



PROACTIVE STATE BUDGET DEBT MANAGEMENT TO STRENGTHEN NOTES SECONDARY MARKET LIQUIDITY

28th of February 2023, the Ministry of Finance of the Republic settled liability management transactions by buying back:

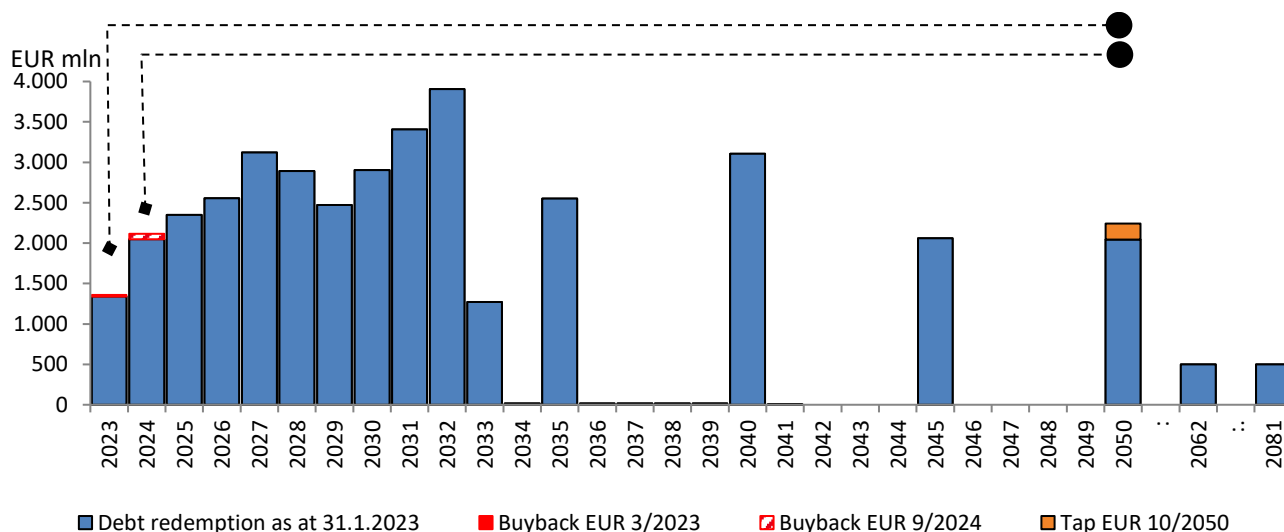
- the SLOREP EUR 0.200% Mar-23 notes in the amount of EUR 17,830,000 at a purchase price 100,017% and
- the SLOREP EUR 4.625% Sep-24 notes in the amount of EUR 69,083,000 at a purchase price 103,631%.

At the same time Republic reopened its SLOREP EUR 0.4875% Oct-50 notes by EUR 200,000,000 to finance accepted tender offers. The Tap was priced at 44,361% with reoffer yield of 3.758%, equivalent to a 115 bps spread over the interpolated Mid-Swap. The final book stood above EUR 440mln with over 20 investors participating. The new issue size totalled EUR 1.85bn after reopening. Bond issuance represents the second SLOREP notes offering by the Republic in 2023.

The liability management transaction was executed via public tender by using modified Dutch auction mechanics. Republic accepted all bids at Non-Competitive levels (at Maximum Purchase Yield/ Spread). In addition, Republic decided to accept all tendered notes at Competitive levels at a purchase spread equal to or greater than -140 bps for the Sep-24 notes, whilst there were no bids at competitive levels for the Mar-23 notes.

The liability management transaction through redemption optics is presented in below Figure 1.

Figure 1: Executed LME through redemption profile optics



Source: Ministry of Finance, 28.2.2023

As a matter of policy, the decision for liability debt management transaction is reached when the net present value (NPV) of a liability management transactions is non-negative value.

This was a third public tender offer on both the SLOREP Mar-23 and SLOREP Sep-24 EUR notes, with previous tenders on the notes taking place in Feb 2022 and September 2022.

Liability debt management strategic objectives

| | |
|--|----|
| Interest Savings (NPV) | ✓ |
| Locked-in favourable implied forward rates | -- |
| Debt portfolio duration extention | ✓ |
| Yield Curve Liquidity enhancement | ✓ |
| Active debt management policy | ✓ |
| State Budget Debt Impact | ✗ |

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