



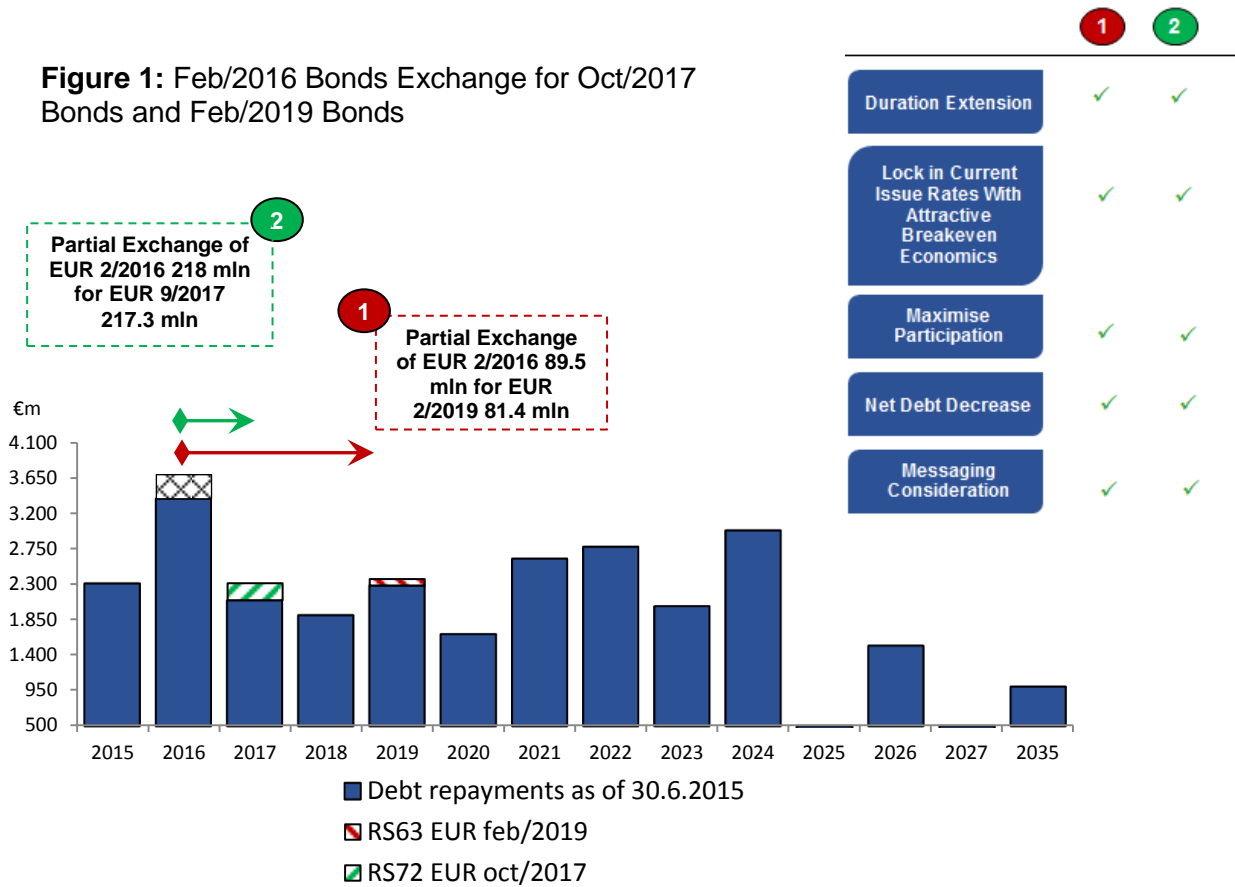
1

**REDUCED FINANCING NEEDS FOR THE FISCAL YEAR 2016 VIA SUCCESSFULL EXCHANGE LIABILITY MANAGEMENT TRANSACTION**

On 16 July 2015 the Republic of Slovenia reduced financing needs for the fiscal year 2016 by EUR 307 million via bond exchange auction transaction and this way extended its debt maturity – duration in an efficient, cost-effective and investor friendly manner.

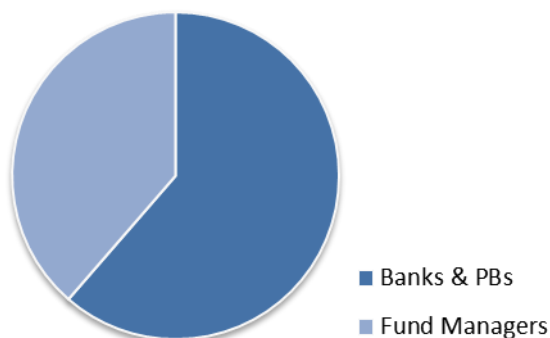
Holder of the bond RS59 (Feb/2016) were given the opportunity to switch from shorter-dated bonds into new medium-term-dated bonds RS63 (Feb/2019) and/or RS72 (Oct/2017). The transaction indicates the pro-active commitment to managing near-term redemption profile.

**Figure 1: Feb/2016 Bonds Exchange for Oct/2017 Bonds and Feb/2019 Bonds**

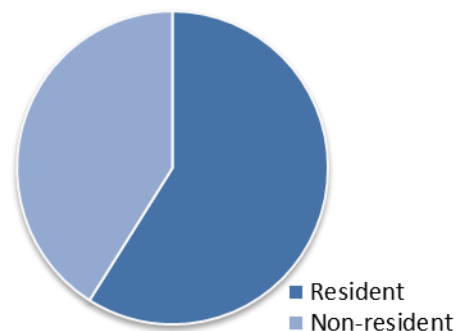


## Auction Summary (Auction date: 14.7.2015, Settlement date: 16.7.2015)

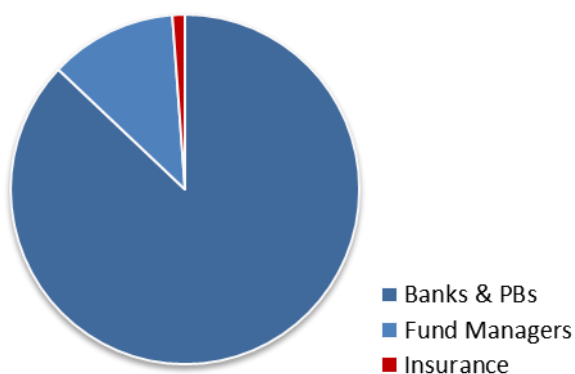
**Figure 2: Oct/2017 Investor Type Distribution**



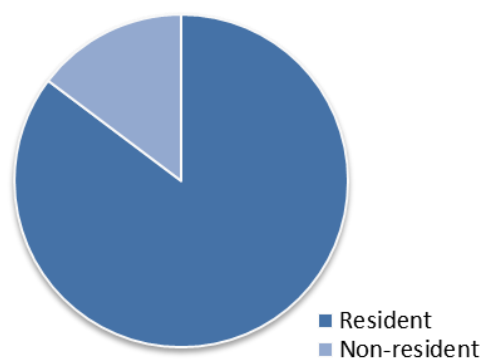
**Figure 3: Oct/2017 Investor by Residence Status**



**Figure 4: Feb/2019 Investor Type Distribution**



**Figure 5: Feb/2019 Investor by Residence Status**



## Auction Results

RS59 Exchange Auction	Exchange for RS63	Exchange for RS72	RS59 Bids Accepted	Exchange for RS63	Exchange for RS72
Bidding No. of RS59 bonds (lots)	2.265.132	5.478.663	No. of bonds accepted (lots)	2.145.132	5.230.663
Bidding Amount (EUR)	94.523.958,36	228.624.606,99	Amount Accepted (EUR)	89.516.358,36	218.275.566,99
Bidding Max. Price (Bid side)	102,77	102,79	Max. Price of accepted bids	102,62	102,66
Bidding Min. Price (Bid side)	102,44	102,45	Avg. Price of accepted bids	102,501	102,493
			RS59 outstanding after exchange (EUR)	955.725.247,62	

RS63 & RS72 Tap	RS63	RS72
Price	112,70	102,95
No. of Bonds issued in the exchange (lots)	81.409	217.298
Amount Issued in Exchange (EUR)	81.409.000	217.298.000
Amount outstanding after exchange (EUR)	1.198.558.000	1.251.044.000

## THE FISCAL RULE ACT REQUIRING A BALANCED PUBLIC FINANCES ADOPTED BY TWO THIRD MAJORITY IN THE PARLIAMENT

Following the changes to Article 148 of the Constitution in 2013 requiring balanced public finances, the Parliament adopted on July 10th the implementing law requiring balanced general government accounts over the business cycle defined in structural terms (i.e. excluding the effect of economic fluctuations).

In line with the EU Fiscal compact the adopted Fiscal Rule defines the following:

- allows for a maximum structural deficit of 0.5% of GDP, but in the case of Slovenia, only when the economy faces adverse economic conditions (negative output gap);
- demands as a minimum a structurally balanced budget position during good times (positive output gap) to compensate for eventual fiscal stimulus and;
- demands structurally balanced position over the medium term and as such it is more stringent than EU Treaty on Stability, Coordination and Governance in the Economic and Monetary union. The Fiscal Rule Act is also fully in line with relevant EU fiscal legislation. It defines exceptional circumstances and a correction mechanism for eventual slippages.

The Act also sets up a Fiscal Council in charge of monitoring the implementation of the fiscal rules. The Council will be composed by three members to be appointed by a 2/3 majority in the Parliament and a permanent secretariat. The Act also foresees a transitional period in which the Government would have to reduce the structural deficit by about 0.5 p.p. per year until reaching a balanced budget position.

## PARLIAMENT ADOPTED ASSETS MANAGEMENT STRATEGY FOR MANAGING STATE OWNED ENTERPRISES

On 14 July 2015 the Parliament adopted the assets management strategy for state owned enterprises, the first such document for the management of the state-owned enterprises. The key guiding principles for the strategy are performance indicators, efficiency, set objectives and the transparency of corporate governance in the state-owned enterprises.

**DISCLAIMER:** The information included in this Newsletter corresponds to the best value obtained for each period at the date of publication, and has been carefully compiled. The possibility of any mistake cannot, however, be excluded. The Treasury bears no responsibility for losses incurred as a result of using this document. This document may not be copied, distributed for any commercial purposes or published in any other way without the consent of the Treasury. This document contains data which are for information purposes only. They do not constitute an offer or invitation to subscribe or to purchase securities, nor are the information contained thereon meant to serve as a basis for any kind of obligation, contractual or otherwise.