



**The Slovak Republic prices EUR 2.0 billion 0.250% 5-year and EUR 2.0 billion 1.000% 12-year bonds**

**6 May 2020**

**Press Release**

<b>Issuer:</b>	The Slovak Republic acting through the Ministry of Finance of the Slovak Republic represented by the Debt and Liquidity Management Agency ("ARDAL")	
<b>Ratings:</b>	A2 (stab) / A+ (stab) / A+ (stab) by Moody's / S&P / Fitch	
<b>Tenor</b>	5 years	12 years
<b>Principal Amount:</b>	EUR 2,000,000,000	EUR 2,000,000,000
<b>Maturity Date:</b>	14 May 2025	14 May 2032
<b>Coupon:</b>	0.250%; payable annually each 14 May	1.000%; payable annually each 14 May
<b>Reoffer Spread vs. Midswaps:</b>	65 bps	110 bps
<b>Reoffer Yield:</b>	0.350%	1.056%
<b>Reoffer Price:</b>	99.505%	99.372%
<b>Law</b>	Slovak Law	
<b>Listing:</b>	Bratislava Stock Exchange	
<b>Joint Lead Managers:</b>	Barclays, Citi, Deutsche Bank, HSBC (B&D) and VUB Banka/Banca IMI (Intesa Sanpaolo Group)	

- **The Slovak Republic successfully came to the international capital markets with a new EUR 2.0 billion 5-year and a EUR 2.0 billion 12-year dual tranche bond issue.**
- **The transaction as a whole (EUR 4.0 billion) represents the largest-ever SLOVGB syndication on record, as well as the largest-ever government bond syndication in the CEE space.**
- **The transaction attracted the largest orderbook on record for a SLOVGB syndication, with final orders in excess of EUR 15 billion combined (EUR 7.6 billion for the 5-year and EUR 7.4 billion for the 12-year).**

On 5<sup>th</sup> May 2020, the Slovak Republic announced that it had mandated Barclays, Citi, Deutsche Bank, HSBC (B&D) and VUB Banka/Banca IMI (Intesa Sanpaolo Group) for a new dual tranche benchmark transaction, consisting of new 5-year (May-25) and new 12-year (May-32) tranches, to launch in the near future, subject to market conditions.

The following morning, against a stable market open and supportive investor feedback, ARDAL and its Joint Lead Managers officially opened books with initial guidance at "MS+75bps area" on the 5-year tranche and "MS+120bps area" on the 12-year tranche.

The orderbook developed strongly and by 11:13 am CEST reached a combined size of EUR 9.7 billion (EUR 5 billion for the 5-year and EUR 4.7 billion on the 12-year) at which point ARDAL and the Joint Lead Managers revised the guidance for the two tranches to "MS+70bps area" and "MS+115bps area", respectively.

The momentum continued and the orderbook grew to over EUR 13.0 billion (EUR 6.6 billion for the 5-year and EUR 6.4 billion for the 12-year) by 12:18 pm CEST, allowing the ARDAL and the Joint Lead Managers to tighten the reoffer spreads further to "MS+65bps area" and "MS+110bps area" for the 5-year and for the 12-year tranches, respectively. The orderbook went subject shortly thereafter at 12:40 CEST.

The quality of the orderbook allowed the transaction to be launched at 1:08 pm CEST with a combined size of EUR 4.0 billion, split evenly between the two tranches, making this transaction the largest-ever SLOVGB syndication in the international capital markets. The combined orderbook exceeded EUR 15.0 billion (EUR 7.6 billion on the 5-year and EUR 7.4 billion on the 12-year), which represents the largest-ever orderbook for a SLOVGB syndication on record.

At 4:57pm CEST, the 5-year tranche priced at m/s+65bps, equivalent to a reoffer yield of 0.350% and a spread of 107.9bps to the OBL 0% Apr-2025. Shortly thereafter, at 4:58pm CEST, the 12-year tranche officially priced at MS+110bps, equivalent to a reoffer yield of 1.056% and a spread of 157.4bps to the DBR 0% Feb-2030.

The investor base for the issue was well diversified both geographically and by investor type. The complete distributions for both tranches were the following:

**5-year** (c. 210 orders)

By region: United Kingdom: 26%, Germany / Austria: 24%, Benelux: 16%, Scandinavia: 13%, Switzerland: 6%, France: 6%, Slovakia: 5%, Other Europe: 4%, Rest of World: 1%.

By type: Fund Managers: 46%, Banks / Private Banks: 31%, Central Banks / Official Institutions: 20%, Other: 4%.

**12-year** (c. 250 orders)

By region: Germany / Austria: 33%, United Kingdom: 19%, France: 14%, Slovakia 11%, Benelux: 9%, Scandinavia: 4%, Switzerland: 2%, Other Europe: 7%, Rest of World: 1%.

By type: Fund Managers: 50%, Banks / Private Banks: 27%, Insurance / Pension Funds: 13%, Central Banks / Official Institutions: 8%, Others: 2%.

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