

THE REPUBLIC OF SLOVENIA  
MINISTRY OF FINANCE



MEDIUM-TERM PUBLIC DEBT MANAGEMENT  
STRATEGY FOR THE PERIOD 2026–2028

Ljubljana, November 2025

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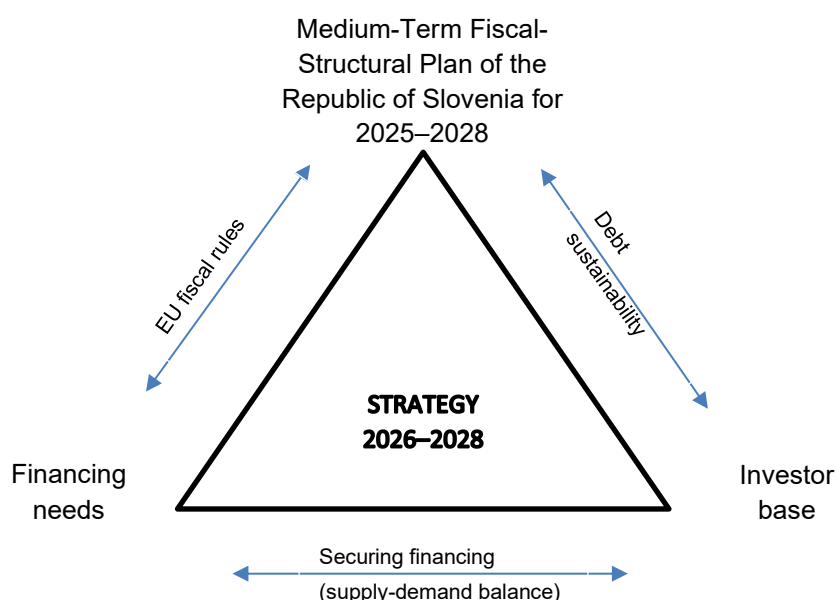
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# 1. STRATEGIC FRAMEWORK FOR THE PERIOD 2026–2028

The purpose of the Medium-Term Public Debt Management Strategy for the period 2026–2028 is to define the strategic objectives pursued by the Ministry of Finance in borrowing and in the state budget debt management. It represents a significant share within this structure, namely 94% of general government debt.

The strategy takes into account the macroeconomic and geopolitical conditions that have changed significantly in recent years. The strategy focuses on three core elements that constitute the implementation framework and are essential for its implementation and effectiveness:

1. The Medium-Term Fiscal and Structural Plan of the Republic of Slovenia for 2025–2028, which provides the fiscal framework for public debt management, including the management of state budget debt as a key component;
2. The financing needs of the state budget and the management of state budget debt;
3. The investor base and the position of the Republic of Slovenia in debt capital markets.



The content of the strategy is structured along these lines and concludes with the definition of strategic objectives, including the activities required to achieve them, the relevant indicators and the allocation of responsibilities. The Ministry of Finance's efforts over the period 2026–2028 and its medium-term strategic orientation maintain continuity in pursuing the seven key strategic objectives.

The establishment of a euro yield curve extending beyond a 50-year maturity, improvements in the risk metrics of the state budget debt portfolio over the past ten years and the build-up of adequate state budget cash buffer have enabled a more favourable position and greater flexibility in planning access to debt capital markets, particularly in the current uncertain geopolitical environment. Slovenia also expands access to financing sources by appropriately distributing debt repayments over time. Debt sustainability and a manageable public debt trajectory are essential for domestic and foreign investors in Slovenia's debt securities.

General government debt, expressed as a percentage of GDP, is a relevant criterion for the credit risk assessment (spreads) and, consequently, the YTM. A declining trend in the ratio of public debt to GDP has been observed since 2020, when it reached 80.2% of GDP due to the COVID-19 pandemic. At the end of 2024, public debt amounted to EUR 44,905 million, or 66.6% of GDP, thereby approaching the pre-COVID level recorded in 2019 (66.0% of GDP). Slovenia is reducing the public debt-to-GDP ratio faster than the EU and euro area averages, and continues to remain well below the euro area (EA-20) average (87.1% of GDP) and the EU-27 average (80.7% of GDP) at the end of 2024.

In December 2023, the ECOFIN Council reached a political agreement on the reformed economic governance system in the European Union and, within this framework, on the new fiscal rules. At the end of April 2024, the European Parliament and the Council of the European Union endorsed the reformed economic governance system and fiscal rules at EU level. On this basis, the Ministry of Finance prepared the Medium-Term Fiscal-Structural Plan for the period of fiscal adjustment (consolidation) 2025–2028, which provides the medium-term fiscal framework for the implementation of fiscal policy and, within this, guidance for government debt dynamics. The Government of the Republic of Slovenia adopted the Medium-Term Fiscal-Structural Plan for 2025–2028 on 10 October 2024. The European Commission services subsequently assessed its compliance with the new fiscal rules and endorsed it. It has been in force since then and must be observed. Following the adoption of the updated Medium-Term Fiscal-Structural Plan for 2026–2028 by the Government of the Republic of Slovenia, this Medium-Term Public Debt Management Strategy will be adjusted or updated accordingly.

### **1.1. Legal basis for government borrowing and the medium-term strategy**

The two key acts governing government borrowing are the Public Finance Act (hereinafter: ZJF) and the Act Regulating the Implementation of the Budgets of the Republic of Slovenia.

Article 81 of the applicable Public Finance Act (ZJF) provides that, for the implementation of the state budget in the current budget year, the state budget may incur debt both internally and externally to the amount equivalent to the deficit in the accounts of revenues and expenses, the financial assets and liabilities account, debt principal repayments that become due during the budget year, and up to the amount necessary to repay the state budget debt principal that becomes due in the two following budget years.

In accordance with Article 84 of the applicable ZJF, borrowing to finance the implementation of the state budget and to manage public debt in a given fiscal year is carried out on the basis of a financing programme adopted by the Government. The level of state budget borrowing for a given year, intended to finance the excess of expenditure over revenue in the revenue and expenditure account, the excess of outflows over inflows in the financial assets and liabilities account, and debt repayments in the financing account, is determined each year in the Act Regulating the Implementation of the Budgets of the Republic of Slovenia.

In accordance with the Article 81(6) of the ZJF, the Government of the Republic of Slovenia adopts a Medium-Term Public Debt Management Strategy at least every three years, setting out the medium-term

objectives pursued in state government borrowing and in the state budget debt management. The strategy referred to in the preceding sentence shall be implemented by the ministry responsible for finance.

## **1.2. Borrowing instruments and dynamics**

The structure of borrowing instruments, the balance between short-term and long-term financing, and borrowing dynamics are planned on the basis of the strategic objectives and principles of state government borrowing of the Republic of Slovenia, and the projected dynamics of budgetary cash flows. The choice of financing instruments is an important factor in shaping the yield curve of government bonds and in improving the liquidity of the secondary market for Slovenian government securities. The choice of instruments depends on market conditions, with internal and external factors potentially narrowing the range of available instruments and also determining the timing of the issuance of securities. The main principle is predictability while maintaining the greatest possible flexibility in the execution of state budget borrowing. Only in this way can the execution of state budget borrowing responds appropriately to changes in market conditions. As the primary financing instrument for most of the the state budget's needs, borrowing through the issuance of government bonds and treasury bills is planned.

### **1.2.1. Short-term borrowing instruments**

The planned range of short-term instruments includes 3-, 6- and 12-month treasury bills (T-bills), state budget borrowing within the Treasury Single Account (TSA) system, and other market-established short-term instruments, such as securities lending facilities (repos). Borrowing through the issuance of T-bills is expected to be conducted via auctions.

### **1.2.2. Long-term borrowing instruments**

Within long-term borrowing instruments, the primary instrument is the public issuance of government bonds on European or other markets, conducted through syndication or auction, either as new issues or as reopenings of existing bonds. Other possible long-term borrowing instruments include auctions of 18-month treasury bills, the issuance of bonds targeted at a limited group of investors (private placements), bank loans, Schuldschein instruments, or other long-term borrowing instruments established in financial markets.

## **1.3. Strategic framework for debt management in the medium-term period 2026–2028**

The strategy is based on the strategic objectives of debt management for the period 2026–2028, which are as follows:

1. The timely provision of financial resources to finance the implementation of the state budget to the required extent;

2. Minimising the long-term cost of financing while maintaining an acceptable level of refinancing risk and acceptable currency, interest rate and other market risks;
3. Broadening the investor base to strengthen stable and reliable access to financing sources and ensuring effective communication with credit rating agencies and other relevant international institutions;
4. Strengthening the liquidity of government securities and developing the secondary market for government securities;
5. Further centralisation and consolidation of funds within the TSA system;
6. Ensuring the continued development of the TSA application system;
7. Ensuring the continuous development, efficiency and responsiveness of the information system for controls and data on general government debt.

The main operational objectives of debt management to be pursued in the fiscal years 2026–2028 in the debt capital markets are as follows:

- Effective management of the debt maturity profile, balancing financing costs and refinancing risk of state budget debt;
- Further broadening and strengthening of the investor base, both in terms of investor type and geographical distribution, as well as through the diversification of financing instruments, including a potential presence through new issues of Slovenian bonds in primary global markets (the United States, Japan and China);
- Management of state budget debt within the target levels of general government debt in accordance with the applicable Medium-Term Fiscal-Structural Plan for 2025–2028 adopted by the Government of the Republic of Slovenia;
- Strengthening the liquidity of Slovenia's euro-denominated SLOREP yield curve through the use of securities lending facility involving SLOREP bonds with primary dealer banks;

## 2. APPLICABLE MEDIUM-TERM FISCAL FRAMEWORK

### 2.1. Medium-Term Fiscal-Structural Plan for 2025–2028

In December 2023, the ECOFIN Council reached a political agreement on the EU's reformed economic governance framework and, within this framework, on the new fiscal rules. At the end of April 2024, the European Parliament and the Council of the European Union endorsed the reformed economic governance system and fiscal rules at EU level. The reformed fiscal rules set out the public finance consolidation path, namely the pace of debt reduction and deficit correction. The ultimate objective of the reformed EU fiscal rules is to reduce public debt to below 60% of GDP and to reduce the structural deficit, i.e. the deficit excluding the effects of the economic cycle and one-off or temporary measures, to at most 1.5% of GDP.

At its core, the reformed EU fiscal rules define the operational role of a key indicator, namely the permissible growth of net primary expenditure in the Fiscal-Structural Plan, which must ensure an appropriate public debt reduction (evolution) in line with the requirements and criteria for achieving debt sustainability. In the fiscal rules framework, net primary expenditure is defined as expenditure excluding interest expenditure, expenditure not under the direct control of the State, such as automatic stabilisers, expenditure financed or co-financed by EU funds, discretionary revenue measures and one-off or other temporary measures.

On the basis of the reformed fiscal rules, the Ministry of Finance prepared the Medium-Term Fiscal-Structural Plan for the period of fiscal adjustment (consolidation) 2025–2028, which was adopted by the Government of the Republic of Slovenia in October 2024 and which, as a reflection of the fiscal policy stance in the medium term, also includes public debt dynamics as a share of GDP by year.

Under the new fiscal rules framework, the reference value for public debt remains at 60% of GDP, while the general government deficit limit is likewise maintained at -3% of GDP.

In the applicable Medium-Term Fiscal-Structural Plan, the four-year period of fiscal adjustment (consolidation) begins in 2025, with the fiscal position in 2024 taken as the starting point. The required fiscal adjustment and, within this, the defined average growth of net primary expenditure of the general government must ensure compliance with the core criteria of the debt sustainability analysis and with additional safeguards, including one relating to debt. Under the new EU fiscal rules, the reference value for the general government debt-to-GDP ratio remains unchanged at 60% of GDP. The reference value for the general government deficit likewise remains unchanged at 3% of GDP.

The permissible growth of net primary expenditure must ensure the long-term sustainability of public debt. At the same time, it is necessary to ensure at least the following (debt sustainability safeguard):

- That Member States with public debt above 90% of GDP reduce it by at least 1 percentage point of GDP per year on average over the fiscal adjustment period;
- That Member States with public debt between 60% and 90% of GDP reduce it by at least 0.5 percentage points of GDP per year on average over the fiscal adjustment period.

In March 2025, in response to heightened geopolitical tensions, the European Commission called on EU Member States to coordinate the activation of the national escape clause, which will provide additional

budgetary space for increased defence expenditure until 2028. During the period 2025–2028, the clause will allow Member States to exceed the otherwise applicable limits on the growth of adjusted expenditure under the Medium-Term Fiscal-Structural Plan due to additional defence expenditure. An annual deviation of up to 1.5% of GDP is permitted, measured against the level of defence expenditure in 2021. Slovenia requested the activation of the national escape clause in April 2025, and the Council of the European Union approved its use for fifteen Member States in July 2025.

## 2.2. Sensitivity analysis

Within this scenario analysis, based on the latest data from the budgetary documents adopted by the Government of the Republic of Slovenia on 25 September 2025 (for 2026, under ESA 2010) and from the Medium-Term Fiscal-Structural Plan (for 2027–2028, under ESA 2010), a set of variable values is defined under three scenarios, which may provide a clearer and more useful basis for decision-making: (1) the baseline scenario (Table 1), (2) the adverse scenario and (3) the favourable scenario. For each scenario, public debt dynamics are calculated for the period 2026–2028. As at 17 November 2025, the state budget holds a liquidity reserve (cash buffer) of EUR 4.1 billion, representing 5.8% of GDP, while the Medium-Term Fiscal-Structural Plan provides for total cash utilisation of EUR 1.2 billion.

**Table 1:** General government debt dynamics in the medium-term period (baseline scenario)

	2025	2026	2027	2028
% GDP				
General government balance	-2.4	-2.8	-1.7	-1.2
Primary General government balance	-1.1	-1.5	-0.3	0.2
General government interest expenditure	1.3	1.3	1.4	1.4
Gross general government debt	66.0	65.2	63.8	62.1
Stock-flow adjustment (SFA)	-0.3	-0.5	0.0	0.0
Implicit average interest rate	2.0	2.1	2.1	2.3
EUR million				
Gross general government debt	46,370	48,103	49,353	50,333
GDP (current prices)	70,250	73,793	77,388	81,066

Source: Ministry of Finance, IMAD, 17 November 2025

The sensitivity analysis of debt for the medium-term period 2026–2028 assesses the responsiveness of the public debt-to-GDP ratio to changes in key parameters of the debt sustainability analysis (nominal GDP growth, the implicit average interest rate and the primary balance), as well as to additional changes in the use of state budget cash buffer, which also form part of the debt dynamics equation over time. The effect is calculated for each change in the variable separately, *ceteris paribus*, as well as for the overall effect under the adverse and favourable scenarios.

The sensitivity analysis of debt under the **adverse scenario** assesses the responsiveness of the public debt-to-GDP ratio over time under the following key assumptions:

- Financing of new borrowing and the refinancing of existing debt are carried out under the assumption that, in the medium-term period 2026–2028, the implicit average interest rate increases by 0.2 percentage points each year;
- Each year, the use of state budget cash buffer for financing is 50% lower than planned in the medium-term period 2026–2028;
- Each year, the general government primary balance is 1 percentage point of GDP lower than projected in the medium-term period 2026–2028;
- In each year, nominal GDP growth is 2.0 percentage points lower than projected in the medium-term period 2026–2028.

The sensitivity analysis of debt under the **favourable scenario** assesses the responsiveness of the public debt-to-GDP ratio over time under the following key assumptions:

- The financing of new borrowing and the refinancing of existing debt are carried out at an implicit average interest rate that remains unchanged at the level projected for the medium-term period 2026–2028;
- Each year, the use of state budget cash buffer for financing is 25% higher than planned in the medium-term period 2026–2028;
- Each year, the general government primary balance is 0.3 percentage points of GDP higher than projected in the medium-term period 2026–2028;
- In each year, nominal GDP growth is 1.0 percentage points higher than projected in the medium-term period 2026–2028.

In the baseline scenario, general government debt is projected at 62.1% of GDP at the end of 2028. Under the adverse scenario, taking into account the overall effect, public debt would increase to 69.4% of GDP at the end of 2028 (+7.3 percentage points of GDP). Under the favourable scenario, taking into account the overall effect, public debt would decline to 59.4% of GDP by the end of 2028, i.e. below the Maastricht reference value of 60%. The overall outcome of public debt dynamics under all three scenarios is presented in Figure 1.

The disaggregated sensitivity analysis of debt shows that, solely due to a deterioration in the implicit interest rate, as assumed in the adverse scenario, and with all other factors remaining as in the baseline scenario, public debt would increase by 0.4 percentage points of GDP to 62.5% of GDP by the end of 2028, compared with the baseline scenario.

Solely due to a deterioration in the primary balance, as assumed in the adverse scenario, and with all other factors remaining as in the baseline scenario, public debt would increase by 2.9 percentage points of GDP to 65.0% of GDP by the end of 2028, compared with the baseline scenario.

Solely due to an improvement in the primary balance, as assumed in the favourable scenario, and with all other factors remaining as in the baseline scenario, public debt would decrease by 0.9 percentage points of GDP to 61.2% of GDP by the end of 2028, compared with the baseline scenario.

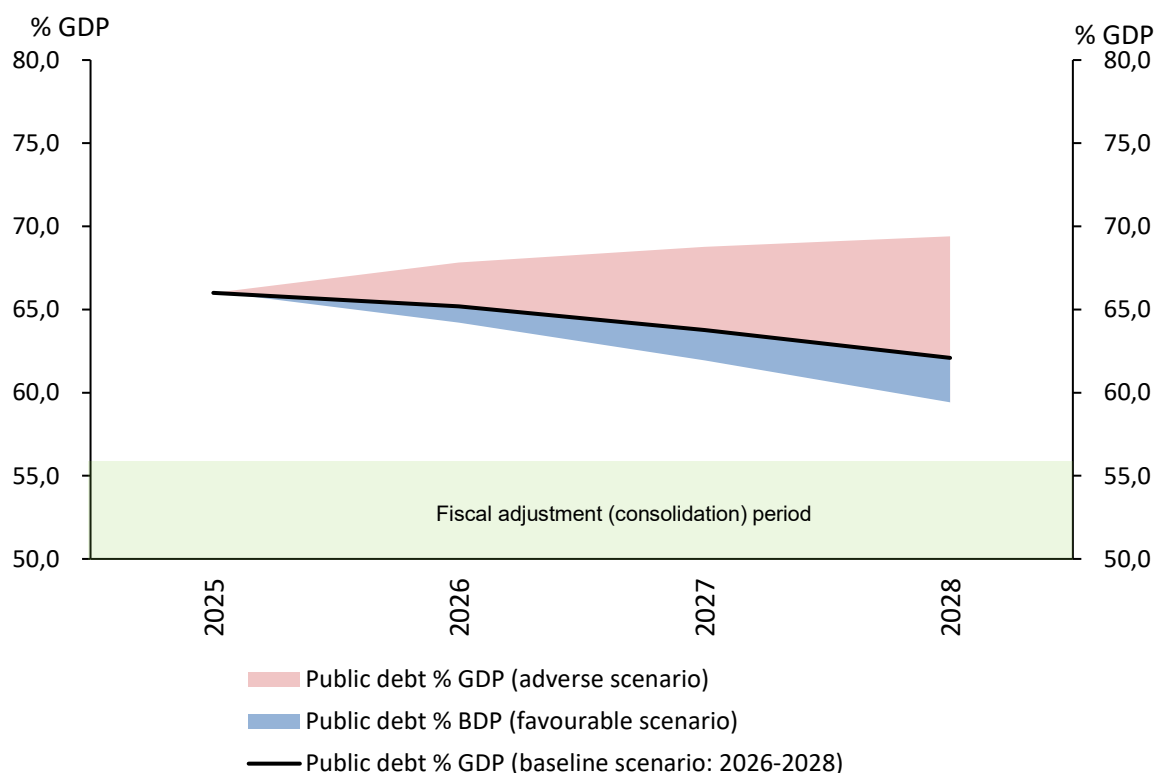
Solely due to lower nominal growth, as assumed in the adverse scenario, and with all other factors remaining as in the baseline scenario, public debt would increase by 3.7 percentage points of GDP to 65.8% of GDP by the end of 2028, compared with the baseline scenario.

Solely due to higher nominal growth, as assumed in the favourable scenario, and with all other factors remaining as in the baseline scenario, public debt would decrease by 1.7 percentage points of GDP to 60.4% of GDP by the end of 2028, compared with the baseline scenario.

Solely due to lower use of state budget cash buffer for financing, as assumed in the adverse scenario, and with all other factors remaining as in the baseline scenario, public debt would increase by 0.3 percentage points of GDP to 62.4% of GDP by the end of 2028, compared with the baseline scenario.

Solely due to higher use of state budget cash buffer for financing, as assumed in the favourable scenario, and with all other factors remaining as in the baseline scenario, public debt would decrease by 0.2 percentage points of GDP to 61.9% of GDP by the end of 2028, compared with the baseline scenario.

**Figure 1:** Sensitivity analysis of public debt dynamics – scenario approach (% of GDP)



Source: Ministry of Finance, 17 November 2025

## 3. FINANCING AND STATE BUDGET DEBT MANAGEMENT

### 3.1. Macroeconomic and financial environment

According to the autumn forecast of Institute of Macroeconomic Analysis and Development (IMAD), economic growth in Slovenia is expected to slow from 1.7% to 0.8% in 2025, which is lower than the spring forecast of IMAD (2.1%). The main reason is weak exports due to the slow recovery of the European economy, particularly in industry. Slovenian exports are indirectly exposed to the US market through European supply chains, particularly in the automotive and metal industries. New US tariffs are expected to have only a limited impact on European GDP (-0.1%).

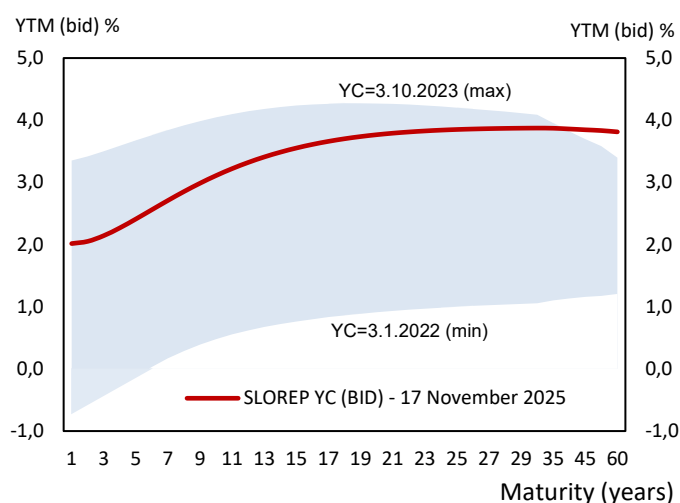
Despite some uncertainty regarding trade policies, European exports are constrained by geopolitical tensions and a stronger euro. Domestic consumption remains strong, supported by high employment and real income growth, with inflation at 2.9%. IMAD expects wage growth to moderate in the period 2026–2028, as companies seek to balance costs and competitiveness. Employment is expected to decline slightly, while unemployment remains low; hiring will increasingly rely on foreign labour. Investment will be moderate, focused on construction, post-flood reconstruction and the expansion of export capacity. The forecast is subject to risks such as trade and geopolitical tensions, uncertainty in financial markets, disruptions in supply chains and increases in energy and food prices.

A gradual increase in defence expenditure to 3% of GDP by 2030 could have a positive impact on the economy, particularly if accompanied by coordinated increases in expenditure across the EU and a focus on productive investment (R&D, dual-use infrastructure).

The period of exceptionally low interest rates came to an end in 2022, initially with expectations of monetary policy tightening and subsequently with the actual implementation of the European Central Bank's (ECB) restrictive monetary policy. From 27 July 2022, following the first in a series of significant increases in the ECB's three key policy interest rates, market interest rates rose as expected. The cycle of increases in the ECB's key policy interest rates ended on 20 September 2023. On 12 June 2024, the ECB reduced all three key policy interest rates by 25 basis points for the first time following the increases. In total, there were eight such reductions in the period from 12 June 2024 to 11 June 2025. This pattern of reductions was also reflected in the development of market interest rates, or more specifically, the euro mid-swap rate, which represents a significant, i.e. currently the largest, component of the overall interest rate on state budget borrowing. As shown in Figure 2, the SLOREP yield curve for Slovenia reached its lowest levels across all benchmark maturities on 3 January 2022 over the period 2022–2025. The highest levels were reached on 3 October 2023, but only for maturities of up to 35 years. For maturities longer than 35 years, the YTM is now higher and has reached its highest levels in the past four years. The term premium has returned to positive, i.e. non-negative, values. This is clearly illustrated in Figure 3, which shows an upward-sloping (normalising) SLOREP yield curve as maturity increases. This has important implications for the strategic period 2026–2028, as the changed market conditions result in less favourable conditions for the issuance of very long-term bonds, i.e. with maturities exceeding 30 years, while at the same time further intensifying efforts to pursue the strategic objective of deepening and diversifying the investor base, including across other markets and currencies beyond EUR, USD and JPY.

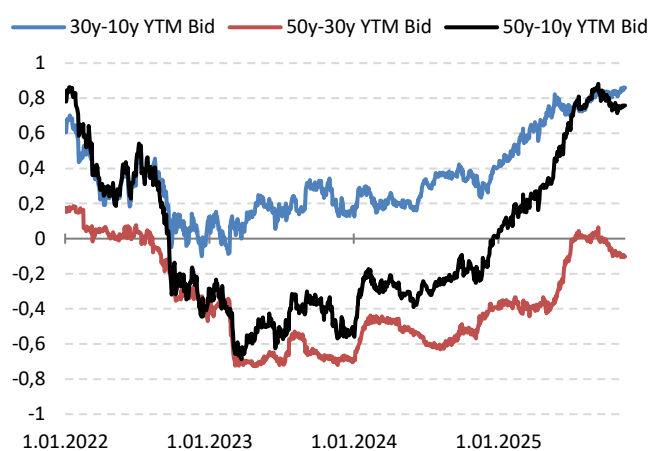
The 10-year euro area mid credit spread of Slovenia stood at 0.08% on 3 January 2022 and at 0.40% on 17 November 2025, while the interpolated 10-year euro area mid yield to maturity increased from 0.42% to 3.15%, primarily reflecting the increase in the euro mid-swap rate. This means that the credit spread now accounts for a smaller share of the interest rate.

**Figure 2:** Range of the SLOREP euro yield curve in the period 2022–11/2025



Source. Ministry of Finance, Bloomberg, 17 November 2025

**Figure 3:** Evolution of the shape of the SLOREP euro yield curve over time



Source. Ministry of Finance, Bloomberg, 17 November 2025

In 2025, a downward trend in YTM was observed in the US (global) debt capital market, leading to an increase in bond prices. The yield on the 10-year US government bond stood at 4.56% at the beginning of 2025 and declined by 48 basis points to 4.08% by the end of October. This was not the case in euro area debt capital markets. The yield on the 10-year German government bond (Bund) increased from 2.37% at the beginning of 2025 by 26 basis points to 2.63% by the end of October, reflecting the German government's stated intention to increase state borrowing to support the development of the defence industry. The spread of the Slovenian euro-denominated 10-year bond over the Bund shows a declining trend, decreasing from 69 basis points at the beginning of 2025 to 43 basis points as at 17 November 2025. The spread of the issued Slovenian USD-denominated bond with a remaining maturity of eight years over the reference US Treasury stood at 53 basis points as at 17 November 2025.

The euro area five-year forward inflation swap rate five years ahead, used by central banks and market participants to monitor and assess market expectations of average annual inflation over a five-year period, stood at 2.09%, thus coming very close to the 2% reference value in the euro area.

Despite heightened geopolitical risks and the tariffs imposed by the United States, which have significantly affected global markets and volatility, equity markets are reaching historically high levels, while volatility, as measured by the CBOE Volatility Index (VIX), is on average only slightly higher than in 2024 (15.6) but remains comparatively at a relatively low level at 19.8 (29.3 in the COVID year 2020). The value of the S&P 500, which comprises 500 leading companies in the United States and represents around 80% of market capitalisation, is at its highest level on record. It increased from 5,869 at the beginning of 2025, when the new US President took office, to 6,734 as at 14 November 2025.

### 3.2. Characteristics of state budget debt in the base year 2025

Based on the Ministry of Finance estimate, general government debt at the end of 2025, in accordance with ESA 2010, is projected to range between EUR 46,370 million and EUR 46,576 million, or between 66.0% of GDP and 66.3% of GDP. State budget debt is projected, in accordance with ESA 2010, to range between

EUR 43,407 million and EUR 43,615 million, or between 61.8% of GDP and 62.1% of GDP. The table below presents the evolution of debt since 2022 for both gross general government debt and – as the most important component of this structure – state budget debt, in accordance with the European System of Accounts (ESA 2010), which ensures international comparability (Table 2).

**Table 2:** Evolution of debt since 2022 and the estimate for the base year 2025

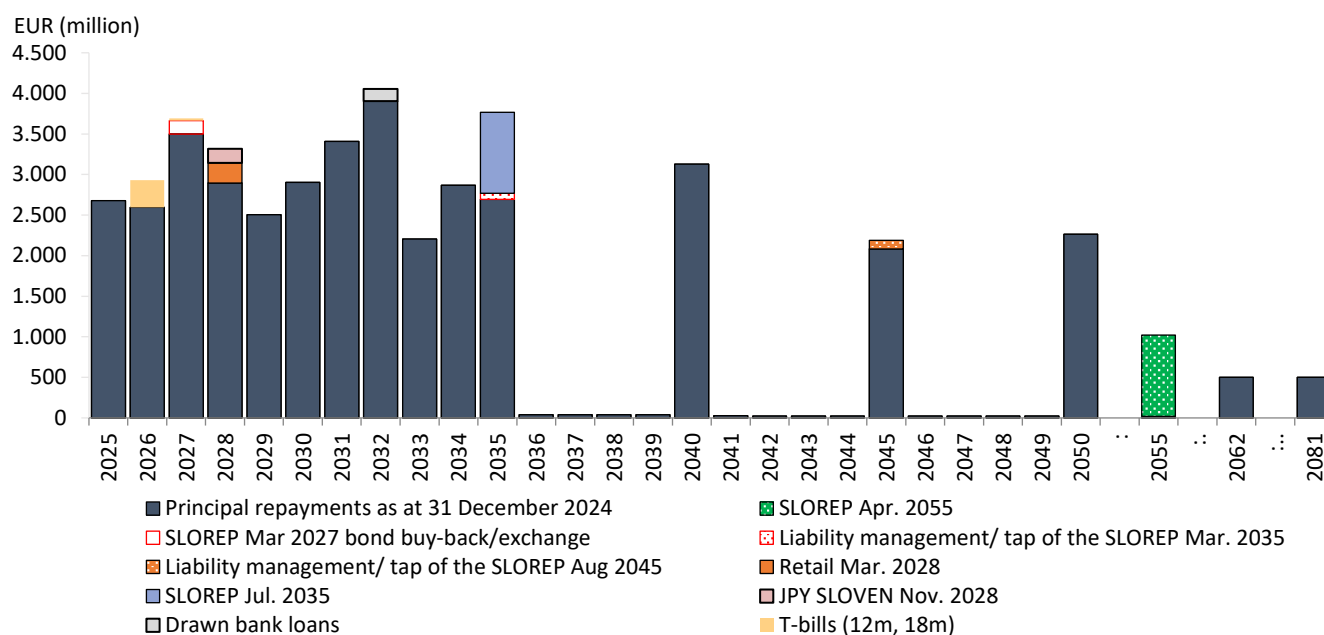
ESA 2010 / Year	2022	2023	2024	E2025
% GDP				
General government debt	72.8	68.3	66.6	66.0–66.3
State budget debt	68.6	64.8	62.8	61.8–62.1
EUR million				
General government debt	41,395	43,793	44,905	46,370–46,576
State budget debt	39,009	41,536	42,334	43,407–43,615
%				
Share (%) of state budget debt in general government debt	94.2	95.0	94.3	93.6

Source: SURS, Ministry of Finance, IMAD, 17 November 2025

The state budget debt of Slovenia, in accordance with the rules of the European System of Accounts (ESA 2010), accounts for the largest share of consolidated general government debt, standing at 94% in 2025. The following section provides an overview of the key characteristics of this segment within the debt structure, which constitutes an important baseline for achieving the operational objectives in the next strategic period 2026–2028.

In 2025, the Ministry of Finance secured long-term financing for the state budget in the euro debt capital markets through the issuance of new bonds, tap issuances of existing bonds, and the issuance of eighteen-month T-bills and loans in a total amount of EUR 2,814 million, as well as short-term financing for the state budget through T-bills in the amount of EUR 256 million. The weighted average interest rate on long-term euro-denominated debt issued in 2025 stood at 3.2%, and the weighted average maturity of the issued debt was 16.1 years (Figure 4).

**Figure 4:** Borrowing and state budget debt management in 2025 from the perspective of principal repayments



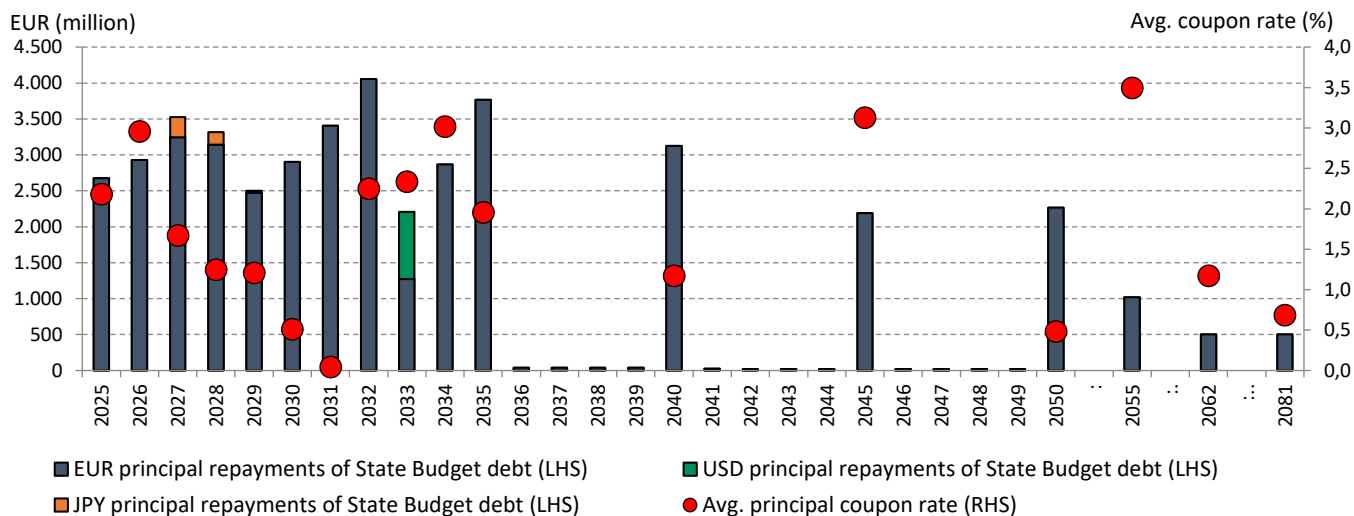
\* The differently coloured segments of the bars by year indicate newly issued debt in the fiscal year 2025.

Source: Ministry of Finance, 17 November 2025

The key risk in debt management is refinancing risk. As shown in Figure 5, which provides the most comprehensive overview of exposure to refinancing risk, principal repayments are distributed relatively evenly across years. The weighted average remaining maturity of the state budget debt portfolio stood at 9.3 years in 2025.

A complementary risk measure shows that 23% of Slovenia's state budget debt falls due for repayment in the period 2026–2028, and 54% by 2032. As shown in Figure 5, principal repayments are moderately evenly distributed across years. Higher debt repayments begin in 2027, while the average coupon rate on maturing debt remains low in the period 2027–2031. This aspect is particularly important in the strategic period 2026–2028; therefore, Figure 5 also presents the weighted average coupon rate of debt maturing in each budget year. This rate is currently highest in 2055 (3.5%), reflecting the issuance of a new 30-year euro-denominated bond in January 2025. The relatively lower levels in the periods 2027–2031 and 2050–2081 are mainly attributable to the ECB's quantitative easing (QE) policy and the associated low or negative interest rate environment in the euro area at the time when Slovenian euro-denominated bonds were issued. For this reason, active state budget debt management is expected and planned in the period 2026–2028 in order to appropriately address refinancing risk associated with larger principal repayments at low coupon rates.

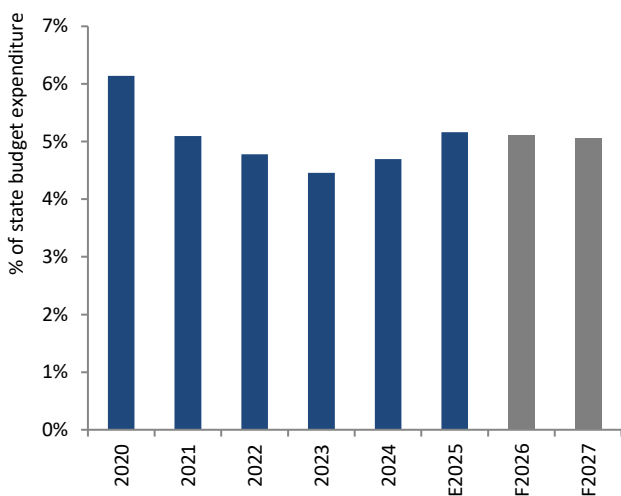
**Figure 5: Principal repayments of Slovenia's state budget debt and the average coupon rate by year**



Source: Ministry of Finance, 17 November 2025

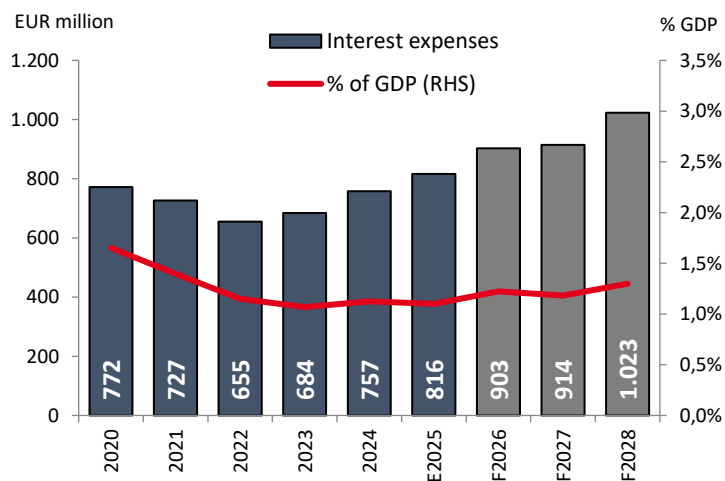
Interest expenditure on servicing state budget debt is estimated at EUR 816 million in 2025 (1.1% of GDP). This represents a significantly lower and more favourable starting position than a decade ago, when state budget interest expenditure reached 2.9% of GDP. An important part of this reduction in interest expenditure is attributable to the refinancing of state budget debt in an environment of exceptionally low, including negative, market interest rates in the period 2015–2021. Another important factor contributing to the reduction in interest expenditure is state budget debt management. The dynamics of interest expenditure, expressed as a share of state budget expenditure, are presented in Figure 6. In the strategic period, taking into account the current level of forward interest rates, this share is not expected to increase. Figure 7 presents nominal state budget interest expenditure in EUR and as a percentage of GDP. It is estimated that interest expenditure as a share of GDP will reach 1.3% of GDP by the end of 2028, which remains significantly below the average for the period 2015–2025 (1.7% of GDP).

**Figure 6: Share of interest expenditure in state budget expenditure**



Source: Ministry of Finance, 17 November 2025

**Figure 7: State budget interest expenditure in nominal terms and as a percentage of GDP**

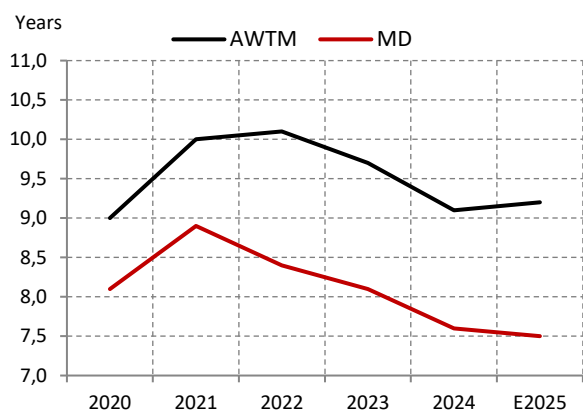


Source: Ministry of Finance, 17 November 2025

In 2022, the ECB began tightening monetary policy through increases in its key policy rates, which led to a rise in market interest rates. This resulted in less favourable market conditions for issuing bonds with significantly longer maturities, namely those exceeding 15 years. However, through the proactive achievement of strategic objectives in previous periods, Slovenia successfully established a euro yield curve out to 60 years during a period of low, including negative, interest rates. As a result, the average maturity of the debt portfolio remains relatively high, while the average interest rate on the overall debt portfolio increases more gradually, thereby continuing to provide a favourable starting position for the new strategic planning period and the achievement of objectives. This constitutes an important starting position for debt management in an environment of relatively higher interest rates. In addition to extending the average maturity of the portfolio and the continued growth of nominal state budget debt, further diversification of the investor base is becoming increasingly important, that is, broadening demand for Slovenia's debt securities.

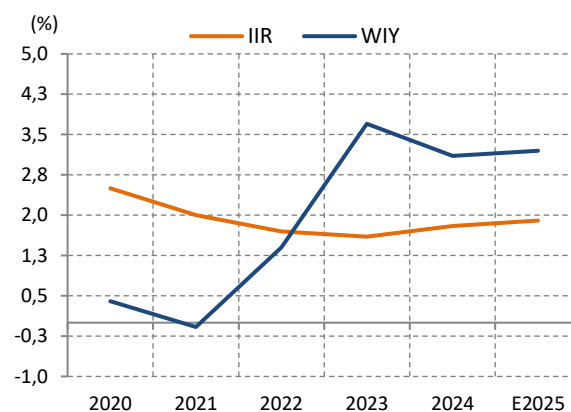
Based on the financing carried out and all state budget debt management transactions executed up to the end of 2025, the remaining maturity of state budget debt stood at 9.2 years. The average maturity of state budget debt stood at 7.5 years at the end of 2025. At the same time, the average interest rate on total state budget debt stood at 1.9% in 2025. The weighted average interest rate on long-term debt issued in 2025 reached 3.2%, reflecting the higher overall level of market interest rates. This is a direct result of the ECB's phasing out of unconventional monetary policy, which began in the second half of 2022.

**Figure 8:** Average weighted time to maturity (AWTM) and duration of the state budget debt portfolio (MD)



Source: Ministry of Finance, 17 November 2025

**Figure 9:** Weighted average interest rate on issued debt (WIY) and implicit average interest rate on the debt portfolio (IIR), by year

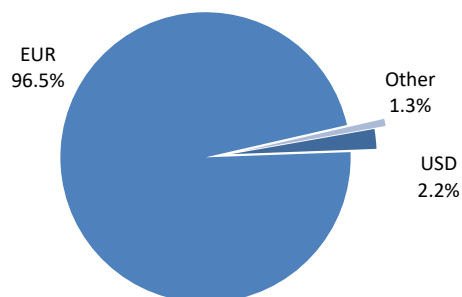


Source: Ministry of Finance, 17 November 2025

From a currency structure perspective, the share of state budget debt denominated in USD and JPY stood at 3.4% at the end of 2025. All principal and interest obligations are serviced in euros, as Slovenia has hedged exchange rate risk through currency swaps. This enables Slovenia to maintain funding flexibility and thereby enhances its capacity to secure financing for the implementation of the state budget under adverse conditions in the domestic euro-denominated debt capital market, by accessing larger global

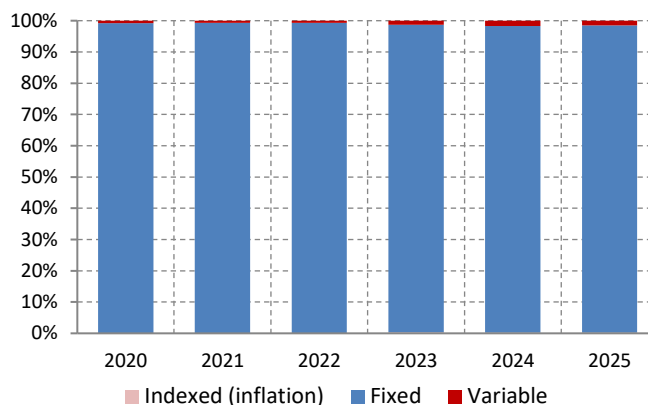
markets, such as the United States, Japan and the People's Republic of China. Figure 10 presents the currency structure of state budget debt in 2025.

**Figure 10:** Currency composition of state budget debt in 2025



Source: Ministry of Finance, 17 November 2025

**Figure 11:** Structure of state budget debt by type of interest rate

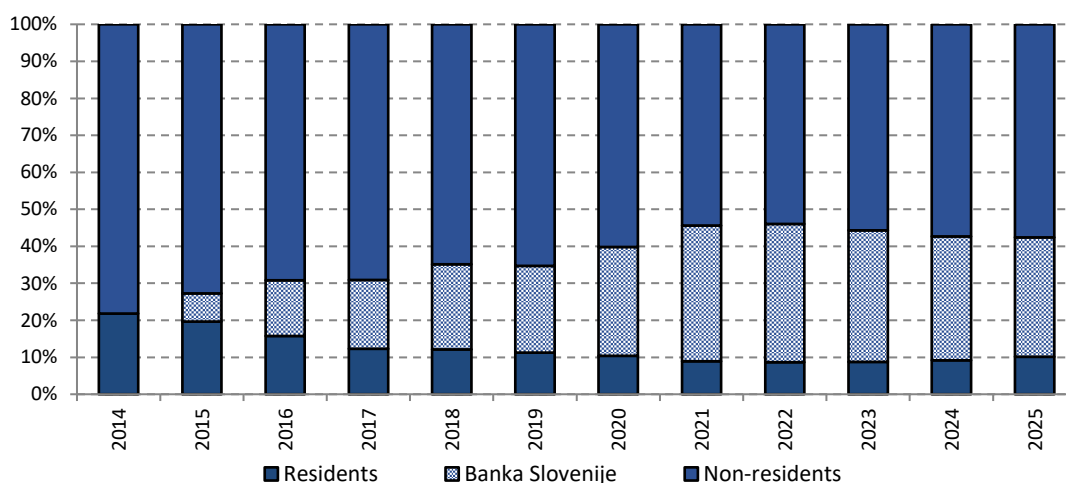


Source: Ministry of Finance, 17 November 2025

In terms of the interest rate structure, a high share (98.3%) of fixed-rate debt predominates, as shown in Figure 11. The state budget is therefore less exposed to the risk of adverse interest rate movements arising from the resetting of interest rates at shorter intervals in the case of borrowing at variable interest rates based on 3- or 6-month Euribor. This ensures more stable fiscal operations and more reliable planning of interest expenditure and, consequently, key public finance variables.

Taking into account the holding structure of state budget debt in the secondary market, the share of non-residents amounts to 58%, if purchases of securities by the Banka Slovenije as part of the ECB's monetary policy measures are included, as shown in Figure 12. The share of non-residents in general government debt is likewise 58%.

**Figure 12:** Structure of the Slovenia's state budget debt in the period 2014–2025 by investor domicile



Source: Ministry of Finance, 17 November 2025

### 3.3. State budget financing needs in the period 2026–2028

From an operational borrowing planning perspective, an annual Financing Programme is prepared before or at the beginning of each budget year, setting out the authorised borrowing limit, including both new borrowing and the refinancing of existing debt. It is adopted by the Government of the Republic of Slovenia. The implementation of state budget financing (borrowing) in the period 2026–2028 will follow the adopted budgets and the applicable fiscal framework, as defined by the Medium-Term Fiscal-Structural Plan 2025–2028, adopted by the Slovenian Government on 10 October 2024.

Table 3 presents borrowing needs in each fiscal year of the strategic period.

**Table 3:** State budget borrowing needs in the strategic period 2026–2028

EUR million / Year	2026	2027	2028
State budget deficit (Balance A and Balance B)	2,563	2,749	980
Maturity of state budget principals	3,088	3,719	3,143
Use of state budget buffer	400	/	/
<b>Financing needs =</b>	<b>5,251</b>	<b>6,468</b>	<b>4,123</b>

Source: Ministry of Finance, 17 November 2025

Table 3 presents the required borrowing volume, for which sufficiently strong investor demand in debt capital markets will have to be generated for the purchase of Slovenia's debt securities at acceptable interest rates.

Taking into account syndicated benchmark issuances of Slovenian euro-denominated bonds, investor demand amounted to 4.0 times the issued nominal value of the debt in 2022, 6.1 times in 2023, 4.5 times in 2024, and 4.2 times in 2025. Taking into account syndicated benchmark issuances of Slovenian USD-denominated bonds, investor demand amounted to 2.7 times the issued nominal value of the debt in 2023. Taking into account syndicated benchmark issuances of Slovenian JPY-denominated bonds, investor demand amounted to 1.03 times the issued nominal value of the debt in 2024 and 1.6 times in 2025. This indicates a robust investor base in both the domestic euro debt capital market and global markets.

The Ministry of Finance primarily borrows to finance the implementation of the state budget and to manage state budget debt. In managing Slovenia's state budget debt, particular attention is paid to the relatively large share of nominal debt, amounting to nearly 23% of total state budget debt, which was predominantly issued in a low-interest rate environment and is due to mature in the strategic period 2026–2028. Accordingly, to ensure preparedness in the management of Slovenia's state budget debt, the effects of potential early refinancing, buy-backs and swaps of existing debt will continue to be regularly assessed. A prerequisite for carrying out debt management transactions is that such transactions have a non-negative net present value. Debt management transactions therefore depend on prevailing market conditions and, in particular, on bondholder interest and the associated buy-back premium, as Slovenia repurchases bonds in the secondary market. Accordingly, only those offers from bondholders that result in non-negative effects for Slovenia's state budget are acceptable. The approach to state budget borrowing in Slovenia is conservative, with a stabilising effect, and places emphasis on decision-making guided by considerations of security and liquidity.

By maintaining an adequate liquidity reserve for Slovenia's state budget and through active debt management, exposure to refinancing risk associated with maturing principal of state budget debt is

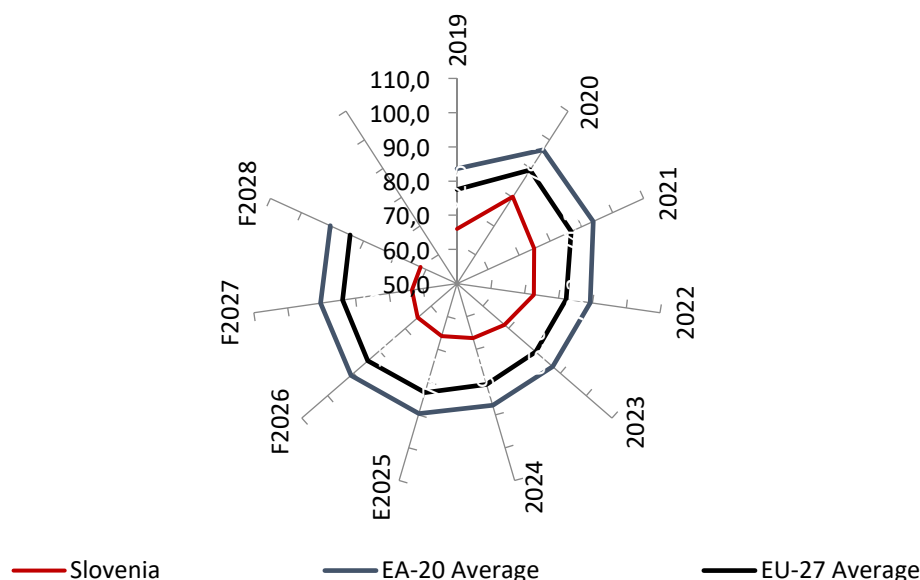
managed in the most efficient manner. The purpose of combining both approaches to refinancing risk management is to enhance flexibility in the timing of bond issuances, particularly with a view to reducing exposure to borrowing under adverse market conditions.

Within the debt dynamics framework, the stock-flow adjustment (SFA) variable also plays a role. It captures the factors explaining the residual difference between the change in general government debt and the reported general government financial balance. A key factor in this regard for Slovenia is the use of state budget usable cash buffer, which reduces the need for borrowing. In this respect, Slovenia demonstrates the capacity to ensure an adequate level of stock-flow adjustment (SFA) in public debt management, as reflected in the level of cash buffer, with the balance of the TSA standing at 13.1% of GDP and that of the state budget at 5.8% of GDP as at 17 November 2025. Usable cash buffer makes a significant contribution to a lower ratio of general government net debt to GDP. If this is taken into account, general government debt falls significantly below the 60% of GDP reference value.

The Ministry of Finance plans to reduce state budget debt as a share of GDP in accordance with ESA 2010 methodology and the new EU fiscal rules. The reduction of state budget debt as a share of GDP, which constitutes a key component of the overall structure, is therefore planned to be achieved primarily through nominal GDP growth and the use of Slovenia's state budget cash buffer. Figure 13 presents Slovenia's debt-to-GDP ratio, based on the planned nominal levels of general government debt from the Medium-Term Fiscal-Structural Plan and the latest estimates of GDP (current prices) from IMAD's Autumn Forecast of Economic Trends 2025, in comparison with the averages for the EU-27 and the euro area (EA-20).

In the strategic period 2026–2028, Slovenia is therefore expected to remain well below the average level of indebtedness among euro area (EA-20) and EU (EU-27) Member States.

**Figure 13:** General government debt compared with the EA-20 and EU-27 averages (% of GDP)



Source: Ministry of Finance; IMAD (Autumn Forecast 2025); Eurostat; European Commission AMECO database; DSM (March 2025); 17 November 2025

A robust risk metric for the debt portfolio and the level of state budget cash buffer in the base year 2025 place Slovenia in a more favourable position in terms of flexibility in planning access to debt capital markets in the medium term, particularly in an uncertain environment characterised by heightened geopolitical tensions, increased volatility and rising interest rates. The built up of cash buffer provide the state budget with the capacity to absorb and mitigate unforeseen shocks in managing the trajectory of general government debt, which is relevant for maintaining favourable sovereign credit ratings of the Republic of Slovenia.

### **3.4. Framework and required conditions for conducting debt management transactions**

The types of debt management transactions and the basic purposes for which they are carried out are set out in Article 82 of the ZJF (Zakon o javnih financah, eng. Finance Act). Article 82(1) of the ZJF provides that the state may, through borrowing and the issuance of securities, raise funds necessary either to repay public debt prior to maturity or to buy back its own securities, provided that:

1. Measures to establish economic stability are supported;
2. Costs of government debt are reduced; or
3. The quality of borrowing is improved and no increase in the public debt is recorded.

In accordance with Article 82(2) of the ZJF, the state may, for the purpose of managing exchange rate and interest rate risks, in addition to the transactions referred to above, also enter into other transactions related to public debt, including derivative financial instruments.

Decisions on entering into state budget debt management transactions are taken by the Minister responsible for finance on the basis of Article 84(1) of the ZJF and the annual financing programme adopted by the Government or by another person authorised by the Minister.

The early repayment of debt prior to maturity referred to in Article 82(1) of the ZJF may be carried out in the form of early repayment of principal and accrued interest on financing instruments that include an early repayment option (loans or securities), through buy-backs or exchanges of own securities. The choice of the form of repayment and the feasibility of early repayment are conditional on the possibility of new borrowing in an amount equivalent to the early repayment and on such yield and structure as ensure compliance with at least one of the conditions set out in Article 82(1) of the ZJF. In these state budget debt management transactions, the effects on the debt structure, exposure to macroeconomic and market risks, liquidity and the yield curve of Slovenian government securities are assessed.

Derivative financial instruments for the management of exchange rate and interest rate risks referred to in Article 82(2) of the ZJF may include currency and interest rate swaps and other transactions aimed at reducing the related credit exposure.

### **3.5. Buy-backs and exchanges of securities**

The Treasury Directorate of the Ministry of Finance continuously monitors market conditions and conducts transactions in response to market developments in a timely manner, through auctions and bilateral transactions with primary dealers in Slovenia's bonds.

Debt management transactions are market transactions carried out on market terms and are conditional on investor interest and prevailing market conditions. Slovenia may buy back bonds on the secondary market. In a low-yield environment, investors faced reinvestment risk when allocating funds to alternative investments, which is typically reflected in auctions, with holders offering lower amounts and demanding higher premiums for buy-backs. For the Ministry of Finance, in accordance with the ZJF and the applicable annual Financing Programme for the implementation of the state budget, only those offers from holders that generate a positive net present value and thereby positive effects on the state budget are acceptable.

#### **3.5.1. Criteria for buy-backs and exchanges of securities**

Any buy-backs and exchanges of securities will be carried out in accordance with Article 82 of the ZJF. In this context, the effects of buy-back and/or exchange transactions will be assessed and the objectives of efficient state budget debt management pursued on the basis of the following criteria:

1. Reduction of interest expenditure;
2. Extension of the average debt maturity and a more robust state budget debt portfolio structure, achieved by replacing bonds with a shorter remaining maturity with bonds of longer maturity, thereby reducing refinancing risk;
3. Assessment of the expected positive financial impact of the switch, whereby early refinancing of bonds with shorter remaining maturities and the issuance of bonds with longer maturities lock in prevailing market interest rates for a longer period, which, in light of broader macroeconomic and financial conditions, are expected with a high degree of certainty to remain at least unchanged or to increase over the medium term. This results in a positive effect both in terms of borrowing costs and the cost of holding the liquidity reserve of the state budget liquidity manager.
4. positive effects on the state budget in terms of changes in the debt position, reflecting the positive net present value of the debt management transaction;
5. selection of bonds for buy-back and/or exchange, enabling Slovenia to achieve the highest possible participation of holders and thereby lower buy-back premiums and/or lower exchange discounts. The transaction may be executed on a syndicated basis or through offers to a limited group of investors if more favourable conditions can thereby be achieved than through an auction.

On the basis of the above criteria, buy-back and/or exchange transactions also aim to achieve the following positive effects:

1. Increase in the liquidity of government securities on the secondary market;
2. consolidation of the state budget debt portfolio;
3. strengthening of the benchmark yield curve for government securities;

4. effective positioning of state budget debt in the European and global debt capital markets.

The buy-back and/or exchange price of an individual security is determined on market terms. Subject to market conditions, Slovenia may offer any of the existing securities from its debt portfolio for buy-back and/or exchange.

### **3.5.2. Method of buy-backs and exchanges of securities**

Buy-back and exchange transactions may be carried out through auctions, with the appropriate application of the applicable rules governing auctions of government securities, or by other means in accordance with standard market practice.

Buy-backs and exchanges of securities will be carried out in accordance with the applicable annual financing programme, subject to market conditions, provided that there is market interest in the sale or exchange of securities and taking into account the liquidity of the state budget.

### **3.6. Currency and interest rate swaps**

The Ministry of Finance may, on behalf of the Republic of Slovenia, enter into currency swap transactions for the purpose of managing exposure to exchange rate risk arising from the servicing of obligations related to borrowing in foreign currency. Interest rate swaps may be entered into for the purpose of managing interest rate risk, including the risk of rising interest rates, and for optimising the structure of the state debt portfolio in order to achieve an optimal balance between fixed and variable interest rates. Currency and interest rate swap transactions are market transactions carried out on market terms and in accordance with established market practice.

#### **3.6.1. Collateral management related to currency and interest rate swaps**

Currency and interest rate swap transactions were carried out on the basis of the ISDA 2002 Master Agreement concluded by Slovenia with selected primary dealers in Slovenia's bonds. Slovenia has also concluded a Credit Support Annex (CSA) with primary dealer banks under the ISDA 2002 Master Agreement to reduce credit exposure.

In accordance with the CSA, Slovenia and the banks with which it has entered into currency and/or interest rate swap transactions have mutually undertaken to provide cash collateral or collateral in the form of bonds (credit support) for the purpose of eliminating credit risk over the entire duration of the swap. This effectively eliminates almost all counterparty risk arising from the concluded transactions.

In 2018, Slovenia decided to move to daily exchange of cash collateral (previously on a weekly basis), which allows for a lower credit spread and lower transaction costs in entering into new swap transactions. The CSA also specifies the currency of the cash collateral and the interest rate paid or received by Slovenia on the collateral posted or received.

The party receiving cash collateral becomes, from a legal perspective, the "owner" of the cash (in the sense that it may use it freely), while, from an economic perspective, the cash collateral remains the property of the party that provided it until the termination of the transactions and the cessation of the obligation to return the collateral. Until then, the party that has provided the cash collateral remains the ultimate beneficiary of all returns on the cash collateral (i.e. the agreed interest rate on the cash collateral).

Cash collateral received by Slovenia from banks increases state budget debt under ESA 2010, whereas it does not under the national methodology.

## 4. INVESTOR BASE AND THE DEBT SECURITIES MARKET

The development of the secondary market for government securities is one of the issuer's strategic objectives in financing the state budget and managing debt. This requires robust trading analysis, monitoring of primary dealers, advanced data tools and active communication with investors.

The Treasury Directorate strives to ensure efficient trading in bonds on the primary and secondary markets, thereby facilitating better access to capital markets even in conditions of changing monetary policy and geopolitical uncertainty. The objective is a stable euro-denominated yield curve (SLOREP), a liquid market and long-term investor confidence.

The Ministry of Finance has concluded annual primary dealer agreements with selected domestic and foreign banks. Banks are selected for each issuance based on the characteristics of the issuance, taking into account the principle of rotation and the geographical investor base, thereby ensuring the competitiveness of the group of primary dealers and the optimal composition of the bank syndicate in line with the objectives of the specific issuance. The performance index (PI) rating, calculated by the Treasury Directorate since 2008, is a key tool for the objective assessment of the activities of primary dealers in the primary and secondary markets.

### 4.1. Yield curve of euro-denominated bonds

The Nelson–Siegel–Svensson model (hereinafter: the NSS model) describes the shape of the yield curve and, using the least squares method, estimates from market data the parameters that best approximate the theoretical curve to actual market conditions.

To determine the functional form of the yield of euro-denominated bonds of Slovenia as a function of time to maturity using the NSS model, the yield is calculated, following prior calibration of the model parameters  $\beta_0, \beta_1, \beta_2, \beta_3, \tau_1, \tau_2$ , in accordance with the following equation:

$$f(x) = \beta_0 + \beta_1 \left[ \frac{1 - e^{\left(\frac{-x}{\tau_1}\right)}}{\frac{x}{\tau_1}} \right] + \beta_2 \left[ \frac{1 - e^{\left(\frac{-x}{\tau_1}\right)}}{\frac{x}{\tau_1}} - e^{\left(\frac{-x}{\tau_1}\right)} \right] + \beta_3 \left[ \frac{1 - e^{\left(\frac{-x}{\tau_2}\right)}}{\frac{x}{\tau_2}} - e^{\left(\frac{-x}{\tau_2}\right)} \right],$$

where:

$x$  denotes time to maturity, expressed in years;  
 $e$  is a constant, the Euler number, and

$\beta_0, \beta_1, \beta_2, \beta_3, \tau_1, \tau_2$  are the parameters of the NSS model, estimated by minimising the sum of squared differences between the observed market yields of euro-denominated bonds of Slovenia on the secondary market and the yields estimated on the basis of the NSS model, in accordance with the following equation:

$$\min_{\beta, \tau} \sum (f - f^M)^2$$

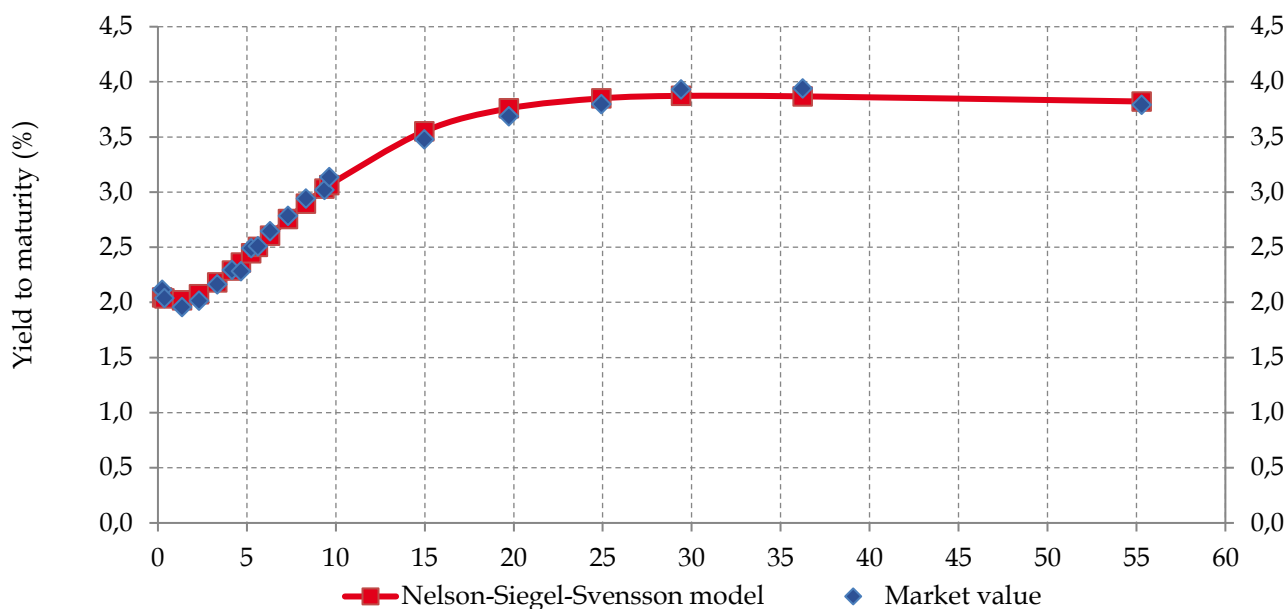
Using the NSS model, the functional form of the yield curve as a function of time is estimated, allowing yields for arbitrarily selected maturities ( $x$ ) to be calculated. These correspond to secondary market yields

as implied by the NSS model calibrated to market bid yields for different remaining maturities of outstanding euro-denominated bonds.

Market bid YTMs as at 17 November 2025 determine the yield curve of Slovenia as at that date (Figure 14), which can be expressed in functional form as follows:

$$f(x) = 0.0370 + (-0.0164) + \left[ \frac{1 - e^{\left(\frac{-x}{5.0103}\right)}}{\frac{x}{5.0103}} \right] + 6.7383 \left[ \frac{1 - e^{\left(\frac{-x}{5.0103}\right)}}{\frac{x}{5.0103}} - e^{\left(\frac{-x}{5.0103}\right)} \right] \\ + (-6.7383) \left[ \frac{1 - e^{\left(\frac{-x}{4.9893}\right)}}{\frac{x}{4.9893}} - e^{\left(\frac{-x}{4.9893}\right)} \right]$$

**Figure 14:** Euro-denominated yield curve of Slovenia as at 17 November 2025



Source: Ministry of Finance, 17 November 2025

## 4.2. Euro current and forward interest rates

In the low-interest rate environment of 2016–2021, the Republic of Slovenia has established a euro yield curve up to a maturity of 60 years. The review of forward interest rates is important from the perspective of achieving a non-negative net present value of state budget debt management. As much as 23% of the state budget debt will mature in the next three years, and its refinancing risk is scheduled to be addressed in the strategic 2026-2028 period including through early debt refinancing, i.e. debt management transactions (buy-backs/swaps).

Table 4 shows that the required 10-year yield on Slovenian government's euro-denominated bonds is 3.15%, the euro mid swap rate in its structure amounts to 2.75%.

**Table 4:** The YTM and mid-swap rate\*

Maturity	Required yield YTM (BID)	Euro mid-swap (MS) rate
1	2.00%	2.16%
3	2.13%	2.27%
5	2.42%	2.42%
10	3.15%	2.75%
15	3.57%	2.95%

Source: Bloomberg, Ministry of Finance – own calculations, 17 November 2025

\* The table shows the model calculated values of the YTM relative to the entire SLOREP curve, which is calibrated to best fit the spot market values for various residual maturities (BID side of the value).

The implied forward rate method is used to calculate the interest rate level implied by the SLOREP yield curve for various maturities selected  $x = \{1, 3, 5, 10, 15\}$  years, i.e. for the period  $t = \{t + 1, t + 2, t + 3\}$ . Quotation averages BVAL, BGN and MTSS are employed to obtain the estimated rates of interest for various maturities in the future, impartially implied by the SLOREP yield curve.

As shown by Table 5, today the SLOREP yield curve implies a 10-year yield to maturity totalling 3.384% after one year (2026) and totalling 3.828% after three years.

**Table 5:** Forward interest rates based on the SLOREP yield curve (BID YTM)

Maturity \ "forward"	t+1	t+2	t+3
1	2.055%	2.336%	2.693%
3	2.361%	2.696%	3.051%
5	2.708%	3.035%	3.354%
10	3.384%	3.619%	3.828%
15	3.726%	3.881%	4.015%

\* The YTM is calculated as an average of BVAL, BGN in MTSS purchase quotations

Source: Bloomberg, Ministry of Finance – own calculations, 17 November 2025

### **4.3. Liquidity of securities in the secondary market**

The Republic of Slovenia's government bonds issued on registration with the Central Securities Clearing Corporation (KDD) are listed on the regulated market of the Ljubljana Stock Exchange, while bonds issued on registration with Euroclear Bank SA/NV and Clearstream Banking société anonyme are listed on the Luxembourg Stock Exchange. In order to ensure liquidity and create a transparent market price, reference government bonds with a nominal issue value of at least EUR 1 billion are traded on the MTS Slovenia official trading platform (Designated Electronic Trading System – DETS), where official market makers for Slovenian government securities trade with each other.

#### **4.3.1. The MTS trading platform and its role in maintaining secondary market liquidity**

The MTS Slovenia trading platform is based on a system of quotations in which liquidity providers publish offer and selling prices and accept offers from other participants. Daily executable prices ensure transparency and encourage active trading. The platform data are key to the calculation of the yield curve and the monitoring of the secondary market for government debt. Compared to OTC trading, where price publication is not mandatory, the MTS provides greater transparency and price comparability. Liquidity providers actively manage the positions, hedge them against risks and adapt to market conditions, particularly in periods of increased volatility.

The Ministry of Finance monitors trading data and market maker behaviour on a daily basis and uses advanced analytical tools to assess primary registrants. The key tool is the performance index, which is based on two segments:

- 70% weight: trading on the broader secondary market (e.g. Bloomberg, BondVision, Tradeweb);
- 30% weight: trading on the MTS Slovenia platform.

The index is used by banks as it promotes competition among them, thereby contributing to better liquidity and a lower yield to maturity on Slovenian bonds.

Trading in long-term debt is more demanding; therefore, the valuation methodology assigns greater weight to these transactions. The key is to coordinate long and short positions, which enables effective risk management and stable refinancing of the state budget.

To strengthen the secondary government bond market and reduce the risk of failed transactions, Slovenia established a Temporary Securities Lending Facility Programme in 2022. It is intended for all primary dealers and contributes to greater trading efficiency and market stability.

### **4.4. Position of the Republic of Slovenia on debt capital markets**

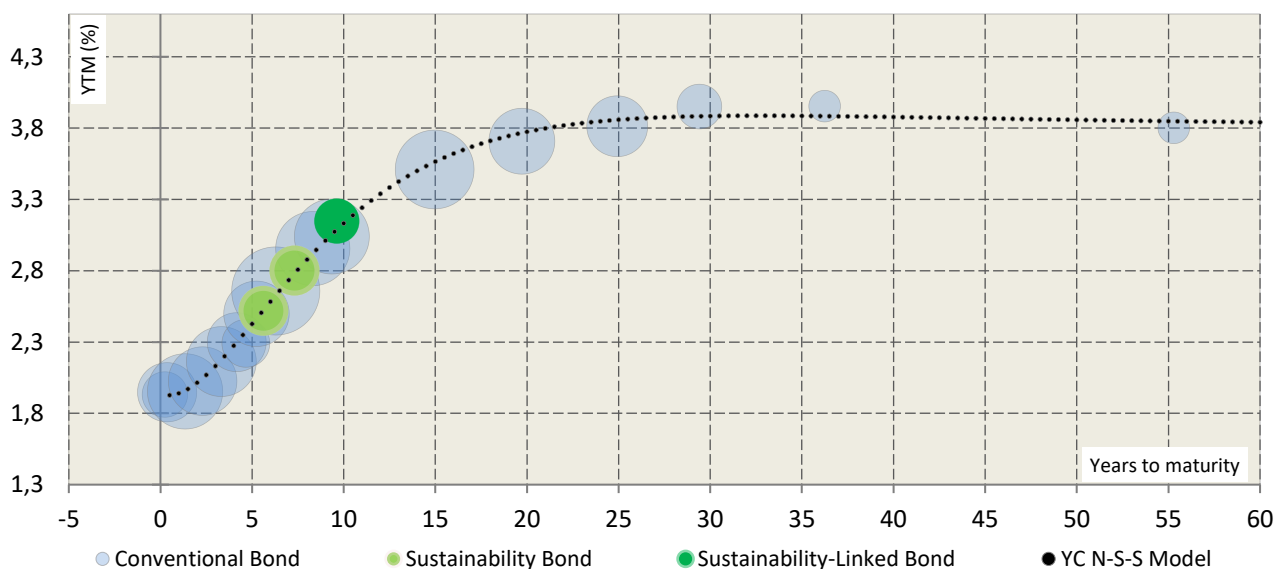
According to the Annual Financing Programme, Slovenia has a relatively small government bond market with limited issue volumes, which may affect liquidity. Nevertheless, due to the measures taken to improve the liquidity of the secondary market, the Slovenian bond market is deemed to be appropriately liquid in comparison to comparable markets.

The reference segment represents the 10-year sector, where Slovenia issues both conventional and sustainability linked bonds, thereby supporting liquidity and the quality of the yield curve. The country is active along the entire curve, with a higher degree of activity in medium- and long-term maturities. Pricing challenges remain on the short end of the curve, while on the longer end, the main challenges are related to a limited investor base, higher financing costs, and more complex issuance execution.

h longer maturities, the credit spread difference (premium on the euro yield curve) increases, which means that issues with a maturity of over 10 years are more costly for Slovenia. Despite these challenges, Slovenia is strategically establishing itself as a progressive, transparent and reliable sovereign issuer in the Eurozone bond market. This is corroborated by several groundbreaking issuances, including the issuance of the first sustainability-linked bond, the first digital bond, and the first 10-year bond linked to achieving sustainability goals. Another important milestone is the issuance of a 30-year benchmark bond in the amount of EUR 1 billion in January 2025, which was the first such issuance since 2020. This issuance was made amid a favourable medium-term downward trend in interest rates and ahead of the expected increase in volatility and inflationary pressures following the inauguration of the new US President.

Figure 15 shows the market yield curve for Slovenia’s securities after the Nelson-Siegel-Svensson model on the existing residual maturity range from 0 to 60 years. The secondary market data show that yields to maturity increase alongside maturity. The figure also shows the volumes of individual SLOREP benchmark bonds+ issues in order to demonstrate that a larger volume of issued bonds shows a more consistent position with the yield curve, which means that these bonds are more liquid and investors in debt capital markets demand a lower yield precisely because of the lower required liquidity premium.

**Figure 15:** The euro yield curve of the Republic of Slovenia and nominal issuance volumes of reference bonds



Source: Bloomberg, Ministry of Finance – own calculations, 17 November 2025

The total volume of trading on the MTS in 2024 was EUR 9,160 million, and EUR 7,329 million on the other secondary (OTC) market (with trading on the other secondary market being mostly conducted via

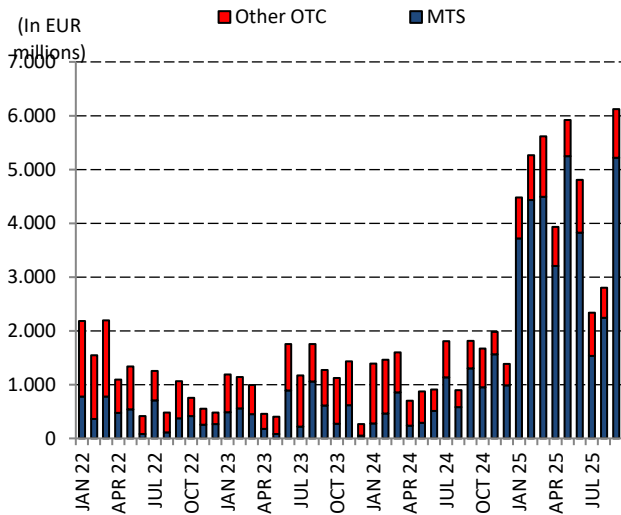
Bloomberg systems and other non-electronic platforms). In the first nine months of 2025, there was a significant increase in trading volume on the MTS, reaching EUR 33.9 billion, while the trading volume on the rest of the secondary market totalled EUR 7.4 billion. The volume of trading in the Republic of Slovenia's securities in the period January 2022 to September 2025 is shown in Figure 16.

Figure 17 shows the volatility of the spread between the bid and ask side for the five-year and 10-year Slovenian euro-denominated bonds. On 17 November 2025, the bid-ask spread stabilised at 3.1 basis points and 2.3 basis points for five-year and 10-year maturity bonds, respectively.

Figure 18 shows that the spread of the Slovenian over the German 10-year euro-denominated bond came close to the spread over the mid-swap (MS) which is used as the reference basis alongside a credit spread in the YTM structure in issuance process of euro-denominated bonds. On 17 November 2025, the credit spread on the MS reference basis was 40 basis points, and 43 basis points on the 10-year reference German government bonds.

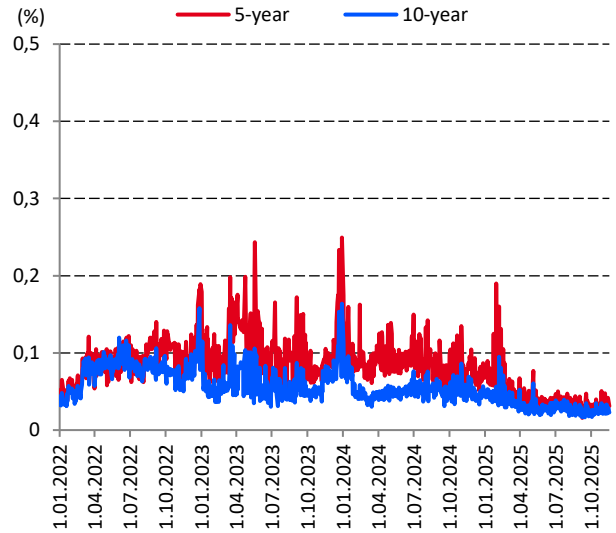
Figure 19 shows the MS distribution with various maturities and 6-month EURIBOR from 2022 until 17 November 2025. Short-term interest rates show increased volatility, as demonstrated by the wide range from negative to positive values. On 17 November 2025, the curve reveals that, currently, short-term interest rates are relatively low compared to those in the past, medium-term interest rates are close to the historical average, while today long-term interest rates are high compared to the previous period.

**Figure 16:** The volume of trading on the official trading platform (MTS) and on other (OTC) markets



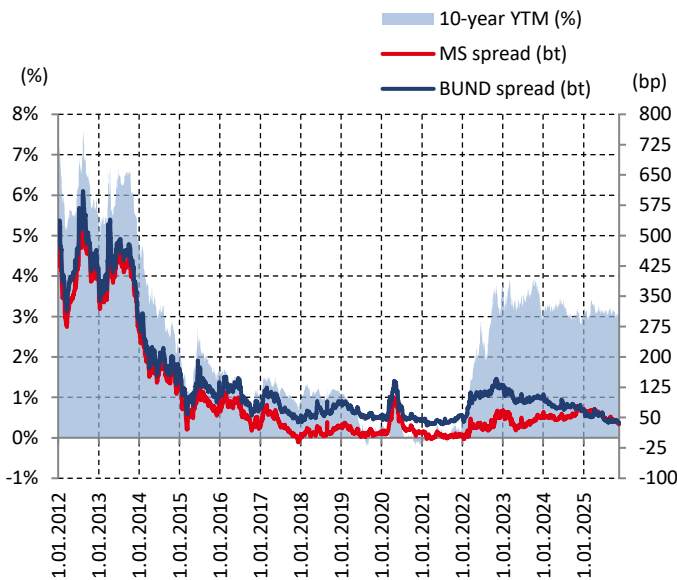
Source: The Ministry of Finance, 17 November 2025

**Figure 17:** Difference between the yield to maturity of five-year and 10-year Slovenian euro-denominated bonds' bid and ask side



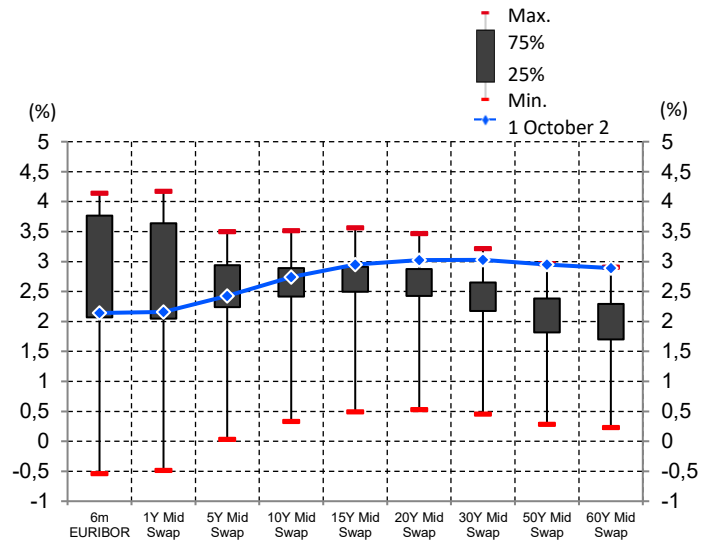
Source: Bloomberg, Ministry of Finance - own calculations, 17 November 2025

**Figure 18:** 10-year yield to maturity and credit spread on bonds issued by the Republic of Slovenia over MS and the German government bond



Source: Bloomberg, Ministry of Finance - own calculations, 17 November 2025

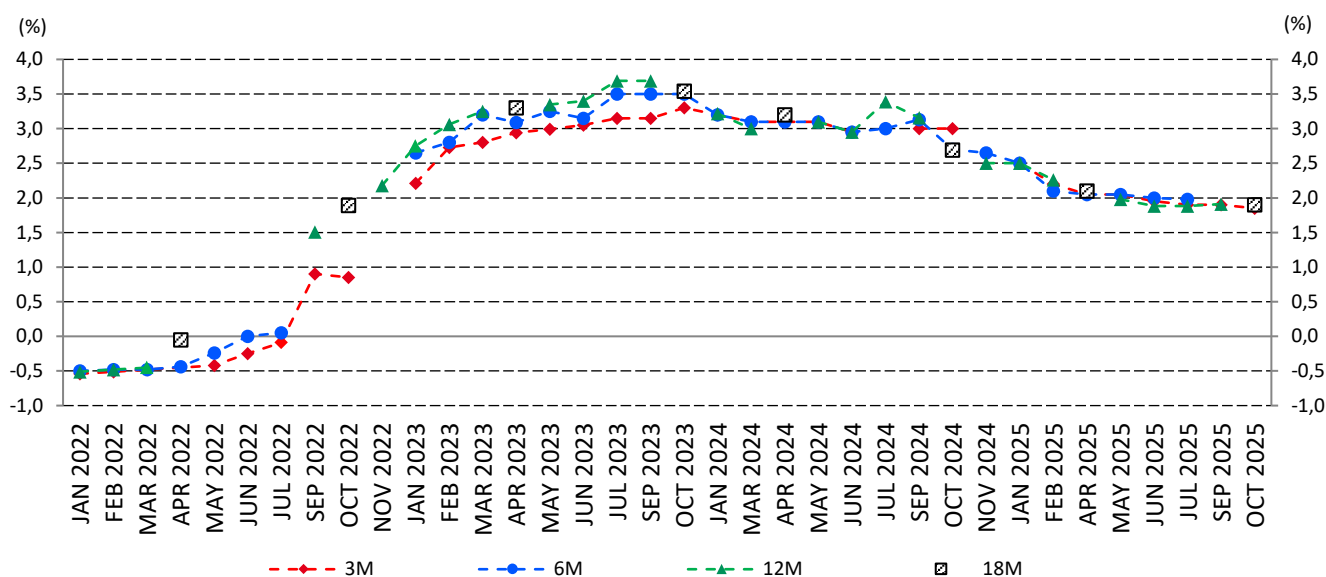
**Figure 19:** Frequency distribution of the achieved euro mid swap rate for the period after 2022 compared to the levels achieved on 17 November 2025



Source: Bloomberg, Ministry of Finance - own calculations, 17 November 2025

Figure 20 shows the ratios, i.e. yields achieved on the Slovenian T-bills market. At the beginning of 2022, T-bills interest rates were still negative, but in the second half of 2022, T-bills interest rates followed the increase in the ECB's reference euro interest rates and the general increase in market interest rates and became positive. In 2025, actual interest rates on three-month, six-month, twelve-month and 18-month T-bills were 1.85%, 1.90%, 1.91% and 1.90%, respectively.

**Figure 20:** Trajectory of yields on the Republic of Slovenia's treasury bills with various maturities



Source: The Ministry of Finance, 17 November 2025

#### 4.5. Institutional structure of investors in government bonds of the Republic of Slovenia

As a small and very open economy, Slovenia remains highly exposed to external shocks, particularly to changes in the ECB's monetary policy, such as quantitative easing (QE) and quantitative tightening (QT). When the ECB announced a reduction in its balance sheet in 2022, the effects quickly became apparent in the Slovenian bond market – including a widening of the bid-ask spread and increased market volatility. This reflects the sensitivity of the Slovenian market to changes in liquidity and investor expectations, which highlights the importance of a stable macroeconomic environment and prudent debt management.

The Treasury Directorate of the Ministry of Finance proactively communicates with investors and banks that are primary dealers of bonds of the Republic of Slovenia. It carefully monitors the development of changes in the bid/ask spread for Slovenian bonds and sets operational goals accordingly. The key strategic direction remains the expansion of the investor base – both by type of instrument and geographically – which ensures more efficient and reliable access to sources of financing. This also alleviates the pressure on credit spread growth at a time of demonstrated nominal debt growth or growing borrowing needs.

Slovenia is therefore not limiting its strategic plans to the domestic euro market but is maintaining a broad-spectrum view of issuing bonds on global markets as well.

The Ministry of Finance strives to maintain and expand primarily the quality investor base. Key measures to increase the diversity of the investor base and consequently a lower risk exposure and achieve a long-term reliable source of financing of the state budget include:

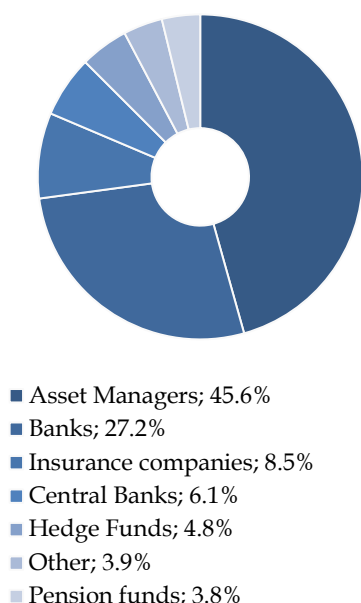
- Actively engaging with existing investors to build trust and support for Slovenian bonds through regular meetings with investors (non-deal roadshows), which is an internationally established practice for issuers of securities.
- Attracting new investors by issuing bonds on various international markets (USD bonds, Samurai bonds, Panda bonds, etc.) and by involving retail investors also through the issuance of retail bonds.
- Ensuring transparency and timely information to investors through regular presentations for investors, newsletters, and updating information on the Ministry's website.
- Maintaining a good credit rating and fiscal discipline to ensure that Slovenia remains attractive to both domestic and foreign investors.
- Supporting secondary market liquidity, which increases investor confidence and enables easier trading in bonds of the Republic of Slovenia.

Slovenia is successfully expanding its sources of funding and is attracting diverse groups of investors with new types of bonds:

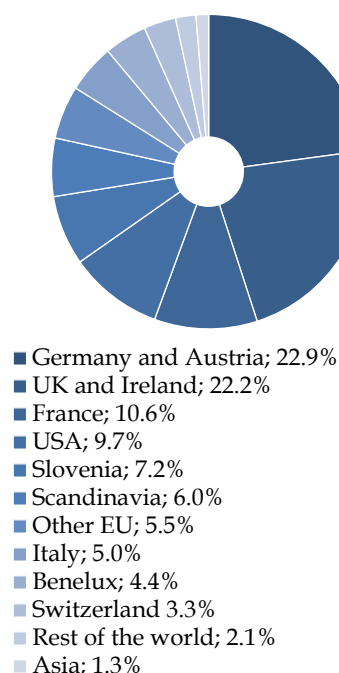
- Entering the global market: By issuing yen-denominated Samurai bonds (2024) and US dollar-denominated bonds (2023), Slovenia has strengthened its presence on the global market. To protect against currency risk, a currency swap was performed for the entire issue amount. In previous years, Slovenia has already carried out several early refinancings of US dollar-denominated bonds with euro-denominated bonds, which improved the debt structure and had a positive impact on credit ratings. The Moody's credit rating agency specifically commended this approach in its report.
- Increased access for retail investors: Retail bonds (2024 and 2025) offered tax incentives and higher returns than deposits, which encouraged savings, expanded the retail investor base, and strengthened the domestic capital market.
- Sustainability-linked bonds (SDG): The proceeds from these notes are intended to finance environmental and social projects. The Ministry ensures transparency through regular reporting and independent expert assessments, which strengthens investor confidence.
- Digital bonds: In July 2024, Slovenia became the first EU Member State to issue a digital bond based on blockchain technology, as part of the ECB's experimental programme, confirming its innovative approach.
- Sustainability-linked bonds (SLBs): Issued in June 2025, they support the goals of the National Energy and Climate Plan (NEPN), attract sustainability-oriented investors and include obligations to maintain a secondary market.

Figure 21 shows the institutional distribution of investors, and Figure 22 shows the geographical distribution of investors.

**Figure 21: Institutional distribution of investors**



**Figure 22: Geographical distribution of investors**



Source: The Ministry of Finance, 17 November 2025

#### 4.6. Slovenia's approach to sustainable financing

Slovenia's debt management strategy is aligned with global guidelines on sustainable financing, with a view to supporting the transition to a green economy and a sustainable society. Thematic bonds – green, social and sustainability-linked bonds – have become a key financial instrument for achieving nationally determined contributions and sustainable development goals. The key strategic objectives include the following:

- Commitment to the environmental and social goals of the Republic of Slovenia;
- Developing the debt instrument market to achieve sustainability goals;
- Obtaining cost-effective sources of financing;
- Expanding the investor base;
- Strengthening cooperation between government departments in the field of sustainable financing;
- Further development of thematic bonds within the SLOREP framework.

Sustainability-linked bonds are a key tool for financing national climate goals and the United Nations Sustainable Development Goals. Although they currently represent only a small share of the overall bond market (Figure 23), their volume is rapidly increasing among sovereign bond issuers. Investor confidence is key to further market growth. One of the indicators of this trust is the greenium – the difference in yield

between green and comparable conventional bonds of the same issuer. This difference reflects the market's confidence in sustainability-linked instruments and the credibility of the issuers offering such instruments (Figure 24).

The Treasury Directorate of the Ministry of Finance, in cooperation with other ministries, has prepared a framework for the issuance of sustainability-linked bonds in 2021 and 2023, aligning them with the EU Taxonomy Regulation (Regulation (EU) 2020/852). In 2021, the first National Sustainability Bond Working Group was established, which was expanded in 2022 with the second sustainability-linked bond issue. The 2023 framework links green categories with applicable legislation and further aligns with the EU's "do no significant harm" (DNSH) principle. This principle requires that no activity should negatively impact any of the EU's six environmental objectives. Under the 2023 Sustainability-Linked Bond Framework, Slovenia issued its first Japanese yen-denominated Samurai bonds in 2024. The funds raised through this issue were to be used to finance projects that contribute to achieving social goals.

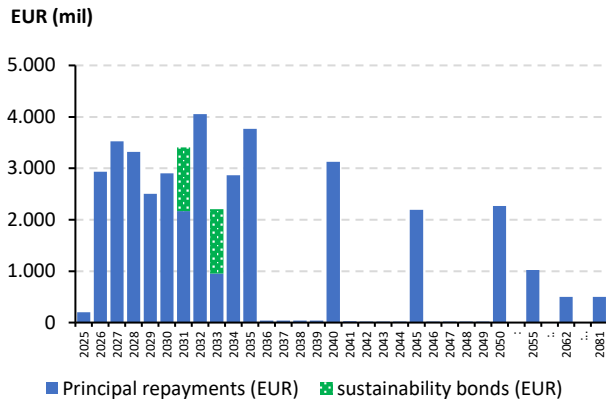
In 2025, Slovenia issued its first sustainability-linked bond (SLB), thus becoming the first country in Europe to directly link the issuance of government debt to environmental commitments. The SLB includes a mechanism for adjusting the interest rate based on the country's performance in achieving specific environmental goals from the National Energy and Climate Plan (NEPN). The amount of interest therefore depends on how successfully Slovenia achieves its sustainability goals.

The bond was issued based on the national framework for issuing bonds linked to sustainable development goals, which sets out key performance indicators, targets, reporting methods, verification and other technical parameters. The framework was prepared in accordance with the international [ICMA guidelines for SLB bonds \(2024\)](#) and confirmed by the external assessor S&P Global. Unlike conventional sustainability bonds, it allows for free use of funds but obliges the issuer to achieve sustainability goals – financial conditions are adjusted based on the results actually achieved. This issue supports the country's climate commitments, contributes to the diversification of debt instruments, and broadens the pool of investors.

Slovenia's sustainability-linked bonds had a good showing on the primary market, and on the secondary market they outperformed comparable conventional bonds in terms of credit spread and bid-ask spread (Figure 25) and trading volume (Figure 26). In periods of market volatility, these bonds have proved to be more stable and resilient than conventional bonds.

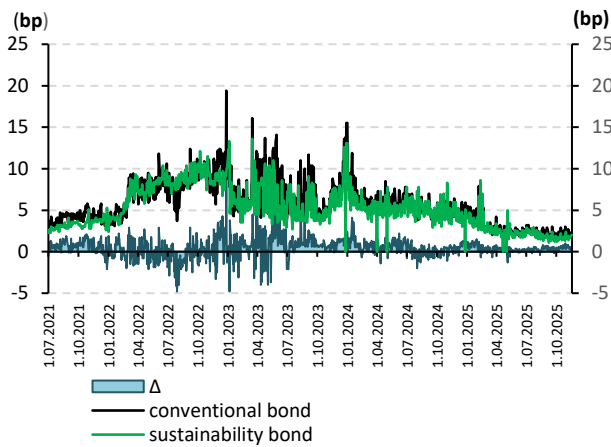
The strategic approach to debt management envisages the issuance of sustainability-linked bonds in a reference volume every other year, subject to exclusion criteria that may limit the scope of the issuance framework.

**Figure 23:** Government debt principal repayments



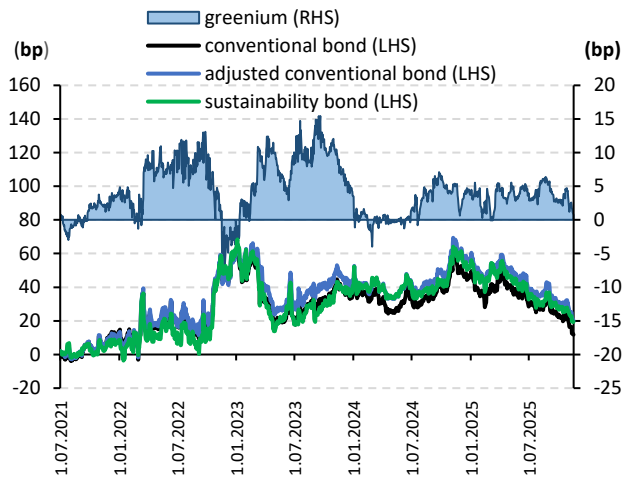
Source: The Ministry of Finance, 17 November 2025

**Figure 25:** The bid-ask spread for sustainability-linked and conventional bonds



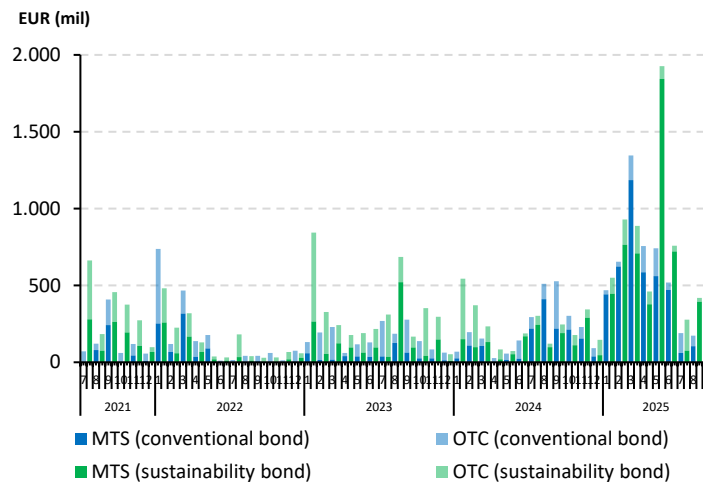
Source: The Ministry of Finance, 17 November 2025

**Figure 24:** The I-spread on sustainability-linked and conventional SLOREP bonds and the greenium



Source: The Ministry of Finance, 17 November 2025

**Figure 26:** The volume of trading in sustainability-linked and conventional bonds



Source: The Ministry of Finance, 17 November 2025

## 4.7. Evolution of the credit rating of the Republic of Slovenia

The long-term credit rating of the Republic of Slovenia is of key importance for its access to financing through debt capital markets. It serves as the foundation of investor confidence and as a reference point for evaluating the existing portfolio, which includes Slovenian government bonds. Moreover, it has a bearing on determining credit ratings of Slovenian financial institutions and companies, as it is generally used as a starting point in assessing their credit risk.

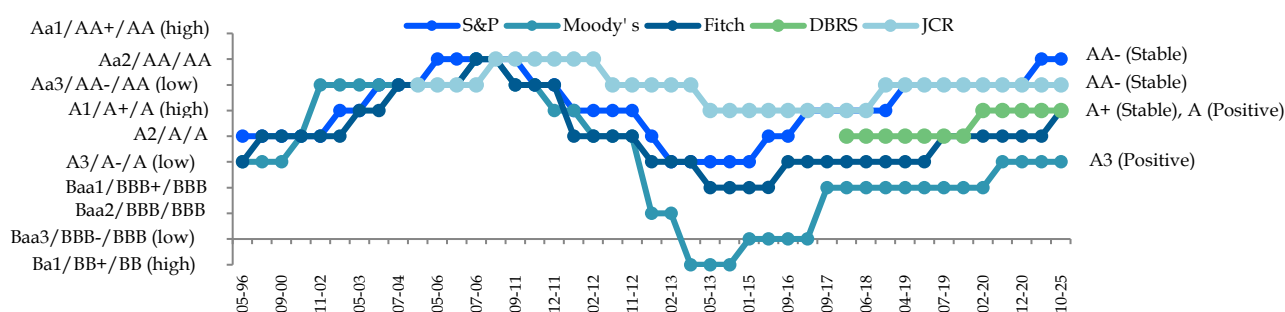
Slovenia is ranked among the countries with an upper medium or high credit rating in the euro area. Its long-term credit rating is determined by the three largest credit rating agencies:

- Standard & Poor's (S&P) – rating AA (Outlook Stable),
- Fitch – rating A+ (Outlook Stable), and
- Moody's – rating A3 (Positive).

Slovenia has had contracts with the aforementioned agencies since 1996, as they have the largest market share among registered credit rating agencies. In addition to the aforementioned agencies, Slovenia's credit rating is also published by DBRS Morningstar, which issues unsolicited ratings. Since entering the Japanese market in 2024, Slovenia has also signed a contract with the Japan Credit Rating Agency (JCR), which rated it as AA- (Stable).

Slovenia has received the highest credit rating from S&P: an AA rating in June 2025, which placed it among the countries with a high-grade rating. Slovenia gets the highest credit rating among Central and Eastern European countries. Figure 27 shows a historical overview of credit ratings received from the three key credit rating agencies in the period June 1996 to 2025, while the current situation is summarised in Table 6. In recent years, Slovenia has achieved some important milestones: S&P awarded it an AA rating, Fitch, SCOPE Ratings and R&I raised their ratings to A+, and Moody's and DBRS Morningstar improved the outlook to positive.

**Figure 27:** Evolution of the long-term credit rating of the Republic of Slovenia over time



Source: S&P, Fitch, Moody's, JCR and DBRS, 17 November 2025

All rating agencies quote effective public finance and national debt management and positive prospects for debt reduction in the coming years as key grounds for improving the outlook ratings. Moreover, they

point to high state cash buffer, progress in structural reforms, stability of the banking system and reliable functioning of institutions.

Credit rating has a significant bearing on borrowing costs and debt sustainability, therefore maintaining and improving the rating is one of Slovenia's key strategic objectives. The aim is to ensure that credit ratings to reflect the actual creditworthiness of a country as accurately as possible. Slovenia's approach is based on better understanding of the methods used by credit rating agencies, regular communication and presentation of structural reforms and economic and political orientations.

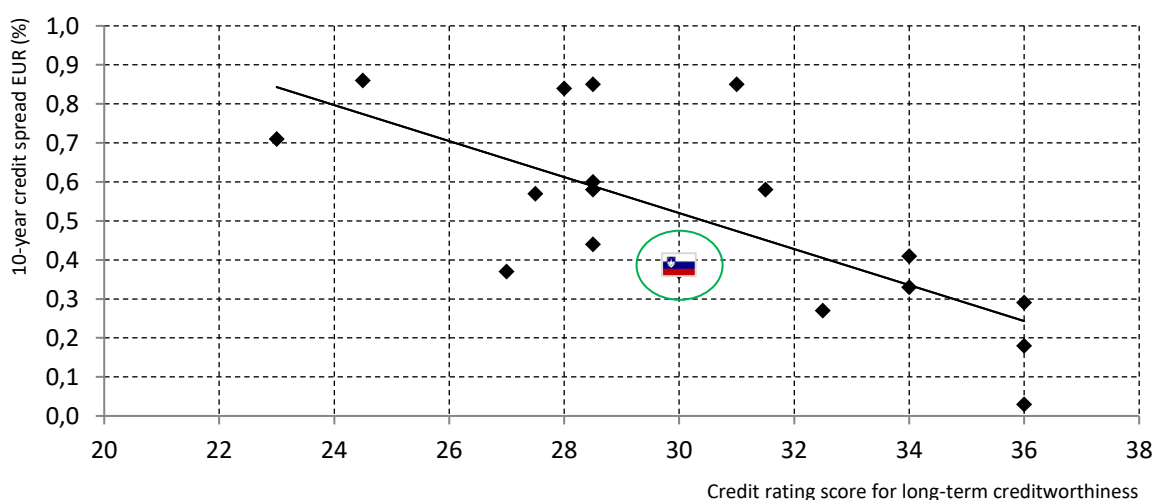
**Table 6:** Long-term credit ratings of the Republic of Slovenia

Agency	Rating	Outlook
S&P	AA	stable
JCR	AA-	stable
DBRS Morningstar	AH	positive
Fitch Ratings	A+	stable
Moody's	A3	positive

Source: S&P, Moody's, Fitch, JCR and DBRS, 17 November 2025

Regression analysis on a sample of 18 Eurozone Member States, which is shown in Figure 28 reveals that a country's credit rating significantly impacts the credit spread level. A higher credit rating reduces the credit spread and vice versa. This is all the more important when the credit spread level accounts for a significant part of interest rate structure. This scenario is possible in the light of the growing borrowing needs (defence spending, green transition) and a potential reduction in key ECB interest rates, which is then reflected in lower market euro interest rates, such as the euro mid-swap and six-month EURIBOR.

**Figure 28:** Impact of the credit rating on the 10-year credit spread in euro in Eurozone Member States



Source: Bloomberg, Ministry of Finance – own calculations, 17 November 2025

## 5. STRATEGIC OBJECTIVES IN THE PERIOD 2026-2028

### 5.1. Strategic objective 1: Timely provision of financial resources to finance the implementation of the state budget to the required extent

#### 5.1.1. Detailed statement of purpose

The Treasury Directorate timely provides an appropriate amount of liquid financial resources for a smooth state budget execution. In doing so, it pursues the goal of achieving the optimum borrowing volume taking into account the dynamics of borrowing needs, which it achieves in the following way:

- through borrowing using various loan instruments with different maturities within the framework of documents adopted by the Government of the Republic of Slovenia;
- by ensuring the most optimal borrowing structure in the implementation of the state budget;
- by borrowing following transparent and pre-defined procedures.

#### 5.1.2. Criteria used to achieve the objective

- used borrowing quota;
- timely realisation according to the plan;
- comparing the realisation/plan.

#### 5.1.3. Activities, responsibilities and deadlines for achieving the objective

- |                              |   |
|------------------------------|---|
| <b>i. Activity</b>           | participation in the preparation of or amending the state budget.   |
| <b>Entities responsible:</b> | Director-General of the Treasury Directorate  |
| <b>Deadline:</b>             | depends on the method of preparation of the state budget  |
| <b>ii. Activity:</b>         | drafting and adoption of the Financing programme of the Republic of Slovenia state budget   |
| <b>Entities responsible:</b> | Director-General of the Treasury Directorate, the Government of the Republic of Slovenia on the proposal of the Ministry of Finance |
| <b>Deadline:</b>             | no later than 1 month after the adoption or amendment of the state budget for the current or next year                              |
| <b>iii. Activity:</b>        | implementation of state budget borrowing  |
| <b>Entities responsible:</b> | Minister of Finance or the person authorised by the Ministry of Finance   |
| <b>Deadline:</b>             | depends on the current market conditions and annual borrowing calendar  |

- iv. **Activity:** monitoring the borrowing process and the state budget borrowing quota  
**Entities responsible:** Director General of the Treasury Directorate and the Head of the Front Office  
**Deadline:** 5th working day of the month
- v. **Activity:** cooperating as part of the liquidity committee of the Ministry of Finance with other divisions of the Ministry of Finance and the bodies affiliated with it  
**Entities responsible:** Director General of the Treasury Directorate and the Head of the Front Office  
**Deadline:** 2nd working day of the month
- vi. **Activity:** cooperating with a group of primary dealers of government securities  
**Entities responsible:** Director General of the Treasury Directorate and the Head of the Front Office  
**Deadline:** before drafting the regular annual financing programme for the following year and, once the programme is adopted, at least once a year (usually in the middle of the year)

#### 5.1.4. Risks associated with achieving the goal and risk management measures

Risk	Impact	Probability of occurrence of the risk event	Control	Measure
Non-approval of state budget assumptions and no budget preparation.	Significant	Medium	Partial	Urgent request for delivery of appropriate data for state budget preparation, if available; otherwise; data from the last adopted budget for the current year or available data for the temporary budget financing.
Difficult or extremely expensive implementation of borrowing due to debt capital market crisis.	Significant	High	Yes	Borrowing using alternative methods and debt instruments.

## **5.2. Strategic objective 2: Minimising the long-term financing cost while maintaining an acceptable risk refinancing level and acceptable currency, interest rate, and other market risks**

### **5.2.1. Detailed statement of purpose**

Middle Office monitors the risks while arranging and implementing the borrowing. Special attention is paid to refinancing risk, which is particularly important in the event of aggravated geopolitical conditions or demonstrated increased volatility in debt capital markets, both in the domestic, euro, and global markets. Monitoring of currency, interest rate and other market risks and minimising such risks to the maximum extent possible in the implementation of borrowing. The refinancing risk and other market risks are to be minimised by:

- drafting an appropriate borrowing plan under the refinancing programme for each fiscal year;
- managing the state budget in accordance with the refinancing programme and the Medium-Term Fiscal and Structural Plan 2025–2028. Both acts are to be adopted by the Government of the Republic of Slovenia;
- maintaining and further expanding the investment background;
- ensuring an appropriate principal maturity profile and minimising refinancing risk;
- adopting a borrowing strategy whose main principle is to strengthen the flexibility of accessing both the domestic and global debt capital markets (EUR, USD, JPY, RMB) and responsiveness in time;
- using derivative financial instruments to hedge against currency, interest rate, inflationary and credit risks.

### **5.2.2. Criteria used to achieve the objective**

- measuring the currency and interest rate risks associated with the debt;
- monitoring the principal maturities profile by year;
- calculating transaction results for early refinancing/ debt swaps;
- calculating the results of the bond buy-back auction or swap in the secondary market;
- calculating the results of currency and interest rate structure of the state budget debt;
- monitoring the portfolio of securities granted/ received for hedging against counterparty risk;
- calculating and monitoring trends in the securities yield curve.

### **5.2.3. Activities, responsibilities and deadlines for achieving the objective**

- |                              |  |
|------------------------------|--|
| <b>i. Activity:</b>          | monitoring the principal maturities profile in the upcoming years                          |
| <b>Entities responsible:</b> | Director-General of the Treasury Directorate and Head of the Middle Office                 |
| <b>Deadline:</b>             | the date of arranging the borrowing or the date of drafting the annual financing programme |

- ii. **Activity:** monitoring the currency and interest rate structure of the state budget debt  
**Entities responsible:** Director-General of the Treasury Directorate and Head of the Middle Office  
**Deadline:** the date of arranging the borrowing or the date of drafting the annual financing programme
- iii. **Activity:** carrying out early refinancing/buy-back or swap transactions for debt securities in the secondary market  
**Entities responsible:** Director General of the Treasury Directorate and the Head of the Front Office  
**Deadline:** subject to market conditions
- iv. **Activity:** using derivative financial instruments to hedge against financial risks  
**Entities responsible:** Director-General of the Treasury Directorate and Head of the Middle Office  
**Deadline:** subject to market conditions for each transaction

#### 5.2.4. Risks associated with achieving the goal and risk management measures

Risk	Impact	Probability of occurrence of the risk event	Control	Measure
Failure of the e-ZKL application due to an internal application error	Significant	Medium	Yes	Ensured preparation of analyses using other tools (MS Excel, Metlab).
Failure of the e-ZKL application due to an external application error (server failure).	Significant	Medium	No	Ensuring regular monitoring and maintenance at server capacity level by the Ministry of Finance.
Failure of the existing web connection for conducting an auction (access to the Bloomberg financial platform) and the resulting failure to conduct an auction of securities or early security refinancing/buy-backs/swaps.	Significant	Medium	No	Regular supervision and care for a stable web connection to enable a faster and more reliable data transfer. New auction rules laying down possible measures have been enforced.

Risk	Impact	Probability of occurrence of the risk event	Control	Measure
CRVP KDD system access failure and the resulting failure of settlement of treasury bill issue.	Significant	Medium	Yes	Guaranteed possibility of sending settlement instructions to KDD via email with Sigov-ca digital signature.
Shortage of appropriate educational profiles/staff for executing individual transactions.	Significant	Medium	Yes	Guaranteed duplication of staff with appropriate expertise. Maintaining the existing staff structure by ensuring good working conditions.

### 5.3. Strategic objective 3: Broadening the investor base to strengthen stable and reliable access to financing sources and ensuring effective communication through credit rating agencies and other relevant international institutions

#### 5.3.1. Detailed statement of purpose

For an efficient and timely borrowing through issuance of debt securities, it is necessary to attract a group of investors who are familiar with the political and macroeconomic situation of the Republic of Slovenia. The activities of the Treasury Directorate in pursuing the goal of expanding the investment base as well as providing ongoing and proactive information to credit rating agencies and other relevant international institutions include the following:

- attracting new potential investors and strengthening contacts with existing investors in government debt securities;
- increasing the share of domestic resident investors in the investor ownership structure;
- strengthening the issuance of debt securities, such as bonds intended for a broader circle of small investors – retail bonds, DLT bonds, SLB bonds, USD bonds and Samurai bonds, and further expanding the investor base with the issuance of Panda bonds and off-shore RMB bonds;
- promptly providing of data on borrowing and the state budget debt to investors through regular publications – updating the investor presentation on the website, preparing and sending relevant newsletters via email and through regular updating of information on the website intended for potential investors and other important entities, such as credit rating agencies, the IMF, etc.
- encouraging foreign investors to invest in shorter dated debt securities (with maturity up to one year);
- providing up-to-date information to credit rating agencies on the achieved reform goals and government policies.

### 5.3.2. Criteria used to achieve the objective

- The share of new investors in an issue of securities, both in terms of geographical distribution and type of investor.
- Diversification of issued debt securities by debt security type.

### 5.3.3. Activities, responsibilities and deadlines for achieving the objective

- i. Activity:** organising a visit by investors

**Entities responsible:** Director-General of the Treasury Directorate

**Deadline:** on an ongoing basis or, if necessary, upon issuance of a debt security
- ii. Activity:** providing investors with information about borrowing and the state budget debt level

**Entities responsible:** Director-General of the Treasury Directorate

**Deadline:** regular monthly or quarterly reporting
- iii. Activity:** checking the possibility of issuing other types of long-term debt securities

**Entities responsible:** Director General of the Treasury Directorate and the Head of the Front Office

**Deadline:** on an ongoing basis or subject to market conditions

## Risks associated with achieving the objective and risk management measures

Risk	Impact	Probability of occurrence of the risk event	Control	Measure
Failure to organise the requested visit by investor.	Significant	Minor	Yes	In addition to personal contact with the investor, communication with the investor can be done remotely via electronic means, video conferencing, but this is less efficient given the nature of the business. Regular provision of reports to investors (Newsletter) on important events in the Republic of Slovenia via email.

### 5.4. Strategic objective 4: Strengthening the liquidity of government securities and developing the secondary market for government securities

#### 5.4.1. Detailed statement of purpose

Adequate liquidity of Slovenia's benchmark government bonds on the secondary market enables the efficient formation of the real market price of government securities. The Treasury Directorate will implement the following activities to achieve greater liquidity of government securities:

- offering official liquidity providers, i.e. primary dealers banks, the opportunity to conduct Repo transactions with debt securities of the Republic of Slovenia listed on the official trading platform for maintaining liquidity in government securities, for the purposes of settling transactions;
- daily and monthly monitoring and rating of all banks participating in the capacity of primary dealers and official liquidity providers;
- the possibility of repurchasing Slovenia's bonds which will be withdrawn from MTS Slovenia when they reach a shorter maturity than the specified one is being examined;
- The possibility of increasing the nominal issue of bonds that have already been issued in previous years and have a nominal issue value of less than the current nominal amount of the reference bond, by additionally issuing these bonds in a syndicated or auction manner, is being examined.

#### 5.4.2. Criteria used to achieve the objective

- calculating primary dealers' daily performance indexes;
- calculating primary dealers' monthly performance indexes;
- calculating secondary market specific liquidity indicators;
- analysis of the secondary market in government bonds and benchmark analysis of other comparable markets;
- performance analysis of bond buy-back auction and/or bond swap in the secondary market.

#### 5.4.3. Activities, responsibilities and deadlines for achieving the objective

- i. Activity:** monitoring the liquidity of the secondary market for Slovenian government bonds

**Entities responsible:** Head of the Front Office and Head of the Middle Office

**Deadline:** daily or monthly
- ii. Activity:** carrying out bond repo transactions with a view to strengthening the liquidity of reference bonds

**Entities responsible:** Director General of the Treasury Directorate, Head of Front Office, and Head of the Back Office

**Deadline:** subject to market conditions
- iii. Activity:** carrying out buy-back or swap transactions for debt securities in the secondary market

**Entities responsible:** Head of the Front Office

**Deadline:** subject to market conditions
- iv. Activity:** auction of long-term debt securities using the Bloomberg financial platform

**Entities responsible:** Head of the Front Office

**Deadline:** subject to market conditions

#### 5.4.4. Risks associated with achieving the objective and risk management measures

Risk	Impact	Probability of occurrence of the risk event	Control	Measure
Failure of the e-ZKL application due to an internal application error.	Significant	Medium	Yes	Ensured preparation of analyses using other tools (MS Office – Excel).
Failure of the e-ZKL application due to an external application error (server failure).	Significant	Medium	No	Ensuring regular monitoring and maintenance at server capacity level by the Ministry of Finance.
Failure of the existing web connection on the computer for conducting the auction (access to the Bloomberg financial platform) and the resulting failure of the securities auction or securities buy-back analysis.	Significant	Medium	No	Ensuring a more stable web connection to enable a faster and more reliable data transfer. New auction rules laying down possible measures have been enforced.
CRVP KDD system access failure and the resulting impossibility of security loan settlement.	Significant	Medium	Yes	Guaranteed possibility of sending settlement instructions to KDD via email with Sigov-ca digital signature.

#### 5.5. Strategic objective 5: Further centralisation and consolidation of funds within the state’s EZRLKV applications system

##### 5.5.1. Detailed statement of purpose

The funds of the state’s Treasury Single Account system (hereinafter: TSA) are managed by the manager of the funds of the state TSA system at the Ministry of Finance. The development of the state TSA system aims to achieve further integration (inclusion of municipal TSAs in the state TSA) and consolidation of public sector funds (covering the liquidity needs of entities within the state TSA system by loans with known repayments). All of this would lead to even greater transparency of public finance flows and public sector funds management.

##### 5.5.2. Criteria used to achieve the objective

- inclusion of additional municipal TSAs in the state TSA;

- increase in the volume of loans given from the funds of the state TSA system.

### 5.5.3. Activities, responsibilities and deadlines for achieving the objective

- i. **Activity:** continued inclusion of municipal TSAs in the state TSA  
**Entities responsible:** Director General of the Treasury Directorate and the Head of the Front Office  
**Deadline:** throughout the period covered by the strategy
  
- i. **Activity:** increase in the volume of loans given from the funds of the state TSA system  
**Entities responsible:** Director General of the Treasury Directorate and the Head of the Front Office  
**Deadline:** throughout the period covered by the strategy

### Risks associated with achieving the objective and risk management measures

Risk	Impact	Probability of occurrence of the risk event	Control	Measure
Staff overload.	Significant	High	Partial	Ensuring adequate staffing levels in line with the increasing workload.
Low interest expressed by municipalities in joining the state TSA.	Significant	Medium /High	Partial	Informing municipalities and indirect municipal budget users about the advantages of joining the state treasury single account system.

## 5.6. Strategic objective 6: Ensuring the continued development of the EZRLKV applications system

### 5.6.1. Detailed statement of purpose

The EZRLKV information system functionally supports the management and accounting of the cash funds of the State Treasury Single Account (TSA) system. The EZRLKV web and desktop application enables concluding and confirming transactions within and outside the state's TSA system, confirming IOP forms, monitoring payment transactions on individual sub-accounts of the state's TSA system and on TSA's accounts at the central bank, and processing of payment orders through the treasury sub-account. The

application runs on the infrastructure of the Ministry of Finance and has simultaneously access to the information structure of the Public Payments Administration of the Republic of Slovenia (PPA).

The application is developed in such a way that it could also serve municipal financial services that manage municipal TSAs if they were to adopt the method of active management of the municipal TSA system's cash resources. The Ministry of Finance is responsible for developing and maintaining the system support for the application and the provision of advisory services to application users.

Given the increasing number of EZRLKV users (as at 2 September 2025, 769 of the web users and 11 users of the desktop application were registered with a valid certificate), the requirement for high responsiveness of the application in carrying out transactions (real-time transfer of funds within and outside the TSA), and its daily use, ensuring the maintenance and further development of the EZRLKV application (both desktop and web versions) is of key importance.

### 5.6.2. Criteria used to achieve the objective

- ensuring the liquidity of payments by budget users included in the state TSA system;
- ensuring the possibility of continued maintenance of the EZRLKV application;
- ensuring appropriate terminal equipment to ensure a continued successful operation of the EZRLKV application.

### 5.6.3. Activities, responsibilities and deadlines for achieving the objective

- |                              |   |
|------------------------------|---|
| <b>i. Activity:</b>          | ensuring smooth payments to entities included in the state TSA system;  |
| <b>Entities responsible:</b> | Director General of the Treasury Directorate and the Front Office   |
| <b>Deadline:</b>             | throughout the period covered by the strategy   |
| <b>ii. Activity:</b>         | ensuring the possibility of continued maintenance of the EZRLKV application                                   |
| <b>Entities responsible:</b> | Director-General of the Treasury Directorate, Head of the IT Technology and Services Department, project team |
| <b>Deadline:</b>             | throughout the period covered by the strategy   |
| <b>iii. Activity:</b>        | ensuring appropriate terminal equipment to ensure a continued successful operation of the EZRLKV application. |
| <b>Entities responsible:</b> | Director-General of the Treasury Directorate, Head of the IT Technology and Services Department, project team |
| <b>Deadline:</b>             | throughout the period covered by the strategy   |

## Risks associated with achieving the objective and risk management measures

Risk	Impact	Probability of occurrence of the risk event	Control	Measure
Lack of upgrade options for information support (EZRLKV).	Significant	Medium	Partial	Provision of funds for smooth maintenance.
Staff overload.	Significant	Medium	Partial	Ensuring adequate staffing levels in line with the increasing workload and ensuring staff education and training.
Risk in selecting external provider.	Significant	Medium	Partial	Demonstrating the importance of a uniquely developed application for the needs of the Ministry.

### 5.7. Strategic objective 7: Ensuring the development, efficiency and responsiveness of the information system on general government debt

#### 5.7.1. Detailed statement of purpose

Maintenance and upgrade of the e-ZKL application, which provides a database for administering, reporting and managing the state budget debt, as well as a tool for its smooth servicing. Upgrades to the e-ZKL application allow for adjustments to additional functionalities arising from business operations and the changing exchange requirements with other systems.

Maintaining and upgrading information support for e-Debt at the national level in order to ensure a more user-friendly and faster drafting of reports on the public sector legal entities' debt referred to in Article 87 of the Public Finance Act. The same holds for applications support and the reporting system for government guarantees issued.

Proper maintenance of the reporting system – support for obtaining up-to-date and accurate data on municipal borrowing and debt.

The project for the maintenance and necessary upgrades of the information system for managing debt, borrowing and guarantees (DZP) is key to obtaining reliable and accurate data on the indebtedness of entities included in the general government sector in real time at the request of decision-makers and users. It is an applications support defined as critical infrastructure by the Republic of Slovenia.

### 5.7.2. Criteria used to achieve the objective

- ensuring the contractual basis for applications support DZP-05 (debt, borrowing and guarantees) upgrade and maintenance after the current upgrade and maintenance contract expires in 2028;
- ensuring suitable, i.e. efficient server equipment enabling reliable and responsive operation of application on an upgraded NET technology

### 5.7.3. Activities, responsibilities and deadlines for achieving the objective

<b>i. Activity:</b>	ensuring the contractual basis for upgrading and maintaining the current applications support for debt, borrowing and guarantees
<b>Entities responsible:</b>	Director-General of the Treasury Directorate, Director-General of the Public Property Directorate, Director-General of the Budget, and Head of the IT Technology and Services Department
<b>Deadline:</b>	The current debt, borrowing and guarantees contract for the period 2023–2028. Ensuring the contractual basis for the next four-year period on the expiry of the contract in October 2028.

#### 5.7.4. Risks associated with achieving the objective and risk management measures

Risk	Impact	Probability of occurrence of the risk event	Control	Measure
The length of the procedure for implementing a public procurement contract and signing a contract with the selected contractor.	Significant	Medium	Yes	Timely notification of decision-makers, i.e. heads of directorates and SITS, about the approaching contract expiry date. The project team leader prepares an annual report on the implementation of the investment project in accordance with Article 58 of Financial Management Instructions of the Ministry of Finance. Decision-makers and DZP 04 Project Council are familiarised with the report.
Risk in selecting external provider.	Significant	Minor	Yes	Elaboration of relevant indicators for selecting a provider.
Elaboration of project documents for DZP-05 project, i.e. Investment Project Identification Document, Detailed Design Documents and Investment Programme.	Significant	Minor	Yes	Creation of an expert group to prepare the required documents by directorates DJP, DZ, DP and SITS.