housing affordability for young people. Moreover, changes in LTV limits can only partially mitigate investment demand, as a relatively large share of investment purchases is financed without a mortgage. In Slovakia, one of the drivers of strong investment demand is also the low level of property taxation. Evidence from other countries shows that a well-designed higher level of property taxation reduces price volatility and supports housing affordability for young people. Higher taxation could also reduce the incentive to hold investment properties that remain vacant, i.e. are not used for housing purposes (Box 3).

2.4 Corporate loan growth slows amid subdued economic developments

The slowdown in financing has primarily affected the largest firms and, from a sectoral perspective, industrial and CRE firms

Annual growth in total loans to non-financial corporations (NFCs) slowed sharply from December 2025 to March 2026, from 7% to 3%. This deceleration is, however, largely accounted for by the largest corporate borrowers[48] from domestic banks. Excluding these firms, the slowdown in lending is considerably less pronounced, with the NFC portfolio's year-on-year growth edging down from 6.3% in December to 5.2% in March. Nor did banks report significant changes in firms' demand for loans in the Bank Lending Survey for the first quarter of 2026. Compared with other EU countries, domestic corporate loan growth remains relatively weak – slightly below the EU median of 5.8% and lower than in any other central and eastern European EU country. Slower loan growth is consistent with weakening economic activity, with this relationship being most evident in industry. Declining revenues, output and new orders are directly reducing industrial firms' demand for financing.

Lower lending growth is observed in the key sectors of industry and commercial real estate (CRE). The challenging macroeconomic environment is weighing on industrial firms' demand for loans. The growth in loans to this sector was subdued in 2025 and has remained so in 2026, with the stock of these loans remaining broadly unchanged in the first quarter of the year. Some improvement is visible in financing for fixed investment, which has stopped declining year-on-year after being in negative territory throughout 2025.[49] The slowdown in overall loan growth is therefore driven by working capital financing. Net loan flows to the CRE sector were negative in the first quarter of 2026, indicating continued caution in this sector.

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sufficient to relax the LTV limit for young borrowers as a standalone measure; rather, this change needs to be implemented as part of a broader housing support package.

[48] These are 16 firms with credit lines typically exceeding €100 million.

[49] Annual growth in loans for fixed investment to industrial firms amounted to 2.5% as of March 2026.

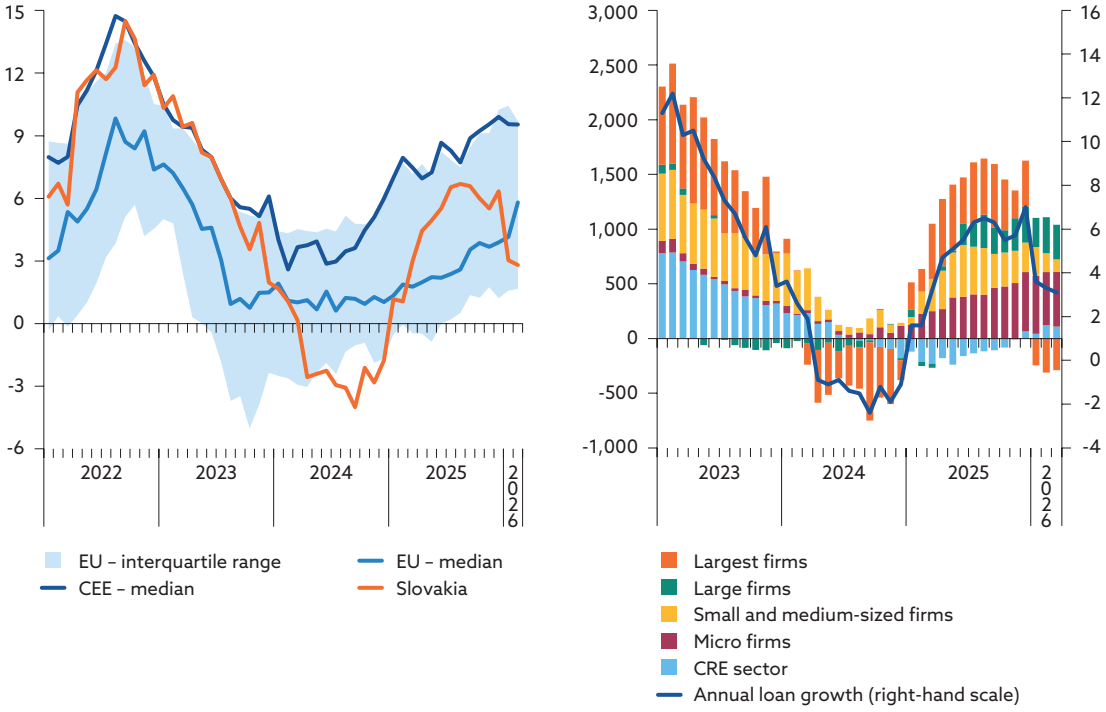
Across the rest of the NFC loan portfolio,[50] growth has remained relatively solid despite some moderation. The annual growth rate for this part of the portfolio stood at 8.2%[51] as of March 2026, driven by lending to the services and construction sectors. Even within these sectors, however, there was significant heterogeneity in loan growth. By firm size, the main contributors to growth were micro firms and large firms (excluding the largest firms), with each category recording a growth rate close to 15%. Among small and medium-sized firms, lending growth was notably slower.[52]

On the supply side, there are no clear constraints on corporate borrowing. Firms themselves say bank loan availability is stable, according to the Survey on the Access to Finance of Enterprises (SAFE) for the first quarter of 2026. In some banks, there are even signs of lending conditions being eased. The average level of interest rates has also remained unchanged.[53]

Chart 16

Weaker loan growth compared with EU countries is largely due to the largest firms

Left panel: International comparison of annual growth in total NFC loans (percentage points)
Right panel: Contribution to annual loan growth by firm size (EUR billions; percentages)



Source: NBS.
Note: EU stands for European Union; CEE stands for central and eastern Europe.

[50] The NFC portfolio excluding the largest firms and the industrial and CRE sectors.

[51] Representing a decline of 1.6 percentage points compared with December 2025.

[52] Annual growth in total loans to small and medium-sized firms slowed from 4.8% in December 2025 to 2.5% in March 2026.

[53] The volume-weighted interest rate on the stock of loans reached 4% as of March 2026.

3 Financial situation of households and firms

3.1 Household sensitivity remains elevated

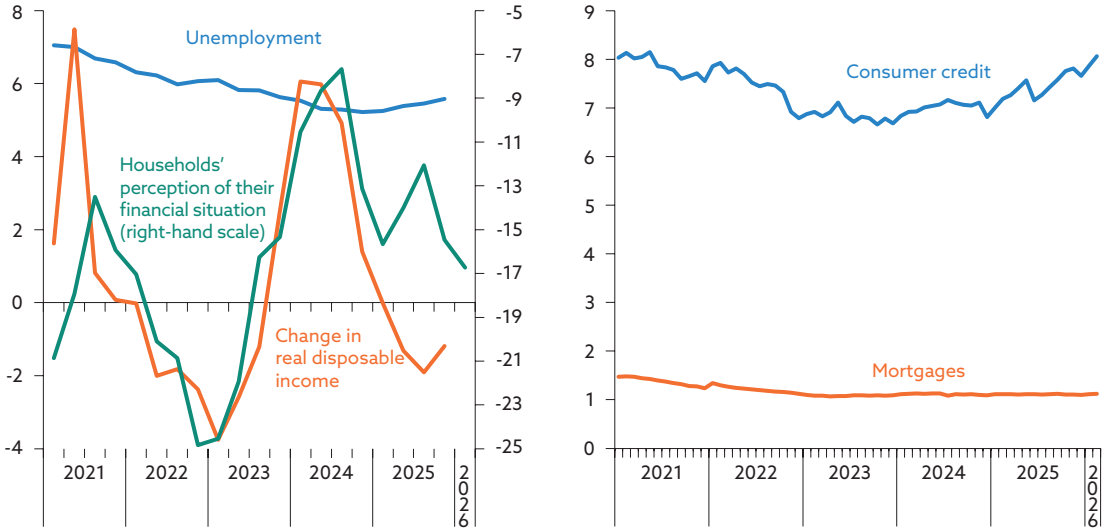
Weak economic growth and fiscal consolidation measures have contributed to the stagnation of households' financial situation

Some slowdown has been evident in the labour market, in incomes, and in household consumption behaviour. During 2025 the labour market lost its previous momentum. The earlier positive trend of declining unemployment came to a halt in the first quarter of 2025, and unemployment instead began to rise slightly.[54] Meanwhile, real wage growth slowed compared with 2024. These two trends were reflected in a decline in real disposable income, which fell year-on-year by 1.1%. A further decrease is expected in 2026, while the rise in unemployment could accelerate slightly. An increasing share of households perceived their financial situation negatively, while household consumption growth slowed, with consumers saving not only on durable goods and services but also on basic items.

Chart 17

Households' financial situation has developed unfavourably, as reflected in their weaker debt servicing capacity

Left panel: Unemployment rate, year-on-year change in disposable income, and households' perception of their financial situation (percentages)
Right panel: Non-performing loan ratio (percentages)



Sources: NBS, and European Commission.
Note: In the left panel, households' perception of their financial situation is expressed as the difference between the percentage of households with a positive assessment and the percentage with a negative assessment.

[54] In February 2026, the number of unemployed people declined slightly for the first time in ten months. Going forward, however, recently announced mass layoffs may have an adverse effect on unemployment.

The weakening of households' financial situation also affected their debt servicing capacity, particularly their ability to repay consumer credit. While the non-performing loan (NPL) ratio for the mortgage portfolio remains stable at a historical low, the ratio for the consumer credit portfolio increased from 6.8% at the end of 2024 to 8.0% in February 2026. This trend was observed across most relevant banks. The net default rate reached its highest level in eight years in early 2026. Another reason for this, in addition to a lack of significant real income growth and the weakening labour market, may be that the consumer loan portfolio has deteriorated in credit quality after a period of relatively strong growth. Until as recently as mid-2025, the portfolio was growing at a year-on-year rate of 9%.

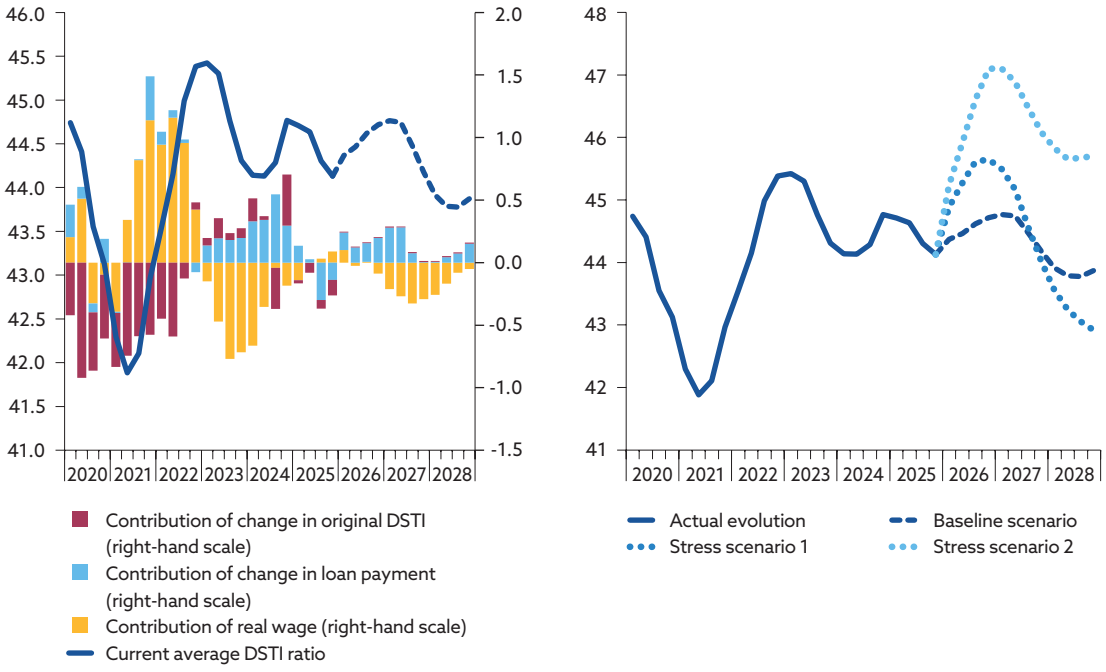
The sensitivity of indebted households remains elevated

Mortgagor households remain more sensitive to potential negative economic shocks than they were in 2021, i.e. before inflation started rising. In 2025 the upward trend in mortgage payments eased significantly, and interest rates on new mortgages even declined slightly. Nevertheless, DSTI ratios remain higher than in 2021 (i.e. before the rise in interest rates), mainly due to subdued real wage growth. No significant improvement is expected in 2026, as weaker growth in real wages will not be sufficient to offset the continued rise in payments. Under the stress scenarios, households' vulnerability could increase further. This applies especially to stress scenario 2, in which higher inflation prevents interest rates from declining despite the adverse economic situation.

Chart 18

The average current DSTI ratio temporarily worsened

Left panel: Average current DSTI and contributions to its change (percentages)
Right panel: Comparison of the average current DSTI in the baseline and stress scenarios (percentages)



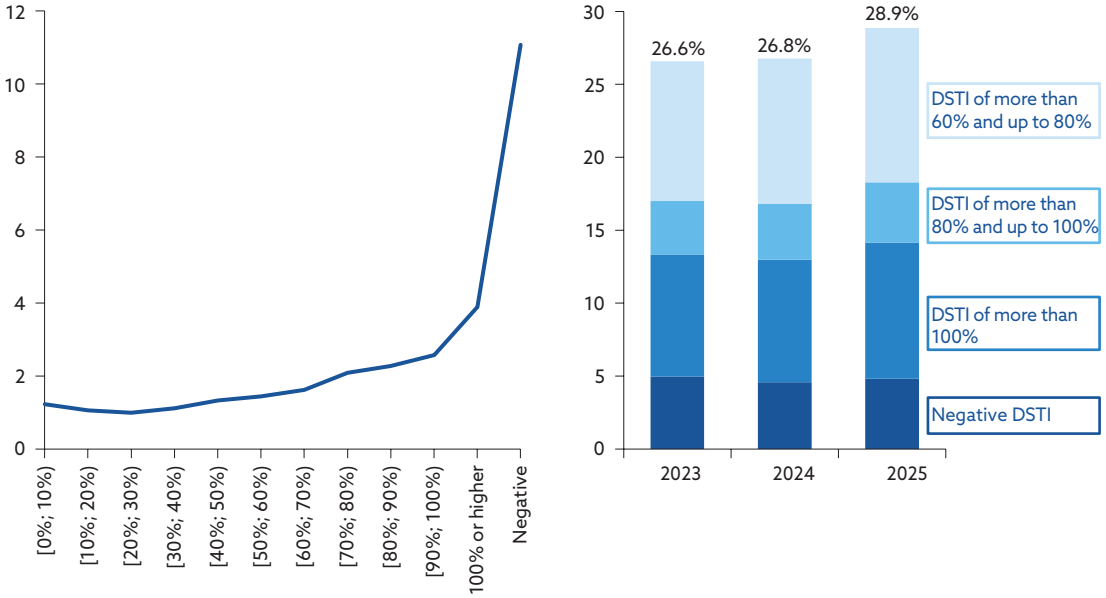
Source: NBS.
Notes: DSTI (debt service-to-income) denotes the borrower's loan payments relative to their income less the minimum subsistence amount. The current DSTI ratio is calculated as the ratio of current debt servicing costs (applying a stressed interest rate) to the difference between the borrower's income indexed by average real compensation growth and the minimum subsistence amount. 'Contribution of change in original DSTI' captures the impact on the change in the current average DSTI ratio arising from changes in original DSTI ratios for newly originated loans.

The deterioration in current DSTI ratios is also a factor behind the decline in the credit quality of the consumer loan portfolio. In 2025 lower average household income growth was reflected in an increase in the share of households whose income developed negatively. The result was a 2.3 pp increase in the proportion of consumer loans with a current DSTI in the risk band above 60% (calculated on the basis of current income data from the Social Insurance Agency). Meanwhile, empirical evidence confirms that loans in this band default four times more often than loans with a current DSTI of up to 60%. For loans with a negative DSTI (i.e. where the borrower's current income does not even equal the minimum subsistence amount), the default rate is up to nine times higher.

Chart 19

Deterioration in portfolio credit quality partly due to higher current DSTI ratio

Left panel: Default rate for consumer loans by current DSTI ratio (percentages)
Right panel: Distribution of consumer loans by current DSTI ratio (percentages)



Sources: NBS, and Social Insurance Agency.
Notes: DSTI (debt service-to-income) denotes the borrower's loan payments relative to their income less the minimum subsistence amount. The current DSTI is calculated as the ratio of current debt servicing costs to the difference between the borrower's current income (based on data from the Social Insurance Agency) and the indexed minimum subsistence amount.

A more pronounced increase in non-performing loans would only become a risk if the labour market situation deteriorated

To assess the credit risk of the retail loan portfolio, the share of loans at risk was estimated under three scenarios over a three-year horizon. [55] In the baseline scenario, NBS assumes that unemployment, despite rising slightly, remains close to historical lows and that real household incomes, after correcting moderately in the first year of the simulation, increase overall. In the two stress scenarios, by contrast, unemployment is assumed to rise quite sharply. Moreover, a weak labour market translates into declining

[55] These scenarios are described in more detail in Box 2.

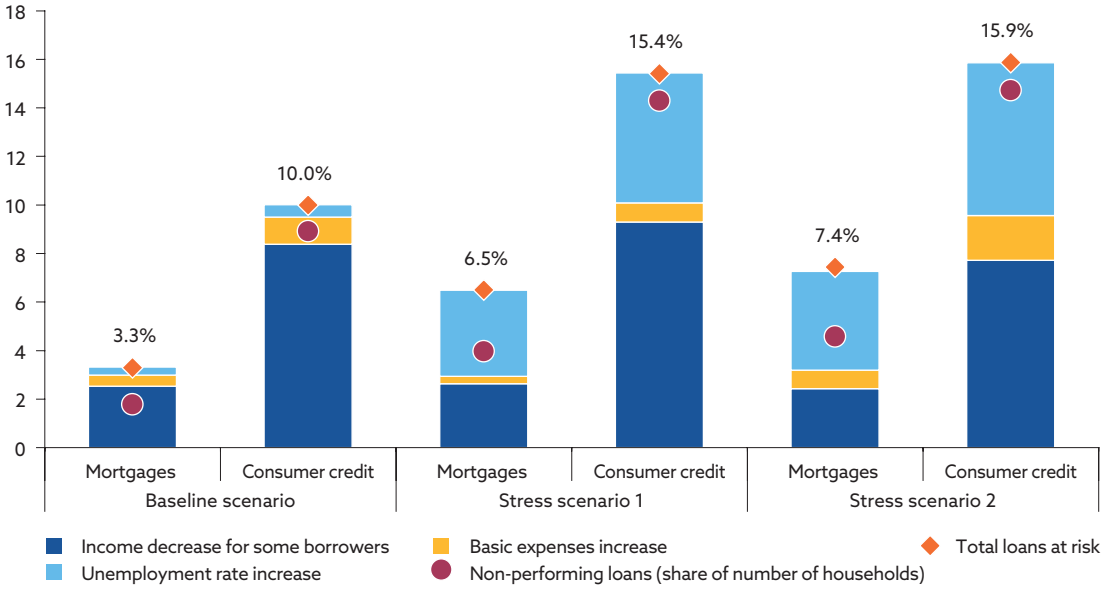
real household incomes. This decline is more pronounced in the first year of the second scenario, which envisages not only a drop in economic activity but also a resurgence of inflation.

In the baseline scenario, the share of mortgages at risk remains at a level similar to previous years, while the share of consumer loans at risk increases slightly. Over the three-year simulation, 3.3% of households with a mortgage and 10.0% of households with consumer credit are estimated to become at risk of financial distress.[56, 57] The most important cause of loan delinquency in the baseline scenario is standard income fluctuation, which, even in normal times, can lead to debt servicing difficulties for some households. The importance of this factor has increased slightly for consumer credit,[58] notwithstanding growth in households' average nominal income. This is because growth is weaker than in the past, and a slowdown in average growth translates into a larger share of households whose income is actually declining and for whom the risk of financial distress is therefore greater than it was before.

Chart 20

Impact of different types of shocks on household loans at risk

Share of household loans at risk depending on different types of shocks over a three-year horizon (percentages)



Source: NBS.
Notes: The chart shows the increase in loans at risk in the period from 2026 to 2028. This increase is simulated using the scenarios described in Box 2. Households at risk are here defined as households whose loan payments and basic expenses exceed their income and accumulated savings. The income decline of certain borrowers refers to the standard fluctuation in household incomes, which, even in periods of increasing average nominal incomes, may rise for some households and fall for others.

[56] Households at risk of financial distress are here defined as households whose loan payments and basic living expenses exceed their income and available savings. The simulation methodology is described in more detail in the May 2022 Financial Stability Report. The analysis includes only indebted households.

[57] In the baseline scenario, the default rates for mortgages and consumer credit are estimated to be, respectively, 1.8% and 8.9%.

[58] In the previous year, the increase in consumer loans at risk over the three-year simulation horizon was estimated at 8.0%.

In the stress scenarios, the shock to portfolio credit quality is more pronounced. Compared with the baseline, the share of loans at risk is estimated to double in the mortgage portfolio and to increase by roughly half in the consumer credit portfolio.[59] The impact is worse in the second stress scenario (with inflation) than in the first stress scenario (without inflation), albeit only slightly; this is because the negative effect of higher expenses due to elevated inflation partly offsets the impact of stronger nominal wage growth that reduces the share of households facing a decline in income. These results confirm that the retail portfolio should remain relatively resilient even in the event of a fairly sharp economic shock. This is true more for the mortgage portfolio than for the consumer credit portfolio, whose credit risk is estimated to increase more.

Box 4

Mortgages to borrowers with business income are riskier than other mortgages

They account for a growing share of the mortgage portfolio and are more frequently distressed

Self-employed persons (SEPs) and entrepreneurs represent a significant group of borrowers with a growing share in the mortgage portfolio. Over the past five years, this share has increased from 14% to 20%, while rising faster than their share of overall economic activity. Their share of all mortgages originated in 2025 was as much as 28%. Given these trends, SEPs/entrepreneurs are increasingly significant from a financial stability perspective.

In terms of debt servicing capacity, SEPs/entrepreneurs appear to pose greater risk than employees. The NPL ratio for mortgages to SEPs/entrepreneurs is nearly three times higher than the ratio for mortgages to employees, and, in contrast to that ratio, it has shown a rising trend over the past three years. This is not merely a result of differing borrower and loan characteristics, such as the share of borrowers with tertiary education, which is slightly lower among SEPs/entrepreneurs than among employees. Even after accounting for such differences, debt distress is more common among SEPs/entrepreneurs. According to the results of a model incorporating relevant risk characteristics of borrowers as well as loan parameters, the mere fact of being granted to an SEP or entrepreneur increased a loan's probability of default more than threefold.[60]

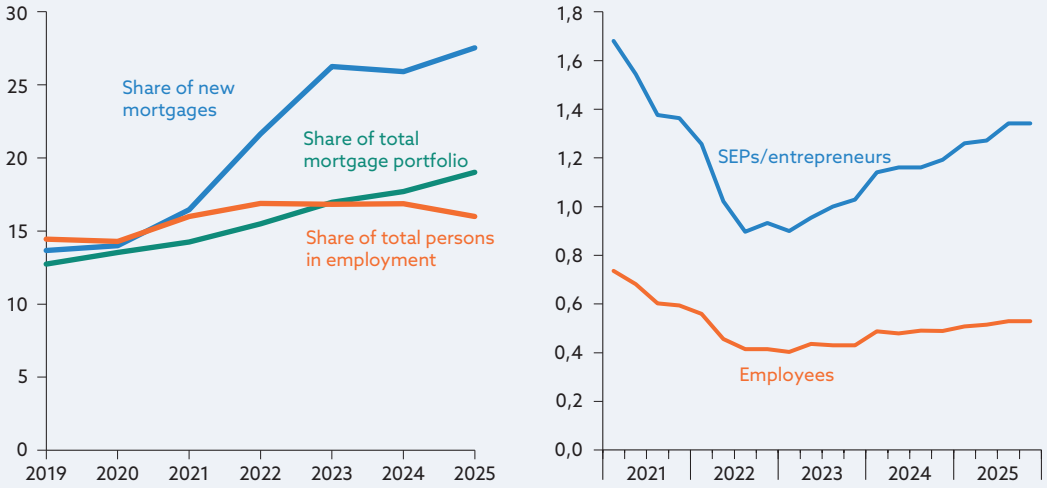
[59] In the stress scenarios, default rates for mortgages and consumer credit are estimated to be at 4.0%–4.6% and 14.3%–14.7%, respectively.

[60] The logit model was based on data from October 2024 to September 2025 and used a sample of 1,541 non-performing loans and 1,541 performing loans. The dependent variable was loan default status. Explanatory variables included, in addition to the identification of loans to SEPs/entrepreneurs, also DSTI, LTV, level of education attained, number of borrowers, and the identification of refinancing loans with and without an increase in the loan amount. All variables are highly statistically significant (at the 99.9% level).

Chart 21

SEPs/entrepreneurs account for a significant share of new mortgages and pose higher risk than employees

Left panel: Share of SEPs/entrepreneurs in the volume of new mortgages, in the volume of the total mortgage portfolio, and in the total number of employed persons (percentages)
Right panel: Non-performing loan ratio for the total mortgage portfolio (percentages)



Sources: NBS, and SO SR.
Notes: A loan with multiple borrowers is categorised as a loan to SEPs/entrepreneurs if the borrower(s) earning business income accounts for more than half of total borrower income on that loan. Similarly, a loan is categorised as a loan to employees if the borrower(s) earning employment income accounts for more than half of total borrower income.

Higher mortgage amounts, greater leverage, and more complex income assessment require a prudent approach

SEPs/entrepreneurs are riskier borrowers mainly because their incomes tend to be less stable and harder to verify. Unlike employees, their income can vary significantly over time depending on contractual arrangements, seasonality, or developments within their sector. The greater income fluctuation among SEPs/entrepreneurs is also confirmed by data from recent years.[61] In 2024 the income of 38% of SEPs/entrepreneurs (including those without debt) declined year-on-year, with half of these cases involving a drop of more than 20%. When comparing the income of mortgagor SEPs/entrepreneurs in 2025 with that at the time their mortgage was granted, as many as 85% recorded a decline.[62] Moreover, the creditworthiness of SEPs/entrepreneurs is not assessed on the basis of directly observable net wages but only on a certain percentage of revenues or turnover. Such an approach is necessarily only an approximation, as actual costs and net disposable income can differ significantly. With such borrowers, banks therefore face greater uncertainty as to whether the reported

[61] Income was calculated from assessment bases from the Social Insurance Agency. If a borrower had an assessment base from employment or a contractual arrangement, the average net income over the last six months of the respective year was calculated. For self-employed borrowers, income was estimated from annual revenues after applying maximum flat-rate expenses, and income was assumed to be 50% of monthly revenues.

[62] For comparison, the corresponding share among borrowers whose main income comes from employment is only 30%.

income truly reflects the borrower's real debt servicing capacity even in difficult times.

Another issue is that SEPs/entrepreneurs tend to purchase more expensive properties on average and therefore take out larger mortgages. Properties purchased by SEPs/entrepreneurs are approximately 3% to 11% more expensive (depending on the region) than those purchased by other borrowers. If we analysed borrowers with similar loan characteristics, the difference would be as much as 17%.[63] Moreover, SEPs/entrepreneurs take out larger loans relative to the value of the property being purchased (i.e. the LTV ratio is roughly 4 percentage points higher, with this difference gradually increasing in recent years). The average size of their mortgages is therefore up to one-fifth higher, meaning that SEPs/entrepreneurs finance their housing with higher debt burdens and with a smaller buffer against adverse developments. In addition to a higher probability of default (PD), these loans also have a slightly higher loss given default (LGD). The larger mortgages and more expensive properties are largely a corollary of SEPs/entrepreneurs reporting higher income.

The higher risk is not compensated by significantly higher interest rates. After accounting for differences in loan characteristics, interest rates for SEPs/entrepreneurs are higher by only 0.06 percentage points.[64] Given that the probability of default for their loans is roughly three times higher, this is a very small difference and suggests that the risk of this group is not fully compensated for by higher loan pricing.

From a financial stability perspective, SEPs/entrepreneurs are a group whose reported income quality and resilience to shocks must be closely monitored. The reasons include their growing share in the mortgage portfolio, the greater frequency of debt distress among them, and their smaller buffer against declines in property prices. In addition, fiscal consolidation measures have increased the tax and social security contribution burden for this group, potentially increasing the risk of financial distress for some borrowers.[65] The presented results do not imply that every SEP/entrepreneur borrower is a credit risk. What they show, however, is that these borrowers as a group behave differently from employees and that their loans carry higher risk. Particular attention should therefore be paid to how their income is verified, the stability of their income over time, and their sensitivity to potential adverse economic developments.

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[63] This estimate is based on a linear regression model of purchased property prices on explanatory variables which, in addition to the identification of loans to SEPs/entrepreneurs, included DSTI, level of education attained, number of borrowers, and age of borrowers. The model was estimated using data on new purchase mortgages originated between 2021 and 2025 amounting to at least €30,000, secured by a single property, and for which the contractually agreed property price was available (a total of 82,000 mortgages). The model also includes fixed effects by region and quarter. All variables are highly statistically significant (at the 99.9% level), and the adjusted R^2 is 28%.

[64] This estimate is based on a linear regression model of interest rates on explanatory variables which, in addition to the identification of loans to SEPs/entrepreneurs, included DSTI, level of education attained, number of borrowers, the logarithm of the loan amount, and whether the LTV exceeds 80%. The model was estimated using data on new purchase mortgages originated between 2021 and 2025 (a total of 238,000 mortgages). The model also includes fixed effects by bank and quarter. All variables are highly statistically significant (at the 99.9% level), and the adjusted R^2 is 94%.

[65] The Bank addressed this topic in more detail in the November 2025 Financial Stability Report (pp. 34–36).

3.2 Firms' financial situation remains sound despite headwinds

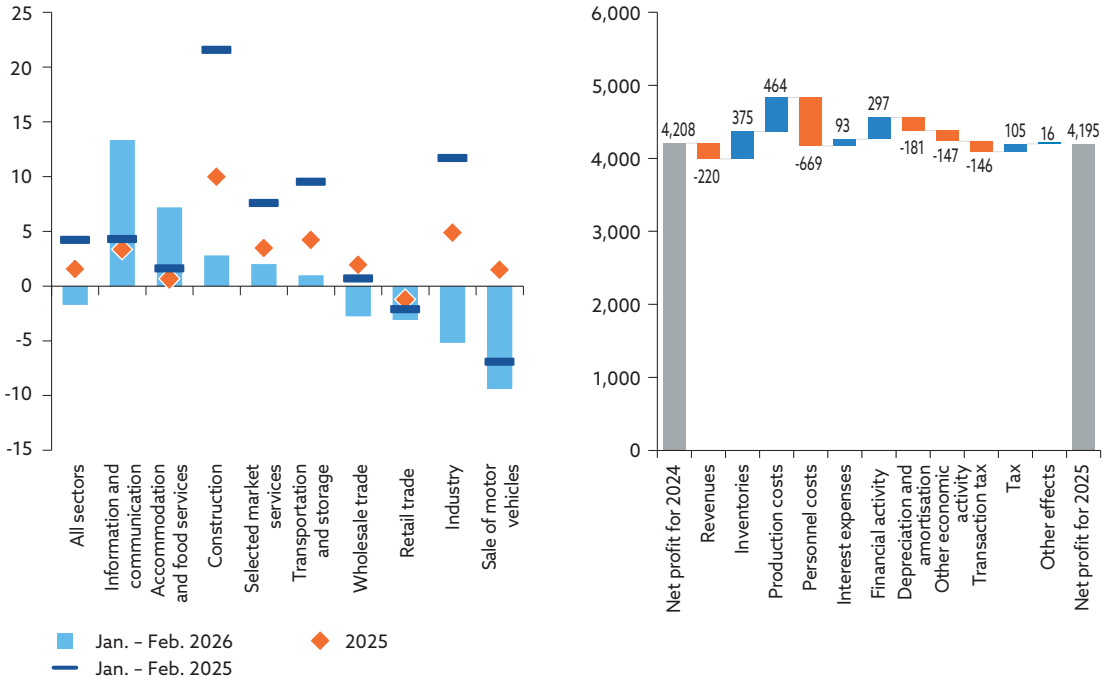
After a good start to 2025, firms experienced slower revenue growth with this trend continuing into 2026

Global economic headwinds were gradually felt by domestic non-financial corporations (NFCs) during 2025, as reflected in their slower revenue growth. After a relatively strong increase in early 2025, revenues (at constant prices) increased by 1.6% over the full year. The slowdown in their growth became apparent in the second half of the year and continued in the first months of 2026.[66] Softer revenue trends were observed in most sectors, with industry recording negative growth around the turn of 2025–26. The ongoing weaker industrial performance is also indicated by declining industrial production and a decrease in the value of new orders. The more pronounced drop in industrial indicators is partly due to a high comparison base from the first quarter of 2025, when industry fared particularly strongly. Lower household consumption was reflected in continued declines in revenues in retail trade and motor vehicle sales and the slowdown in revenue growth in services. Construction firms also recorded more moderate year-on-year revenue growth. These dynamics translated into the Economic Sentiment Indicator, which declined in the first quarter of 2026, most notably in the trade and services sectors. Industry managers were less pessimistic, while construction managers maintained optimism.

Chart 22

Firms' revenues weakened and their net profit fell slightly

Left panel: Year-on-year change in revenues (percentages)
Right panel: Decomposition of change in net profit between 2024 and 2025 (EUR millions)



Sources: SO SR, and FinStat.
Note: Both panels cover only firms for which financial statements for 2024 and 2025 were available.

[66] Overall corporate revenues for the first two months of 2026, at constant prices, declined by 1.7%.

The commercial real estate sector picked up in 2025 but remains vulnerable

Investment and leasing activity in the CRE sector picked up in 2025. The total volume of transactions in 2025 exceeded €1 billion, representing the second-best result in the market's history. Leasing activity also rebounded, in both the office and industrial segments. Rents and prime yields for industrial buildings stabilised against a backdrop of higher vacancy rates. In the office segment, demand centred heavily on modern buildings, and this, together with a shortage of supply, is pushing rents higher. Older buildings remain under pressure from reduced demand.

The CRE sector's financial situation continued to improve in 2025.[67] Interest expenses were one-fifth lower in 2025 than in 2024, significantly reducing pressure on the sector's profitability. Revenues played a positive role, as they increased by a moderate 3% in 2025. Costs rose slightly faster than revenues, by 4%. The overall gross margin increased from 28% to 36%, and the share of CRE loans to firms with a negative gross margin fell from 21% to 14%.[68] The sector remains vulnerable, however, owing partly to its overall higher indebtedness compared with other sectors.[69] From a financial stability perspective, it is important that the non-performing loan ratio for the CRE portfolio has not increased and remains below 1%. The risk remains that demand will decline amid weak economic growth. At the same time, however, an inflationary scenario could still materialise, with pressure on rental income accompanied by higher interest expenses.

Higher wage and tax costs offset by the decline in interest rates

Corporate profitability declined year-on-year in 2025, but did so only marginally (by 0.3%).[70] This development reflected several counteracting factors:

- The largest positive contribution came from lower interest rates, with the resulting drop in interest expenses increasing profits by 2.2%.
- Wage costs had a negative impact, as after rising notably in 2024, they continued to increase at a similar pace in 2025 (5% year-on-year). Meanwhile, revenues declined slightly (by 0.2%), while direct production costs decreased more significantly (by 1%) and inventories increased. The overall effect of these factors was, however, slightly negative, reducing profits by 1.2%.
- Higher taxes eroded corporate profits by a further 1%. A drop in corporate income tax was not sufficient to offset the costs of the newly introduced transaction tax (itself reducing profits by 3.5%).

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[67] The sector's financial situation is analysed only for those market entities that submitted financial statements for 2025 by March 2026 (approximately one-third of the sector), and for those property developments that were not under construction in 2024.

[68] Gross margin is calculated as the ratio of rental income net of standard operating and interest costs to total rental income.

[69] The reason is that financing in this sector is based on property development projects, with the property developer or investor establishing a separate firm for each major project. Moreover, loans are the main source of financing in this sector, which results in higher interest expenses.

[70] The analysis is based on firms' financial statements as at the end of 2025, which, however, were available for only part of the NFC sector: around 44% of all firms, accounting for approximately 32% of total revenues and 34% of the total NFC loan portfolio. Representativeness is higher for smaller firms and lower for large firms. The year-on-year comparison includes only NFCs for which financial statements for 2024 were also available. Based on past experience, NBS expects that the overall results, including the firms omitted from the analysis, could be slightly more positive.

Profitability and revenue results were highly heterogeneous across the NFC sector. For smaller firms, the trends were positive, while for larger firms they were negative.[71] Smaller firms recorded a lower increase in wage costs and more favourable revenue growth. For micro firms, tax costs actually fell, despite the introduction of the transaction tax,[72] whereas for larger firms they increased. In conclusion, although the overall picture of corporate sector profitability remains relatively stable, the deteriorating situation of large firms requires closer attention given their importance for the labour market and external trade.[73]

Profitability performance also differed across economic sectors. The only sectors to report a year-on-year increase in return on equity (ROE) were services and transport. Trade, by contrast, experienced the largest decline, followed by construction and the real estate sector. Industry and agriculture also recorded a slight drop in profitability.

The share of NFC loans with higher credit risk[74] increased (Chart 23, left panel). As with profitability, however, the overall picture masks considerable heterogeneity. The favourable situation among micro firms had a downward impact on the riskiness of loans to this segment, while credit risk increased across the rest of the corporate portfolio. This was more pronounced for firms in the industry and trade sectors, owing largely to their declining profitability. In both of these sectors, the share of loans to loss-making firms doubled.

The slight decline in profitability did not translate into an increase in non-performing loans in 2025. The non-performing loan ratio for the NFC portfolio remained at historically low levels.[75] In the segment of loans to industrial firms, however, there is an upward trend in NPLs,[76] especially among medium-sized firms. In the corporate sector overall, bankruptcies and loan delinquency did not increase in 2025. In loans to agriculture, however, the share of stage 2 exposures increased, while in the overall NFC portfolio it declined compared with the average for 2024.

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71 Among firms with revenues above €5 million, net profit declined by 17%, while among firms with revenues above €500,000 it fell by just under 7%. By contrast, smaller firms showed improvement: the net profit of micro firms (revenues of up to €50,000) more than doubled, and that of small enterprises (€50,000 to €500,000) rose by 47%.

72 The reason was that in 2025 the revenue threshold below which firms qualify for the lower (10%) corporate income tax rate was raised from €60,000 to €100,000.

73 From the perspective of Slovakia's external position, large firms account for approximately half of exports, and their performance has a direct impact on the country's balance of payments.

74 Loans with higher credit risk refer to loans with lower interest coverage (i.e. an ICR below 2) and loans to firms that are loss-making or have negative equity. Firms' increased sensitivity to potential future shocks stems mainly from less favourable ICR levels. Past experience shows that such firms have a roughly three times higher probability of default. ICR stands for interest coverage ratio, calculated as the ratio of earnings before interest and taxes (EBIT) to interest expenses.

75 The NPL ratio for the corporate portfolio stood at 2.5% as of March 2026.

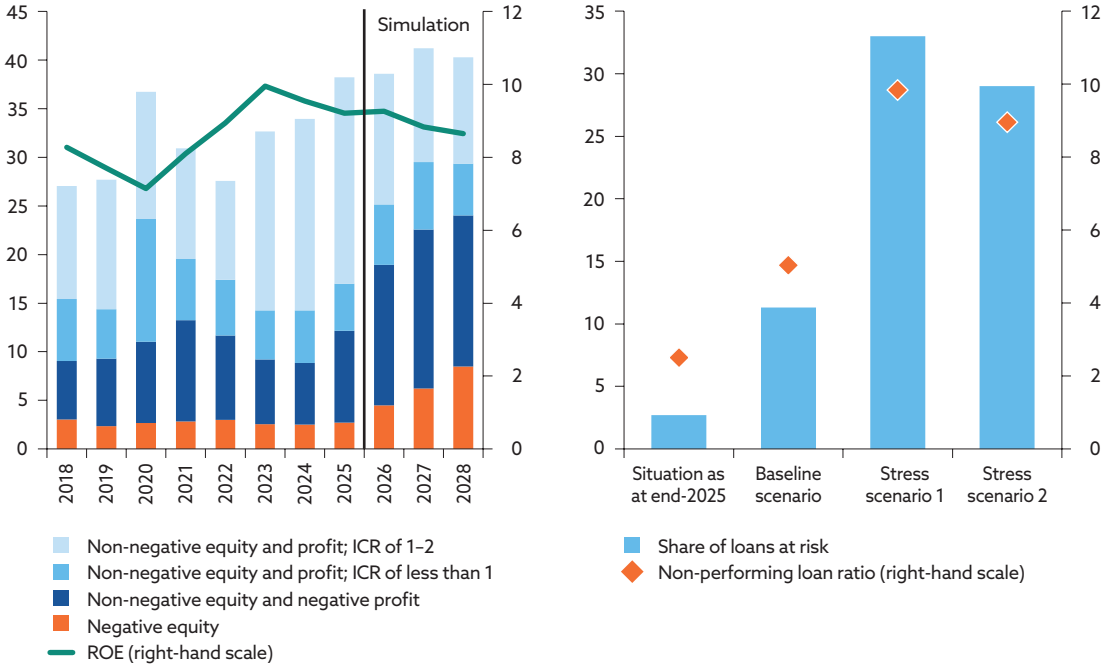
76 For loans to industry, the NPL ratio increased to 5.2% (from 4.5% in December 2025).

Chart 23

Firms' financial situation remains sound by historical standards, but the share of NFC loans with higher riskiness has increased

Left panel: Share of loans to firms with a lower interest coverage ratio (i.e. an ICR below 2), firms making losses, or firms with negative equity (percentages)

Right panel: Share of NFC loans at risk and non-performing loan ratio under different scenarios (percentages)



Sources: NBS, and FinStat.

Notes: In the left panel, ICR stands for interest coverage ratio, calculated as the ratio of earnings before interest and taxes (EBIT) to interest expenses. ROE stands for return on equity. The right panel shows the share of loans at risk and the share of non-performing loans at the end of the three-year stress-test horizon.

Firms' situation is expected to avoid significant deterioration in the baseline scenario but to be affected more severely in the adverse scenarios[77]

In the baseline scenario of the stress test exercise, the trends observed in 2025 are expected to continue. Modest economic performance amid a slight increase in unemployment and weakened consumption expenditure of both households and general government lead to a slight decline in corporate profitability. Over the three-year horizon, ROE is estimated to decline by 0.8 percentage points. Meanwhile, the share of loans to loss-making firms – more sensitive to future shocks – increases, with an upward impact on the probability of default in the NFC loan portfolio. The share of loans at risk[78] increases from 4% to 11%, but significant losses exceeding standard credit risk costs are not envisaged.

In the stress scenarios, however, the increase in loans at risk could reach 25%. The main factor in both scenarios is a pronounced slowdown in the global economy and

[77] The potential evolution of the NFC portfolio's credit quality was estimated under the three scenarios described in Box 2.

[78] We define loans at risk as exposures to firms that, by the end of the three-year horizon, are expected to be at risk of severe financial distress (i.e. at risk of negative equity).

resulting slump in corporate revenues. This leads to a decline in profitability and a marked rise in the sensitivity of the NFC loan portfolio, with up to three-quarters of it potentially consisting of loans to loss-making firms or firms with low interest coverage. Credit losses are estimated to be almost three times higher than in the baseline scenario, with the non-performing loan ratio rising from the current 2.5% to nearly 10%.

Box 5

Automotive sector developments from a financial stability perspective

The automotive industry faces multiple challenges

The automotive industry is a sector [79] that, at the European level, has faced a combination of structural changes in recent years. The transition to electric vehicles is reshaping established production models, while the growing competitiveness of Chinese manufacturers is eroding the market shares of European brands, and uncertainty over trade policy is complicating investment decision-making. For Slovakia, this situation is particularly sensitive, given that it is among the European countries with the highest concentration of automotive production. The automotive sector accounts for more than 20% of corporate sector revenues and about 25% of exports, while automotive production employs 21% of the industrial workforce.

Slovak automotive production holds a specific position within Europe

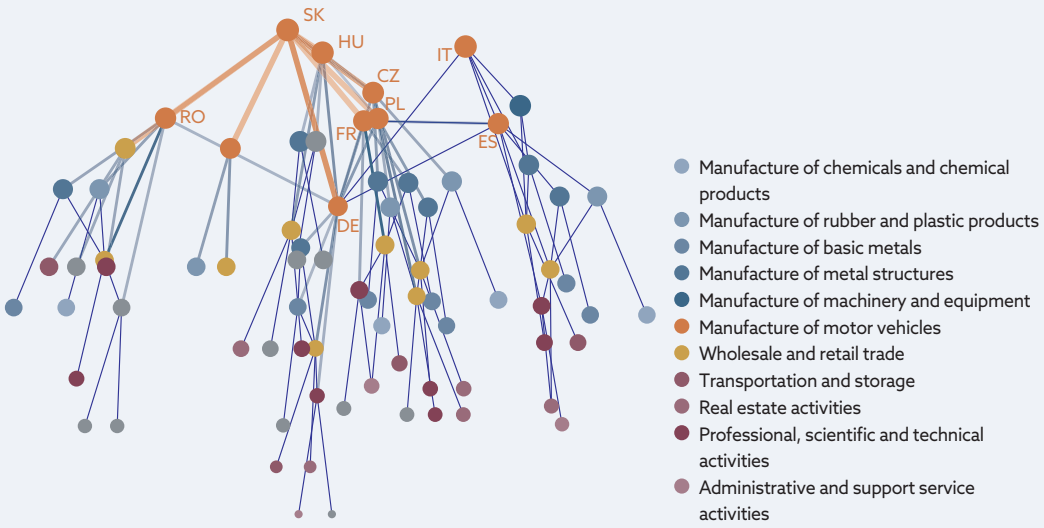
Automotive production in Slovakia is positioned at the top of the European automotive industry value chain. Compared with other countries, automotive production in Slovakia is to a greater extent a final stage of the production supply chain and less of a supplier to other sectors. Such a position affects its exposure to shocks in the supply network. In the case of a supply shock, automotive production is partially protected by the long supply chain, as each upstream sector absorbs part of the shock. On the other hand, automotive production in Slovakia is more directly exposed to demand shocks. Hence, in the event of a sudden drop in demand in one of the main destination regions, the ability to find alternative markets is crucial.

[79] The automotive sector is divided into automotive production (sector 29 under the SK NACE classification of economic activities, based on the EU's NACE Rev. 2) and related industries (sectors 46.7 and 47.8). The main part of the box focuses on automotive production, though part of it addresses the sector as a whole.

Chart 24

Structure of European automotive production and its most important supplier sectors

Main sectors and intersectoral transactions



Source: OECD Input-Output tables for 2022.
Notes: Nodes of the automotive production sector (NACE C29) at the centre of the network represent key automotive sectors. The links illustrate transactions between sectors. Nodes are scaled according to their total output and colour-coded by sector. The network is filtered to include only links that account for at least 1% of a sector's total output. For the core C29 nodes, up to five suppliers are shown based on relative importance; for first-tier suppliers, up to three suppliers are displayed. The core C29 sectors were selected based on a core–periphery algorithm of the EU's automotive (C29) supply chain. The results would be similar if the core countries were selected based on the total output of their respective automotive sectors.

The largest direct supplier sectors to automotive production in Slovakia are foreign automotive sectors, while just over 27% of inputs originate in the Slovak economy. The German and Czech sectors are the largest suppliers to the Slovak sector.[80] Within the Slovak economy, the main supplier sectors are wholesale and retail trade (accounting for 4.7% of inputs) and manufacture of basic metals (3.2% of inputs).

No decline in exports, but a change in their structure

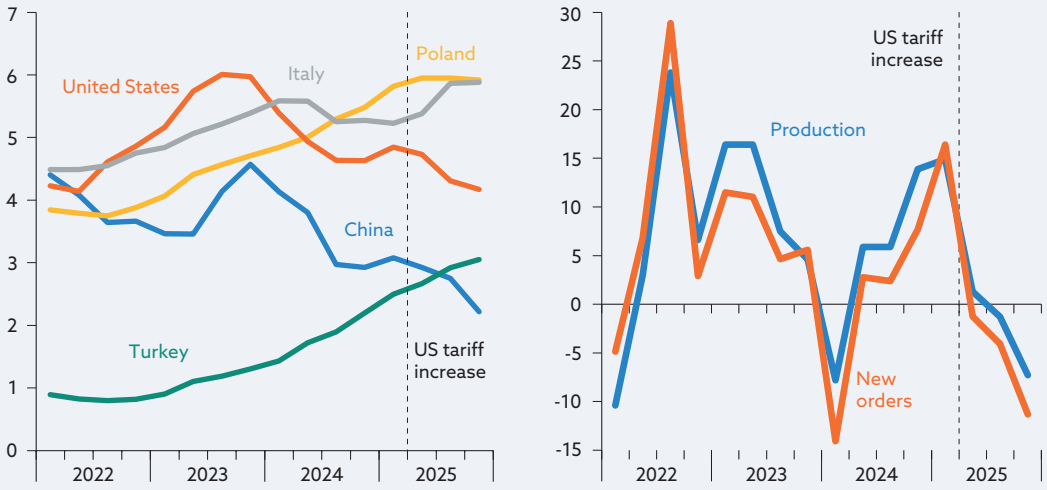
Automotive exports remained largely unchanged in 2025, although their structure shifted owing to increased US tariffs and a gradual decline in exports to China. The total value of automotive sector exports over the year remained stable and even increased slightly, by 1.6% year-on-year. The US share declined following the increase in tariffs on car imports, from the EU but this decrease was relatively mild and about half the size of that recorded in 2024. Offsetting that decrease was an increase in the share of exports to Italy. From a longer-term perspective, the decline in exports to China and other Asian countries is more significant. These exports were rerouted to the EU (mainly the Czech Republic, Poland, and Hungary), Türkiye and the United Kingdom.

[80] In terms of the shares of their automotive production sectors in inputs into Slovakia's automotive production sector, Germany is the leading country (10% of inputs), followed by the Czech Republic (6.7%), South Korea (4.7%), Hungary (3.3%) and France (3.2%).

Chart 25

Export structure changed during 2025, while production and new orders declined

Left panel: Share of selected countries in exports – twelve-month moving average (percentages)
Right panel: Year-on-year changes in production and new orders in the manufacture of motor vehicles (percentages)



Source: SO SR.

Because of its export flexibility, the Slovak automotive industry has not yet been significantly buffeted by the current headwinds, although recent months have brought negative trends. Motor vehicle production in 2025 declined only very slightly year-on-year, by 0.5%.[81] Although not a significant drop, this result is weaker compared with overall industrial production, which increased by 4.9%. Moreover, car production was strongest at the start of 2025 but then slowed over the course of the year. New orders in the sector recorded a year-on-year decline in every month from October 2025 to February 2026 (the most recent month for which data are available), although this development was partly related to a higher comparison base. Financial results for the main carmakers are not yet available, but the financial situation of certain supplier firms indicates some deterioration.[82]

Although direct lending to the automotive sector is relatively limited, banks are also exposed through lending to people employed in the sector

The exposure of the domestic banking sector to the automotive sector and supplier firms remains relatively limited. The total volume of loans to firms in the automotive sector represents 2.8% of the NFC loan portfolio,[83] with loans to supplier firms accounting for an additional 0.8%. About half of the firms in the

[81] The situation was similar in 2024, with revenues declining by 1.1%. That decline, however, followed three years of relatively strong growth ranging from 6% to 10%.

[82] The Slovak Investment and Trade Development Agency (SARIO) has identified 190 major Tier 1 to Tier 3 suppliers, nearly half of which are classified in non-automotive sectors. As of 16 April 2026, financial statements for 2025 were available for 38% of suppliers, representing 20.5% of revenues. The ROE of suppliers for which NBS has data for 2024 and 2025 shows a decline from 12% to 8%.

[83] This exposure is split between automotive production (NACE code 29), which accounts for 1.5% of the total exposure, and automotive retail and wholesale (NACE codes 46.7 and 47.8), which account for 1.3% of the total exposure.

automotive sector have bank loans, with higher credit exposure concentrated in larger firms. The credit line usage rate in the automotive production sector is also relatively low, currently at 35%. These credit lines play an important role during crises, as they allow firms flexible access to liquidity as needed. At the start of the COVID-19 pandemic, the use of credit lines in the sector increased from 30% to 70%. This development is consistent with the situation in other countries,[84] and confirms credit lines' systemic importance in crisis situations. The loan default rate in the sector remains low (below 0.5%).

Another channel through which developments in automotive production may affect the financial system is households. Compared with employees in industry as a whole, employees in the automotive sector and its supply chains have above-average income (in the automotive sector it was 25% higher, on average, as of the end of 2025) and are more strongly represented in the credit market. Although approximately 2.7% of all employees worked in automotive production at the end of 2025, this group accounted for 4.7% of outstanding loans to households. This trend is also geographically uneven. Production plants and their suppliers are concentrated in certain regions of Slovakia, where they represent major employers. The highest incidence of outstanding mortgage debt linked to automotive production is recorded in Trnava Region, where 8% of such debt is linked to this sector.[85] High concentrations are also observed in Nitra Region (6.3%) and Žilina Region (6.1%).

[84] BIS Bulletin 101 (Chart 2).

[85] Dependence is calculated based on the region of the property used as collateral. A loan is classified as dependent on automotive production (NACE code 29) if at least one of the borrowers works in that industry.

4 Banking sector profitability and resilience

4.1 Financial position of banks remains stable

Higher income from retail loans mitigates the impact of rising costs

The domestic banking sector made a net profit of €1.1 billion in 2025, representing a year-on-year decrease of 3%. This was the second consecutive year of profit decline, although the causes were different last year. In 2024 the decline stemmed mainly from the introduction of a bank levy, while in 2025 several factors were at play – increased provisioning, higher costs related to mortgage payment assistance, and the impact of an ongoing acquisition in the banking sector. A positive development was the continued, albeit slowing, growth in net profit from financial activities. The main drivers of growth were income from retail loans and the lower cost of non-retail deposits, although the contribution of both factors changed significantly during the year. In the second half of 2025, the focus gradually shifted from the increase in retail lending rates to growth in the volume of retail loan portfolios.[86] Aggregate net profit also benefited from a 2.5 percentage point decline in the effective tax-and-levy burden.[87] The overall drop in net profit was due largely to other cost items, in particular higher credit costs.

Banks' provisioning in 2025 reached its highest level since 2020, the first year of the pandemic. The year-on-year increase reflected low provisioning in the previous year and the approaches taken by individual banks in selected loan portfolios.[88] The main driver of provisioning growth was increasing credit risk in the consumer credit portfolio. However, the quality of loan portfolios remained broadly unchanged compared with 2024.[89] Banks' costs in 2025 were also negatively affected by changes in mortgage payment assistance. Following the abolition of a government subsidy for higher mortgages, certain banks opted to continue providing the assistance on a voluntary basis, reducing the sector's net profit by nearly €90 million in total (including the tax effect).

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[86] During 2025 the effect of cheaper non-retail deposits also began to decline, while the positive contribution from the repricing of corporate loans accelerated. Overall, annual growth in the retail segment's contribution doubled to €483 million. The contributions of all other segments decreased year-on-year, cumulatively by as much as €290 million.

[87] The bank levy rate was reduced from 30% in 2024 to 25% in 2025 (and will fall to 20% in 2026). The total effective tax-and-levy rate declined from 35.7% as of the end of 2025 to 32.5% as of March 2026.

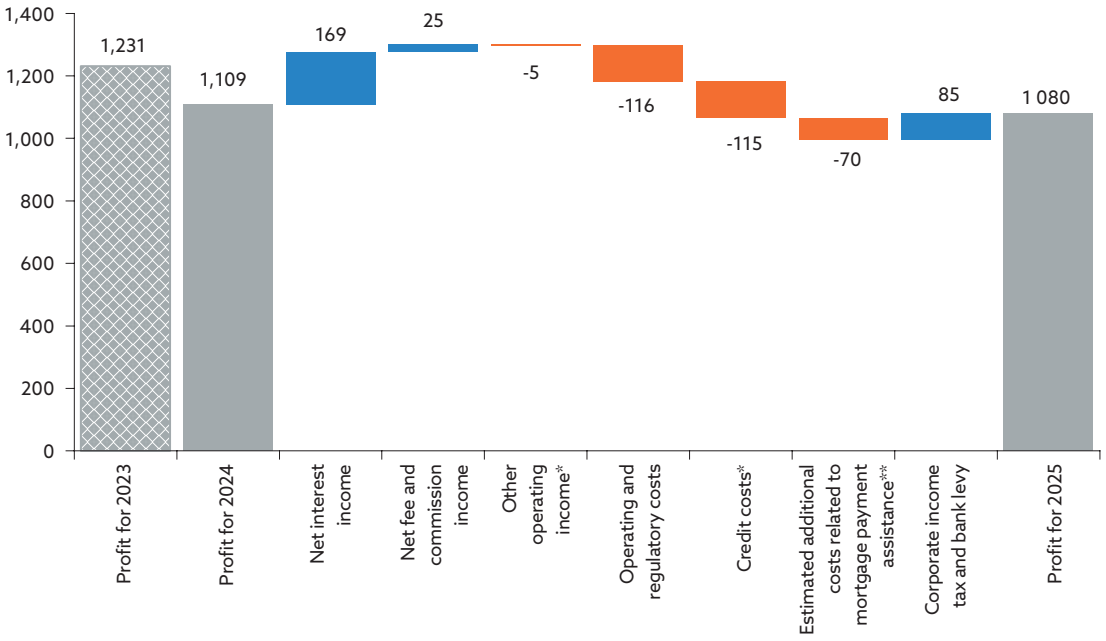
[88] Net provisions in 2025 amounted to €210 million, €120 million more than in 2024.

[89] The non-performing loan ratio for the sector's overall portfolio was 2% at the end of 2025, unchanged from the end of 2024 (2%), while the NPL coverage ratio declined by one percentage point to 56%. Over the year, the share of total loans classified as Stage 2 – i.e. as having experienced a significant increase in credit risk since initial recognition – decreased from 8.4% to 7.1%, while the coverage ratio for these loans edged down by 5.8% to 5.6%.

Chart 26

Year-on-year decline in profit due mainly to rising costs

Decomposition of the year-on-year change in the banking sector's profit (EUR millions)

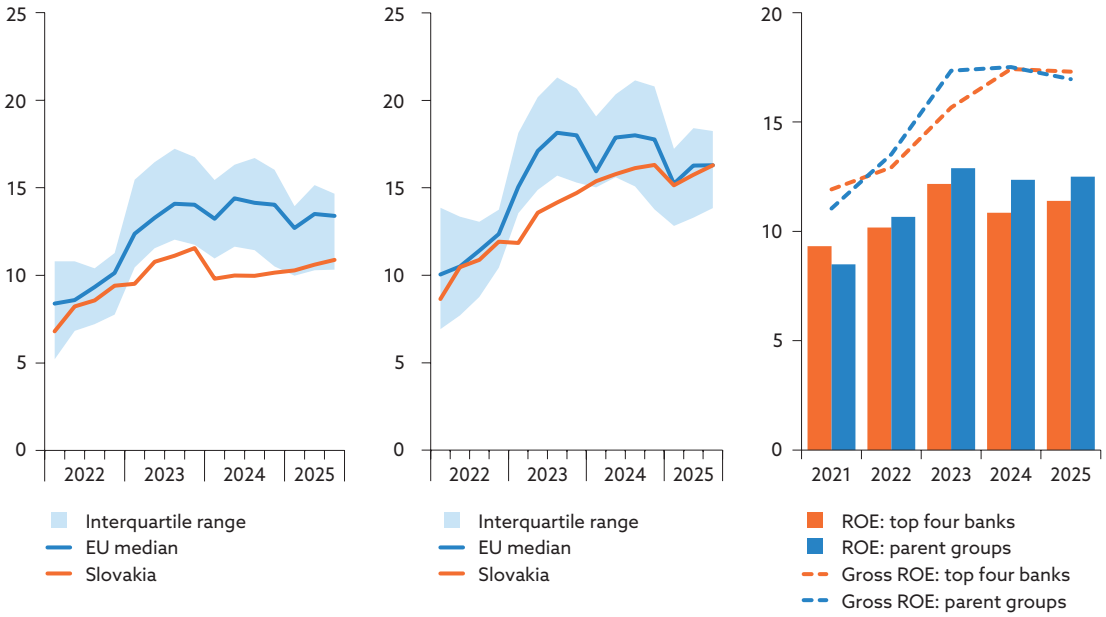


Source: NBS.
Notes: * The items 'Other operating income' and 'Credit costs' are adjusted for the direct costs of the mortgage payment assistance scheme. Tax effects related to the scheme are included under 'Corporate income tax and bank levy'. ** Additional costs are estimated based on published data from the five largest banks.

Chart 27

Return on equity is gradually improving

Left panel: Annualised return on equity (percentages)
Middle panel: Annualised return on equity before tax (percentages)
Right panel: Return on equity of the largest Slovak banks and their parent groups (percentages)



Sources: ECB, and annual reports of selected banks.
Notes: Left and middle panels: quarterly annualised data with the latest observation as of September 2025. Right panel: year-end data with the latest observation as of December 2025. ROE refers to annualised return on equity. Gross ROE refers to annualised return on equity before tax and the bank levy.

In terms of the efficiency of invested capital, banks in Slovakia continue to underperform, but they are slowly moving towards the median of EU countries. As regards their return on equity before tax and the bank levy, domestic banks have already reached the EU median. This is further confirmed by the performance of the largest Slovak banks within their banking groups, where the gap compared with foreign peers is even smaller.

Changes in interest rate expectations have brought the issue of interest rate risk management back to the fore. Although the interest rate sensitivity of domestic banks decreased year-on-year[90] in 2025, a potential increase in interest rates would support their profitability. The extent to which higher rates would be reflected in profits varies across banks. Key factors include the interest rate sensitivity of loans and bond holdings, the structure of funding sources, and the use of interest rate risk hedging instruments. Another important parameter would be how long rates remain elevated. The period from 2022 to 2025 showed that the transmission of interest rate changes to domestic banks' profits is gradual, occurring with a greater lag compared with other countries. This reflects the lower interest rate sensitivity of domestic banks. In addition, the increase in market rates has already had a downward impact on the value of banks' bond holdings.[91]

The banking sector's net profit for the first quarter of 2026 increased by 14% year-on-year, to €328 million. This growth was mainly due to earlier recognition of dividend income compared with 2024. Net interest income growth continued to slow, particularly in the retail segment. What therefore remains a key factor for future profitability is the statutory phased reduction of the bank levy, down to a final rate of 4.4% as from 2028.

Net interest income could continue to rise, owing mainly to mortgage portfolio growth

After increasing over the past three years, banks' net interest income is expected to continue growing, albeit at a slower pace. While previous years brought more pronounced changes in the structure of this growth, trends are likely to be relatively stable in the years ahead. The main driver of net interest income growth in the past two years was income from mortgage lending, which in 2025 was boosted by a decline in interest expenses.

Interest income from mortgage lending will remain a key factor going forward. Between 2022 and 2025, it increased 2.5-fold, and over the next three years it is estimated to grow by a further 40%. However, its internal dynamics are also changing. Before 2025, its growth was due largely to an increase in returns on the mortgage portfolio, supported by notably higher interest rates on new mortgages as well as the gradual repricing of existing mortgages. During 2025, this factor became less important, and growth in the stock of mortgages became the primary driver of growth in mortgage lending income. This is because returns on the portfolio, after reaching

[90] An interest rate increase of 200 basis points would reduce the economic value of capital by 3.7% compared with the baseline scenario as of December 2025 (compared with a 4% reduction as of December 2024).

[91] The increase in market rates in March 2026 reduced the market value of bonds by almost €0.5 billion (before accounting for interest rate risk hedging effects). Banks' preference for predominantly using portfolios measured at amortised cost left most of the revaluation in the form of a decrease in unrealised gains or an increase in unrealised losses. Given the nature of the revaluation, as well as banks' capital and liquidity positions, this does not pose a threat to their resilience.

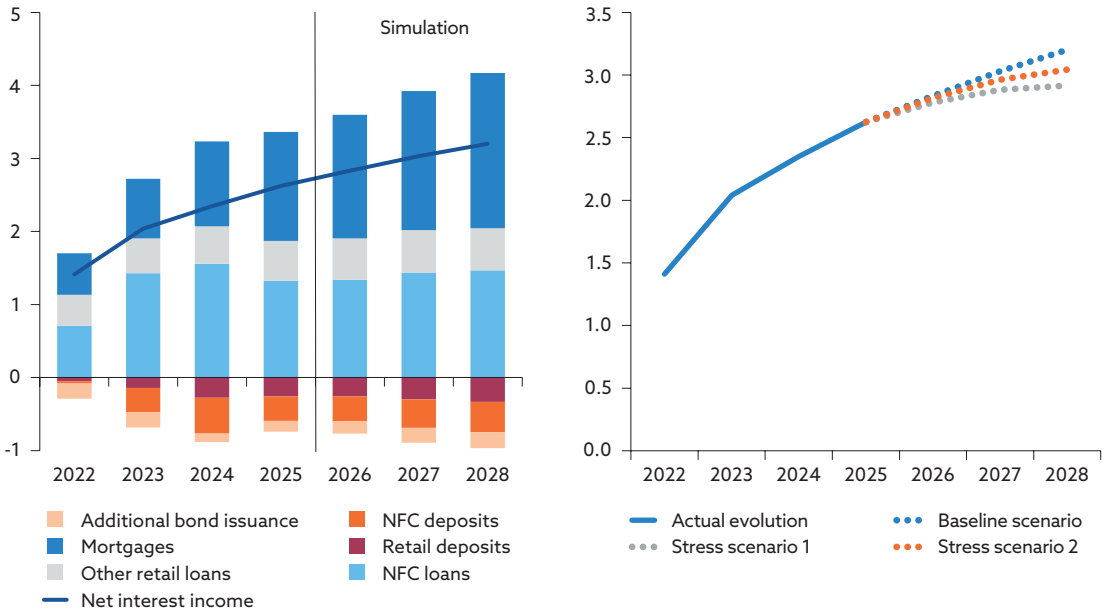
3.2%, are now increasing much more slowly, while the growth in the volume of the mortgage portfolio has accelerated significantly (to 8%). NBS estimates that over a three-year horizon, portfolio growth will account for two-thirds of the increase in mortgage interest income compared with its 2025 level.

The extent of further growth in net interest income will therefore depend mainly on developments in mortgage rates and, above all, on the pace of growth in mortgage lending. The current rate of return on the mortgage portfolio is lower than the average interest rate on new mortgages, which, moreover, has stopped declining in recent months. It therefore seems unlikely that returns on mortgages will decline significantly over the projection horizon. The pace of mortgage growth will depend primarily on housing price movements (given their direct impact on average mortgage size), as well as on demand for new mortgages. Interest income from mortgages – supported by higher interest rates and demand at levels similar to the past – should therefore remain the main pillar of bank profitability going forward.

Chart 28

Net interest income expected to grow more slowly or start falling again in the stress scenarios

Left panel: Estimated evolution of net interest income in the baseline scenario and its decomposition (EUR billions)
Right panel: Actual and estimated evolution of net interest income in the baseline scenario and both stress scenarios (EUR billions)



Source: NBS.
Notes: The panels show only loan interest income and deposit interest expenses, as net interest income from other assets and liabilities accounted for less than 3% of total net interest income in 2025. 'Additional bond issuance' indicates the need for funding for new lending due to the expected widening gap between loans and deposits.

Net interest income growth can also be expected in the stress scenarios, although it is likely to be weaker compared with the baseline scenario. In the first stress scenario, a more pronounced decline in economic growth is assumed, along with rising unemployment, falling housing prices and, however, declining interest rates. In such conditions, mortgage growth could slow significantly but is not expected to decline, meaning that interest income could still rise slightly even in this scenario. The second scenario models a situation where the economic downturn is accompanied by higher inflation. This limits the scope for interest rate cuts, potentially mitigating the

impact of slower loan growth on interest income. As a result, interest income could even be slightly higher than in the first stress scenario, although still lower compared with the baseline. At the same time, however, household saving behaviour will also be important – a decline in savings due to renewed inflation could negatively affect banks' net interest income, as outflows of deposits would have to be replaced with more expensive funding sources, such as covered bonds.

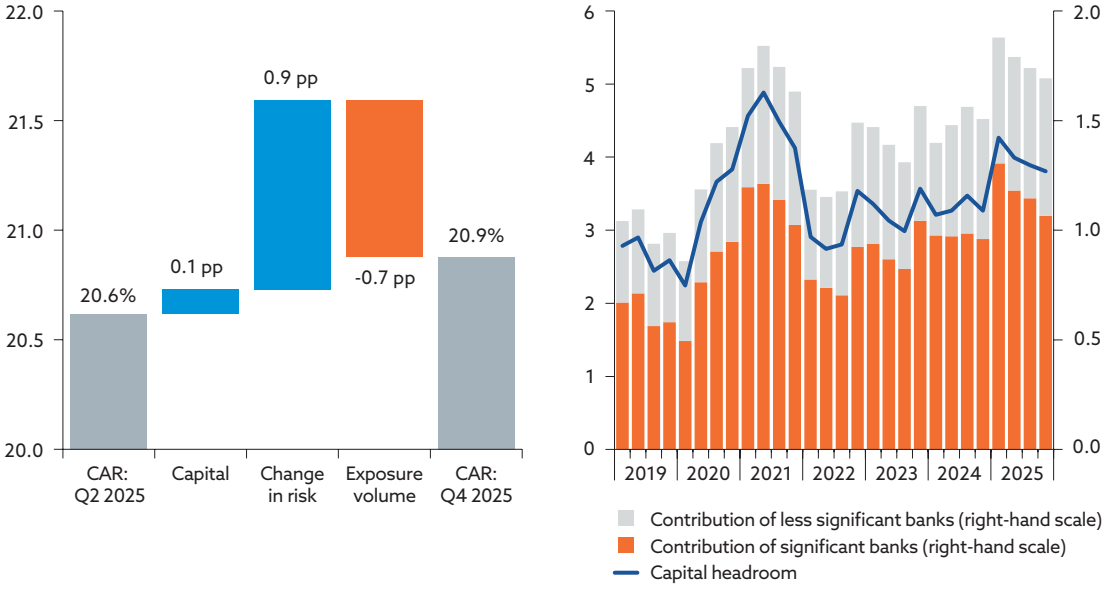
A decline in risk weights drives increase in capital adequacy

The domestic banking sector's capital adequacy ratio (CAR) on a consolidated basis stood at 20.9% as of the end of 2025, up by 0.3 percentage points compared with six months earlier. The gap between the capital ratios of significant and less significant banks continued to widen, peaking at the end of the year.[92] The leverage ratio declined to 7.5% by the end of 2025. Both ratios were negatively affected by a significant increase in credit exposure during the period under review. In the case of the CAR, however, this effect was offset by the ongoing decline in the overall average risk weight.[93] In terms of their overall CAR, banks in Slovakia rank below the EU median, although they have slightly reduced the gap to that level.[94]

Chart 29

Lower risk weights support capital adequacy, but total capital headroom falls slightly

Left panel: Decomposition of the half-year change in the capital adequacy ratio (percentages; percentage points)
Right panel: Evolution of capital headroom and the contribution of significant and less significant banks (percentages; EUR billions)



Source: NBS.
Notes: Left panel: CAR stands for capital adequacy ratio. Right panel: 'Capital headroom' refers to capital as a ratio of risk-weighted assets after accounting for capital requirements, the leverage ratio, and the minimum requirement for own funds and eligible liabilities.

[92] The aggregate CAR of significant banks was 4.4 percentage points lower than that of less significant banks as of the end of 2025.

[93] The average risk weight declined from 42.3% as of June 2025 to 40% as of December 2025, mainly because the average risk weight of corporate exposures fell by 3.5 percentage points.

[94] The EU median stood at 21.5% as of September 2025, one percentage point above the CAR of domestic banks.

Capital headroom in the banking sector remains stable overall. Capital held in excess of minimum regulatory requirements declined slightly in 2025, ending the year at €1.7 billion or 3.8% of risk-weighted assets. Among less significant banks, capital headroom is higher in relative terms. While their share in total, as well as risk-weighted, assets has been steadily declining and currently stands at only around 15%, their share in the sector's capital headroom has long been around 35%. This mismatch raises the question of how much of this technically excess capital could be effectively used to finance the economy if needed.

Capital adequacy in 2026 will be affected by several factors. The first is dividend policy. Based on data published so far by domestic banks, the profit retention ratio is expected to remain at the level of the previous year. Moreover, half of this was already included in banks' own funds at the end of the year. Another factor may be negative repricing valuation of bonds measured at fair value through other comprehensive income (FVOCI), which directly affects banks' capital levels. The extent of such repricing will depend on how extensively risk aversion and interest rate expectations change.[95] The consequences of the current geopolitical situation may also affect the level of risk-weighted assets – in both directions, either by slowing growth in the amount of exposures or by increasing their riskiness.

4.2 Stress testing confirms resilience of Slovak banks

While a potential economic shock would increase banks' losses and holdings of non-performing loans, its impact would be mitigated by their accumulated capital and profitability

The Slovak banking sector remains stable and sufficiently resilient even to adverse events. This is shown by the results of this year's stress testing exercise for the sector.[96] The resilience of Slovak banks was assessed through three hypothetical scenarios.[97] The baseline scenario assumed a continuation of existing trends in the banking sector and the credit market in conjunction with low economic growth.[98] The stress scenarios modelled different types of shocks in order to assess to what extent losses in the banking sector would increase and whether banks would be able to withstand the negative impacts of these shocks on their profitability and capital adequacy. Despite the different nature of the shocks (a demand shock without price increases versus a demand shock coupled with a price shock due to rising energy commodity prices), the results showed that their adverse impact on the banking sector would be comparable. In both stress scenarios, however, banks remain sufficiently resilient to weather these situations.

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[95] Bonds in the FVOCI portfolio were valued €12 million lower at the end of March 2026 than at the end of December 2025, while compared with February 2026 they were revalued down by €50 million. During the period of rising interest rate expectations in 2021 and 2022, a comparable-sized portfolio – but with higher interest rate sensitivity – underwent a downward revaluation of €250 million.

[96] The stress test period was set at three years, from 2026 to 2028.

[97] These scenarios are described in more detail in Box 2.

[98] In line with the current NBS macroeconomic forecast (MTF-2026Q1) in Economic and Monetary Developments – Spring 2026.

In the baseline scenario, with current trends continuing, the banking sector's profitability gradually increases despite low economic growth. The main source of profit improvement in the coming years continues to be rising interest income, supported by ongoing credit growth and gradually rising returns on the loan portfolio. However, interest income growth is slower compared with the high levels of previous years. Another contributor to profit growth is fee and commission income on banking products and services. Banks' provisioning evolves in tandem with their balance sheet developments, so its impact on their financial performance is not significantly greater compared with previous periods. On the other hand, in this scenario, rising interest expenses and inflation-driven increases in operating costs have a negative impact on bank profits. The sector's net profit growth is also supported by the phased reduction of the bank levy rate. Profitability, as measured by return on equity (ROE), gradually increases, moving closer to the current median of European banks. Moreover, owing to rising profitability, the banking sector's capital adequacy ratio is estimated to increase by approximately one percentage point over the three-year stress test period.

Even in difficult times, the banking sector would be able to fulfil its functions. Banks would be supported by their strong initial capital buffers as well as their ability to generate profits during economic shocks. More so in the first stress scenario than in the second, banks' lending income declines in the first year of the simulation. In both stress scenarios, the assumed economic shocks lead to significant cooling of loan demand. While lending to households stops growing, lending to NFCs declines. In the second stress scenario, however, higher interest rates significantly support banks by helping maintain their interest income. In both scenarios, the economic downturn, rising unemployment, and declining income result in increasing loan defaults. NPL provisioning needs increase significantly, rising over the three-year horizon to almost seven times their 2025 level. Under these adverse conditions, the banking sector's profitability falls markedly, though banks remain profitable. Their profitability, measured by return on equity, declines sharply in the first year – by 1.2 percentage points in the first stress scenario and by more than 1.4 percentage points in the second, to around 9%,[99] a level last seen during the pandemic. Banks' weakened capacity to generate profit is reflected in the sector's capital adequacy ratio, which declines by around one percentage point in both stress scenarios. Nevertheless, banks are able to withstand this situation and to continue to provide services and lend to the economy.

The banking sector's losses under adverse developments would be largely due to losses on non-performing loans. Borrowers would have less capacity to repay their bank loans, with households experiencing a decline in disposable income and firms a drop in revenues. In absolute terms, households and firms would account for a similar volume of credit losses. In the first stress scenario, a slightly larger share of the credit losses on loans to households comes from consumer credit,[100] while in the second stress scenario the losses on the consumer credit and mortgage portfolios are similar over the scenario horizon.[101] In the case of corporate loans, around one-fifth of credit losses come from commercial real estate loans.

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[99] For stress testing purposes, ROE is calculated on the basis of own funds.

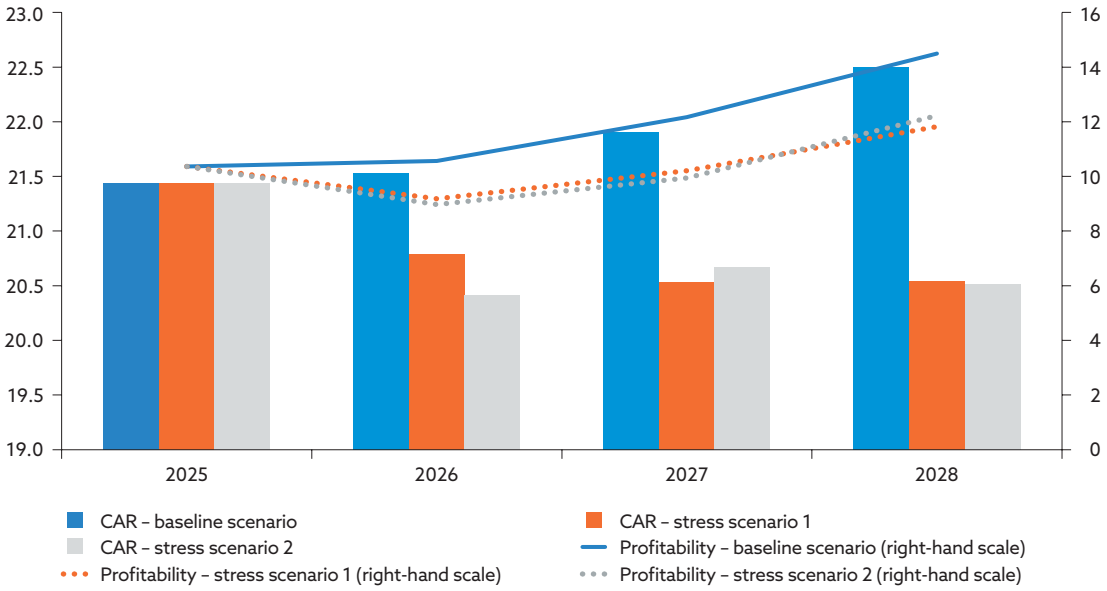
[100] In the first stress scenario, 54% of total household credit losses are from consumer loans and 46% from mortgages.

[101] In the second stress scenario, 50.5% of total household credit losses are from consumer loans, with the remainder from mortgages.

Chart 30

Banks would withstand a severe economic shock despite its temporary adverse impact on their profitability and capital adequacy

(percentages of risk-weighted assets; percentages of own funds)



Source: NBS.
Notes: Profitability is expressed through return on equity (ROE). CAR stands for capital adequacy ratio, which also reflects profits made in the given year.

4.3 Domestic banks maintain stable liquidity

Similar growth in funding sources and lending

The liquidity position of banks in Slovakia remained almost unchanged between 2024 and 2025. The year-on-year increase in total bank loans stood at €5.7 billion, only slightly exceeding the growth in the stock of deposits received and outstanding bonds issued. This even development in balance sheet structure was observed across significant banks, less significant banks, and foreign bank branches. While the overall change in the volume of deposits and bond issuances mirrored developments in 2024, the annual increase in the stock of loans in 2025 was almost 1.5 times higher than the increase in 2024. Banks' aggregate ratio of loans to deposits and issued bonds rose to 88.4% at the end of 2025. The stable liquidity position was also confirmed by regulatory liquidity ratios, whose levels at the end of 2025 were not significantly different from those a year earlier.[102] These levels were still below the corresponding EU medians, despite the gaps narrowing.[103]

The resilience of banks in terms of liquidity is also confirmed by other indicators. In a reverse stress scenario, banks at the end of 2025 are able to cover deposit outflows

[102] The sector's liquidity coverage ratio (LCR) stood at 191% as of the end of 2025, 4 percentage points higher than at the end of 2024, while its net stable funding ratio (NSFR) was 135%, up by 3 percentage points.

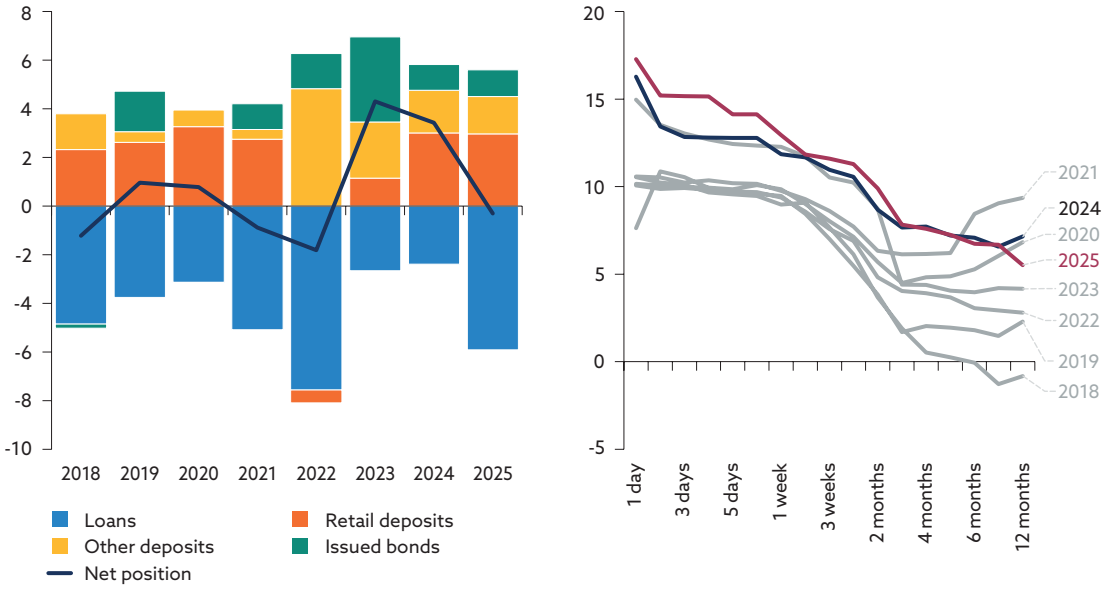
[103] As of September 2025, both the LCR and NSFR of Slovak banks were below the EU median, although in each case the gap was narrower than in December 2024, when the LCR and NSFR were below the EU median by 10 and 12 percentage points, respectively.

of up to 63%, one percentage point lower compared with the end of 2024. Half of that coverage capacity consists of potential additional refinancing from the central bank after recourse to own covered bonds. The cash-flow analysis results also remained largely unchanged year-on-year. In this scenario, banks' liquid assets as a share of total assets remain at around 7% at the end of a one-year horizon. From a long-term perspective, both indicators remain above average, although resilience has slightly decreased compared with 2024.

Chart 31

Funding sources increased slightly less than the stock of loans, while the survival horizon remained broadly unchanged year-on-year

Left panel: Year-on-year change in deposits, issued bonds, and loans (EUR billions)
Right panel: Survival horizon – cash-flow analysis under a stress scenario (share of residual liquid assets in total assets; percentages)



Source: NBS.
Notes: Left panel: The year-on-year growth in loans is shown as a negative value (use of bank funds). 'Net position' is the difference between the sum of year-on-year changes in deposits and issued bonds and the year-on-year change in loans. Right panel: the stress scenario in the cash-flow analysis is based on assumptions of outflow rates for non-maturing deposits and haircuts on liquid asset values in line with the liquidity coverage ratio methodology.

The liquidity situation of domestic banks has been slightly negative so far in 2026, but the situation remains stable.[104] The first quarter was marked mainly by a decline in liquid assets due to a downward repricing of bond holdings. Their market value declined sharply when market rates increased at the turn of February and March 2026.[105] Another factor that weighed on banks' liquidity was the issuance of retail government bonds at the end of the first quarter of 2026.[106] At the same time, the war

[104] As of March 2026, the liquidity coverage ratio stood at 187% and the ratio of loans to deposits and issued bonds at 88.6%. The first quarter saw growth in the loan portfolio (+€1.1 billion) slightly exceed growth in funding sources (+€0.95 billion).

[105] The month-on-month decline in the value of the bond portfolio due to lower market valuation amounted to €0.5 billion, or 2.4%. These figures are before accounting for the effects of interest rate hedging.

[106] Total sales reached €417 million, with an average investment of nearly €18,000 (the median investment was €8,600). As in the previous year's issuance, the most active investors were aged over 51, accounting for more than 80% of participants.

in the Middle East remains a source of great uncertainty regarding both its resolution and ramifications. It may therefore be expected that liquidity developments – in both the valuation of liquid assets and interaction between new deposit inflows and credit demand – will remain in flux. Meanwhile, in an environment of higher interest rate expectations, potential financing of bank activities through bond issuance is less likely from a profitability perspective.

4.4 No change in the countercyclical capital buffer

The countercyclical capital buffer is adequately calibrated to absorb potential losses

Cyclical risks have so far not been building up to any significant extent. Given the increased uncertainty in the economic environment, NBS is maintaining the countercyclical capital buffer (CCyB) at its current rate. The financial cycle has come to the end of a one-and-a-half-year upswing phase. Credit growth has evolved in line with economic fundamentals, while private sector indebtedness, measured as the ratio of loans to GDP, has remained around 60% for approximately two years. Interest rates are no longer declining, and loan demand has stabilised. Credit growth has not been outpacing growth in either nominal wages or corporate revenues. Banks have not significantly eased lending standards. As a result, the build-up of risks is currently not at a level that warrants the creation of additional reserves through the countercyclical capital buffer.

Nevertheless, the level of global economic uncertainty has increased significantly this year. This increase is linked to the outbreak of the war in the Middle East, which has the potential to slow economic growth and accelerate inflation, thereby putting pressure on the private sector by reducing debt servicing capacity and increasing costs. New risks have thus been added to existing ones, which may test the ability of households and firms to service their debts. In this situation, NBS is maintaining the CCyB rate at its current level of 1.5% to allow for the absorption of potentially higher losses.

The latest stress test results for the banking sector show that banks should be able to withstand even a pronounced economic shock. Their resilience is based both on their strong capital position, with sufficient accumulated capital, and on their ability to generate profits even in adverse conditions. The current CCyB serves an important function, since in the event of sizeable losses, it would be reduced appropriately, thereby protecting the core components of banks' capital and supporting not only the sector's resilience but also its ability to continue lending to firms and households during periods of stress. The stress test results confirm that the buffer accumulated through the CCyB has the potential to absorb a significant portion of credit losses under an adverse economic scenario.

The list of systemically important banks remains unchanged

The list of domestic banks designated as other systemically important institutions (O-SIIs) will remain unchanged through 2027. The capital buffers applied on the basis of banks' systemic importance will remain at their current levels, except for the O-SII

buffer rate applied to Československá obchodná banka (ČSOB). Its buffer rate will be increased from 1.00% to 1.25%, owing mainly to the acquisition of 365.bank by ČSOB's parent company, KBC Group. Changes in the systemic importance of other banks do not warrant adjustments to their capital buffers.

NBS to differentiate the LTV limit

The proposal to differentiate the LTV limit responds to the rising share of mortgages used to finance investment property purchases. For mortgages used to purchase third and subsequent properties, the LTV limit is proposed to be tightened from 80% to 70%. This reflects the higher risks associated with such purchases, including a greater likelihood of forced sales during an economic shock, stronger procyclicality (i.e., the risk of contributing to real estate bubbles and subsequent sharper price corrections), and riskier loan characteristics. At the same time, from the perspective of overall portfolio risk, this tightening creates some room to relax the LTV limit for first-time home buyers aged up to 35 (from 80% to 90%).

5 Other sectors

5.1 Insurers rely on non-life business

The insurance sector's[107] profit increased mainly thanks to non-life business

The insurance sector as a whole in Slovakia made an after-tax profit of €265 million in 2025. The most important component of profitability has long been the insurance service result in the life segment (€206 million in 2025), followed by the non-life insurance service result including assumed reinsurance (€152 million). The latter has in recent years exhibited greater volatility, which would have been even more pronounced if not for the mitigating effect of reinsurance contracts held, which cover more than a quarter of non-life premiums written. The third key component is the net investment result (€144 million after adjusting for unit-linked life insurance – ULI), representing investment returns mainly from assets backing insurance contracts. These assets are split between life and non-life insurance in roughly a 2:1 ratio.

The aggregate profit for 2025 included a negative contribution from the net financial result (-€31 million after adjusting for ULI), reflecting changes in the value of liabilities due to interest rate movements, the time value of money, and other financial assumptions. Profit was further reduced by revenues and expenses in the residual 'other' category[108] (-€78 million), of which 86% was attributable to foreign branches. Taxes also had a negative impact (-€127 million).

Last year's 6.2% profit growth stemmed mainly from the volatility of non-life insurance. After recording its largest year-on-year decline in profit in 2024, non-life business posted its highest annual growth in ten years in 2025. The increase in the non-life loss ratio in 2024 was thus offset in the following year by growth in premium income. Conversely, profit growth was curbed by a higher tax burden, particularly in insurance branches.[109] Life insurance remained a stable component of profitability, with no significant year-on-year change.

Profit growth was also supported by investment and financial results, despite the sector's asset allocation becoming more conservative. The share of government bonds in insurers' investment portfolios continued to increase in 2025, rising by 4.8 percentage points to 50.7%, mainly at the expense of corporate bonds. This increase was driven not by Slovak sovereign debt, but primarily by holdings of German, Belgian and Spanish government bonds.

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[107] The insurance sector comprises 9 domestic insurers and 16 branches of insurers, i.e. branches of insurance and reinsurance undertakings from other EU Member States. Unless stated otherwise, the data in this section cover the insurance sector as a whole.

[108] The figure includes the item 'other' under the insurance service result, the item 'other' under the financial result, and unspecified 'other income' and 'other expenses'.

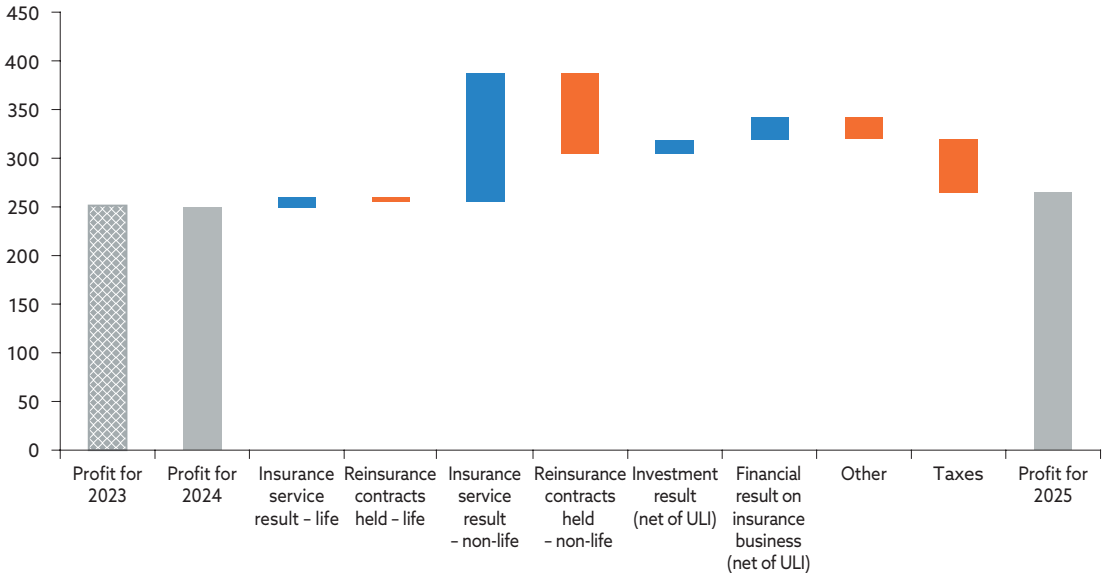
[109] The tax burden was affected mainly by a higher tax rate (adding €8 million to the tax burden for the insurance sector as a whole) and a sharp increase in taxes within the group of insurance branches. The aggregate pre-tax profit of foreign branches increased by 21.9%. Out of the 25 undertakings making up the insurance sector, 18 recorded a profit.

Looking at domestic insurers, i.e. excluding branches of foreign insurers, their aggregate net profit reached €223 million in 2025, representing a year-on-year increase of 23.3%. Here too, non-life business was the main contributor. Comparable profit growth was previously observed in 2020 (19.9%), when COVID-19 lockdowns reduced the number of traffic accidents. Both ROA and ROE increased compared with 2024, from 3.2% to 3.8% and from 13.3% to 15.7%, respectively.

Chart 32

Annual profit growth in the insurance sector driven mainly by non-life business

Decomposition of profit change (EUR millions)



Source: NBS.
Notes: ULI stands for unit-linked life insurance. 'Other' refers to the sum of the item 'other' under the insurance service result, the item 'other' under the financial result, and unspecified 'other income' and 'other expenses'. **The** chart excludes extraordinary claims costs in property insurance, as these were almost fully reinsured and had a negligible net impact on profitability.

The capital adequacy of domestic insurers declined in 2025, with the average SCR coverage ratio falling by 14 percentage points to 180%. This level was 25 percentage points lower than at the end of 2023 and the lowest level since 2018. The decline was more pronounced among insurers with stronger capital adequacy. As of the end of 2024, the SCR ratio was below the EU median. If the SCR ratio were calculated with EPIFP (expected profits included in future premiums) reclassified as Tier 3 capital, it would stand at an all-time low of 75%, less than three-quarters of the levels seen during the more stable period from 2017 to 2021.[110]

Endowment and unit-linked life insurance continue to lose ground to term insurance and health-related insurance

As regards premiums written, recent trends continued in 2025. In endowment life insurance, premiums written declined more markedly than in the previous year

[110] The amount of EPIFP is based on expectations regarding the amount of premiums an insurer will receive in the future. EPIFP are therefore not immediately available to cover unexpected losses. By their nature, they resemble supplementary Tier 3 capital, although the regulatory framework classifies them as the highest-quality Tier 1 capital. EPIFP currently represent 67% of total capital in the insurance sector.

(by 4.8%), and in unit-linked insurance they fell by 1.1% year-on-year, similarly to 2024, despite interim quarterly increases. Term insurance continued to grow, albeit somewhat more slowly than in 2024 (by 9.6% compared with 12.3%). Health-related life insurance accelerated slightly, from 13.4% in 2024 to 14.0%. The proportion of premiums ceded to reinsurance remained low, at 3.4% as of December 2025.

Non-life insurance catches up with inflation after a lag

The inflation-driven increase in claims costs from 2022–2023 translated into higher premiums in 2024–2025. Non-life premiums written across the sector rose by 10.4% in 2025, representing one of the highest growth rates in at least the past ten years. Growth was relatively evenly supported by all three major segments – comprehensive motor insurance, motor third party liability insurance (MTPL), and property insurance.[111] Premium growth was driven mainly by the increase in average premiums per policy, which rose by 8.1% year-on-year and by more than 13% in motor insurance.

Chart 33

Non-life premium growth reflects higher costs

Left panel: Year-on-year change in premium volume in life and non-life insurance segments (percentages)
Right panel: Evolution of the net combined ratio in non-life insurance overall, property insurance, and motor insurance (MTPL + comprehensive motor insurance) (percentages)

Source: NBS.
Notes: The combined ratio data are shown only for domestic insurers owing to the availability of historical data. In the right panel, the dashed lines denote the average for the period shown. Compared with the November 2025 Financial Stability Report, the time series of the combined ratio for non-life insurance as a whole has been adjusted so that the numerator also includes the item 'other technical expenses and income' (the 'balance').

[111] Premiums written increased by 10.7% in comprehensive motor insurance, 13.7% in MTPL insurance, and 9.5% in property insurance. In the case of MTPL insurance, this was the highest growth rate in at least the past nine years, while in the other two segments it also represented one of the more significant increases historically.

Owing to growth in premiums earned, the net combined ratio declined back towards the average levels seen in the 2016–2021 period, before inflation surged.[112] The proportion of non-life premiums ceded to reinsurance edged up by 0.1 percentage points year-on-year, to 26.4%.

New legislation on MTPL insurance may improve the balance between premiums and claims costs. It is estimated that up to 300,000 actively used vehicles do not have motor third party liability insurance. The cost of claims caused by these vehicles is estimated at €10.5 million in 2025.[113] A recently approved amendment to the MTPL Act and related regulations introduces several measures[114] that could reduce the number of uninsured vehicles and thereby better align premium payments with claims costs in MTPL insurance. The individual measures will come into effect in 2026.

5.2 Asset management entities continue to expand rapidly

Asset growth significantly supported by new inflows from customers

Among non-bank asset management institutions,[115] the brisk – though at times volatile – growth trend continued throughout 2025 and into early 2026. From the end of December 2024 to 31 March 2026, each of the sectors under review recorded double-digit growth in assets under management.[116] Inflows from customers were even larger over the past 15 months than in 2024. In the second and third pension pillars, the number of savers increased, while in the investment fund sector, net sales accelerated. Asset growth was also supported by the nominal return on investment portfolios, which remained positive across sectors and fund types. During this period, however, financial instrument valuations experienced bouts of decline, causing negative fluctuations in the net asset value (NAV) of managed funds. As a result, the overall contribution of asset performance to NAV growth was less significant than in 2024.

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[112] The net combined ratio for non-life insurance as a whole declined from 94.3% at the end of 2024 to 89.8% at the end of 2025. The average for the 'pre-inflationary' 2016–2021 period was 88.4%. Compared with the November 2025 Financial Stability Report, the time series of the combined ratio for non-life insurance as a whole has been adjusted so that the denominator also includes the item 'other technical expenses and income' (the 'balance').

[113] Data on the number of actively used uninsured vehicles and on the amount of claims arising from incidents involving uninsured vehicles come from the Slovak Insurers' Bureau. The estimated amount of those claims equates to approximately 4% of MTPL claims costs. It does not take into account possible fines collected from owners of uninsured vehicles, administrative costs of the Slovak Insurers' Bureau, or other positive or negative cash flows.

[114] A key measure is the introduction of strict liability, enabling the state to automatically check insurance coverage and issue fines without the need for lengthy administrative proceedings. An important element is also the linking of databases with inspection stations, meaning that vehicles without valid MTPL coverage will not pass technical or emissions inspections. Moreover, if a vehicle remains uninsured for more than 24 months, it will be automatically permanently deregistered. At the same time, the legislation initially allows for a general amnesty to remove old, often non-existent vehicles from the register.

[115] For the purposes of this report, the non-bank asset management sectors comprise the second and third pillars of Slovakia's pension system, the investment fund sector, and investment firms (including banks authorised to provide investment services).

[116] The aggregate NAV of managed funds increased by 11% in the second pension pillar, 14% in the investment fund sector, 17% in the third pension pillar, and 31% across investment firms. In the case of assets with investment firms, they are considered regardless of whether the investment firm actively manages the portfolio or merely executes client orders, with the ultimate owner belonging to a sector of real economy.

Over the past two years, customer inflows have been increasingly concentrated in equity-oriented funds. In absolute terms, this trend was driven by the statutory transition to a default investment strategy in the second pension pillar, involving the switching of a large portion of savers' assets from bond to index pension funds. However, customers' preference to exploit the potential of equity markets is also evident in figures for the other sectors.

Asset managers also increased allocations to equity investments within certain fund groups, as did investment firms in portfolio management services. This trend was most pronounced in mixed investment funds, as their overall equity component rose from 24% of NAV at the beginning of 2025 to 32% in March 2026. A more gradual increase, although starting from a significantly higher base, was also observed in equity investment funds and equity pension funds. Across direct and indirect equity investments in all sectors, the exposure to US equities stabilised at around 70% after previously increasing steadily. Through these instruments, several funds also acquire a non-negligible foreign exchange position in US dollars. As a result, last year's weakening of the dollar reduced the euro value of this component of assets. That impact on performance, however, was more than offset by favourable price developments in equity markets and, in many cases, also by income from currency hedging derivatives.

In the spotlight:

Funds' exposure to AI-related companies

The increase in exposure to AI-related companies is a global trend, but it also entails particular risks. In this rapidly developing sector, expectations for strong and sustained growth in revenues and profits are very high. However, meeting these expectations requires massive investment in infrastructure and a significant increase in utilisation rates, particularly among corporate clients. Moreover, the market is concentrated in the 'Magnificent 7', a small group of companies accounting for more than one-third of the value of the S&P 500 index.[117]

In Slovakia, investment fund and pension fund investments in shares of AI-related companies account for 22.7% of their portfolios. As much as 90.9% of this exposure is indirect, via ETFs tracking global equity indices, primarily the MSCI World and S&P 500. Due to their large market capitalisation, AI-related companies represent a substantial portion of these indices. The bulk of that exposure consists of Magnificent 7 shares, accounting for 18.9% of the overall portfolio. A smaller part consists of shares in firms supplying physical infrastructure for data centres, including manufacturers of semiconductors and networking equipment (3.8% of the portfolio). Compared with foreign managed funds, the risk for domestic funds is partly mitigated by their general eschewing of financial leverage when investing in these assets.[118]

[117] The Magnificent 7 companies comprise Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla.

[118] Synthetic leverage through derivative instruments is present to a limited extent.

Across the three fund management sectors, managers have in recent years increasingly recalibrated their bond portfolios towards government bonds. The shift has been most pronounced – and dates back furthest – in the second pension pillar, where the share of general government issues in all bond holdings now exceeds 60%.[119] New investments in debt securities executed through investment firms since end-2024 were almost exclusively government bonds. Another common feature has been the continued increase in the weighted average residual maturity and duration of bond funds. Investment in bonds at the longer end of the maturity spectrum has been growing since early 2024, reaching multi-year highs in second pension pillar and investment fund sector, and also reflecting the interest rate sensitivity of bond portfolios. As regards investment funds, it is worth noting the small group that continue to exhibit a high concentration of assets invested in domestic corporate bonds, despite the overall downward trend in the share of these instruments in recent years.

In the spotlight:

Systemic risks present in the broader European NBFI sector are relatively insignificant in Slovakia

The ESRB, the ECB,[120] as well as other European and global international institutions, are repeatedly warning about the risks that non-bank financial intermediaries (NBFIs) pose to the financial system through their growing activity. While these entities generally contribute to the financing of the economy, the build-up of imbalances in certain segments is a concern that has the potential to amplify broader risks to financial stability. Of particular note in this regard are liquidity mismatches between assets and liabilities, overleveraging, and interconnectedness.

In general, the Slovak non-bank sector does not exhibit any of the above-mentioned risk characteristics to a significant extent. The issue most relevant to domestic investment funds is asset and liability mismatches, since these funds are open-ended and typically allow investors to redeem their investments almost immediately. However, these liabilities are covered by a sufficient liquidity buffer in the form of bank deposits or other highly liquid assets.[121]

[119] In bond pension funds – the source of this sectoral trend – the relative share of Slovak government bonds increased in particular, and in recent months these securities have accounted for approximately 20% of the funds' total assets.

[120] https://www.ecb.europa.eu/press/pr/date/2026/html/ecb.pr260212~fe37ff4ed0.en.html

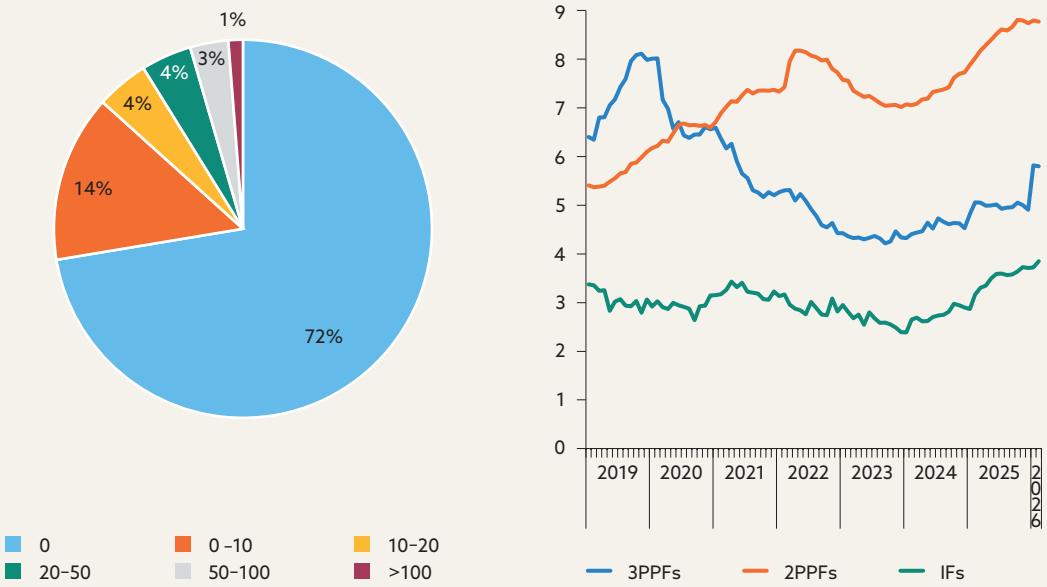
[121] On average, domestic investment funds hold approximately 10% of their assets as bank deposits. In equity funds this share is typically lower; however, they can obtain additional liquidity by selling the liquid equity component. Real estate funds are required to hold at least 10% of their assets in liquid instruments.

Chart 34

Only a few funds use financial derivatives significantly; in bond portfolios, the share of longer maturities is increasing

Left panel: Distribution of NAV across the second pension pillar, third pension pillar and investment fund sector by bands of the gross nominal value of derivatives as a ratio to the NAV of individual funds (percentages)

Right panel: Weighted average residual maturity in bond funds (years)



Sources: NBS, and own calculations.

Note: 2PPFs stands for second-pillar pension funds; 3PPFs stands for third-pillar pension funds; IFs stands for investment funds.

Financial leverage through borrowing from market sources is virtually non-existent in the Slovak non-bank sector. For second-pillar and third-pillar pension funds, such a strategy is actually prohibited by regulation, while in the investment fund sector, leverage is regulated for UCITS funds but not for alternative investment funds (AIFs).[122] Nevertheless, NBS still assesses leverage-related systemic risk. In practice, the volume of market funding in the investment fund sector is also negligible.[123] Leverage may also arise synthetically through derivative contracts, and such leverage is relevant to some extent for domestic entities. In terms of their share in aggregate NAV as of 31 December 2025, 73% of funds[124] did not use derivatives at all in their investment strategies. For another 14% of funds, the share of the nominal value of derivatives in their portfolios relative to NAV did not exceed 10%. For a few funds, however, accounting for just under 5% of aggregate NAV, the share of their derivative holdings relative to their NAV was 50% or more.[125] These included certain third-pillar pension funds and investment funds, in particular mixed funds. These funds' portfolios are heavily weighted towards

[122] The AIF manager determines the maximum level of leverage.

[123] Over the past year, very few investment funds had debt liabilities, and among those that did, the liabilities were not greater than 10% of net asset value.

[124] This analysis and the related figures focus on the investment fund sector and the second and third pension pillars.

[125] For two of these funds, the share was just above 100%.

equity and currency futures, and in some cases equity index options. Not only are funds with higher synthetic leverage more sensitive to market factor movements from a performance perspective, they may also face liquidity pressures under stressed conditions, for example in the form of larger margin calls. It should be noted that these figures represent an upper conservative estimate of derivative exposure, as some positions offset each other or hedge balance-sheet exposures; this applies in particular to currency contracts.[126] Neither last year's nor this year's episode of market turbulence – both occurring in March – demonstrated that funds faced liquidity difficulties due to derivative operations.

The structure of interlinkages within the Slovak financial sector is relatively simple, transparent, limited in volume, and stable over time, and therefore should not pose a significant systemic risk.[127] The main type of linkage is the asset-side exposure of non-bank entities to domestic banks in the form of deposits and, to a lesser extent, holdings of bank bonds. The matrix of direct linkages between non-bank entities is sparse, most commonly in the form of cross-investments among domestic investment funds, though these are predominantly confined to funds managed by the same company. Moreover, the volume of such cross-investments has been declining in recent years.

5.3 Increased sensitivity of non-banks, especially to market risks

Stress testing also examined the sensitivity of non-bank asset management entities to market risks

This year, as in previous years, the non-bank sectors were subjected to stress testing to give a more complete view of the risks within them. The aim of the exercise was to assess how portfolios respond to adverse movements in market factors. For this purpose, it was assumed that major equity index prices fall by 35%, credit spreads on bonds widen, and the euro appreciates against other currencies by approximately 5% on average.

The stress test results show that the greatest vulnerability to the simulated scenario is exhibited by equity investment funds, index pension funds, and unit-linked insurance products. The weighted average decline in NAV due to the simulated stress over a one-year horizon is around 20% across all these groups. Among index pension

[126] In accordance with Slovakia's Collective Investment Act, NBS annually assesses the extent to which the use of leverage contributes to systemic risk in the financial system, risks of market disruption, or risks to long-term economic growth, and may impose limits to restrict the level of leverage. In Slovakia, no funds use leverage on a substantial basis (under Article 111 of Delegated Regulation 231/2013, leverage is considered to be employed on a substantial basis when the exposure of an AIF, as calculated according to the commitment method, exceeds three times its NAV), and NBS in its supervisory activities has not identified systemic risks arising from the use of leverage.

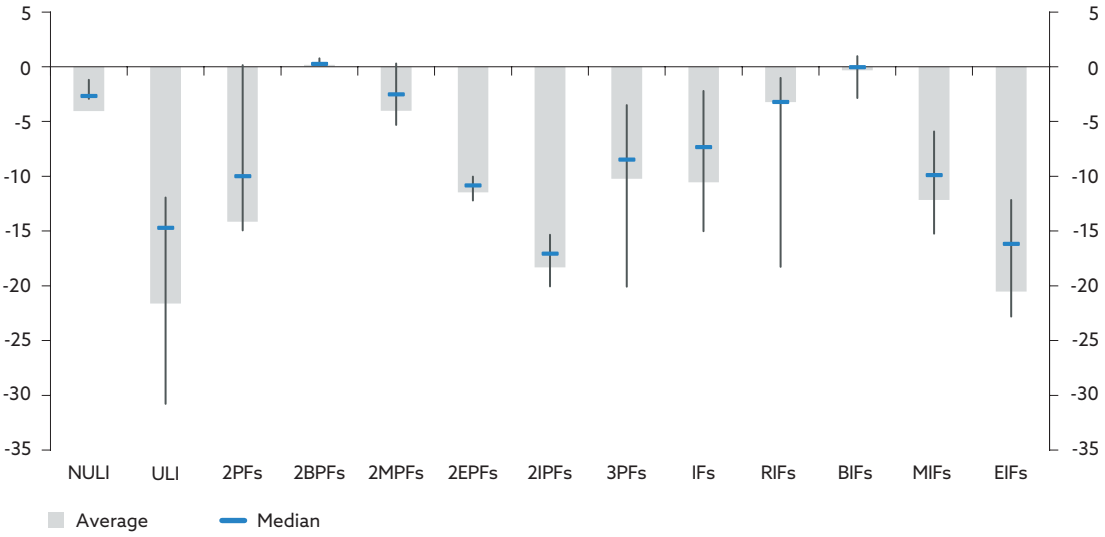
[127] This issue is covered in more detail in a recently published NBS Discussion Note: https://nbs.sk/publikacie/analyticke-komentare/2025_ak/prepojenost-v-slovenskom-financnom-sektore/ (in Slovak only).

funds, the individual results are concentrated around the average, while the other two groups exhibit greater dispersion of outcomes. In general, these entities show the highest sensitivity owing to the large equity component in their investment portfolios and, to a lesser extent, because of the negative revaluation of positions in foreign currencies (principally the US dollar) amid the assumed appreciation of the euro. The average loss of second-pillar equity pension funds, third-pillar pension funds, and mixed collective investment funds is estimated at just above 10% of NAV. In the case of third-pillar pension funds, the heterogeneity of their profiles ensures a broad range of outcomes – from virtually no impact (decumulation and conservative funds) to an NAV decline of around 25% (index and equity funds). An impact of less than 5% from the market scenario is observed for most insurers (excluding unit-linked insurance), mixed pension funds, and real estate investment funds. In the simulation, the NAV of bond funds remains virtually unchanged, with minimal declines at worst, as the drop in the market value of bonds is offset over the one-year stress horizon by the interest income from these securities.

Chart 35

Funds with higher equity components are more strongly impacted by the stress scenario

Distribution of changes in asset value/NAV by type of institution/fund in the stress scenario (percentages of assets/NAV)



Sources: NBS, and own calculations.
Notes: The vertical lines denote the interquartile range. NULI stands for non-unit-linked insurance; ULI stands for unit-linked insurance; 2PFs stands for second-pillar pension funds; 2BPFs stands for second-pillar bond pension funds; 2MPFs stands for second-pillar mixed pension funds; 2EPFs stands for second-pillar equity pension funds; 2IPFs stands for second-pillar index pension funds; 3PFs stands for third-pillar pension funds; IFs stands for investment funds; RIFs stands for real estate investment funds; BIFs stands for bond investment funds; MIFs stands for mixed investment funds; EIFs stands for equity investment funds; NAV stands for net asset value.

Insurers are positioned to withstand adverse scenarios

Even a combination of an increased loss ratio, mass surrenders, and a decline in financial markets would not jeopardise insurers' solvency.[128] Compared with last

[128] In non-life insurance, the loss ratio is assumed to increase by 15 percentage points over insurers' long-term average ratio. The calibration roughly corresponds to a scenario in which the loss ratio in each of the

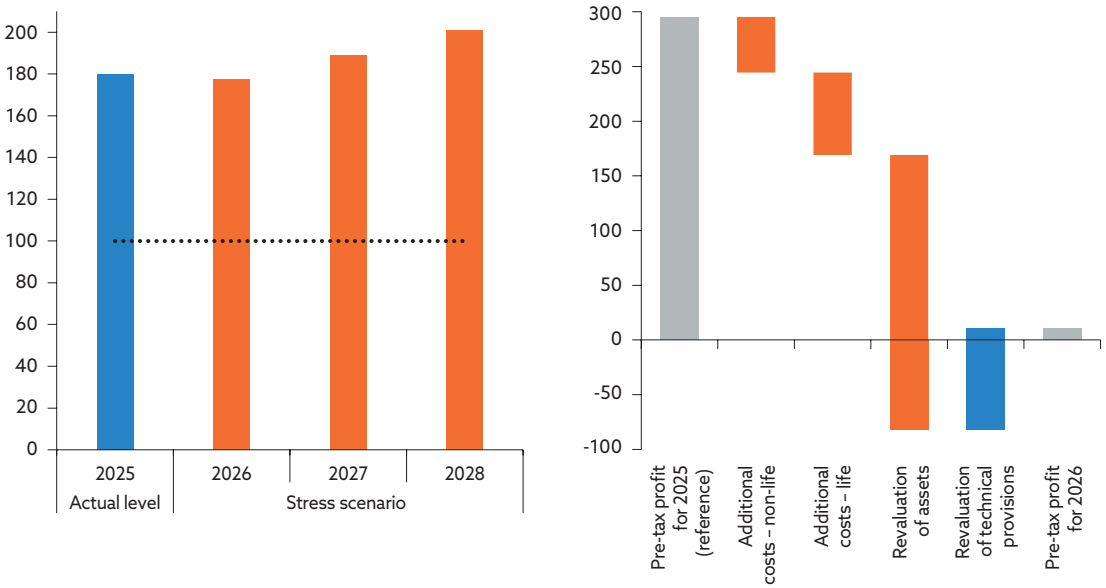
year's exercise, this year's stress testing of insurers includes additional costs for health-related life insurance as well as a revaluation of technical provisions, which generally has a dampening effect on the magnitude of market risks. Moreover, insurance shocks, i.e. an increase in the loss ratio and mass surrenders, are not concentrated in the first year but are evenly distributed over the entire three-year stress test (unlike the financial market shock, which is primarily concentrated in the first year).

Chart 36

In the stress scenario, the average SCR coverage ratio remains comfortably above the regulatory minimum and half of the insurers remain in profit

Left panel: Average SCR coverage ratio for domestic insurers – actual level and evolution in the stress scenario (percentages)

Right panel: Decomposition of the impact of individual stress test shocks on pre-tax profit in 2026 (EUR millions)



Source: NBS.
Note: SCR stands for solvency capital requirement.

three principal non-life insurance classes increases to the highest level observed since 2016, i.e. since the introduction of the Solvency II regulatory regime. This impact is then evenly spread over all three years of the stress test horizon. It is also assumed that all additional claims costs are borne by domestic insurers, with none passed on to reinsurers.

In life insurance, one-off surrenders of 20% are assumed. These are expressed as half of the gross SCR for mass surrender risk, which insurers regularly calculate and report to NBS. A reduction in the life insurance service result by 20% due to portfolio shrinkage is also taken into account, although this has only a marginal impact on the value of the shock. The entire shock in life insurance is then evenly distributed over all three years of the stress test horizon

Market risks are captured through the repricing of assets and technical provisions in line with the scenarios applied in the banking and asset management sectors. The negative impact of market risks unfolds over the entire three-year stress test horizon.

The total capital requirement for life underwriting risk takes into account the volume of surrendered insurance contracts with a coefficient of 50%, i.e. a cumulative reduction of 10% over the three-year stress-test horizon.

The starting point for annual profit for each year of the stress test period is the profit for the year preceding the stress test. This figure is then adjusted for additional costs arising from non-life and life insurance, or from the repricing of investments and technical provisions. Where an insurer records a profit in a given year, it is assumed that two-thirds of the profit will be distributed as dividends. Any loss in the profit and loss account is fully reflected as a reduction in the capital included in the numerator of the SCR coverage ratio.

In the stress scenario, the additional costs are covered mainly by current period profits. Five out of nine insurers maintain a profit. In 2026 the aggregate SCR coverage ratio is estimated to decline from 180% to 177%, while in subsequent years, as the impact of market risks moderates, the ratio begins to improve. In no insurer does the SCR ratio fall below 100% over the stress test horizon.

Abbreviations

2PPF	second-pillar pension fund
3PPF	third-pillar pension fund
AI	artificial intelligence
AIF	alternative investment fund
CAR	capital adequacy ratio
CCyB	countercyclical capital buffer
CEE	central and eastern Europe
CRE	commercial real estate
DSTI	debt service-to-income (ratio)
DTI	debt-to-income (ratio)
EBIT	earnings before interest and taxes
ECB	European Central Bank
EPIFP	expected profits included in future premiums
ESRB	European Systemic Risk Board
ETF	exchange-traded fund
EU	European Union
FSAP	Financial Sector Assessment Program
FSR	Financial Stability Report
FVOCI	fair value through other comprehensive income
GDP	gross domestic product
HFCS	Household Finance and Consumption Survey
ICR	interest coverage ratio
IF	investment fund
IMF	International Monetary Fund
LCR	liquidity coverage ratio
LGD	loss given default
LLM	large language model
LTV	loan-to-value (ratio)
MTF	medium-term forecast
MTPL	motor third party liability (insurance)
NACE	Statistical Classification of Economic Activities in the European Community (Rev. 2)
NAV	net asset value
NBFI	non-bank financial institution
NBS	Národná banka Slovenska
NFC	non-financial corporation
NPL	non-performing loan
NSFR	net stable funding ratio
OECD	Organisation for Economic Co-operation and Development
O-SII	other systemically important institution
PD	probability of default
pp	percentage point(s)
ROA	return on assets
ROE	return on equity
SAFE	Survey on the Access to Finance of Enterprises in the euro area
SARIO	Slovak Investment and Trade Development Agency
SCR	Solvency Capital Requirement

SEP	self-employed person
SO SR	Statistical Office of the Slovak Republic
UCITS	Undertakings for Collective Investment in Transferable Securities
ULI	unit-linked life insurance
UPSVaR SR	Central Office of Labour, Social Affairs and Family of the Slovak Republic (Ústredie práce, sociálnych vecí a rodiny Slovenskej republiky)
UN	United Nations
US	United States
VSE	Východoslovenská energetika, a. s.
ZSE	Západoslovenská energetika, a. s.