Annual Report 2011

ARDAL
Agentúra pre riadenie dlhu a likvidity

DEBT AND LIQUIDITY MANAGEMENT

March 2012

Foreword by the Agency Director

Dear investors and partners,

It is my pleasure to submit to you the annual Debt and Liquidity Management Agency (ARDAL) report for 2011. Despite of the difficult market conditions, we consider the year 2011 to be successful in terms of government debt management.

The main issue of government debt management in 2011 was the continued difficult situation on financial markets that became further complicated by additional problems caused by the debt crisis in the Eurozone. Despite of worsened market conditions on the European and domestic financial markets at the end of the year, the Ministry of Finance of the Slovak Republic through ARDAL was able to provide adequate funds to pay all obligations, to cover the deficit of state budget and to ensure liquidity of the State Treasury.

In 2011, Slovakia issued government securities in nominal value of approximately EUR 6 billion. Government bonds were issued with an average weighted yield of 3.39 % p. a., which was the lowest since 2005. Limited functioning of financial markets and the effort to meet the criteria of debt portfolio management that was defined in the new Government Debt Management Strategy for 2011 - 2014, has led to tiny increase of whole portfolio yield in 2011 to 3.6 % p. a. compared to 3.3 % p. a. in 2010.

Despite of negative trends the average yield of the government bond portfolio remained under the level of 4 % p. a. At the end of the year all the criteria of state debt risk management defined in the Government Debt Management Strategy were met even though the important autumn benchmark issuance of government bonds had to be deferred to year 2012.

Only during the first four months of 2011 it was possible to place syndicated bond issues in the international financial market. It was managed to get the financial resources in the total face value of EUR 2.25 billion with maturities of 5 and 9 years by increasing currently opened existing bonds via the syndicated sale. Pan-European as well as Slovak and regional investors participated in these successful issues.

In addition to the government debt management, the ARDAL addressed its energy effort to upgrade the main information system. It was the most significant change in Information System of ARDAL after seven years. The approximately one year implementation process was successfully completed on 1st of August, 2011.

I would like to thank all the partners of the ARDAL for the successful cooperation, investors for their interest and confidence and employees for their responsible attitude and professional work.

Yours sincerely

Daniel Bytčánek

Key Information - Overview

1. The increasing of funds of the State Treasury during 2011 and a better than expected state budget development reduced funding needs in 2011 from the originally estimated EUR 8.48 billion down to EUR 6.38 billion.

2. Two successful taps of government bond benchmark issues in value of EUR 2.25 billion in the first six months of 2011 ensured fulfillment of all criteria set in the Government Debt Management Strategy.

3. Despite complicated market conditions, an historical second cheapest relative funding cost for the whole state debt at 3.6 % p. a. was reached.

4. Due to debt crisis within Eurozone and the tightening of risk management and bank business there was decline of demand for Slovak government bonds.

5. Despite difficult situation remaining within financial markets, it was managed to meet all criteria defined in the Strategy and to achieve budget savings in state debt.

Macroeconomic Data

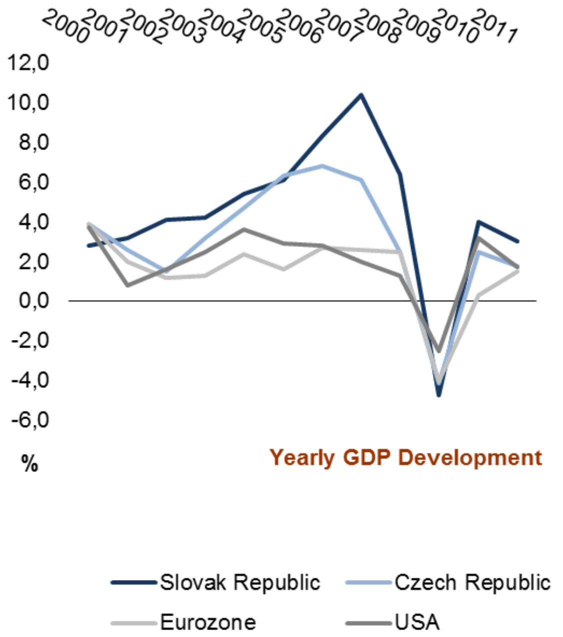
Year 2011 (same as 2010) was a year of real economy recovery after 2008 and 2009 crisis. According to preliminary estimates, the real GDP growth in Slovakia reached 3.3 % in 2011, which was far above the average growth of the European Union. Slovak economy benefited mainly from the positive development of foreign trade and in particular, its largest trading partner - Germany. From perspective of domestic demand it was mainly investment that contributed to the growth of GDP. In the contrary the consumption of households and the Government decreased because of the economic measures.

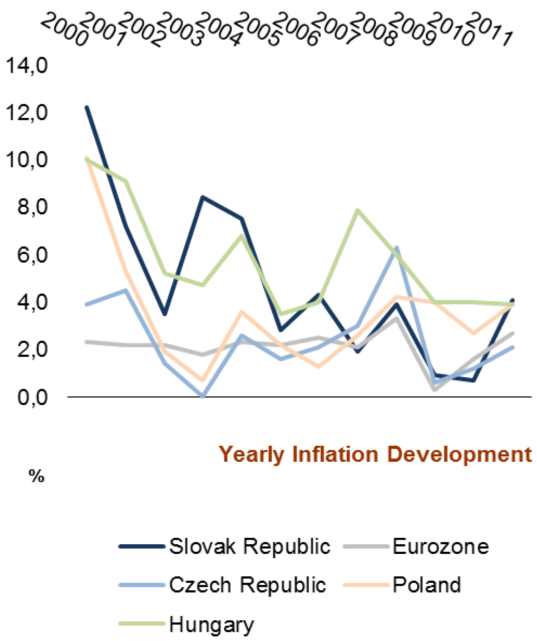
GDP growth, however, was only slowly helping to create new jobs as it was mainly the result of more efficient use of existing production capacities and increasing labour productivity. Fiscal consolidation leading to redundancies in the public sector did not help to the situation within the labour market. On the other hand, the slow growth of employment meant that the wage growth lagged behind the growth of labour productivity. This factor combined with the low level of the monthly average wage represented a strong stimulus for new investors.

Inflation accelerated to 3.9 % in 2011 after the low price growth in previous years, for which mostly weak demand associated with the crisis was responsible. The current growth of the prices is caused by a number of factors, particularly the world price growth in commodities — food and oil, and consolidation measures of the Government such as the increase in the VAT rate from the 19 % to 20 %, which was necessary in order to reduce the deficit of public finances.

Economic growth should continue during coming years. However, in 2012 a slowdown in growth is forecasted across the Eurozone, while many countries are threatened with recession.

Slovakia will probably have to face negative consequences even though according to the MF SR prognosis it should achieve GDP growth 2.3 %. At the beginning of 2013 the growth of GDP in Slovakia should accelerate along with an improvement of the situation abroad.



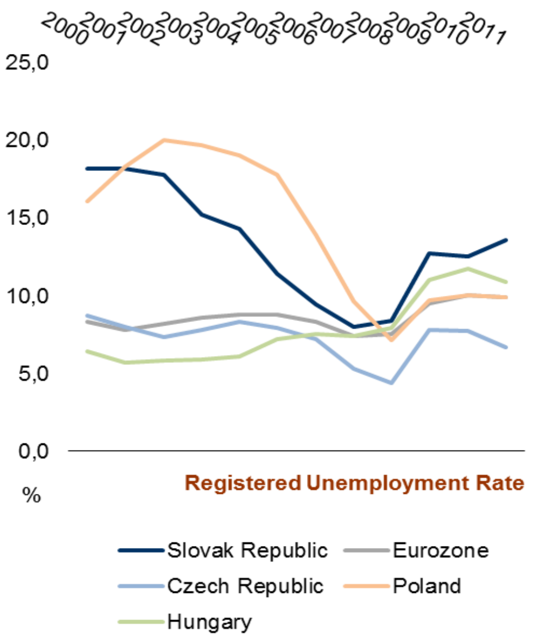


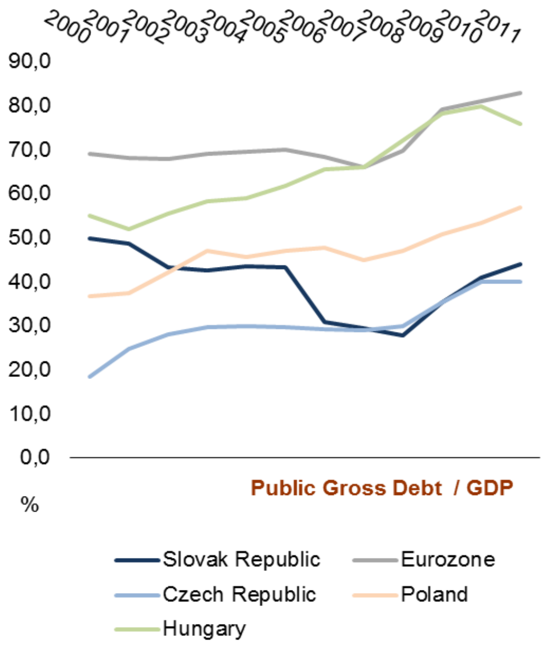
From a fiscal policy perspective, 2011 may be evaluated very positively. The Government has set a clear goal of consolidation of public finances to return to the values of the public deficit below 3 % in 2013. In 2011, the Slovak Republic has achieved the most significant improvement in this regard when the Government managed to reduce the deficit down to approximately 2.2 percentage points (from 7.7 % to 5.5 % of GDP).

The total share of public debt to GDP should reach a value of 44 % of GDP in 2011. From the perspective of Slovakia's position on the Eurozone map it is still an acceptable value for the country as Slovakia is on the 3rd – 4th place from the perspective of the overall public debt to GDP ratio. Only Estonia and Luxembourg are better.

Although the share of public debt is far from the critical level, the Slovak Parliament adopted the constitutional law at the end of 2011 (a consensus of the coalition and the opposition), entitled "debt brake". This law introduces automatic measures if public debt reaches the level of 50 % debt to GDP ratio (explanation of expenditure in Parliament, freezing the salaries of constitutional officials, tying expenditures or from 60 % the Government will have to ask for votes of confidence).

The proposal of budget for the public administration for 2012 - 2014 foresees a gradual reduction of the deficit of public administration to long-term sustainable levels below 3 % of GDP in 2013.





Rating

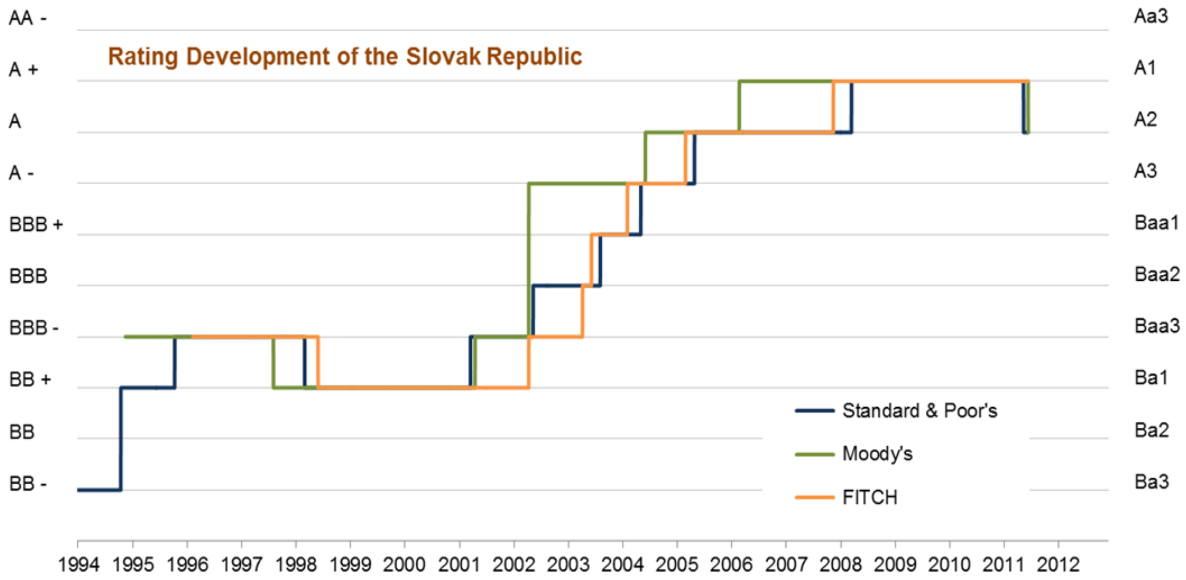
Rating of the Slovak Republic as of 29.02.2012			
Assignment Date	**Agency**	**Level**	**Outlook**
January 2012	**Standard & Poor's**	**A**	stable
February 2012	**Moody's**	**A2**	negative
June 2011	**Fitch**	**A+**	stable

During year 2011, the Slovak Republic held the same rating as at the end of 2009.

In August 2011, the Standard and Poor's agency even improved the rating outlook of Slovakia, as one of the few countries in Europe, from stable to positive. In October, however, due to a disapproval of EFSM capacity increase, the Slovak government fell and early general election in 2012 was approved.

Subsequently, in December under the pressure caused by the financial crisis Standard & Poor's changed the rating of some euro zone countries and worsened outlook for 15 euro zone countries, including the Slovak Republic.

Although there was relatively strong GDP growth in 2011, at 3.3 %, real deficit lower by 10 % compared to the approved level, and the approval of a debt brake on the level of 50 % of GDP; together these factors failed to prevent Slovakia from a collective rating decrease (one level lower) in early 2012 by Standard & Poor's to level A and Moody's to A2. However, this rating deterioration had only slight or no effect on the yield curve for Slovakia and its credit default swaps.



Risk Management

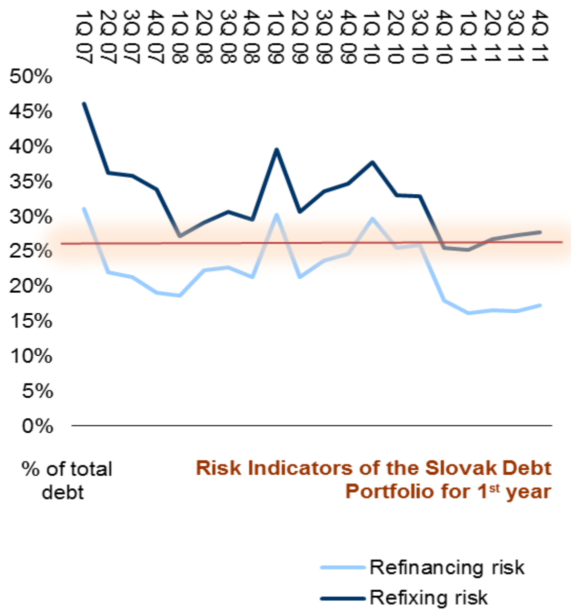
The new Government Debt Management Strategy for years 2011 - 2014 followed up on the previous strategy.

Similarly in current strategy for the purpose of risk management are defined parameters of refinancing and interest rate risks. The purpose for period from 2011 to 2014 is to achieve a close approximation to the specified values or maintain the parameters as close as possible to the specified values.

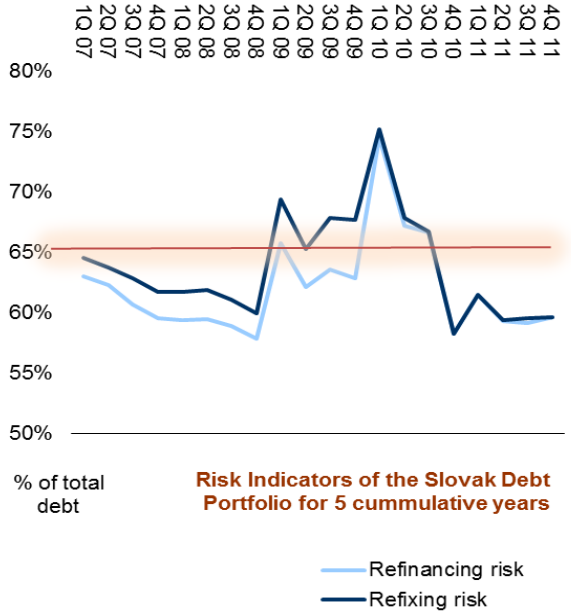
The refinancing and interest risks value of cumulative maturity within one year was set to 25 % share of repayable obligations due within one year of the total included obligations. The refinancing and interest risks value of cumulative maturity within five years was set to 65 % share of obligations due within 5 years of the total involved obligations.

Compared to the 2010, indicators that were defined in Strategy did not significantly change.

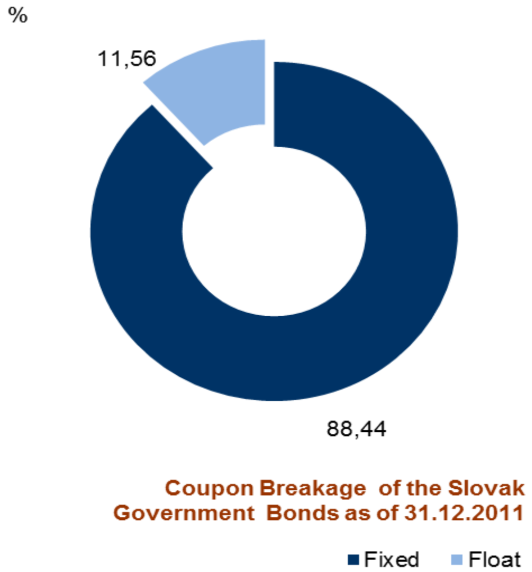
Therefore last year the Slovak Republic was able to participate at low interest rates levels with an acceptable level of risk. Despite difficult situation remaining within the financial markets in the second half of the year 2011 and the shifting of investors to the short term maturities, criteria defined in the Strategy for years 2011 - 2014 was fulfilled.



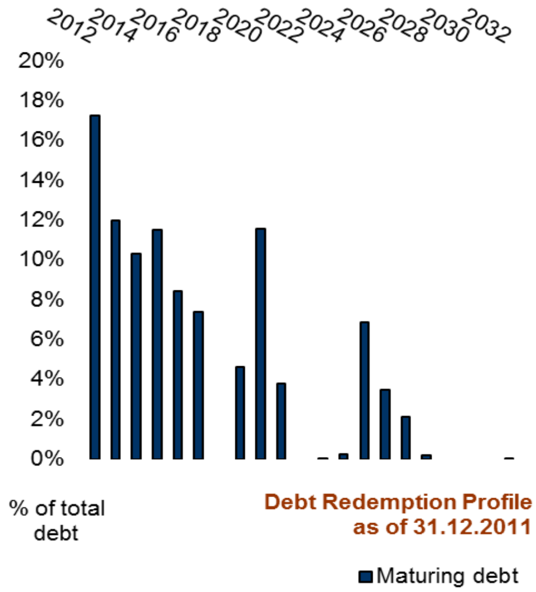
Risk Indicators of the Slovak Debt Portfolio for 1st year



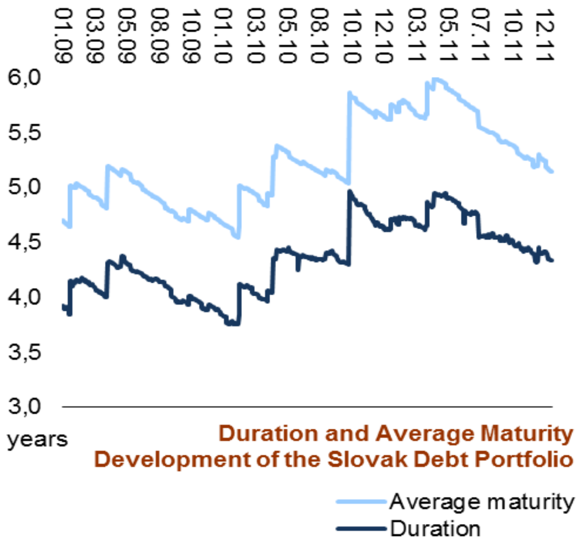
Risk Indicators of the Slovak Debt Portfolio for 5 cummulative years



Coupon Breakage of the Slovak Government Bonds as of 31.12.2011



Debt Redemption Profile as of 31.12.2011



Duration and Average Maturity Development of the Slovak Debt Portfolio

Average duration as well as maturity of the whole debt portfolio is monitored as secondary criteria according to the approved State Debt Management Strategy for 2011 - 2014.

Duration and the average maturity of the bond portfolio and government loans, did not significantly changed compared to the end of 2010 and in the opinion of the Agency, indicators are currently showing the optimal values, given the current market environment.

Debt and Liquidity Management

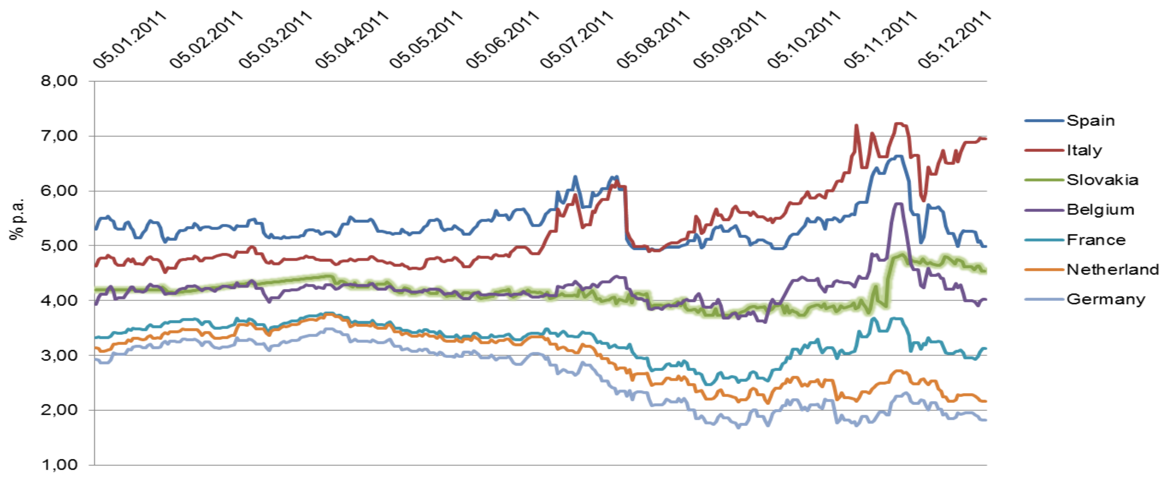
The ARDAL on behalf of the Ministry of Finance manages the state debt according to Act. No. 291/2002 Coll. on State Treasury and on Amendments of some Act, in line with the government approved the Government Debt Management Strategy for the given time period.

The issuance of government securities and liquidity management in 2011 continued to be affected by the debt crisis in Europe.

The first months of the year 2011 showed stabilization of the debt crisis situation and the interest rates within Euro zone countries began to converge - the interest rates of Spain and Belgium stagnated or decreased slightly. In other countries, namely France and Germany the interest rates increased, due to a hopeful anticipation that the economy would soon be recovering. Conversely, in a short time the market crisis worsened and there was an increase in distrust of the proposed solutions to the debt crisis. Again, the interest rates of the countries within the Eurozone began to diverge.

Slovak interest rates more or less mirrored the more developed countries, such as Germany only with much less volatility (greater lag) until the end of October. At that point, the rates increased by about 0.8 % p. a. It is possible that this is associated with the introduction of Bank Tax (Adoption of the Act), even though this change was brought about at a time when interest rates in all other Euro-zone countries were rising.

Comparison of interest rates development (Bonds with 10 years to maturity)



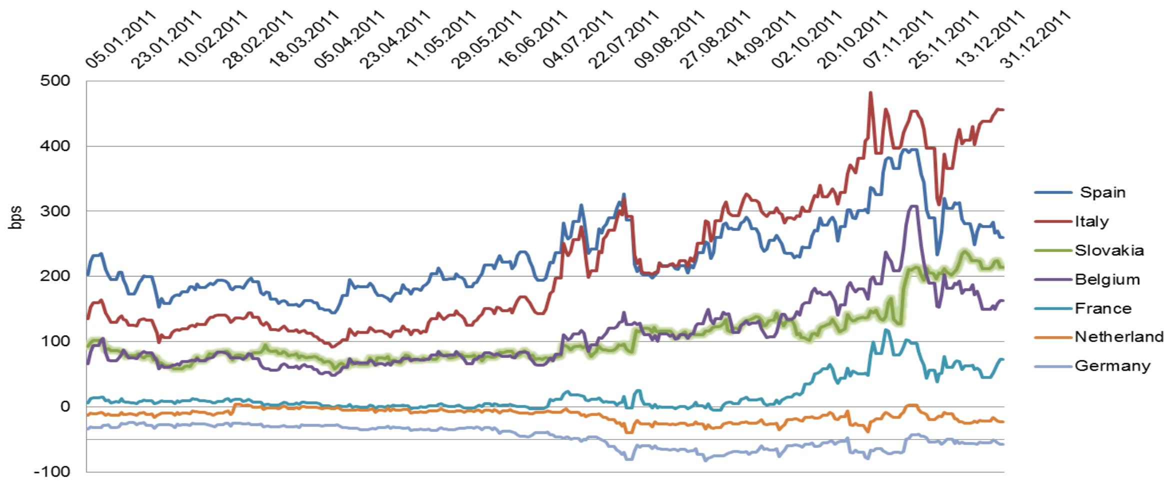
Source: Bloomberg

The yield curves of some countries significantly shifted away from Germany. Interest rates of newly issued bonds were, in the case of Italy, three times higher and in case of Slovakia the rates were two and half times higher than interest rates of newly issued German Bunds.

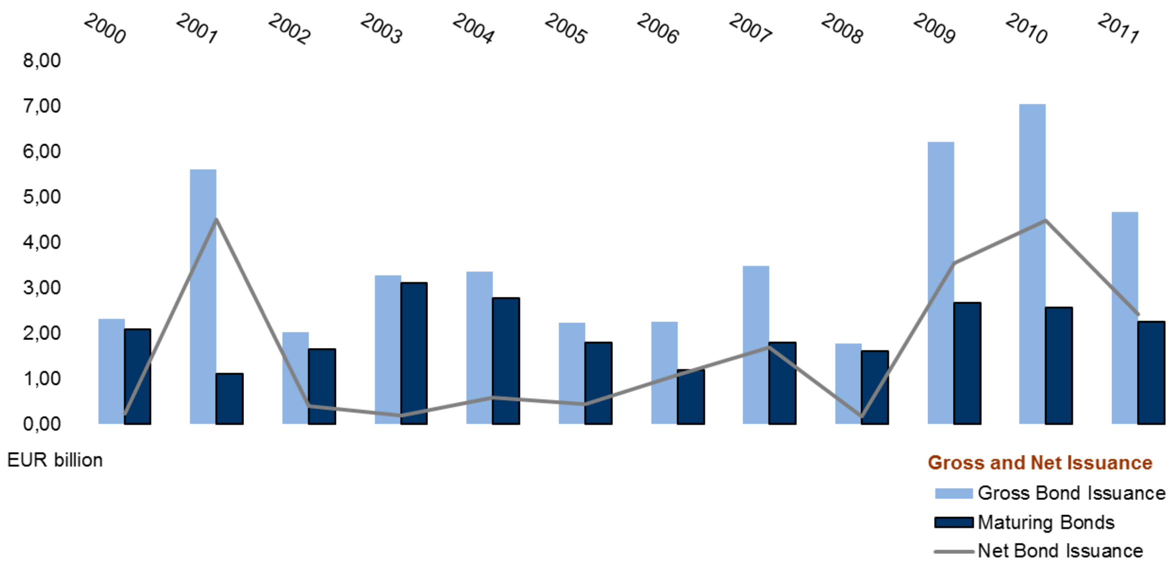
Development in the financial market at the end of the year 2011 was heavily influenced by the operations of ECB. In December of 2011ECB realized a three year refinance tender with the option of early repayment after one year, in addition to standard refinancing and sterilizing tenders for banks, giving support to the money market and the recovery of trading with bonds of European countries.

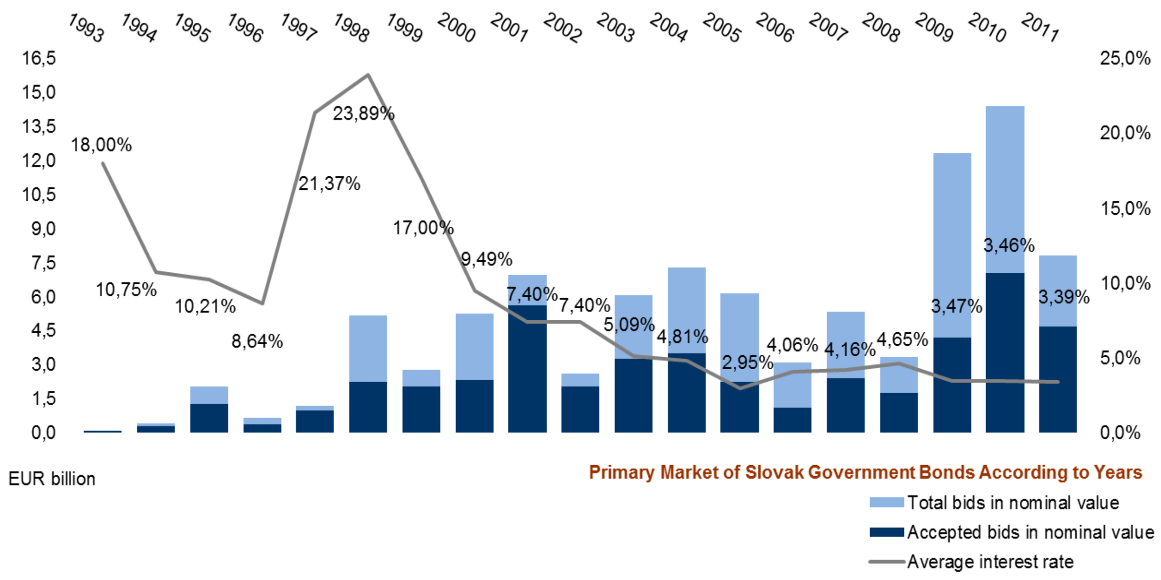
The ECB through this tender provided banking sector with liquidity in amount close to EUR 489 billion at main refinancing rate. Subsequently, the ECB announced another three year tender on February 2012; therefore ARDAL is expecting strong demand for short-term maturities throughout the first half of 2012.

Comparison of 10 year Bond spread development to Asset Swap

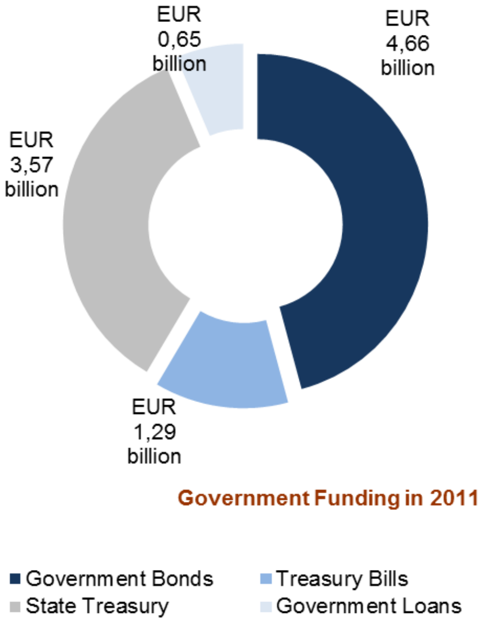


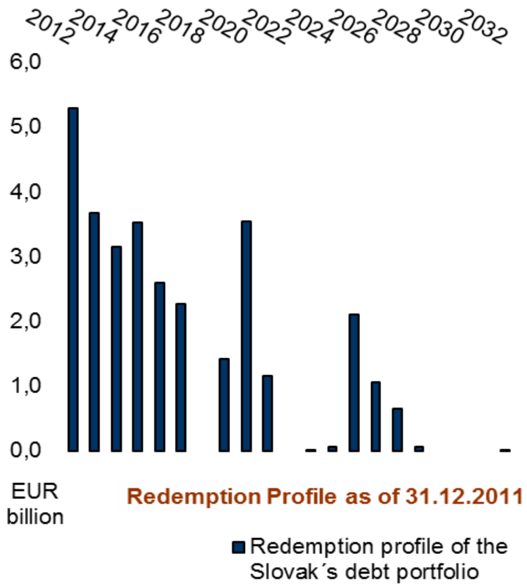
Source: Bloomberg





During 2011, the ARDAL held twenty auctions of Government bonds, two syndicated sales and one buy-back auction. With the demand of EUR 7.809 billion (in face value) were accepted bids with a face value of approximately EUR 4.662 billion.





Sells of the Government Securities in the year 2011

Instrument	Issued in 2011	Average YTM
Government Bonds	4.66 billion EUR	3.39 % p.a.
Treasury Bills	1.29 billion EUR	1.82 % p.a.
Total	**5.95 billion EUR**	**3.05 % p.a.**

Overview of the Government Bonds Sells in 2011 (sorted by Bonds)

Bond	Date of Issue	Maturity Date	Coupon (% p.a.)	Type of Sale	Accepted Bids (EUR million)	Bid/ Cover Ratio	Average YTM (% p.a.)	ASW Spread (bps)
ŠD 206	Fixed Rate Bond; Original Maturity 20 Years; ISIN SK4120004987							
ŠD 206	23.03.2011	10.05.2026	4.500	Auction	35.1	3.69	5,117	+ 125
ŠD 206	01.06.2011	10.05.2026	4.500	Auction	-	-	-	-
ŠD 206	05.10.2011	10.05.2026	4.500	Auction	14.8	4.67	5,045	+ 227
ŠD 213	Fixed Rate Bond; Original Maturity 6 Years; ISIN SK4120007071							
ŠD 213	24.02.2011	24.02.2016	3.500	Syndicate	1 250.0	1.52	3,597	+ 80
ŠD 213	29.06.2011	24.02.2016	3.500	Auction	141.4	1.64	3,569	+ 75
ŠD 213	03.11.2011	24.02.2016	3.500	Auction	30.0	1.17	3,337	+ 141
ŠD 214	Fixed Rate Bond; Original Maturity 10 Years; ISIN SK4120007204							
ŠD 214	12.01.2011	27.04.2020	4.000	Auction	94.4	2.91	4,167	+ 105
ŠD 214	27.04.2011	27.04.2020	4.000	Syndicate	1 000.0	1.34	4,664	+ 105
ŠD 214	24.08.2011	27.04.2020	4.000	Auction	101.6	1.78	4,344	+ 166
ŠD 214	21.09.2011	27.04.2020	4.000	Auction	68.4	1.76	4,258	+ 187
ŠD 215	Floating Rate Bond (6M EURIBOR); Original Maturity 3 Years; ISIN SK4120007527							
ŠD 215	26.01.2011	14.10.2013	1.206	Auction	332.8	1.67	n/a	+ 46
ŠD 215	09.03.2011	14.10.2013	1.206	Auction	207.5	2.19	n/a	+ 42
ŠD 215	18.05.2011	14.10.2013	1.621	Auction	206.9	2.14	n/a	+ 38
ŠD 215	15.06.2011	14.10.2013	1.621	Auction	193.0	1.66	n/a	+ 37
ŠD 215	07.09.2011	14.10.2013	1.621	Auction	250.8	1.26	n/a	+ 46
ŠD 216	Fixed Rate Bond; Original Maturity 15 Years; ISIN SK4120007543							
ŠD 216	09.02.2011	14.10.2025	4.350	Auction	94.1	4.57	5,032	+ 121
ŠD 216	04.05.2011	14.10.2025	4.350	Auction	25.0	2.71	5,178	+ 130
ŠD 217	Zero Bond; Original Maturity 3 Years; ISIN SK4120007840							
ŠD 217	06.04.2011	07.04.2014	0.000	Auction	236.5	1.46	3,114	+ 41
ŠD 217	13.07.2011	07.04.2014	0.000	Auction	140.4	1.60	2,976	+ 88
ŠD 217	19.10.2011	07.04.2014	0.000	Auction	211.5	1.17	2,679	+ 100
ŠD 217	30.11.2011	07.04.2014	0.000	Auction	28.0	1.07	3,464	+ 96
ŠD 218	Floating Rate Bond (6M EURIBOR); Original Maturity 5 Years; ISIN SK4120008202							
ŠD 218	16.11.2011	16.11.2016	1.685	Auction	-	-	-	-

In 2011, the Slovak Republic continued issuing bonds in accordance with Slovak legislation via auctions as well as via syndicate of banks, in order to unify markets where the Slovak bonds are traded. Two such sales were accomplished by increasing the existing issues (Government Bond nr. 213 and nr. 214). Obtained nominal value was at the time EUR 2.250 billion. In autumn, a third sale of a brand new bond issue with a maturity of 5 to10 years and with an assumed nominal value of EUR 1.5 – 2.0 billion was planned.

The preparation was slowed by the fall of the Slovak Government in October and was suspended by the worsened conditions on the European bond market.

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Tap of the existing 5-year benchmark Government Bond

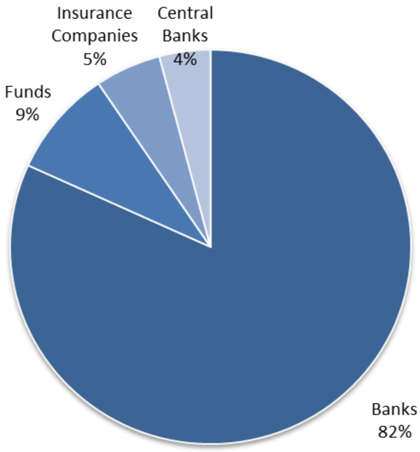
Joint Bookrunners:	ČSOB (KBC Group), SLSP (Erste Group), VÚB (Intesa Sanpaolo Group / Banca IMI)
Nominal Amount:	1.25 billion EUR
Maturity Date:	24th February 2016
Coupon:	3.500 % p. a.
Re-offer Spread vs. Midswaps:	0.800 % p. a.
Re – offer Price:	99.563 %
Re – offer Yield:	3.597 % p. a.

This transaction was the third syndicated issue of Slovakia under Slovak legislation and the first increase of an existing domestic government bonds issued previously through the auctions.

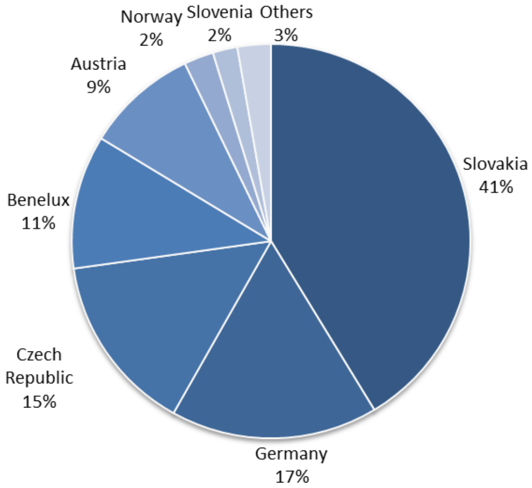
Books were opened on the 17th of February at 9:00 a.m. with a primary margin level around a value of 0.85 % p. a. The number of bids grew gradually, mainly thanks to the interest of investors from Eastern Europe, Germany and the Benelux, significant interest was also expressed by investors from Austria. Considering the strong demand the risk premium range was subsequently revised to + 0.80/0.85 % p. a. above interest-rate swaps. The books were closed down on the 17th of February at 12: 00 a.m. with a total demand of approximately EUR 1.9 billion, and with participation of more than 100 investors. The size and quality of bids allowed Slovakia to place bonds in nominal value of EUR 1.25 billion at the lower value of the revised margin scope i.e. at the level of 0.80 % p. a., reaching outstanding nominal value of bond EUR 2.428 billion.

Big demand and excellent bid quality emphasized the interest of international investors in good credit of Slovakia and confirmed the retraction of Central and Eastern European countries with the highest credit, including Slovakia, from the peripheral countries of Europe.

Investor Type Distribution



Geographic Distribution



Tap of the existing 9-year benchmark Government Bond

Joint Bookrunners:	Barclays Capital, Deutsche Bank, SLSP (Erste Group) and ING
Nominal Amount:	1.0 billion EUR
Maturity Date:	27th April 2020
Coupon:	4.000 % p. a.
Re-offer Spread vs. Midswaps:	1.050 % p. a.
Re – offer Price:	95,209 %
Re – offer Yield:	4,664 % p. a.

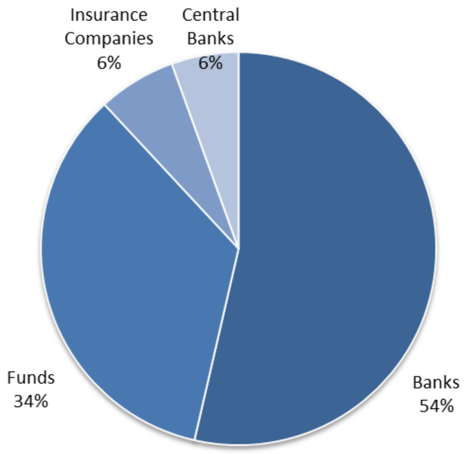
The transaction was announced on the 14th of April, 9:25 a.m. when books were opened with an indicative margin level of 1.05/1.10% p. a. above the interest rate swaps. For comparison, the bonds were at this time traded on secondary market on level of 0.95 % p. a. above the interest rate swaps, so the new issue premium was 0.10 % p. a.

The number of bids grew rapidly particularly thanks to investors from Benelux, Germany and Eastern Europe along with the demand from Asia. At 11:30 a.m. the value of bids exceeded EUR 1.3 billion, which enabled the price levels refine to 1.05 % p. a. above the interest rate swaps and subsequently to close books at 12:00 a.m. The value of bids amounted to approximately EUR 1.4 billion, with the participation of more than 75 investors.

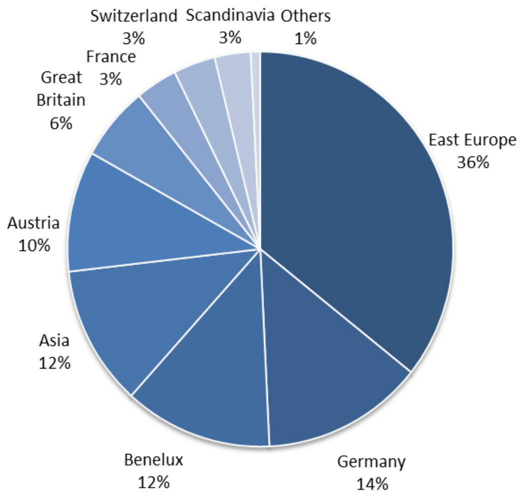
The size and quality of bids allowed Slovakia at 4:00 p.m. to price the bonds with a nominal value of EUR 1.0 billion at the lower level of indicative margin. The outstanding amount reached nominal value of EUR 2.73 billion.

The demand from high quality investors dominated the distribution, while the transaction had benefits from a wide distribution placing with more than 80 % of the value outside of Slovakia. The speed of the transaction and the excellent quality of investors underlined interest of international investors in the Slovakian credit.

Investor Type Distribution



Geographic Distribution



In 2011, ARDAL opened three new T-Bills issues, traditionally a January issue and a July issue with a maturity of 364 days, both with a face value of EUR 2 billion. Third T-Bills issue was opened in December with 98 days to maturity and a face value of EUR 1.0 billion.
Overall 4 issues of T-Bills were offered via auction during the year. The intention of ARDAL was to offer investors the opportunity to invest in short-term financial instruments, since their interest in the course of the crisis shifted to shorter maturities.

During 2011, six T-Bills auctions took place (Dutch style of competitive sale), compared to 13 auctions in the year of 2010.

Overview of Treasury Bills Auctions Results (sorted by Bills)

Treasury Bill	Date of issue	DTM	Type of Auction	Accepted Bids (EUR million)	Bid/Cover Ratio	Average YTM (% p. a.)	Spread to EURIBOR (bps)
ŠPP 05	Discounted Treasury Bill; Maturity Date 13.07.2011; ISIN SK6120000055						
ŠPP 05	02.02.2011	161	Sale	152.9	3.86	1.151	- 18
ŠPP 06	Discounted Treasury Bill; Maturity Date 18.01.2012; ISIN SK6120000063						
ŠPP 06	19.01.2011	364	Sale	208.6	4.34	1.450	- 9
ŠPP 07	Discounted Treasury Bill; Maturity Date 11.07.2012; ISIN SK6120000071						
ŠPP 07	13.07.2011	364	Sale	271.6	2.52	2.000	- 20
ŠPP 07	23.11.2011	231	Sale	260.0	1.15	2.133	+ 33
ŠPP 07	07.12.2011	217	Sale	124.1	1.67	2.180	+ 43
ŠPP 08	Discounted Treasury Bill; Maturity Date 28.03.2012; ISIN SK6120000089						
ŠPP 08	21.12.2011	98	Sale	272.6	2.09	1.801	+ 37

Plans for the year 2012

In 2012 ARDAL plans, on behalf of the Ministry of Finance, to issue securities in total value approximately EUR 7.6 billion. The majority will consist of Government bonds in value approximately EUR 6 billion sold via auctions and syndicates. The rest, approximately EUR 1.5 to 2 billion, will be T-Bills issued to the Ministry of Finance's own portfolio and then sold by auctions in the secondary market.

ARDAL plans to open at least three new lines of bonds in 2012. With regard to the functioning of the financial markets and the demand will be in case of appropriate market conditions opened:

- Line of bond with a maturity up to three years, worth EUR 1.5 billion
- Benchmark issue with a maturity of 10 years, worth EUR 3 billion
- Line of bond with a maturity of 5 or more years, worth EUR 3 billion.

Other lines of bonds may be opened according to the government debt management needs and investor requirements.

Commencing 2012, ARDAL plans to conduct bond auctions once a month, with the possibility to auction more bonds with different maturities according to investors' requirements. This means that, in the context of the flexible issue of bonds, almost all of the auctions shall be referred for decision.

Overview of planned Government Bond Auctions for 2012

Auction Date	Settlement Date	Bond Short Name	ISIN Code	Auction Type
23.01.12	25.01.12	ŠD 217	SK 4120007840	Competitive sale
20.02.12	22.02.12	ŠD 217	SK 4120007840	Competitive sale
20.02.12	22.02.12	ŠD 218	SK 4120008202	Competitive sale
19.03.12	21.03.12	ŠD 213	SK 4120007071	Competitive sale
19.03.12	21.03.12	ŠD 217	SK 4120007840	Competitive sale
16.04.12	18.04.12	For decision		Competitive sale
14.05.12	16.05.12	For decision		Competitive sale
11.06.12	13.06.12	For decision		Competitive sale
09.07.12	11.07.12	For decision		Competitive sale
20.08.12	22.08.12	For decision		Competitive sale
17.09.12	19.09.12	For decision		Competitive sale
15.10.12	17.10.12	For decision		Competitive sale
12.11.12	14.11.12	For decision		Competitive sale
10.12.12	12.12.12	For decision		Competitive sale

Overview of open (ready to sell) Bond Issues, available for auctions, as of 29.02.2012

Bond	ISIN	Date of Issue	Maturity Date	Outstanding (EUR million)	Available for Sale (EUR million)	Type of Coupon
ŠD 206	SK4120004987	10.05.06	10.05.26	1 099.6	228.0	Fix
ŠD 213	SK4120007071	24.02.10	24.02.16	2 699.4	300.6	Fix
ŠD 216	SK4120007543	14.10.10	14.10.25	2 119.1	880.9	Fix
ŠD 217	SK4120007840	06.04.11	07.04.14	936.1	563.9	Zero
ŠD 218	SK4120008301	16.11.11	16.11.16	50.0	1 450.0	6M EURIBOR
ŠD 219	SK4120008203	19.01.12	19.01.17	1 000.0	2 000.0	Fix

Treasury Bills Issuance in 2012

- New Treasury Bills Issue ŠPP 09 issued on January 18th, 2012 in value 2.0 billion EUR with maturity of 364 days.
- New Treasury Bills Issue ŠPP 10 will be issued on April 4th, 2012 in value 1.5 billion EUR with maturity of 364 days.
- New Treasury Bills Issue ŠPP 11 will be issued on July 11th, 2012 in value 1.5 billion EUR with maturity of 364 days.
- New Treasury Bills Issue ŠPP 12 will be issued on October 10th, 2012 in value 1.5 billion EUR with maturity 364 days.

Treasury Bills will be issued into the Ministry of Finance's own portfolio and then sold by auctions in the secondary market.

Overview of open (ready to sell) Treasury Bills Issues available for auctions as of 29.02.2012

Treasury Bill	ISIN	Date of Issue	Maturity Date	Sold (EUR million)	Own Portfolio (EUR million)	Total Amount (EUR million)
ŠPP 07	SK6120000071	13.07.11	11.07.12	735.6	1 264.4	2 000.0
ŠPP 08	SK6120000089	21.12.11	28.03.12	509.7	490.3	1 000.0
ŠPP 09	SK6120000097	18.01.12	16.01.13	555.0	1 445.0	2 000.0

Conclusion

From the perspective of debt management the year 2012 will be full of challenges.

The continuing precarious situation on the European financial market and the persistent debt crisis in the Eurozone countries will be both standard factors of the entire year and near future. Resolution of the situation concerning Greece in the first quarter may significantly assist in the stabilization of the financial markets. Introduction of the new rules, fiscal consolidation in the EU and the approval of the enduring stabilization mechanism (ESM) in the following months will certainly lead to a more optimistic perception of the whole situation and maybe even to the end of the current debt crisis.

Early parliamentary general elections in March will certainly be an important factor from the perspective of further development within the Slovak Republic. In advance, however, it can be stated that any Government resulting from these elections will be strongly pro-European oriented and will support the route to a greater fiscal consolidation and more stringent budgetary conditions.

From a macroeconomic perspective, the Slovak economy is strongly linked to the performance of its major export partners, namely Germany, France, United Kingdom, Austria, and the V4 countries (Czech Republic, Poland). For the year 2012 is expected GDP growth of around 2.3 %.

In the following period ARDAL is going to seek the maximum transparency of issue policy, improve the government securities sales infrastructure and to support the liquidity of government securities within the secondary market.

During the year, in order to reach out to a larger number of investors mainly from abroad, ARDAL is preparing a change in the auction system. New auction system should bring greater comfort and simplicity for its users.

The great challenge for ARDAL will be the planned diversification of existing portfolio of investors. In 2012, except of European market, ARDAL is planning to reach out investors from other global markets.

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Useful links

- www.ardal.sk (Debt and Liquidity Management Agency)
- www.finance.gov.sk (Ministry of Finance of the Slovak Republic)
- www.statistics.sk (Statistical Office of the Slovak Republic)
- www.nbs.sk (National Bank of Slovakia)
- www.ecb.int (European Central Bank)
- www.pokladnica.sk (State Treasury)
- www.cdcp.sk (Central Depository of Securities)
- www.bsse.sk (Bratislava Stock Exchange)
- www.epp.eurostat.ec.europa.eu(Eurostat)

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