



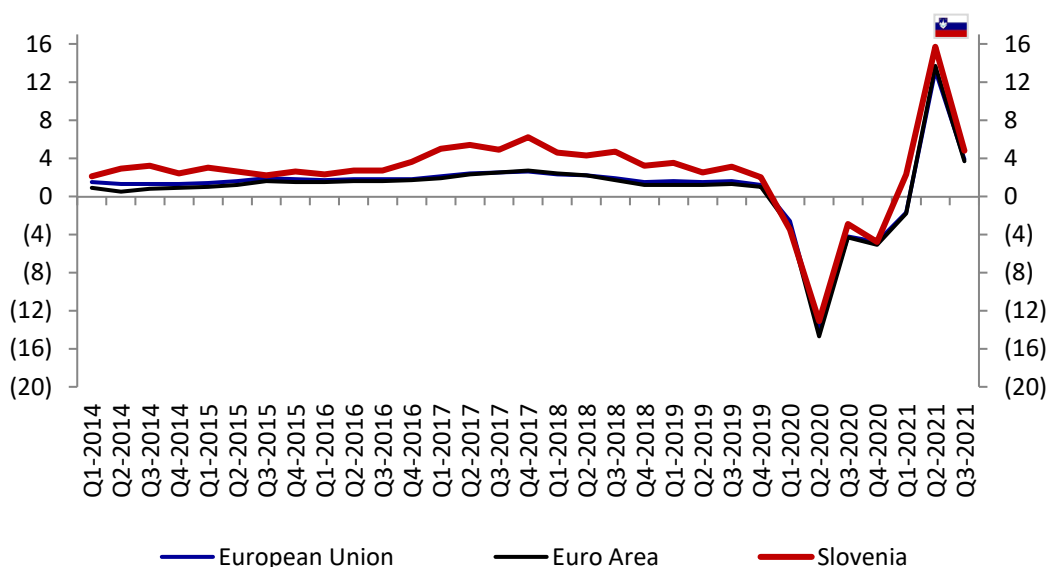
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SLOVENIA CONTINUES WITH STRONG ECONOMIC PERFORMANCE IN 2021

Based on original data the GDP in Slovenia increased by 5.0% in the third quarter of the 2021 in comparison to the same quarter of the previous year (YoY). In the first 9 months of the year 2021 GDP increased by 7.4% over the same period of 2020.

Based on seasonally and calendar adjusted GDP data Slovenia exhibited in the third quarter higher growth of +4.8% (YoY) in comparison to EA-19 average of +3.7% (YoY) and EU average of +3.9% (YoY).

Figure 1: Real Quarterly GDP Growth Rate (SA % change Q/Q-4)



Source: Statistical Office of the Republic of Slovenia (SORS), Eurostat, (SA) Seasonally Adjusted data, 22.12.2021

Total Employment

Total employment in the third quarter of 2021 stood at 1,065.700 workers and increased by 2.5% or 26,500 persons YoY, i.e. mostly in manufacturing, construction, administrative and support services. The result qualifies as the highest employment since the data have been available (1995). The unemployment rate in Slovenia end of September 2021 stood at 3.9% which is 1.3 p.p lower in comparison to september 2020 (5.2%). Unemployment rate in Slovenia is significantly lower compared to EA-19 (7.4%) and EA-27 (6.7%).

Investments Growth

Gross fixed capital formation in the third quarter of 2021 increased by 9.6%. The highest growth was observed in gross fixed capital formation in other machinery and equipment (22.8%). Changes of inventories increased aswell and had a positive impact on GDP growth (3.2 percentage points).

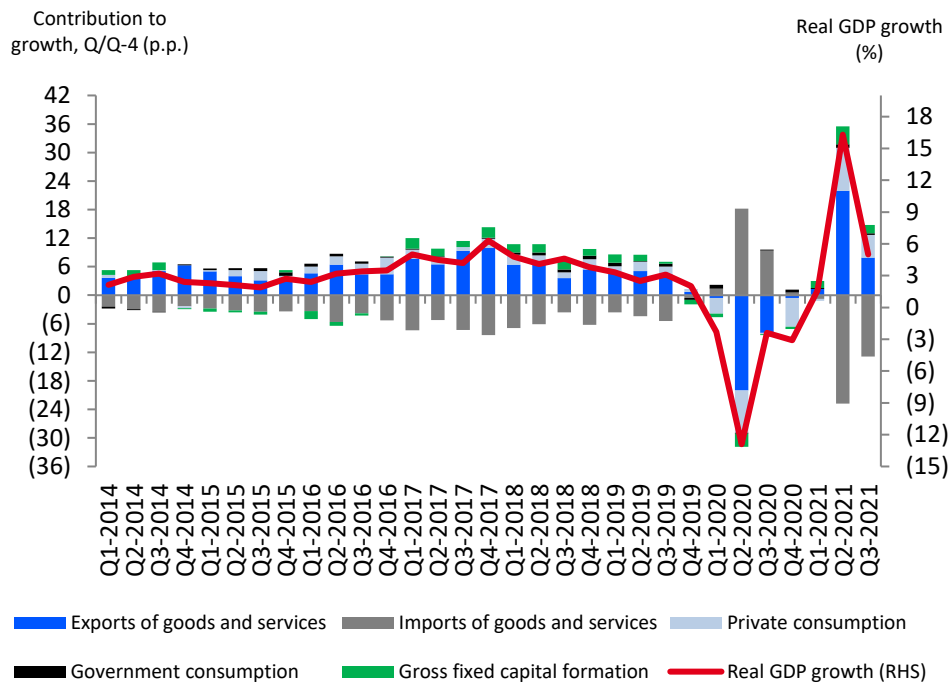
External Demand and Competitiveness

Exports of goods and services in third quarter of 2021 increased by 10.6% and imports by 19.9% compared to the same quarter of the previous year (YoY). Exports and imports of services increased more than exports and imports of goods. Due to higher growth of imports than exports and less favourable terms of trade, the contribution of external trade balance to GDP growth was negative (5.0 percentage points).

Domestic Consumption

In the third quarter of 2021 the household final consumption expenditure increased by 9.3% compared to the same period of the previous year. Strong increase in household expenditure was observed in all types of household consumption except for purchase of cars.

Figure 2: Contributions to Real GDP Growth (% chg. Q/Q-4)



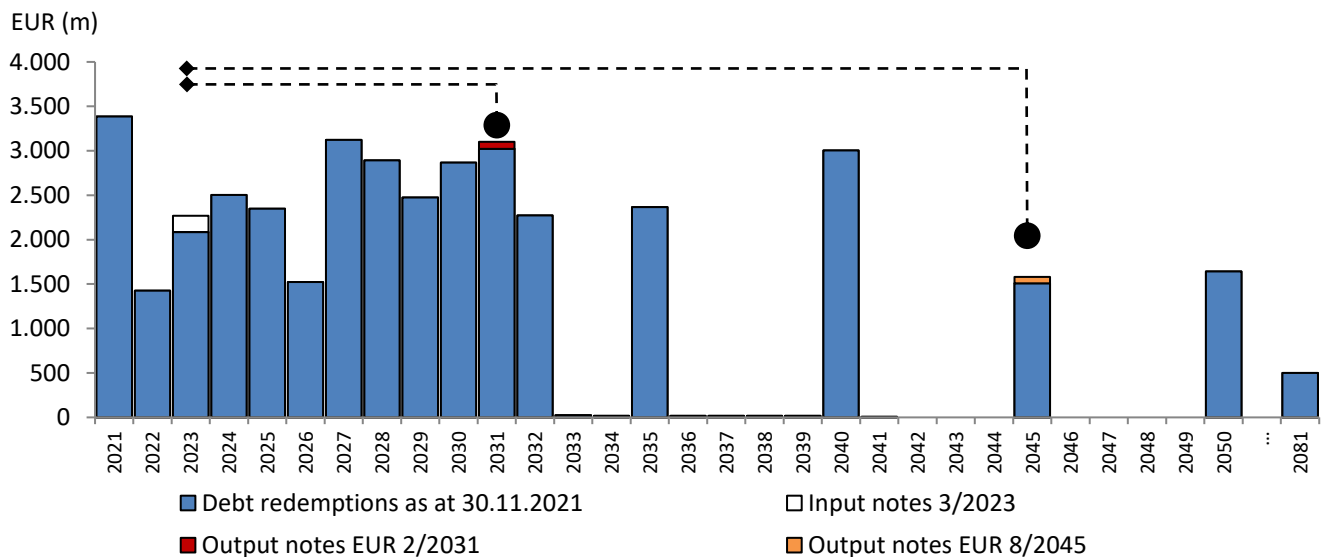
Source: Statistical Office of the Republic of Slovenia (SORS), Original data, 22.12.2021

Notes

Unless otherwise specified, all comparisons in this text refer to original data, to volume or real changes and to changes compared with the same quarter of the previous year.

On 7 December 2021 Republic of Slovenia executed bilateral liability management transaction by exchanging SLOREP EUR 183.54m 0.20% Mar-23 notes (re-offer price of 101.470) with SLOREP EUR 77.854m 0.000% Feb-31 notes (re-offer price: 97.750) and SLOREP EUR 72.268m 3.125% Aug-45 notes (re-offer price: 152.397). The LME resulted in a positive net present value for the state budget with the debt decrease impact in the amount of EUR 33.42m. As a matter of policy, the decision for the liability debt management is reached when the net present value of LME is non-negative value.

Figure 3: Executed SLOREP bonds exchange through redemption profile optics



Source: Ministry of Finance, 22.12.2021

Liability debt management strategic objectives met:

Interest Savings	○
Locke-in favourable implied forward rates	✓
Debt portfolio duration extension	✓
Yield Curve Liquidity enhancement	✓
EUR DCM signaling an active debt management policy	✓
State Budget Debt Impact	✓

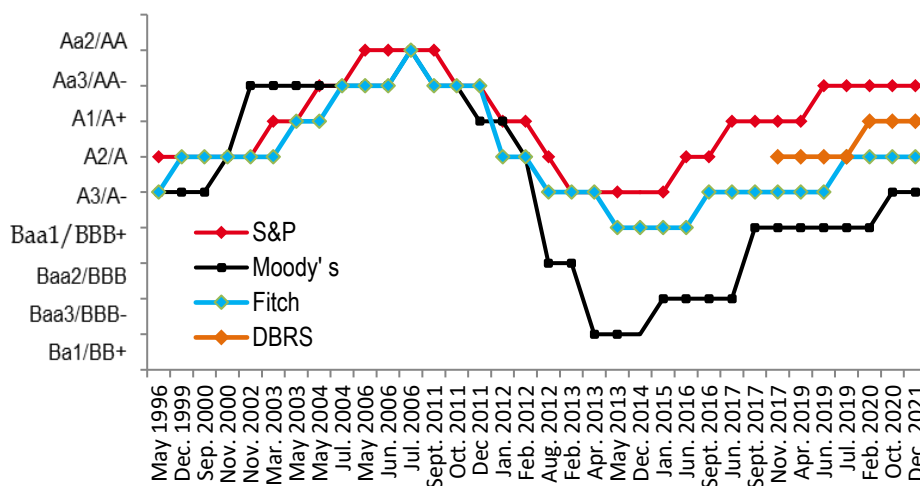
SLOVENIA CREDIT RATING AFFIRMED AT UPPER MEDIUM TO HIGH GRADE

Those constructive developments were reflected also in recent rating actions. In autumn this year all four credit rating agencies affirmed ratings of the Republic of Slovenia:

- Moody's (A3, outlook stable) on 8 October 2021,
- Fitch (A, outlook stable) on 3 December 2021,
- Standard & Poor's (AA-, outlook stable) on 10 December 2021, and
- DBRS (AH, outlook stable) on 10 December 2021.

The credit rating dynamic is presented in the below Figure.

Figure 4: Credit Rating of the Republic of Slovenia Over Time



Source: S&P, Fitch, Moody's and DBRS, 22.12.2021

The detailed credit rating reports can be found on the respective agencies' sites.

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