

REPUBLIC OF SLOVENIA

Investor Presentation



April 2024



Ministry of Finance
Republic of Slovenia



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Agenda


- **Country Overview**
- Government Accounts
- Business Environment and Robust Banking System
- Economic Performance
- Debt Profile Characteristics
- Recovery and Resilience Plan
- Sustainability Bond Framework



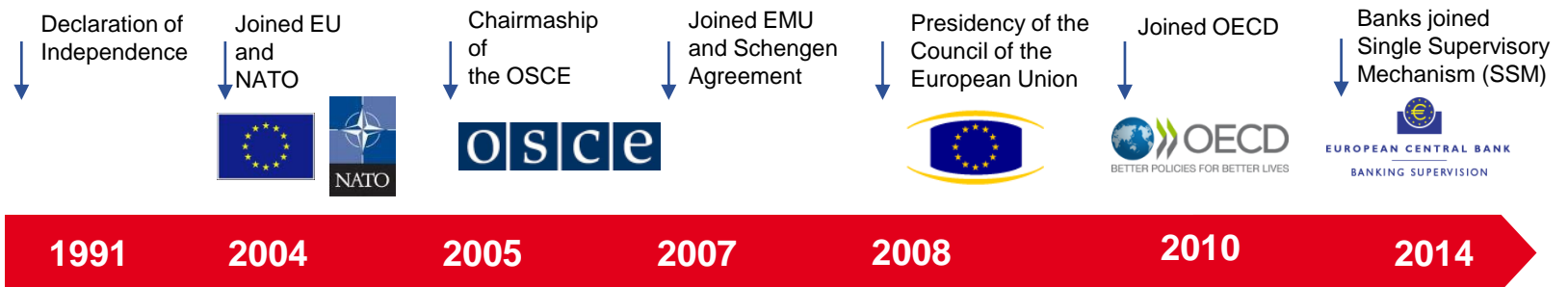


Slovenia: Member of the EU, NATO, EMU, OECD

Key Facts	
Location	▪ Borders Austria, Italy, Hungary, Croatia and the Adriatic Sea
Territory	▪ 20,271 km ² (¹)
Population	▪ 2.12 million (October 1, 2023)(¹)
GDP per capita in PPPs	▪ 91% of EU-27 average (2023); (Slovakia 73%, Portugal 83%, Poland 79%, Hungary 76%, Estonia 81%)(²)



Strong International Relationships



- Slovenia is a parliamentary republic
- Joined the EU in 2004 and adopted the Euro in 2007 as the first among new member countries. Slovenia is also part of Schengen, EEA and EFTA
- The Prime Minister of the Republic of Slovenia appointed in June 2022 was Dr. Robert Golob and the new President elected in November 2022 was Nataša Pirc Musar

1. Source: Statistical Office of the Republic of Slovenia (SORS), 19.4.2024
 2. Source: Eurostat, 19.4.2024





Slovenia: Highlights

Key Data

- **GDP growth in Q4/Q-4 (2023):** 2.6% (0.1% EA-20 and 0.2% EU-27)⁽¹⁾
- **General Government balance in 2023:** -2.5% of GDP⁽²⁾ (-3.0% in 2022)⁽¹⁾
- **General Government debt in 2023:** 69.2% of GDP⁽²⁾ (72.5% in 2022)⁽¹⁾
- **Capital adequacy ratio Q4 2023:** 20.3% (CET1 17.7%)⁽³⁾
- **NPE ratio 01/2024:** 1.0%⁽³⁾

Macro-Economic Strengths

- **Export-driven economy** with value-added export goods
- **Balance of Payments, Current Account Balance** 4.4% of GDP in 2023 (-1.0% of GDP in 2022)⁽⁵⁾
- **Unemployment rate (ILO) at 3.1% end 02/2024** (well below EA-20 average of 6.5%)⁽¹⁾
- **One of the lowest private sector debt in EA-20** (non-consolidated of 71.4% of GDP in 2022)⁽¹⁾
- **One of the lowest gross Household Debt-to-Income Ratio** of 41.3% in 2022 (EA average of 87.0%)⁽¹⁾
- **Gross national savings** of 25.5% of GDP in 2022⁽⁴⁾

Prudent Debt Management

- **Treasury Directorate was awarded the title of "Sovereign Risk Manager" of the Year 2017** by the Risk magazine, London
- **Established yield curve in Euro Debt Capital Markets and efforts to expand presence across currencies**
- **Effective prefinancing strategy and proactive duration management**
- **Diversified investor base**
- **USD liabilities fully hedged back into EUR**
- **Strong debt affordability and ample liquidity buffers**

1. Source: SORS, Eurostat, 19.4.2024
2. Source: SORS, 19.4.2024
3. Source: Bank of Slovenia, Monthly report on bank performance, 19.4.2024
4. Source: International Monetary Fund (IMF), 19.4.2024
4. Source: Bank of Slovenia, 19.4.2024





Key Policy Reforms Implemented

- 1 Pension System Reform**

Pension reform enhanced sustainability of public finances. The average age of retirement is continuously increasing. The average age of women upon retirement in 2023 was 61 years and 8 months (3 years and 2 months higher than in 2013). For men, the average age in 2023 rose to 62 years and 9 months (1 year and 10 months higher than in 2013)
- 2 Labour Market Reform**

Labour market reform streamlined employment protection, labour market flexibility, reduced labour market segmentation and equalized labour cost for people under 30
- 3 Privatisation**

State Asset Management Strategy being implemented by Slovenian Sovereign Holding
- 4 Strengthened Banking System**

Well-capitalized banking system. Stark reduction in non-performing loans ratio since 2013. Nova KBM d.d., NLB d.d. and Abanka d.d. (merged into Nova KBM d.d.) privatized. The new Banking Act adopted in 2021 relating to capital requirements and regulation of financial holding, remuneration and audit power
- 5 Bank Asset Management Company**

Bank Asset Management Company (BAMC) restructured viable enterprises and ceased operations end of 2022. The SSH is the legal successor of the BAMC as of January 1, 2023
- 6 Fiscal rule and Council**

Constitutionally mandated balanced budget in place since 2013. Fiscal Rule bylaw in place since July 2015. The Fiscal Council has been in operation since 2017. In February 2018, Parliament adopted amendments to the Public Finance Act, including final implementing rules for prudent fiscal planning in accordance with the Fiscal Rule Act





Disastrous floods in August 2023

The severe flooding that hit Slovenia on August 4 was described as the worst natural disaster since independence. The government took swift action to accelerate flood relief to help people and economy.

First Flood Relief Measures

- Two-stage approach: first emergency law, then systematic measures (Reconstruction Act**) aimed at long-term mitigation and prevention of similar disasters.
- First intervention measures adopted by amending the Natural Disaster Recovery Act
- Emergency law* brings new intervention measures for reconstruction and aid
- A revised 2023 state budget to get flood relief funding underway

EU Funding

- The EU Solidarity Fund will provide €400 million (€100 million for 2023, the rest in 2024-2025)
- Slovenia may also tap NGEU recovery fund and reprogramming of its cohesion funds
- For long- and medium-term reconstruction RRP and other sources

Slovenia Reconstruction Fund

- National fund for financing reconstruction set up according to emergency law
- A special facility will pool together various types of finance, from budget allocations to EU funds and special contributions levied on business and households and other sources

Post-flood Reconstruction

- Not only focus on the acute damage caused by recent floods but interdisciplinary in nature achieving future-proof vulnerable infrastructure
- Taking into account the realities of climate change

* Act Determining the Intervention Measures to Remedy the Consequences of the Floods and Landslides in August 2023

**Act on Reconstruction, Development, and the Provision of Financial Resources (adopted in December 2023)





One-off floods relief measures and Fiscal Effects 2023-2024

In 2023, 0.9% of GDP was spent on emergency measures. Most of the emergency measures have already been completed, but major renovation and flood protection projects, which will take years, are still in the planning phase.

Fiscal Effects of One-off Measures (% of GDP)

2023	0.9
E2024	1.7

Reconstruction focuses on improving and modernizing infrastructure to be resistant to the future climate risks and on supporting those affected by the floods





Energy Measures and Estimated Fiscal Effects 2022-2024

The measures amount to a total of around 1% of GDP in 2023. The minimum scope of the measures is planned for 2024, less than 0.2% of GDP

Most Important Measures in 2024

- Subsidies for the economy and to cover the price difference for gas and electricity traders (liabilities from previous years)
- Expansion of natural gas price regulation, specifically for households
- Set electricity prices with 10% consumption at market rates to encourage efficient energy use and implement multi-tariff billing based on different time blocks (i.e. within the day and during the year) → **green transition targets**

Fiscal Effects of Energy Measures (% of GDP)

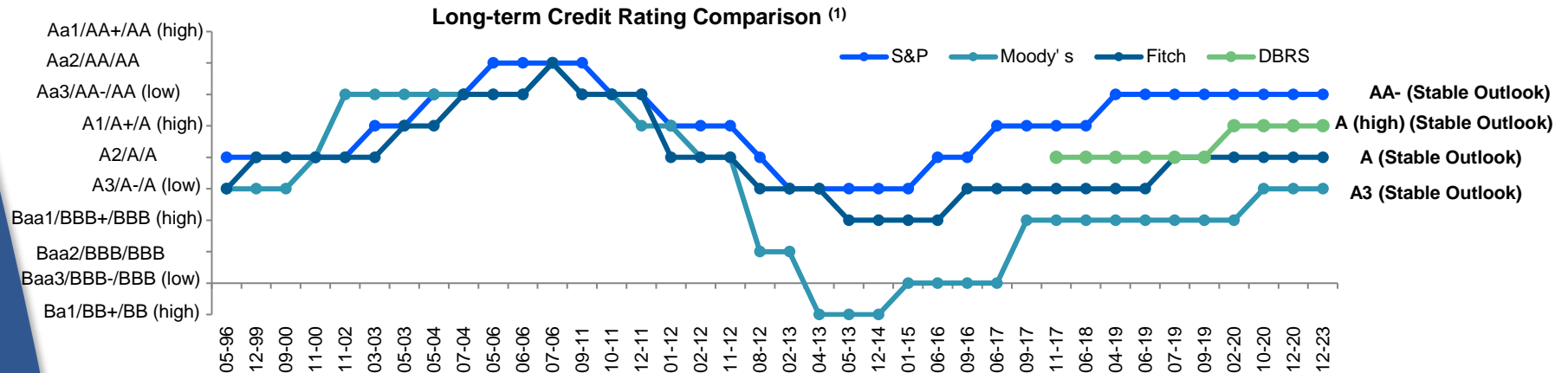
2022	1.1
2023	1.0
E2024	Less than 0.2%

After 2023, energy measures are gradually being phased out





Slovenia Sovereign Rating



Credit Strengths⁽²⁾

- Existing fiscal and external buffers, following years of robust growth, are expected to allow Slovenia to weather the external shocks
- High debt affordability, strong debt management and large liquidity buffers
- High levels of income per-capita, strong external position, EU and EMU membership

Credit Challenges⁽¹⁾

- Occasionally slow progress in implementing structural reforms related to population ageing
- Elevated government debt ratio compared to peers

Sovereign ⁽³⁾	S&P	Fitch	Moody's
Germany	AAA	AAA	Aaa
Austria	AA+	AA+	Aa1
Ireland	AA	AA-	Aa3
Czech Republic	AA-	AA-	Aa3
Estonia	AA-	A+	A1
Slovenia	AA-	A	A3
Lithuania	A+	A	A2
Slovakia	A+	A-	A2
Latvia	A+	A-	A3
Spain	A	A-	Baa1
Poland	A-	A-	A2
Portugal	A-	A-	A3
Croatia	BBB+	BBB+	Baa2
Italy	BBB	BBB	Baa3
Cyprus	BBB	BBB	Baa2
Hungary	BBB-	BBB	Baa2
Serbia	BB+	BB+	Ba2

1. Source: Moody's, S&P, Fitch and DBRS, 19.4.2024
 2. Source: Selected drivers highlighted by rating agencies: S&P, Moody's and Fitch, 19.4.2024
 3. Source: Current credit ratings, Bloomberg, 19.4.2024



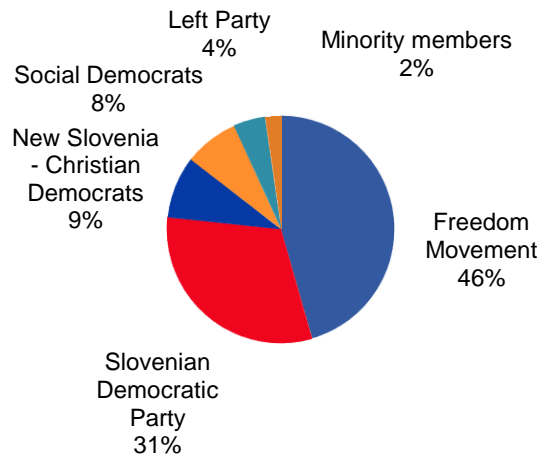


Political Leadership

Composition of the Government

- The 15th Government of the Republic of Slovenia, led by Dr. Robert Golob, was appointed by the National Assembly on June 1, 2022
- The 15th Government consists of the Freedom Movement, the Social Democrats and the Left Party
- Parliamentary elections were held in Slovenia on the April 24, 2022. The Freedom Movement won 41 seats in parliament, the Social Democrats 7, and the Left Party 5. coalition has 53 seats out of 90

Distribution of Seats at the National Assembly



Key Regular Election Dates

Parliamentary Election (April)

Local Election (November) *Mayors & Municipal Councils*

2026

Months

Jan	Feb	Mar
Apr	May	Jun
Jul	Aug	Sep
Oct	Nov	Dec

Presidential Election (October)

2027

Months

Jan	Feb	Mar
Apr	May	Jun
Jul	Aug	Sep
Oct	Nov	Dec



New Government's Policy Agenda

Key Priorities

Goals

Fiscal Reinforcement

Envisaged actions

- Tax optimization
- Gradual reduction of General Government debt and structural deficit.
- Fiscal policy to realign with Fiscal Rule
- Enhancing tax collection
- Improving effectiveness and efficiency of government expenditures
- Ensuring the sustainability of the pension system and pension adequacy

Implementation of Structural Reforms

- Smart and focused use of EU and domestic funds to achieve best return on domestic investments in line with adopted digitalisation and green transition development strategy
- Enhancing public procurement system, reducing administrative burden, implementing hybrid workplace model with minimal disruption within public sector
- Fostering social protection mechanisms and providing career guidance for reducing profile gap in labour market in an open economy
- Supporting young people to join the labour market (funded from Recovery and Resilience Facility)
- Strengthening vocational education via comprehensive reform of training system to bring down the profile gap
- Facilitating national non-profit social housing policy via promoting public house building
- Enhancing long-term care facilities by investing in public adult day care centres infrastructure
- Reform of the Health Sector





New Government's Policy Agenda

Key Priorities

Goals

Envisaged actions

Digitalisation and Climate Change Resilience

- Further investments in gigabit broadband to enhance connectivity for the digital transformation (partially funded from Recovery and Resilience Facility)
- Strengthening resilience to climate changes through investments in flood control and protection, drinking water supply care and wildfire prevention and protection
- Supporting investments in research capacities in the field of green hydrogen and batteries
- Enhancing digital literacy in society

Enhancing Business Environment

- Further improvement of business environment to support sustainable energy transformation with higher gross value added per person employed
- Policy supporting export diversification to increase market share on a global market (outside EU)
- Incentivise smart use of artificial intelligence in the working processes (incl. public sector)
- Accelerating investment in research and development is expected to achieve a strategic transition to innovation-driven growth
- Significant investments in infrastructure are expected to be made to take advantage of future growth opportunities (digital and green transformation)





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Fiscal Framework

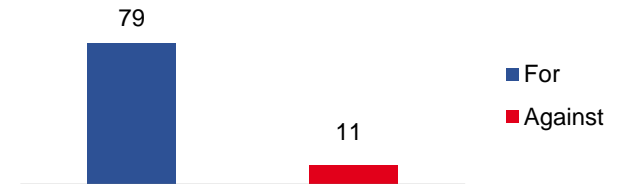
Fiscal Council has been in operation since 2017

At the end of May 2013, MPs supported constitutional change by a large majority: 79 out of 90 votes

Exceptions to the balanced budget rule only under two conditions:

- Extraordinary circumstances that are set down in the implementing law
- In special cases such as natural disasters and periods of significant economic contraction: **Covid-19**

Constitutional Change Vote in May 2013

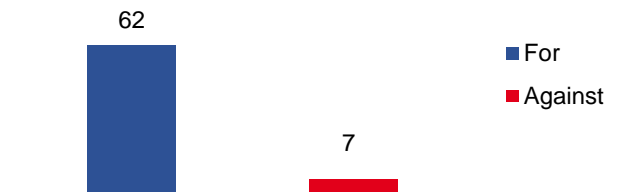


On July 2015 62 Out of 90 MPs Supported Implementation Law of Fiscal Rule

In line with the EU Fiscal Compact, the adopted Fiscal Rule establishes the following:

- Allows a maximum structural deficit of 0.5% of GDP only when the economy is facing adverse economic conditions (negative output gap)
- A structurally balanced budget position in times of a positive output gap to compensate for eventual fiscal stimulus
- Requires a structurally balanced position over the medium-term and thus more stringent than the EU Treaty on Stability, Coordination and Governance in the EMU, and
- Legal basis for the establishment of a fiscal council

Implementation Law of Fiscal Rule Vote in July 2015



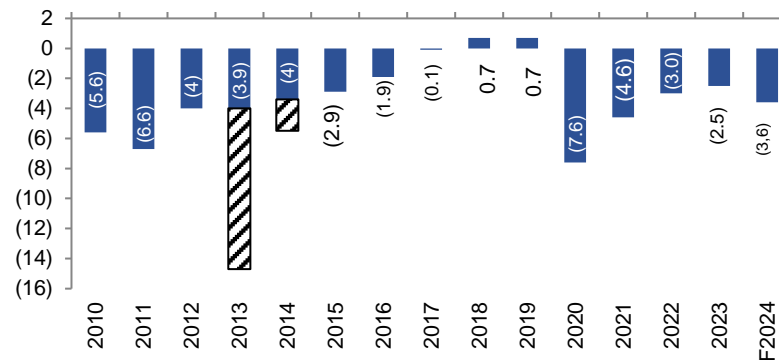


General Government Account (ESA 2010)

Fiscal Metrics

- General Government deficit of -2.5% of GDP in 2023. The GG deficit is expected to be -3.6% of GDP in 2024, which is due to the extensive rehabilitation measures for the areas affected by the 2023 flooding
- General Government debt end 2023 of 69.2% of GDP well below the EA-20 average of 88.6% GDP. GG debt is expected at 68.6 % GDP end 2024
- Active and prudent debt management operations

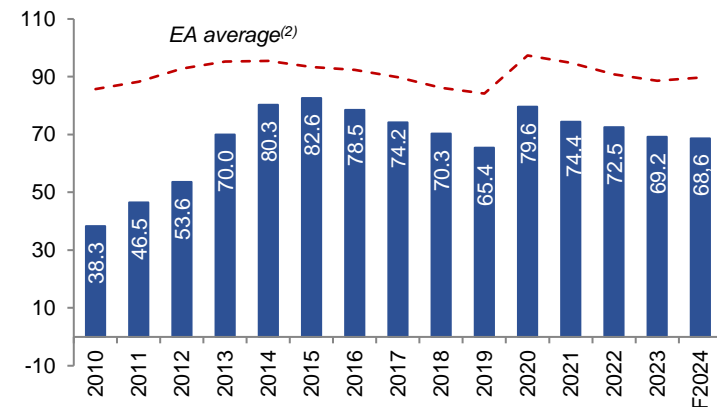
General Government Balance (% of GDP)⁽¹⁾



Headline deficit of -14.6% (one-offs of 10.7% of GDP due to banks recapitalization) in 2013

Headline deficit of -5.5% due (one-offs of 1.5% of GDP due to banks recapitalization) in 2014

General Government Gross Debt (% of GDP)⁽²⁾



2. Source: Eurostat, EC Forecast Autumn, SORS, Ministry of Finance, 22.4.2024

1. Source: Eurostat, SORS, Ministry of Finance, 22.4.2024



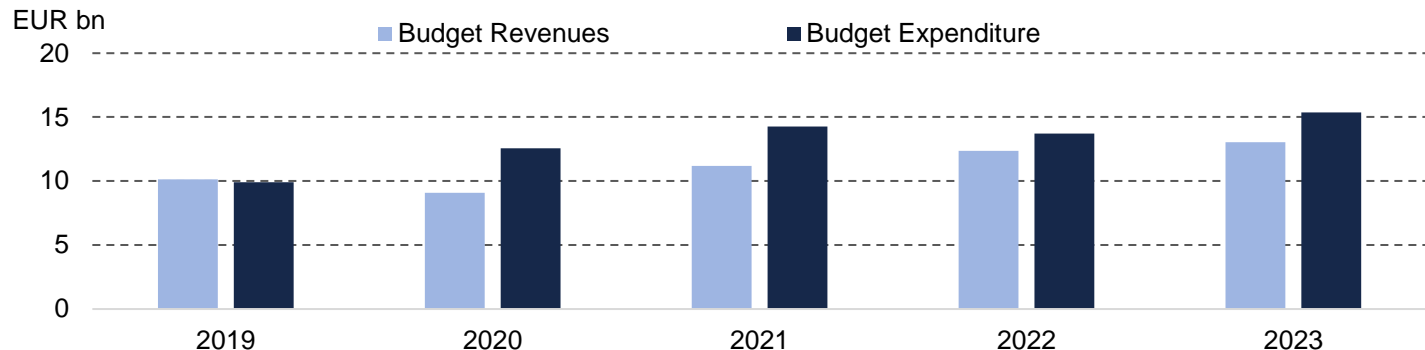


State Budget 2019 - 2023

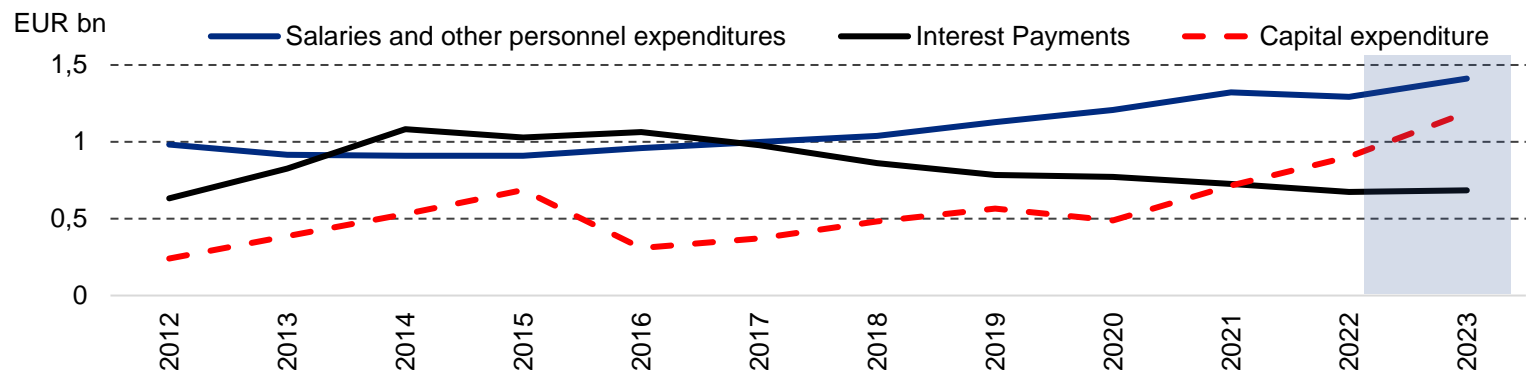
Fiscal Metrics

- State Budget Balance of -3.7% of GDP in 2023 (-2.4% of GDP in 2022). The deficit has been affected also by financing post-flood aid after devastating natural disaster in August 2023
- Budget revenues in 2021 surpassed the level from 2019 (pre-pandemic Covid-19 year). Stark capital expenditure increase since 2021 (RRP plan – EU NGEU)

State Budget Revenues & Expenditure in 2019 – 2023



State Budget Expenditure Items in Focus 2012 – 2023





State Budget Outline for 2024 and 2025

Responsive Government Spending to Adapt to Key Shocks and Trends

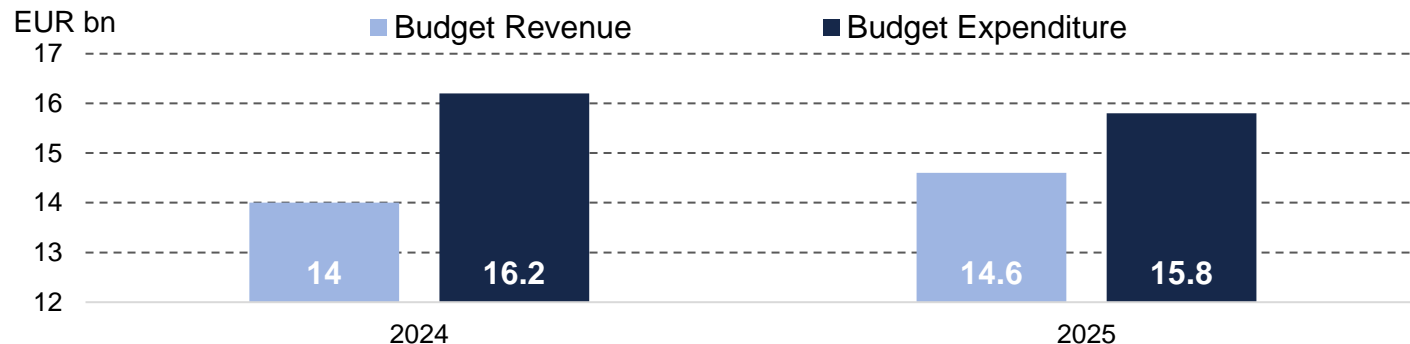
- *Devastating floods in Slovenia*
- *Latest Developments in Ukraine*
- *Energy Crisis*

- *Health Sector*
- *Green Policies*
- *Digitalisation*
- *Sustainable Development*

State Budget Revenue & Expenditure in 2024 and 2025

2024 Deficit: EUR 2.2bn (3.3% GDP)

2025 Deficit: EUR 1.3bn (1.8% GDP)



Source: Ministry of Finance, 19.4.2024

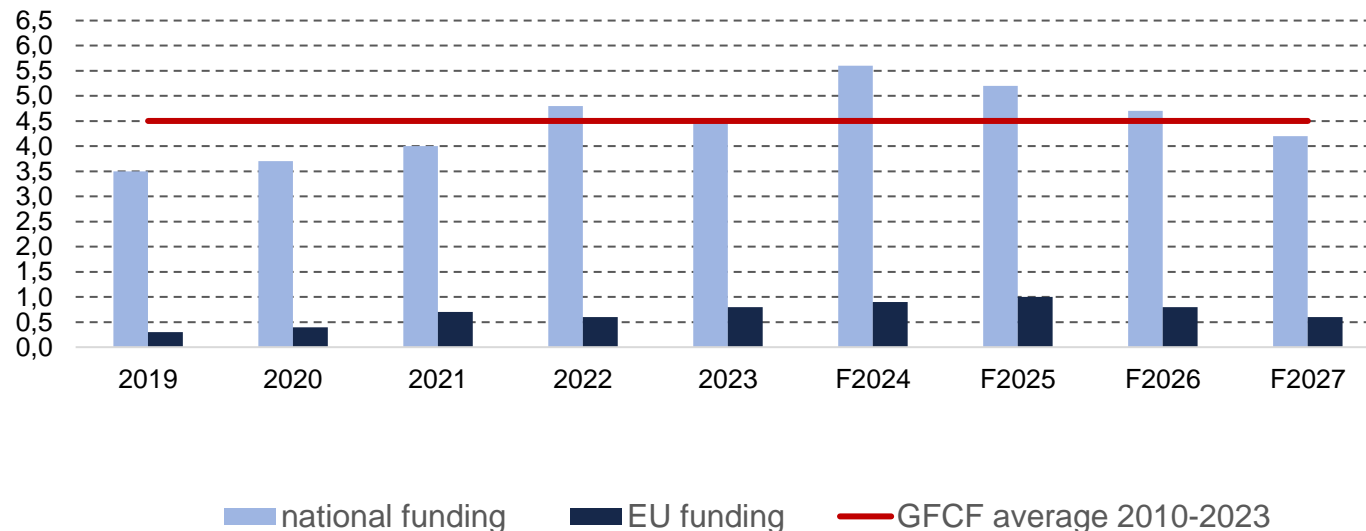




Government investments trends

- *Government investment plays a pivotal role in bolstering productivity and fostering potential economic expansion*
- *Slovenia recognizes the importance of sustained public investment. The share of GFCF remains consistently above the long-term average during the period 2024–2027, aligning with EU recommendations*
- *This commitment positions Slovenia to tackle upcoming challenges, particularly in the realms of digitalization and green transition*

% GDP





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Enhancing the Business Environment

The Labour Relations Act Aims to Reduce Segmentation and Enhance Flexibility

- **Limiting possibilities** for the use of **temporary employment** contracts
- **Simplifying procedures** for concluding and terminating employment contracts and disciplinary proceedings
- **Decreasing** the difference in rights arising from different forms of employment contracts

Improved Insolvency Framework

- Facilitates prompt resolution of non-viable companies and reallocation of resources

Tax Collection Simplification

- **Tax collection simplification** (pre-filled forms, extended deadlines, extending the instalment payments period, modernizing the collection of excise duties, electronic refunds, exemptions to small producers, informatisation of all processes of tax filling and collection)

Modernizing Public Procurement to Enhance Accessibility of SMEs

- **New legal framework and simplified requirements** (electronic execution, mandatory e-auctions and e-reversed auctions). Cost effectiveness, i. e. savings estimated to 5-10%





Privatisation and Performance of SOE's

- The privatisation was completed for the following companies on the list: Helios d.d., Fotona d.d., Letrika d.d., Aerodrom Ljubljana d.d., Žito d.d., Nova KBM d.d., Elan d.d., Adria Airways Tehnika d.d., Adria Airways d.d., Paloma d.d., Cimos d.d., NLB d.d. and Abanka d.d. (merged into Nova KBM d.d.)
- State Asset Management Strategy providing basis for further privatisation, led by the Slovenian Sovereign Holding (SSH)

Key Performance Indicators for Aggregate Portfolio of Companies Owned by RS and SSH

RS + SSH	2018	2019	2020	2021	2022	E2023*
Assets Book Value (EUR (bn))	10.1	10.3	9.9	10.3	11.2	11.9
Dividends received (EUR (m))	487.3	252.9	85.9	151.3	190.7	175.5
Dividend-to-Equity Ratio	4.50%	2.50%	0.80%	1.50%	1.9%	1.6%
Portfolio ROE	6.20%	6.90%	4.30%	6.10%	2.80%	8.60%

* Note: Estimation for 2023.

Source: Slovenian Sovereign Holding (SSH), 19.4.2024





Slovenian Banking System

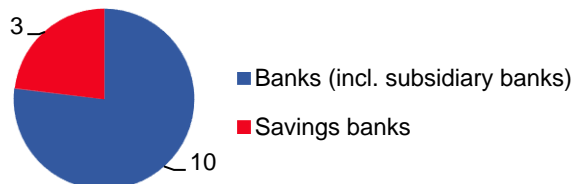
Banking System Highlights

- EUR 52.6bn Banking System Total Assets of 78.6% of GDP end 01/2024⁽¹⁾
- Loan-to-deposit ratio reduced from 161.5% in 2008 to 68.3% in June 2023⁽²⁾
- After-tax profit of EUR 58m in 1-1/2024 (EUR 35m in 1-1/2023)⁽¹⁾
- Net impairments and provisions of EUR -21.0m in 1-6/2023 (EUR -23.0m in 1-6/2022)⁽²⁾
- The Capital Adequacy Ratio at 20.3% and CET1 at 17.7% Q4/2023 ⁽¹⁾
- Non-performing exposures (NPEs) at 1.0% 01/2024 ⁽¹⁾

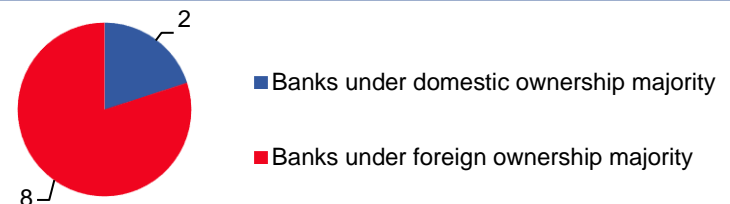
Overhaul of the Banking System since 2013

- EUR 3.2bn capital increase at four banks: NLB, Nova KBM, Abanka and Banka Celje (2013-2014)
- Factor banka and Probanka winding down process concluded in 2015 (market share at that time of about 2%)
- Merger of Abanka and Banka Celje concluded in 2015
- Bank Resolution Authority and Fund established (banks provided EUR 195m funds)
- Resolution and Compulsory Dissolution of Credit Institutions Act adopted
- Nova KBM fully privatized in 2016, NLB (75% - 1 share) privatisation finalised in 2019, Abanka fully privatized in 2019
- Merger of Nova KBM and Abanka concluded in 2020
- The process of legal merger of N Banka d.d. (Sberbank d.d.) with NLB d.d. successfully closed to preserve financial stability

Composition of the Slovenian banking system



Ownership structure of the banking system



1. Source: Bank of Slovenia, Monthly report on bank performance, 19.4.2024

2. Source: Bank of Slovenia, Financial Stability Review, 19.4.2024





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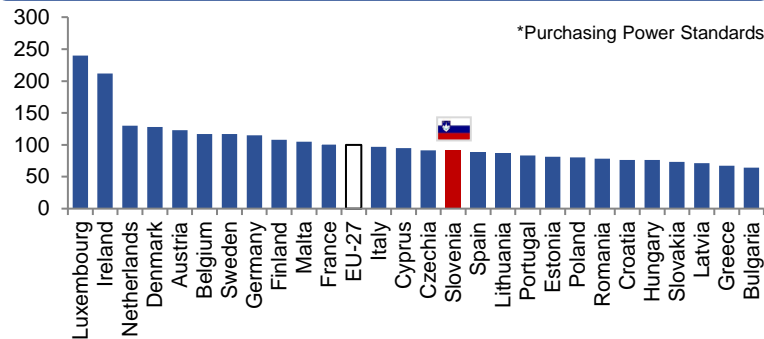




High Income Country Converging Towards the EU Average

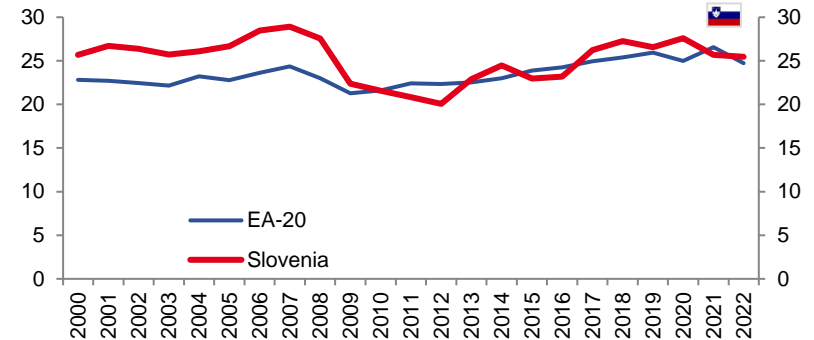
Among highest GDP per capita PPP among CEE Countries (91% of the Average of EU-27 as of 2023)

GDP per Capita PPS* in 2023 (EU27 = 100)



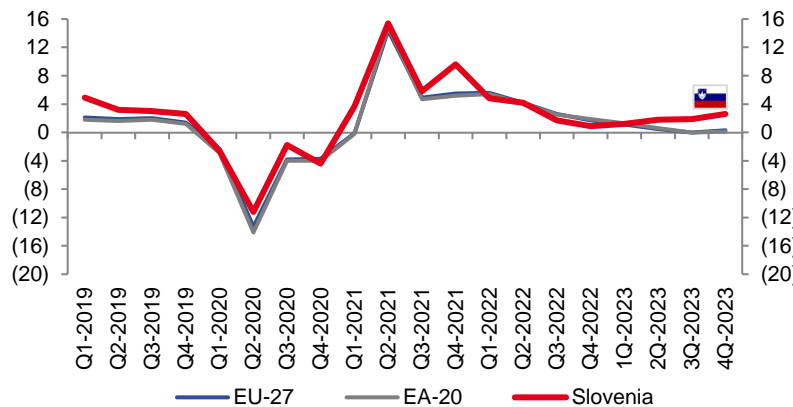
Source: Eurostat, 19.4.2024

Gross National Savings (% of GDP)



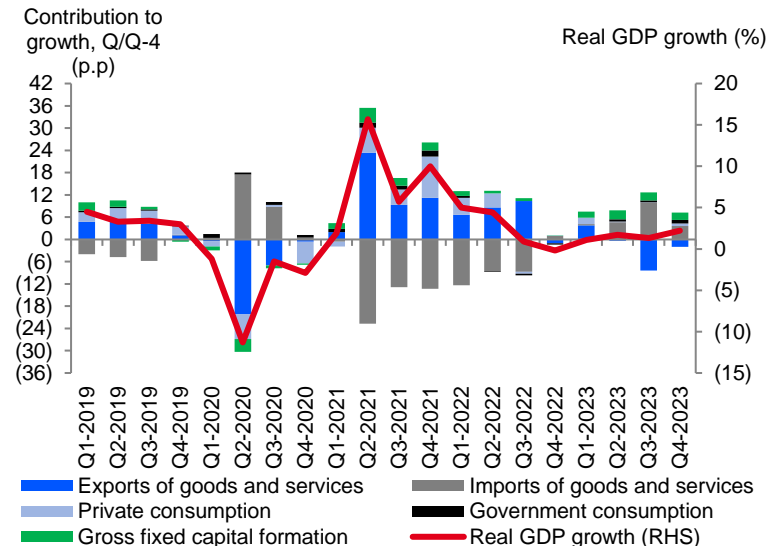
Source: IMF, 19.4.2024

GDP Growth Rate (% chg Q/Q-4)



Source: SORS, Eurostat, SA data, 19.4.2024

Contributions to Real GDP Growth (% chg Q/Q-4)



Source: SORS, Original Data, 19.4.2024

- **Slovenia GDP growth in 2023** of 1.6% (2.5% in 2022)

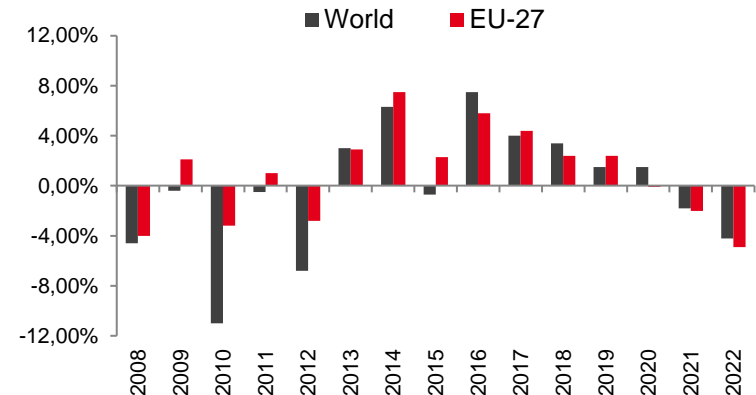




Current Account Position

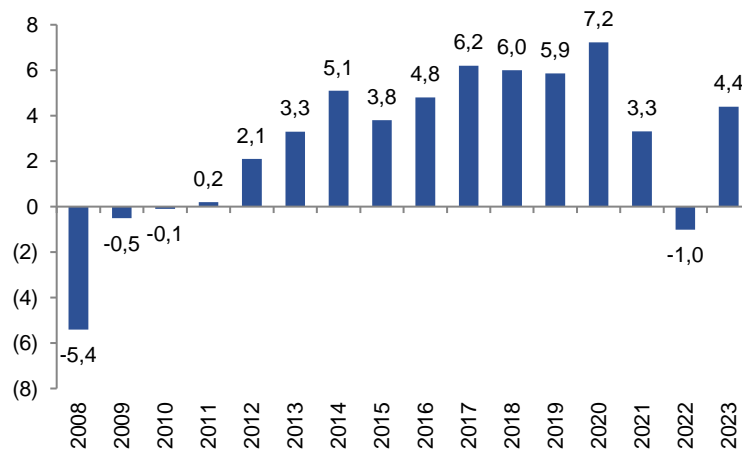
- Current Account surplus 4.4% of GDP 2023 (-1.0% of GDP in 2022)

Change in Slovenia's Market Shares on the Global Market and in the EU (% chg Y-o-Y)⁽²⁾



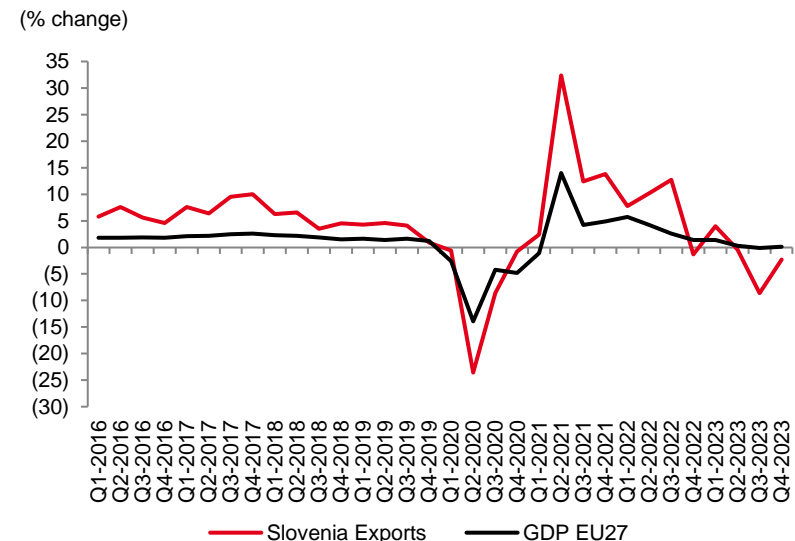
2. Source: UN Comtrade, SORS, IMAD calculations, 19.4.2024

Current Account Balance (% of GDP)⁽¹⁾



1. Source: Bank of Slovenia, IMAD, Eurostat, 19.4.2024

Exports of Goods & Services (% chg Q/Q4)⁽³⁾



3. Source: SORS, Eurostat, Original data, 19.4.2024



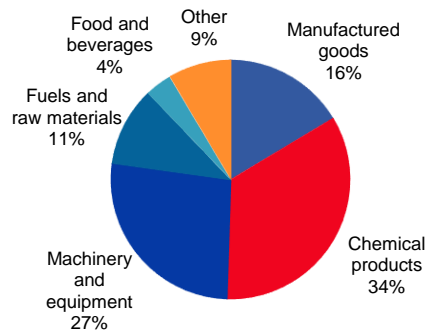


Diversified and Open Economy

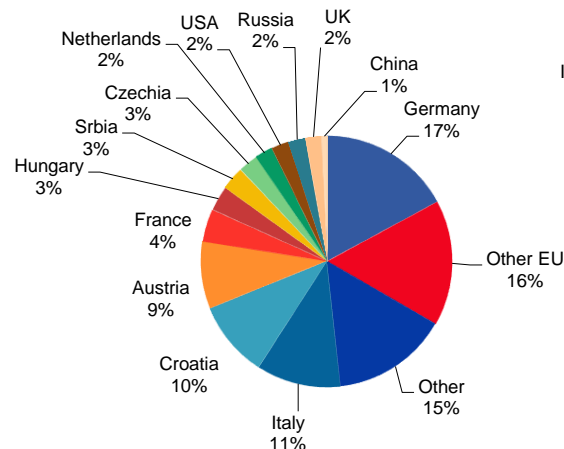
Manufacturing and Services Driven Growth

- EUR 53bn of exports of goods and services and EUR 49bn of imports of goods and services in 2023⁽¹⁾
- Exports of goods and services is driven by manufacturing, services, and the growing tourism industry
- ¾ of exports of goods is exported to EU
- More than 50% of goods are exported to Germany, Italy, Croatia, Austria and France
- Main trading partners are Germany, Italy, Croatia and Austria
- In the period 2018-2022 annual inward foreign direct investment stock average growth was 7.7 % per year. The stock of inward FDI in Slovenia is estimated to EUR 20.2bn (35.4% GDP) at the end of 2022.

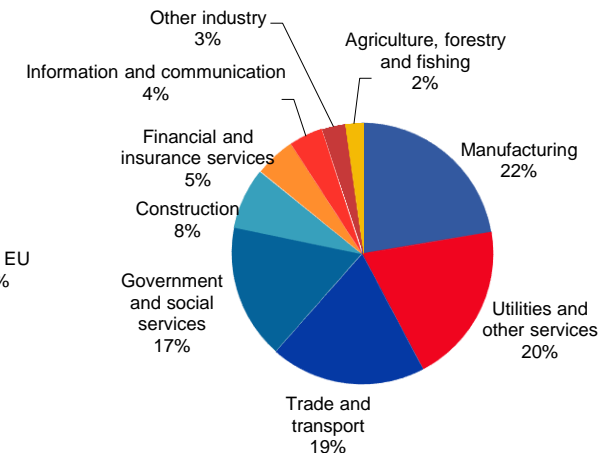
Exports of Goods*



Geographic Distribution of Exports*



Breakdown by Sector of Total GVA*



*Note: Due to rounding, might not add up to 100%

Source: Eurostat, SORS, Bank of Slovenia, 19.4.2024

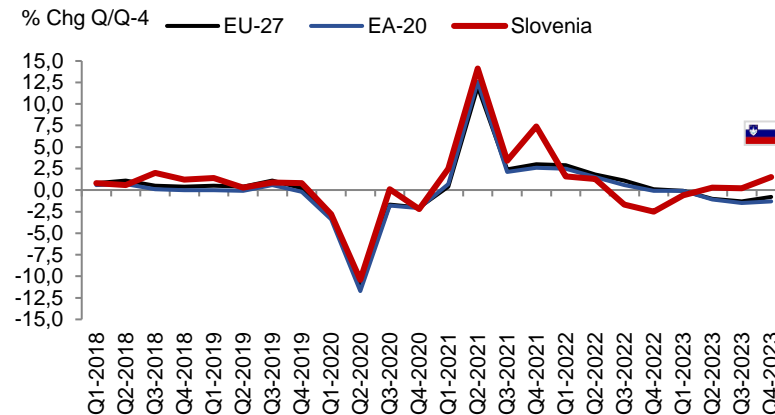




Educated Labour Force and Strong Labour Market Performance

- Productive and well-educated labour force
- One of the lowest unemployment rates in the EU and EA

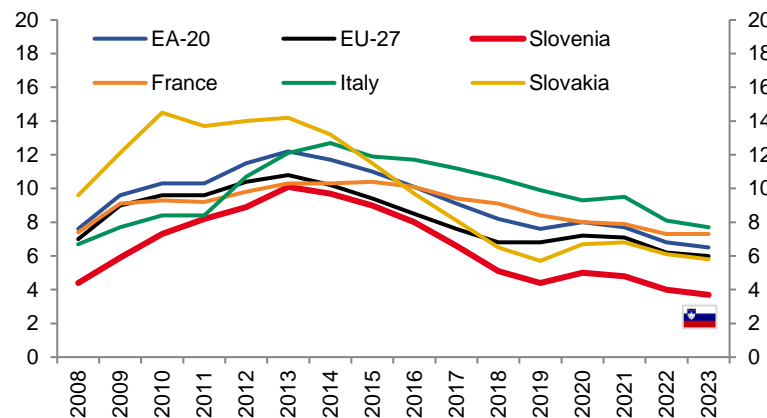
Real Labour Productivity per Person Employed (%chg Q/Q-4)



Source: Eurostat, 19.4.2024

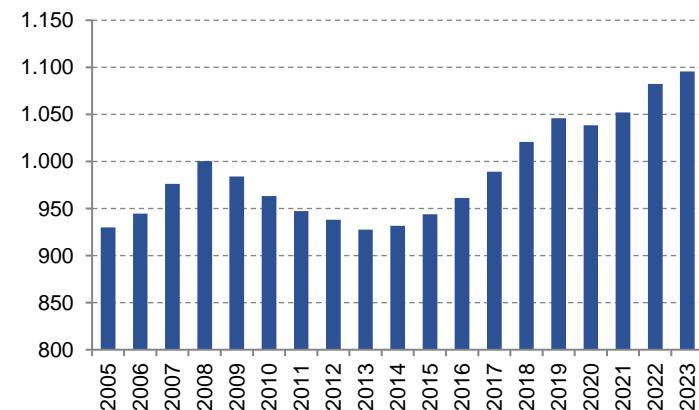
- **Real Labour productivity** in Slovenia, measured as GDP per person employed, increased by 1.5% in Q4/2023 compared to the same quarter of the previous year (in EA-20 decreased by -1.3% and in EU-27 by -0.8%)
- **One of the lowest unemployment rates in the EU.** Unemployment rate (ILO methodology) in 2023 stood at 3.7% (EA-20 average 6.5%, EU-27 average 6.0%)
- **Unemployment rate (ILO methodology) end 02/2024** stood at 3.1% in Slovenia (EA-20 average 6.4%, EU-27 average 6.0%)

Unemployment Rate (%)



Source: Eurostat, Total unemployment rate, 19.4.2024

Employment (Based on National Accounts, 000)



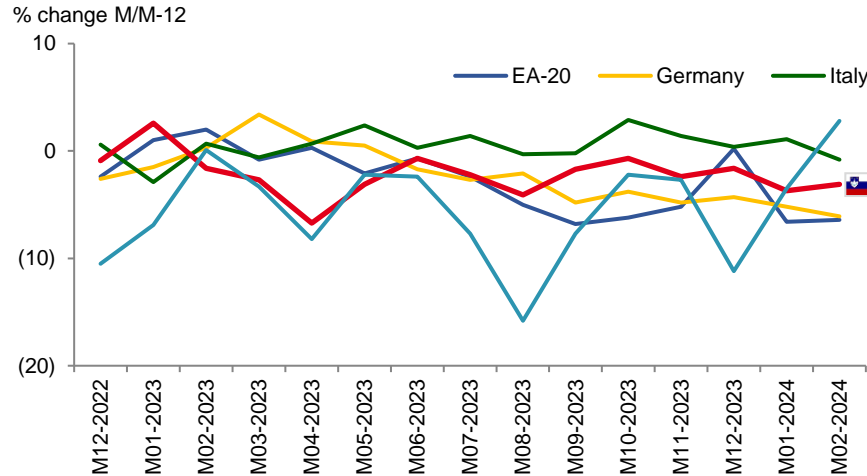
Source: SORS, 19.4.2024





Industry Production Performance and Prices Level

Industry Production Index*

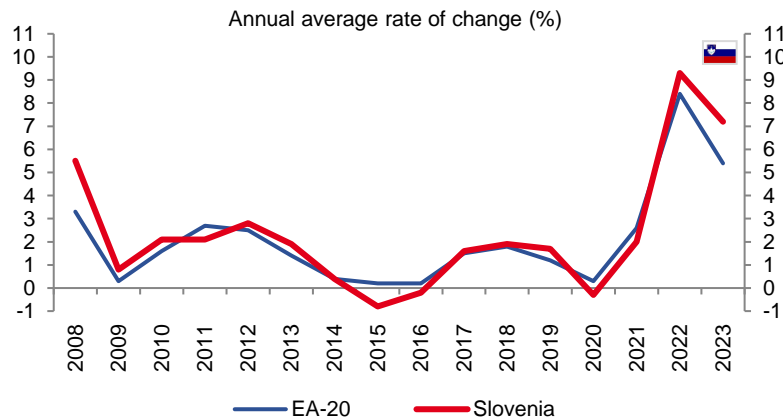


Source: Eurostat, 19.4.2024

*Industrial production encompasses Mining and quarrying, Manufacturing, Electricity, Gas, Steam and Air conditioning supply

- **Industrial growth** driven by high and medium technology-intensive industries
- **Foreign direct investments** are the most important in medium-high and high-tech segments of the manufacturing
- **Manufacturing sector** accounts for almost a quarter of gross value added

HICP – Inflation Rate



Source: Eurostat, 19.4.2024

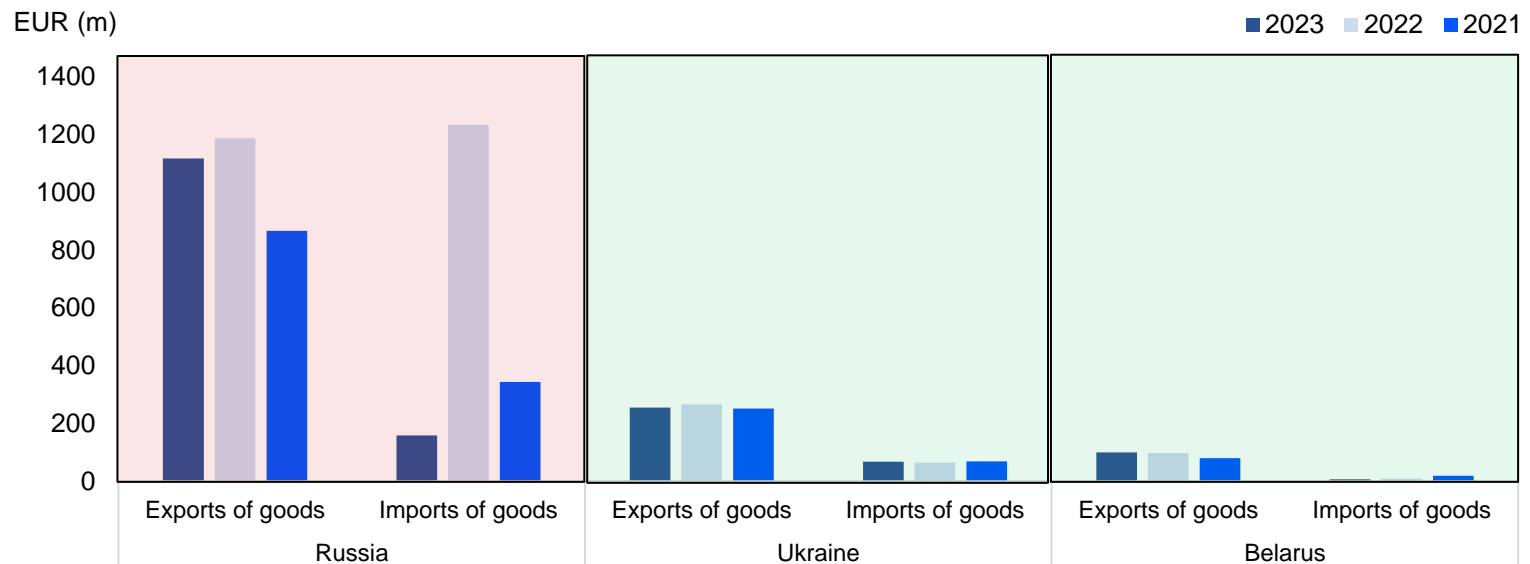
- **HICP inflation rate of 7.2% in 2023** (EA-20 5.4%, EU-27 6.4%)
- **HICP inflation in March 2024 3.4%** (in the same period last year was 10.4%) **EA-20** inflation was 2.4% (6.9% in March 2023)





Slovenia External Trade with Russia, Ukraine and Belarus in 2023

- In 2023, Slovenia recorded in total current account surplus of EUR 1278m (2.0% GDP) with Russia (EUR 972m), Ukraine (EUR 214m) and Belarus (EUR 92m).
- The direct exposure of the Slovenian economy to Russia and Ukraine was low before the war; the high dependence on fossil fuel imports and the exposure of Slovenian pharmaceutical and chemical activities.
- In 2022, imports from Russia, especially of petroleum products, increased significantly in value, but were almost brought to a standstill in May 2023 due to the imposed EU sanctions.





Agenda

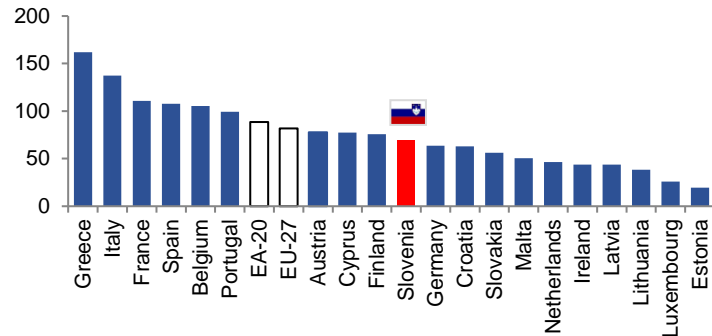
- Country Overview
- Government Accounts
- Business Environment and Robust Banking System
- Economic Performance
- **Debt Profile Characteristics**
- Recovery and Resilience Plan
- Sustainability Bond Framework





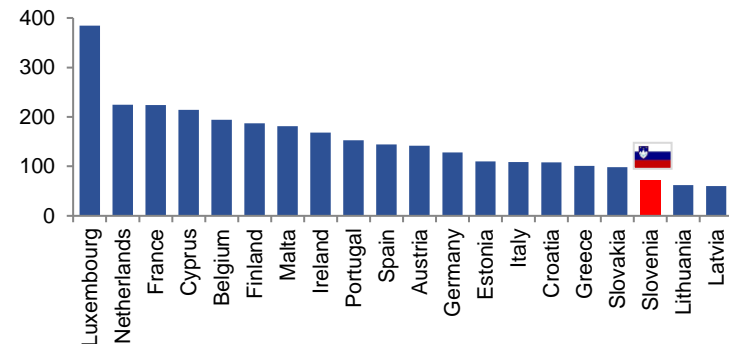
Private Sector is One of the Least Indebted in the Euro Area

General Government Gross Debt (% of GDP 2023)



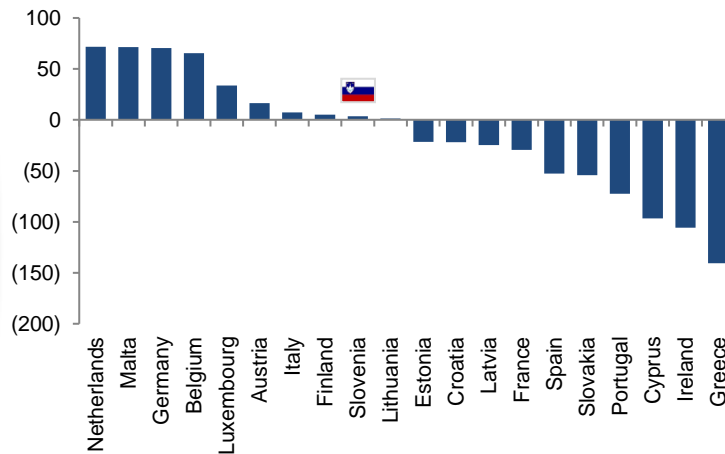
Source: Eurostat, 22.4.2024

Private Sector Debt (% of GDP 2022)



Source: Eurostat, 19.4.2024

Net International Investment Position (% of GDP 2023)



Source: Eurostat, Bank of Slovenia, 19.4.2024

Indebtedness Compared to EMU Countries

- Third lowest non-consolidated **private sector debt to GDP ratio** among EA countries (71.4% of GDP in 2022)
- **Net international investment position** of 3.7% of GDP in 2023 (-1.5% of GDP in 2022)
- **Net External Debt-to-GDP ratio of -9.4% in 2023** (Italy 46.5%, Spain 53.2%, Austria 17.6% and Germany -9.6%)
- **One of the lowest Gross Household Debt-to-Income Ratio** of 41.3% in 2022 (EA-20 87.0%, Germany 86.2%, Austria 80.7%, Italy 61.9% and Spain 84.8%)



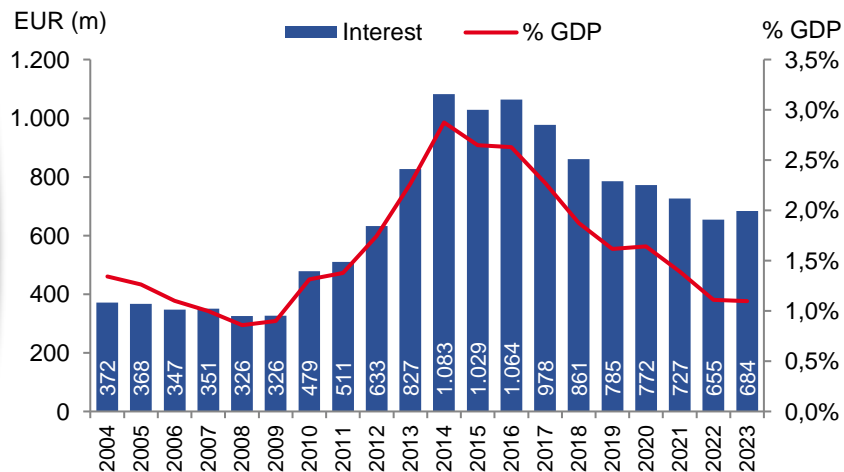


State Budget Debt Profile Key Servicing Figures

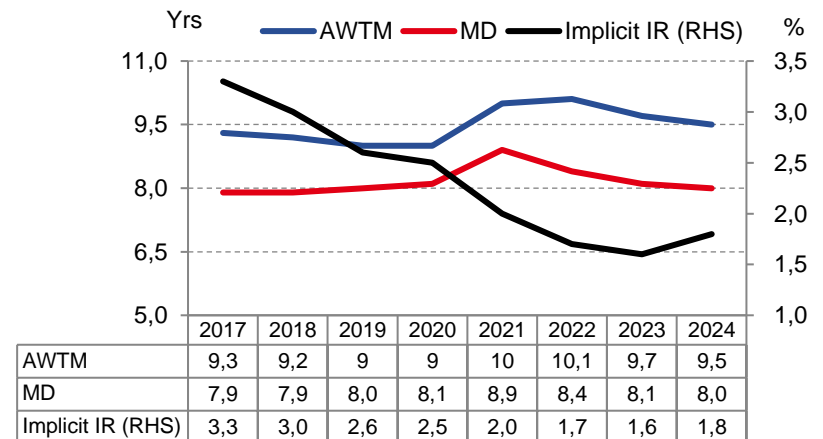
Key Treasury Objectives Met

- **Key focus of the state treasury was to extend the duration of the debt portfolio, hence reducing roll-over risk, while reducing implicit interest rate at the same time**
- Extended modified duration of the debt portfolio (from 4.7 yrs in 2014 to 8.0 yrs in 2024) while at the same time implicit interest rate was reduced (from 4.4% in 2014 to 1.8% in 2024)
- Since 2014 the long-term financing cost of the state budget has been reduced significantly. Interest bill of 2.9% GDP in 2014 reduced to 1.1% GDP in 2023

State budget Interest Servicing Cost



AWTM, MD and Implicit Interest Rate



Source: Ministry of Finance, Data as at 31.3.2024

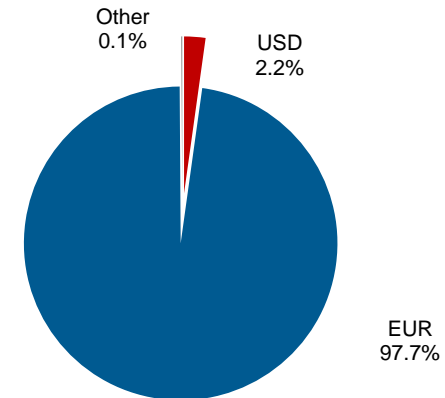




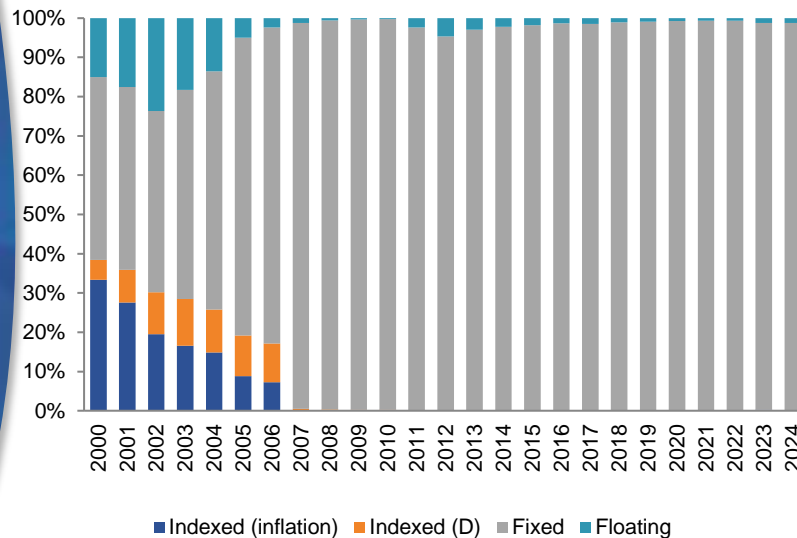
State Budget Debt Composition Profile

- High majority of outstanding the Central Government debt is denominated in domestic currency (euro)
- No exposure to FX volatility, as USD bonds are fully hedged into EUR
- 27.6% of existing budget debt has residual maturity of more than 10 years

Composition by Type of Currency

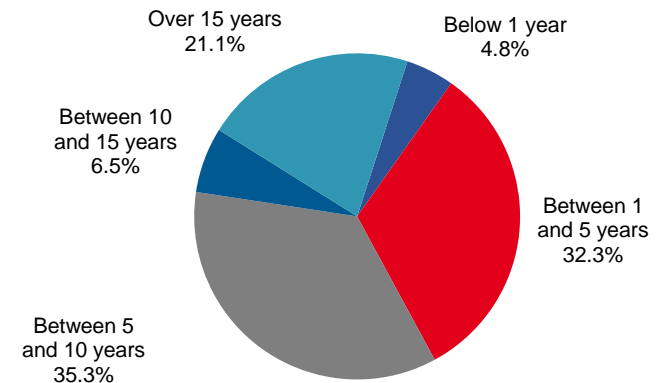


Composition by Interest Rate



Composition by Maturity

	Share	€ m
Bonds	93.4%	38,850.62
T-bills	1.4%	571.60
Loans	5.2%	2,159.39

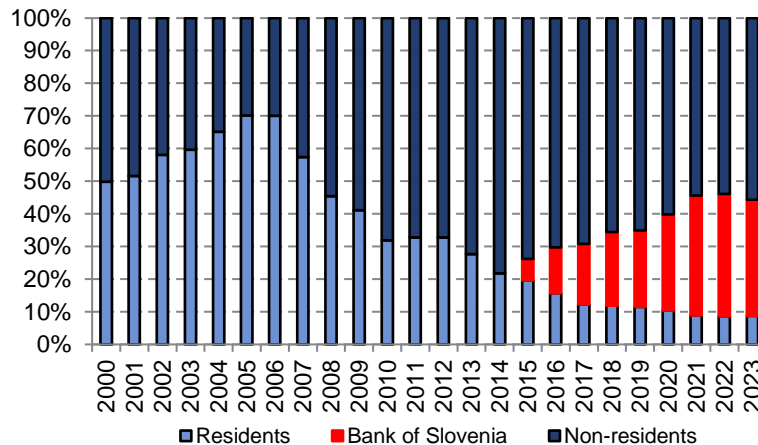




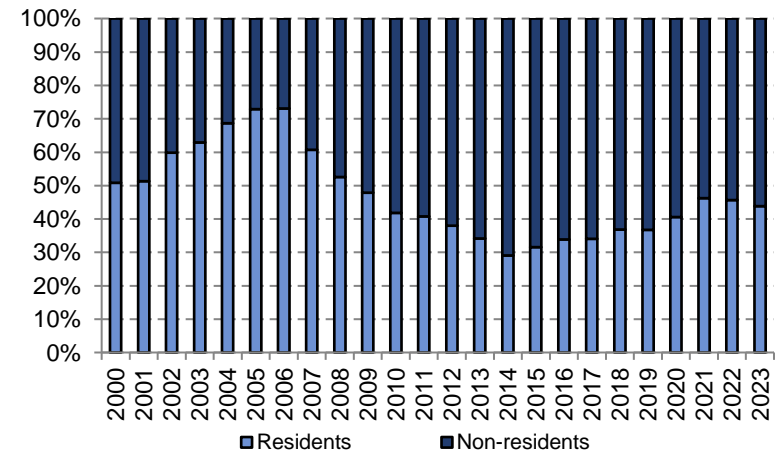
Debt Composition by Residence of Investors

- Share of Non-Resident Investors decreased from 80% in 2014 to 54% in 2022 taking into account the secondary market flows
- Since 2007, i.e. EUR adoption, well diversified domestic EUR investor base and liquidity premium reduced
- On the back of PSPP and PEPP Bank of Slovenia has become significant sole holder of SLOREP bonds (~36%)

State Budget Debt by Residence of Investors
(Secondary Market)



General Government Debt by Residence of Investors
(Secondary Market)

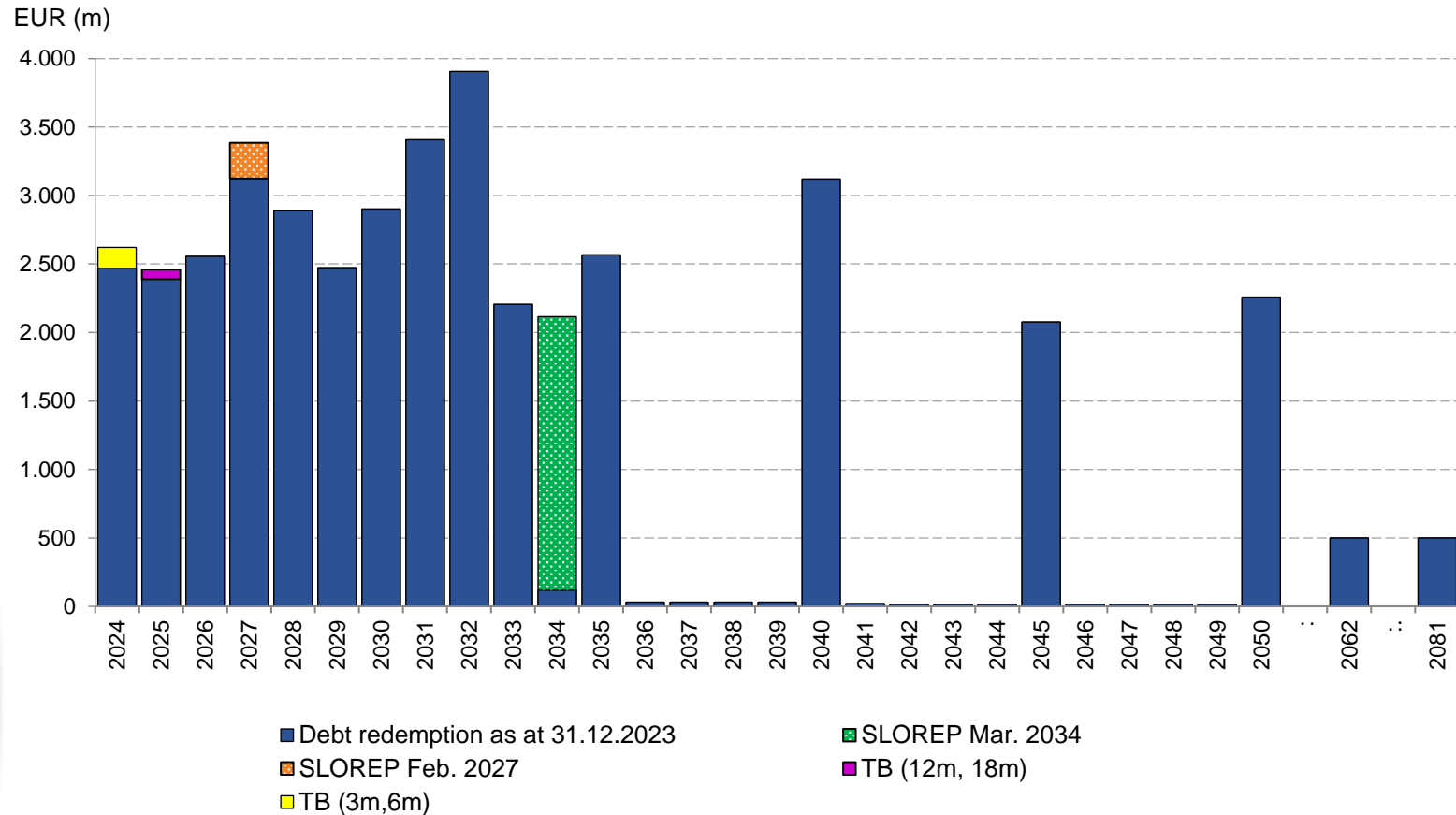


Source: Ministry of Finance, Data as at 31.3.2024





2024 Financing Programme Execution Through Redemption Optics



Note: Marked Maturity Buckets depict Newly Issued EUR debt (bonds and T-bills) in 2024.

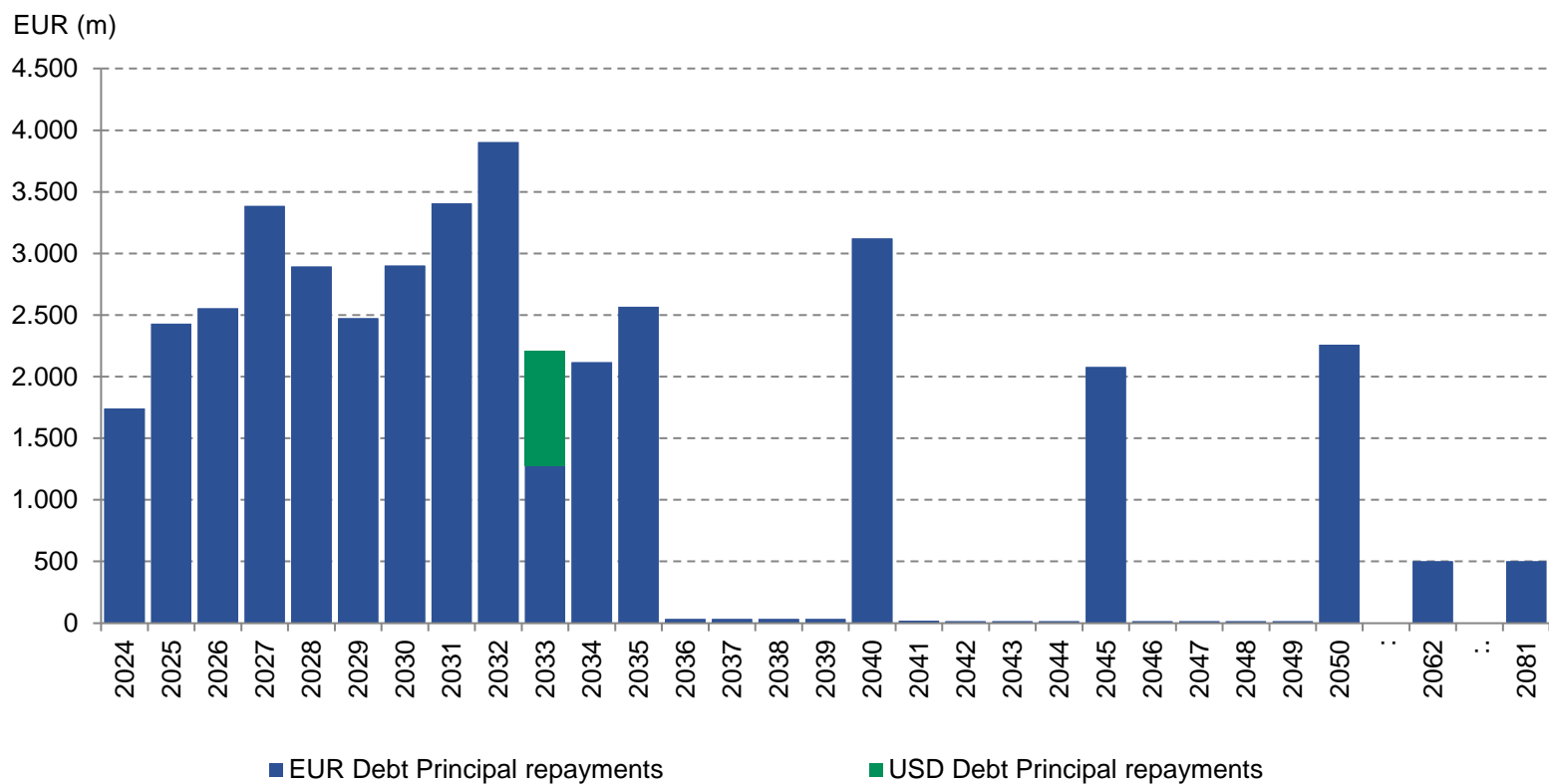
Source: Ministry of Finance, Data as at 31.3.2024





Central Budget Debt Maturity Profile

Prudently distributed redemption profile of the central budget debt

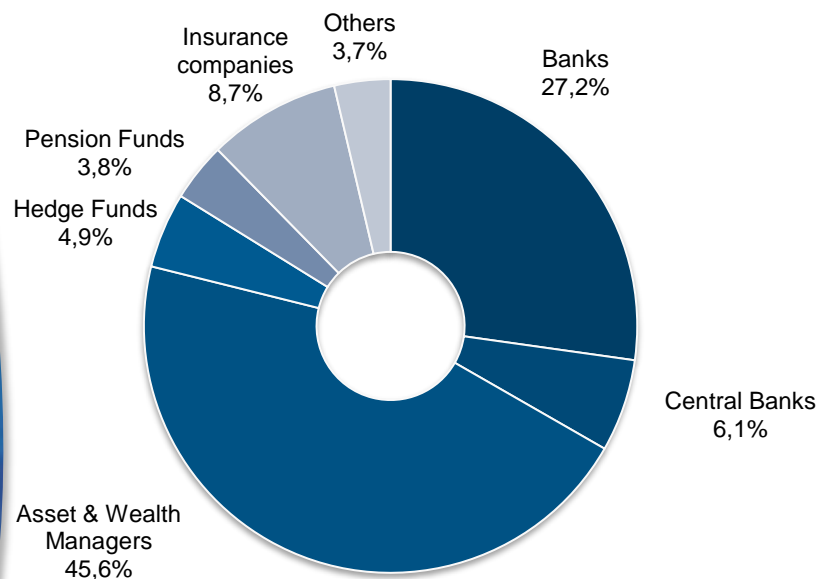




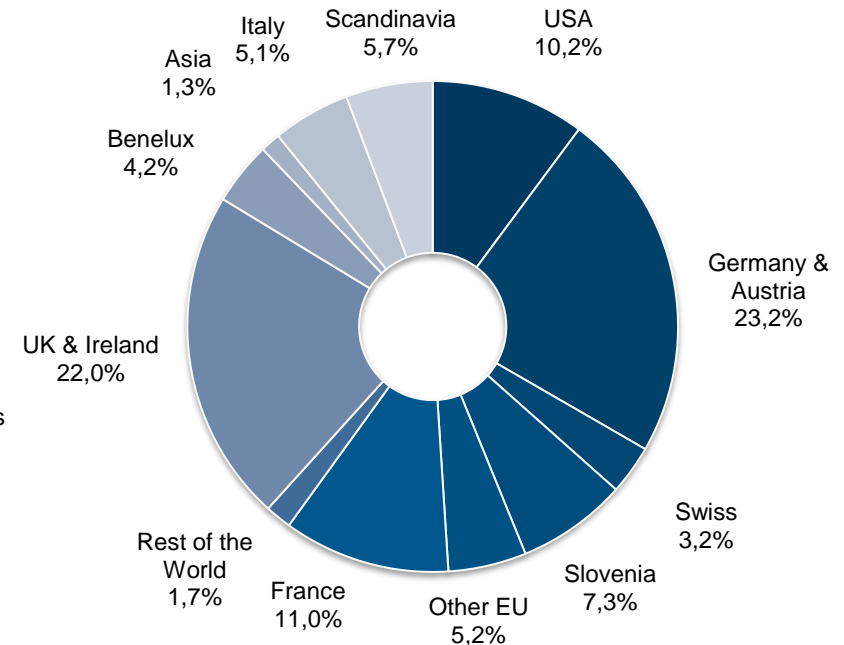
EUR Benchmark Size Bonds Issued on Primary Market

Institutionally well diversified investor base by opted for long dated EUR bond issuances (pension funds, insurance companies, fund managers etc...)

Distribution by Investor Type



Geographic Distribution



Republic of Slovenia Contributions to EU Financial Assistance Programmes



Republic of Slovenia Contributions to EU Financial Assistance Programmes

Programme	2014 EUR (m)	2015 EUR (m)	2016 EUR (m)	2017 EUR (m)	2018 EUR (m)	2019 EUR (m)	2020 EUR (m)	2021 EUR (m)	2022 EUR (m)	2023 EUR (m)
EFSF⁽¹⁾	946.8	891.6	891.6	891.6	891.6	881.5	881.5	881,5	881,5	872,8
ESM⁽²⁾	342.1	342.1	342.1	342.1	342.1	376.9	376.8	376,2	376,2	375,9
GREECE (LFA⁽³⁾)	263.7	263.7	263.7	263.7	263.7	263.7	260.2	249,9	223,6	197,2
Total (part of GG Debt)	1,552.6	1,497.4	1,497.4	1,497.4	1,497.4	1,522.1	1,518.6	1,507.7	1,481.3	1,445.9
% of GDP	4.1	3.9	3.7	3.5	3.3	3.1	3.2	2.9	2.6	2.3

1. European Financial Stability Facility
2. European Stability Mechanism
3. Loan Facility Agreement

The Republic of Slovenia's contributions to the EFSF, ESM and Greece amount to EUR 1.4 bn by the end of 2023, which corresponds to 2.3% of GDP

Source: Ministry of Finance, Data as at 31.3.2024





2024 State Budget Financing Programme

Central Government financing operations will take into consideration meeting the target level of the General Government debt at the end of 2024 of 68.6% of GDP

2024 Central Government Budget Financing Needs (- I. - II. + III. - IV. + V.= VI.)	EUR 4.66 bn
I. Deficit of Balance A	2.22
II. Deficit of Balance B (Lending and Repayment Account)	0.49
III. Change (reduction) of the state budget cash position	0.60
IV. Debt redemption in 2024	2.55
V. Prefinancing executed in 2023 and privatisation proceeds	0.00
VI. Central Government Budget Financing Needs for 2024	4.66

Estimated Central Government Budget Debt Principal Repayments in 2025 and 2026	EUR 4.95 bn
Central Government budget debt principal repayments in 2025	2.39
Central Government budget debt principal repayments in 2026	2.56

Source: Ministry of Finance, 19.4.2024





Agenda

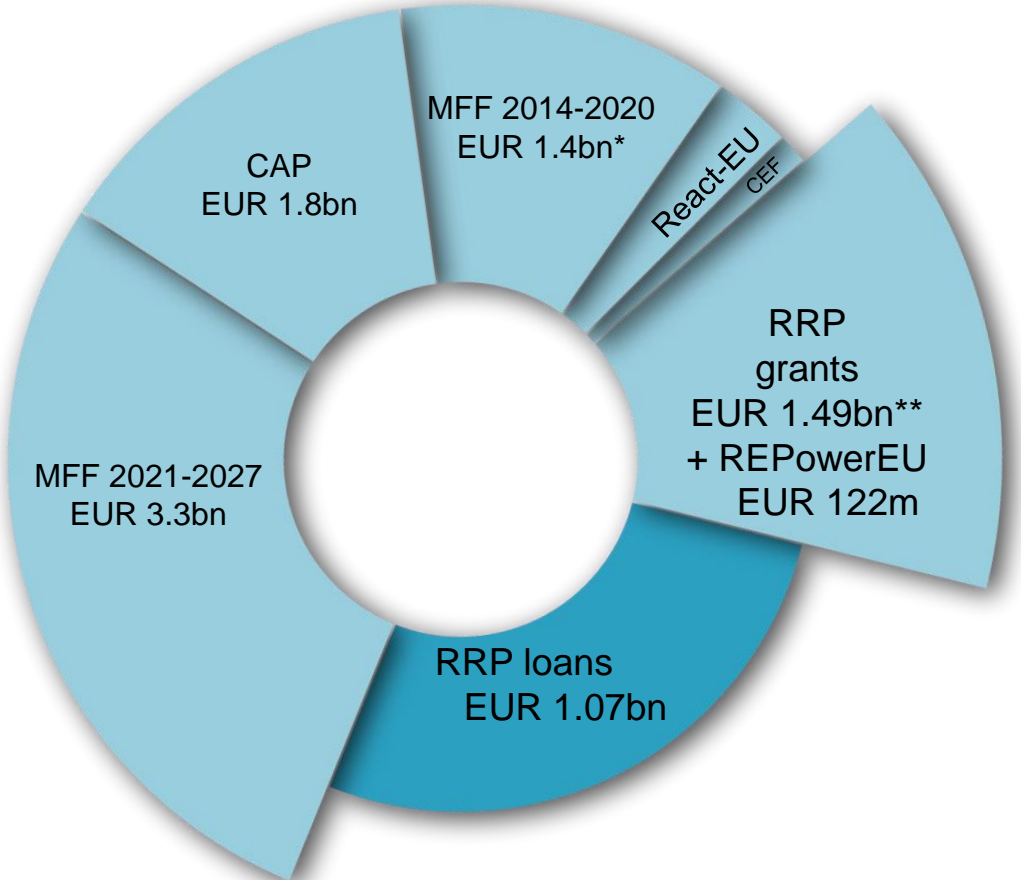
- Country Overview
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- Sustainability Bond Framework



Funds From EU Funding Mechanisms Available to Slovenia by 2030 ~ approx. EUR 12bn



- Grants Total: EUR 8.6bn + REPowerEU
- Loans: EUR 1.07bn



*Includes funds earmarked for approved operations and payments that have been made from the budget from 2021 onwards.

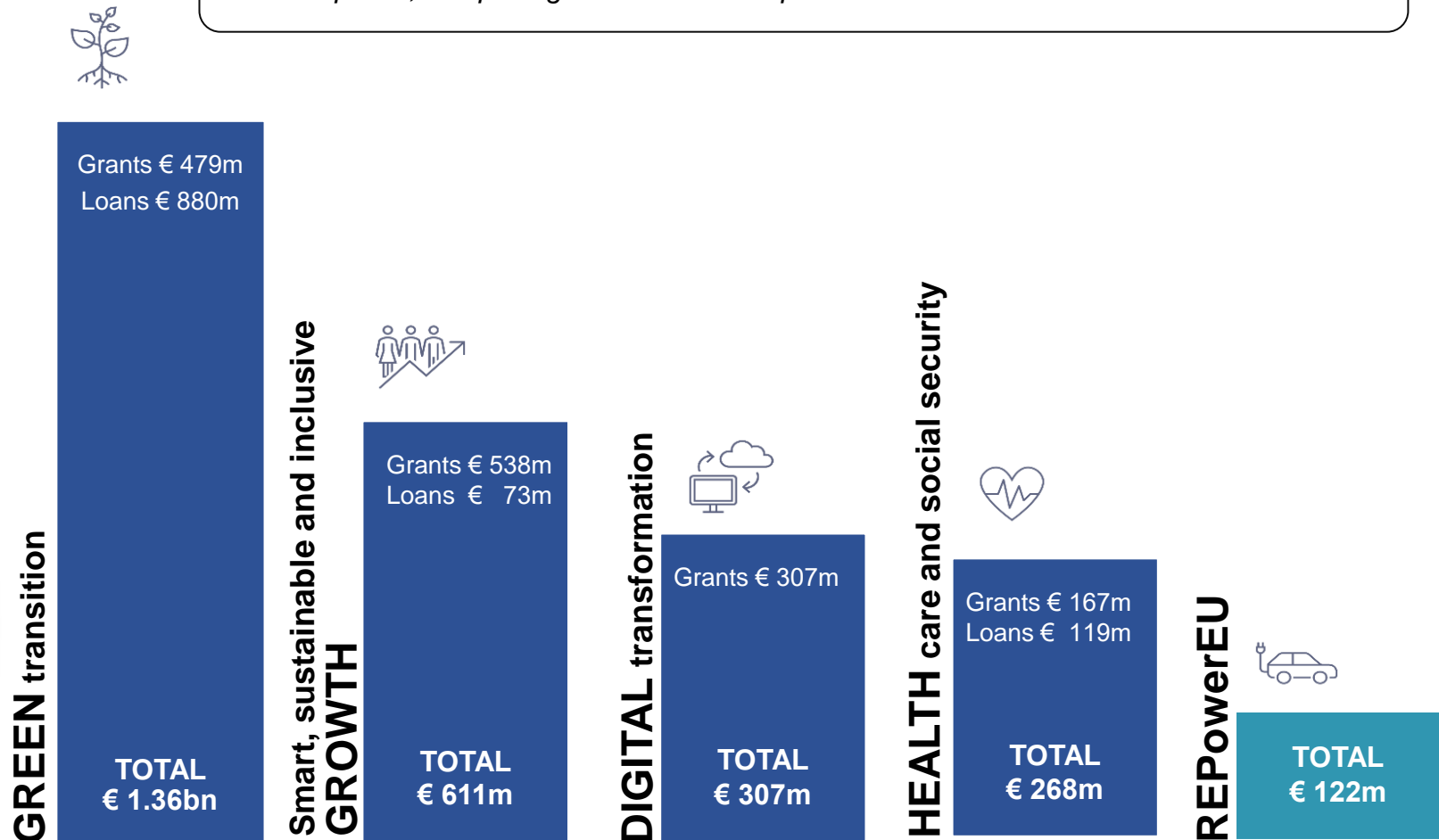
** Update of the maximum financial contribution, Commission note to the Council and European Parliament, 30 June 2022.





Recovery and Resilience Plan – EU NGEU

Slovenia will distribute EU funds from the Slovenian Recovery and Resilience Plan (RRP) across 5 pillars, comprising a total of 17 components



Source: Ministry of Finance, Office of the Republic of Slovenia for Recovery and Resilience, 19.4.2024





RRP Implementation: Key Investments 2021-2026

On October 17, 2023, the Council of the EU adopted the amendment to the RRP with the new REPowerEU chapter to accelerate the transition to clean energy, diversifying energy supply and improve energy efficiency

Infrastructure Projects

- Flood safety (€ 265m)
- Railway infrastructure (€ 701m)
- Education infrastructure (€ 113m)
- Electricity distribution network and electricity production from renewable sources (€ 130m)

Digitalisation Projects

- Digitalisation of education (€ 64m) and health systems (€ 83m)
- Digitalisation of public sector and public administration (€ 62m)

Improving Energy Efficiency of Buildings

- Upgrading of clinics for infectious diseases (UKC Maribor and UKC Ljubljana) (€ 70m)
- Energy renovation of public sector buildings (€ 88m)
- Construction of public rental housing (€ 60m)
- Construction of homes for elderly citizens (€ 59m)

REPowerEU

- Energy efficient restructuring of district heating systems with the use of renewable sources (€ 20m)
- Energy efficiency and decarbonisation of the economy (€ 42m)
- Strengthening the electricity distribution network (€ 20m)
- Promoting the deployment of alternative fuels infrastructure in transport (€ 40m)





RRP Milestones & Envisaged Draw Down

The Slovenian updated Recovery and Resilience Plan consists of 82 measures aiming to achieve 205 pre-set milestones and targets. Milestones (qualitative achievements) and targets (quantitative achievements) means measures of progress towards the achievement of a reform or an investment.

Reforms and investments are expected to secure the green transition, support the digital transition and reinforce economic and social resilience

205 Milestones & Targets	82 Measures 34 Reforms 48 Investments	17 Components	TOTAL EUR 2.7bn* EUR 1.61bn in grants* EUR 1.07bn in loans
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RRP Envisaged Draw Down

RRF	2021	2022	2023	2024	2025	2026	Total
Grants EUR (m)	113.25	117.75	80.75	357.00	401.21	543.56	1,613.52
Loans EUR (m)	0.00	0.00	310.09	0.00	0.00	762.28	1,072.37
Total	113.25	117.75	390.84	357.00	401.21	1,305.84	2,685.89

* REPowerEU funds in the amount of EUR 122m are included in grants.

Source: Ministry of Finance, Office of the Republic of Slovenia for Recovery and Resilience, 19.4.2024





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- Country Overview
- Government Account
- Business Environment and Robust Banking System
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- Debt Profile Characteristics
- Recovery and Resilience Plan
- **Sustainability Bond Framework**





Sustainability Bond Framework Structure

Slovenia's Sustainability Bond Framework is aligned with Green Bond Principles 2021, Social Bond Principles 2021 and the Sustainability Bond Guidelines 2021.

Use of Proceeds	<p>To finance or refinance sustainable projects:</p> <ul style="list-style-type: none"> • Eligible Green Projects (Green Bonds) • Eligible Social Projects (Social Bonds) • Both Eligible Green and Social Projects (Sustainability Bonds)
Process for Project Evaluation and Selection	<p>A Sustainability Bond Working Group has been established to:</p> <ul style="list-style-type: none"> • Evaluate and select Eligible Green and Social Projects, • Monitor Eligible Green and Social Projects, and identify replacements as required • Approve Annual Allocation Reports, • Approve Annual Impact Reports.
Management of Proceeds	<ul style="list-style-type: none"> • Ministry of Finance oversees and tracks the allocation of bond proceeds • Sustainability Bonds to be allocated to eligible expenditures from the budget year preceding issuance, the budget year of issuance, and the two budget years following issuance
Reporting	<p>The Republic of Slovenia is committed to provide two levels of reporting until full allocation:</p> <ul style="list-style-type: none"> • Annual Allocation Report • Annual Impact Report
Framework	<ul style="list-style-type: none"> • A Sustainability Bond Framework has been published • Available on Slovenia's debt management office website (https://www.gov.si/en/topics/investor-relations/)
External review	<ul style="list-style-type: none"> • Second Party Opinion – obtained by external opinion provider Sustainalytics • External verification on post issuance reporting

GBP/SBP core components

GBP/SBP key recommendations





Sustainability Bond Framework

Use of Proceeds

Issuance types

- Slovenia may issue **Green, Social and/or Sustainability Bonds**, where an amount equal to the net proceeds will be exclusively used to (re)finance eligible expenditures falling within, respectively, the Eligible Green categories, the Eligible Social categories, or both the Eligible Green and Social categories

Eligible Green categories:

1. Low carbon transport
2. Energy efficiency
3. Sustainable environmental management
4. Climate change adaptation

Eligible Social categories:

1. Access to essential services – Education
2. Access to essential services – Healthcare
3. Access to essential services – Social inclusion
4. Employment generation and socioeconomic advancement and empowerment

Expenditure exclusion criteria

- Expenditures already financed via a dedicated funding source, in order to avoid any “double counting”,
- Expenditures that support or promote the following activities:
 - Burning of fossil fuel for power generation and transportation
 - Rail infrastructure dedicated for transportation of fossil fuels
 - Nuclear power generation
 - Weapons, tobacco, gaming, or palm oil industries.





Sustainability Bond Framework

Management of Proceeds

Bond Proceeds

- Management of proceeds and preparation of reports will be the Ministry of Finance's responsibility
 - Allocation of proceeds within 2 budget years after the budget year of issuance, on a best efforts basis
 - The unallocated proceeds temporarily held in State Budget Account
 - Treasury Directorate and Budget Directorate oversee the full allocation and track expenditures - based on the public accounting rules
- **Payment of principal and interest** will be made from the State Budget Account and will not be conditional on the selection or performance of the Eligible Green and Social Projects. Accordingly, investors in SSSBs will not bear any project related risks in respect of Eligible Green and/or Social Projects. SSSBs will rank pari passu with each other and with other Slovenian Government Bonds.





Sustainability Bond Framework

Second Party Opinion

The Slovenian Sovereign Sustainability Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021.

USE OF PROCEEDS



PROJECT EVALUATION AND SELECTION



MANAGEMENT OF PROCEEDS



REPORTING



The Framework's four green use of proceeds categories, which map to 12 economic activities in the EU taxonomy, are aligned with the applicable TSC of the EU Taxonomy.

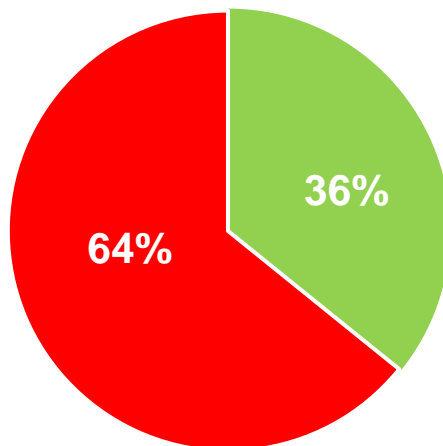




Overview of the identified eligible expenditures*

Currently identified projects

Total expenditures identified by green/social category



■ % of Green Expenditures

■ % of Social Expenditures

The Republic of Slovenia has identified an indicative amount of EUR 2.3 bn of potential eligible expenditures, originating from four Green and four Social categories.

Approximately 21% of the indicative amount represents refinancing of budget expenditures in 2022 and 79% financing of budget expenditures in 2023 to 2025.

Projects promote Slovenia's transition to a low carbon, climate-resilient and environmentally sustainable economy.

Social Projects promote Slovenia's commitments to enabling opportunities for employment, education, creativity and dignified, safe and active life.

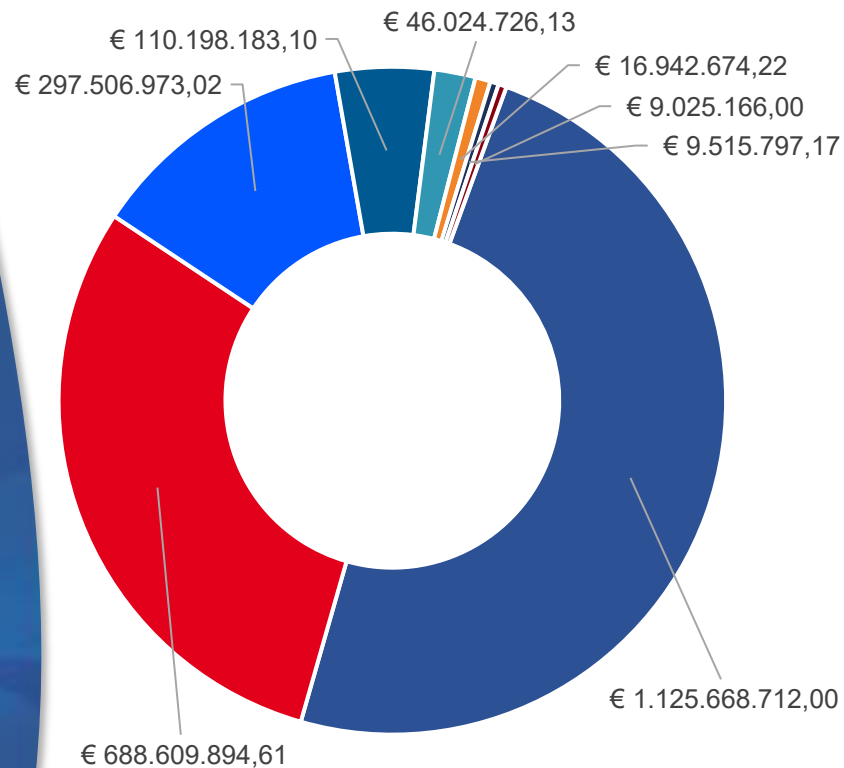
*Note: Indicative amounts for illustration purposes. Final allocated amounts will be disclosed in Slovenia's Sustainability Bond reporting.





Overview of the identified eligible expenditures*

Currently identified projects



- Access to Essential Services - Healthcare
- Low carbon transportation
- Access to Essential Services - Education
- Sustainable Environmental Management
- Access to Essential Services - Social Inclusion
- Energy Efficiency
- Employment Generation and Socioeconomic Advancement and Empowerment
- Climate change adaptation

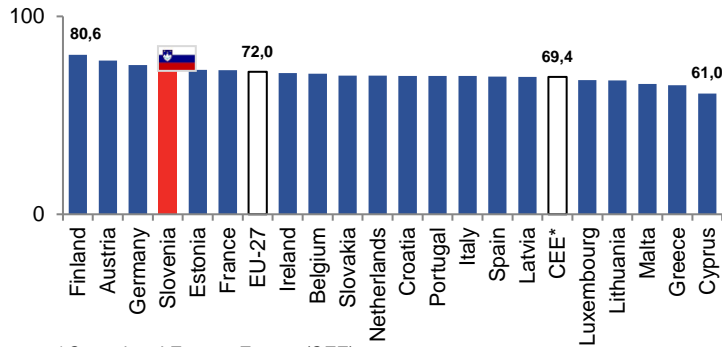
* Note: Indicative amounts for illustration purposes. Final allocated amounts will be disclosed in Slovenia's Sustainability Bond reporting.





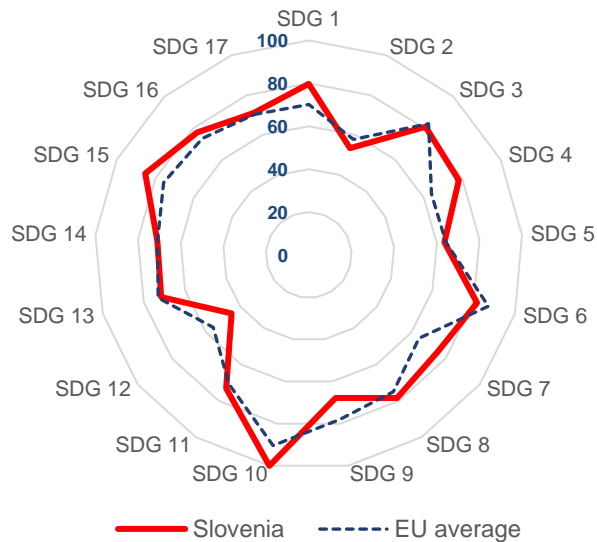
SDG Dashboards and Trends for Slovenia 2023/24

SDG Index Score (100 (best) to 0 (worst))



*Central and Eastern Europe (CEE)
Source: dashboards.sdindex.org, 19.4.2024

Average performance by SDG



Overall Performance: **8/34** European countries*
Country score: **73.7**

PEOPLE



PLANET



PROSPERITY



PEACE



PARTNERSHIP



- Major challenges
- Significant challenges
- Challenges remain
- SDG achieved
- ↓ Decreasing
- Stagnating
- ↗ Moderately improving
- ↑ On track or maintaining SDG achievement

* The Europe Sustainable Development Report 2023/24 is the 5th edition of independent quantitative report on the progress of the European Union, EFTA countries, the UK and candidate countries towards Sustainable Development Goals (SDGs). The data work was conducted between August and October 2023.





Key Takeaways

- General Government Debt at 69.2% of GDP in 2023, well below the EA-20 average of 88.6% of GDP. Estimated at 68.6 % GDP end of 2024.
- In 2024, Slovenia has already provided EUR 2.261bn financing by issuing long-term euro bonds. Total average weighted issued yield stands at 3.117% with average weighted time to maturity 9.3 years.
- Smooth redemption profile, 28% of existing State Budget Debt has a residual maturity of more than 10 years.
- Well diversified investor base by opting for long-dated bond issuances (pension funds, insurance companies, asset managers, etc...).
- In the Q4 2023, real GDP grew by 2.6% compared to the same period in 2022. According to Eurostat, GDP increased by 0.1% y-o-y in the EA-20 and 0.5% the EU-27.
- The banking system's capital position remained sound and liquidity remained solid (CAR 20.3% and CET1 17.7% in the 4th quarter of 2023).
- In August 2023, Slovenia was hit by massive flooding caused by heavy rainfall in northern, western and parts of central Slovenia. The government identified measures and coordinated a comprehensive response to speed up the reconstruction work.





Republic of Slovenia

Ministry of Finance

