Financial Stability Report

November 2025

NÁRODNÁ BANKA SLOVENSKA
EUROSYSTÉM

www.nbs.sk

Published by Národná banka Slovenska

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Electronic version
https://nbs.sk/en/publications/financial-stability-report/

ISSN 1338-6352 (online)

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Foreword

This year, like last year, uncertainty and ever-shifting conditions have significantly affected the global economy and financial markets across the world. Fortunately, the worst-case scenarios have not materialised, but the new reality presents Europe with a difficult challenge and holds up a mirror that is not the most flattering.

Tariff policy changes and the related impacts on international trade are adding to the competitiveness struggles of European industry. Here in Slovakia, we additionally face adverse economic consequences related to the necessary consolidation of public finances. We are learning to operate in a new environment of heightened uncertainty.

It is therefore no surprise that this Financial Stability Report delivers mixed messages. The long-awaited recovery in corporate lending began promisingly but slowed again in the autumn. Likewise with corporate performance: firms successfully weathered the period of higher interest rates, but new orders have started to decline, along with production and exports. In the corporate sector, the story of strong initial conditions together with a deteriorating outlook is recurring to some extent.

Nor are developments in the household sector clearly tilting one way or the other. On the one hand, household disposable incomes and mortgage demand have been rising. On the other hand, households continue to allocate a large share of their income to debt servicing, increasing their vulnerability to any economic downturn.

There is, however, a clearly positive message from the banking sector. Non-performing loan ratios remain very low despite the weakening economy. Banks' strong capital positions and ample liquidity demonstrate not only their resilience, but also their ability to finance the domestic economy in challenging times. It is encouraging that Slovak households, firms, and banks are entering the coming period in relatively good shape. Given the elevated uncertainty, continued vigilance is more than justified.

Peter Kažimír
Governor
Národná banka Slovenska

Overview

The financial system in Slovakia maintains stability despite uncertainty

The domestic financial system rests on solid foundations, but the surrounding environment continues to be a source of persistent risks. The global economy is experiencing a period of trade tensions, geopolitical uncertainty, and slowing growth. Although Slovak banks, firms, and households are entering this period from relatively strong positions, external developments and their impact on the financial sector warrant increased attention.

The external environment remains a source of uncertainty

The global economic environment has begun adjusting to the new reality in international trade relations. While the prospect of full-blown trade wars has eased significantly, US tariff increases are weighing on international trade. Their introduction has also intensified competition from China, which has sought to replace lost exports to US markets. In several industries, Europe has already started to lose global trade share to Chinese firms (Box 4). A key factor going forward will be the competitiveness of European firms.

Financial market imbalances persist. Several asset classes are trading at levels exceeding long-term fundamentals. Persistently low risk premia are increasing the likelihood of asset price corrections, potentially to the detriment of market stability and investor sentiment.

Domestic economic growth to continue slowing

The prolonged slowdown in Slovakia's economic growth is set to continue in the coming years, according to NBS's autumn 2025 medium-term forecast. This reflects the impact of not only external factors, but also recently adopted fiscal-tightening measures that are gradually dampening domestic demand. This deterioration is now visible in several areas. The labour market is starting to show the effects of weaker economic activity; growth in both corporate revenues and exports is slowing, and manufacturing output has been declining since the summer.

In an environment of heightened uncertainty, it is crucial to put public finances on a sustainable path. Healthy public finances are fundamental to investor confidence – both domestic and foreign – and create space to respond to any future shocks.

Ongoing growth in loans to households and firms

Mortgage growth has been gradually accelerating throughout 2025. The number of newly originated mortgages has returned to its long-term average, while the average mortgage amount has increased in line with housing price growth. In the medium term, mortgage growth may be dampened by weaker economic developments and a worsening financial situation for some households. Consumer credit origination remains stable.

Although housing affordability is still on the low side, the mortgage market has largely adapted (Box 2). This is important for housing acquisition, as younger age groups rely primarily on mortgages to purchase their own home (Box 3). As a result, mortgage lending can continue to grow even in an environment where housing affordability has been reduced by previous developments in housing prices and interest rates. The share of higher-income borrowers has increased, and borrowers have to a greater extent been using additional financing from other sources, such as savings. While lower-income households can still access the mortgage market, the parameters of loans to these borrowers have changed.

Housing price growth has remained in double digits this year, while slightly decelerating since May – thus reducing the risk of misalignment with economic fundamentals. Going forward, however, price developments may be affected by the worsened economic outlook. In the longer run, population ageing and internal migration in Slovakia may also affect the market by gradually reducing housing demand in some regions.

In the corporate sector, the recovery in lending seen at the start of 2025 was followed by a slowdown in loan growth towards the end of the summer. This development is largely in line with trends in revenues and output. Sectorally, the most pronounced slowdown occurred in lending to industrial firms.

The sensitivity of household and corporate loan portfolios remains elevated

The first half of 2025 saw favourable trends in the financial situation of households and firms. Real wage growth accelerated, and unemployment reached historically low levels. After two years of stagnation, corporate revenues also increased.

The situation worsened during the summer, particularly in industry – the sector most exposed to the deterioration in international trade, the strong euro, and growing competition from China. Firms' orders, production, revenues, and exports all declined. The unemployment rate increased slightly.

Households and firms face an uncertain period, but their current financial situation gives them a relatively strong footing. Corporate profitability is quite high by historical standards. For households, the key factor is the labour market, which, despite deteriorating slightly, remains robust. The solid financial position of households and firms is also evident from the absence of any significant rise in non-performing loan (NPL) ratios, with only a slight increase in the NPL ratio for consumer credit.

The ongoing higher interest rate environment[1] means that indebted households and firms remain sensitive to adverse developments. Mortgagor households are spending an increased share of their income on loan payments, while firms' profit margins no longer cover interest expenses as comfortably as before. In view of the

1 Despite some recent downward movement, interest rates remain higher than they were before inflation started rising.

ongoing uncertainty and heightened sensitivity, Národná banka Slovenska has kept the countercyclical capital buffer rate unchanged – a stance in alignment with the European Central Bank's position.

The banking sector is maintaining strong profitability, sufficient capitalisation, and resilience to potential shocks

Banks' aggregate net profit has increased year-on-year in 2025. Their gross profit before taxes and levies has remained stable. In an environment of elevated interest rates and growing loan portfolios, banks' net interest income has continued to rise, although operating and wage costs have also increased. Compared with the EU average, however, banks in Slovakia lag behind in overall profitability, primarily because of the bank levy. It is therefore crucial that the levy is phased out according to plan; otherwise, there is a risk of reduced investment in the further development of the Slovak banking sector.

Banks continue to maintain strong capital and liquidity positions. Their capital adequacy ratios remain well above minimum requirements – even after the transition to the new Basel III standards. Although liquidity has slightly decreased due to renewed loan growth, banks remain sufficiently liquid. In the longer term, however, they may face new challenges such as potential deposit outflows resulting from new retail government bond issuance and the expansion of new payment instruments.

Ongoing growth trends for insurers and for pension and investment funds

The insurance sector's solvency and profitability remain strong. Profit for the first half of 2025 increased year-on-year owing to improved results in non-life business. The rise in average premiums in this segment reflects adjustment to higher costs and insurance claims.

Across pension and investment funds, growth has remained relatively strong. The value of assets under management fell briefly in late March and early April, but then rebounded fully. This episode, however, shows that both pension and investment funds are now quite sensitive to market fluctuations, partly due to the long-term increase in the share of their equity allocations.

1 Macroeconomic environment and financial markets

1.1 Trade war threat recedes, but risks remain

The changing shape of trade relations is affecting macroeconomic developments

The global economy has been operating in a turbulent environment this year. The confrontation between the United States and its trading partners – and the accompanying uncertainty – came to a head in April. Although stances were at times particularly sharp, they did not spiral into a dangerous trade war. The summer brought the signing of a number of bilateral trade deals, which helped calm and stabilise relations. Despite this welcome partial de-escalation, the risks of renewed escalation have not been staved off, as evidenced by the level of economic uncertainty, which although below recent highs, is still elevated by historical standards.

Despite serious concerns about how the global economy would be affected by international trade tensions, it showed no substantial deterioration in the first half of 2025. Given the circumstances and the risks at play, euro area economic activity maintained surprising solidity. This was due partly to the fact that frontloading of international trade ahead of announced tariff increases boosted export production earlier in the year. The sentiment of economic agents is expected to be improved by the US–EU framework trade agreement struck during the summer, although the application of additional tariffs on most European exports to the United States will act as a brake on foreign demand. According to ECB forecasts, economic growth in the euro area should be around one percent in each of the next two calendar years. However, this prediction and the further medium-term outlook are not without risks. One risk is that the trade deal collapses, resulting in a new wave of uncertainty and, potentially, the imposition of higher tariffs. The price competitiveness of euro area goods and services exports may also be weakened if the euro appreciates against the dollar. The rerouting of excess Chinese production to the European market is another potential threat for firms based in that market. In addition, Europe faces structural challenges, such as the need to increase productivity, maintain overall industrial competitiveness, and reduce its underperformance and dependency in information technology and artificial intelligence.

Although their overall macroeconomic effect should be relatively limited, tariffs may pose a serious risk to part of the European corporate sector. Firms that are highly export-oriented to the United States have become more vulnerable. Sectorally, the adverse effects are expected to be more pronounced in industry, especially in the automotive and chemical sectors. Firms may experience declines in demand and margins not only due to the direct application of US tariffs to their products, but also because of the aforementioned price pressure from Chinese goods. Given the recent volatility in trade flows, the strength of these effects on firms' performance and financial position will start crystallising only in the coming period (Box 4). Corporate bankruptcies in the EU are on an upward trend, rising by 1.7% in the second quarter of 2025. The credit quality of bank loan portfolios is sound, with only minimal signs of deterioration so far.

A deepening mismatch between asset valuations in financial markets and persistent uncertainty and risks

The buoyant sentiment in global financial markets stands in contrast with still elevated economic and geopolitical uncertainty worldwide. Just a few months ago, prices of financial assets – not only risk assets – experienced turbulence and steep declines. But not only were these losses soon recouped, but asset valuations resumed their upward movement, often setting new historical records. Market opinion has largely moved towards the view that neither the newly reconfigured trade relations nor other geopolitical factors will ultimately pose a major obstacle to economic growth and inflation stabilisation. Asset valuations have also been boosted by expectations for the Federal Reserve's easing of monetary policy and by strong corporate earnings. Volatility has simultaneously subsided, but despite the resulting appearance of calm in financial markets, several fundamental metrics point to certain assets being overvalued, with risk insufficiently priced in. Attention in this regard is again most heavily focused on US stock market indices. Their upward trend is largely due to elevated demand for a clique of Big Tech stocks and, fundamentally, an optimistic bet on the success of the investment boom in artificial intelligence. This concentration, together with the related gravitation towards increasingly concentrated and leveraged investment portfolios, is exacerbating sensitivity to negative shifts in sentiment and expectations. On the other hand, the experience of different shocks in recent years is that financial markets have generally been able to absorb the shocks without triggering systemic threats to financial stability.

General government debt levels across advanced economies have been rising in recent years due to persistently high fiscal deficits. As the debt ratios of several major economies are rising from an already relatively high base in an environment of economic uncertainty and elevated interest rates, concerns are growing about the potential consequences if the current trajectory is not corrected. At the end of the summer, government bond yield curves steepened, reflecting increasing premia demanded by investors as compensation for rising risk perceptions; however, the functioning of the market as a whole remained stable. Medium-term forecasts for the evolution of public finances absent fiscal consolidation efforts from governments are unfavourable. In some countries, the political situation is raising doubts about whether there is sufficient will to adopt the measures needed to make public finances sustainable and prepare them for potential future shocks. If fiscally strained countries cannot produce a credible plan to address this issue, it may only be a matter of time before financial markets lose patience with them and penalise them through a significant increase in credit risk premia. Such a reassessment of sovereign risk could trigger stress in bond markets and set off a chain of events that could lead to widespread financial stability risks. Within the euro area, this type of uncertainty is currently most associated with France, which recently had its credit rating downgraded and saw an increase in the yields demanded by investors for holding its sovereign debt.

Box 1

Stablecoins from a financial stability perspective

A financial innovation whose popularity has risen sharply in recent years

Stablecoins[2] are crypto-assets that promise to maintain a stable value in reference to one of the world's major currencies. The market share of the two principal stablecoins – USDT issued by Tether and USDC issued by Circle – exceeds 85%. Concentration is also observed in the reference currencies, with as much as 98% of all issued stablecoins pegged to the US dollar.[3]

This financial innovation brings several benefits, the extent of which varies across countries. In addition to providing cheaper and easier access to crypto-assets, stablecoins can also be used as an efficient and low-cost means of payment for cross-border and foreign-exchange transactions.[4] Their further expansion has been supported by a recent legislative change in the United States,[5] allowing large firms (especially in trade and services) to issue their own stablecoins. The scope for what is known as asset tokenisation is also expanding – for example, it can be used to execute securities trades more efficiently at any time, even outside standard stock-exchange hours.[6]

Although stablecoin growth is a relatively recent trend, the EU has already set up a regulatory framework to mitigate risks

In the EU, stablecoins have been regulated by MiCA[7] since mid-2024, with the regulation defining key requirements and supervisory powers. For stablecoins classified as e-money tokens (EMTs), MiCA requires that they be pegged to an official currency and be fully backed by reserves denominated in that currency.[8] Under MiCA, stablecoins may be issued by banks or electronic money institutions

2 The EU Regulation on Markets in Crypto-Assets (MiCA) distinguishes two types of stablecoins – e-money tokens (EMTs) and asset-referenced tokens (ARTs). This box deals only with e-money tokens, referring to them as stablecoins.

3 The total market capitalisation of stablecoins has grown from almost zero in 2020 to more than USD 300 billion as of October 2025. The largest euro-denominated stablecoin is EURC, with a market capitalisation of only €220 million.

4 This benefit mainly concerns jurisdictions where such payments are protracted, expensive, and inefficient. In the EU, the benefit of using stablecoins for this purpose is lower, given the existence of an instant payments system that is highly efficient by international standards. The main benefits relate to payments sent outside the EU.

5 This refers to the GENIUS Act (the Guiding and Establishing National Innovation for U.S. Stablecoins Act), which entered into force in July of this year.

6 Asset tokenisation is a process in which financial assets are represented as a crypto-token that can then be traded. Using stablecoins as a settlement instrument could further increase demand for them. In summer 2025 the crypto exchange Coinbase already announced the launch of trading in tokenised securities.

7 Regulation (EU) 2023/1114 on markets in crypto-assets (MiCA).

8 Under MiCA, at least 30% of the funds received by issuers of stablecoins in exchange for stablecoins must be held as deposits with EU credit institutions, and the remaining funds must be invested in secure,

and cannot pay interest to holders. MiCA also establishes supervision over stablecoins, carried out through cooperation between the European Banking Authority (EBA) and national supervisory authorities – the authority in Slovakia being Národná banka Slovenska. Of the two dominant dollar-denominated stablecoins, only USDC is licensed in the EU as of October 2025, while USDT is not.

If stablecoins became widely used as a new payment instrument, they could introduce new systemic risks

A key risk is the value stability of stablecoins. For a payment instrument to be widely accepted, its value must be stable. Today we take for granted that €100 in a bank account corresponds to a €100 banknote. This is the result of long historical development, supported by mechanisms such as deposit protection schemes and emergency liquidity assistance provided by central banks in crisis scenarios. No such mechanisms exist for stablecoins. Stablecoins depend on the value of their reserves, and their exchange rate against the reference currency may fluctuate. While fluctuations ordinarily do not exceed 0.01%, they can become much larger in periods of financial market stress. From 2019 to 2025, the two principal stablecoins – USDT and USDC – lost parity with the dollar several times, with their volatility during these episodes even exceeding that of the S&P 500 index. During the collapse of Silicon Valley Bank, for example, the value of USDC briefly dropped by 12%.[9] Regulation seeks to mitigate such risks but cannot eliminate them entirely.

Since the promise of stablecoins is that each one can be redeemed for one dollar or another unit of currency, they resemble other common forms of electronic money; hence, any instances where their value declines significantly could seriously undermine investor confidence. A wave of distrust could then spill over into other parts of the financial market and the economy. Increased sell-offs of stablecoins could also lead to declines in markets for the stablecoins' reserve asset (at present the principal asset is US Treasuries). In practice, not only is the quality of stablecoins' backing assets crucial, but so is the transparency and credibility of the issuer.

More widespread use of stablecoins could also lead to deposit outflows from banks. Banks would have to replace these deposits with other, potentially more expensive, sources of funding. This could translate into higher lending rates or weaker credit flows to the economy. This risk is lower for custodian banks for stablecoin issuers, though Slovak banks are unlikely to be in this position. Deposit outflow risk must also be viewed in the context of other trends, such as deposit

low-risk assets that qualify as highly liquid financial instruments with minimal market risk, credit risk and concentration risk.

9 Aldasoro et al., "Stablecoins, money market funds and monetary policy", *Economics Letters*, Vol. 247, February 2025.

outflows towards digital banks, the issuance of government bonds for households, and demographic changes.[10]

Other risks include a weakening of monetary policy, increased operational risks, and the facilitating of illegal financial flows. Since stablecoins are almost exclusively dollar-based today, their expansion would cause a hidden dollarisation of the economy and weaken monetary policy transmission in the euro area. MiCA sets limits on the use of stablecoins not pegged to official EU currencies as a means of exchange.[11] Moreover, stablecoins increase demand for government bonds and reduce government debt financing costs, which can create inflationary pressures.[12] This dynamic can lead to lower interest rates or higher government spending. Operational risks are heightened because stablecoins are currently traded on a limited number of crypto exchanges, which could be hit by cyberattacks or system outages. If the use of stablecoins as a payment instrument were disrupted by a system outage, it would affect the ability of many consumers to carry out transactions. Although existing regulation aims to establish anti-money-laundering rules for stablecoins, the fragmentation of these rules across jurisdictions may reduce regulatory effectiveness.

NBS generally supports financial innovation, but an effective regulatory framework is necessary to mitigate risk

Given the innovative nature and dynamic development of stablecoins, there is a need for effective regulation – but this brings practical challenges. One example is a situation in which the same stablecoin (e.g. USDC) is issued in both the United States and the EU, but under different regulatory requirements. Since it is the same asset, US-issued USDC can be redeemed in the EU. The main problem is ensuring consistent minimum requirements for reserve composition and removing barriers to the free movement of these reserves across jurisdictions.[13] Because prohibiting such schemes may be difficult in practice, more effective solutions include detailed monitoring based on obtaining the necessary data, strengthened supervision over these schemes, and greater transparency (including for issuers from third countries).

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10 This topic is also addressed in NBS Discussion Note No 146: "Domáce banky majú likviditu pod kontrolou, prichádzajú však nové výzvy" (Domestic banks have their liquidity under control, but new challenges are emerging), October 2025 (in Slovak only).

11 Under Articles 58 and 23 of MiCA, an issuer must stop the issuance of stablecoins that are not linked to the official currencies of EU Member States if the average number and average aggregate value of transactions per day associated to their use as a means of exchange within a single currency area is higher than 1 million and €200,000,000, respectively.

12 Stablecoin issuers are already among the 20 most significant foreign investors in US Treasuries (according to a presentation by Deutsche Bank).

13 A specific risk relates to schemes where an EU entity partners with a third-country entity to issue stablecoins ('third-country multi-issuer stablecoins'). In the case of sudden withdrawals, EU issuers may face redemptions from token holders in third countries which could exceed the reserves available in the EU. The risk is increased by the fact that, under MiCA, redemptions carried out in the EU (unlike in other jurisdictions) are guaranteed as free of charge. The European Systemic Risk Board therefore issued a Recommendation in October 2025 proposing that third-country multi-issuer stablecoin schemes either be placed entirely outside the MiCA framework or, at least, that differences between the EU's and other countries' regulatory approaches be closely monitored.

1.2 The domestic economy is slowing

Uncertainty and the need for fiscal consolidation are stifling economic growth

The Slovak economy has been losing momentum for around a year and a half. Softening global demand due to expanding tariffs, as well as the need to continue fiscal consolidation, are weighing increasingly on Slovakia's economic growth. In the second quarter of 2025, the economy grew by 0.7% year-on-year – the slowest pace since the COVID-19 pandemic. Growth continued to be reliant on household consumption, which, however, is gradually weakening due to rising uncertainty. Export performance also remains subdued, as car exports declined in the second quarter after previously being immune to weakening global demand. Investment performance in the second quarter was volatile, driven mainly by government investment. On the consumption front too, government contributed to GDP growth, with increases in spending on public sector employees as well as on goods and services. Economic growth in the near term is expected to be only very modest, constrained from accelerating by weak global demand and the need to repair public finances.

In the hitherto resilient domestic labour market, trends are gradually starting to change. The unemployment rate has basically stopped declining, recording no further decreases in 2025. Since the end of 2024, the number of unemployed has slightly increased,[14] while the unemployment rate has edged up by one-tenth of a percentage point to 5.4%. As for the number of employed workers, it has remained flat at around 2.43 million for around a year and a half. Job losses during that time have been concentrated in industry, while the public administration and services sectors have seen net job growth. The number of job vacancies advertised in July 2025 was around one-fifth lower than a year earlier.[15] At the same time, with wage growth continuing to outpace inflation, real wages rose slightly in the first half of 2025. The faltering economy and the ongoing need to consolidate public finances will continue to affect the labour market in the period ahead. The unemployment rate could approach 6% next year, and wage growth is expected to slow as labour market tightness eases.

Inflation in Slovakia remains elevated, although it is no longer expected to accelerate. As a result of new fiscal consolidation measures, annual headline inflation rose above 4% in early 2025 and peaked in the summer, since when it has been gradually easing. Prices of services and food are rising the most, while energy prices have acted as a drag on overall inflation owing to stable energy price developments and government energy price support for households. Price growth is expected to moderate further, though it will remain elevated because of the consolidation measures.

Fiscal consolidation remains one of the main challenges for reducing economic vulnerabilities and ensuring healthy economic development. Any delay in restoring public finances would lead to higher costs in the long term, given the structural characteristics of the Slovak economy (unfavourable demographics, proximity to a military conflict, strong dependence on an automotive industry under pressures

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[14] By mid-2025 the number of unemployed had increased by around 3,300, to 148,000, since the end of 2024, according to Labour Force Survey data seasonally adjusted by the Statistical Office of the Slovak Republic.

[15] Seasonally adjusted data from the Profesia job portal (www.profesia.sk).

from the transition to electromobility, etc.). Such costs would materialise in the form of higher risk premia, costlier borrowing due to higher interest rates, reduced investor confidence, and a weakening of the economy's potential – consequently reducing its ability to withstand future shocks. To ensure public finance sustainability, the consolidation effort must reduce public sector indebtedness. Current projections indicate that not even the three packages of consolidation measures adopted to date – in total equivalent to 5% of GDP – will stem the growth of public debt.[16]

Sustainable public finances are essential for a stable financial system. In the short term, however, the process of fiscal consolidation will weigh on real economy activity, potentially impairing the health of banks' loan portfolios. Over the past two years, consolidation measures have affected mainly firms and the financial sector, while in 2026 they will burden primarily households and the public sector (Chart 1). For households, the most significant measures in the 2026 consolidation package will be the rise in health insurance contributions, the increasing progressivity of personal income tax, and changes in social security contributions payable by the self-employed. These measures will reduce households' disposable income. Corporate profitability will be impacted mainly by the restriction of VAT deduction for passenger cars, the introduction of a new tax licence band, and higher taxes on gambling. Moreover, the latest consolidation package and consequent economic slowdown are estimated to result in around 17,000 job losses.[17] More than two-fifths of the planned measures – equivalent to 0.8% of GDP – are expected to be on the expenditure side of the budget. The government plans to reduce spending on investment, on its own consumption, on public sector wages, and on social policy programmes.[18] In the financial sector, the consolidation package will increase the insurance tax rate and shift the cost of subsidising higher mortgage payments onto banks.

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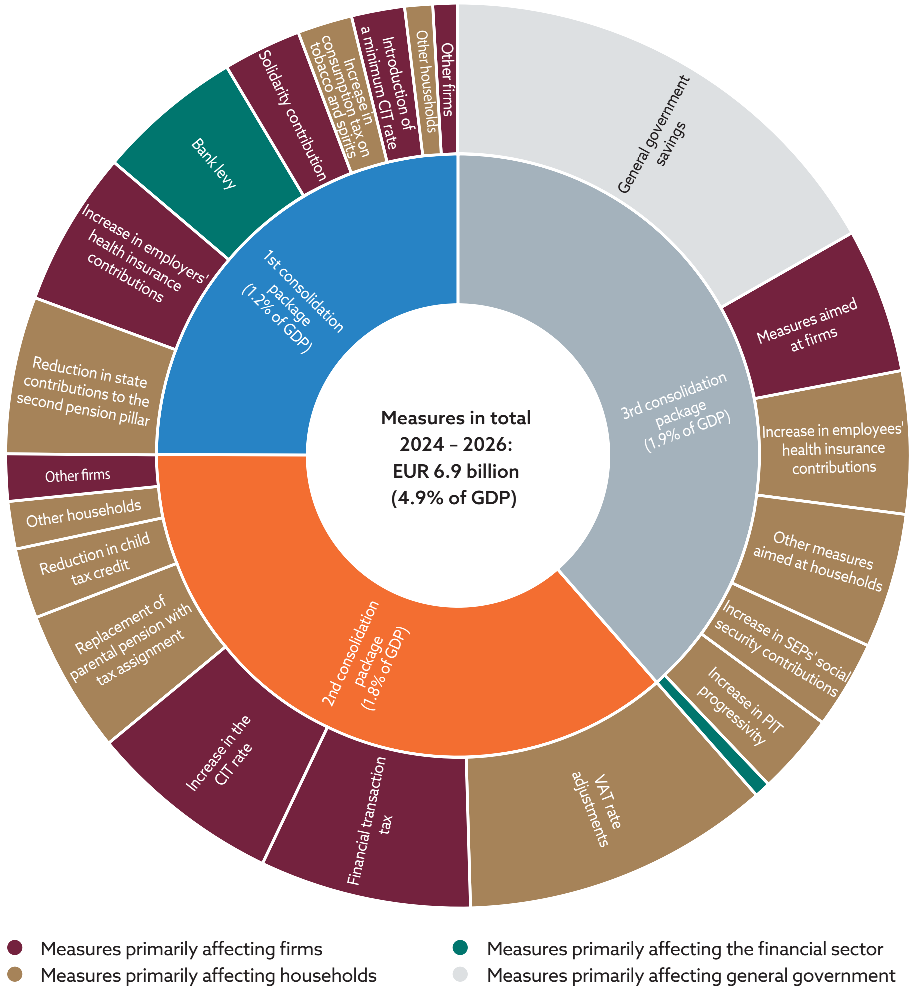
16 According to the NBS estimate in *Economic and Monetary Developments – Autumn 2025*.

17 According to the NBS estimate in *Economic and Monetary Developments – Autumn 2025*.

18 Expenditures on unemployment benefits and sickness insurance.

Chart 1
The fiscal consolidation measures are estimated to amount to the equivalent of 5% of GDP over three years
The impact of consolidation measures as quantified by the Ministry of Finance of the Slovak Republic (percentages of GDP)



Sources: MF SR, and NBS.
Note: PIT stands for personal income tax; CIT stands for corporate income tax; VAT stands for value added tax; SEPs stands for self-employed persons.

2 Financing of the economy

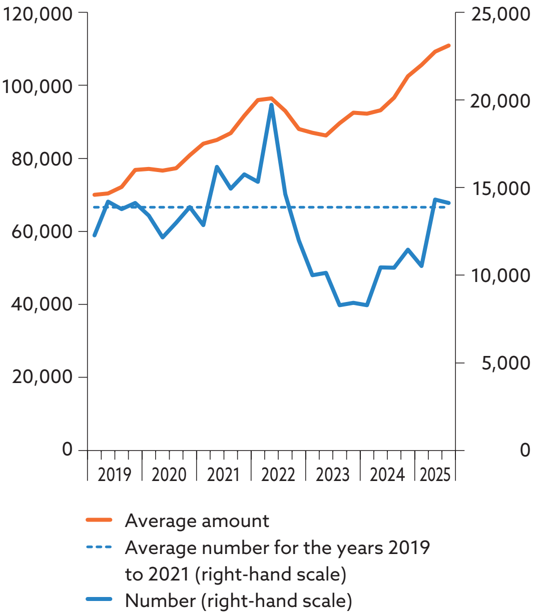
2.1 Lending to households continues growing

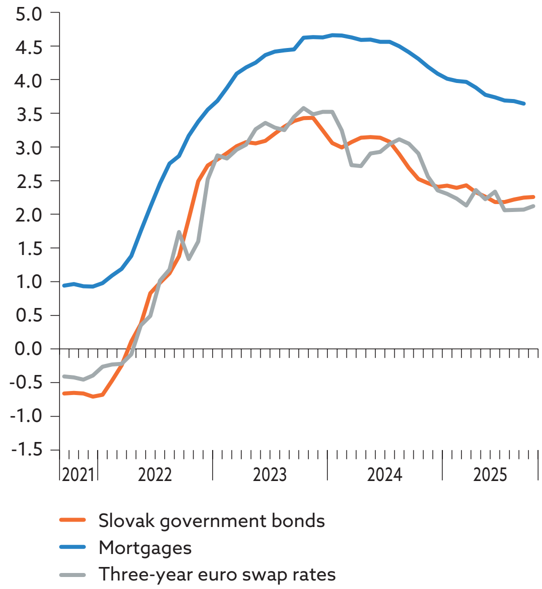
Higher demand for mortgages is increasing both the number originated and their average amount

Mortgage market conditions remain favourable and the upward trends continue. Loan growth is supported by a combination of factors: the ongoing decline in interest rates; an unemployment rate still close to its historical low; and continuing price growth in the housing market. Banks themselves have confirmed that improved demand is the main driver of the mortgage growth trend.[19]

Growth in mortgage production has stemmed largely from the number of mortgage originations. After a downward trend, the number of newly originated loans has returned to the levels seen between 2018 and 2021, even though interest rates are considerably higher than they were then. This is partly due to the temporary effect of the release of pent-up demand from the period of elevated interest rates.

Chart 2
The number of mortgage originations has returned to levels typical in the 2018–21 period, even though interest rates have remained elevated – at levels similar to Slovak government bond yields
Left panel: Average amount and number of newly originated mortgages (EUR, pcs)
Right panel: Average interest rate on newly originated mortgages; three-month moving average of three-year zero-coupon Slovak government bond yields; and three-year euro swap rates with a three-month lag (percentages)





Source: NBS.

19 According to the Bank Lending Survey for the third quarter of 2025, changes in the interest rate environment and an improvement in consumer confidence had the biggest impact.

The average mortgage amount has surpassed its previous peak and continues to rise. Between its 2022 high and June 2025, the average mortgage increased by 13.2%, with the uptrend closely linked to residential property prices.

Annual mortgage growth is likely to continue accelerating in the coming months, before an expected weakening of demand in the medium term. The annual growth indicator captures sudden changes in trends only with a lag. If current trends[20] persist, the mortgage portfolio's annual growth is estimated to reach 8–9% in spring 2026, up from 6.6% as of September 2025. Mortgage growth is faster in Slovakia than in most EU countries, although among central and eastern European countries, Slovakia still ranks second lowest in this regard.

Households' objective financial situation and their sentiment may, however, be weakened by several emerging factors, including expectations for real wage stagnation, for rising unemployment, and for a slowdown in housing price growth. Nor are banks indicating any expectations regarding significant growth in mortgage demand.[21]

Average interest rates are declining gradually – by 0.4 percentage points over the first three quarters of 2025, to 3.6%. A further slight decline is expected in the autumn months as a result of October marketing campaigns. Slovakia is among the euro area countries with higher mortgage rates, lying just below the third quartile. Mortgage rate movements are quite closely linked to government bond yields, and therefore to Slovakia's economic and fiscal developments.[22]

Consumer credit showing a stable trend

Growth in consumer credit origination has slightly outpaced the increase in consumer prices. The average size of consumer loans rose in the first half of 2025 by 6.1% year-on-year, while inflation for the same period stood at 4.6%. The number of newly originated consumer loans also increased in the first half of the year, by 3.2% compared with the same period in 2024. In the regular survey of the banking sector,[21] banks did not indicate any significant changes in consumer credit trends. Interest rates have also not changed notably.

Not even the growth in consumer credit origination was enough to offset the ongoing impact of credit repayment. This is because of the high turnover of this portfolio. Its annual growth rate slowed gradually from 9.0% in July 2024 to 6.5% in July 2025, before edging back up to 6.8% at the end of September.

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20 A stable number of newly originated loans and a 10% year-on-year increase in the average mortgage amount as a result of rising housing prices.

21 According to the Bank Lending Survey.

22 This issue is analysed in more detail in the following: Klacso, J. and Martino, F., "Retail interest rates in Slovakia vs. other euro area countries," *Policy Briefs*, No 11, Národná banka Slovenska, April 2024.

Box 2

Changes in housing affordability and the characteristics of newly originated mortgages

The impact of housing affordability on mortgage-financed housing purchase has not been significant in recent years

The growth in housing prices up to the summer of 2022 and the subsequent increase in interest rates in 2022 and 2023 significantly worsened housing affordability.[23] There followed some improvement, as housing prices decreased and mortgage rates gradually came down. When housing prices then started rising again, their impact on affordability was offset by falling mortgage rates and rising household incomes; nevertheless, housing affordability still remains around 10% below its long-term average.

Chart 3
Housing affordability and mortgage-financed housing purchases
Number of mortgages for housing purchase and housing affordability index (number, percentages)

Sources: NBS, United Classifieds, and real estate cadastre.
Note: Higher housing-affordability values indicate better affordability, and vice versa lower levels indicate deteriorating housing-affordability.

[23] The housing affordability index compares the income needed to purchase a property with the average monthly wage across the regions of Slovakia.

The number of properties purchased with a mortgage was not determined solely by their affordability. During the 2019–2021 period, housing affordability was above the long-term average. Even as affordability gradually worsened, the number of mortgages for housing purchase continued to grow. Paradoxically, the highest number of mortgage-financed housing purchases occurred in May 2022, when housing prices were already peaking. At the same time, from mid-2024 onward, the mortgage market began to accelerate sharply again, while housing affordability was increasing only marginally and remained below its long-term average. In this case, the strong recovery in purchases stemmed not from improved affordability, but from expectations about future price developments. Particularly in times of strong price growth, housing purchase decisions can be affected more by expectations of further sharp price rises than by deteriorating fundamentals.

Diverging trends in housing affordability and market activity

The question is what lies behind the differing developments in housing affordability and mortgage growth. We can find the answer by analysing trends in households' debt servicing burden. Changes in the housing affordability index can be proxied through debt servicing burden developments. These two variables move in opposite directions but express the same thing. A decrease (deterioration) in housing affordability means an increase in the debt servicing burden (i.e. debt servicing costs as a ratio to income less the minimum subsistence amount). This is the 'model burden', calculated for an average model household.[24] A second perspective is based on the actual debt servicing burden of mortgage borrowers.

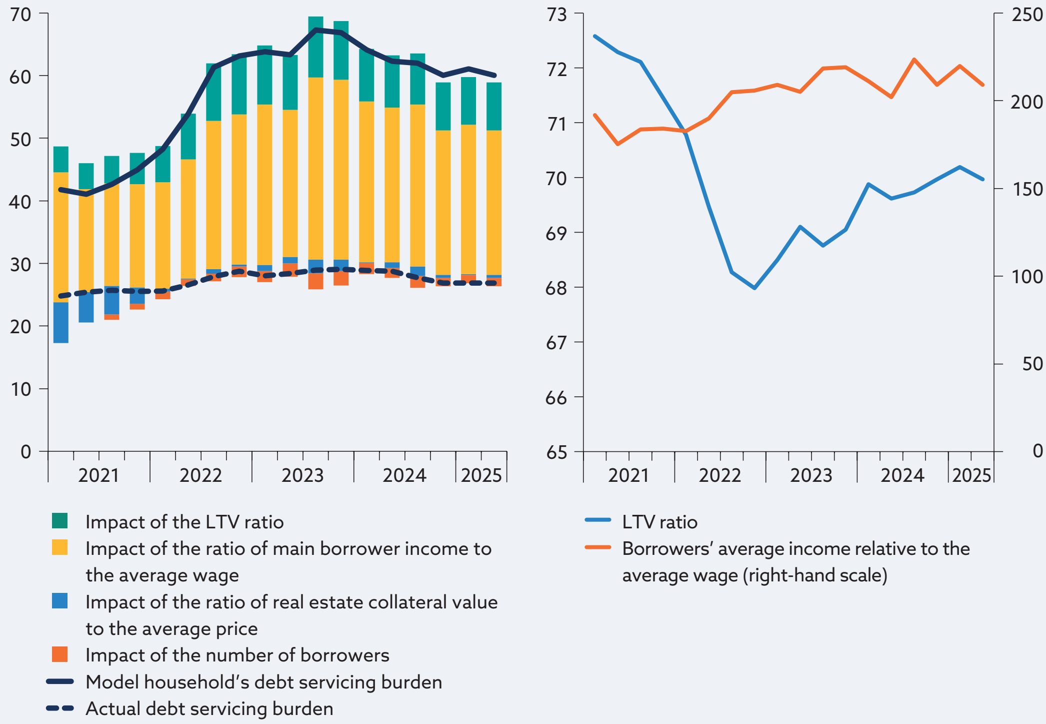
In 2021 and 2022, the actual debt servicing burden for new mortgages increased significantly less compared with the model household's burden. The increase in the model burden was due mainly to increases in interest rates and property prices (Chart 4). However, data show that the debt servicing burden for newly originated mortgages is lower and more stable over time than the model burden. This may be one of the main reasons for the differing trends in housing affordability and market activity.

[24] We consider a model household to be a household whose joint income is 1.5 times the average wage in the respective region, since the long-term average number of borrowers per mortgage contract is approximately 1.5. This household is assumed to purchase a property priced at the median for all properties (flats and houses) on the market in that region, with 80% of the purchase price financed by a mortgage with a maturity of 26 years and the remaining 20% covered from other sources (mainly personal savings). The debt servicing burden is calculated as the ratio of the mortgage payment to the household's joint income less the minimum subsistence amount for each household member.

Chart 4

The actual debt servicing burden is lower and more stable than the model household's debt servicing burden

Left panel: Actual and model debt servicing burdens and the decomposition of their difference (percentages)
Right panel: Median LTV ratio and borrowers' average income relative to the average wage (percentages)



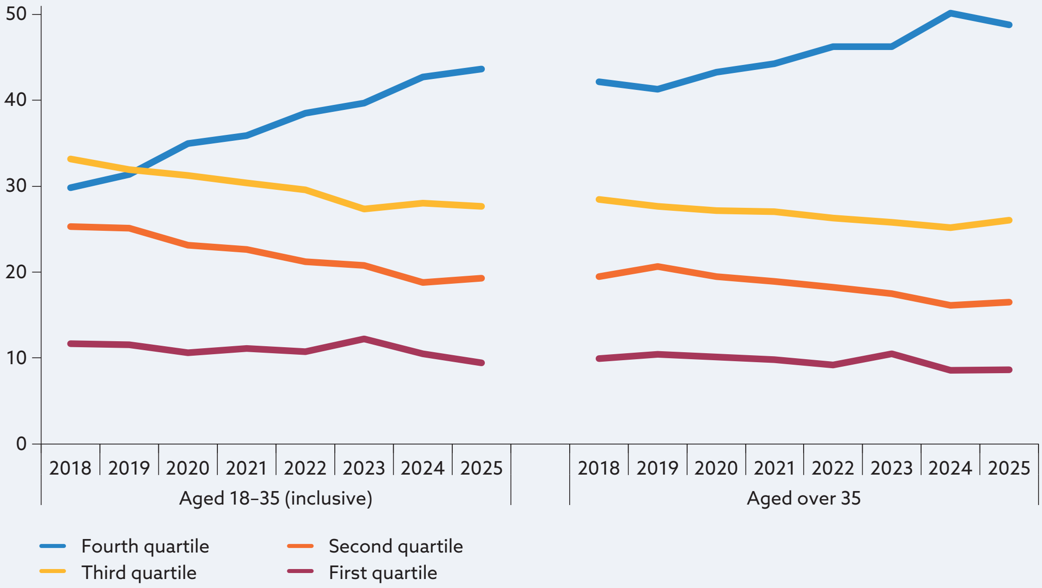
Sources: NBS, United Classifieds, and SO SR.
Notes: The debt servicing burden is calculated as debt servicing costs as a ratio to income less the minimum subsistence amount. The model household is defined in footnote 24. The median property value and average wage were calculated separately for each Slovak region. The bars show the decomposition of the differential between the model and actual debt servicing burdens.

The relative stability of the debt servicing burden stems from changes in certain characteristics of originated mortgages and mortgage borrowers

The adverse impact of worsened housing affordability has been mitigated mainly by changes related to borrowers' incomes and changes in LTV ratios. The average income of mortgage borrowers has been rising faster than the average wage, and each of these factors has contributed roughly equally to easing housing affordability. During the sharp increase in housing prices in 2021 and 2022, the use of own savings or other sources also rose (i.e. LTV ratios declined). An increase in the share of mortgages granted to two borrowers also helped mitigate the impact of deteriorating affordability, although this effect was far less pronounced. From a financial stability perspective, these are favourable developments, as they reduce the risk of new borrowers being excessively burdened by debt servicing, which could later manifest in repayment difficulties.

With mortgage borrowers' income rising faster than the average, the share of borrowers with income in the upper quartile has increased. The share of borrowers at this income level has increased across all age groups. In the older age group, this may be related to the acquisition of a second or additional property. Data show that among applicants for a new mortgage over the age of 35, the share of those who have previously had a mortgage is highest – 64% – in the fourth (highest) income quartile. In the other income quartiles, this share ranges from 51% to 54%. On the other hand, the share of applicants in the other three income quartiles declined, albeit relatively modestly due to the larger number in these quartiles.

Chart 5
The share of highest-income borrowers in mortgage market has increased
Share of income quartiles among applicants for a new mortgage in the given age group (percentages)



Sources: NBS, and Social Insurance Agency.
Notes: To filter out mortgage loans that were not used to purchase housing (e.g. those used for renovation), the calculation includes only newly originated mortgages with a maturity of at least ten years, an LTV ratio of at least 30%, and a collateral property value at no less than the first percentile of listed prices. The chart includes only borrowers who are employees; their income quartiles were calculated by region and age group using data for all employees (including those without loans). Since region information is unavailable for roughly one-quarter of new mortgages, income quartiles for those cases were calculated only within the given age category (i.e. for Slovakia as a whole).

From a housing affordability perspective, it is important that even lower-income people (including younger individuals) have not been priced out of the mortgage market. However, higher mortgage payments have required adjustments to mortgage parameters. Compared with higher-income mortgage applicants, lower-income applicants face a higher debt servicing burden, more often apply for a joint mortgage, and finance a larger share of the purchase from other sources.

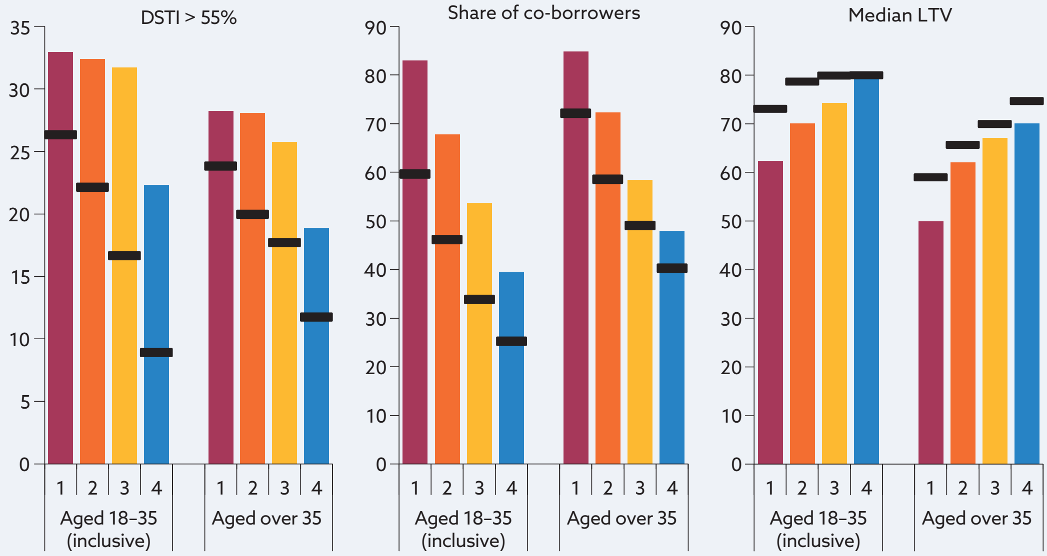
Chart 6

Lower-income people have not been priced out of the mortgage market, but loan parameters have changed

Left panel: Share of borrowers granted a mortgage whose DSTI ratio exceeds 55%, broken down by income quartile and age group (percentages)

Middle panel: Share of borrowers who applied as a co-borrower, broken down by income quartile and age group (percentages)

Right panel: Median LTV ratio on new mortgages, broken down by borrowers' income quartile and age group (percentages)



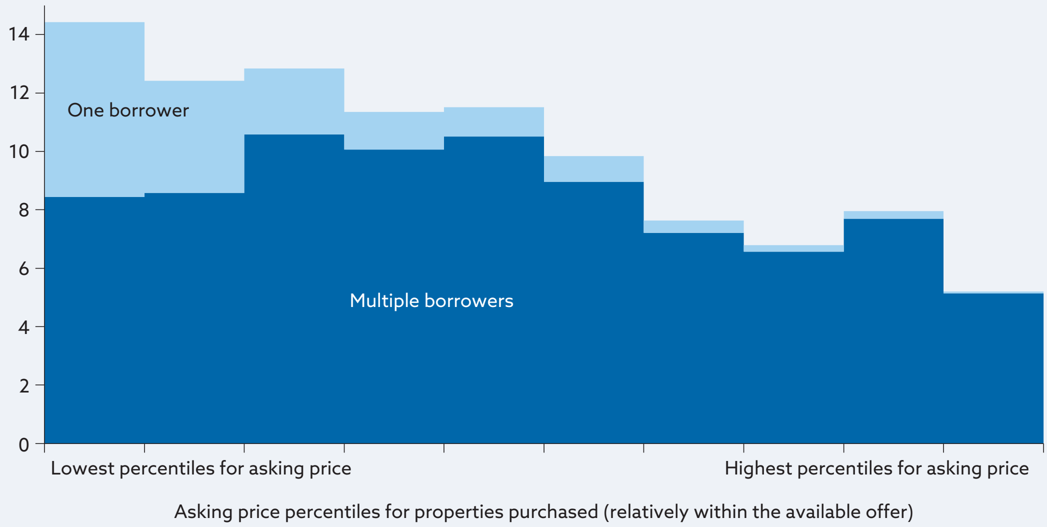
Sources: NBS, and Social Insurance Agency.

Notes: The bars show values for 2024; the horizontal lines show values for 2021. The numbers on the horizontal axis denote income quartiles, with the first quartile indicating the lowest income level and the fourth quartile indicating the highest income level.

Chart 7

Lower-income people are using joint mortgages to buy more expensive properties

Distribution of people granted a mortgage in 2024 in the first (lowest) income quartile, by asking price percentile (percentages)



Sources: NBS, Social Insurance Agency, and United Classifieds.

Taking a closer look at the relationship between mortgage applicants' incomes and the price of the property being purchased, the situation is highly diverse. It is natural that, on average, higher-income people buy more expensive properties. At the same time, however, lower-income borrowers are also purchasing more expensive properties by using a joint mortgage.

To purchase more expensive properties, lower-income mortgage applicants make use of a combination of a higher DSTI ratios, lower LTV ratios, longer maturities, and a significantly higher rate of co-borrowing. According to a linear regression-based model, the single most important factor affecting the average percentile for purchased property asking price in a given region is whether the mortgage is taken out jointly or individually – with a difference of 24 percentage points.[25]

Housing affordability for younger or lower-income people could be supported by legislative amendments. As this analysis shows, the market has reflected the lower affordability of housing, with the changes having the greatest impact on lower-income groups. While they have not been priced out of the property market (including for more expensive properties), the price of this access is a significantly higher debt servicing burden. Therefore, it is essential to continue broadening property acquisition channels beyond mortgage loans. Of particular importance in this regard is the rental housing market. Home ownership for younger and lower-income people could also be made more affordable through higher taxation on owners of multiple properties.

The analysis also highlights the importance of maintaining existing lending limits. Many individuals take out, within the permitted limits, a relatively large mortgage to purchase a more expensive property, fully utilising the DSTI limit in the process. These limits therefore serve as an effective tool to prevent excessive indebtedness at the individual household level.

2.2 Housing prices continue rising in 2025

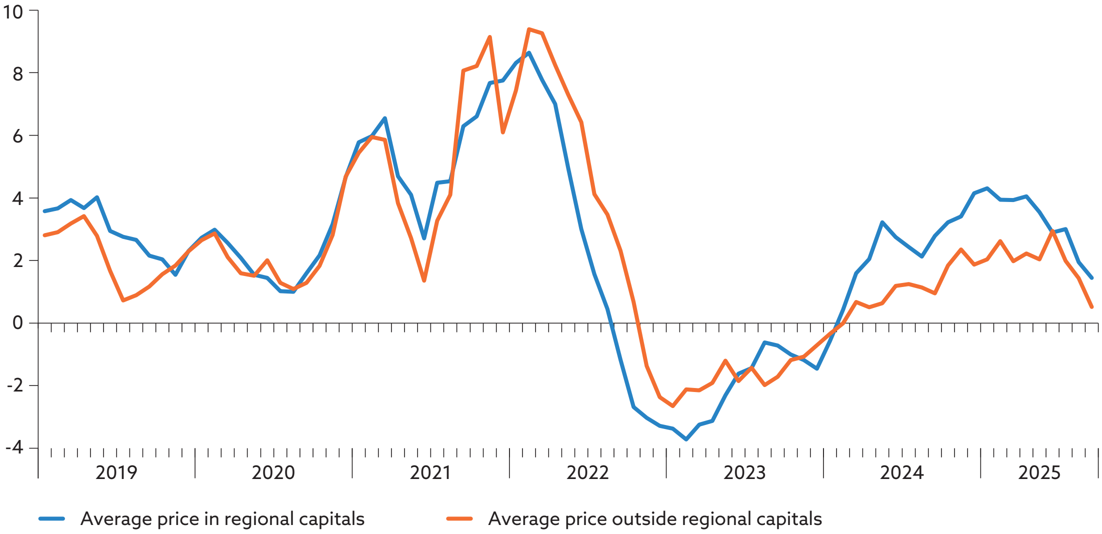
Growth in prices of flats slowed in the summer months

Annual growth in housing prices has been fairly broad-based in 2025 and averaged around 12% as of September. Prices of houses and flats continued rising through September 2025. Over the past year, prices have increased across all districts of Slovakia for most types of flats, whether by size or quality; however, the pace of growth has been slowing since early summer. The average price of flats in Slovakia's regional

[25] Based on this linear regression, a shift in the income percentile has an estimated impact of 0.47 percentage points; an increase in the DSTI ratio by 1 percentage point increases the price percentile by 0.71 percentage points; a decrease in the LTV ratio by 1 percentage point increases it by 0.65 percentage points; and an extension of the maturity by 1 year increases it by 0.84 percentage points. All of these variables are statistically significant at the 99.9% level. The adjusted R^2 value is 32.9%. Dummy variables for individual regions were used as additional explanatory variables. The linear regression was estimated on mortgages newly originated in 2024.

capitals increased by only 0.5% between June and September, with the slowdown possibly due to people's changing expectations regarding macroeconomic trends and related price developments.

Chart 8
Flat prices increased, but at a slower pace
Prices of flats (quarter-on-quarter percentage changes)



Sources: NBS, and United Classifieds.

In the spotlight:

New-build and resale market trends during declining demand for flats in Bratislava[26]

In the market for flats in Bratislava, trends in the new-build and resale segments have been similar in 2025,[27] but the resale market has experienced far more turbulence in recent years. In 2022 a sharp drop in demand in both the new-build and resale markets was triggered by a shift in expectations in response to rising interest rates. As a result, prices of resale flats dropped by more than 10% and the supply of these flats decreased to some extent. Households needing to sell their flats were confronted with softer demand and lower prices, while other households withdrew their flats from the market. On the other hand, prices of new-build flats did not fall significantly in 2022 but rather stagnated. The result of the demand slump was a sharp drop in flat sales, which, however, had little impact on listed prices. Property developers were able to navigate this period of reduced sales by drawing on higher profit margins.

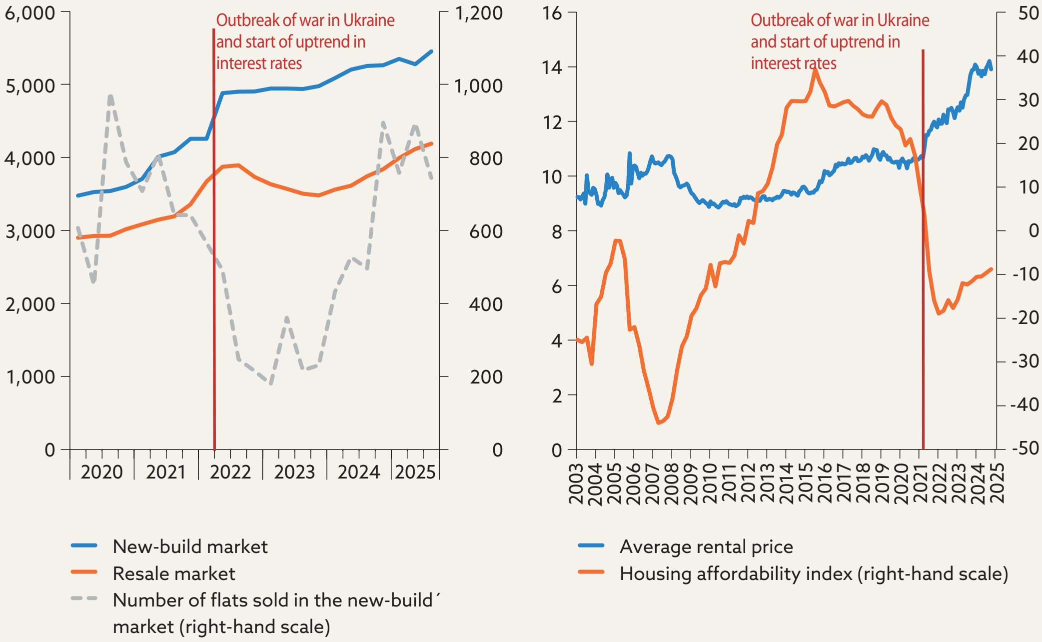
[26] This analysis focuses solely on Bratislava, owing to the availability and relevance of data on the new-build market and the rental housing market.

[27] Prices of flats in Bratislava's new-build and resale markets have increased, year-on-year, by 4% and 12% respectively.

Chart 9

Housing market in Bratislava responded differently to changes in 2022

Left panel: Average unit price of flats in the new-build and resale markets in Bratislava and number of flats sold in the new-build market (EUR/m^2, number)
Right panel: Average unit rental price in Bratislava and housing affordability index (EUR/m^2, percentages)



Sources: NBS, Flat Zone s.r.o., and United Classifieds.
Note: The housing affordability index is the ratio of average income to the mortgage payment for an average flat, here expressed as the deviation from its long-term average (higher values denote greater housing affordability).

After a prolonged period of stagnation, rental prices surged in April 2022 and continued to rise thereafter. The sharp increase can be attributed to the influx of Ukrainians displaced by the outbreak of war in their country. Subsequent price growth reflected mainly overall higher inflation and worsened conditions for financing the purchase of residential property. Over the past three years in Bratislava, average rental prices have increased more sharply than prices of flats in both the new-build and resale markets.

Demographic changes will gradually affect housing prices

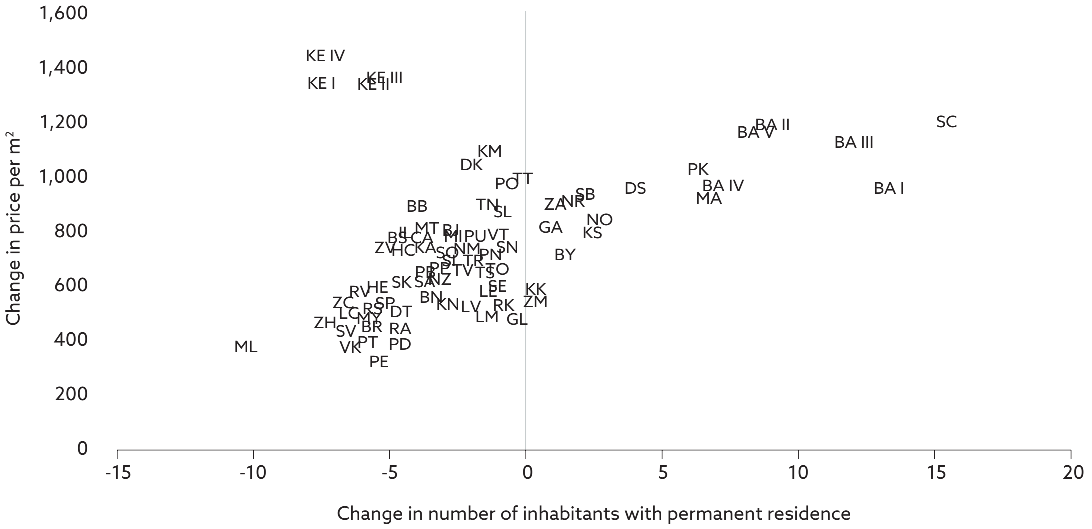
Demographic trends are gradually impacting many areas, and the real estate market is no exception. Since the end of the COVID-19 pandemic, the number of people with permanent residence in Slovakia has decreased by approximately 0.4% overall, but by almost 13% in the 25–35 age group. This downtrend is expected to continue in the near term, as decreases are also observed in younger age groups. The reduction in the number of potential first-time property buyers is likely to be reflected in the housing and mortgage markets, with this segment of demand for real estate expected to weaken.

Another significant factor is internal migration within Slovakia. In 61 of the country's 79 districts, the population has declined over the past five years owing to the combined effect of overall demographic decline and internal migration. In only 18 districts has the population increased, and only districts in Bratislava Region have recorded population growth of more than 5%. Population movement is likely to be one of the factors affecting housing prices. This relationship is also suggested by a stylised relationship between population growth and flat price growth over the past five years: prices of flats rose more sharply in districts with the highest population increases than in districts where the population fell.

Chart 10

Prices of flats rose the most in districts with population growth

Absolute change in prices of flats between 2020 and 2025 (EUR, vertical axis) and relative change in the number of inhabitants with permanent residence between 2020 and 2025 (percentages, horizontal axis)



Sources: NBS, United Classifieds, and SO SR.
Note: The points in the chart represent Slovak districts.

Box 3

How housing was acquired in 2024

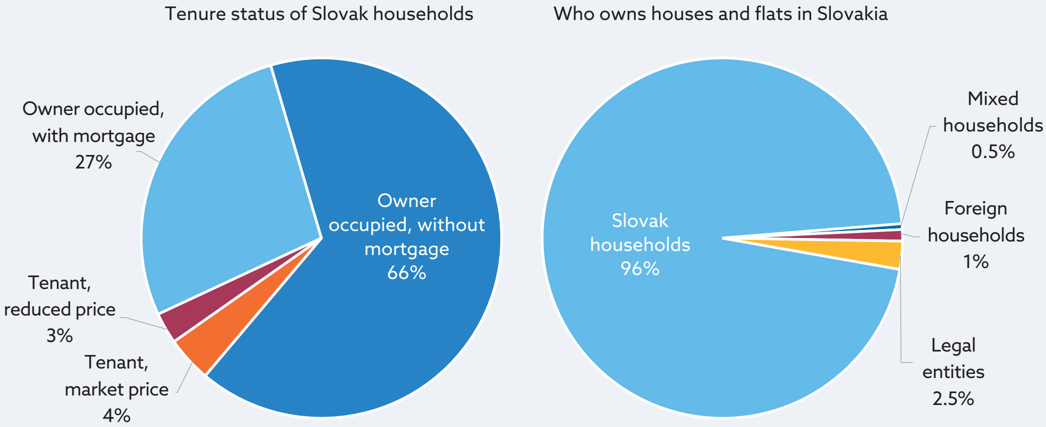
Slovakia has one of the highest homeownership rates among EU countries. In 2024 more than 93% of households lived in their own property – the second highest rate in the EU. Home ownership has gradually increased over the past ten years, from around 89%. In so doing it has partially replaced rental housing, which accounted for less than 7% of households in 2024. The good news is that home ownership is also high among low-income households (85%)[28] and that the majority of households in Slovakia (66%) own their flat or house without a mortgage.

[28] Households whose income is less than 60% of the national median.

The vast majority of residential real estate in Slovakia is owned by Slovak households;[29] the shares owned by foreign households,[30] mixed households,[31] and firms (domestic or foreign) are very low. Slovak households' dominant position in the housing market (96% ownership) also implies that most changes in house and flat ownership occur between households.

In 2024 more than 100,000 flats and houses changed ownership, and only a quarter of these transactions involved mortgages. The most common means of acquiring property was with own funds (34%), including cases where the proceeds from the prior sale of a flat or house were used. Although the public typically associates acquiring housing with obtaining a mortgage, mortgage financing was used in only 24% of all ownership changes. A significant share of ownership changes occurred within families – through inheritance (14%) and gifting (28%). Mortgage use is highest in Bratislava Region (37%), primarily at the expense of gifting. This is consistent with that region having the highest net population growth, largely driven by an inflow of younger people from other regions of Slovakia.

Chart 11
Slovak households dominate the housing market
Left panel: Shares of households by tenure status (percentages)
Right panel: Shares of ownership in the domestic residential real estate market (percentages)



Sources: Eurostat, and real estate cadastre.
Notes: Data are as of December 2024. A Slovak household is defined as a household in which the property owners have permanent residence in Slovakia; a foreign household, as a household in which the property owners do not have permanent residence in Slovakia; and a mixed household, as a household in which at least one of the property owners does not have permanent residence in Slovakia.

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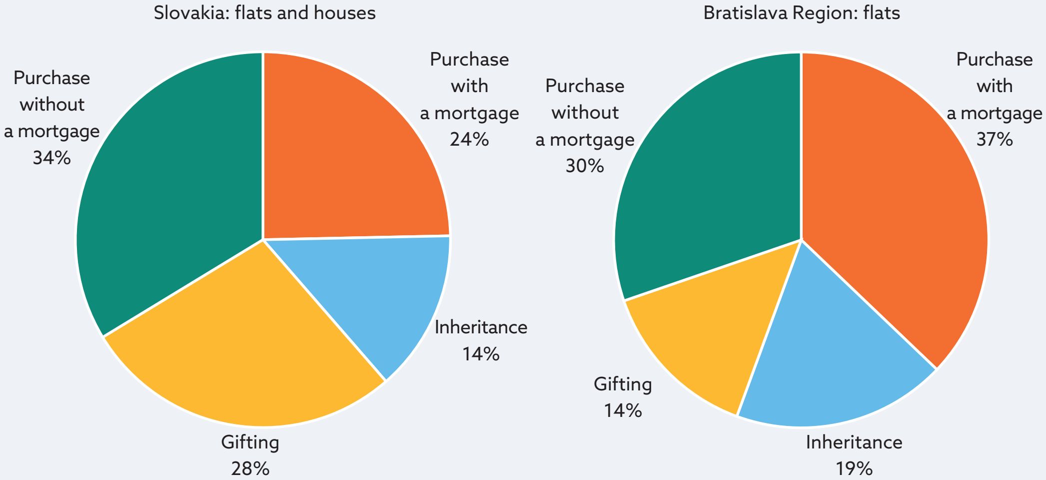
[29] A Slovak household is defined as a household in which the property owners have permanent residence in Slovakia.

[30] A foreign household is defined as a household in which the property owners do not have permanent residence in Slovakia.

[31] A mixed household is defined as a household in which at least one of the property owners does not have permanent residence in Slovakia.

Chart 12
Changes in housing ownership in 2024
Left panel: Changes in ownership of houses and flats in Slovakia by type of transaction (percentages)
Right panel: Changes in ownership of flats in Bratislava Region by type of transaction (percentages)

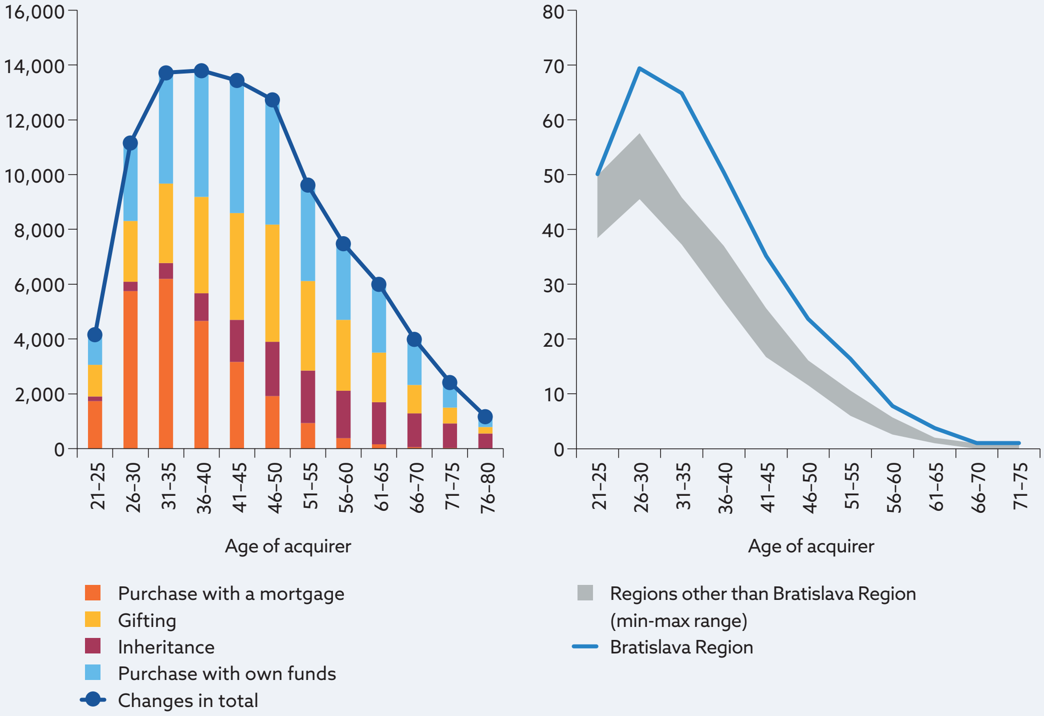


Sources: Eurostat, real estate cadastre, and NBS.
Notes: The information on ownership changes was obtained from the real estate cadastre (ISKN). Tables containing flats and houses were linked to a table containing textual notes and records of entries made in the real estate cadastre. From these, entries involving a change of ownership in 2024 were selected. Using keyword and pattern analysis (e.g. purchase agreement, lien + bank name; inheritance proceedings or inheritance; deed of gift or gifting), it was possible to classify the types of ownership changes. If multiple ownership changes occurred in the same year, the most recent one took precedence. The result is a linked database of flats, houses and their legal changes, making it possible to identify how a property was acquired in the given year – whether with own funds, by inheritance, by gifting, or via mortgage financing. The gifting category also includes a small number of acquisitions through transfer or exchange.

Although inheritance and gifting together accounted for as much as 42% of all ownership changes, they are not equivalent alternatives to purchasing a property, whether with or without a mortgage. Households acquiring property this way might not obtain housing they prefer, in the region where they plan to live, or at the time they choose. Inheritance and gifting generally do not provide a housing solution for young families.

Young people typically acquire housing with a mortgage, especially in Bratislava Region. While inheritance occurs, on average, around the age of 52, the median age of households that acquired property with a mortgage in 2024 was 34 years. For this age group, mortgages play a crucial role in securing housing, accounting for more than half of property acquisitions. This is particularly true for flats in Bratislava Region – where mortgage use reaches nearly 70%, while inheritance and gifting have marginal significance.

Chart 13
Young people acquiring flats in Bratislava Region in 2024 did so mainly with mortgage financing
Left panel: Methods of acquiring flats and houses in Slovakia in 2024 (number of acquisitions)
Right panel: Share of flat acquisitions in 2024 using a mortgage, by age group (percentages)



Source: Real estate cadastre.
Notes: The method of acquiring residential property was classified in the same way as in Chart 12. In the left panel, the bars show the total number of flats and houses acquired by each age cohort. The distribution of ownership changes by age group was based on the average age of the acquirers.

2.3 Corporate loan growth continues, but more slowly than early in the year

Firms' demand for loans softened slightly in the third quarter in line with economic developments

Annual growth in loans to non-financial corporations (NFCs) has revived in 2025 and stood at 6.3% as of September. In 2024 Slovakia had one of the lowest corporate loan growth rates in the EU, with the portfolio continuing to contract into the final quarter. By the end of third quarter of 2025, however, Slovakia ranked in the first quartile for this metric. Like other CEE countries, Slovakia is now experiencing strong NFC loan growth.

Corporate borrowing was particularly high early in the year and then slowed. The revival of lending to the corporate sector began at the start of 2025, consistent with favourable revenue developments in the first quarter. Annual loan growth slowed somewhat in the second and third quarters, reflecting deteriorating macroeconomic indicators; nevertheless, it remained broadly in line with the average for previous years.

Amid this general pick-up in corporate lending, demand for financing fixed investment has partially rebounded. From 2022, in a climate of rising uncertainty, corporate loan growth was driven primarily by short-term working capital financing, while the share of financing for fixed investment gradually declined.[32] In 2025 fixed investment needs have accounted for a growing share of corporate borrowing.[33] This upturn – most pronounced in the third quarter – has not been broad-based; it has been concentrated mainly among certain large firms in the energy and transport sectors and, to a lesser extent, among firms in selected market services. By contrast, demand for financing fixed investment has remained subdued in the industry sector.

The decline in economic activity has been most notable in industry, with lending to the sector reflecting this weakening. Softer global demand has translated into lower industrial output,[34] resulting in a year-on-year decline in total loans to industrial firms by September 2025.[35] This shift into negative territory reflected slower growth in working capital financing and an ongoing decline in financing for fixed investment. In industry, the use of fixed investment financing deteriorated significantly in 2024–2025, owing mainly to weaker demand from large multinationals.[36] This effect has been partly mitigated by stronger demand for such financing from micro and small firms.

Lending to other relevant economic sectors has largely followed the overall trend, with stronger growth earlier in the year and slower growth in third quarter. However, lending to the commercial real estate sector proved an exception by picking up in the third quarter, reflecting a revival in property development activity. In the breakdown of NFC loan growth by firm size category, micro firms have had the largest positive impact, while lending to medium-sized and large firms has remained flat.

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32 This trend is also confirmed by data from the ECB's Survey on the Access to Finance of Enterprises. The average number of Slovak firms using financing for fixed investment is 15% lower in the period since 2022 than in the period before the COVID-19 pandemic.

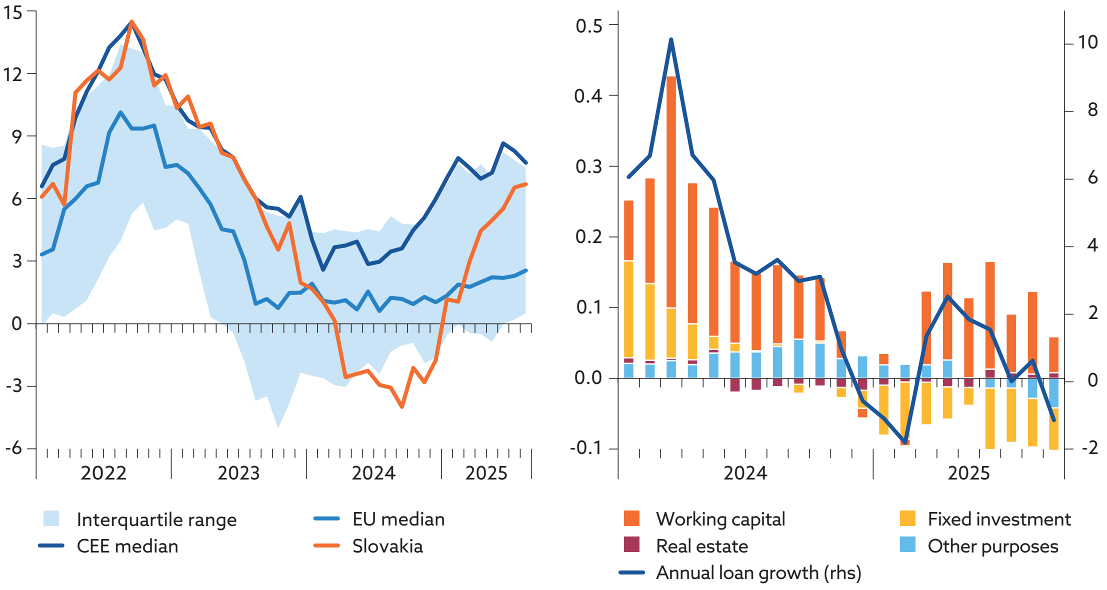
33 Rising demand for financing fixed investment has also been reported by banks in the Bank Lending Survey for the third quarter of 2025.

34 Industrial production has declined in 2025; industrial firms' new orders declined in the summer months and their revenues fell in August. More details are provided in Chapter 3.

35 Excluding energy supply – an outlier and volatile sector from a loan growth perspective – industry was the only sector that contributed negatively to annual loan growth.

36 Among large industrial firms, the stock of loans for fixed investment has decreased by one-fifth since 2024.

Chart 14
NFC loan growth accelerates in international comparison, but lending to industrial firms has been subdued since the second quarter of 2025
Left panel: Annual growth in total NFC loans in international comparison (percentage points)
Right panel: Contribution to annual growth in loans to industry, broken down by loan purpose (EUR billions; percentages)



Sources: NBS, and ECB.
Note: EU stands for European Union; CEE stands for central and eastern EU.

3 Financial situation of households and firms

3.1 Households continue to face increased loan payments, but non-performing loans are not rising significantly

The first half of 2025 brought higher real wage growth

After slowing temporarily in 2024, real wage growth accelerated again in the first half of 2025. Annual compensation growth increased in real terms from 0.4% at the end of 2024 to 3.3% as of June 2025. Households benefited from nominal wages accelerating faster than inflation, which resulted in real wages rebounding to levels not seen since mid-2021, i.e. before the period of elevated inflation. The household saving ratio is around three-quarters of its pre-pandemic level, while households' total real disposable income has fallen by 1.1% year-on-year. One reason for this is the reduction in state benefits under the second fiscal consolidation package, especially the reduction of the child tax credit.

According to NBS's macroeconomic forecast, however, the near-term outlook is less favourable. Real wages are expected to continue growing, but more slowly than in the first half of 2025. In addition, the registered unemployment rate has risen from a historical low of 5.81% in March 2025, to 5.98% in September 2025.

The sensitivity of indebted households remains elevated

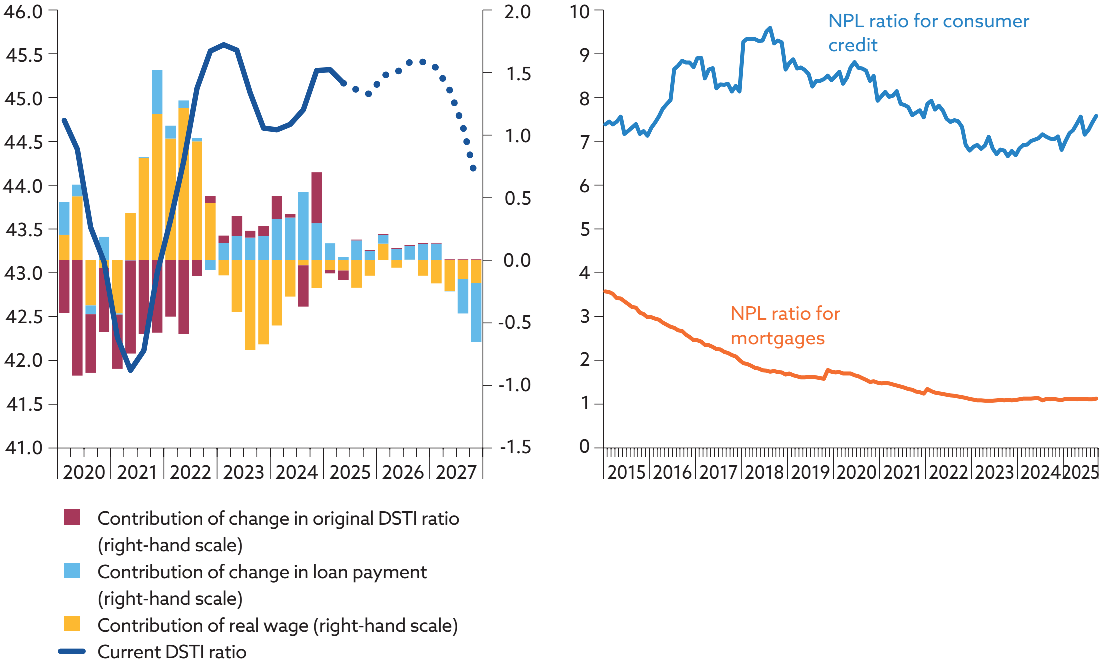
While the aforementioned real wage growth is able to compensate for loan payment increases resulting from higher interest rates, it is not sufficient to reduce debt-servicing burdens. Debt service-to-income (DSTI) ratios therefore remain elevated – higher than in early 2020, when NBS tightened the DSTI limit. Under the current outlook, no improvement is expected during 2026. Not until 2027 – when a sizeable wave of interest rate resets is due – may any significant decrease in DSTI ratios be expected. In the meantime, indebted households therefore remain more sensitive to potential adverse economic shocks than they were before inflation started rising.

It is important that non-performing loan (NPL) ratios – for mortgages in particular – remain close to historical lows. The NPL ratio for consumer credit has risen since the start of the year, but only slightly. Its increase reflects a rise in the net default rate, which, however, has merely returned to the level typical of the pre-pandemic period. This situation may be associated with the slowdown in real wage growth during 2024 against a backdrop of heightened portfolio sensitivity.

Chart 15

The average current DSTI ratio remains elevated, but without any significant rise in non-performing loans

Left panel: Average current DSTI ratio and contributions to its change (percentages)
Right panel: Non-performing loan ratio (percentages)



Source: NBS.
Notes: DSTI stands for debt service-to-income, here referring to debt service payments as a ratio to income less the minimum subsistence amount. The current DSTI ratio is calculated as the ratio of the current cost of loan payments (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 ratio' captures the impact of the change in the current DSTI ratio arising from changes in DSTI ratios since loan origination.

The riskiness of the household loan portfolio has increased slightly, partly due to the adoption of restrictive fiscal measures

In line with NBS's autumn macroeconomic forecast, fiscal consolidation measures are expected to reduce economic growth, with a resulting upward impact on loans at risk.[37] Factors of particular importance for the household sector will be increases in inflation and unemployment, as well as slower annual growth in nominal wages. In the light of these changes – with rising unemployment having the largest impact – the share of mortgages at risk is estimated to increase by 0.5 percentage points, and the share of consumer loans at risk by 0.9 percentage points.[38]

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[37] Loans to households are considered to be at risk where the household's debt servicing costs and necessary expenses exceed its income and accumulated savings.

[38] In the mortgage portfolio, the share of loans at risk is estimated to rise from 3.3% at mid-2025 to 3.8% at end-2027, while in the consumer credit portfolio, it is estimated to rise from 8.1% to 9.0%.

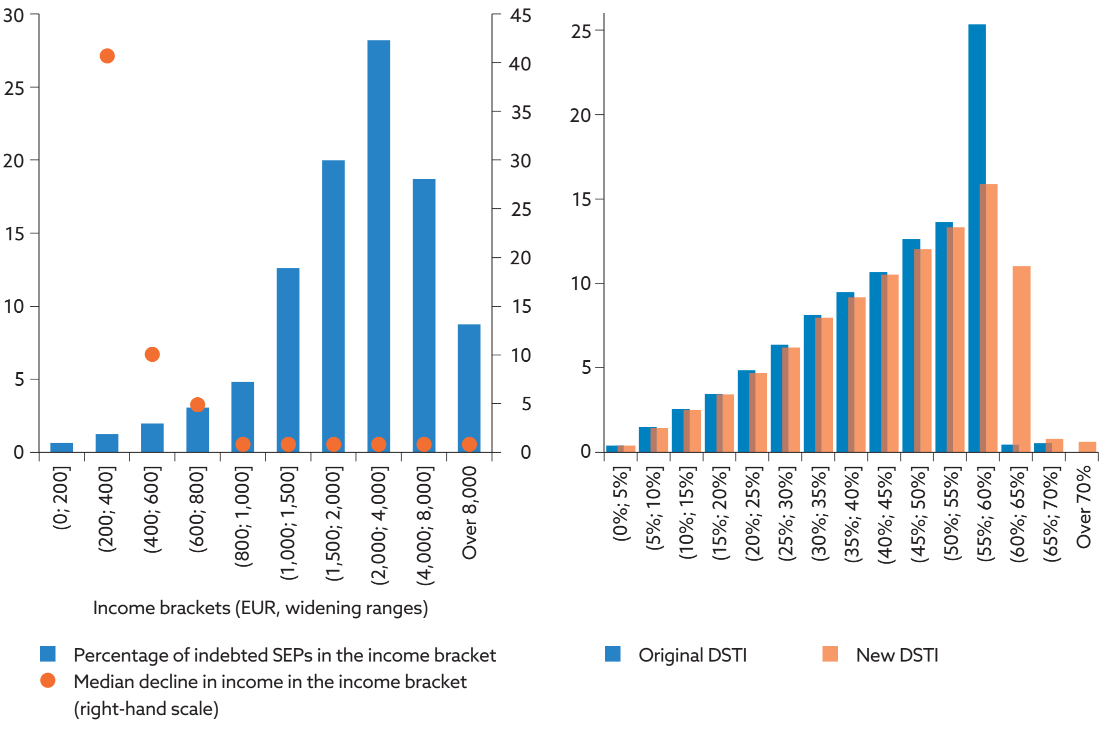
Table 1
Impact of recently adopted restrictive fiscal measures (percentage points)

		Total impact	Of which:		
			Unemployment (increase)	Inflation (increase)	Annual income growth (deceleration)
Impact on macroeconomic variables change			0.7	1.5	-0.2
Impact on increase of loans at risk	Mortgages	0.5	0.4	0.1	0.0
	Consumer loans	0.9	0.6	0.2	0.1

Source: NBS.

Chart 16
Impact of increase in the social security contributions of self-employed persons (SEPs) on their income and DSTI ratios

Left panel: Distribution of the number of mortgagor SEPs by net monthly income and the relative decline in their income due to the rise in social security contributions (percentages)
Right panel: Distribution of the number of loans granted to SEPs by DSTI ratio at loan origination and by DSTI ratio after adjusting for the rise in social security contributions (percentages)



Source: NBS.
Notes: Both panels cover loans originated in 2024 and the first half of 2025. SEPs' net monthly income is determined by the lending bank and does not necessarily correspond to their accounting net income (i.e. revenues adjusted for flat-rate expenses, social security contributions, and taxes). In the left panel, for the income bracket up to EUR 200, a median income decline exceeding 100% is not shown. In the right panel, joint mortgages are included if at least one borrower is a SEP.
Methodology: It is assumed that the SEP's net income at the time of loan origination equals 40% of their revenues. For all SEPs, the flat-rate expenses are assumed to be 60%. Where the DSTI value exceeds 100% or is 0% or less, it is imputed as 100%.
SEP stands for self-employed person; DSTI stands for debt service-to-income (ratio).

One of the groups that will be affected more by this year's consolidation measures than by previous measures is self-employed persons (SEPs). This is due mainly to a combination of an increase in their minimum contributions to the Social Insurance Agency and a 1 percentage point increase in their health insurance contributions. Since the most significant change is the increase in minimum social security contributions, the impact will be greater on lower-income SEPs (Chart 16, left panel). For more than 90% of indebted SEPs, however, the decline in income will be only around 1%. Reduced income will result in a rise in DSTI ratios. As Chart 16 (right panel) shows, the share of mortgages with a DSTI ratio exceeding 60% – as a share of all mortgages held by SEPs – will rise from 1% to 12%.[39] This increase also reflects the fact that nearly one-quarter of SEP-held mortgages have a DSTI ratio just below 60% – mainly SEPs facing the highest increase in contributions. These loans may therefore become exposed to a higher risk of default. For the entire number of mortgages originated in the same period, the share that could become at risk of default represents 3%.

The rate of increase in mortgage subsidy recipients has slowed

The number of approved applications for the government subsidy towards the cost of higher mortgage payments has continued to rise in 2025; however, the rate of increase slowed in the summer months as the wave of mortgage repricings receded. The number of mortgage subsidy recipients currently stands at almost 37,000, and the average amount of the subsidy is €90 per month. If current trends continue, total expenditure on this benefit in 2025 is estimated at around €35 million, rising to around €44 million in 2026 and €55 million in 2027. Actual amounts will depend on interest rate movements and on the level of demand for the subsidy.

In the spotlight:

Household deposits and their long-term relationship with savings accumulation

The change in the volume of households' financial investments is, over the long term, closely linked to the saving ratio.[40] Households generate savings as the difference between their disposable income and final consumption expenditure. Part of these savings is used for debt servicing (referring to net payments of loan principal, i.e. principal payments on consumer credit and mortgage loans less new consumer credit borrowing). The remainder is saved in the form of financial assets – primarily deposits with banks, and to a lesser extent investment fund shares/units or bonds (Chart 17). Over the long term, the saving ratio is approximately equal to the net loan repayments and the change in the volume of financial investments. This alignment was preserved even during the 2020–2023 period, when the saving ratio fluctuated significantly.

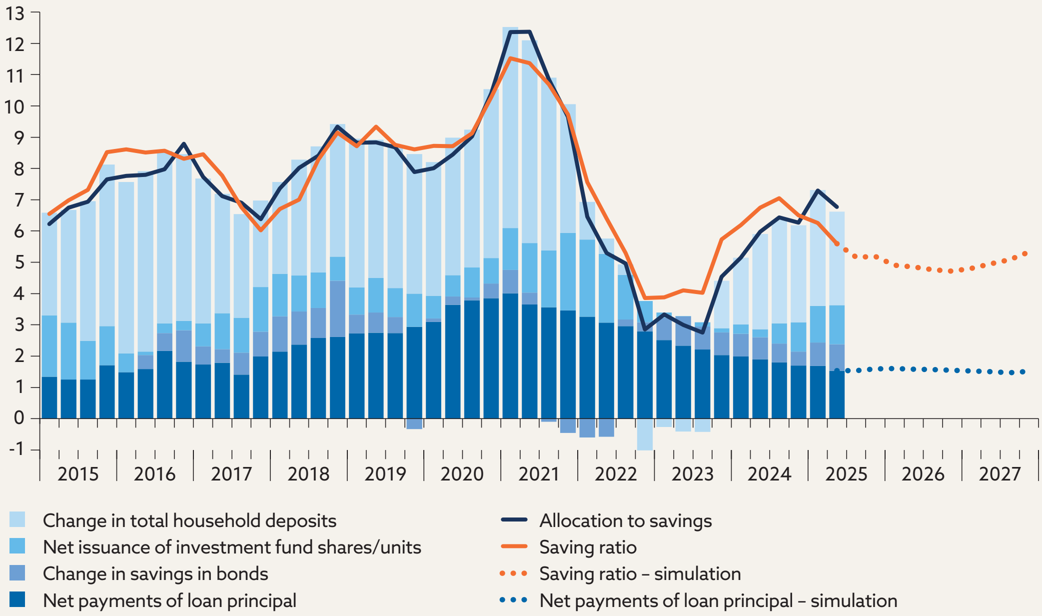
As households' financial situation improved in 2024, total deposits returned to growth. Annual growth in household deposits averaged 5.9% in 2024 (5.6% in

[39] The share applies to mortgages originated between January 2024 and June 2025.

[40] We refer to disposable income and saving ratio data that incorporate the autumn revision by the Statistical Office of the Slovak Republic, carried out on 20 October 2025. As part of this revision, total household disposable income for the period from the beginning of 2024 to mid-2025 was cumulatively adjusted upwards by €2.7 billion (i.e. by 2.3%), and the average saving ratio for this period rose from 6.4% to 8.1%.

September 2025), and savings in investment funds also increased. These trends continued in the first half of 2025. According to the current NBS macroeconomic forecast, however, the inflow of available funds is expected to weaken in the coming years. Unless there is a significant shift in the allocation of funds between deposits and other types of investments, deposit growth is projected to slow by more than half.

Chart 17
Deposit growth has picked up in the past two years along with the accumulation of savings, but it is expected to moderate in the years ahead
Saving ratio and the allocation of savings to different types of financial investments and to debt servicing (percentages of household disposable income)



Sources: NBS, and SO SR.
Notes: The chart shows cumulative changes or flows, over a one-year period, expressed as a percentage of annual household disposable income. Net payments of loan principal are principal payments on consumer credit and mortgage less new consumer credit borrowing. The saving ratio shown in the chart is calculated as the difference between households' disposable income and their final consumption expenditure (excluding adjustments for the changes in pension entitlements, as this item does not affect the current level of accumulated funds).

3.2 Firms face weakening global demand

Despite a slight year-on-year deterioration in 2024, firms' financial situation is sound from a long-term perspective[41]

In 2024 both corporate profits and revenues edged down by 0.7% year-on-year. The decline was more moderate for firms with bank financing. Despite this deterioration, firms' average return on equity (ROE) and inflation-adjusted profits remained at high

[41] This analysis is based on firms' complete set of year-end financial statements for 2024. A more detailed analysis, including underlying data, can be found in the NBS Discussion Note entitled "Ako zvládli podniky

levels throughout 2021–2024 (Chart 18, left panel). During this period, corporate input costs rose amid increases in input prices, wages, and interest rates. These supply shocks were not, however, accompanied by any notable softening of demand, allowing firms to pass higher costs onto customers and, in some cases, increase margins.

Nor, during this period, was corporate profitability significantly reduced by the sharp rise in interest rates. Although interest expenses were more than doubled by interest rate hikes, their share of total costs remained relatively low, so profits after interest fell only marginally, by around one-tenth. Particularly helpful was the fact that most firms were not overleveraged.

Consistent with their still robust financial position, firms' repayment discipline continues to be favourable. The non-performing loan (NPL) ratio for corporate loans is at historically low levels (2.4%), although minor signs of deterioration are emerging in the segment of small and medium-sized firms.

While 2025 started favourably, the summer saw a softening of global demand, especially in industry

In 2025 corporate revenues recorded their first year-on-year growth in two years. Revenues for the first eight months were 2.2% higher year-on-year, and orders and exports also increased.

However, as a result of international trade turbulence, global demand has weakened. The escalation of trade tensions in the spring caused a marked rise in uncertainty, adversely affecting many firms exporting to the United States. Sentiment worsened significantly compared with 2024. Subsequent tariff agreements provided some relief, but tariffs on exports to the United States remain considerably higher than before, contributing to weaker global demand. Slovakia has been particularly hard hit – especially by US vehicle import tariffs – with its effective tariff rate now in the upper quartile for EU countries.

The deteriorating global situation was reflected in a slowdown in revenue growth in the second quarter of 2025, and its full impact was seen when revenues declined in August, especially among manufacturing firms (Table 2**).** Industrial production in August fell by 4.9% year-on-year, with the decline affecting more than half of all industrial sectors and being broad-based across firms. While this was part of a global trend, Slovakia was among the worst affected countries. In Germany, industrial production declined by 5.1% in August. Orders had already shown a negative trend a month earlier.

The second-quarter slowdown also weighed on corporate profitability. While firms' aggregate pre-tax profits for the first quarter rose by 2% year-on-year, profits for the second quarter declined by 15%.[42] A major factor was wage costs, which rose faster than revenues.

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obdobie rastúcich cien a vyšších úrokov?" (How did firms navigate the period of rising prices and higher interest rates) (in Slovak only).

42 These data should, however, be interpreted only as indicative, as they are based on interim financial statements, which are moreover available only for a sample of around 5,000 firms accounting for approximately 60% of total corporate revenue.

The August decline in revenues was most pronounced in transport equipment manufacturing (-12.1%), the sector in Slovakia worst affected by tariff increases. In this sector, the deteriorating trade situation started impacting multiple carmakers in the second quarter, and export growth also slowed (3% in August). Another sector with a sharp August decline in revenues was electrical equipment manufacturing (-10.9%), especially in telecommunications equipment and electrical household appliances (both segments saw revenues for the first eight months fall by 4% year-on-year). Like automotive manufacturing, this sector was significantly affected by higher US import tariffs and increased competition from China, which is rerouting part of its exports from the United States to other markets. Box 4 looks more closely at the impact of shifting geopolitical trends on the competitiveness of Slovak firms.

It is currently difficult to predict whether the deterioration seen in August will be longer lasting.[43] Industrial developments have historically been highly volatile. However, the trends that have softened global demand and impaired international trade conditions remain present. The risk is mitigated mainly by firms' relatively strong resilience (in terms of their financial situation), as well as the fact that these adverse trends are not ubiquitous – for example, conditions in the services and construction sectors remain relatively favourable. On the other hand, the situation could be complicated by the anticipated negative impact of restrictive fiscal measures on Slovakia's economic growth. While the consolidation measures adopted in 2024 (especially in tax policy[44]) weighed more heavily on the corporate sector, those adopted in 2025 are aimed more at households than firms.

Table 2
The situation in industry deteriorated in August

	Manufacturing industry		Of which: automotive industry	
	August 2025	Cumulative (January–August 2025)	August 2025	Cumulative (January–August 2025)
Revenues (constant prices)	-4.7%	6.4%	-12.1%	4.0%
Output	-4.9%	-1.4%	-6.4%	4.8%
Orders (constant prices)	-8.3%	0.7%	-11.9%	4.2%
Exports	-0.2%	3.6%	3.0%	7.3%
Employment	-1.7%	-1.7%	-0.4%	-0.7%

Source: SO SR.

The main risk is higher sensitivity to future shocks, especially with demand weakening both globally and domestically

Firms' increased sensitivity to potential future shocks stems mainly from a less favourable interest coverage ratio (ICR), i.e. the ratio of earnings before interest and taxes (EBIT) to interest expenses. Compared with the period before interest rates

[43] In September 2025, manufacturing firms' revenues, output, and exports returned to positive growth. On the other hand, the outlook remains uncertain, as confirmed by the industrial confidence indicator, which in October 2025 dropped to its lowest level in more than two years.

[44] The estimated impact of these measures is presented in the May 2025 Financial Stability Report (Table 4).

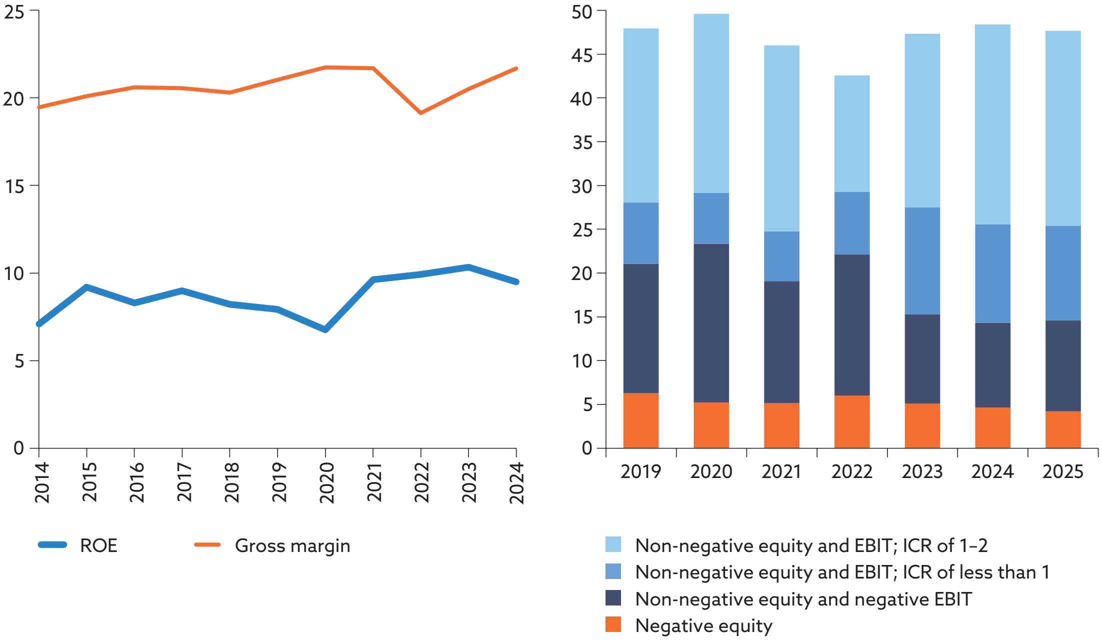
started rising, both EBIT and interest expenses have increased, while the ICR has declined. As shown in Chart 18, the share of corporate loans to firms with an ICR below 2 rose from 20% in 2022 to 33% in 2025. Past experience shows that such firms have approximately three times the probability of default compared with firms with an ICR above 2. The risk that firms with weaker profitability may fail to fully meet their interest payments has therefore increased. This risk is particularly relevant now, as firms are confronted with still rising wage costs while slowing external demand dampens revenue growth.

Chart 18

Firms' financial situation is stronger than in the past, but the share of NFC loans carrying higher risk has slightly increased

Left panel: ROE and gross margin (percentages)

Right panel: Share of NFC loans with elevated default risk (percentages)



Sources: NBS, and FinStat.

Notes: The right panel shows the share of NFC loans provided to each higher-risk group of firms, calculated as the ratio of the average stock of loans to that group in the individual months of the given year to the average stock of all NFC loans in that year. ROE stands for return on equity; ICR stands for interest coverage ratio, calculated as the ratio of earnings before interest and taxes (EBIT) to interest expenses. In the left panel, data for 2025 are based on firms' financial situation as of December 2024 and the amount of loans as of September 2025.

The commercial real estate (CRE) sector remains sensitive. While its situation has stabilised, the sector continues to be vulnerable. In 2023 and 2024, the sector's ratio of interest expenses to revenues less direct costs reached up to 45% (compared with only 5% for non-CRE firms). Up to three-quarters of loans to this sector are to firms with at least one of the following characteristics: negative equity, negative EBIT, or low interest coverage.[45] In the office segment, the vacancy rate remained relatively stable in the first half of 2025, after falling slightly in 2024. From a financial stability perspective, it is important that the NPL ratio for the CRE portfolio has not risen and

[45] 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.

remains below 1%. The main positive factor at present is revenues, which rose by 22% year-on-year in 2024 and continued to grow in the first half of 2025. This trend is reflected in asking rental prices, which increased by 5% in the first half of the year. The downward movement of interest rates is expected to gradually ease the interest expense burden. The average interest rate on CRE loans is expected to fall from 6.0% in 2024 to 4.4% in 2025.

Box 4

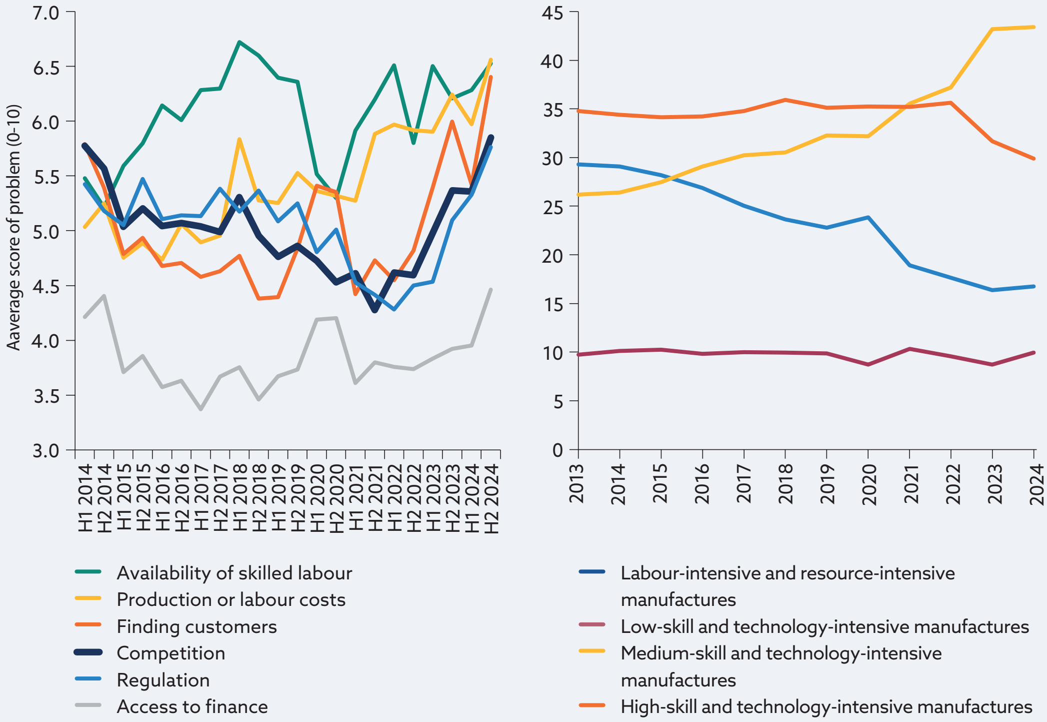
Growing importance of Slovak firms' competitiveness in the context of global economic developments

The long-term prospects of the Slovak corporate sector will depend on firms' competitiveness – not only relative to other European countries but also globally

In the context of major changes in the global economy in recent years, firms' competitiveness has become a key issue. Competitiveness affects the corporate sector's resilience to new challenges, with important financial stability implications. It is also a prerequisite for long-term growth, investment, and innovation. Competitive firms are better able to sustain revenues amid rising costs, slower economic growth, and weakening global demand. A decline in competitiveness can lead to capital outflows and reduced foreign investment.

For firms in Slovakia, competitiveness is particularly important given the economy's export-oriented nature. Maintaining competitiveness in the European market – the main destination for Slovak exports – is crucial. For foreign-owned Slovak firms, it also essential to remain competitive within their multinational groups.

Chart 19
Slovak firms are facing increasing competitive pressure (left panel); China focuses on higher-tech products (right panel)
Left panel: Average score of specific problems for Slovak SMEs (on a scale of one to ten)
Right panel: Share of Chinese exports to the European market by skill and technology level (percentages)



Sources: Left panel – ECB (Survey on the Access to Finance of Enterprises); right panel – United Nations Conference on Trade and Development (UNCTAD) (Merchandise trade matrix).

More broadly, Europe itself faces increasing challenges competing with other large economies, particularly the United States and China. The Draghi report on EU competitiveness, published last year, highlighted the European corporate sector's underperformance relative to China and the United States. Europe trails the United States in terms of innovation by leading large firms (notably in digitalisation). Europe also produces fewer innovative start-ups, and underperforming European firms raise their efficiency less than US firms.[46]

Rising competition from China is undermining the position of European industry. Chinese competition has been intensifying for some time, and this year higher US tariffs forced China to reroute part of its exports to other markets. Recent developments confirm that China has partially offset declining exports to the United States by increasing exports to Europe. Moreover, the structure of Chinese exports is changing; whereas in the past, China focused on dominance in low-cost components and low value-added products, today it increasingly competes with European producers in higher-tech sectors, such as electric vehicles, machinery, electrical machinery, industrial goods, and pharmaceuticals (Chart 19, right panel). As a result, Europe's share of global exports is gradually declining, particularly in

[46] Adilbish, O., "Europe's Productivity Weakness: Firm-Level Roots and Remedies", *IMF Working Papers*, Vol. 2025, No 040, International Monetary Fund, February 2025.

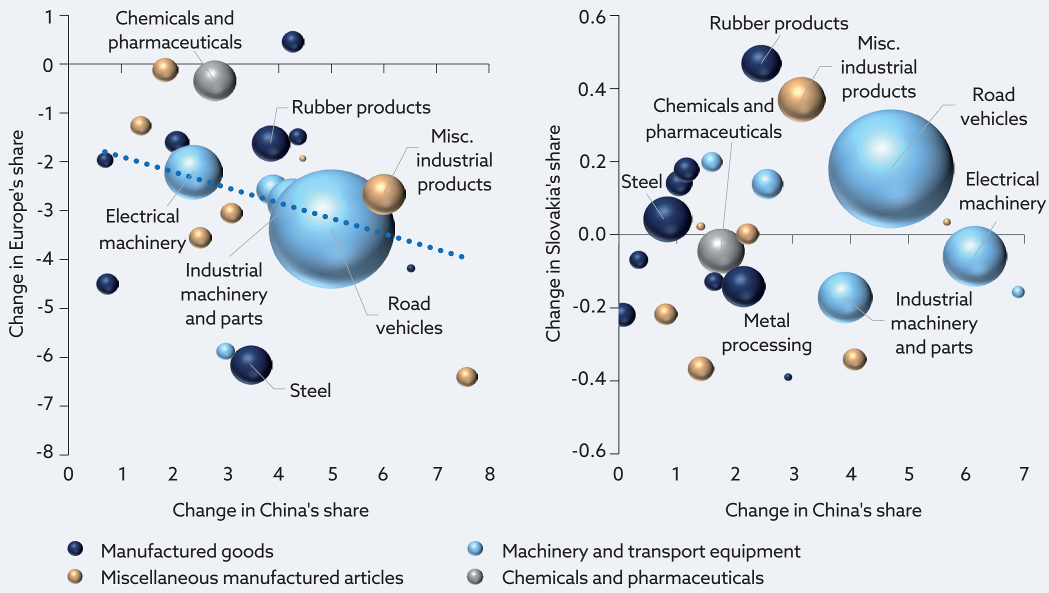
sectors where China is gaining market share (Chart 20, left panel). Rising energy and production costs since 2021 have further weakened the euro area's price competitiveness relative to China.

Chart 20

China gains global export share at Europe's expense; Slovak exports are less affected so far

Left panel: Change in China's (horizontal axis) and Europe's (vertical axis) shares of global exports, 2019–2024 (percentages)

Right panel: Change in China's (horizontal axis) and Slovakia's (vertical axis) shares of exports to Europe, 2019–2024 (percentages)



Source: UNCTAD.

Notes: The chart shows the changes in the shares of China and Europe (left panel) and China and Slovakia (right panel) in exports of goods classified at the second SITC level, under Sections 5–8, in the total export of these goods to the global market (left panel) or the European market (right panel). Bubble size indicates importance for Slovak exports. The dotted line in the left panel shows the linear correlation between China's and Europe's share changes.

Competition from China is an increasing challenge for Slovakia. The European market, where China is gaining share, is the main destination for Slovak exports. Domestic firms are increasingly identifying competition as a major concern (Chart 19, right panel). For Slovakia, however, the situation is still better than for Europe as a whole. Slovakia has so far maintained or even increased its market share in several sectors where it competes directly with China (Chart 20, right panel), though not in all. Slovakia has lost some share in industrial machinery and parts, processed metals, electrical machinery, and chemical products. Goods affected by Chinese competition account for 89% of Slovak exports (Chart 21, left panel).

The level of domestic bank financing for exporting firms is relatively low. Loans to firms whose exports are most exposed to Chinese competition exceed 25% of their revenues but represent only 11% of total corporate loans (Chart 21, right panel). From a financial stability perspective, exposures to domestic suppliers of such firms may be a larger concern. In the future, enhanced use of micro-level

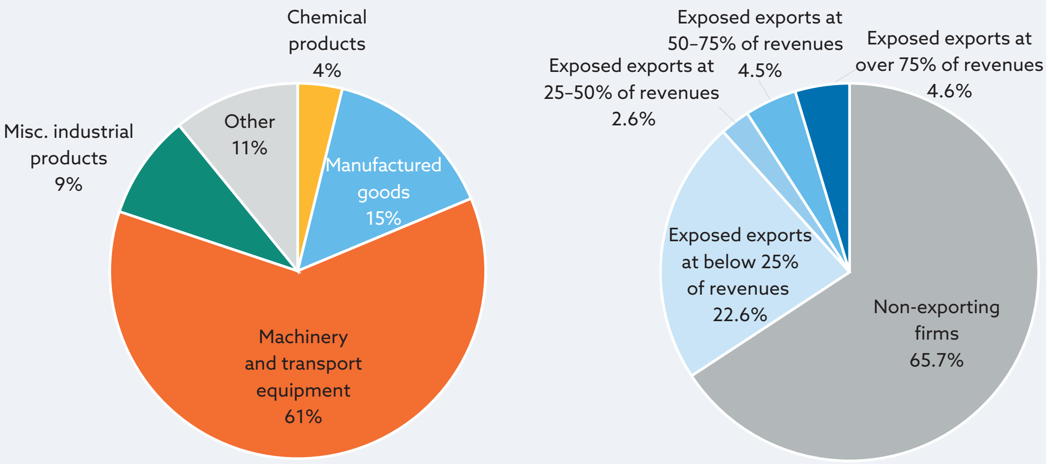
VAT data could help better understand supplier–customer relationships within the domestic economy.[47]

Chart 21

Goods exposed to Chinese competition make up a significant share of Slovak exports, but domestic bank financing to exporting firms is relatively low

Left panel: Slovak exports by type of goods (percentages)

Right panel: Share of total loans granted by Slovak banks to firms by the extent to which firms' goods exports are exposed to Chinese competition (percentages)



Sources: NBS, and SO SR.

Notes: Data are for 2024. Products exposed to Chinese competition include in particular machinery, electrical machinery, industrial goods, chemical products – categorised in Sections 5 to 8 of the Standard International Trade Classification (Revision 3).

[47] "Transaction data for evidence-based industrial policy", *OECD Science, Technology and Industry Policy Papers*, No 178, OECD Publishing, Paris, May 2025.

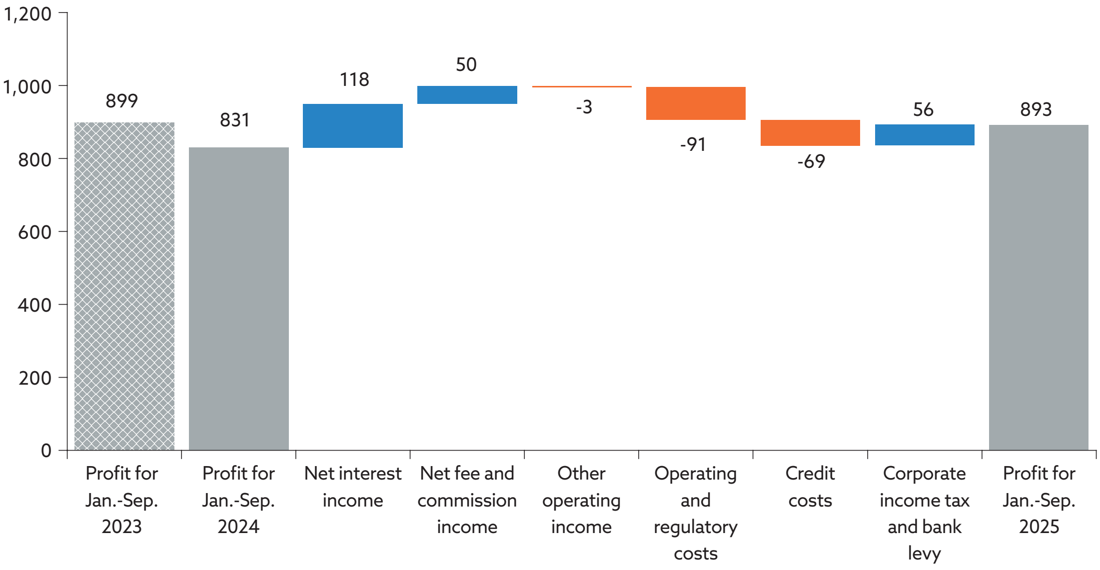
4 Banking sector profitability and resilience

4.1 Financial position of banks remains stable

A decline in interest expenses supported profit growth

Domestic banks' aggregate net profit for the first nine months of 2025 increased by 7% year-on-year. As regards banks' main sources of profit growth, trends remained unchanged. As usual, the largest contribution to growth in operating profit came from net interest income, its increase driven mainly by lower interest expenses on deposits from non-retail customers. Net fee and commission income grew at a slightly faster pace. Among expenses, administrative costs recorded the largest absolute increase, but their year-on-year rise was outpaced by the increase in net provisioning. In the third quarter of 2025, however, the provisioning effort eased slightly owing to increased reversal of provisions for off-balance-sheet exposures. Overall, the sector's pre-tax profit was virtually unchanged, while the increase in net profit was primarily due to a reduction in the bank levy.[48]

Chart 22
Profit growth still driven by net interest income
Decomposition of the year-on-year change in the banking sector's profit (EUR millions)



Source: NBS.

A segment-level view shows the growing importance of retail business for banks' profitability. Net interest and fee income from the retail segment accounted for more

[48] The bank levy rate fell in January from 30% to 25%. The total effective tax-and-levy rate decreased year-on-year from 39% to 35%.

than 57% of banks' total net interest and fee income for January–September 2025 – the highest share since recording of this indicator began in 2016. Moreover, this dominant position of the retail segment is expected to continue thanks to ongoing repricing of the mortgage portfolio, which is not only the largest loan portfolio in the banking sector, but has also continued to grow strongly in recent months.

This year's loan loss provisioning has significantly surpassed last year's record-low level. Total loan loss provisions established in the first nine months of 2025 amounted to €157 million, slightly above the average for the previous five years. The quality of banks' loan portfolios remains stable.[49] However, the provisioning coverage ratio for bank loans has been decreasing for some time, largely due to the increasing share of lower-risk exposures – mainly mortgages – in banks' loan portfolios.

Overall, the short-term profitability outlook can be assessed as stable, owing to a slightly rising net interest margin and statutory phased reduction in the bank levy rate. We see no grounds for any significant increase in loan loss provisioning. In the longer term, however, after further potential interest rate cuts and the exhaustion of the banks' room to reduce interest expenses, pressure on profitability may increase. Profitability may also decline if the costs of the mortgage subsidy, a scheme compensating mortgage holders for increased lending rates, are shifted from the state to banks, as is currently being discussed. Such an additional cost would reduce the sector's pre-tax profit by an estimated 3%.

In the spotlight:

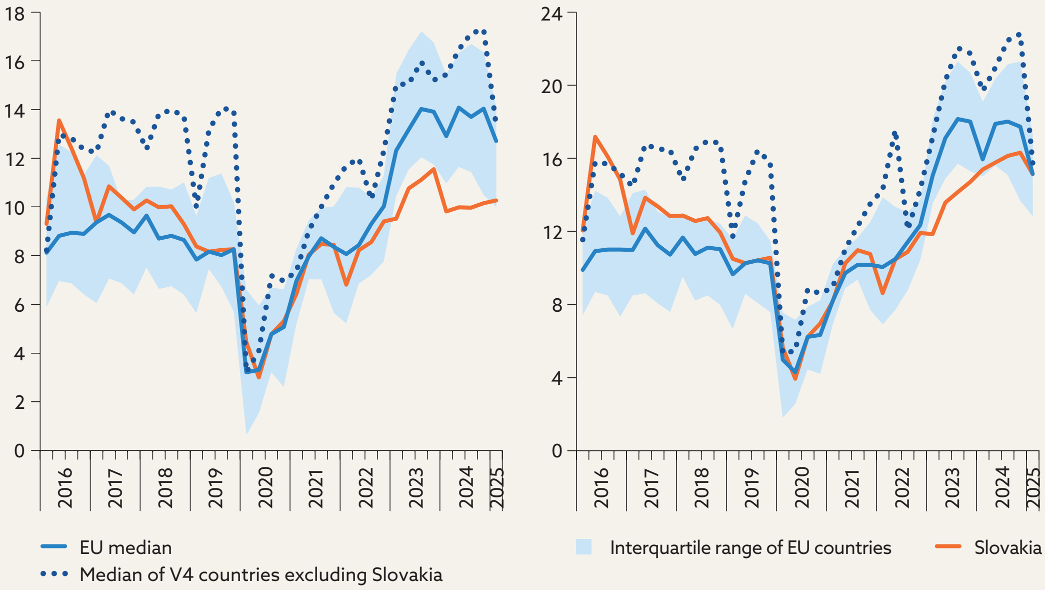
Domestic banks' profitability in the European context

The efficiency with which domestic banks use their capital, as measured by return on equity (ROE), is lagging behind the EU median. The gap began to widen in the second half of 2022, when interest rates started rising. The increase in interest margins in neighbouring countries was even more marked, owing to their different monetary policy and competitive environment. The longer average length of interest rate fixation periods on loans in Slovakia slowed the transmission of lending rate increases to bank profits during the initial phase of rate hikes and helped spread the effect over a longer period. Currently, we are seeing the opposite trends. In most EU countries, banks' interest income growth has slowed or turned negative, while in Slovakia it is still rising. The domestic banking sector's pre-tax profitability for January–March 2025 was at the EU median, which was the first time its profitability reached that level since June 2022. We expect the upward trend in interest income in Slovakia to continue at least until 2027.

49 The overall non-performing loan (NPL) ratio for the sector's loan portfolio stood at 2.05% as of September 2025 (2.03% in September 2024). For significant banks, the September 2025 NPL ratio was 1.9%, and for less significant banks, 2.8%. The long-term decrease in the NPL ratio across less significant banks stopped at the end of 2024. The overall NPL coverage ratio fell from 59% to 57% between September 2024 and September 2025, The share of total loans categorised as Stage 2 – i.e. as having experienced a significant increase in credit risk since initial recognition – fell from 9.6% to 8.2% over the same period, while the Stage 2 coverage ratio remained unchanged at 5.5%.

The bank levy is currently the main cause of the difference in banking sector profitability between Slovakia and most EU countries.[50] Since 2024, the levy has negatively impacted the profitability of domestic banks. Last year alone, the effective tax-and-levy rate was 39%. However, the bank levy rate is set to decrease annually from the current 25% to 4.4% from 2028 onward. From the perspective of banks' stability and their ability to finance the economy, it is important that their profitability is sufficient and does not fall behind that of banks in other countries. The phased reduction of the bank levy is crucial if the domestic banking sector is not to lose attractiveness in the eyes of investors.

Chart 23
Return on equity is gradually improving but is below the levels in other V4 countries
Left panel: Annualised return on equity (percentages)
Right panel: Annualised return on equity before tax (percentages)



Source: ECB Data Portal.
Note: The V4 countries excluding Slovakia are the Czech Republic, Hungary and Poland.

Implementation of Basel III – the third iteration of the Basel Accords – has supported an increase in capital ratios

The Slovak banking sector's capital adequacy ratio on a consolidated basis stood at 20.6% as of June 2025, up by 0.8 percentage points from December 2024. The leverage ratio remained unchanged at 8%.[51] The sector's capital headroom – i.e. surplus of capital resources above all parallel capital requirements, including the minimum requirement for own funds and eligible liabilities (MREL) –increased to €1.8 billion, or

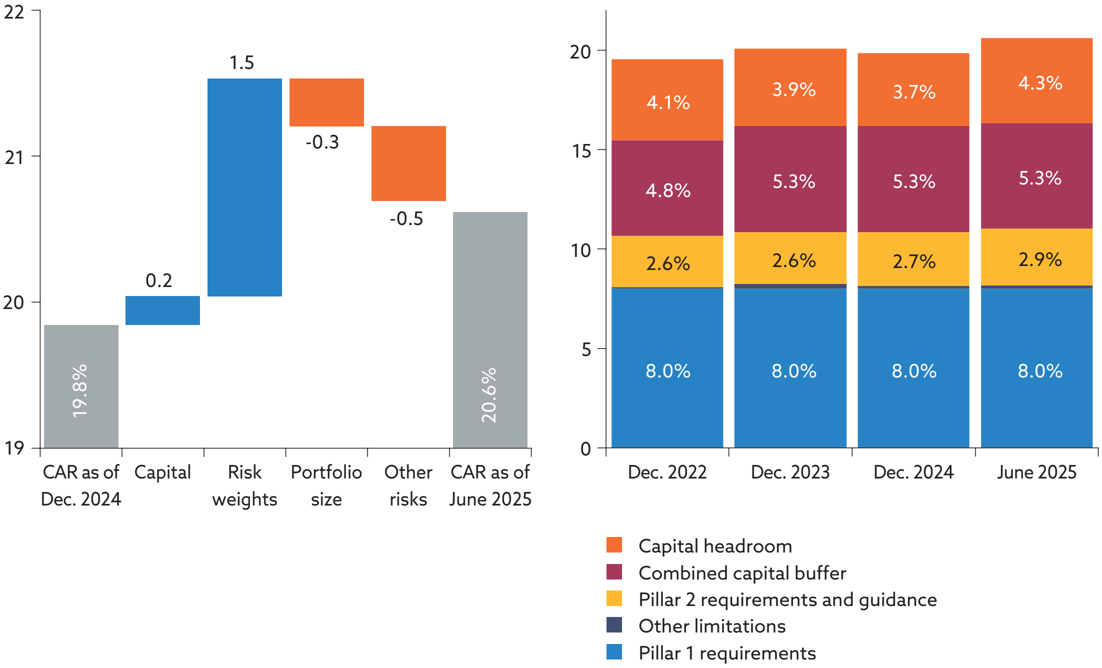
50 As of September 2025, Slovak banks' aggregate return on equity stood at 10.9%; data for other EU countries were not available at the time of preparing this report.

51 As of September 2025, the aggregate capital adequacy ratio was 20.5% and the leverage ratio was 7.8% (according to preliminary data).

4% of risk-weighted assets. Compared with banks' aggregate capital adequacy ratios in other EU countries, domestic banks improved significantly and moved up to just below the median.[52]

Risk-weighted assets declined as a result of legislative changes.[53] Changes in capital requirements for credit risk considerably reduced risk weights and freed up capital for banks, partially offsetting the increase in capital requirements for operational risk. In the first half of the calendar year, banks' capital adequacy typically increases owing to the retention of earnings. Although domestic banks' profits for 2024 were the second highest on record, this factor was not significant in 2025, as banks' profit retention ratio was the lowest in the past five years.[54]

Chart 24
A decline in risk weights supported capital adequacy
Left panel: Decomposition of the half-year change in capital adequacy (percentages; percentage points)
Right panel: Banks' capital headroom (percentages)



Source: NBS.
Notes: Left panel: CAR stands for capital adequacy ratio. Right panel: the evolution of capital headroom is calculated solely with reference to capital adequacy requirements, disregarding any constraints on capital usage arising from the leverage ratio or the minimum requirement for own funds and eligible liabilities (MREL).

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52 As of March 2025, the EU median stood at 21.1%, and the figure for Slovakia was 20.9%. The gap was 0.8 percentage points smaller compared with December 2024 and was smaller than at any time since March 2015.

53 For more information, see the section entitled 'In the spotlight: The Impact of Basel III on domestic banks'.

54 The profit retention ratio stood at 24% in 2025, after a period of continuous decline since 2022 (48%).

In the spotlight:

The impact of Basel III on domestic banks

Basel III – the third instalment of the Basel Accords – was agreed upon in 2011 by the Basel Committee on Banking Supervision (based in Basel, Switzerland, at the Bank for International Settlements). It subsequently underwent several modifications and refinements until its current form was finalised in 2019, completing the preparation of rules designed to make internationally active banks more resilient to potential crises. In the European Union, the Basel III implementation process was divided into three blocks. Following the implementation of the first two blocks – completed in 2014 and 2021 respectively – the final block has been effective for banks since the beginning of 2025. Since a number of its components are subject to transitional phase-ins, Basel III will not be fully applied until the start of 2033.

The EU's new banking package[55] introduced several changes. The main ones include the following: limiting the potential underestimation of credit risk arising from the use of internal models, including through the introduction of the output floor; a more risk-sensitive standardised approach for credit risk; a simplified framework for calculating operational risk; and revisions to the market risk[56] and credit valuation adjustment (CVA) risk frameworks.

For domestic banks, the most significant changes concerned credit risk. These included the introduction of a more risk-sensitive standardised approach for mortgages,[57] the removal of the scaling factor for all exposures under the internal ratings-based (IRB) approach, and a reduction of the loss given default (LGD) parameter for selected corporate exposures.[58] Changes to the operational risk framework contributed to an increase in risk-weighted assets.[59] Because the output floor is being phased in, it does not represent a systemic constraint. If it were applied in full immediately, the banking sector's capital adequacy ratio would decline from 20.6% to 20.3%.

The impact on individual banks in the domestic market has varied. The banks that have benefited most from the changes are those using the IRB approach and those with a significant portfolio of mortgages under the standardised approach. In the EU context, Slovakia is among the countries for which the introduction of the new rules has had one of the most positive impacts on capital requirements and average risk weights.

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55 Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 and Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024.

56 A new methodology for calculating market risk capital requirements will apply from 1 January 2027.

57 Retail mortgages under the standardised approach were assigned a risk weight of 35% until the end of 2024. From 2025, the risk weight is determined in relation to the loan-to-value (LTV) ratio. The portion of the loan up to 55% of the value of the real estate collateral is assigned a risk weight of 20%, and the remaining portion a weight of 75%. Given the overall low average LTV, the weighted risk weight has decreased from 35% to 29%.

58 The setting of a lower LGD for selected corporate exposures (from 45% to 40%) and the elimination of the scaling factor have reduced the average risk weight of corporate exposures from 71% to 62% (IRB approach).

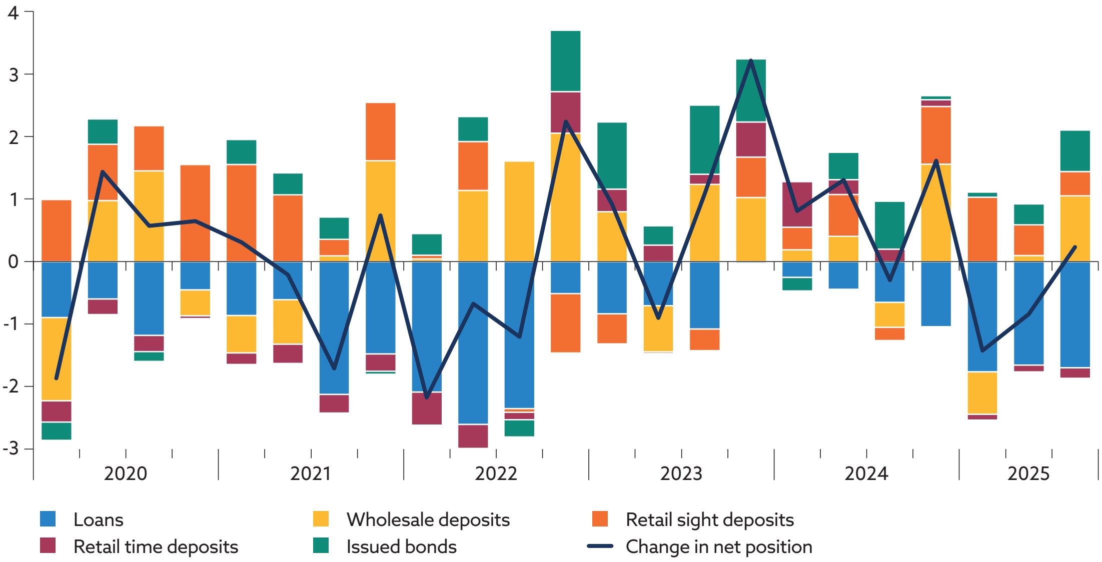
59 All approaches used until 2024 were replaced by a new standardised approach that progressively scales the capital requirement according to the scope of a bank's activities.

4.2 Banks' liquidity position deteriorates slightly

Credit market recovery as a factor in liquidity developments

While their liquidity position has worsened slightly during 2025, domestic banks remain sufficiently liquid. The relative deterioration can be considered as under banks' control. Amid positive credit market sentiment, banks have been able to grow their loan portfolios faster than their funding from deposits and issued bonds. Hence, banks have this year also been drawing on funds accumulated in 2023 and 2024, with the result that the liquidity coverage ratio (LCR) has gradually declined to its lowest level since the end of 2022.[60] The structural net stable funding ratio (NSFR) has also edged down in response to balance sheet changes.[61] This mirrors the movement of the ratio of loans to deposits and issued bonds (LTDB), which, despite ending 2024 at its lowest level in six years, has been rising since then.[62] The credit market, driven by mortgage lending, is expected to maintain its momentum, while seasonal deposit inflows typical at the end of the year are expected to boost liquidity ratios.

Chart 25
Liquidity position affected mainly by strong loan growth
Quarter-on-quarter change in deposits, issued bonds, and loans (EUR billions)



Source: NBS.
Notes: The quarter-on-quarter growth in loans is shown as a negative value (use of bank funds). 'Change in net position' is the difference between the sum of quarter-on-quarter changes in deposits and issued bonds and the quarter-on-quarter change in loans.

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60 The liquidity coverage ratio stood at 177% as of September 2025, down by 10 percentage points from the end of 2024.

61 The net stable funding ratio stood at 131% as of September 2025 (132% in December 2024).

62 The loan-to-deposit ratio stood at 106% as of September, up by 4 percentage points from the end of 2024.

New deposit inflows from all customers are at the level of the long-term average, which only underscores the significance of the credit market factor. Growth in retail deposits in the first nine months of 2025 exceeded the average for the same period in the previous five years. The strongest growth was in sight deposits, which are more advantageous for banks in terms of profitability and the management of liquidity risk and interest rate risk. Corporate deposit inflows were slightly below their long-term average.

In the coming years, however, banks may face an increasing risk of retail deposit outflows.[63] The risk lies mainly in the possible continuation of the scheme for retail investment in government bonds and the expected rise in the use of new payment schemes (e.g. the digital euro, stablecoins,[64] and alternative fintech services). Ignoring such risks could directly affect banks' liquidity and, by extension, their business model.

Since the introduction of the digital euro is still some years away, its potential impact is difficult to estimate today. Moreover, the projection for deposit outflows to the digital euro is considerably affected by initial assumptions. In a recent technical analysis,[65] the ECB assessed potential euro demand under different scenarios; it tested a range of holding limits from €500 to €3,000, applied a take-up rate of 66%, and assumed that all household sight deposit accounts would be affected by potential outflows, regardless of whether the accounts are actively used for payments. At the euro area level, applying the highest holding limit level, the aggregate deposit outflow is estimated to be 8.2% of total retail sight deposits, reducing the liquidity coverage ratio by 17 percentage points. For the domestic market, applying the same assumptions, the corresponding figures are estimated by NBS to be 8.8% and 38 percentage points – higher than previously estimated owing to the inclusion of non-transactional parts of bank accounts and a higher take-up rate.[66]

Domestic banks' business models may also be affected by an increasing share of issued bonds. During periods of slower deposit inflows, bond issuance becomes more important for banks. Although banks are currently managing to roll over their maturing bonds, investors are demanding higher yields.[67] The total value of banks' bonds due to mature over the next three years is nearly €10 billion, representing approximately one-tenth of their balance sheet total. It should also be noted that bond issuance has an impact on profitability. For banks with bond-heavy balance sheets, a change in financial conditions at the time of rollover could have a major impact on their business model. A simulation of the gradual rollover of covered bonds maturing over a three-year horizon under current market conditions shows that interest expenses would rise sharply, with their increase in 2028 alone already equivalent to almost 8% of the banking sector's 2024 profit.

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63 NBS Discussion Note No 146: "Domáce banky majú likviditu pod kontrolou, prichádzajú však nové výzvy" (Domestic banks have their liquidity under control, but new challenges are emerging), October 2025 (in Slovak only).

64 This topic is discussed in more detail in Box 1.

65 "Technical annex on the financial stability impact of the digital euro", ECB, October 2025.

66 NBS Discussion Note No 141: "Bude digitálne euro pre naše banky výzvou?", (Will the digital euro be a challenge for our banks?), November 2024 (in Slovak only).

67 By early October, the volume of domestic banks' bonds that had matured this year stood at €2.6 billion, while the bonds they issued over the same period amounted to €3.2 billion.

4.3 No changes in macroprudential policy

The financial cycle is gradually recovering. The credit market's current developments are not giving rise to elevated risks. After a period of slowing lending caused by rising interest rates, the credit market stabilised and loan growth is now accelerating. Stronger demand for loans is visible both among households and firms. The private sector debt-to-GDP ratio has started rising again, after its previous downward trend. But since private sector indebtedness is not increasing significantly faster than key economic fundamentals, such as disposable income, revenue growth, and GDP, it is not associated with elevated risk. Despite slower economic growth, banks have been able to maintain profits, and there has been no deterioration in the credit quality of the loan portfolio.

The fact that the private sector debt-to-GDP ratio decreased over the previous two years is now helping mitigate risks. Nevertheless, the persistent higher interest rate environment is ensuring that indebted households and firms remain sensitive to potential adverse developments. The financial cycle's gradual recovery is in line with economic trends and is not leading to an excessive build-up of risks. Nor do simulations of the financial cycle's projected evolution in the coming period indicate any decoupling from economic fundamentals. In normal times, such decoupling would create room to reduce the countercyclical capital buffer (CCyB) rate. Currently, however, the greatest risk is the heightened uncertainty present in both domestic and external environments.

In the context of the current persistent uncertainty, it is justified to keep the CCyB rate unchanged. The accumulated buffer represents the first line of defence against potential unexpected losses arising from any materialisation of existing risks.

In the spotlight:

Climate risk not expected to pose a direct challenge to financial stability in Slovakia

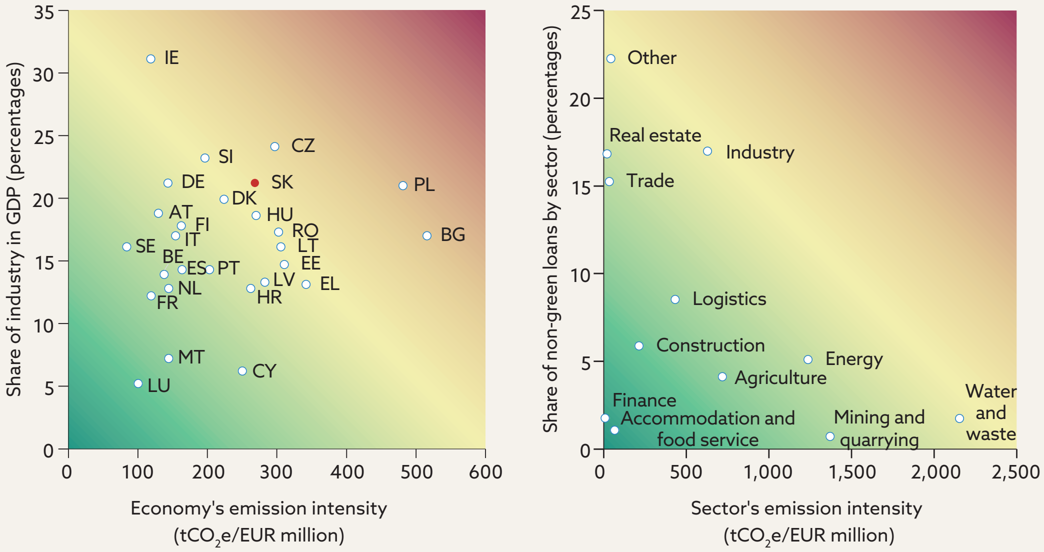
Although Slovakia has one of the highest industry shares in GDP within the EU, the emission intensity of its economy is only moderate. Likewise, loans contributing to climate change ('non-green loans') are concentrated mainly in sectors with relatively low emission intensity. This starting point increases the likelihood that Slovakia's transition to a low-carbon economy can be evolutionary rather than revolutionary, and therefore without major implications for financial stability. On the other hand, Slovakia remains dependent on energy-intensive production and fossil fuels, which heightens the economy's sensitivity to rising emission allowance prices, stricter EU regulations, and energy price shocks.

Chart 26

The Slovak economy and banks have only moderate exposure to climate transition risk

Left panel: Share of industry in GDP and emission intensity of the economy (percentages; tCO_2e per EUR million)

Right panel: Shares of non-green loans by sector and sectoral emission intensity (percentages; tCO_2e per EUR million)



Sources: NBS, and Eurostat.

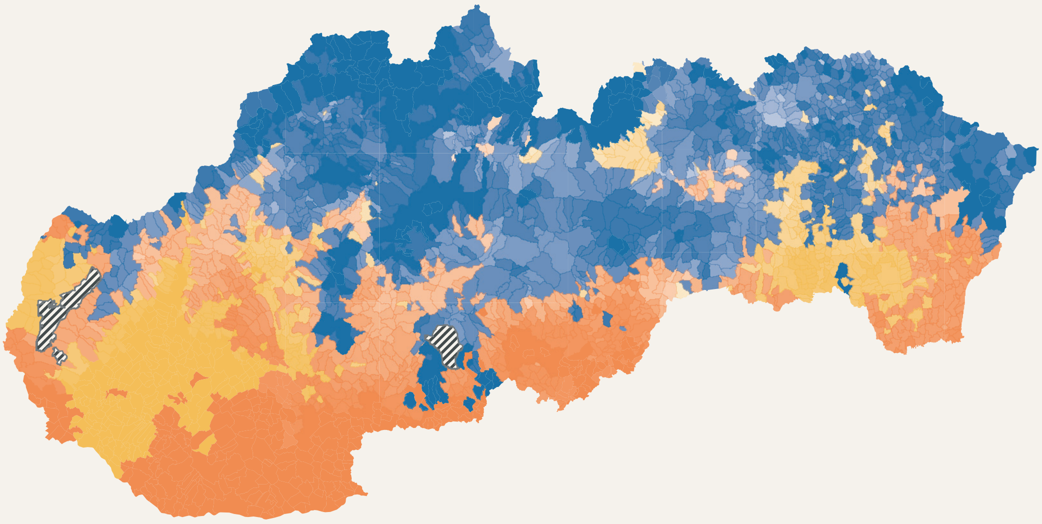
Notes: Loan data are as of December 2024 for banks representing 70% of the banking sector. Emission intensity data are for 2023.

Metric tonnes of carbon dioxide equivalent per million euro of output (tCO_2e/EUR million) is a measure of an economic activity's emission intensity, i.e. the amount of greenhouse gases contributing to climate change through their global warming potential (expressed in tonnes of CO_2 equivalent) produced per EUR 1,000,000 of economic output in a given sector. Sectoral emission intensity alone does not determine whether specific loans are considered green. Even in emission-intensive sectors, green loans can exist, and vice versa. In Slovakia, non-green loans are only moderately concentrated in the most emission-intensive sectors. A non-green loan is one that a bank does not classify as sustainable either because it does not meet environmental sustainability criteria or because there is insufficient information to assess it.

From a financial stability perspective, the overall impact of physical risks on banks' loan portfolios is relatively moderate. Climate transition risks are more of a structural challenge than an immediate threat. They will require active management of exposures, integration of climate risks into lending processes, and support for projects that help industry adapt to new low-emission conditions.

Among the physical risks facing Slovakia are extreme heat, drought, floods, and heavy precipitation. Droughts, often coinciding with extreme heat, mainly affect regions in the south and west of the country. Flood risks are present in the river basins of the Danube, Hron, and Váh. Extreme precipitation is an increasing problem in northern Slovakia, where it also accelerates soil erosion.

Chart 27
Regional differences in the extent and types of physical risks in Slovakia



Dominant risk
Extreme heat
Extreme drought
Extreme precipitation

Sources: Institute for Environmental Policy (at the Ministry of Environment of the Slovak Republic), and NBS calculations.
Note: The darker the shade, the more intense the risk.

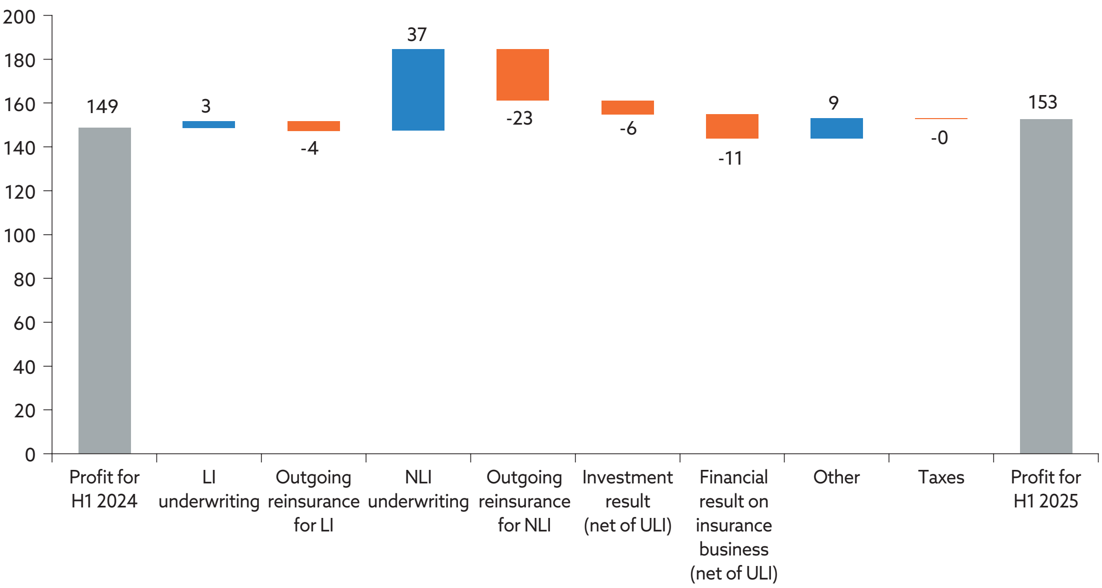
5 Other sectors

5.1 Insurance sector growth trends continue

Profit increased in the first half of 2025

Compared with the first half of 2024, the Slovak insurance sector's aggregate net profit for the same period of 2025 increased by 2.7%. The return on assets (ROA) rose from 3.6% to 3.9% and remains well above the EU median.[68] The return on equity (ROE) fell slightly, from 16.2% to 15.9%. The main driver of profit growth was the non-life underwriting result, predominantly attributable to branches of insurers from other EU Member States. This growth in non-life business followed a temporary decline in 2024.[69] The life insurance result remained a stable component of overall profit, with practically no year-on-year change.

Chart 28
Profit growth driven by non-life insurance and certain peripheral factors
Decomposition of profit change (EUR millions)



Source: NBS.
Note: ULI stands for unit-linked insurance; NLI stands for non-life insurance; LI stands for life insurance.

As regards the capital adequacy of domestic insurers, the average SCR coverage ratio fell by a further 9 percentage points over the first half of 2025, ending the period at 185%. Compared with end-2023, the ratio was lower by 20 percentage points, while in long-term comparison, it was back to 2018–2019 levels. Although insurers increased the volume of their capital, their capital requirement rose more sharply. For the level

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[68] The median ROA across EU national insurance sectors for 2024 stood at 0.7%.

[69] Individual additions to provisions reduced the sector's profit in 2024. After adjusting for this effect, the increase in the result for non-life underwriting would be more moderate, and the year-on-year change in net profit would likely be negative.

of its insurance sector's solvency ratio, Slovakia ranks approximately in the lower third of EU countries. Insurers need to have a sufficient level of capital adequacy not only to cope with exceptional situations, but also to ensure their proper functioning.

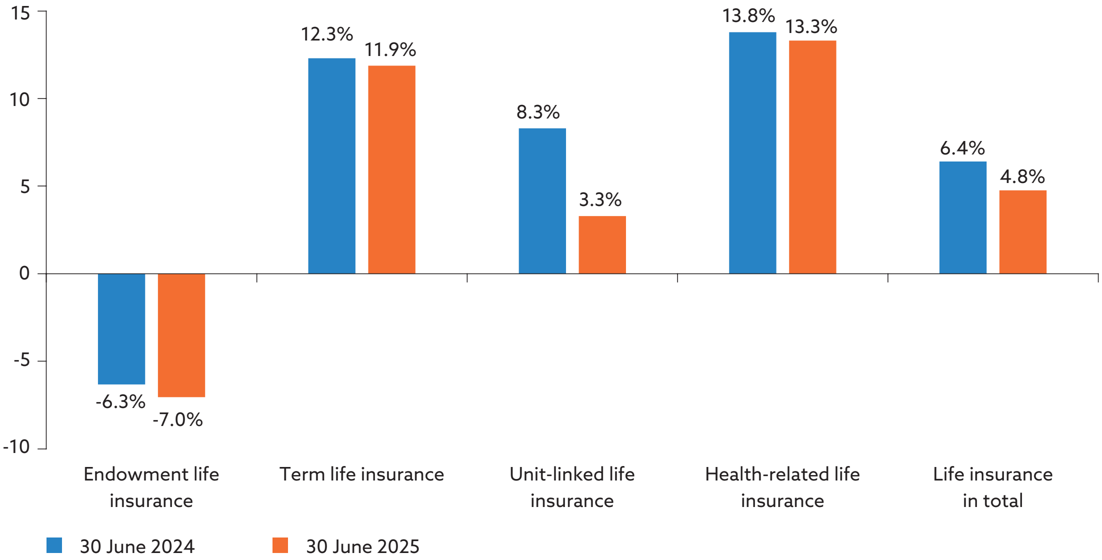
No significant trend changes across life insurance classes

Annual growth in total life premiums slowed in the first half of 2025 to 4.8%. Term life policies continued to be in greater demand than endowment policies. Premiums written in endowment insurance continued to decline, while in term insurance they maintained an almost steady pace of growth.

Unit-linked life insurance also recorded year-on-year growth in the first half of 2025. In 2024, however, a similarly positive first six months was followed by negative growth for the year as a whole.

Health-related life insurance grew at almost the same pace as last year, so it has stabilised after slowing down in that period.

Chart 29
Endowment life insurance continued to decline while other classes grew
Total premiums in major life insurance classes (annual percentage changes)



Source: NBS.

The proportion of life premiums ceded to reinsurance remains low, amounting to 3.5% as of June 2025. The insurance class in which this share is highest (8.7%) is term insurance.

Non-life insurance reflects delayed impacts of higher inflation

Total premiums written in non-life insurance increased by 9.1% year-on-year in the first half of 2025. Premium growth in motor third party liability (MTPL) insurance was the highest in nine years, and the growth rates in comprehensive motor insurance and property insurance were also high by historical standards.[70]

Along with premiums written, the average premium per non-life policy over the first six months was also higher year-on-year, though its growth of 7.0% was slightly slower compared with the same period of the previous year (9.6%). By contrast, the rise in the average MTPL premium accelerated from 8.3% to 14.0%.[71]

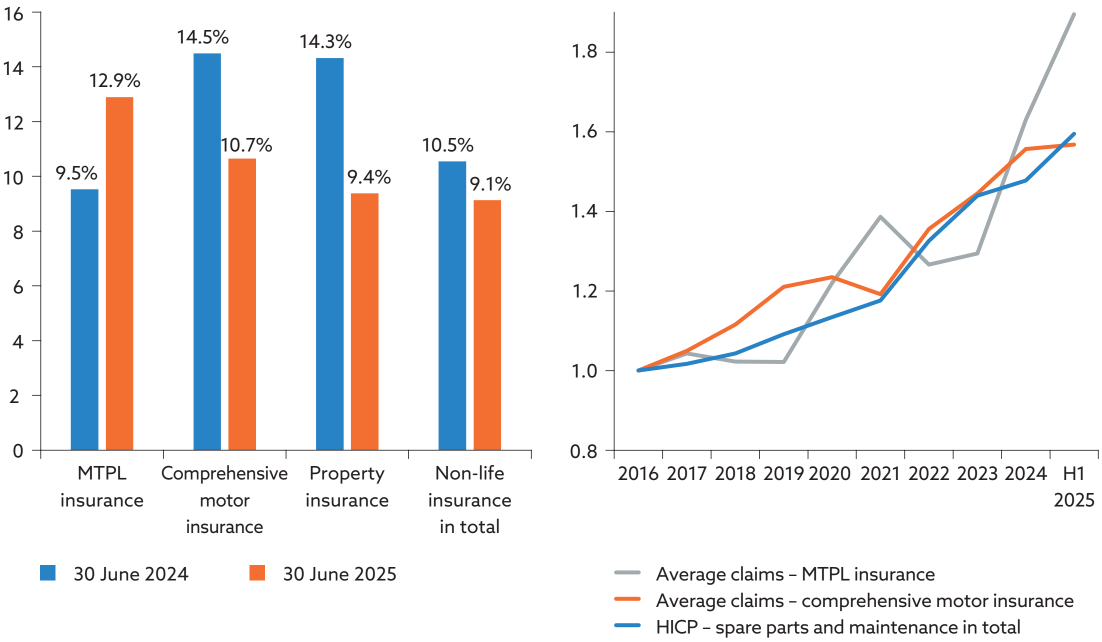
The lagged increase in average premium prices reflected higher claims costs, which in turn were pushed up by inflation in vehicle spare parts and maintenance. The combined ratio for non-life insurance, after a temporary deterioration in 2024 (to 93%), returned to a more typical level (88%). The ratios for motor insurance and property insurance remained below 100%, with improvements recorded by several insurers.

The proportion of non-life premiums ceded to reinsurance was virtually the same as in the first half of 2024.

Chart 30

Non-life premiums written are growing; motor insurance claims have long been rising in line with prices of spare parts and maintenance

Left panel: Premiums written in the main non-life insurance classes (annual percentage changes)
Right panel: Average claims growth compared with the HICP for vehicle spare parts and maintenance (index)



Sources: NBS, and SO SR.
Notes: Average claims are expressed for members of the Slovak Association of Insurers.
'*HICP – spare parts and maintenance in total*' represents a weighted average of the following HICP categories: *HICP – Spare parts and accessories for personal transport*, and *HICP – Maintenance and repair of personal transport equipment*.
HICP stands for Harmonised Index of Consumer Prices.
Index: 1 = average for the years 2016 to 2025.

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70 Data up to 2023 are available only for domestic insurers, which account for the majority of the market.

71 MTPL is the only individual insurance class for which data on average premiums are available.

In MTPL business, the high proportion of uninsured vehicles remains a pressing issue. The situation should be improved by new legislation. In autumn 2025, Slovakia's Interior Ministry launched a legislative process to amend several laws related to MTPL insurance with the aim of streamlining the system and introducing measures to reduce the number of uninsured vehicles on the roads.

5.2 Asset management sectors continue to grow

Despite declining briefly, the amount of assets under management has increased significantly in 2025

In the domestic financial system's three sectors focused on fund-based asset management,[72] the trend of relatively robust expansion has continued in 2025. The aggregate net asset value (NAV) of funds across all of these sectors increased by €2.85 billion over the first nine months, although its growth was slower than the record high pace recorded in 2024. Relative to the start-of-year level, the sector reporting the strongest growth was the third pension pillar (almost 13%), followed by the investment fund sector (9%) and the second pension pillar (8%).[73]

The stronger growth across third pillar funds was due mainly to better performance. The average nominal return on third pillar funds over the first nine months was 7%, compared with around 3% in the other two sectors. New inflows from customers were similar across the sectors, between around 4% and 6% of initial NAV. However, the path to these positive results was not straightforward.[74]

Continued concentration of assets in equity and index funds

Net sales of investment funds exceeded €640 million in the first nine months of 2025, as demand remained elevated after picking up in the second half of 2024. For several years now, the majority of inflows in this sector have gone into equity investment funds. In the first nine months of 2025, investors increased their positions in these funds by nearly €400 million, nor was the stable pace of net sales in equity funds disrupted by stock market corrections. A similar trend, though on a smaller scale (around €100 million), was observed in real estate investment funds.[75] Across mixed investment funds, the prolonged period of net redemptions was replaced in late 2024 by moderate net sales, and this positive trend has continued in 2025. In contrast, bond funds, after recording strong inflows in 2024, have experienced a significant slowdown this year, though their net result is still in positive territory. One reason for the reduced

72 The investment fund sector and the second and third pillars of Slovakia's pension system.

73 Absolute growth amounted to €1,331 million in second pillar funds, €537 million in third pillar funds, and €982 million in investment funds.

74 A sharp drop in valuations – particularly in equity markets – in late March and early April caused significant temporary asset repricing in many fund portfolios in the Slovak financial sector, resulting in a notable decline in their NAVs at that time. As markets swiftly rebounded, however, all three asset management sectors returned to a growth trajectory.

75 This differing intensity meant that, in terms of total NAV, equity investment funds surpassed real estate-oriented funds. Mixed investments funds remained the largest category, although by a narrowing margin.

demand for bond funds may be the placement of government bonds to retail investors in March 2025, which likely satisfied a significant portion of household demand for debt investments.[76]

The domestic investment sector has in recent months diverged from the net sales trend in the rest of the euro area, where bond funds have attracted most additional investments and equity fund inflows have ebbed.

In the second pension pillar, fund management companies have continued implementing the statutory transition to a default investment strategy, involving the transfer of a large portion of savers' assets from bond pension funds to index pension funds. As a result, nearly all the sector's NAV growth this year has been concentrated in the now dominant index pension funds. In the third pillar, too, most NAV growth has occurred in equity-oriented funds, with the most rapid increase observed in third-pillar index funds. Asset growth in third-pillar mixed funds has been slow and, as in previous years, due entirely to asset performance.

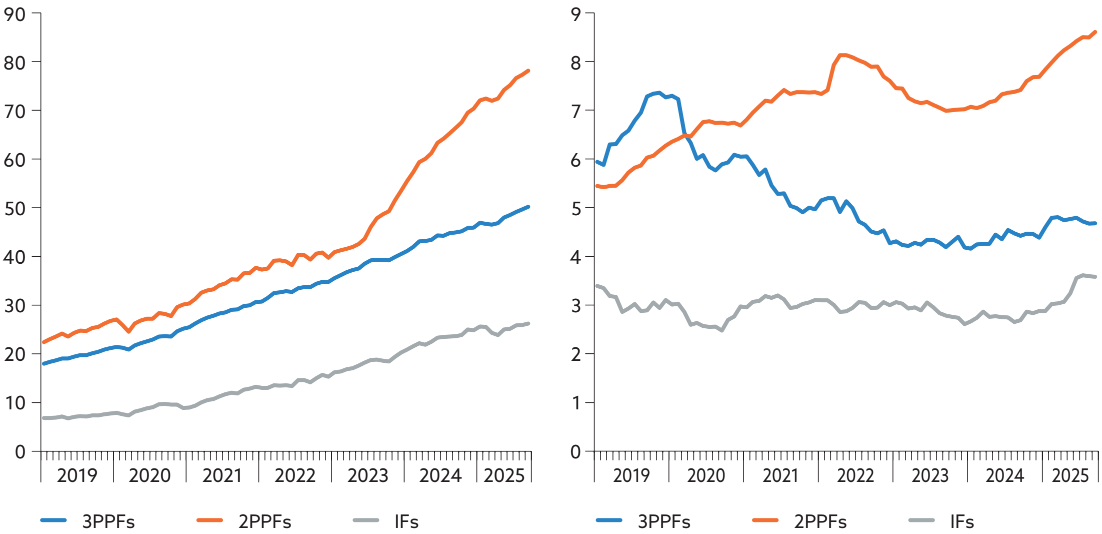
Debt portfolios have seen an increase in their residual maturity and a rising share of government bonds

The period under review saw few significant changes in the basic structure of assets under management. One notable change was the equity component in mixed investment funds surpassing 30% of NAV, which represents a long-term high for this category. Similarly, in growth-oriented third pillar funds, the share of investments in commodity ETFs (mainly gold-linked) doubled to a record 15% of NAV. In equity investment funds, indirect investment through the purchase of shares/units of foreign investment funds is becoming increasingly common. In other types of funds, too, the building of equity positions is heavily reliant on indirect investment. In terms of their geographical distribution, two-thirds of these exposures are in US equities, roughly commensurate with the US share of global market capitalisation. While cryptocurrencies gain in popularity on financial markets, their presence in Slovak fund portfolios remains negligible.

In bond portfolios across both pension pillars, the share of government bonds increased in the first nine months of this year, at the expense of the share of debt issued by financial institutions. In the second pension pillar, this trend has been present for a number of years, with the share of general government debt recently reaching 60%. Slovak and French government bonds have both increased their weight in bond portfolios. In all sectors, the weighted average residual maturity of the portfolio increased for a second consecutive year, most notably in the second pension pillar.

[76] The positive trend of net sales of bond investment funds changed in April 2025, when they edged into net redemption territory and then returned only to slow growth.

Chart 31
Equity-oriented funds maintain a rapid growth trend; bond portfolios' average residual maturity is increasing
Left panel: Shares in portfolios of equity funds and index funds by sector (percentages)
Right panel: Weighted average residual maturity of funds' bond holdings by sector (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.

Investment firms have also maintained a growth trend

The volume of client assets held with entities authorised to operate as investment firms[77] increased over the first nine months of 2025. Assets of resident clients rose from €38 billion to nearly €42 billion, with around half of this growth attributable to household clients, who were already the most significant group in terms of asset volume. An increase in assets held in client accounts or in custody with investment firms was also recorded for domestic pension and investment funds, mirroring the NAV growth of equity and index funds. Slovak households increased their holdings of equity securities with investment firms by €1.3 billion, purchasing mainly shares/units of domestic and Czech investment funds and foreign ETFs, as well as US equities. In terms of debt securities, households increased their exposure to domestic corporate and government bonds by approximately €600 million. The sharp rise in their holdings of government bonds in April (€360 million) was most likely due to the first retail auction of Slovak government debt.

[77] These include banks and foreign bank branches with such an authorisation.

Abbreviations

2PPF	second-pillar pension fund
3PPF	third-pillar pension fund
ART	asset-referenced token
CAR	capital adequacy ratio
CCyB	countercyclical capital buffer
CEE	central and eastern Europe/European
CIT	corporate income tax
CRE	commercial real estate
CVA	credit valuation adjustment
DSTI	debt service-to-income (ratio)
EBA	European Banking Authority
EBIT	earnings before interest and taxes
ECB	European Central Bank
EMT	e-money token
ETF	exchange-traded fund
EU	European Union
EURC	Euro Coin (a stablecoin pegged to the euro)
GDP	gross domestic product
GENIUS Act	the Guiding and Establishing National Innovation for U.S. Stablecoins Act
HICP	Harmonised Index of Consumer Prices
ICR	interest coverage ratio
IF	investment fund
IMF	International Monetary Fund
IRB	internal ratings-based (approach)
LCR	liquidity coverage ratio
LGD	loss given default
LI	life insurance
LTV	loan-to-value (ratio)
LTDB	loans to deposits and issued bonds (ratio)
MF SR	Ministry of Finance of the Slovak Republic
MiCA	Markets in Crypto-Assets (Regulation (EU) 2023/1114)
MREL	minimum requirement for own funds and eligible liabilities
MTPL	motor third party liability (insurance)
NAV	net asset value
NBS	Národná banka Slovenska
NFC	non-financial corporation
NLI	non-life insurance
NPL	non-performing loan
NSFR	net stable funding ratio
OECD	Organisation for Economic Co-operation and Development
PIT	personal income tax
rhs	right-hand scale
ROA	return on assets
ROE	return on equity
SCR	Solvency Capital Requirement
SEP	self-employed person
SITC	Standard International Trade Classification
SMEs	small and medium-sized enterprises

SO SR	Statistical Office of the Slovak Republic
ULI	unit-linked insurance
UNCTAD	United Nations Conference on Trade and Development
US	United States
USDC	USD Coin (a stablecoin pegged to the USD dollar)
USDT	Tether USD (a stablecoin pegged to the USD dollar)
VAT	value added tax
V4	Visegrad 4 (a cultural and political alliance of four CEE countries: Slovakia, the Czech Republic, Hungary and Poland)