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2023 Debt and Liquidity Management Agency

SLOVAK REPUBLIC

Investor Presentation

May 2023






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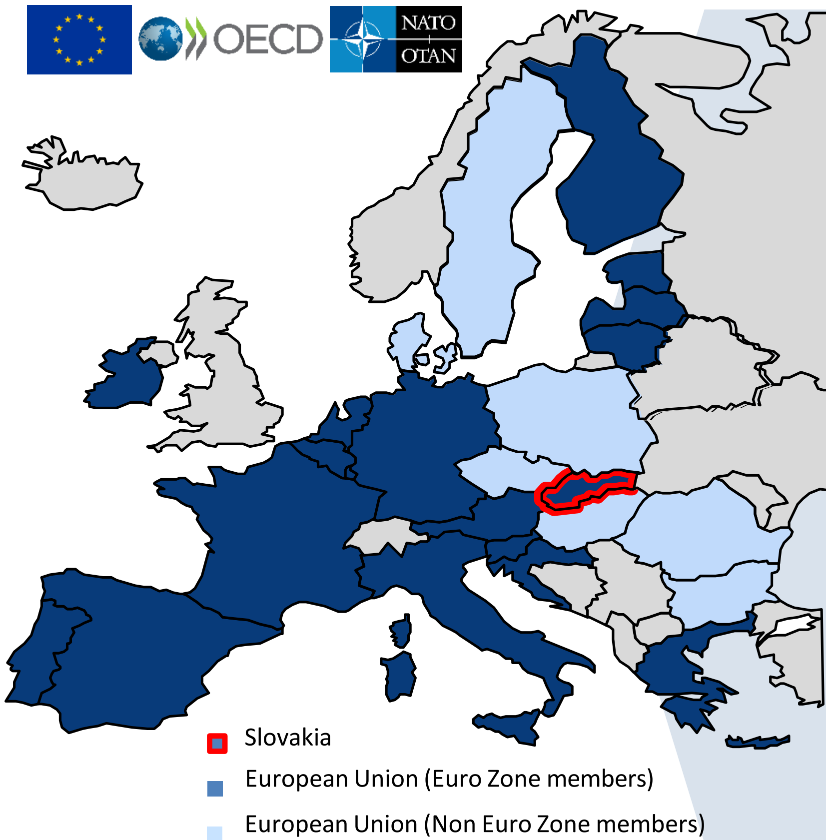
I Introduction

Slovakia – At a Glance

Geographical Location



Key Facts

Ratings (Moody's/S&P/Fitch)	A2 (negative) / A+ (stable) / A (negative)
GDP (2022)	€109.7 billion
GDP per Capita (2022)	€20,315
Population (2022)	5.4 million
Real GDP growth (2022)	1.7%
Inflation (HICP – 2022)	12.1%
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 km²

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

Slovakia – Credit Strengths

Slovakia - Credit Strengths

Resilient Economic Growth

- **Strong track record of economic growth:** expected to remain above eurozone median in 2023 driven by public investment
- **Sustained medium-term growth:** Expected increase in private consumption and steady labour market coupled with increased external demand

Sound Fundamentals

- **An export-oriented performer with balanced external accounts**: moderate current account deficits explained by investment imports
- **Well capitalized banking sector** profitable with good asset quality

Fiscal Discipline

- **Approved multi-annual expenditure ceilings**: fundamental fiscal reform leading to more binding medium-term budgeting
- Stability Programme targets **deficit to decline close to 2% of GDP in 2026**

Steady Debt Dynamics

- **Public debt below 58% of GDP,** well below the Euro Area average of 90% of GDP
- **High debt affordability:** borrowing costs remain lower than peers, owing to sound debt management and ECB's quantitative easing program

Export Oriented

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

Member of Key Political and Economic Organizations

- **EU and Eurozone membership:** supports Slovakia's institutional strength and credible macroeconomic policies
- EU funds serve as **stable, predictable and low-cost source of growth**

Source: MoF, Fitch, IMF

Slovakia's credit ratings are amongst the highest in the region

	Moody's	S&P Global Ratings	FitchRatings
AA-/Aa3	Czech Re., Ireland, Hong Kong, Belgium, Qatar, UK	Czech Re., Estonia, Slovenia, Israel	Czech Re., Estonia, Ireland, Belgium, Qatar, UK
A+/A1	Japan, China, Estonia, Israel, Saudi Arabia, Kuwait	Slovakia, China, Japan, Latvia, Lithuania, Kuwait	Malta, China, Israel, Saudi Arabia
A/A2	Slovakia, Iceland, Lithuania, Poland, Malta, Chile	Chile, Iceland, Spain, Saudi Arabia	Slovakia, Iceland, Japan, Slovenia, Lithuania
A-/A3	Botswana, Malaysia, Latvia, Slovenia	Malta, Malaysia, Poland	Chile, Latvia, Spain, Poland

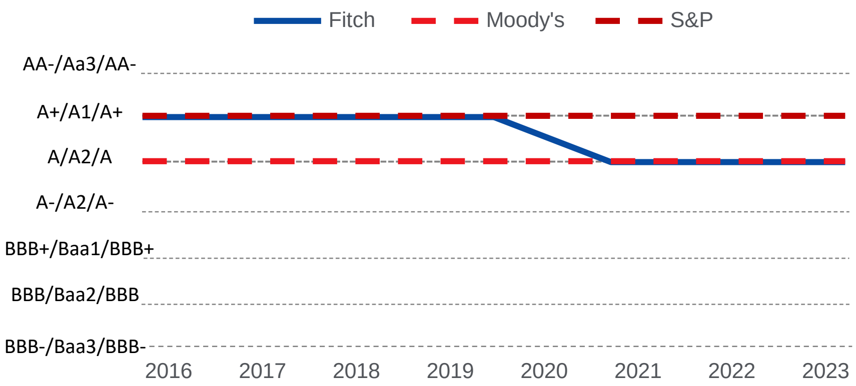
Source: Moody's, S&P and Fitch

Ratings Reflect a Solid Profile in Turbulent Times

Rating Trajectory Highlights and Key Topics

- Slovakia 's credit profile is challenged by the country's high reliance on Russian energy imports, a risk in the context of Russia's invasion of Ukraine.
- This is balanced by the country's solid track record of economic growth as well as the government's moderate debt burden and the European Union and euro area membership

Sovereign Ratings Trajectory 2016-23 (S&P, Moody's, Fitch)



Credit Rating Agency Views

S&P Global Ratings

Credit rating has remained stable between 2016 and 2023

- Credit rating of **A+ with a stable outlook** was reaffirmed in May 2023:
  - S&P's stable outlook balances the country's economy near-term resilience against uncertainty regarding its fiscal and economic policies after the upcoming elections, and the remaining risks to the medium-term growth outlook
  - This is counteracted by Slovakia's moderate fiscal and external debt levels, together with low debt service

Moody's

Credit rating has remained stable between 2016 and 2023

- Credit rating of **A2 with a negative outlook** was reaffirmed in May 2023:
  - Slovakia's credit rating is supported by a strong track record of economic growth, financial stability and income convergence with EU peers as well as its moderate government debt burden and high debt affordability. Slovakia's strong track record of financial stability with banking sector risks remaining low
  - This is counteracted by rating agencies concerns over the country reliance on gas imports and its susceptibility to geopolitical risks

FitchRatings

Credit rating was downgraded 1 time between 2016 and 2022

- Credit rating of A+ was downgraded to A in May 2020 and recently reaffirmed in February 2023 with a negative Outlook
- **May 2020**: One notch downgrade from A+ to A. Increasing economic uncertainty driven by the impact of the Covid-19 pandemic
- **February 2023**: Rating affirmed at A with a negative outlook reflecting concerns around foreseeable adverse shock from energy supply challenges

Source: Moody's, S&P and Fitch

Slovakia's Resilience to Russia/Ukraine Developments

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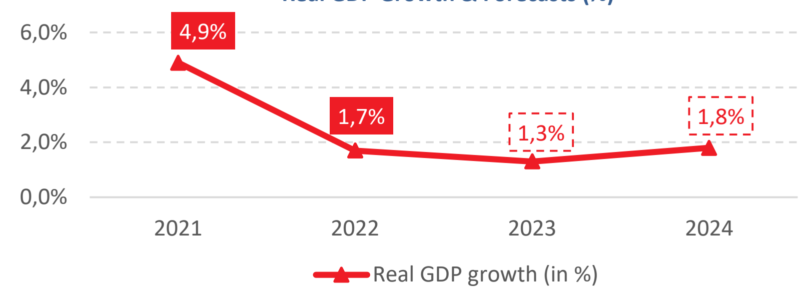
1 The Slovakian economy is forecast to grow despite the war in Ukraine

- ✓ While Russia's aggression in Ukraine has given rise to challenges for Slovakia's economy, **the country is forecast to nevertheless achieve positive economic growth in the coming years. In 2023 Slovakia's growth is estimated to be 1.3%, above the eurozone average of 0.2%**

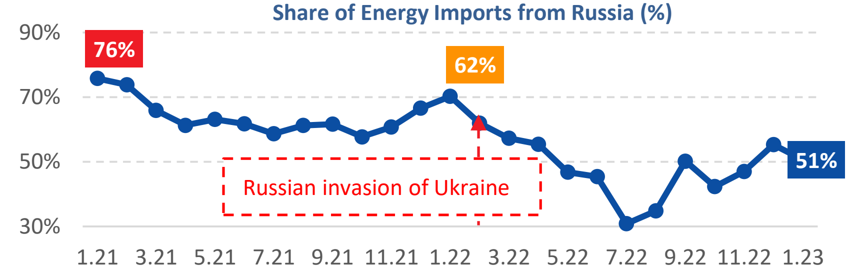
Real GDP Growth & Forecasts (%)



2 Slovakia has reduced its dependency on Russian energy imports

- ✓ **Since the inception of the Russian invasion of Ukraine, the Slovak Republic has reduced its energy dependence on Russia dramatically**
- ✓ The share of energy imports from Russia has declined to roughly **43%** from 70% at the beginning of 2022

Share of Energy Imports from Russia (%)



3 Slovakia's status as an NATO and EU member-state represents a strong security guarantee

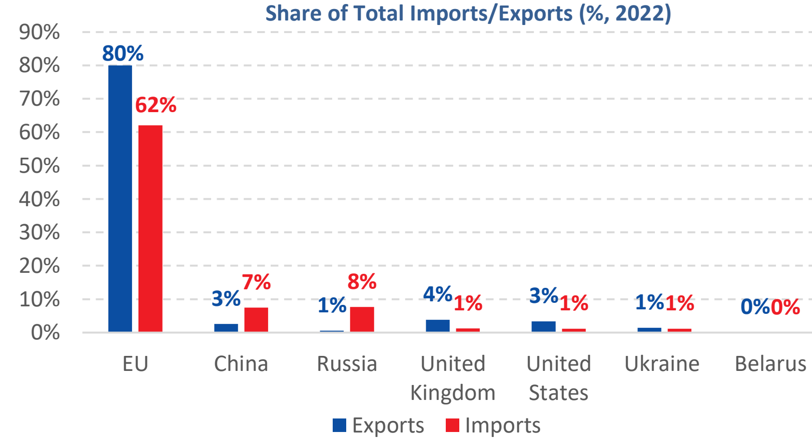
- ✓ **Slovakian defence policy is pursued through the joint efforts of the Slovak Armed Forces and NATO/EU allies. As a member of NATO and the EU since 2004, Slovakia has the following security guarantees in place:**

NATO OTAN **Article 5:** By focusing on NATO's deterrence and defence efforts, Slovakia works with Allies to be able to deter more effectively and, if necessary, to defend with all the means and capabilities needed to do so

EU Mutual Defence Clause: This binding clause provided that if an EU country is the victim of armed aggression on its territory, the other EU countries have an obligation to aid and assist it by all the means in their power

4 Slovakia's overall trade is overwhelmingly EU-focused

Share of Total Imports/Exports (%, 2022)

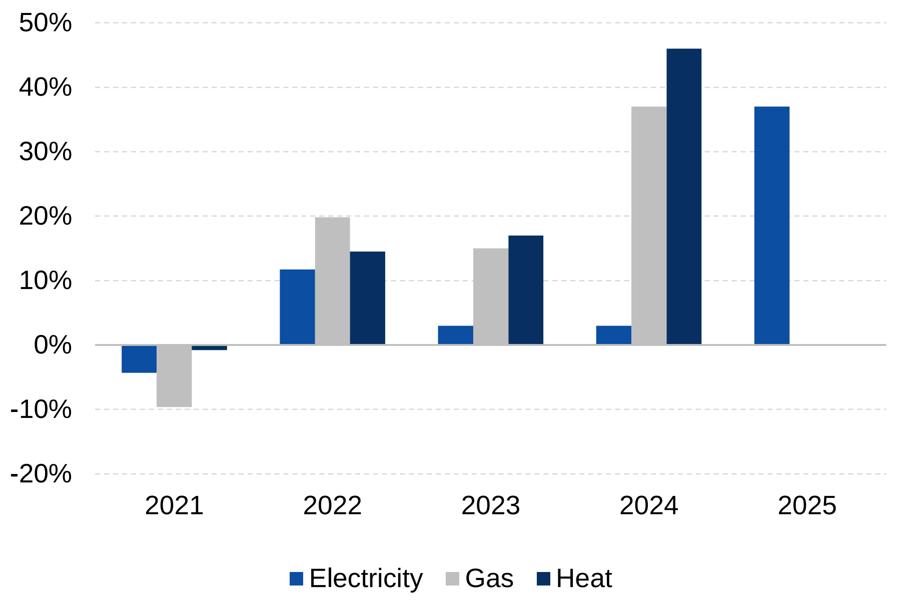


Sources: Statistical Office of the Slovak Republic – All figures are rounded

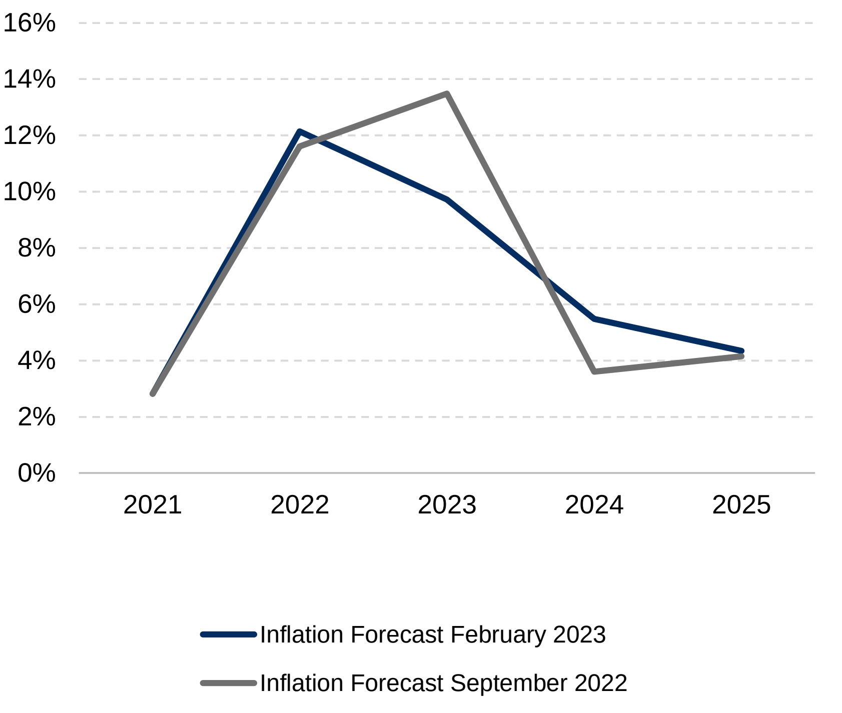
Government Proactively Manages Inflation

- ✓ The government has delivered an aid package for households and firms to cope with high energy prices
- ✓ The additional aid package is expected to take place between 2025 to 2027
- ✓ This package is expected to decrease inflation in years to come

Expected price increases of energies



Inflation forecast (HICP)



Source: Ministry of Finance of Slovak Republic

Government Mitigates Impact of Energy Market Disruption

Allocated budgetary energy measures for 2023

Measure	Implementation Timeline	Budgetary Cost (% GDP)
Cap on gas supply prices (households)	Jan'23	1.2
Price caps for electricity distributors (households)	Jan'23	0.3
Cap on heating supply prices (households)	Jan'23	0.3
Support of selected vulnerable customers (gas + electricity)	Jan'23	0.3
Capped electricity and gas prices for regulated small companies	Jan'23	0.2
Capped electricity and gas prices for unregulated companies	Dec'22	0.1

Energy Package Details

- Measures targeted at households (1.8% of GDP) include (w/o VAT):
  - ✓ Regulated annual increase of gas prices (max 15%) and heating prices (max 20%)
  - ✓ Cap on electricity distribution fees and system charges
- Reimbursements of costs above €199 price of electricity and €99 of gas for companies (0.3% of GDP):
  - ✓ 100% for regulated small and medium firms
  - ✓ 80% for unregulated companies

✓ The costs of measures offset by taxation of excess profits and EU funds (estimated at 1.6% of GDP)

Source: Ministry of Finance

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II Economic developments

Transformational Success Story

- ✓ Sustainable and robust GDP growth
- ✓ Commitment to fiscal discipline
- ✓ High share of investment to GDP
- ✓ Export-oriented economy

SLOVAKIA	2017	2018	2019	2020	2021	2022	2023e
Real GDP Growth (in %)	**2.9**	**4.0**	**2.5**	**(3.3)**	**4.9**	**1.7**	**1.3**
Private Consumption	4.7	4.2	2.6	(1.1)	2.7	5.7	0.7
Public Consumption	1.1	0.5	4.5	(0.6)	4.2	(4.3)	2.3
Gross fixed capital formation	2.9	2.8	6.7	(10.9)	3.5	5.9	14.6
Exports (goods and services)	3.7	5.1	0.8	(6.3)	10.9	2.3	1.3
Imports (goods and services)	4.1	4.8	2.2	(8.1)	12.1	4.0	4.2
GNI (real growth p.c. in %, adjusted by GDP deflator)	**3.8**	**4.3**	**1.7**	**(2.2)**	**3.0**	**1.9**	**0.7**
Employment Growth (% p.a.)	**2.2**	**2.0**	**1.0**	**(1.9)**	**(0.6)**	**1.8**	**0.5**
Unemployment rate (% of labour Force)	**8.1**	**6.6**	**5.8**	**6.7**	**6.8**	**6.1**	**5.8**
Inflation (HICP) (% p.a.)	1.4	2.5	2.8	2.0	2.8	12.1	9.7
General government balance (% of GDP)	**(1.0)**	**(1.0)**	**(1.2)**	**(5.4)**	**(5.4)**	**(2.0)**	**(6.3)***

** Estimate from Stability Programme of the SR for 2023-2026 (April 2023) including energy one-off measures with net impact of 1.7% of GDP.*

Sources: Eurostat, SO SR, MoF February 2023 Forecast, EC for GNI in current prices per head of population.

Slovakia – A Solid Performer among Eurozone Countries

- ✓ **Slovakia is one of a few EU countries that have already received proceeds from RRP**
- ✓ The war in Ukraine and the energy crisis is a headwind but competitive external sector, resilient labour market and industrial production supported by drawing from EU funds and RRP suggest a solid growth potential
- ✓ Convergence is almost complete for the unemployment and inflation rates
- ✓ **Slovakia's Public Debt level back under 60% of GDP, more than 30 p.p. below the Euro Area average (2022)**

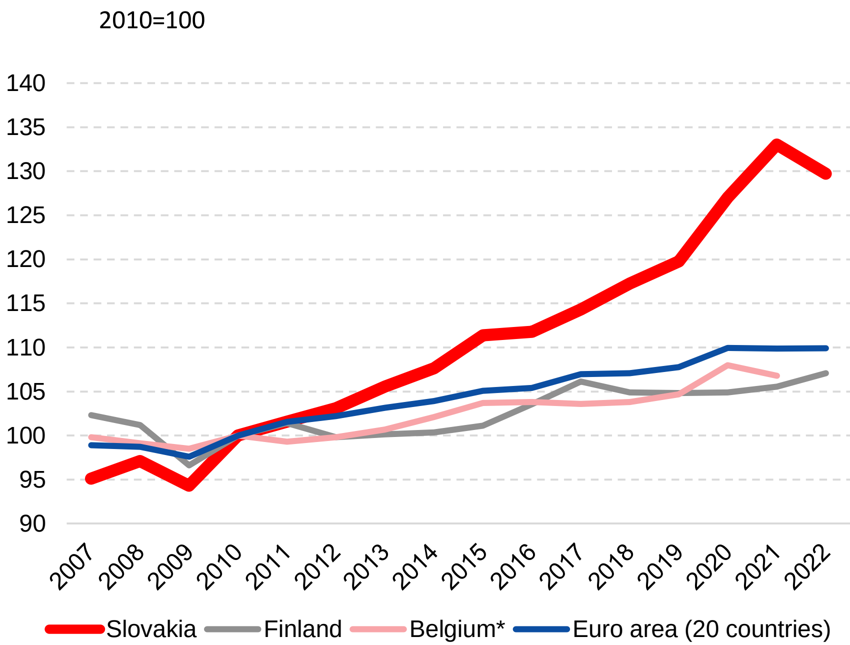
	Slovakia		Belgium		Finland		Eurozone	
	2021	2022	2021	2022	2021	2022	2021	2022
Real GDP growth (%)	4.9	1.7	6.3	3.2	3.0	2.1	5.3	3.5
Inflation – HICP (%)	2.8	12.1	3.2	10.3	2.1	7.2	2.6	8.4
Unemployment rate (%)	6.8	6.1	6.3	5.6	7.7	6.8	7.7	6.8
Current Account Balance (% of GDP)	(2.5)	(8.3)	0.4	(3.5)	0.5	(3.9)	2.3	0.8
Budget Balance (% of GDP)	(5.4)	(2.0)	(5.5)	(3.9)	(2.8)	(0.9)	(5.3)	(3.6)
Structural Budget Balance (% of pot. GDP)*	(5.3)	(4.3)	(5.2)	(5.5)	(2.1)	(1.1)	(4.2)	(3.6)
General Government Gross Debt (% of GDP)	61.0	57.8	109.1	105.1	72.6	73.0	95.5	91.6

*Source: Eurostat, ECB, *EC Autumn Economic Forecast 2022*

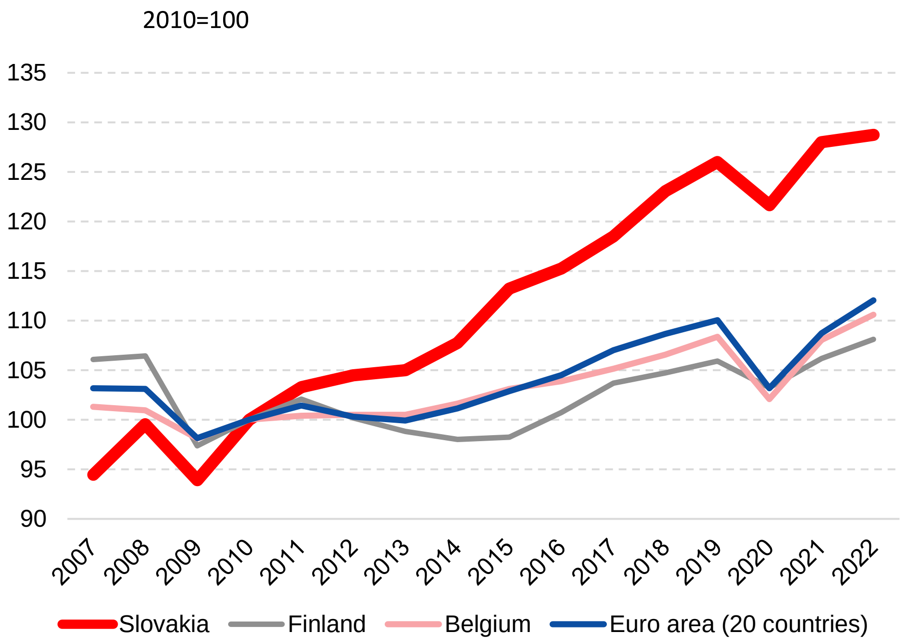
Strong Productivity and GDP Growth

✓ Slovakia's real labour productivity and GDP per capita have consistently grown faster compared to peers

Real labor productivity per hour worked



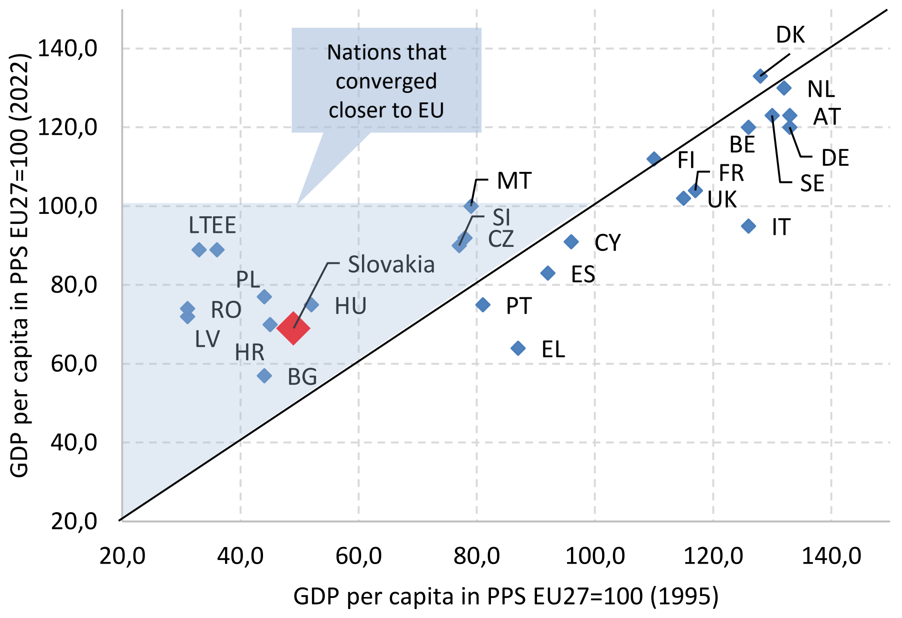
GDP per capita (chain-linked volumes)



Source: Eurostat

**Data for Belgium for 2022 was not available as of 9.5.2023*

Ongoing Economic Convergence to EU28



- Successful transformation to market economy
- Fast speed of convergence: 18% in 27 years*
- Current level: 67% of the EU27 GDP per capita (2022)

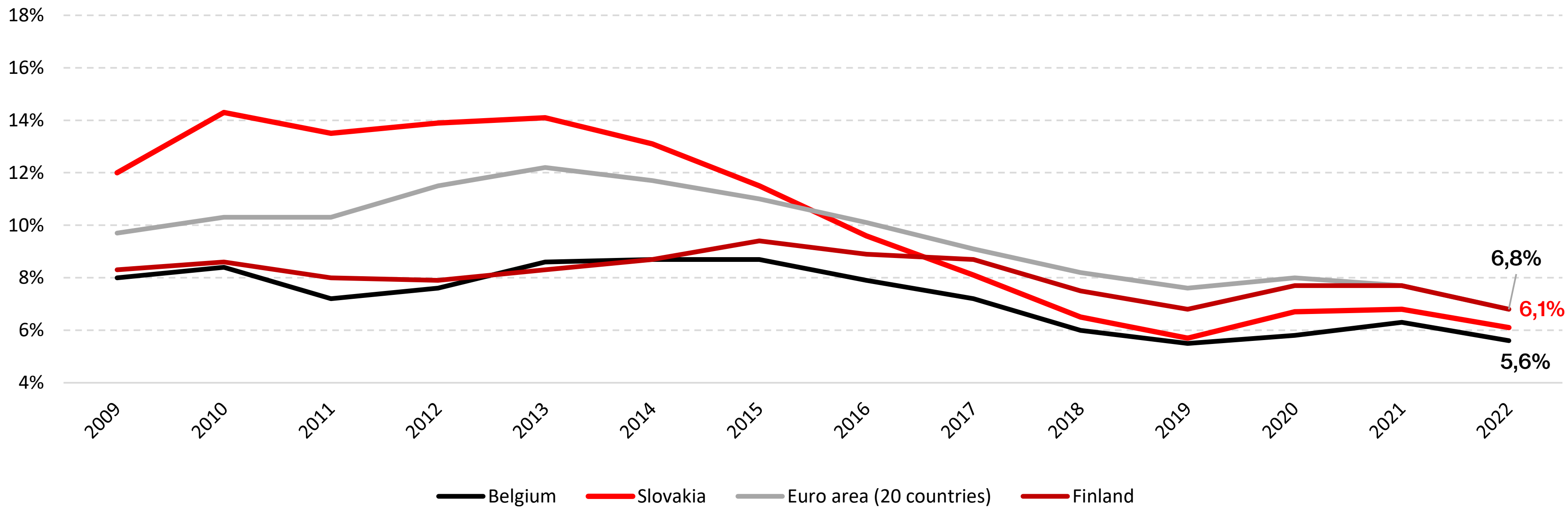
Source: Eurostat

*For further information about Slovak GDP per capita in PPS visit: https://www.mfsr.sk/en/finance/institute-financial-policy/policy-briefs/on-purchasing-parity-march-2023.html

Low Unemployment Rate Drives Private Consumption

- **The unemployment rate reached historical minimum in 2019**
- Although the pandemic increased the unemployment rate slightly, the shock has been weathered
- Low unemployment rates are expected to drive private consumption and thus economic growth in years to come

Unemployment Evolution versus Peers

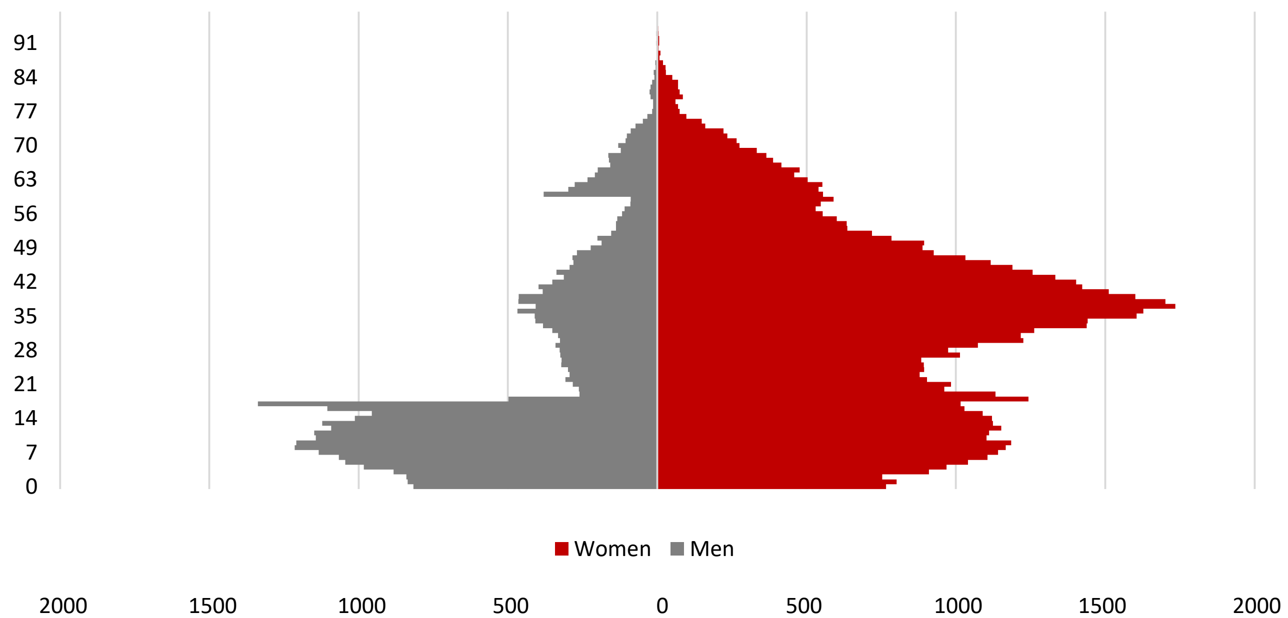


Source: Eurostat

War refugees support the Slovak labor market

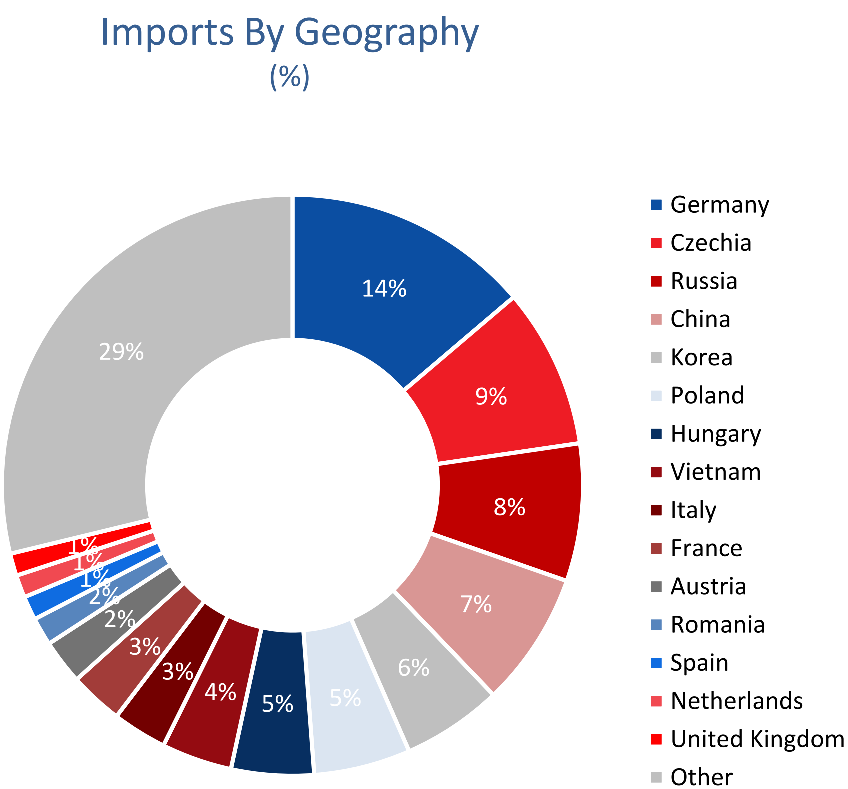
- **Since the beginning of the war, 115,000 Ukrainian refugees, mostly women and children, have applied for temporary refugee status in Slovakia.**
- So far, 25% of 18-64 year olds have found a job. Refugees mainly occupy low-skilled positions in manufacturing and services, and their inclusion represents a positive risk for the Slovak labour market.

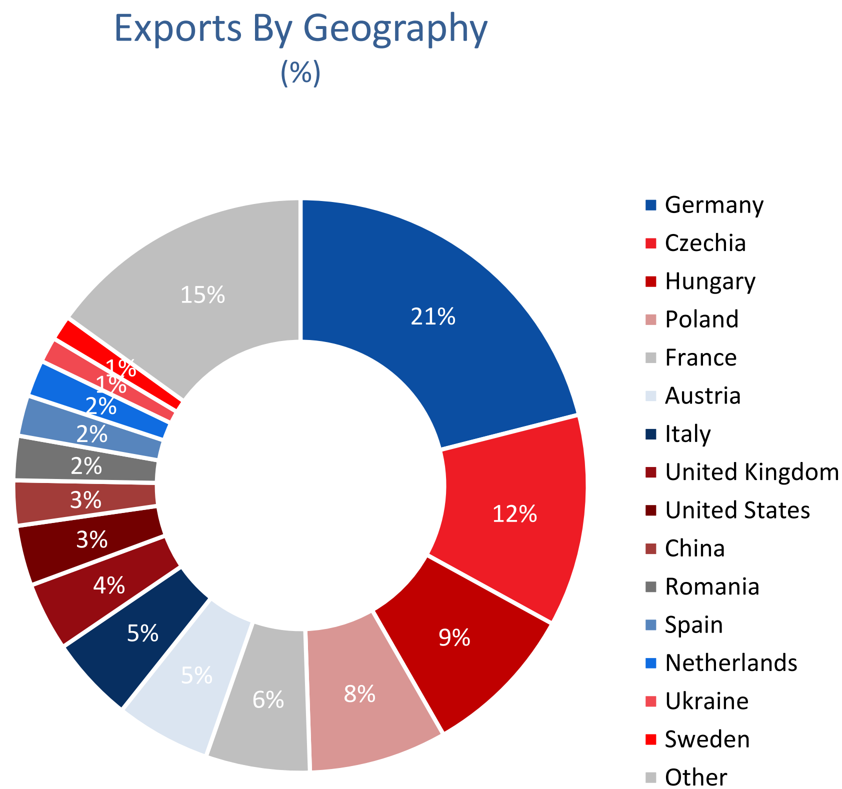
Age distribution of Ukrainian refugees



Source: Ministry of Interior of the SR

Key Trading Partners in 2022

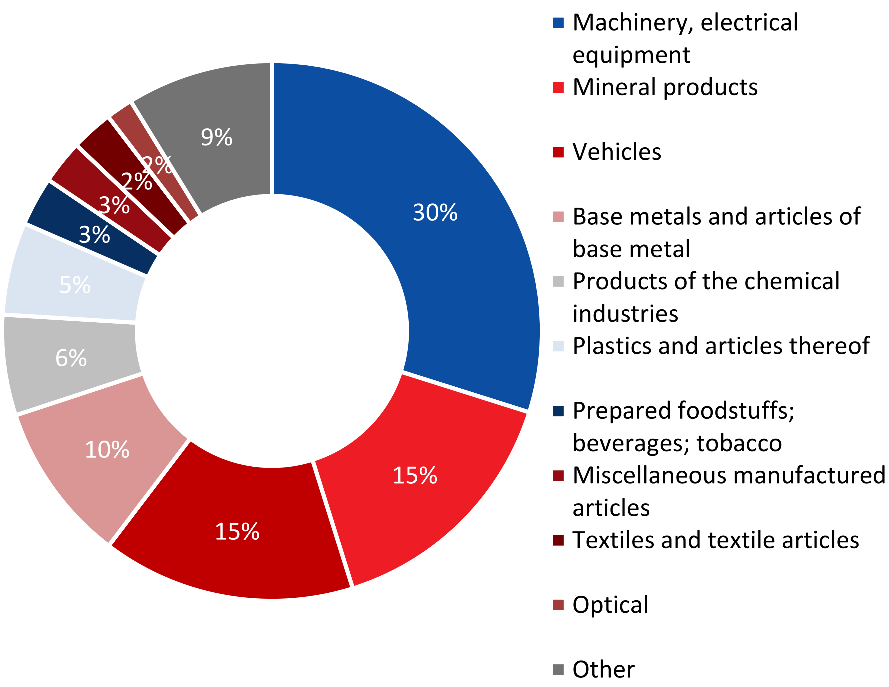




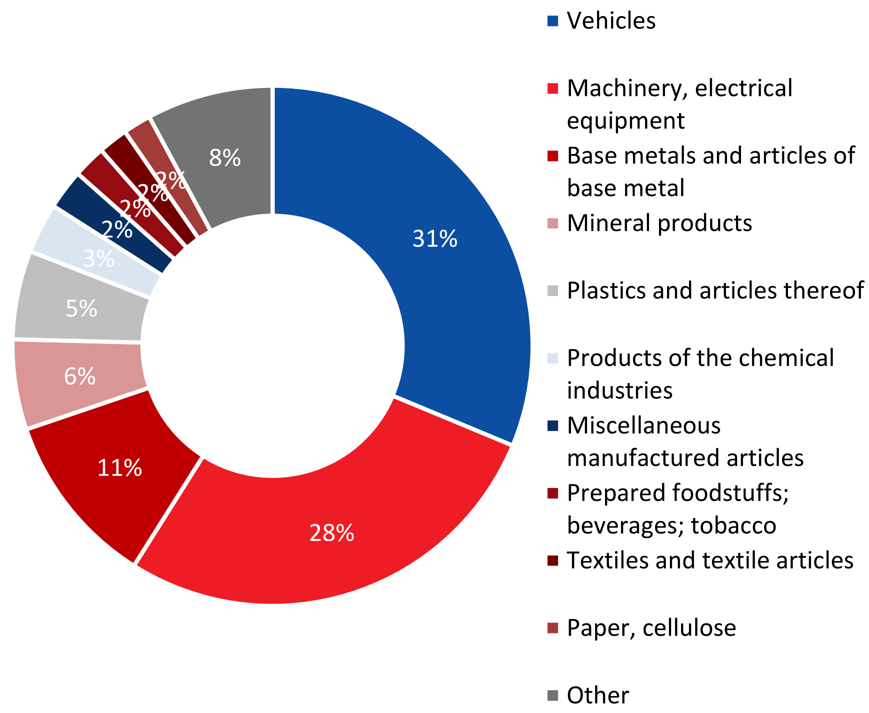
Source: Statistical Office of the Slovak Republic

Key Export and Import Products in 2022

Imports by Product
(%)



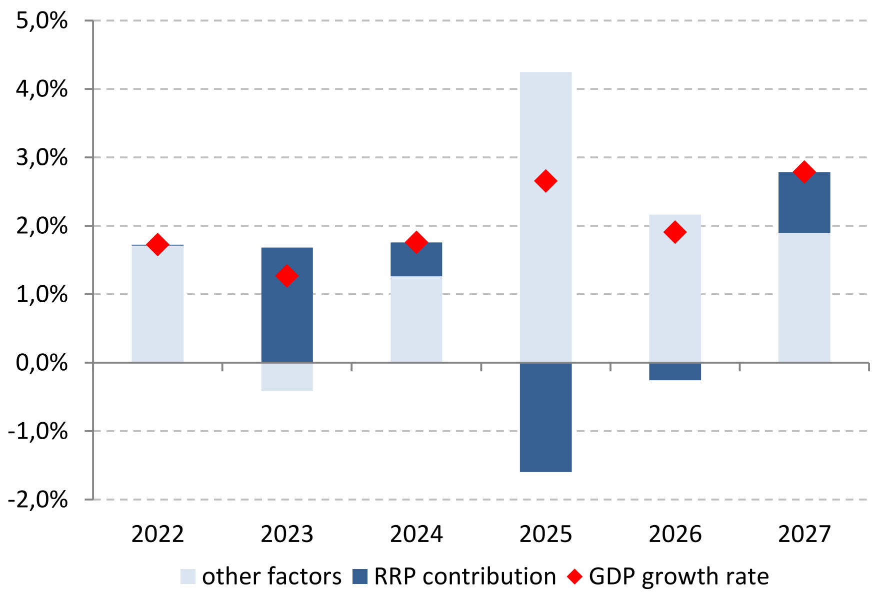
Exports by Product
(%)



Source: Statistical Office of the Slovak Republic

EU Recovery and Resilience Plan Supports Economic Growth

RRP contributions to Slovakia's expected GDP growth



Preliminary plan of allocating RRP resources (EUR million)

	2022	2023	2024	2025	2026
RRP	49	1,647	2,394	1,817	334
Public investment	11	904	1,633	1,209	128
Compensations	16	122	106	97	31
Intermediate consumption	4	86	89	56	20
Soc. Transfer in kind	2	7	7	3	0
Social transfers	0	24	24	24	0
GFCG firms	1	325	422	316	75
GFCG households	16	179	112	112	80

✓ **RRP is expected to boost the economy mainly in 2023 and 2024**

- Slovakia will be a key beneficiary of the Recovery and Resilience Facility, boosting its productivity and accelerating the green and digital transformation
- Public investment funded by the RRP will support the output by almost EUR 1 billion in 2023 and EUR 1.6 billion in 2024
- Slovakia has already received more than EUR 458 million with the first tranche and EUR 709 million with the second tranche, the approval of the third tranche is expected of the amount approx. EUR 815 million

Source: Government Office of the Slovak Republic, MoF

Allocation of EU Recovery and Resilience Plan Funds

Area	Component	Resources (million)*	Total
Green Economy	Renewable energy sources and energy infrastructure	207	**EUR 2,103 million**
	Building renovation	620	
	Sustainable transport	759	
	Decarbonisation of industry	368	
	Climate change adaptation	149	
Education	Availability, development and quality of inclusive education	210	**EUR 813 million**
	Education for the 21st century	449	
	Improvement of universities‘ performance	154	
Science, research, innovation	Effective management, higher financing for science, research, innovation and digital economy	576	**EUR 675 million**
	Attraction and retentions of talents	99	
Health	Modern and accessible healthcare	1,072	**EUR 1,402 million**
	Mental healthcare	83	
	Long-term care	247	
Effective public administration	Improved business environment	11	**EUR 1,014 million**
	Judicial system reform	233	
	Anti-corruption and anti-money laundering measures, safety and security of inhabitants	209	
	Digital Slovakia	562	
	Sound public finance	-	

Source: Government Office of the Slovak Republic

*The amounts are based on current prices; without taxes; final investments may differ from the estimated expenditures

Structural Reforms for Long-Term Development

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 continued its downward trend in 2021 and closed the year at 12.1%
- ✓ It decreased further in 2022 due to these reasons:
  - Increased amount of cashless payments in the sectors with the high VAT gap
  - Introduction of online cash registers and online invoice system to be introduced soon

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

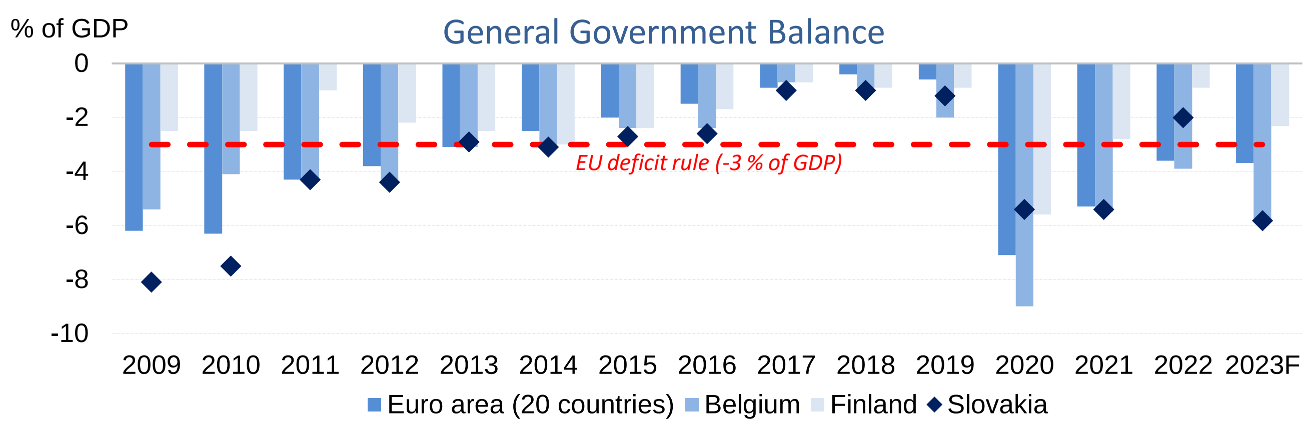
Strengthened fiscal framework

- ✓ Multi-annual expenditure ceilings as a new operational fiscal rule (approved and fully implemented since 2024)
- ✓ Refinements of Constitutional Act on Fiscal Responsibility (under political discussion)
  - Recalibrations of debt thresholds, escape clauses, and respective sanctions
  - Net debt basis to provide flexible liquidity management
  - Stronger emphasis on analytical input into the budgetary process (under discussion)

III Fiscal Policy

Prudent Fiscal Policy to be Reintroduced in 2024

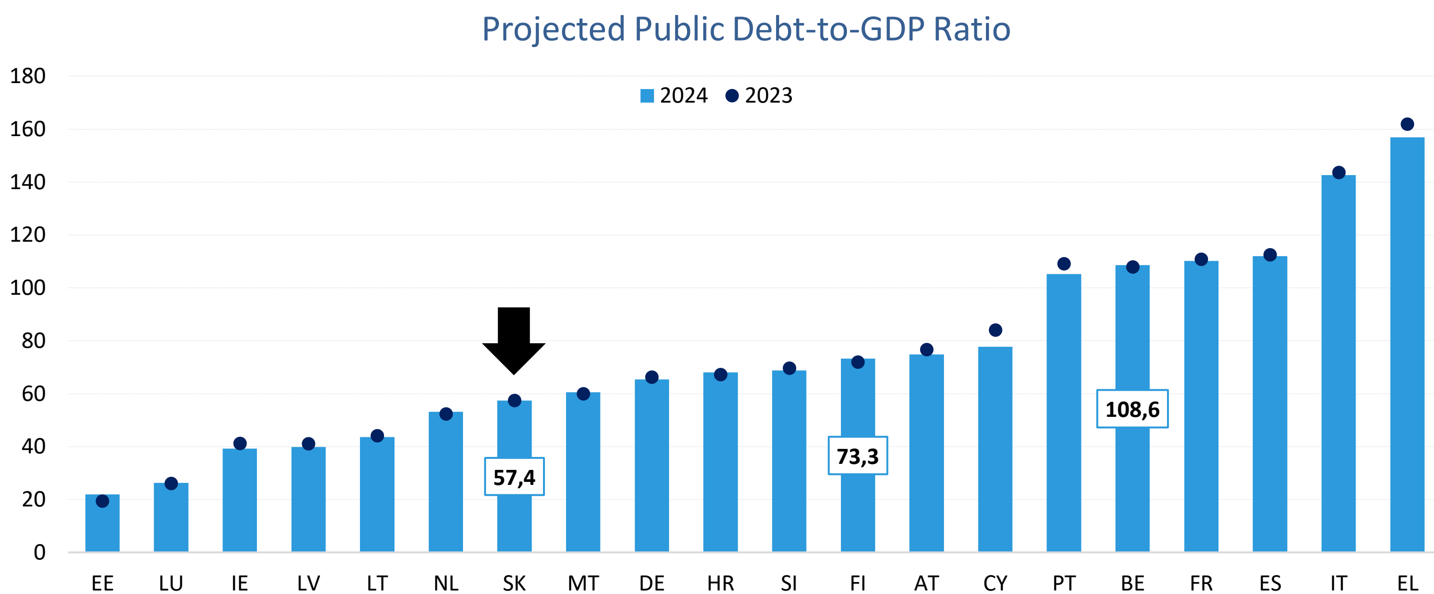
- ✓ **In 2022 Slovakia reached deficit of 2.0 % of GDP mainly due to inflow of robust tax revenues affected by inflation and withdrawal of pandemic measures.**
- ✓ Government budget balance to rise at estimated 6.3 % of GDP in 2023 reflecting temporary energy measures and lagged expenditure related to inflation, as well as government measures targeted at families and pensioners that will materialize in 2023.
- ✓ **The approved expenditure ceilings for 2023-2025** will be updated for whole period of new incoming government (2024-2028), requiring structural adjustment as from 2024.
- ✓ In addition, in Stability Programme (April 2023) the Government outlined **new budgetary targets to bring deficit close to 2% of GDP up to 2026** in reaction to requirements of activated EU fiscal rules since 2024.



Source: Eurostat, EC Autumn forecast 2022

Government's Objective to Stabilize Post-Pandemic Debt

- Although increased in recent years**, public debt level remains still well below peer countries.**
- **In 2022** public debt returned **below 58 % of GDP.**
- The medium-term consolidation strategy **would stabilize debt safely below 60% of GDP in following years** supported by high nominal GDP growth.



Source: EC Autumn forecast 2022

The Main Fiscal Reform of Managing Public Finance

- **In 2023 the Parliament approved ceilings on public expenditure for 2023-2025.**
- **The ceilings now serve as a main operation tool** to achieve long-term fiscal sustainability starting from 2023 and thereafter **for whole election period as from 2024**
  - Calculation of expenditure limits is based on risks of long-term sustainability indicator and executed and updated by independent Council for Budget Responsibility
  - Required structural consolidation of 0.5% of GDP in case of high/medium risks and 0.25% in case of low risks
  - Expenditure ceilings incorporate escape clauses that can be triggered in circumstances of economic downturn of 0% or -3%, or one-off measures related to extraordinary events
  - Ceilings are also tied to EU general escape clause (still active in 2023)
- **Amendment of debt brake rule that would strengthen waiting for final approval by Parliament**
  - Main changes come with substituting indicator from gross to net debt
  - Rationalizing of sanctions while enhancing their enforcement
  - Modification of escape clauses to ensure flexibility

IV Debt Management

Debt Management in 2022

Gross issuance originally planned at EUR 6.0 billion

- ✓ Positive development in State budget deficit mostly due to elevated revenues from inflation – actual deficit of EUR 4.5 billion lower than budgeted EUR 5.5 billion
- ✓ Gross issuance at lower level than planned
- ✓ Substantial cash buffer

Issued EUR 5.2 billion bonds

- ✓ EUR 1.0 billion - syndicated transaction in October – 10y benchmark
- ✓ EUR 4.2 billion via regular auctions

Loans received in amount of EUR 0.1 billion

- ✓ One tranche of EIB loan

Buybacks at the end of 2022

- ✓ The goal is to decrease the redemption amounts in the next year and invest cash buffer with no credit risk
- ✓ Willingness of investors to sell was very limited – investors prefer to hold till maturity

Source: Ardal, as of April 2023

Debt Management in 2022 (cont'd)

Total redemptions EUR 1.3 billion equivalent

- ✓ EUR 1.16 billion equivalent bond matured in May 2022 (USD 1.5 billion)
- ✓ EUR 0.14 billion equivalent bond matured in April 2022 (CHF 0.175 billion)

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

- ✓ Four bonds offered in all auctions
- ✓ Special auction of 2068 bond with remuneration in June – followed investor demand

Financing still relatively cheap and manageable

- ✓ Weighted average yield at 2.43% p.a. (new issuance); weighted average maturity 12.1 years (new issuance)
- ✓ Average yield of outstanding bond portfolio as of December 2022 at 1.66% p.a. (1.31% p.a. including State treasury funds)

Strong presence of ECB

- ✓ ECB holds more than 40% of issued government bonds
- ✓ Continuing reinvestments – announced decrease in reinvestments but no binding timeline for any of the two programs

Source: Ardal, as of April 2023

Debt Management Outlook in 2023

Total redemptions EUR 4.6 billion equivalent

- ✓ EUR 3.0 billion – bond matured in February
- ✓ EUR 1.5 billion – bond maturing in November
- ✓ EUR 0.14 billion equivalent – CHF 0.175 billion bond maturing in October

Uncertainty about state budget cash deficit

- ✓ Cash deficit of state budget at EUR 8.3 billion (worst case and very unlikely scenario according to ARDAL)

Total gross financing needs formally at EUR 12.9 billion and will be covered mostly by issuance

- ✓ EUR 4.0 billion can be issued via regular monthly auctions – EUR 2.2 billion already issued
- ✓ EUR 4.0 – 5.0 billion can be issued via syndications – EUR 3.5 billion already issued
- ✓ No T-bills
- ✓ No specific loans planned but could be arranged based on market conditions
- ✓ **Total issuance planned at EUR 8.0 – 9.0 billion** – the rest can be covered by State Treasury funds development + liquidity buffer optimization + realistic deficit compared to estimates

Foreign currency issuances are less likely

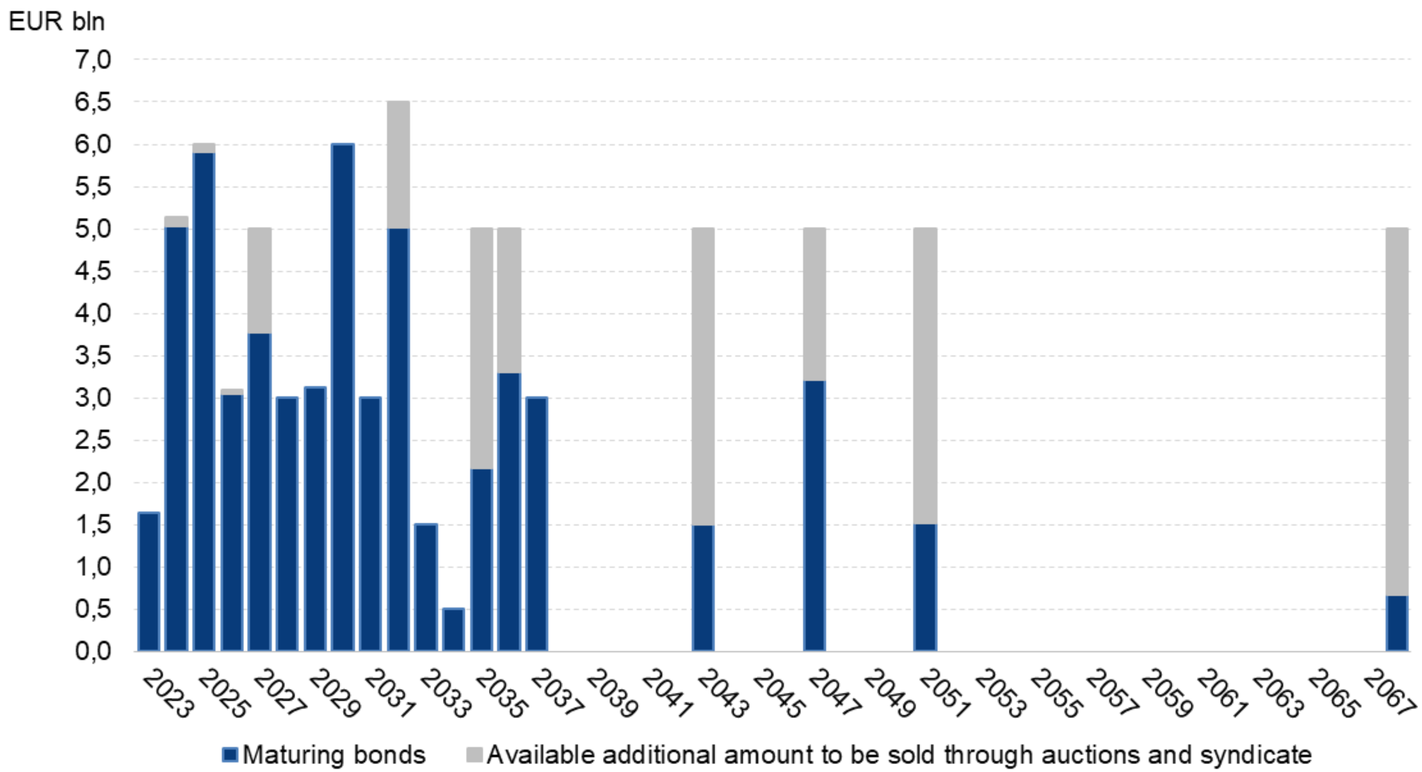
- ✓ Focus to remain on Euro-denominated SLOVGB issuance.

Source: Ardal, as of April 2023

Well Balanced Bond Redemption Profile

- ✓ Smooth redemption profile not exceeding EUR 6.5 billion redemption in any single year
- ✓ Only EUR 1.6 billion remaining redemptions in 2023

Slovakia Bond Redemptions

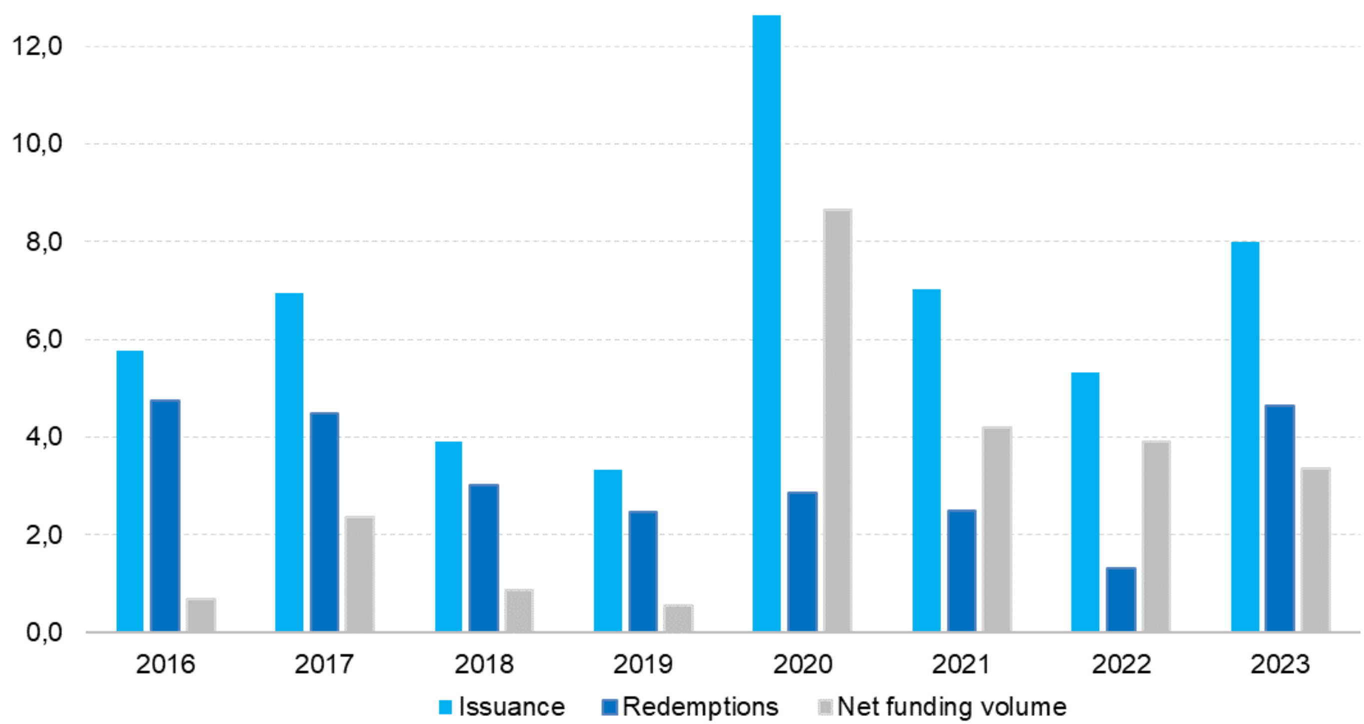


Source: ARDAL, as of April 2023

Net Funding Development

- Increased issuance after the COVID outbreak
- Low redemptions between 2019-2022
- Net funding volume expected to decrease in line with fiscal consolidation

Issuance and Redemptions

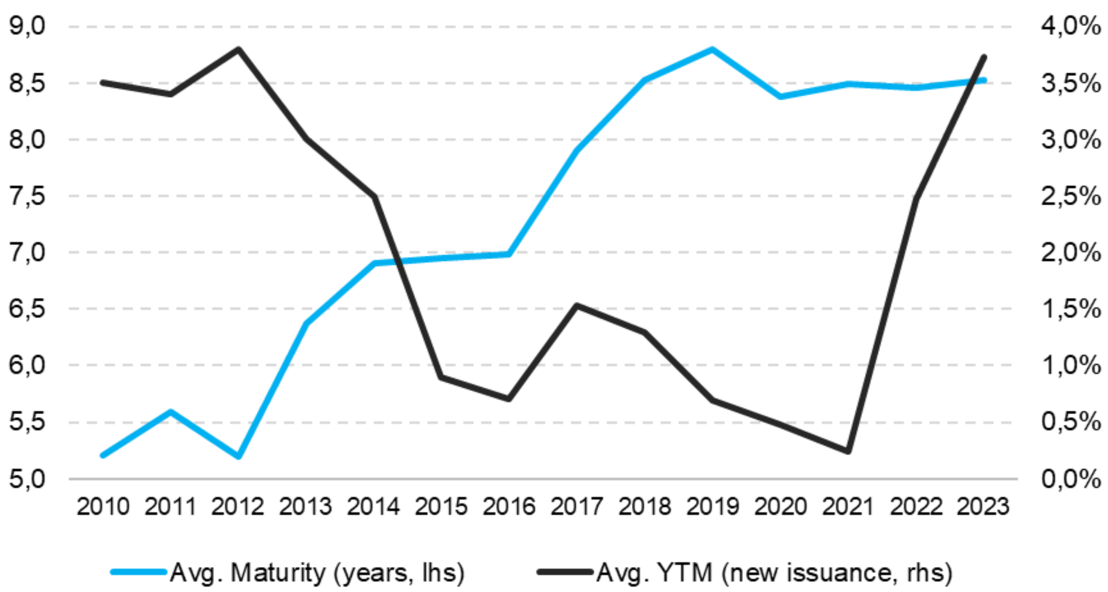


Source: ARDAL, as of April 2023
**2023 is estimate*

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 until 2021 (record low 0,24% issuance in 2021)
- ✓ Increase in yields since 2022 in line with overall development in euro area + relatively long dated issuance in order to maintain risk parameters at exceptionally safe levels

Average Maturity and Yield Metrics for Slovakia



Source: ARDAL, data as of April 2023
**2023 is average for January - April*

Risk Indicators Comparison

As of 31 March 2023	Slovakia	Belgium	France	Slovenia	Latvia	Germany	Austria	Euro Area
Average Life of Debt (years)	**8.81**	10.06	8.54	10.33	7.01	7.38	10.65	8.45
Refinancing Risk 1Y (% of total debt)	**2.85**	15.68	14.29	5.90	12.86	19.22	18.17	15.12
Refinancing Risk 5Y (% of total debt)	**34.66**	42.60	45.87	35.40	57.69	52.60	52.57	46.80
Refixing Risk 1Y (% of total debt)	**2.85**	16.11	24.79	6.21	13.09	23.92	18.75	23.12
Refixing Risk 5Y (% of total debt)	**34.66**	43.03	52.28	35.48	57.80	57.23	53.11	51.26
Foreign Debt to Total Debt (before derivatives) %	**0.79**	1.66	0.00	1.93	0.00	0.00	4.24	0.57
Foreign Debt to Total Debt (after derivatives) %	**0.01**	0.00	0.00	0.08	0.00	0.00	0.00	0.03

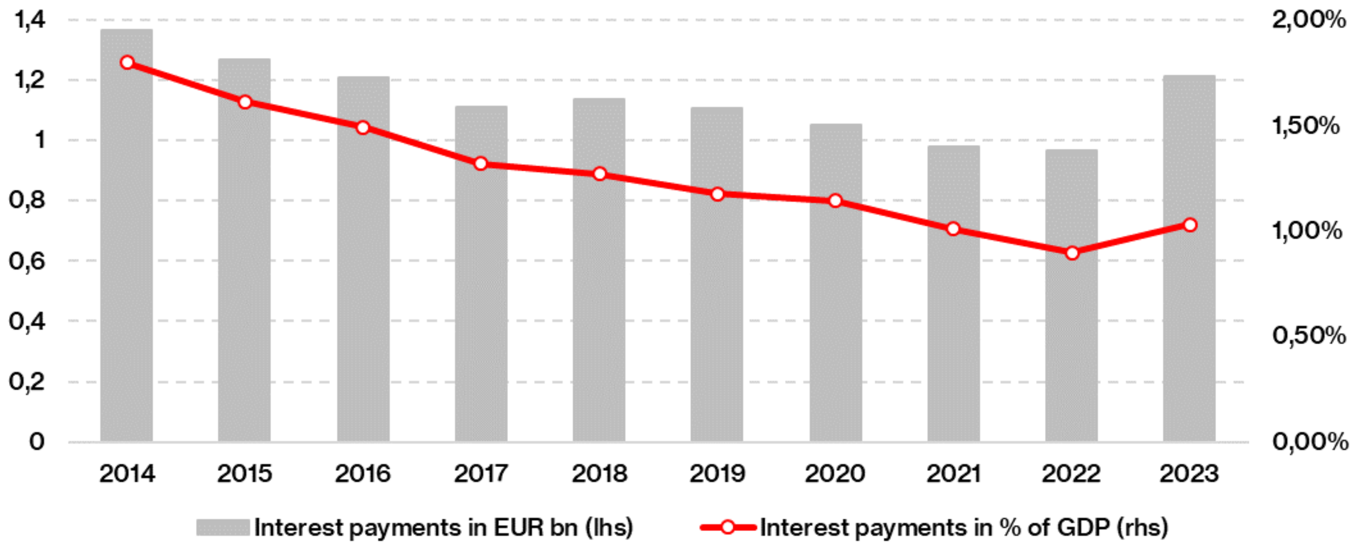
- ✓ Prudent risk management considering potential scenarios
- ✓ Average life of debt of Slovakia comparable to Euro Area level and higher rated issuers
- ✓ Sufficient space for both short and medium term financing

Source: ESDM, data as of March 2023

Interest Payments Development

- Interest payments were at historical lows as a percentage of GDP in 2022 and were declining even in nominal terms
- Reversal of trend since 2023 in line with overall development in Eurozone – however the increase is limited and spread in time due to prudent risk management in the past
- Increase as a % of GDP even more limited

Interest Payment Dynamics for Slovakia (accrual)



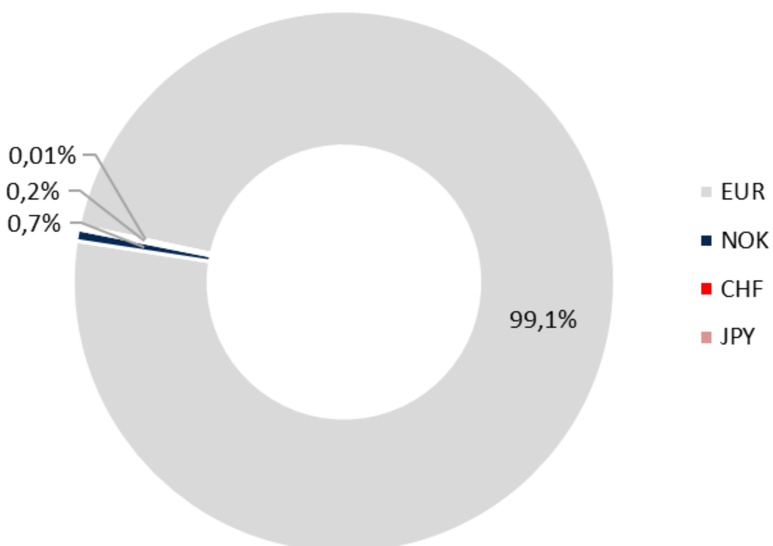
Source: ARDAL, data as of April 2023
**2023 is estimate for whole year as of April 2023*

Low Currency Risk and Diversified Investor Base

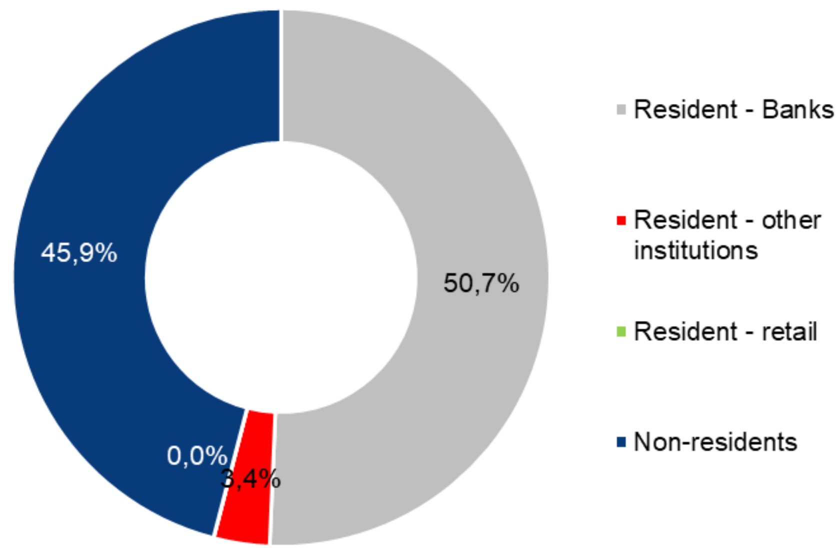
- ✓ Almost no foreign currency debt
- ✓ The only USD bond matured in 2022

- ✓ Increased portfolio holdings of residents due to PSPP and PEPP

Currency Breakdown
(%)



Investor Type Breakdown
(%)*



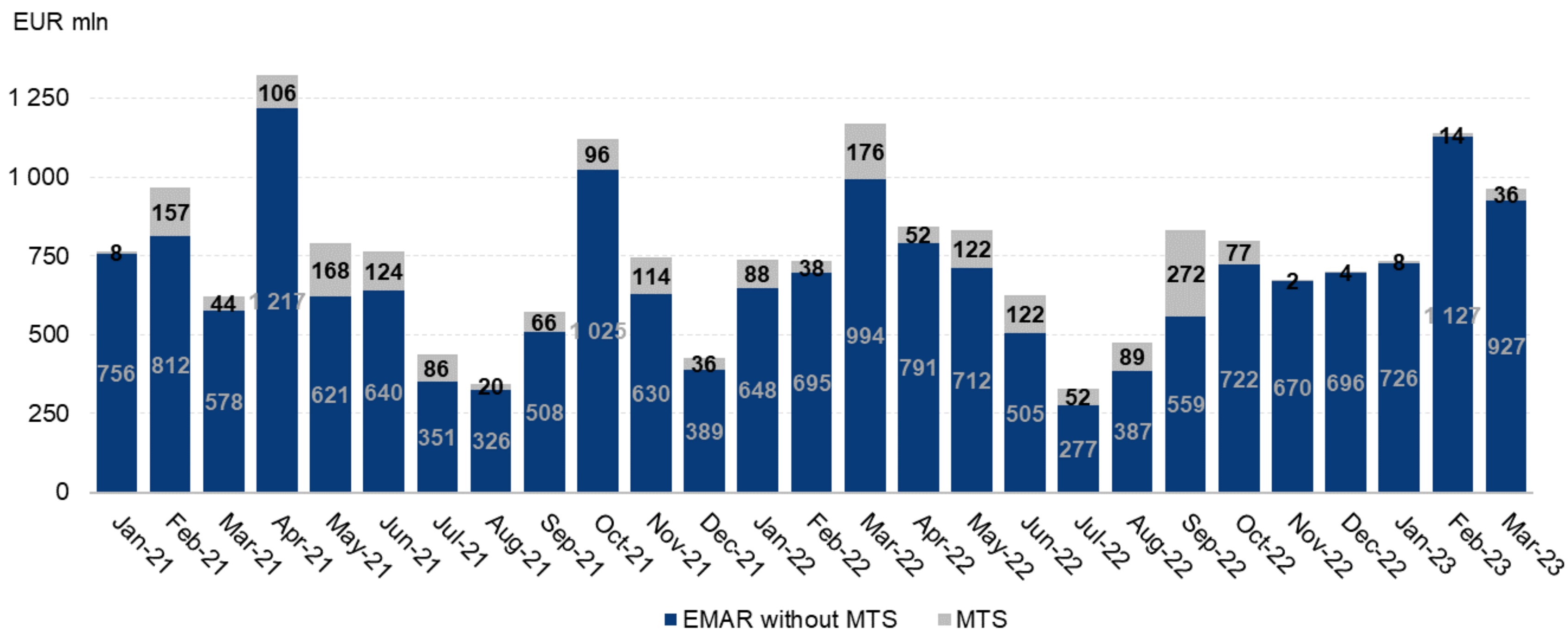
*Bonds held in Slovak Central Securities Depository

Source: ARDAL, data as of April 2023

MTS Slovakia

- Introduction of MTS Slovakia in February 2018
- Quoting obligation for Primary Dealers
- Average monthly trading volume EUR 98 million since inception

Slovak PDs Secondary Market (EMAR)

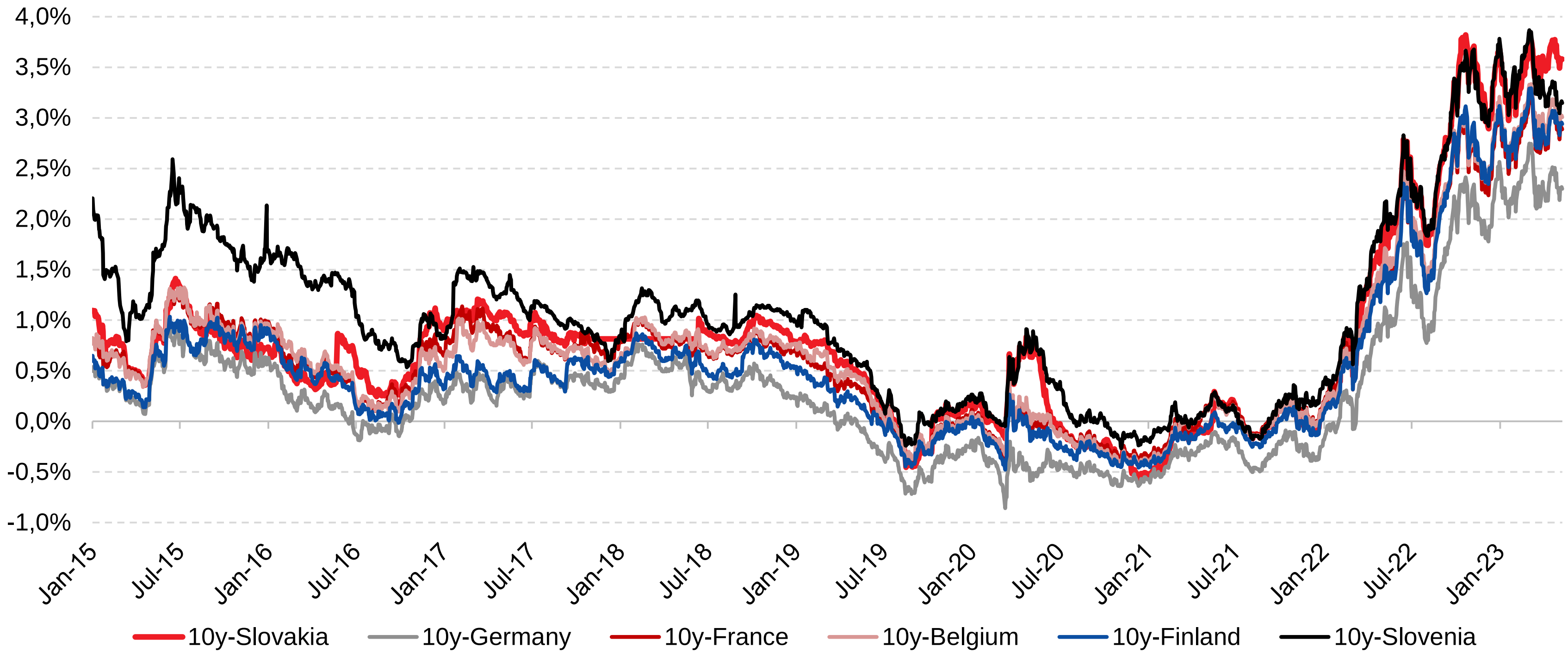


Source: ARDAL, data as of March 2023

Government Bond Yields

2003 Agentúra pre riadenie dlhu a likvidity
2023 Debt and Liquidity Management Agency

Slovakia 10Y Government Bond versus Peers



Source: Bloomberg as of April 2023

Auction Calendar 2023 - Bonds

Government Bonds		
Auction Date	**Settlement Date**	**Offered Bonds**
16 January	18 January	2027, 2032, 2036, 2047
20 February	22 February	2025, 2027, 2051
20 March	22 March	2025, 2027, 2032, 2035
17 April	19 April	2025, 2032, 2035, 2051
15 May	17 May	2027, 2032, 2035, 2036
19 June	21 June	to be decided
18 September	20 September	to be decided
16 October	18 October	to be decided
20 November	22 November	to be decided

- ✓ Auctions on the third Monday of the month – no auction in July, August and 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

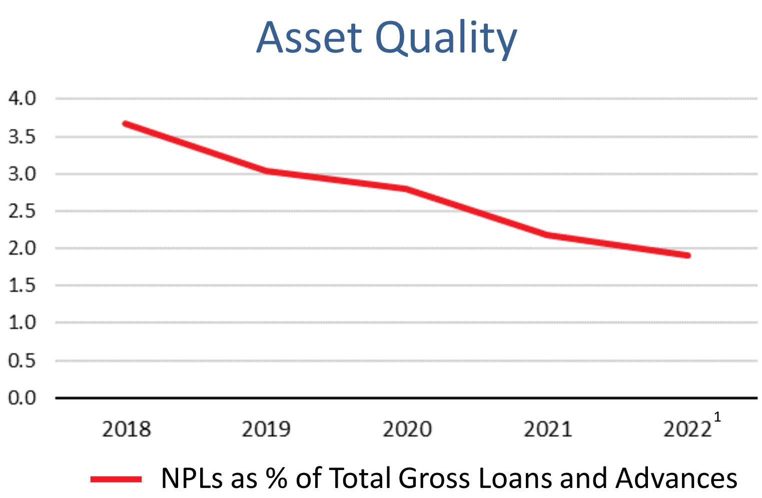
Source: ARDAL

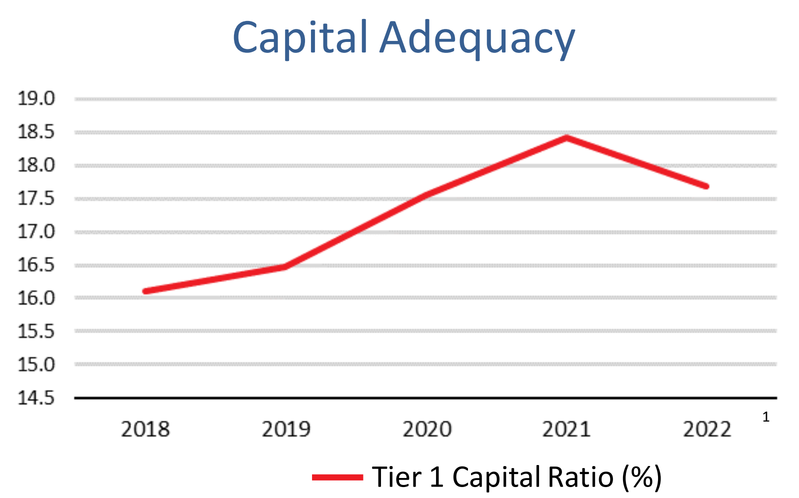
Primary Dealers of the Slovak Republic

- 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
- Slovenská sporiteľňa, a.s. (Erste Group)
- Tatra banka, a.s. (RBI Group)
- Všeobecná úverová banka, a.s. (Intesa Sanpaolo Group)

V Banking Sector

Fundamentally Robust and Well-capitalised Banking System





- ✓ Supported by measures extended by the National Bank of Slovakia, together with the ECB and European Banking Authorities, the banking sector is well capitalized, liquid, and profitable
- ✓ Non-performing loans are on a downwards trend
- ✓ Large capital buffers
- ✓ This gives banking system sufficient capital buffers to withstand a wide range of shocks

Source: European Central Bank – Statistical Data Warehouse
Note: 1. Data up to and including Q3 2022

VI Contemplated Transaction

Transaction Term Sheet

Issuer:	The Slovak Republic *acting through the Ministry of Finance and the Agency*
Ratings:	A2 (negative) by Moody's / A+ (stable) by S&P / A (negative) by Fitch
Status:	Senior Unsecured
Format:	Regulation S only
Currency:	Euro
Tenors:	Single Tranche: 10-year
Size:	Benchmark
Maturity:	[ ] June 2033
Coupon:	Fixed (Annual, ACT/ACT, ICMA)
Denominations:	EUR 1 x EUR 1
Governing Law / Listing	Slovak Law / Bratislava Stock Exchange (Main Market)
Use of Proceeds:	The net proceeds of issue of the Notes will be used for funding of the state debt of the Slovak Republic.
Joint Bookrunners:	Citi, CSOB (KBC Group), HSBC, Tatra Banka (Raiffeisen Bank International)
Target Market:	EU MiFID II – Eligible counterparties, Professional and Retail Clients (all distribution channels)

Contacts

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