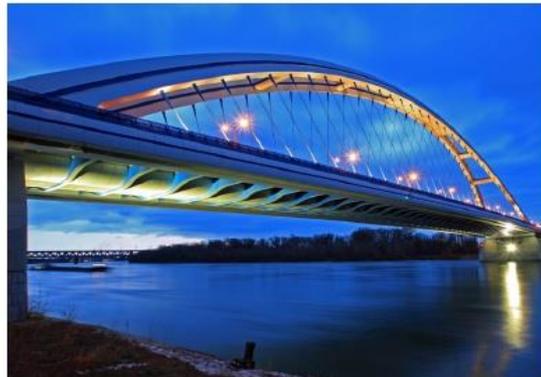
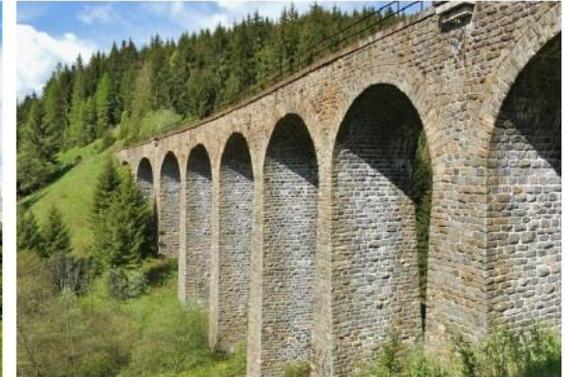


SLOVAK REPUBLIC

Investor Presentation October 2021



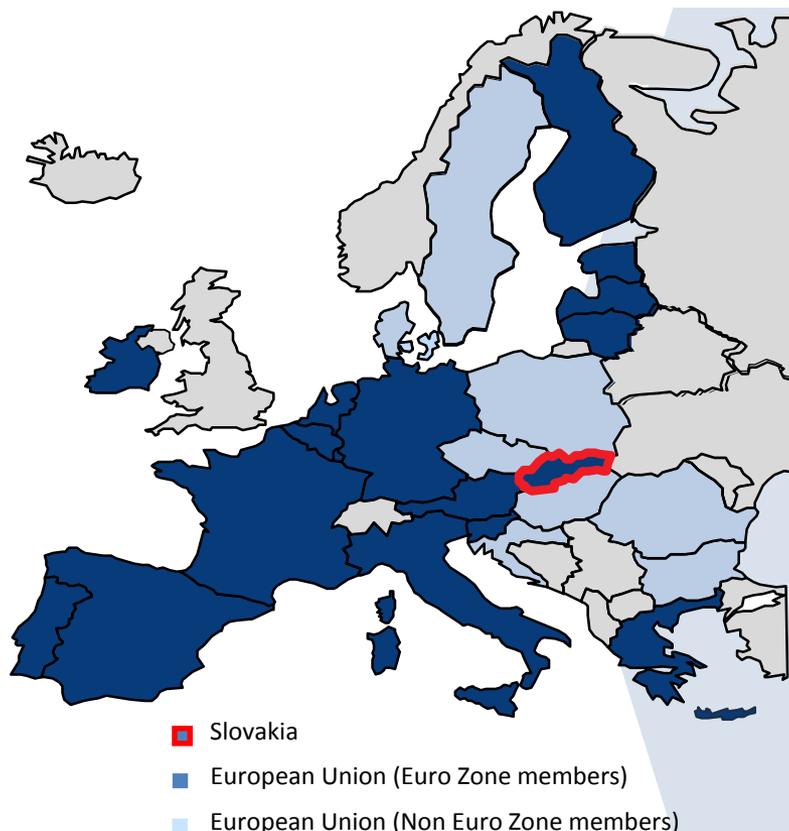
Slovakia: A Robust Credit Story

Slovakia – At a Glance



Geographical location

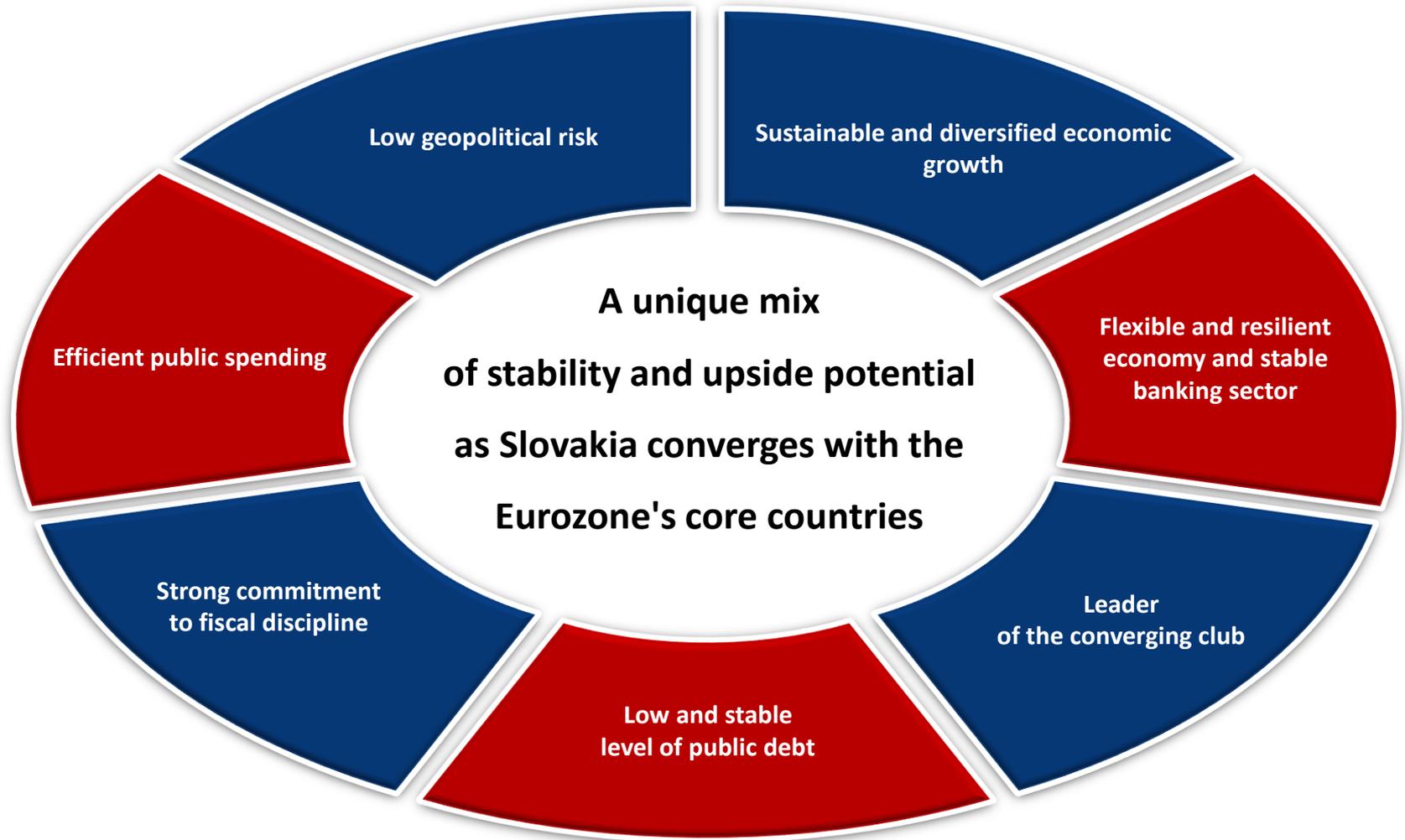
Key facts



Ratings (Moody's/S&P/Fitch)	A2 (stable) / A+ (stable) / A (negative)
GDP (2020)	€ 91.6 billion
GNI per capita (2019)	€ 17,039
Population (2020)	5.5 million
Real GDP growth (2020)	-4.8%
Inflation (HICP – 2020)	2.0%
Currency	EUR
Key economic sectors	Services, Manufacturing, Wholesale & Retail Trade, Construction
Memberships	OECD, EU, EMU, NATO, Schengen Area
Head of State	President Mrs. Zuzana Čaputová
Capital	Bratislava
Territory	49,034 km ²

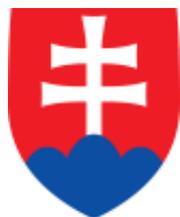
Source: Eurostat, Ministry of Finance of the Slovak Republic (MoF), National Bank of Slovakia (NBS)





Slovakia – Credit Strengths in Detail

Slovakia - Credit Strengths



Moderate downturn

- **Moderate economic downturn in pandemic:** -4.8% in 2020 vs. -6.3% for Euro area in real GDP terms
- **Expected strong recovery** after the COVID-19 crisis

Sound fundamentals

- **An export-oriented performer with balanced external accounts:** moderate current account deficits explained by investment imports
- **Well capitalized banking sector** without government assistance

Fiscal discipline

- **Significant but temporary impact from pandemic also in 2021:** government balance -9.9% of GDP as of May 2021*
- Return to fiscal consolidation from 2023

Low public debt

- **Public debt to stabilize in 2021 below 65 % of GDP*:** well below an average in the Eurozone (102.4% of GDP).
- **Fiscal Responsibility Act:** an essential tool for debt levels consolidation

Export oriented

- **Competitive export sectors with high value niches in key industrial sectors** (motor vehicles, machinery, equipment, metal products, electronics, etc.)

High credit ratings

- Amongst **the highest rated countries in the CEE region** (A2/A+/A)
- **Stable outlook** from two major rating agencies

**Stability Programme 2021 to 2024 based from May 2021. However, the recent macroeconomic data point to lower general government deficit and debt. Council for Budget Responsibility estimates deficit at 7.1 % of GDP.*



- ✓ Small and effective government
- ✓ Sustainable and robust GDP growth
- ✓ Commitment to fiscal discipline
- ✓ High share of investment to GDP
- ✓ Export-oriented economy
- ✓ Economic costs of COVID-19 are comparable within the region

SLOVAKIA	2015	2016	2017	2018	2019	2020	2021e	2022e
Real GDP Growth (in %)	4.8	2.1	3.0	3.7	2.5	(4.8)	3.7	4.2
<i>Private Consumption</i>	2.8	3.9	4.7	4.2	2.6	(1.1)	0.1	2.4
<i>Public Consumption</i>	5.3	1.9	1.3	0.1	4.6	0.3	4.9	4.1
<i>Gross fixed capital formation</i>	21.6	(9.3)	3.0	2.7	6.6	(12.0)	(0.3)	16.7
<i>Exports (goods and services)</i>	6.6	5.0	3.6	5.2	0.8	(7.5)	10.5	3.1
<i>Imports (goods and services)</i>	8.5	4.8	3.9	5.0	2.1	(8.3)	10.9	3.9
GNI (real growth p.c. in %, adjusted by GDP deflator)	2.9	3.8	3.8	4.2	2.1	(4.7)	4.8	5.3
Employment Growth (% p.a.)	2.0	2.4	2.2	2.0	1.0	(1.9)	(0.8)	0.8
Unemployment rate (% of labour Force)	11.5	9.6	8.1	6.5	5.8	6.7	7.0	6.7
Inflation (HICP) (% p.a.)	(0.3)	(0.5)	1.4	2.5	2.8	2.0	2.3	4.0
General government balance (% of GDP)	(2.7)	(2.6)	(1.0)	(1.0)	(1.3)	(6.2)	(9.9)*	(5.1)*

*General government balance estimates from Stability Programme of SR from May 2021.
Sources: Eurostat, MoF September forecast for 2021, EC for GNI in current prices per head of population.



The Slovak government remains committed and continues to implement structural reforms to boost competitiveness and quality of life for the country.

EU Recovery and Resilience Plan

- ✓ Investment plans from 2021-2026 in Slovakia will focus on the following 5 key structural areas:
 - Better education
 - Healthy life
 - Effective public administration and digitalization
 - Green economy
 - Competitive and innovative economy
- ✓ Slovakia is the fifth EU member state to be granted approval by the EC for its Recovery and Resilience Plan.

Improving Tax Collection and Combating Tax Evasion

- ✓ VAT gap has decreased from 37% in 2012 to 16.6 % in 2020
- ✓ The decrease is primarily due to measures that increased tax collection:
 - In 2020, online cash registers were introduced to tackle evasion in sectors with the largest VAT gap such as retail, hotels and restaurants
 - In addition, electronic invoicing is expected to be introduced in June 2022

Value for Money (VfM) Initiative

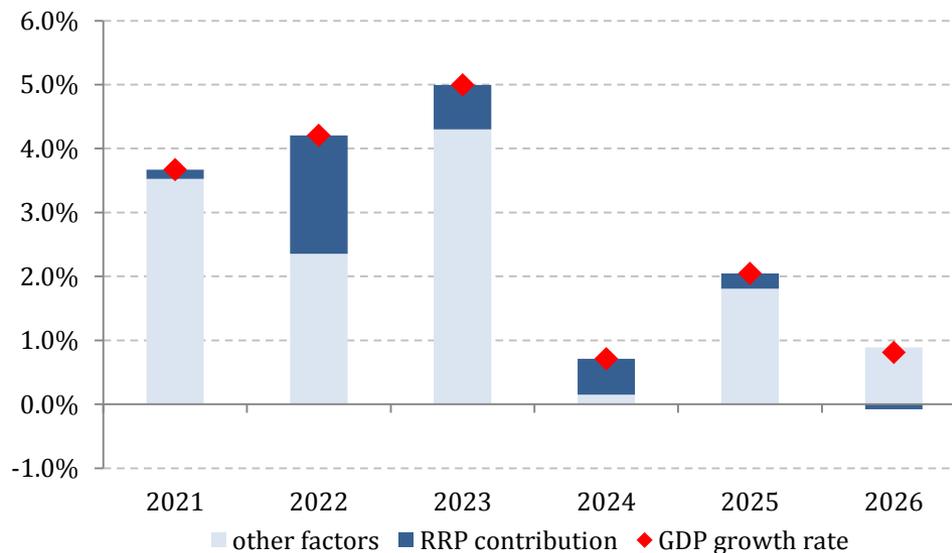
- ✓ Government initiative to raise public spending efficiency (started in 2016)
 - Compulsory spending reviews of at least 50% of government expenditures within the electoral cycle
- ✓ Reinforced the Ministry of Finance mandate in 2020:
 - Strengthening the role of the VfM Unit in the investment process and managing the investment centralized budget
 - Efficiency check of investment projects exceeding € 1mn

Expected Reform of Fiscal Responsibility Act

- ✓ Implementation of multi-annual expenditure limits to promote effective fiscal policy
- ✓ Net debt basis to provide flexible liquidity management
- ✓ Recalibrations of debt thresholds, escape clauses, and respective sanctions
- ✓ Stronger emphasis on analytical input into the budgetary process



RRP contributions to Slovakia's expected GDP growth

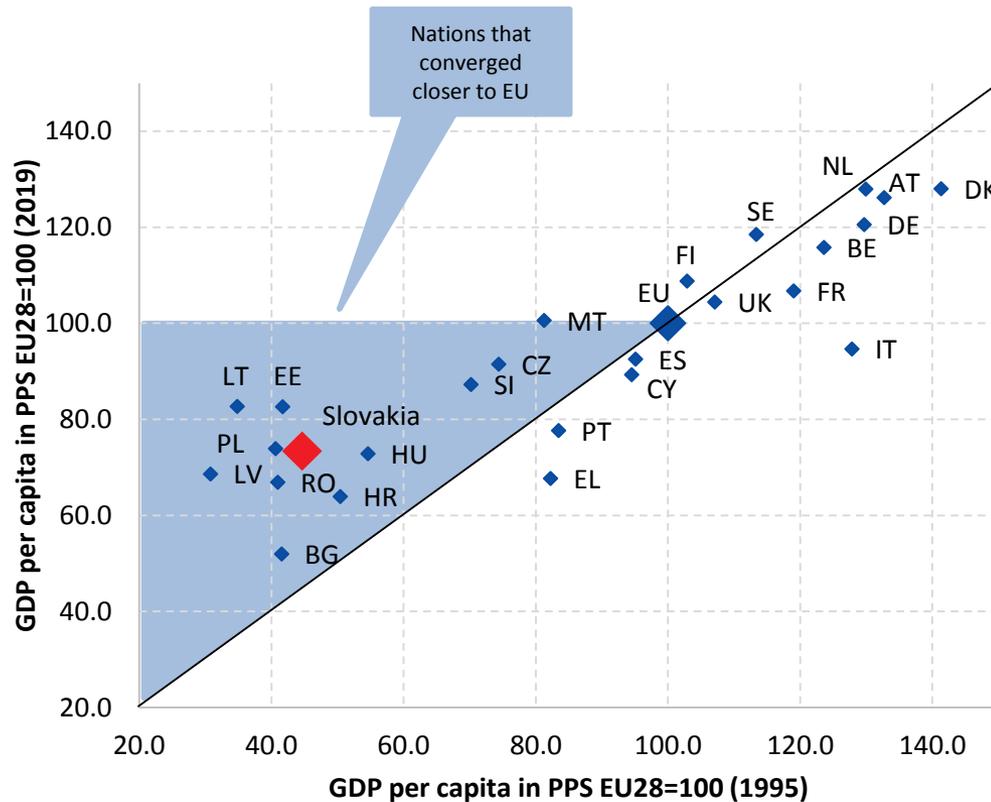


✓ **RRP is expected to boost the economy mainly from 2022 to 2025**

- Slovak economy is set to grow by 4.2% in 2022, partly due to financial impulse from the RRP
- Public investment funded by the RRP will boost the output by approx. EUR 1 bn each year until 2025



Ongoing Economic Convergence to EU28



- ✓ **Successful transformation to market economy**
- ✓ **Fast speed of convergence: 29 p.p. in 24 years**
- ✓ **Current level: 73.3% of the EU28 GDP per capita**



Slovakia – A Top Performer among Eurozone Countries

- ✓ Slovakia's economic performance declined in 2020 due to coronavirus - in line with that of peer countries
- ✓ Healthy and competitive external sector and industrial production supported by drawings from EU funds and RRP suggest a high growth potential for Slovakia
- ✓ Convergence is almost complete for the unemployment and inflation rates
- ✓ Slovakia's Public Debt to GDP is one of the lowest in the region, at around 60% compared to 98% Eurozone average, and therefore has a sufficient room to face COVID-19 emergency
- ✓ Net debt in 2020 only at 52.8 % of GDP (net debt = gross debt – assets managed by ARDAL)

	Slovakia		Belgium		Finland		Eurozone	
	2019	2020	2019	2020	2019	2020	2019	2020
Real GDP growth (%)	2.5	(4.8)	1.8	(6.3)	1.3	(2.9)	1.5	(6.3)
Inflation – HICP (%)	2.8	2.0	1.2	0.4	1.1	0.4	1.2	0.3
Unemployment rate (%)	5.8	6.7	5.4	5.6	6.7	7.8	7.6	7.9
Current Account Balance (% of GDP)	(2.7)	(0.4)	0.3	(0.2)	(0.3)	0.8	3.1	3.0
Budget Balance (% of GDP)	(1.3)	(6.2)	(1.9)	(9.4)	(0.9)	(5.4)	(0.6)	(7.2)
Structural Budget Balance (% of pot. GDP)*	(2.3)	(4.7)	(2.8)	(5.6)	(1.2)	(3.4)	(1.2)	(3.6)
General Government Gross Debt (% of GDP)	48.2	60.6	98.1	114.1	59.5	69.2	83.9	98.0

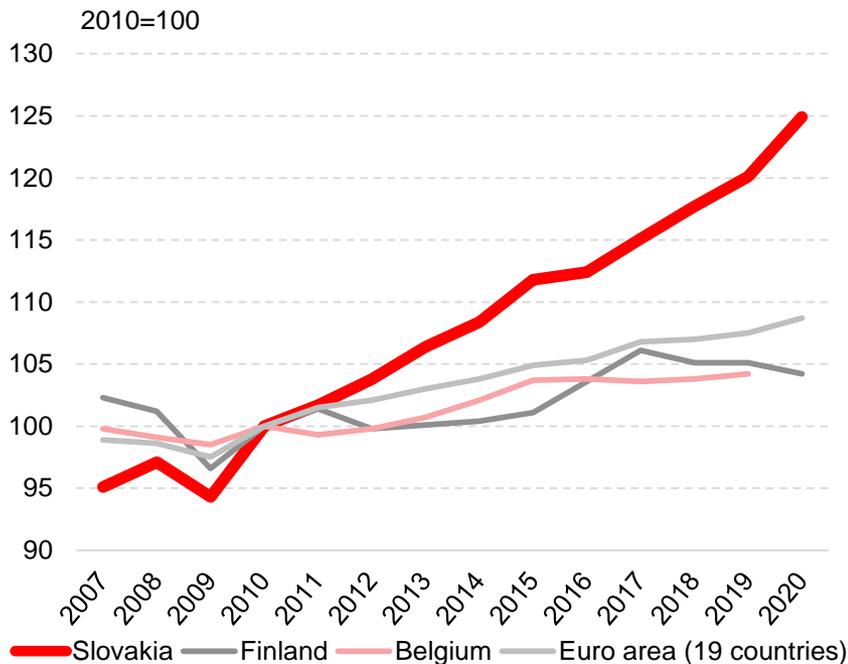
Source: Eurostat, EC
* EC spring forecast 2021



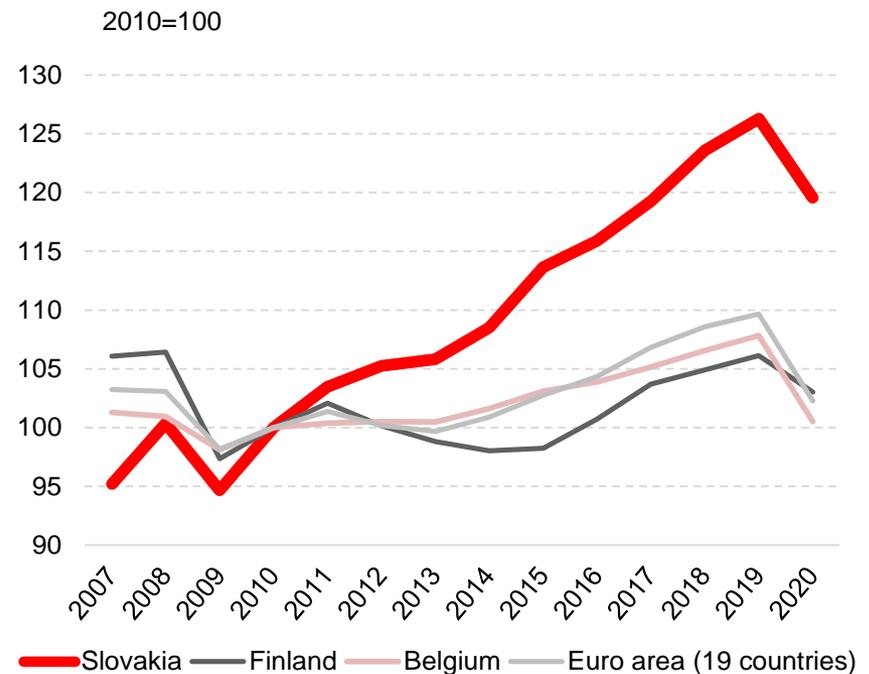
Strong Productivity and GDP Growth

- ✓ Slovakia's real labor productivity and GDP per capita have consistently been higher compared to peers

Real labor productivity per hour worked



GDP per capita (chain-linked volumes)

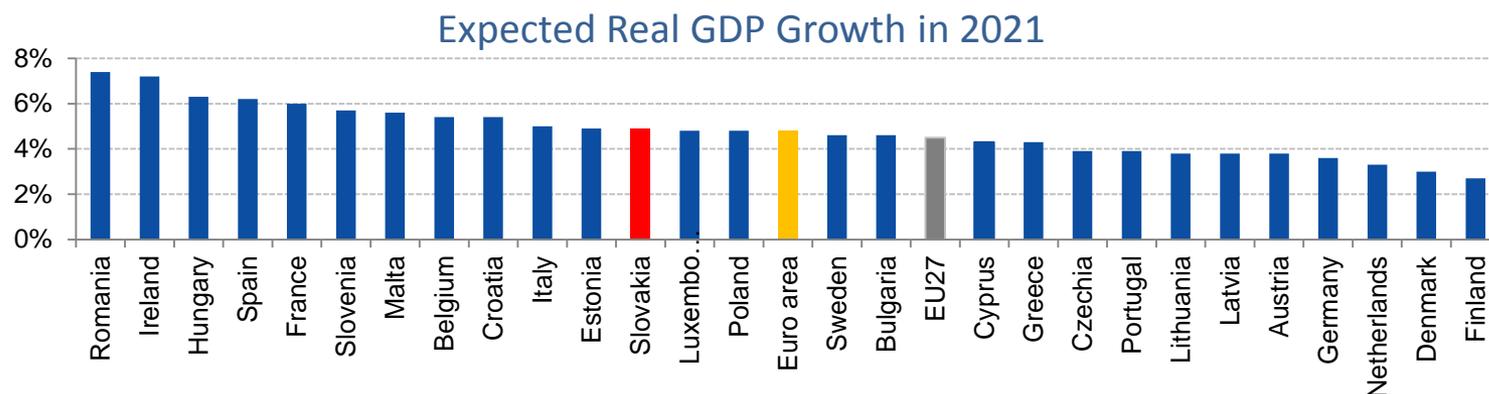
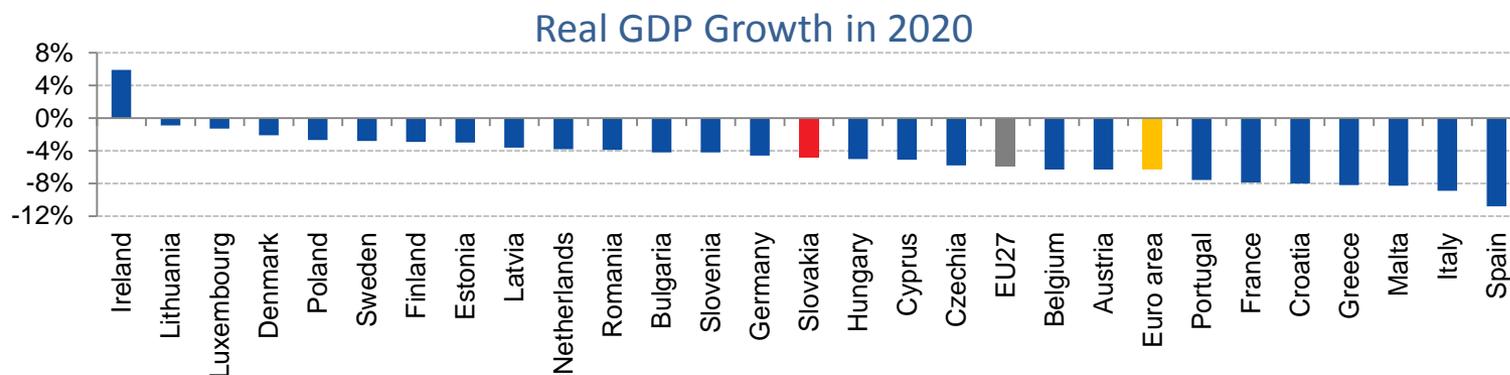


* Data for 2020 for Belgium is not available



Economic Outlook – Better than EU Average

- ✓ The decline in Slovakia's real GDP growth in 2020 was milder than the EU average and the euro area average
- ✓ Second half of 2020 saw strong recovery mainly due to resilient manufacturing production and strong exports
- ✓ Outlook for 2021 is better than the EU and euro area average



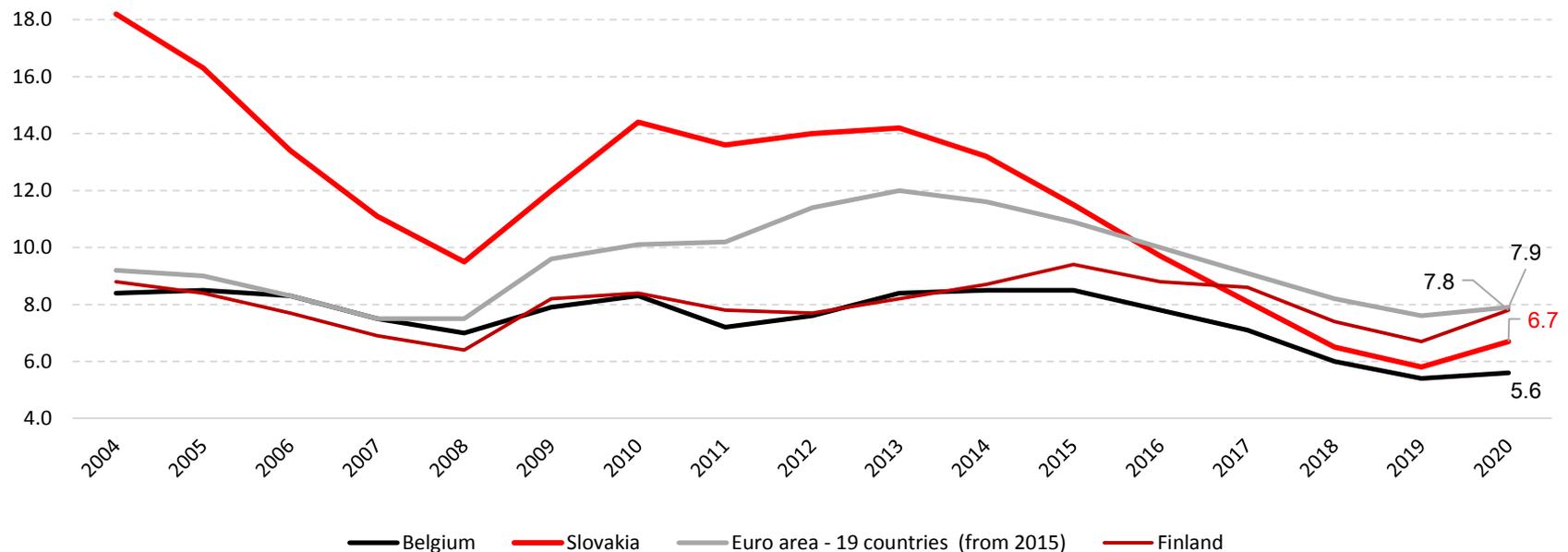
Source: Eurostat, European Commission Summer 2021 Forecast



Unemployment Rate Increased Due to Crisis

- ✓ **The unemployment rate declined towards historical minimum in 2019**
- ✓ **However, the pandemic naturally caused an increase in unemployment, in line with Eurozone peers**

Unemployment Evolution versus Peers



* Data for 2020 for other countries is not available yet, but an increase in the unemployment rate is also expected in those countries.

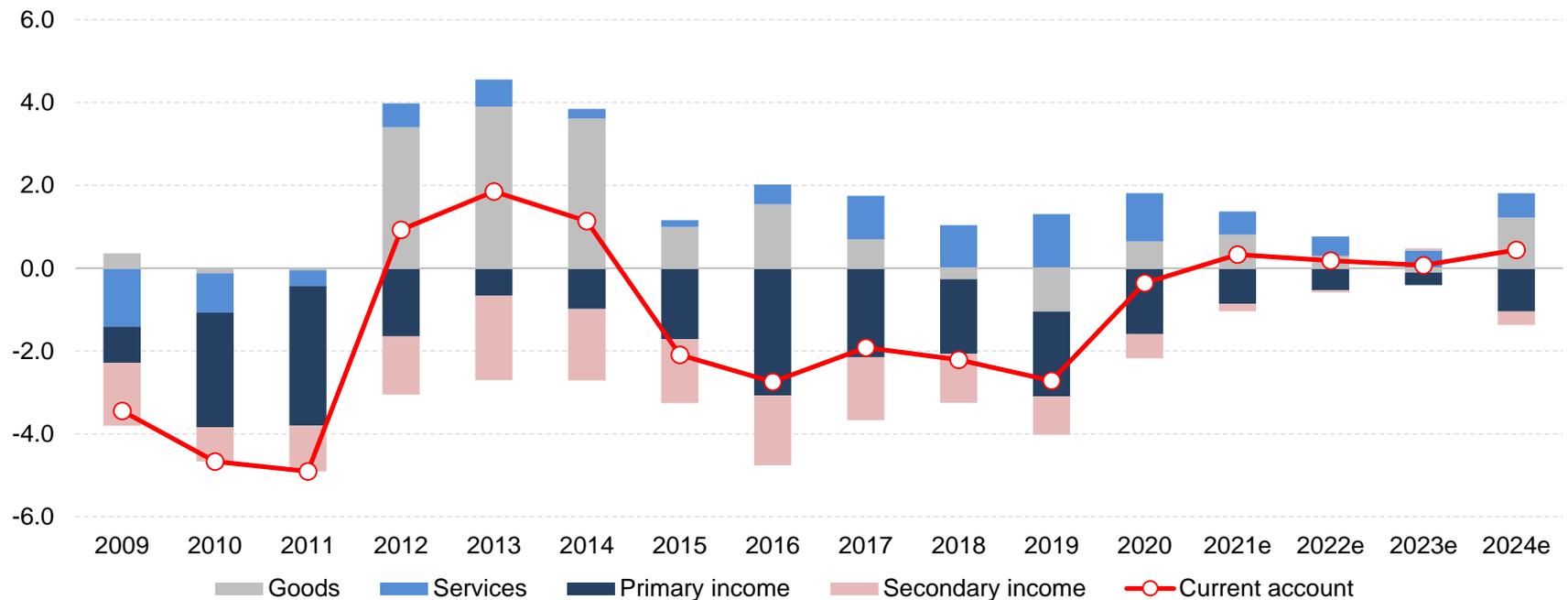


Source: Eurostat

Open and Export-Oriented Economy

- ✓ External imbalances are curbed
- ✓ Strong export performance stabilizes the current account position

Economic Composition of Accounts (% of GDP)

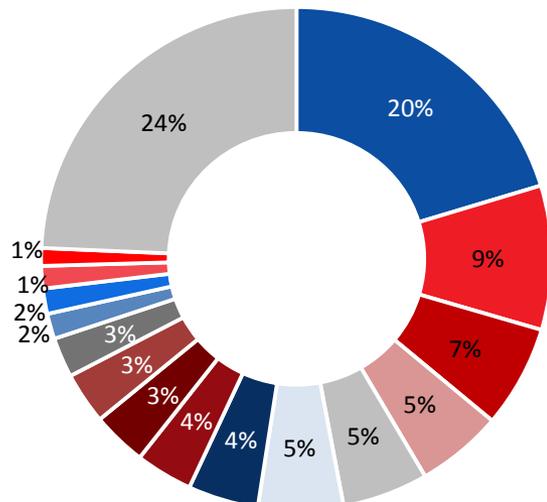


Source: NBS; MoF March 2021 Forecast



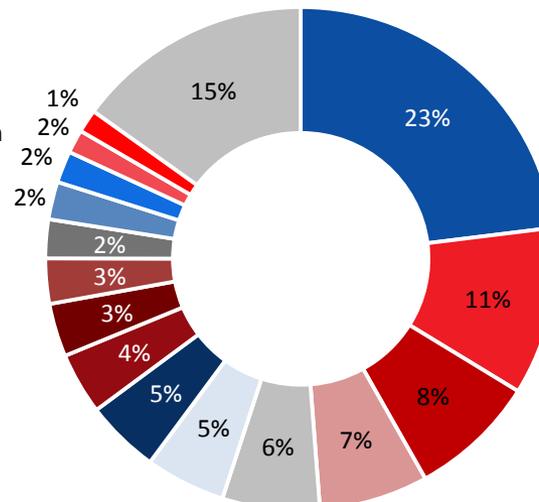
Key Trading Partners in the First Half of 2021

Imports By Geography (%)



- Germany
- Czech Republic
- China
- Korea, Republic of
- Russian Federation
- Poland
- Viet Nam
- France
- Hungary
- Italy
- Austria
- Spain
- Romania
- United Kingdom
- Netherlands
- Other

Exports By Geography (%)

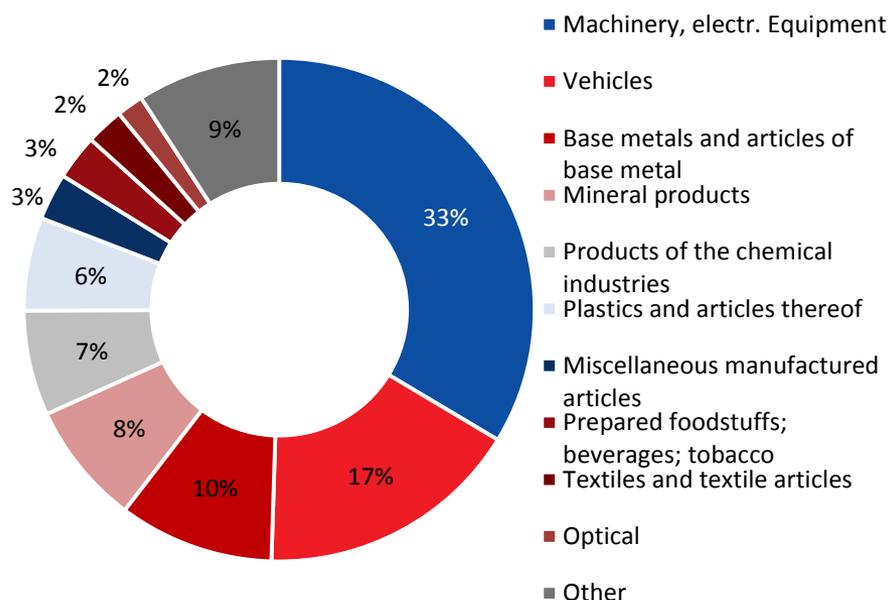


- Germany
- Czech Republic
- Poland
- France
- Hungary
- Austria
- Italy
- United Kingdom
- United States
- China
- Spain
- Romania
- Netherlands
- Russian Federation
- Sweden
- Other

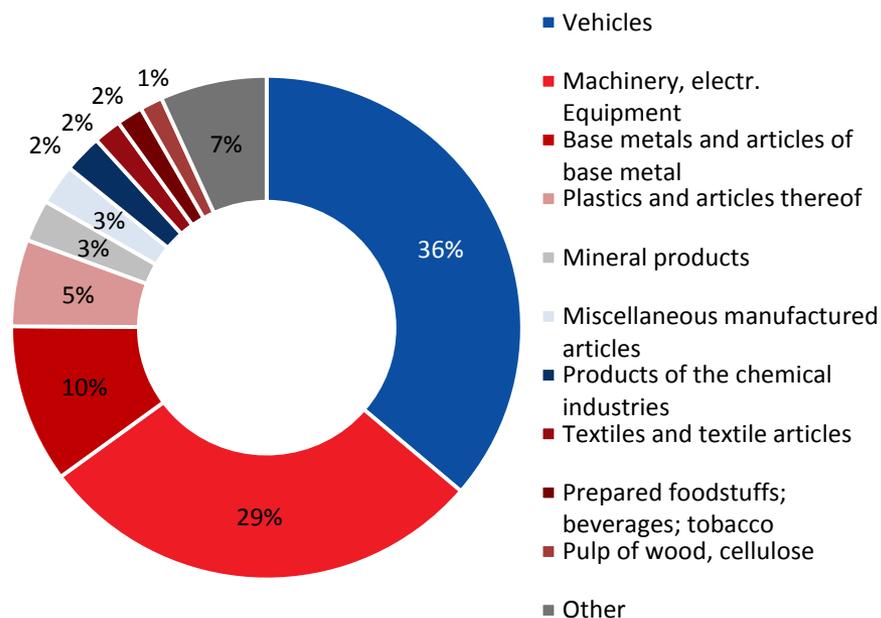


Key Export and Import Products in the First Half 2021

Imports by Product (%)



Exports by Product (%)



Ratings Reflect a Solid Credit Profile



Rating Agency	Rating	Comments
	A2 Stable (June 2021)	<i>"Government fiscal metrics ... remain strong in a global comparison against a level of institutional strength that, although high in a broader international comparison, continues to be constrained by long-standing issues related to the rule of law and control of corruption"</i>
	A+ Stable (May 2021)	<i>"The stable outlook balances the consequences of the pandemic on public finances with our expectation of an economic rebound facilitated by a steady absorption of EU funds and continued investments from the private sector into Slovakia's productive capacity"</i>
	A Negative (April 2021)	<i>"Slovakia's banking sector is well-capitalised with strong asset quality. Fitch expects that the banking sector will be largely resilient to the crisis"</i>

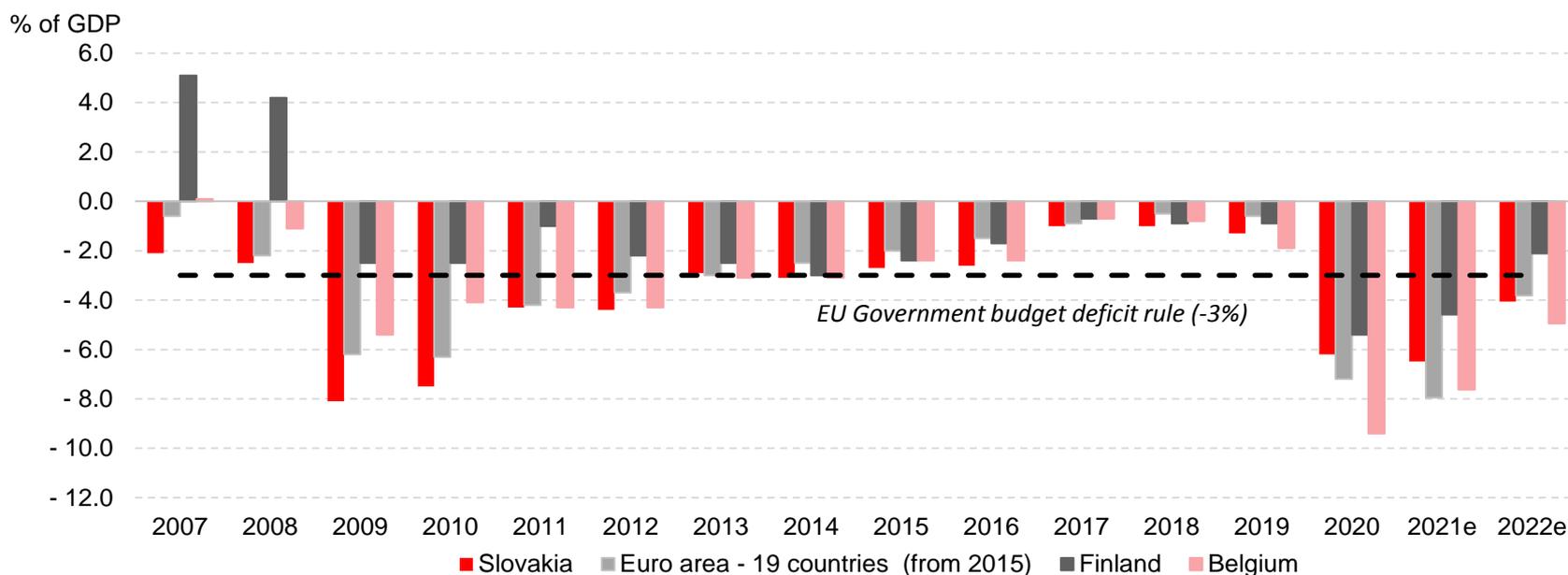


Sources: Moody's, S&P and Fitch

Prudent Fiscal Policy to be Reintroduced in 2022

- ✓ Since the Global Financial Crisis in 2009, Slovakia successfully reduced the government deficit by 6.8 p.p. of GDP (2019)
- ✓ Deficit deterioration since 2020 reflects the outbreak of COVID-19 pandemic
- ✓ Medium-term fiscal consolidation is expected to start in 2023 (structural consolidation of 1 p.p. of GDP annually)

General Government balance

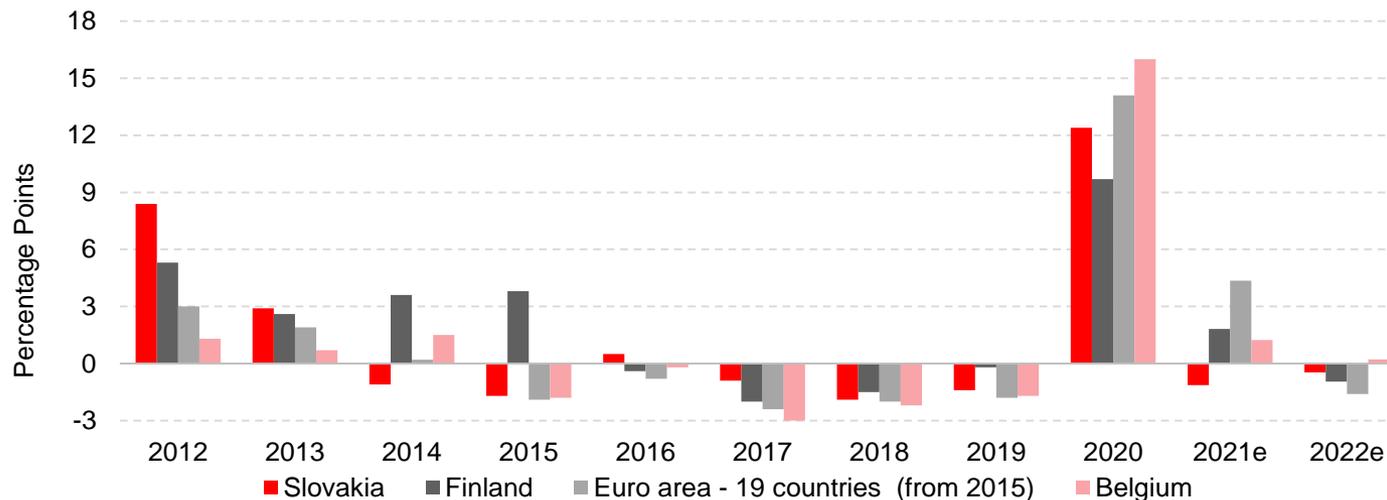


Source: Eurostat, EC Spring forecast 2021



- ✓ **Public debt on a declining trajectory since 2014, with cumulative decrease of 6.5% of GDP until 2019**
- ✓ Previous debt to GDP ratio decline driven by macroeconomic growth, inflation and primary surpluses
- ✓ **Outbreak of COVID-19 elevated public debt by more than 12 p.p. of GDP**
- ✓ **Medium-term objectives:** 1) stabilization of debt to GDP ratio
2) subsequent consolidation well below 60 %

Change in the Public Debt to GDP Ratio



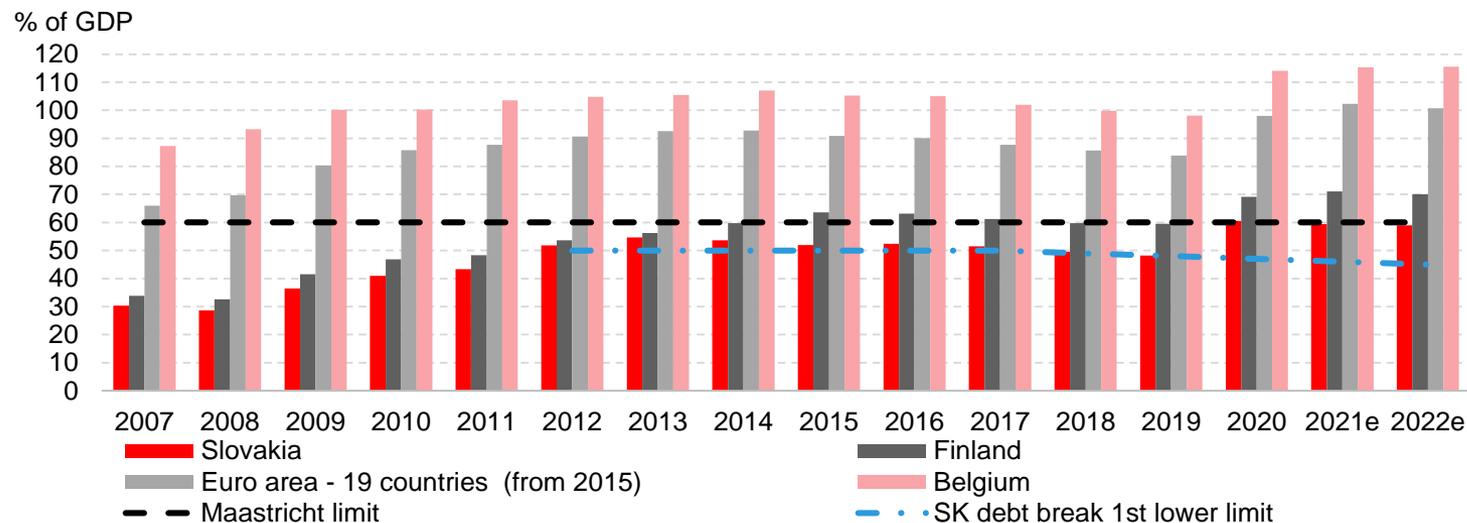
Source: Eurostat, EC spring forecast 2021



Long-term Debt Position Anchored by the Debt Brake

- ✓ **Strong commitment to keep public debt below 50% of GDP “debt brake” (well below euro area average and Maastricht criterion)**
- ✓ Fiscal responsibility act (national debt brake) became stricter starting from 2018:
 - ✓ Overall fiscal position worsened in 2020 due to outbreak of COVID-19
 - ✓ European Commission estimates debt to GDP ratio below 60% already in 2021
 - ✓ Government proposal of Fiscal Responsibility Act amendment to be approved in 2021

Public Debt to GDP Ratio



Source: Eurostat, EC spring forecast 2021



Prudent Debt Management Strategy

Debt Management in 2021

Financial needs originally planned at EUR 10.6 billion

- ✓ Positive development in State budget deficit and State Treasury funds
- ✓ Financial needs revised down to approximately EUR 7.1 billion
- ✓ State budget deficit for 2021 originally approved at EUR 8.1 billion (State budget for 2021); reality may be better

Issued EUR 5.0 billion bonds (as of 30.9.2021)

- ✓ EUR 1.5 billion via international Syndication
- ✓ EUR 3.5 billion via regular auctions (includes September auction)

Loans received in amount of EUR 0.3 billion

- ✓ Only EUR 330 million received from EU SURE programme

Expected activity till the end of 2021 (since 1.10.2021)

- ✓ Syndicated EUR 0.8 billion via auctions
- ✓ transaction in size of EUR 1.0 billion (potentially larger)
- ✓ No T-bills, no loans

Debt Management in 2021 (cont'd)

Total redemptions EUR 2.5 billion

- ✓ EUR 1 billion bonds matured in March 2021
- ✓ EUR 1.5 billion T-bills matured in January and May 2021

One syndicated bond transaction in first half of the year

- ✓ EUR 1.5 billion 15Y benchmark issued in April with a re-offer yield of 0.435 % p.a.

Bond auctions stable on third Monday of each month except July, August & December

- ✓ Four bonds offered in the first half of the year; three bond auctions scheduled from September
- ✓ No special auctions, no auction with remuneration

Cheap financing continued

- ✓ Weighted average yield at 0.14% p.a. (new issuance, as of 30.9 ; recorded all time low); weighted average maturity 12.9 years (new issuance, as of 30.9)

Strong presence of ECB

- ✓ Continuing PSPP (holdings EUR 16.4 billion; as of end of August 2021) and PEPP (holdings EUR 6.7 billion; as of end of July 2021)
- ✓ In reality significantly lower monthly purchases compared to potential purchases based on ECB capital key



Debt Management Outlook in 2022

Total redemptions in 2022 only EUR 1.3 billion equivalent

- ✓ EUR 1.16 billion equivalent – USD 1.5 billion bond maturing in May 2022
- ✓ EUR 0.14 billion equivalent – CHF 0.175 billion bond maturing in April 2022

Uncertainty about state budget cash deficit

- ✓ Cash deficit of state budget around EUR 4.6 billion in 2022 (preliminary estimate)

Total gross financing needs will be around EUR 5.9 billion, depending on budget deficit

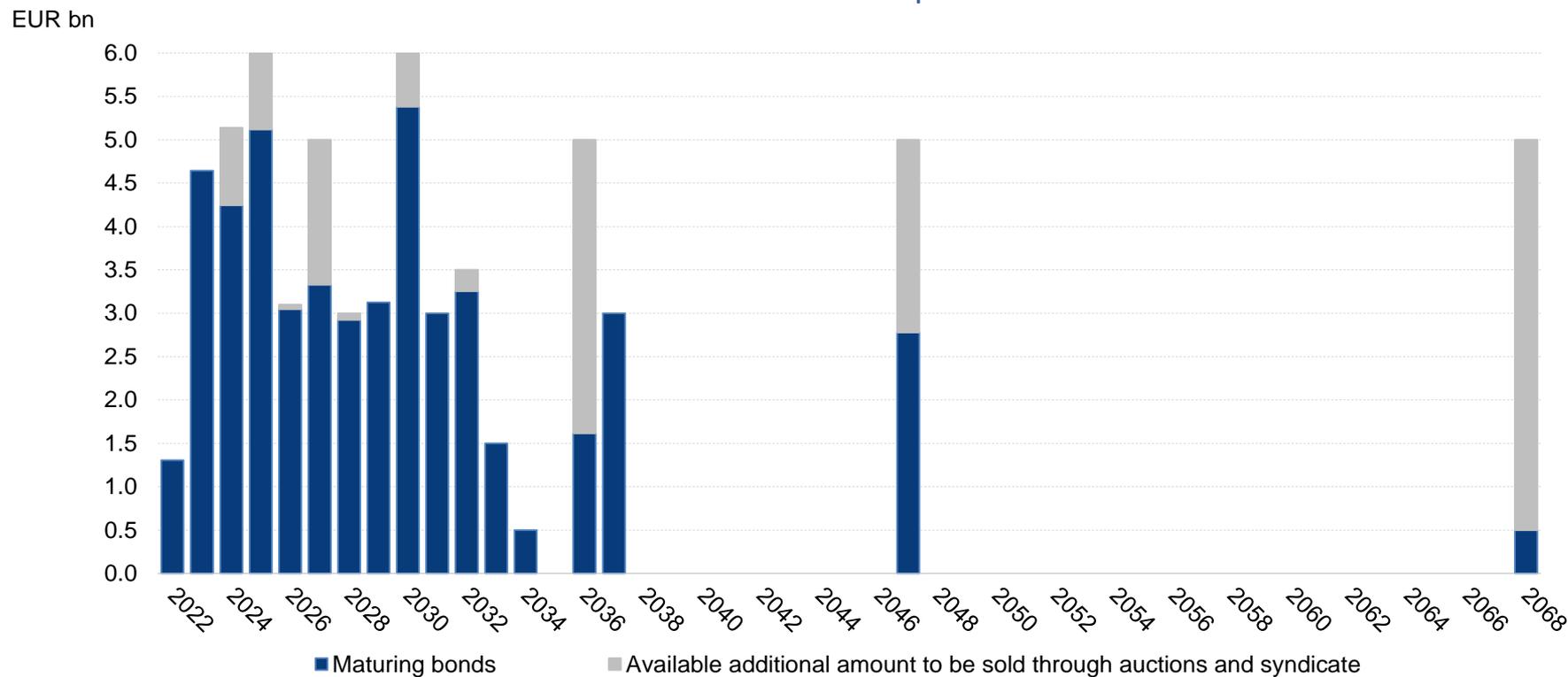
- ✓ EUR 2.0 – 3.0 billion can be issued via regular monthly auctions
- ✓ EUR 2.0 – 3.0 billion can be issued via syndications
- ✓ No T-bills
- ✓ No specific loans planned but could be arranged based on market conditions
- ✓ Issued amounts can change based on State Treasury funds development + liquidity buffer optimization

Ultra-long or foreign currency issuances are less likely

Bond Redemption Profile

- ✓ Smooth redemption profile not exceeding EUR 6 billion redemption in any single year
- ✓ Only small redemptions in 2022

Slovakia Bond Redemptions



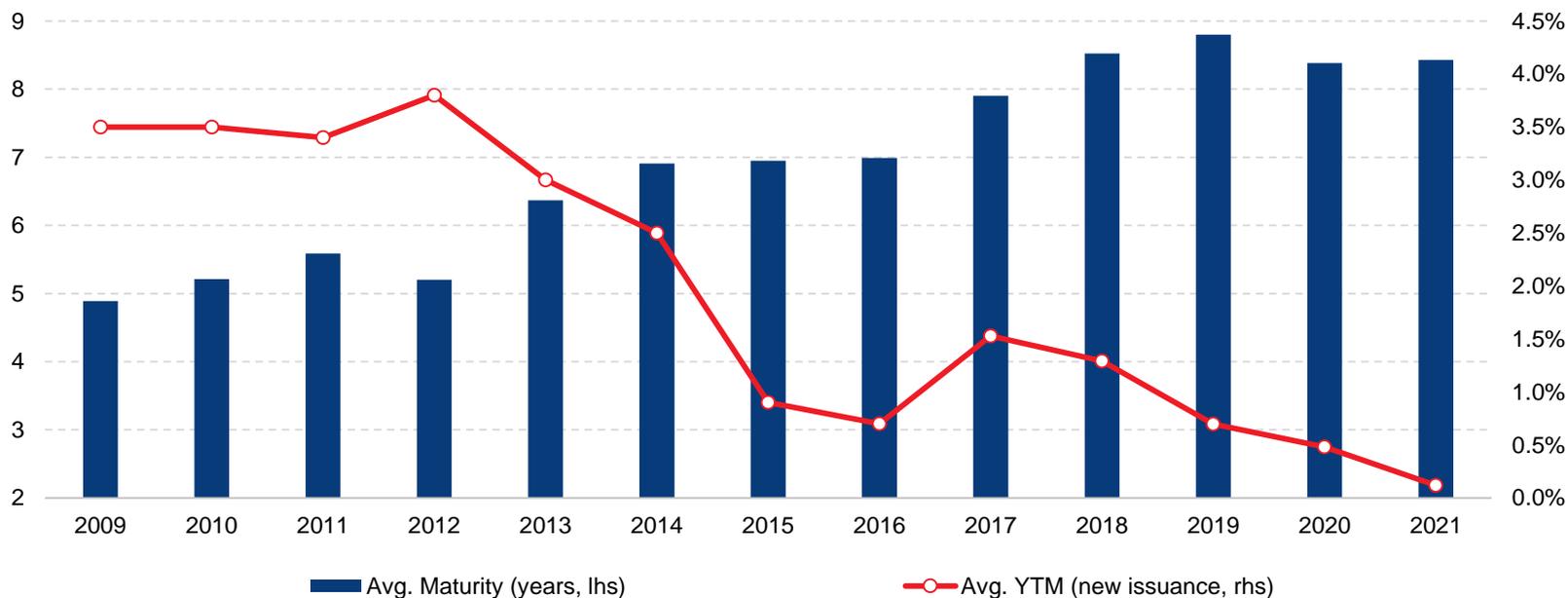
Source: ARDAL, data as of September 30, 2021

Government Bond Portfolio Metrics



- ✓ Average maturity increased steadily since 2012 – maintained above 8 years since 2018
- ✓ At the same time average YTM was reduced significantly

Average Maturity and Yield Metrics for Slovakia



Source: ARDAL, data as of June 30, 2021

Risk Indicators Comparison



As of 31 March 2021	Slovakia	Belgium	France	Slovenia	Latvia	Germany	Austria	Euro Area
Average Life of Debt (years)	8.44	10.02	8.37	9.94	9.20	7.11	9.73	7.83
Refinancing Risk 1Y (% of total debt)	1.35	15.86	13.70	10.42	8.01	18.40	16.37	15.23
Refinancing Risk 5Y (% of total debt)	32.64	39.46	46.10	34.23	43.57	52.70	52.38	48.60
Refixing Risk 1Y (% of total debt)	1.36	16.31	23.91	10.83	9.55	25.30	16.99	24.01
Refixing Risk 5Y (% of total debt)	32.64	39.91	52.38	34.31	47.41	58.40	53.00	52.96
Foreign Debt to Total Debt (before derivatives) %	3.91	1.48	0.00	3.82	4.02	0.00	4.60	0.66
Foreign Debt to Total Debt (after derivatives) %	0.03	0.00	0.00	0.08	1.20	0.00	0.00	0.04

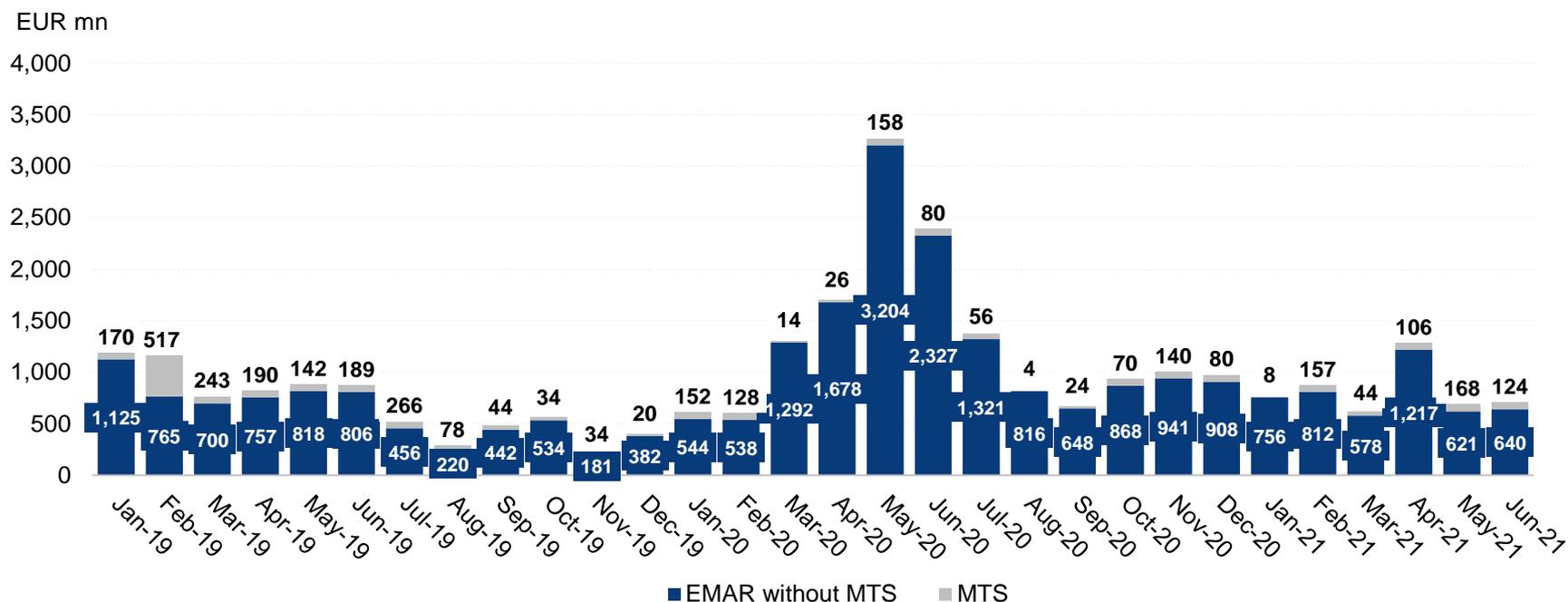
- ✓ Prudent risk management
- ✓ Average debt maturity of Slovakia at Euro Area level and comparable with higher rated issuers
- ✓ Sufficient space for short term financing and shock absorption



Source: ESDM, data as of March 31, 2021

- ✓ Introduction of MTS Slovakia in February 2018
- ✓ Quoting obligation for Primary Dealers
- ✓ Average monthly trading volume EUR 90 million since inception

Slovak PDs Secondary Market (EMAR)



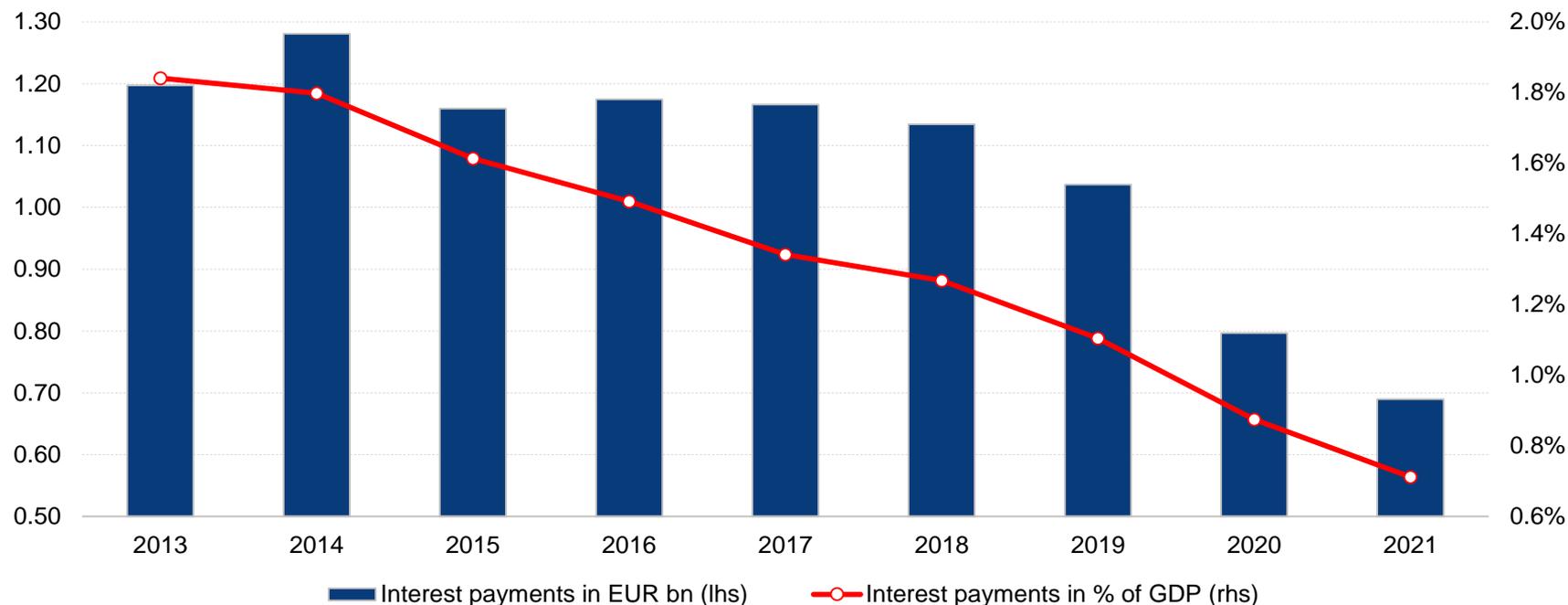
Source: ARDAL, data as of June 30, 2021



Interest Payments Development

- ✓ Interest payments are at historical lows as a percentage of GDP
- ✓ ECB's PSPP further helped in decreasing interest payments
- ✓ Sharp drop in 2021, 2020 and partially in 2019 due to significant premium received (bonds issued above par)

Interest Payment Dynamics for Slovakia



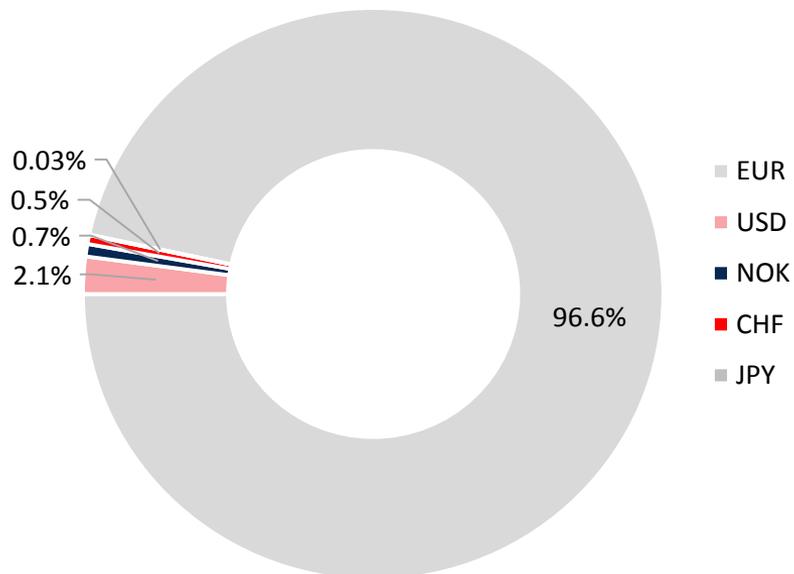
Source: ARDAL, data as of June 30, 2021

Low Currency Risk and Diversified Investor Base

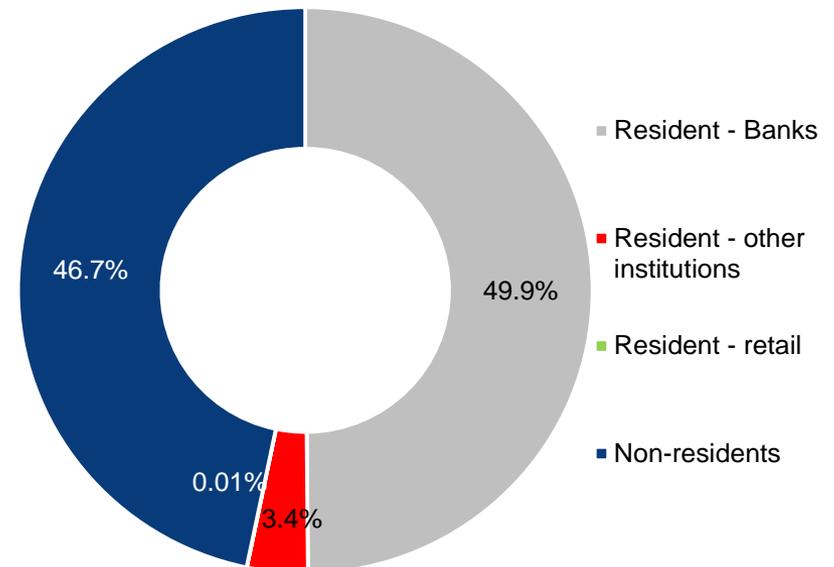
✓ Debt hedged against FX risk

✓ Increasing portfolio holdings of residents due to PSPP and PEPP

Currency Breakdown (%)



Investor Type Breakdown (%)*

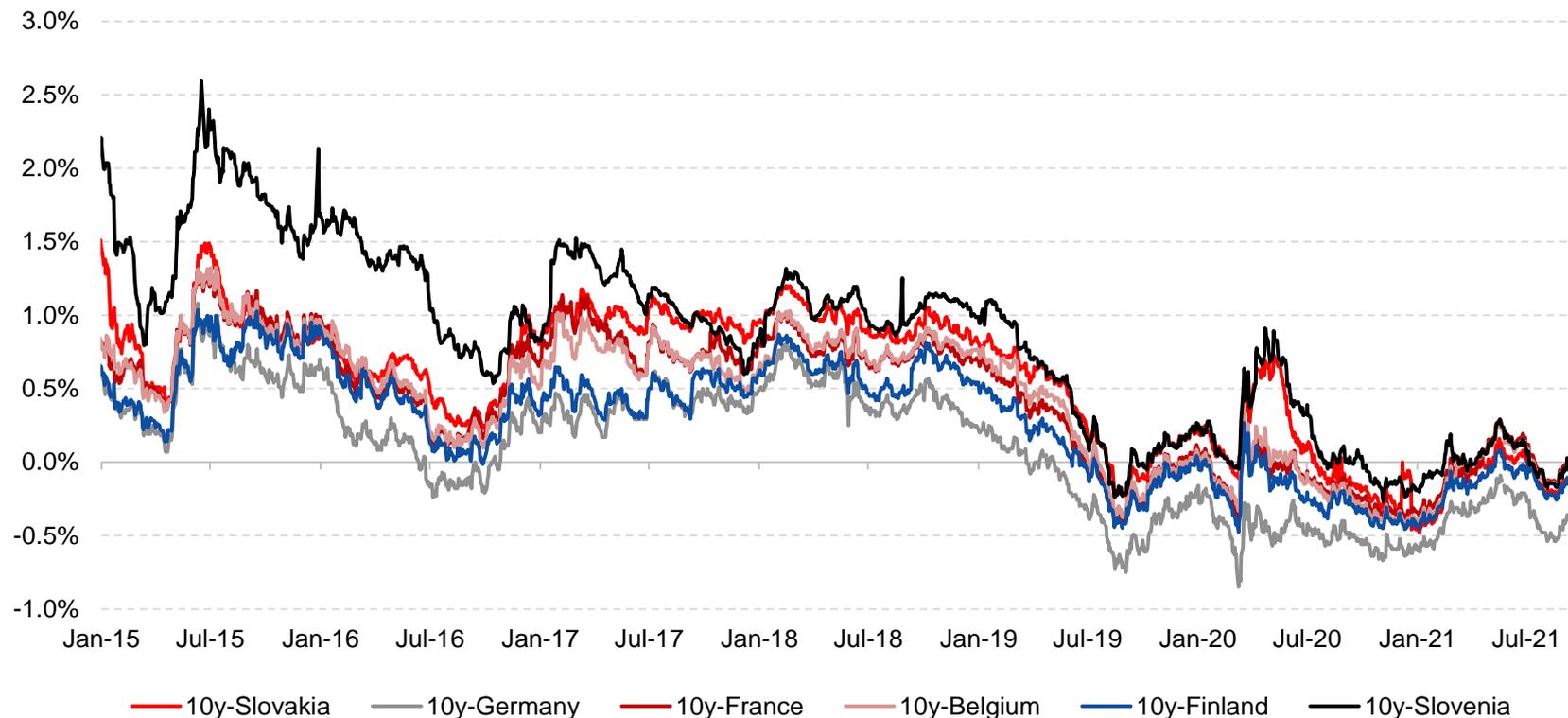


*Bonds held in Slovak Central Securities Depository

Source: ARDAL, data as of June 30, 2021



Slovakia 10Y Government Bond versus Peers



Note: Data for Slovenia not available for whole period



Source: Bloomberg, NBS, Deutsche Bundesbank, as of September 2021

Government Bonds

Auction Date	Settlement Date
18 January	20 January
15 February	17 February
15 March	17 March
19 April	21 April
17 May	19 May
21 June	23 June
20 September	22 September
18 October	20 October
15 November	18 November

- ✓ Auctions on the third Monday of the month – no auction during July, August and in December
- ✓ Settlement T+2 (Wednesday)
- ✓ Non-competitive part of the auction usually on the next day (Tuesday) with settlement T+1 (Wednesday)
- ✓ Possibility to include additional auctions based on the funding requirements and market conditions



Auction Calendar 2021 – Treasury Bills



- ✓ Currently there are no Treasury Bills auctions planned
- ✓ The auction can be added into the auction calendar based on state budget development
- ✓ Treasury Bills are sold in competitive auctions (Dutch type – single price)
- ✓ Settlement T+2



Primary Dealers of the Slovak Republic



- ✓ Barclays Bank Ireland PLC
- ✓ Citibank Europe PLC
- ✓ Československá obchodná banka, a.s. (KBC Group)
- ✓ Deutsche Bank AG
- ✓ HSBC Continental Europe S.A.
- ✓ J.P. Morgan AG
- ✓ NATIXIS
- ✓ Slovenská sporiteľňa, a.s. (Erste Group)
- ✓ Tatra banka, a.s. (RBI Group)
- ✓ UniCredit Bank Czech Republic and Slovakia, a.s.
- ✓ Všeobecná úverová banka, a.s. (Intesa Sanpaolo Group)



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