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Under no circumstances shall this Offering Circular constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these notes in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Any securities to be issued will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered in the United States (as such term is defined in Regulation S under the Securities Act) unless registered under the Securities Act or pursuant to an exemption from such registration.



# THE REPUBLIC OF SLOVENIA

## €1,750,000,000 0.00 per cent. Notes due 2031

The issue price of the €1,750,000,000 0.00 per cent. Notes due 2031 (the "Notes") of the Republic of Slovenia (the "Republic", "Slovenia" or the "Issuer") is 100.973 per cent. of their principal amount.

The Notes will bear interest from and including 12 January 2021 at the rate of 0.00 per cent. per annum payable annually in arrear on 12 February in each year, commencing on 12 February 2022, save that the first payment of interest, to be made on 12 February 2022, will be made in respect of the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date (see "*Terms and Conditions of the Notes — Interest*"). Payments of interest in respect of the Notes will be made without deduction for or on account of Slovenian taxes, as described, and subject to the exceptions set out, under "*Terms and Conditions of the Notes — Taxation*".

The Notes will mature on 12 February 2031. The Terms and Conditions of the Notes are governed by Slovenian law.

The Notes will be in dematerialised registered form and will be issued and cleared through KDD – Centralna klirinško depotna družba, d.o.o. ("KDD"). The Notes may be held by the Noteholders directly through accounts with KDD. In addition, links between KDD and Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") have been established which allow interests in the Notes to be held through the fiduciary accounts of Euroclear and of Clearstream, Luxembourg with KDD.

Persons holding interests in the Notes otherwise than directly at their accounts with KDD will not be considered as the legal owners of such Notes under Slovenian law. The Terms and Conditions of the Notes contain provisions pursuant to which persons holding the Notes through accounts with Euroclear or Clearstream, Luxembourg ("Accountholders") may, in certain circumstances, directly make a claim against the Republic for payment under the Notes. The Republic will recognise the statement of accounts of Euroclear and Clearstream, Luxembourg, to be conclusive and binding evidence of the right of Accountholders under the Terms and Conditions of the Notes. See also "*Clearing and Settlement*" for further information.

Application has been made for the Notes to be listed and traded on the bond segment (*segment obveznic*) of the stock exchange market (*borzni trg*), which is the EEA Regulated Market of the Ljubljana Stock Exchange (*Ljubljanska borza d.d., Ljubljana*) (the "**Ljubljana Stock Exchange**") pursuant to the rules and regulations of the Ljubljana Stock Exchange. An "**EEA Regulated Market**" means a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("**MiFID II**").

### *Joint Lead Managers*

**BARCLAYS**

**BNP PARIBAS**

**CRÉDIT AGRICOLE CIB**

**DEUTSCHE BANK**

**HSBC**

**NOVA KREDITNA BANKA MARIBOR**

The date of this Offering Circular is 11 January 2021.

The Republic accepts responsibility for the information contained within this document. To the best of its knowledge and belief, the information contained within this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Republic accepts responsibility accordingly.

Barclays Bank Ireland PLC, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, HSBC Continental Europe and Nova Kreditna banka Maribor d.d. as joint lead managers (the "**Joint Lead Managers**") have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Republic in connection with the Notes or their distribution or for any acts or omissions of the Republic or any other person in connection with the issue and offering of the Notes.

Each purchaser of Notes will be deemed to have acknowledged, agreed and represented to the Republic and the Joint Lead Managers that: (a) it understands, acknowledges and accepts that this Offering Circular does not contain disclosure (other than the risk factors in the section headed "Risk Factors") or other information regarding the Republic including, without limitation, the Republic's political system and situation, economy, foreign trade, balance of payments, public finance, public debt and monetary system; (b) it is relying on publicly available information about the Republic; (c) it has knowledge and experience in investment matters (including, without limitation, matters involving the purchase of securities issued by sovereigns similar to the Notes); (d) has taken or will take such independent advice as it deems necessary or advisable; and (e) has conducted and will conduct its own independent analysis in order to enable it to evaluate the merits and risks of purchasing the Notes and to make its independent investment decision to purchase the Notes.

No person is or has been authorised to give any information or to make any representation which is not contained in, or which is not consistent with, this Offering Circular or any other information supplied by or on behalf of the Republic in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Republic or the Joint Lead Managers.

Neither this Offering Circular nor any other information supplied in connection with the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Republic that any recipient of this Offering Circular should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Republic.

Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Republic since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Republic since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Notes is correct as of any date subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Republic and the Joint Lead Managers do not represent that this document may be lawfully distributed or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Republic or the Joint Lead Managers which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe any such restrictions. In particular there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States and the United Kingdom. For a description of further restrictions on offers and sales of Notes and distribution of this Offering Circular, see "*Subscription and Sale*" below.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States (as such term is defined in Regulation S under the Securities Act). The Notes will be offered and sold outside the United States in reliance on Regulation S. For a description of restrictions on offers, sales and transfers of the Notes, see "*Subscription and Sale*".

Neither the offer or sale of the Notes nor the Notes have been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of any offering of the Notes or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

This Offering Circular does not constitute a prospectus pursuant to the New Slovenian Market in Financial Instruments Act (*Zakon o trgu finančnih instrumentov (ZTFI-1)*), the "**New Market in Financial Instruments Act**" or Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"). Accordingly, this Offering Circular does not purport to meet the format and the disclosure requirements of the Prospectus Regulation, and it has not been, and will not be, submitted for approval to any competent authority within the meaning of the Prospectus Regulation and in particular the Securities Market Agency (*Agencija za trg vrednostnih papirjev*), in its capacity as competent authority under the New Market in Financial Instruments Act and the Slovenian Market in Financial Instruments Act (*Zakon o trgu finančnih instrumentov (ZTFI)*), the "**Market in Financial Instruments Act**". The Notes, issued pursuant to this Offering Circular, will therefore not qualify for the benefit of the single European passport pursuant to the Prospectus Regulation.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "€" or "euro" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

**MiFID II product governance / Retail investors, professional investors and ECPs target market –** Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients each as defined in MiFID II; and (ii) all channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

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## RISK FACTORS

*Investment in the Notes involves risks. Prospective investors should carefully consider the following risk factors before making a decision to invest in the Notes.*

*In particular, prospective investors should note that there is limited information provided in this Offering Circular in relation to the Republic and, in particular, there is no disclosure as to certain other information regarding the Republic including, without limitation, the Republic's political system and situation, economy, foreign trade, balance of payments, public finance, public debt and monetary system.*

*Prospective investors should understand that the risks set forth below could, individually or in the aggregate, have a material adverse effect on the Republic's capacity to repay principal and make payments of interest on the Notes or otherwise fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Additional risks and uncertainties not currently known to the Issuer or that the Issuer currently deems to be immaterial may also materially affect the Republic's economy and its ability to fulfil its obligations under the Notes. In any such case, investors may lose all or part of their investment in the Notes. Words and expressions defined in the "Terms and Conditions of the Notes" section of this Offering Circular or elsewhere in this Offering Circular have the same meanings in this section.*

### **Risk Factors Relating to the Republic**

**The Republic's economy remains vulnerable to external and domestic economic conditions, including the slow rate of recovery in the Eurozone, a number of political and macroeconomic risks relating to the United Kingdom's exit from the European Union (the "EU") and the effect of any future significant economic difficulties of its major trading partners or general "contagion" effects, which could have a material adverse effect on the Republic's economic growth.**

The Republic's economic performance remains vulnerable to external and domestic economic conditions and shocks, including the delayed restoration of the Slovenian private sector, the slow rate of recovery in the Eurozone, the exit of the United Kingdom from the EU and the effect of any future significant economic difficulties of its major trading partners. The Slovenian economy is small, highly export-oriented and deeply integrated into the European supply chain. Challenges in achieving the Slovenian Government's (the "**Government**") key macroeconomic policy objectives could impact gross domestic product ("**GDP**") growth, as could procedural difficulties related to the absorption of EU funds and Government investment activity. A significant decline in the economic growth of any of the Republic's major trading partners, in particular, Germany, Italy, Austria, Croatia and the other member states of the EU (the "**EU Member States**") could also have a materially negative impact on the Republic's balance of trade and adversely affect its economic growth prospects.

While concerns over credit risk, the large amount of sovereign debt and the fiscal deficits of several other European countries have been somewhat mitigated recently, a default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions, or any EU or Eurozone exits (or threats thereof), could cause severe stress in the financial system generally and could adversely affect the global financial markets in ways that are difficult to predict. A slow or delayed recovery of the Eurozone economy could cause the Republic to face difficulties in accessing funding for the Republic and domestic banks.

Recent efforts by European leaders to find a lasting solution to market concerns about certain European countries' ability to repay their debt have produced bail-out packages and restructuring agreements for a number of these sovereign debtors. As at 30 September 2020, the Republic's exposure to financial assistance programmes supporting financial stability in the Eurozone was €1,519.9 million, of which €261.5 million related to the Loan Facility Agreement for Greece on a bilateral level.

In relation to the United Kingdom's exit from the EU, on 24 December 2020 the EU and United Kingdom (the "**UK**") announced reaching agreement on a Trade and Cooperation Agreement (the "**TCA**") to provide a structure for EU and UK cooperation in the future, which provisionally applied from 1 January 2021 pending formal ratification by the EU (with the UK having ratified the TCA on 30 December 2020). Ratification by the EU will require the approval of the European Parliament and should such formal ratification have not occurred, the provisional application of the TCA shall cease on 28 February 2021, although a later date may be agreed. The absence of such formal ratification of the TCA (or absence of an

agreement for the provisional application of the TCA to cease at a later date) may create significant political, social and macroeconomic uncertainty. Although the TCA provides a structure for EU and UK cooperation in the future, it may lead to further or reduced cooperation in different areas. Whilst the TCA removes the risk of tariffs and quotas from trade in qualifying goods, depending on the agreements (if any) that the United Kingdom reaches regarding trade regulations with either the EU or individual member states, the Republic's products and services could be subject to increased regulatory requirements in the United Kingdom, which could negatively affect trade between the Republic and the United Kingdom and could, as a result, negatively impact the Slovenian economy. The United Kingdom was also one of the biggest net contributors to the EU budget, and its departure could adversely impact the Republic's allocation for the next EU Multiannual Financial Framework (2021-2027).

The exit of the United Kingdom from the EU or the exit of any other country from the EU, or prolonged periods of uncertainty relating to this possibility, could result in significant macroeconomic deterioration, including, but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and decreased GDP in the EU or other markets relevant to the Slovenian economy, any of which, were they to occur, could have a negative impact on the Slovenian economy. In addition, there are increasing concerns that these events could push the United Kingdom, Eurozone and/or United States into an economic recession, any of which, were they to occur, would further destabilise the global financial markets and could have a negative impact on the Slovenian economy.

There also remains the possibility that the uncertainty described above could lead to the reintroduction of individual currencies in one or more EU Member States, or, in more extreme circumstances, the possible dissolution of the Economic and Monetary Union ("**EMU**") entirely. The exit of one or more EU Member States from the EMU or the dissolution of the EMU could have a material adverse effect on the European and global economies, including the Republic, and cause a redenomination of financial instruments or other contractual obligations from the euro to a different currency.

The outbreak of the Coronavirus disease ("**COVID-19**") is currently having an indeterminable adverse impact on the world economy. Following the discovery of the first case of COVID-19 in the country, the Government of the Republic implemented various protective, containment and mitigating measures to fight COVID-19 and its consequences ("**COVID-19 Measures**"). At this time, given the uncertainty of the lasting effect of COVID-19, the exact financial impact on the Republic's economy cannot be determined. If the spread of COVID-19 is prolonged, it could in the medium to long term, adversely affect the economy of the Republic and reduce international trade flows. Although, following the expected economic contraction in 2020, the economy of the Republic is expected to return to growth in 2021, the timing and the rate of growth are uncertain and will depend on the scope and duration of COVID-19 Measures in the Republic and similar measures implemented by its major trading partners, which can be again tightened in case of recurrence of the pandemic or a "second wave". This may in turn cause a new economic contraction in Slovenia resulting in long-term economic damage.

As a consequence of the sharp contraction of activity due to COVID-19, The Institute of Macroeconomic Analysis and Development (*Urad za makroekonomske analize in razvoj*, the "**IMAD**") predicted in their 2020 Winter Forecast a 6.6 per cent. decline in GDP in Slovenia for 2020.

Additionally, in the event of weaker than budgeted growth, driven by either softer external or domestic demand or COVID-19 consequences, the Government may need to implement further cost-reduction or revenue raising measures which may adversely affect economic growth. In line with the updated Framework for the 2020 to 2022 period from the beginning of September 2020, a general government deficit-to-GDP ratio of minus 8.6 per cent. in 2020 is projected. In terms of budget deficit, according to the revised State Budget for 2020, adopted in September 2020, the budget deficit is estimated to amount 9.3 per cent of GDP.

Due to measures taken in response to COVID-19, that were aligned with the European Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, and based on the 2020 Stability Programme projections the ratio of general government debt to GDP is expected to increase to 82.4 per cent in 2020.

There can be no assurance that any of the factors described above will not have a negative impact on the Slovenian economy.

## **The Republic's credit rating has been downgraded in the past and could be downgraded in the future**

As the situation in the international financial markets deteriorated significantly in the second half of 2011 and doubts over the sustainability of the Eurozone increased, several rating agencies downgraded the credit ratings of a number of EU sovereigns, including the Republic. Further sovereign downgrades occurred in 2012 and 2013 by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), Moody's Investors Service, Inc. ("**Moody's Inc.**") and Fitch Ratings Limited ("**Fitch**"). However, in 2014 and 2015 Fitch, S&P and Moody's Investors Services Ltd. ("**Moody's Ltd.**") began to upgrade the Republic's credit rating. Most recently, S&P upgraded the Republic's rating on 14 June 2019 to AA- with a stable outlook; Fitch upgraded the Republic's rating on 19 July 2019 to A with a stable outlook; and Moody's Ltd. upgraded the Republic's rating on 8 September 2017 to Baa1 with a stable outlook and subsequently revised its outlook to positive on 26 April 2019. Moody's Ltd upgraded the Republic's rating to A3, with a stable outlook, on 2 October 2020.

Although Fitch, S&P and Moody's have a stable outlook on the Republic, the risk of a possible future downgrade still remains. The agencies could lower their ratings of the Republic if, among other things, the Republic's macroeconomic environment was substantially weakened, the policy-making became less predictable, the Government's debt trajectory worsened or in the event of economic or financial shocks. A further downgrade of sovereign debt ratings, including those of the Republic, or a continued Eurozone crisis may result in an increased risk of further deleveraging and credit contraction, which could have a materially negative effect on the Slovenian economy and could have a negative impact on investor confidence in the Republic or on the Republic's ability to raise capital from the external debt markets in the future.

The credit ratings of the Republic as at the date of this Offering Circular are AA- by S&P, A by Fitch and A3 by Moody's Ltd.

## **Parts of the Slovenian banking system could require further recapitalisation**

In 2013 and 2014, due to the deterioration of the asset quality of its major banks, the Slovenian banking system needed support, which included the transfer of bad assets and recapitalisation.

The banking system's overall portfolio was impacted by non-performing loans, the majority of which were concentrated in the non-financial corporate sector, particularly in small- and medium-sized enterprises. As at 31 December 2013, following the transfer of bad assets to the Government-owned Bank Asset Management Company (*Družba za upravljanje terjatev bank, d.d.*, the "**BAMC**"), the share of non-performing loans in the Slovenian banking sector, measured by claims in arrears over 90 days, was 13.4 per cent. of all outstanding bank loans. The share of non-performing loans have been decreasing since then and reached 1.0 per cent. as at the end of October 2020. To further support the banking system, the Republic has also engaged in recapitalisation. From 2011 to 2016, the Republic recapitalised Nova Ljubljanska banka d.d., Ljubljana ("**NLB**"), Nova Kreditna banka Maribor d.d. ("**NKBM**"), Abanka d.d. ("**Abanka**"), Banka Celje d.d. ("**Banka Celje**"), Probanka d.d. ("**Probanka**") and Factor banka d.d. ("**Factor banka**"). In 2015, Abanka merged with Banka Celje, and in 2016, Factor banka and Probanka were merged with the BAMC.

In 2016, the Republic sold the Government's entire interest in NKBM to Apollo Global Management and the European Bank for Reconstruction and Development. In 2019, privatisation of NLB was completed with the Republic retaining an interest of 25 per cent. plus one share in the bank. In September 2020, Abanka merged into NKBM.

While certain non-performing loans and distressed assets have been transferred from the balance sheets of certain Slovenian banks to the BAMC, there remains a risk of an increase in the amount of non-performing loans of such Slovenian banks even after such transfers, which could result in the need for further bank recapitalisations.

The recapitalisation of large state-owned banks has been the main driver of the considerable increase of public debt since the financial crisis. The ratio of general government debt to GDP has more than tripled since 2008, according to the European Commission reports. This development decreased the Republic's shock absorption capacity, weakening fiscal leeway should similar pressures re-emerge. The ratio peaked at 82.6 per cent. in 2015 and started to decline in 2016, reaching 70.3 per cent. of GDP as at 31 December 2018, and decreased to 65.6 per cent. of GDP as at 31 December 2019.

Given the Republic's sizable reliance on non-resident market demand for government debt, the banking system also remains subject to international liquidity risks and market conditions. As a result, the



Government could choose to pursue an external support package in the event of a stressed market environment and significantly higher than expected recapitalisation needs of the banking system. In addition, the Republic's ability to raise further debt to finance further recapitalisation may be constrained.

**The Republic may not succeed in implementing proposed or future fiscal, political and other reforms, and such failure may adversely affect its economy**

The ongoing and anticipated fiscal, political and other reforms may not continue in their current form or on the basis of any expected timetable, and may fail to be implemented or may subsequently be reversed. In particular, the Republic is bound by EU legislation and is committed to pursuing structural reforms, such as fiscal consolidation, long-term reform of the pension system in an effort to make the pension deficit sustainable in light of the Republic's ageing population and streamlining the stratified labour market. Pension reform was implemented by the Pension and Disability Insurance Act (*Zakon o pokojninskem in invalidskem zavarovanju (ZPIZ-2)*, the "**Pension Act**") which came into force on 1 January 2013, with amendments that entered into force on 24 October 2020 and shall apply as of on 1 January 2021, although further reforms may be required in the future.

The current Government's privatisation agenda was launched in June 2013 by a decision of the National Assembly and laid the basis for the sale of the Republic's direct or indirect interests in 15 companies. Although the privatisation agenda is under way, it has been subject to delays which may have a negative impact on the Republic's economy.

The failure of the Government to implement its contemplated reforms or the failure of these reforms to achieve their stated objectives may lead to a deterioration of general economic conditions or may have an adverse effect on the Republic's ability to repay its financial obligations, such as payments under the Notes. Furthermore, due to the nature and extent of these reforms, negative short-term effects on growth, employment and other key economic variables may occur before any positive long-term effects of any reforms are achieved.

The current government took office in March 2020, following the resignation of the previous prime minister. The center-right SDS Party leads the current government, while operating with a slim majority in parliament. Ongoing tensions between coalition parties and the opposition may lead to early elections or a change in the leading party, or lead to delays or dilution of reforms (for example, pension reform, health reform, long-term care reform).

**The Republic is a member of the Eurozone and, therefore, has limited ability to set monetary policy.**

The 19 members of the Eurozone have transferred the power to set monetary policy to the European Central Bank ("**ECB**"). The powers of the ECB include the power to manage the monetary policy of the Eurozone member states, as well as to manage liquidity and stability of the financial system through open market operations, marginal lending facilities, reserve requirements and other policy instruments which may be available to the ECB in accordance with its constitutional documents. The ECB is an independent body. As a result, the Republic does not have any power to directly influence any policy decisions made by the ECB. The ECB sets monetary policy with a view to the Eurozone as a whole. Therefore, where economic events are limited to the Republic or do not affect the Eurozone as a whole, the ECB may not take such actions as may benefit the Republic, in particular, or as might be required to alleviate the effects of a financial crisis in the Republic. The absence of an independent monetary policy may contribute to a need to implement further structural reforms and financial consolidation measures to stabilise economic conditions. This may have a material adverse effect on the economy of the Republic and, consequently, on the Republic's ability to meet its obligations under any outstanding indebtedness. Given the Republic's relatively high indebtedness, a tightening of ECB's monetary policy may also have adverse repercussions for the country's debt sustainability.

**Official economic data may not be directly comparable with data produced by other sources**

Although a range of Government ministries, including the Ministry of Finance of the Republic of Slovenia (*Ministrstvo za finance*, the "**Ministry of Finance**"), along with the Bank of Slovenia (Banka Slovenije, the "**Bank of Slovenia**"), the Statistical Office of the Republic of Slovenia (*Statistični urad Republike Slovenije*, the "**SORS**"), IMAD and the Slovenian Securities Market Agency (*Agencija za trg vrednostnih papirjev*, the "**Securities Market Agency**"), produce statistics on the Republic and its economy, there can be no assurance that these statistics are comparable with those compiled by other bodies, or in other

countries, which use different methodologies. In addition, the existence of an unofficial or unobserved economy may affect the accuracy and reliability of statistical information.

### **Risk Factors Relating to an Investment in the Notes**

#### ***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

#### ***The conditions of the Notes contain a collective action clause and may be modified, waived or amended without the consent of all the Noteholders***

The conditions of the Notes contain provisions regarding acceleration and voting on amendments, modifications and waivers, commonly referred to as "collective action" clauses. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or sign the relevant written resolution and Noteholders who voted in a manner contrary to the majority.

The form of collective action clause contained in the Notes was agreed and published by the Economic and Financial Committee Sub-Committee on EU Sovereign Debt Markets, on 28 March 2012. In accordance with the provisions of the Treaty establishing the European Stability Mechanism (the "ESM") signed on 2 February 2012, this standardised clause became mandatory in all new Eurozone government securities, with a maturity above one year, issued on or after 1 January 2013. The provisions of the clause permit "cross-series modifications" to be made to one or more series of debt securities issued by the Issuer (**provided that** those debt securities also contain a cross-series modification provision), including the Notes. In the case of a cross-series modification, a defined majority of the holders of the debt securities of all series (when taken in the aggregate) that would be affected by the proposed modification may bind all holders of such series; **provided that** a lower defined majority of holders of each affected series of debt securities approve the relevant amendment (see "*Terms and Conditions of the Notes — Meetings of Noteholders; Modification*").

The conditions of the Notes contain a provision permitting the Notes and the conditions of the Notes to be amended without the consent of the Noteholders to correct a manifest error or where the amendment is of a formal, minor or technical nature or is beneficial to the interests of the Noteholders.

Any such change in the Terms and Conditions of the Notes may adversely affect the trading price of the Notes.

#### ***The conditions of the Notes restrict the ability of an individual Noteholder to declare a default and permit a majority of Noteholders to rescind a declaration of default***

The conditions of the Notes contain a provision which, if an Event of Default occurs, allows the Noteholders of at least 25 per cent. in aggregate principal amount of the outstanding Notes to declare all the Notes to be

immediately due and payable by providing notice in writing to the Republic, whereupon the relevant Notes shall become immediately due and payable, at their principal amount with accrued interest, without further action or formality.

The conditions of the Notes also contain a provision permitting the holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes to notify the Republic to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn. The Republic shall give notice thereof to the Noteholders, whereupon the relevant declaration shall be withdrawn and shall have no further effect.

***The law governing the conditions of the Notes may change***

The conditions of the Notes are governed by Slovenian law. No assurance can be given as to the impact of any judicial decision or change to Slovenian law or administrative practice after the date of this Offering Circular.

***An active trading market for the Notes may not develop***

An active trading (secondary) market for the Notes may not develop. Although the Joint Lead Managers have informed the Republic that they currently intend to make a market in the Notes offered hereby, the Joint Lead Managers have no obligation to do so and may discontinue making a market at any time without notice. The liquidity of any market for the Notes will depend upon the number of Noteholders, the performance of the Republic, the market for similar securities, the interest of securities dealers in making a market in the Notes and other factors, including general declines or disruptions in the markets for debt securities.

Although an application has been made to list the Notes on the Ljubljana Stock Exchange and to trade the Notes on the Ljubljana Stock Exchange's regulated market, there is no assurance that such application will be accepted. Furthermore, there can be no assurance that a trading market for the Notes will develop. If a trading market does develop, there is no assurance that it will be liquid or maintained. If an active trading market in the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected.

The market for securities issued by the Republic is influenced by economic and market conditions in the Republic and, to a varying degree, economic conditions in other European markets, as well as global, emerging and developed markets generally. There can be no assurance that events which would cause volatility of the sort that occurred in worldwide financial markets in 1998 and 2008 will not occur again, or that any such volatility will not adversely affect the price or liquidity of the Notes.

In addition, if the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Republic. As a result of the above factors, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

***A claimant may not be able to enforce a court judgment against certain assets of the Republic in certain jurisdictions***

The Republic is a sovereign state and the Notes are governed by Slovenian law. Consequently, it may be difficult for investors to obtain judgments of courts in countries outside Slovenia against the Republic. Enforcement of such judgments in Slovenia may be refused in certain circumstances in the absence of an applicable treaty facilitating such enforcement. Certain assets owned by the Republic are also immune from execution by law. There is also a risk that, notwithstanding the waiver of sovereign immunity by the Republic, a claimant will not be able to enforce a court judgment against certain assets of the Republic in certain jurisdictions (including the imposition of any arrest order or attachment or seizure of such assets and their subsequent sale).

The foreign exchange reserves of the Republic are held and administered by the Bank of Slovenia, which is an independent central bank legally distinct from the Government, and in other central banks that are members of the European System of Central Banks (the "ESCB"). Accordingly, such reserves would not be available to satisfy any claim or judgment in respect of the Notes.

### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

### ***Credit ratings may not reflect all risks***

S&P, Moody's Ltd. and Fitch are expected to assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. The Issuer cannot be certain that a credit rating will remain for any given period of time or that a credit rating will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant. The Issuer has no obligation to inform Noteholders of any such revision, downgrade or withdrawal. A suspension, downgrade or withdrawal at any time of the credit rating assigned to the Issuer may adversely affect the market price of the Notes.

In general, EEA regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**") or (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**") or (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation. If the status of the rating agency rating the Notes changes, EEA and UK regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in EEA and UK regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

As at the date of this Offering Circular, S&P is established in the EEA and regulated under the EU CRA Regulation. As at the date of this Offering Circular, each of Moody's Ltd. and Fitch is established in the UK and regulated under the UK CRA Regulation. Moody's Inc., which issued credit ratings for the Republic's debt up until 2014, is not established as a credit rating agency in the European Union or the UK and is not registered in accordance with EU CRA Regulation or the UK CRA Regulation; however, ratings issued by Moody's Inc., for debt issued by the Republic are eligible for endorsement by Moody's Ltd., which is established in the United Kingdom and registered in accordance with UK CRA Regulation.

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be applicable to each Note (the Slovenian language version will be included in the Registration Order and shall prevail over the English language version):

### 1. FORM, DENOMINATION AND TITLE; CURRENCY OF PAYMENT

The €1,750,000,000 0.00 per cent. notes due 2031 (the "Notes", which expression includes any further notes issued pursuant to Condition 12 and forming a single series therewith) of the Republic of Slovenia (the "Republic") are in uncertificated and dematerialised registered form in the denomination of €1,000.

The Notes are issued pursuant to the Public Finance Act (*Zakon o javnih financah (ZJF)*) and in accordance with the provisions of the Dematerialised Securities Act (*Zakon o nematerializiranih vrednostnih papirjih (ZNVP-1)*), the "ZNVP-1" as entries in the central register (the "Central Register") maintained by KDD d.o.o., Tivolska cesta 48, SI-1000 Ljubljana, Slovenia ("KDD"). No global or definitive Notes or interest coupons will be issued in respect of the Notes in any circumstances.

The Notes are freely transferable in accordance with the provisions of the ZNVP-1, other applicable Slovenian legislation and the rules and regulations applicable to, and/or issued by, KDD. Title to the Notes will pass by registration in the Central Register.

Each person that is for the time being recorded in the Central Register as the legal holder of a particular number of the Notes (in which regard any certificate or other document issued by KDD as to the number of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Republic as the holder of such number of Notes (and the expressions "Noteholder" and the "holder of Notes" and related expressions shall be construed accordingly).

No person other than the Republic and the respective Noteholder shall have any right to enforce any term or condition of any Note. Notwithstanding the aforesaid, the right to receive payments in respect of a Note may be enforced by the Beneficiary (as defined in Condition 5.1(iii)) of such payments or by an Accountholder (as defined in Condition 5.3).

"€" or "euro" means the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

### 2. STATUS

The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Republic and will at all times rank *pari passu* and without any preference among themselves. The full faith and credit of the Republic is pledged for the due and punctual payment of the principal of, and interest on, the Notes and the performance of the Republic's obligations under the Notes.

The payment obligations of the Republic under the Notes will at all times rank at least equally with all the other present and future unsecured and unsubordinated indebtedness of the Republic.

### 3. INTEREST

#### 3.1 *Interest Rate and Interest Payment Dates*

The Notes shall bear interest on the principal amount of the Notes at the rate of 0.00 per cent. per annum (the "Interest Rate"), from and including 12 January 2021 (the "Issue Date") to but excluding 12 February 2031, payable in arrear on 12 February in each year (each such date, an "Interest Payment Date"), commencing on 12 February 2022, subject as provided in Condition 5. The payment of interest payable on the first Interest Payment Date will be made in respect of the period of 396 days from (and including) the Issue Date to (but excluding) the first Interest Payment Date and payment of the interest payable on each subsequent Interest Payment Date will be made in respect of the one year period ending on (but excluding) that Interest Payment Date.

The payment of interest payable on each Interest Payment Date will be made in respect of the Interest Period as defined in Condition 3.2. Each Note will cease to bear interest from the due date for final redemption unless payment of principal is improperly withheld or refused, in which case the Beneficiary of such payment will be entitled to receive interest at the Interest Rate specified above (after as well as before judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Beneficiary or (b) in the circumstances referred to in Condition 5.2, the day which is five business days after the Republic has notified the Beneficiaries that all sums due in respect of such principal and interest will be paid subject only to the receipt by the Republic of a notice of the relevant Beneficiary specifying the details required for payment in accordance with Condition 5.2 (except to the extent that there is any subsequent default in payment).

### 3.2 *Calculation of Amount of Interest*

The amount of interest due in respect of any Notes will be calculated by applying the Interest Rate to the aggregate principal amount of Notes held by the relevant holder and, in each case, multiplying such amount by the applicable Day Count Fraction, and the amount of such payment shall be rounded down to the nearest €0.01.

As used herein:

- (i) **"business day"** means any day which is a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) payment system which utilises a single shared platform and which was launched on 19 November 2007 is open for the settlement of payments in euro; and
- (ii) **"Interest Period"** means the period from and including the Issue Date to but excluding the first Interest Payment Date and each period from and including an Interest Payment Date to but excluding the next Interest Payment Date.

### 3.3 *Day Count Fraction (Actual/Actual (ICMA))*

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest on any Note for any period of time (including the first such day to but excluding the last) (the **"Calculation Period"**):

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of calendar days in such Calculation Period divided by the number of calendar days in such Determination Period; or
- (b) if the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
  - (i) the number of calendar days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the number of calendar days in such Determination Period; and
  - (ii) the number of calendar days in such Calculation Period falling in the next Determination Period divided by the number of calendar days in such Determination Period.

**"Determination Period"** means the period from and including a Determination Date to but excluding the next Determination Date.

**"Determination Date"** means 12 February in each year.

#### 4. REDEMPTION AND PURCHASE

##### 4.1 *Scheduled redemption*

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount, which is equal to their nominal amount, on 12 February 2031, subject as provided in Condition 5.

##### 4.2 *Purchase and cancellation*

The Republic and its Agencies (as defined below) may at any time purchase Notes in the open market or otherwise and at any price. Any Notes so purchased may be cancelled or held and resold (**provided that** such resale is outside the United States, as defined in Regulation S under the United States Securities Act of 1933, as amended). Any Notes so cancelled will not be reissued.

In this Condition 4.2, "**Agency**" means any political sub-division, regional government, ministry, department, authority or statutory corporation of the Republic or the government thereof (whether or not such statutory corporation is autonomous) and "**Agencies**" shall be construed accordingly.

#### 5. PAYMENTS

##### 5.1 *Principal and interest*

Payments of principal and interest will be made in euro in accordance with the applicable law and rules of KDD. Each payment so made will discharge the Republic's obligation in respect thereof.

Pursuant to ZNVP-1 in force at the Issue Date, the Republic shall make all payments in respect of the Notes via KDD and its members which operate the holders' accounts. Any amount of principal and interest on the Notes received by KDD shall be considered received on behalf of the Beneficiaries and by making such payment, the obligation of the Republic to pay such amount shall be discharged. The Republic accepts no liability in respect of the obligations of KDD and its members towards the Beneficiaries.

In this Condition 5:

- (i) "**KDD Business Day**" means any day which is a day on which KDD is open for business
- (ii) "**Relevant Time**" means, in relation to any amount payable in respect of a Note, the end of the last KDD Business Day (as defined above) prior to the due date for such amount; and
- (iii) "**Beneficiary**" means, in relation to any amount payable in respect of a Note, the person registered at the Relevant Time (as defined above) in the Central Register as the person entitled to receive such amount.

##### 5.2 *Details required for payments*

If, for any reason, in order to make the payment of any amount of principal or interest in respect of the Notes the Republic must obtain any details which may be provided by the Beneficiary, such Beneficiary can make available to the Republic the details required for payments in the manner from time to time specified in a notice given by or on behalf of the Republic in accordance with Condition 13.

If a Beneficiary of any amount payable in respect of a Note fails to notify the details required for payments in accordance with the foregoing before the third KDD Business Day prior to the due date for payment of such amount, such Beneficiary shall not be entitled to payment of the amount due until the fifth business day after the details required for payments have been properly notified in accordance with the foregoing, and the relevant Beneficiary shall not be entitled to any interest or other payment in respect of any such delay.

5.3 *Assignment of Clearing Systems' rights*

In the case of an Event of Default as described in Condition 7.1, any right to receive payment in respect of a Note held at the Relevant Time by Clearstream Banking S.A. or Euroclear Bank SA/NV (each a "**Clearing System**", and together the "**Clearing Systems**") or by any other person on behalf of a Clearing System (each such person a "**Fiduciary**") shall be deemed assigned on the due date for such payment to the person recorded in the records of the relevant Clearing System as the holder of such Note at the Relevant Time (the "**Accountholder**") (in which regard a statement of accounts issued by the relevant Clearing System and, where applicable, its Fiduciary as to the principal amount of Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding evidence of a right to receive such payment) and such Accountholder shall be entitled to enforce the obligation of the Republic to make such payment (including any further interest due in accordance with Condition 3).

5.4 *Payments subject to fiscal laws*

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 6. No commissions or expenses shall be charged to the Noteholders or Beneficiaries by the Republic in respect of such payments.

5.5 *Payments on business days*

If the due date for payment of any amount in respect of any Note is not a business day, the Beneficiary shall not be entitled to payment of the amount due until the next succeeding business day and shall not be entitled to any interest or other payment in respect of any such delay.

5.6 *Paying agent*

The Republic reserves the right at any time to appoint or terminate the appointment of a paying agent who acts solely as an agent of the Republic and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Beneficiaries.

6. **TAXATION**

All payments of principal and interest in respect of the Notes by the Republic shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic or any political subdivision or any authority thereof or therein having power to tax (a "**Tax**"), unless such withholding or deduction is required by law.

In that event, the Republic shall pay such additional amounts as will result in the receipt by the Beneficiary of such amounts as would have been received by it had no such withholding or deduction been required, except that no such additional amounts shall be payable:

- (i) in respect of any amount payable in respect of a Note received by or on behalf of a person who is subject to such Tax in respect of such payment by reason of his being connected with the Republic (or any political subdivision thereof) otherwise than merely by holding such Note or receiving principal or interest in respect thereof; or
- (ii) in respect of any amount payable in respect of a Note received by or on behalf of a person who would not be liable for or subject to such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the Republic or relevant tax authority if, after having been requested to make such a declaration or claim, such person fails to do so; or
- (iii) in respect of any amount payable in respect of a Note received more than 30 days after the Relevant Date (as defined below) except to the extent that the recipient thereof would have been entitled to such additional payment on the last day of such 30 day period.



In these Conditions, "**Relevant Date**" means whichever is the later of (a) the date on which the payment in question first becomes due and (b) in the circumstances referred to in Condition 5.2, if the payment in question is improperly withheld or refused, the day on which the Republic has notified the relevant Beneficiary that the amount in question will be paid subject only to the receipt by the Republic of a notice specifying any details required for payments in accordance with Condition 5.2 (except to the extent that there is any subsequent default in payment).

Any reference in these Conditions to principal or interest in respect of the Notes shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 6.

## 7. **EVENTS OF DEFAULT**

If any of the following events (each an "**Event of Default**") occurs and is continuing:

### 7.1 *Non-payment*

The Republic fails to pay any amount of principal or interest in respect of the Notes within 30 days of the due date for payment thereof; or

### 7.2 *Breach of other obligations*

The Republic does not perform or comply with any one or more of its other obligations under the Notes, which default is incapable of remedy or, if capable of remedy, is not remedied within 45 days after notice of such default has been given to the Republic by Noteholders holding not less than 25 per cent. in aggregate of the principal amount of the outstanding Notes,

then Noteholders holding not less than 25 per cent. in aggregate of the principal amount of the outstanding Notes may, by a written notice to the Republic in accordance with Condition 13, declare the Notes due and payable, in each case at their principal amount together with accrued interest, without further formality. Upon such declaration the Republic shall give notice to the Noteholders in accordance with Condition 13.

If the Republic receives notice in writing from Noteholders of at least 50 per cent. in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Republic shall give notice thereof to the Noteholders in accordance with Condition 13, whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before such notice is given (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other declaration or any subsequent Event of Default or any right of any Noteholder in relation thereto.

## 8. **PRESCRIPTION**

Claims for principal shall become void unless claimed for payment within five years of the appropriate Relevant Date (as defined in Condition 6). Claims for interest shall become void unless claimed for payment within three years of the appropriate Relevant Date.

## 9. **MEETINGS OF NOTEHOLDERS; MODIFICATION AND WAIVER**

### 9.1 *Definitions*

In these Conditions, the following expressions have the following meanings:

- (a) "**debt securities**" means the Notes and any other bills, debentures, notes or other debt securities issued by the Republic in one or more series with an original stated maturity of more than one year, and includes any such obligation, irrespective of its original stated maturity, that formerly constituted a component part of a debt security.
- (b) "**zero-coupon obligation**" means a debt security that does not expressly provide for the accrual of interest, and includes the former component parts of a debt security that did

expressly provide for the accrual of interest if that component part does not itself expressly provide for the accrual of interest.

- (c) "**index-linked obligation**" means a debt security that provides for the payment of additional amounts linked to changes in a published index, but does not include a component part of an index-linked obligation that is no longer attached to that index-linked obligation.
- (d) "**series**" means a tranche of debt securities, together with any further tranche or tranches of debt securities that in relation to each other and to the original tranche of debt securities are (i) identical in all respects except for their date of issuance or first payment date, and (ii) expressed to be consolidated and form a single series, and includes the Notes and any further issuances of Notes.
- (e) "**outstanding**" in relation to any Note means a Note that is outstanding for the purposes of Condition 9.2.7, and in relation to the debt securities of any other series means a debt security that is outstanding for purposes of Condition 9.2.8.
- (f) "**modification**" in relation to the Notes means any modification, amendment, supplement or waiver of these Conditions, and has the same meaning in relation to the debt securities of any other series save that any of the foregoing references to the Notes in this definition shall be read as references to such other debt securities or any agreement governing the issuance or administration of such other debt securities.
- (g) "**cross-series modification**" means a modification involving (i) the Notes, and (ii) the debt securities of one or more other series or any agreement governing the issuance or administration of such other debt securities.
- (h) "**reserved matter**" in relation to the Notes means any modification of these Conditions that would:
  - (i) change the date on which any amount is payable on the Notes;
  - (ii) reduce any amount, including any overdue amount, payable on the Notes;
  - (iii) change the method used to calculate any amount payable on the Notes;
  - (iv) change the currency or place of payment of any amount payable on the Notes;
  - (v) impose any condition on or otherwise modify the Republic's obligation to make payments on the Notes;
  - (vi) change any payment-related circumstance under which the Notes may be declared due and payable prior to their stated maturity;
  - (vii) change the seniority or ranking of the Notes;
  - (viii) change any court to whose jurisdiction the Republic has submitted or any immunity waived by the Republic in relation to legal proceedings arising out of or in connection with the Notes;
  - (ix) change the principal amount of outstanding Notes or, in the case of a cross-series modification, the principal amount of debt securities of any other series required to approve a proposed modification in relation to the Notes, the principal amount of outstanding Notes required for a quorum to be present, or the rules for determining whether a Note is outstanding for these purposes; or
  - (x) change the definition of a reserved matter,

and has the same meaning in relation to the debt securities of any other series save that any of the foregoing references to the Notes in this definition shall be read as references to such other debt securities or any agreement governing the issuance or administration of such other debt securities.

- (i) For the purposes of this Condition 9 only "**holder**" in relation to a Note means a Noteholder, and in relation to any other debt security means the person the Republic is entitled to treat as the legal holder of the debt security under the law governing that debt security.
- (j) "**record date**" in relation to any proposed modification means the date fixed by the Republic for determining the holders of Notes and, in the case of a cross-series modification, the holders of debt securities of each other series that are entitled to vote on or sign a written resolution in relation to the proposed modification.

9.2 *Modification of Notes*

9.2.1 **Reserved Matter Modification.** These Conditions may be modified in relation to a reserved matter with the consent of the Republic and:

- (a) the affirmative vote of holders of not less than 75 per cent. of the aggregate principal amount of the outstanding Notes represented at a duly called meeting of Noteholders; or
- (b) a written resolution signed by or on behalf of holders of not less than  $66\frac{2}{3}$  per cent. of the aggregate principal amount of the Notes then outstanding.

9.2.2 **Cross-Series Modification.** In the case of a cross-series modification, these Conditions and the terms and conditions of debt securities of any other series, and any agreement governing the issuance or administration of debt securities of such other series, may be modified in relation to a reserved matter with the consent of the Republic and:

- (a)(i) the affirmative vote of not less than 75 per cent. of the aggregate principal amount of the outstanding debt securities represented at separate duly called meetings of the holders of the debt securities of all the series (taken in the aggregate) that would be affected by the proposed modification; or
- (a)(ii) a written resolution signed by or on behalf of the holders of not less than  $66\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding debt securities of all the series (taken in the aggregate) that would be affected by the proposed modification;

and

- (b)(i) the affirmative vote of more than  $66\frac{2}{3}$  per cent. of the aggregate principal amount of the outstanding debt securities represented at separate duly called meetings of the holders of each series of debt securities (taken individually) that would be affected by the proposed modification; or
- (b)(ii) a written resolution signed by or on behalf of the holders of more than 50 per cent. of the aggregate principal amount of the then outstanding debt securities of each series (taken individually) that would be affected by the proposed modification.

A separate meeting will be called and held, or a separate written resolution signed, in relation to the proposed modification of the Notes and the proposed modification of each other affected series of debt securities.

9.2.3 **Proposed Cross-Series Modification.** A proposed cross-series modification may include one or more proposed alternative modifications of the terms and conditions of each affected series of debt securities or of any agreement governing the issuance or administration of any affected series of debt securities, **provided that** all such proposed alternative modifications are addressed to and may be accepted by any holder of any debt security of any affected series.

9.2.4 **Partial Cross-Series Modification.** If a proposed cross-series modification is not approved in relation to a reserved matter in accordance with Condition 9.2.2 but would have been so approved if the proposed modification had involved only the Notes and one or more, but less than all, of the other series of debt securities affected by the proposed modification, that cross-series modification will be deemed to have been approved, notwithstanding Condition 9.2.2, in relation to the Notes and debt securities of each other series whose modification would have been approved in

accordance with Condition 9.2.2 if the proposed modification had involved only the Notes and debt securities of such other series, **provided that**:

- (a) prior to the record date for the proposed cross-series modification, the Republic has publicly notified holders of the Notes and other affected debt securities of the conditions under which the proposed cross-series modification will be deemed to have been approved if it is approved in the manner described above in relation to the Notes and some but not all of the other affected series of debt securities; and
- (b) those conditions are satisfied in connection with the proposed cross-series modification.

9.2.5 **Non-Reserved Matter Modification.** These Conditions may be modified in relation to any matter other than a reserved matter with the consent of the Republic and:

- (a) the affirmative vote of holders of more than 50 per cent. of the aggregate principal amount of the outstanding Notes represented at a duly called meeting of Noteholders; or
- (b) a written resolution signed by or on behalf of holders of more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

9.2.6 **Multiple Currencies, Index-Linked Obligations and Zero-Coupon Obligations.** In determining whether a proposed modification has been approved by the holders of the requisite principal amount of Notes and debt securities of one or more other series:

- (a) if the modification involves debt securities denominated in more than one currency, the principal amount of each affected debt security will be equal to the amount of euro that could have been obtained on the record date for the proposed modification with the principal amount of that debt security, using the applicable euro foreign exchange reference rate for the record date published by the European Central Bank;
- (b) if the modification involves an index-linked obligation, the principal amount of each such index-linked obligation will be equal to its adjusted nominal amount;
- (c) if the modification involves a zero-coupon obligation that did not formerly constitute a component part of an index-linked obligation, the principal amount of each such zero-coupon obligation will be equal to its nominal amount or, if its stated maturity date has not yet occurred, to the present value of its nominal amount;
- (d) if the modification involves a zero-coupon obligation that formerly constituted a component part of an index-linked obligation, the principal amount of each such zero-coupon obligation that formerly constituted the right to receive:
  - (i) a non-index-linked payment of principal or interest will be equal to its nominal amount or, if the stated maturity date of the non-index-linked payment has not yet occurred, to the present value of its nominal amount; and
  - (ii) an index-linked payment of principal or interest will be equal to its adjusted nominal amount or, if the stated maturity date of the index-linked payment has not yet occurred, to the present value of its adjusted nominal amount; and
- (e) for purposes of this Condition 9.2.6:
  - (i) the adjusted nominal amount of any index-linked obligation and any component part of an index-linked obligation is the amount of the payment that would be due on the stated maturity date of that index-linked obligation or component part if its stated maturity date was the record date for the proposed modification, based on the value of the related index on the record date published by or on behalf of the Republic or, if there is no such published value, on the interpolated value of the related index on the record date determined in accordance with the terms and conditions of the index-linked obligation, but in no event will the adjusted nominal amount of such index-linked obligation or component part be less than its nominal amount unless the terms and conditions of the index-linked obligation

provide that the amount of the payment made on such index-linked obligation or component part may be less than its nominal amount; and

- (ii) the present value of a zero-coupon obligation is determined by discounting the nominal amount (or, if applicable, the adjusted nominal amount) of that zero-coupon obligation from its stated maturity date to the record date at the specified discount rate using the applicable market day-count convention, where the specified discount rate is:
  - (x) if the zero-coupon obligation was not formerly a component part of a debt security that expressly provided for the accrual of interest, the yield to maturity of that zero-coupon obligation at issuance or, if more than one tranche of that zero-coupon obligation has been issued, the yield to maturity of that zero coupon obligation at the arithmetic average of all the issue prices of all the zero-coupon obligations of that series of zero-coupon obligations weighted by their nominal amounts; and
  - (y) if the zero-coupon obligation was formerly a component part of a debt security that expressly provided for the accrual of interest:
    - (1) the coupon on that debt security if that debt security can be identified; or
    - (2) if such debt security cannot be identified, the arithmetic average of all the coupons on all of the Republic's debt securities (weighted by their principal amounts) referred to below that have the same stated maturity date as the zero coupon obligation to be discounted, or, if there is no such debt security, the coupon interpolated for these purposes on a linear basis using all of the Republic's debt securities (weighted by their principal amounts) referred to below that have the two closest maturity dates to the maturity date of the zero-coupon obligation to be discounted, where the debt securities to be used for this purpose are all of the Republic's index-linked obligations if the zero-coupon obligation to be discounted was formerly a component part of an index-linked obligation and all of the Republic's debt securities (index-linked obligations and zero-coupon obligations excepted) if the zero-coupon obligation to be discounted was not formerly a component part of an index-linked obligation, and in either case are denominated in the same currency as the zero-coupon obligation to be discounted.

9.2.7 **Outstanding Notes.** In determining whether holders of the requisite principal amount of outstanding Notes have voted in favour of a proposed modification or whether a quorum is present at any meeting of Noteholders called to vote on a proposed modification, a Note will be deemed to be not outstanding, and may not be voted for or against a proposed modification or counted in determining whether a quorum is present, if on the record date for the proposed modification:

- (a) the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued;
- (b) the Note has become due and payable at maturity or otherwise and the Republic has previously satisfied its obligation to make all payments due in respect of the Note in accordance with its terms; or
- (c) the Note is held by the Republic, by a department, ministry or agency of the Republic, or by a corporation, trust or other legal entity that is controlled by the Republic or a department, ministry or agency of the Republic and, in the case of a Note held by any such above-mentioned corporation, trust or other legal entity, the holder of the Note does not have autonomy of decision, where:

- (i) the holder of a Note for these purposes is the entity legally entitled to vote the Note for or against a proposed modification or, if different, the entity whose consent or instruction is by contract required, directly or indirectly, for the legally entitled holder to vote the Note for or against a proposed modification;
- (ii) a corporation, trust or other legal entity is controlled by the Republic or by a department, ministry or agency of the Republic if the Republic or any department, ministry or agency of the Republic has the power, directly or indirectly, through the ownership of voting securities or other ownership interests, by contract or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of that legal entity; and
- (iii) the holder of a Note has autonomy of decision if, under applicable law, rules or regulations and independent of any direct or indirect obligation the holder may have in relation to the Republic:
  - (x) the holder may not, directly or indirectly, take instruction from the Republic on how to vote on a proposed modification; or
  - (y) the holder, in determining how to vote on a proposed modification, is required to act in accordance with an objective prudential standard, in the interest of all of its stakeholders or in the holder's own interest; or
  - (z) the holder owes a fiduciary or similar duty to vote on a proposed modification in the interest of one or more persons other than a person whose holdings of Notes (if that person then held any Notes) would be deemed to be not outstanding under this Condition 9.2.7.

9.2.8 **Outstanding Debt Securities.** In determining whether holders of the requisite principal amount of outstanding debt securities of another series have voted in favour of a proposed cross-series modification or whether a quorum is present at any meeting of the holders of such debt securities called to vote on a proposed cross-series modification, an affected debt security will be deemed to be not outstanding, and may not be voted for or against a proposed cross-series modification or counted in determining whether a quorum is present, in accordance with the applicable terms and conditions of that debt security.

9.2.9 **Entities Having Autonomy of Decision.** For transparency purposes, the Republic will publish promptly following the Republic's formal announcement of any proposed modification of the Notes, but in no event less than 10 days prior to the record date for the proposed modification, a list identifying each corporation, trust or other legal entity that for purposes of Condition 9.2.7(c):

- (a) is then controlled by the Republic or by a department, ministry or agency of the Republic;
- (b) has in response to an enquiry from the Republic reported to the Republic that it is then the holder of one or more Notes; and
- (c) does not have autonomy of decision in respect of its Holdings of Notes.

9.2.10 **Exchange and Conversion.** Any duly approved modification of these Conditions may be implemented by means of a mandatory exchange or conversion of the Notes for new debt securities containing the modified terms and conditions in accordance with Condition 11. Any conversion or exchange undertaken to implement a duly approved modification will be binding on all Noteholders.

### 9.3 *Calculation Agent*

9.3.1 **Appointment and Responsibility.** The Republic will appoint a person (the "**Calculation Agent**") to calculate whether a proposed modification has been approved by the requisite principal amount of outstanding Notes and, in the case of a cross-series modification, by the requisite principal amount of outstanding debt securities of each affected series of debt securities. In the case of a

cross-series modification, the same person will be appointed as the Calculation Agent for the proposed modification of the Notes and each other affected series of debt securities.

9.3.2 **Certificate.** The Republic will provide to the Calculation Agent and publish prior to the date of any meeting called to vote on a proposed modification or the date fixed by the Republic for the signing of a written resolution in relation to a proposed modification, a certificate:

- (a) listing the total principal amount of Notes and, in the case of a cross-series modification, debt securities of each other affected series outstanding on the record date for purposes of Condition 9.2.7;
- (b) specifying the total principal amount of Notes and, in the case of a cross-series modification, debt securities of each other affected series that are deemed under Condition 9.2.7(c) to be not outstanding on the record date; and
- (c) identifying the holders of the Notes and, in the case of a cross-series modification, debt securities of each other affected series, referred to in (b) above,

determined, if applicable, in accordance with the provisions of Condition 9.2.6.

9.3.3 **Reliance.** The Calculation Agent may rely on any information contained in the certificate provided by the Republic, and that information will be conclusive and binding on the Republic and the Noteholders unless:

- (a) an affected Noteholder delivers a substantiated written objection to the Republic in relation to the certificate before the vote on a proposed modification or the signing of a written resolution in relation to a proposed modification; and
- (b) that written objection, if sustained, would affect the outcome of the vote taken or the written resolution signed in relation to the proposed modification.

In the event a substantiated written objection is timely delivered, any information relied on by the Calculation Agent will nonetheless be conclusive and binding on the Republic and affected Noteholders if:

- (x) the objection is subsequently withdrawn;
- (y) the Noteholder that delivered the objection does not commence legal action in respect of the objection before a court of competent jurisdiction within 15 days of the publication of the results of the vote taken or the written resolution signed in relation to the proposed modification; or
- (z) a court of competent jurisdiction subsequently rules either that the objection is not substantiated or would not in any event have affected the outcome of the vote taken or the written resolution signed in relation to the proposed modification.

9.3.4 **Publication.** The Republic will arrange for the publication of the results of the calculations made by the Calculation Agent in relation to a proposed modification promptly following the meeting called to consider that modification or, if applicable, the date fixed by the Republic for signing a written resolution in respect of that modification.

#### 9.4 *Noteholder Meetings; Written Resolutions*

9.4.1 **General.** The provisions set out below, and any additional rules adopted and published by the Republic will, to the extent consistent with the provisions set out below, apply to any meeting of Noteholders called to vote on a proposed modification and to any written resolution adopted in connection with a proposed modification. Any action contemplated in this Condition 9.4 to be taken by the Republic may instead be taken by an agent acting on behalf of the Republic.

9.4.2 **Convening Meetings.** A meeting of Noteholders:

- (a) may be convened by the Republic at any time; and

- (b) will be convened by the Republic if an Event of Default has occurred and is continuing and a meeting is requested in writing by the holders of not less than 10 per cent. of the aggregate principal amount of the Notes then outstanding.
- 9.4.3 **Notice of Meetings.** The notice convening a meeting of Noteholders will be published by the Republic at least 21 days prior to the date of the meeting or, in the case of an adjourned meeting, at least 14 days prior to the date of the adjourned meeting. The notice will:
- (a) state the time, date and venue of the meeting;
  - (b) set out the agenda and quorum for, and the text of any resolutions proposed to be adopted at, the meeting;
  - (c) specify the record date for the meeting, being not more than five business days before the date of the meeting, and the documents required to be produced by a Noteholder in order to be entitled to participate in the meeting;
  - (d) include the form of instrument to be used to appoint a proxy to act on a Noteholder's behalf;
  - (e) set out any additional rules adopted by the Republic for the convening and holding of the meeting and, if applicable, the conditions under which a cross-series modification will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities; and
  - (f) identify the person appointed as the Calculation Agent for any proposed modification to be voted on at the meeting.
- 9.4.4 **Chair.** The chair of any meeting of Noteholders will be appointed:
- (a) by the Republic; or
  - (b) if the Republic fails to appoint a chair or the person nominated by the Republic is not present at the meeting, by holders of more than 50 per cent. of the aggregate principal amount of the Notes then outstanding represented at the meeting.
- 9.4.5 **Quorum.** No business will be transacted at any meeting in the absence of a quorum other than the choosing of a chair if one has not been appointed by the Republic. The quorum at any meeting at which Noteholders will vote on a proposed modification of:
- (a) a reserved matter will be one or more persons present and holding not less than 66⅔ per cent. of the aggregate principal amount of the Notes then outstanding; and
  - (b) a matter other than a reserved matter will be one or more persons present and holding not less than 50 per cent. of the aggregate principal amount of the Notes then outstanding.
- 9.4.6 **Adjourned Meetings.** If a quorum is not present within thirty minutes of the time appointed for a meeting, the meeting may be adjourned for a period of not more than 42 days and not less than 14 days as determined by the chair of the meeting. The quorum for any adjourned meeting will be one or more persons present and holding:
- (a) not less than 66⅔ per cent. of the aggregate principal amount of the Notes then outstanding in the case of a proposed reserved-matter modification; and
  - (b) not less than 25 per cent. of the aggregate principal amount of the Notes then outstanding in the case of a non-reserved matter modification.
- 9.4.7 **Written Resolutions.** A written resolution signed by or on behalf of holders of the requisite majority of the Notes will be valid for all purposes as if it was a resolution passed at a meeting of Noteholders duly convened and held in accordance with these provisions. A written resolution may be set out in one or more documents in like form each signed by or on behalf of one or more Noteholders.



- 9.4.8 **Entitlement to Vote.** Any person who is a holder of an outstanding Note on the record date for a proposed modification, and any person duly appointed as a proxy by a holder of an outstanding Note on the record date for a proposed modification, will be entitled to vote on the proposed modification at a meeting of Noteholders and to sign a written resolution with respect to the proposed modification.
- 9.4.9 **Voting.** Every proposed modification will be submitted to a vote of the holders of outstanding Notes represented at a duly called meeting or to a vote of the holders of all outstanding Notes by means of a written resolution without need for a meeting. A holder may cast votes on each proposed modification equal in number to the principal amount of the holder's outstanding Notes. For these purposes:
- (a) in the case of a cross-series modification involving debt securities denominated in more than one currency, the principal amount of each debt security will be determined in accordance with Condition 9.2.6(a);
  - (b) in the case of a cross-series modification involving an index-linked obligation, the principal amount of each such index-linked obligation will be determined in accordance with Condition 9.2.6(b);
  - (c) in the case of a cross-series modification involving a zero-coupon obligation that did not formerly constitute a component part of an index-linked obligation, the principal amount of each such zero-coupon obligation will be determined in accordance with Condition 9.2.6(c); and
  - (d) in the case of a cross-series modification involving a zero-coupon obligation that did formerly constitute a component part of an index-linked obligation, the principal amount of each such zero-coupon obligation will be determined in accordance with Condition 9.2.6(d).
- 9.4.10 **Proxies.** Each holder of an outstanding Note may, by an instrument in writing executed on behalf of the holder and delivered to the Republic not less than 48 hours before the time fixed for a meeting of Noteholders or the signing of a written resolution, appoint any person (a "**proxy**") to act on the holder's behalf in connection with any meeting of Noteholders at which the holder is entitled to vote or the signing of any written resolution that the holder is entitled to sign. Appointment of a proxy pursuant to any form other than the form enclosed with the notice of the meeting will not be valid for these purposes. The holder of Notes may appoint more than one person as its proxy in respect of the Notes held by it, and such proxies may vote in a manner contrary to one another, **provided that** the aggregate principal amount of Notes represented by such proxies does not exceed the aggregate principal amount of outstanding Notes held by such holder.
- 9.4.11 **Legal Effect and Revocation of a Proxy.** A proxy duly appointed in accordance with the above provisions will, subject to Condition 9.2.7 and for so long as that appointment remains in force, be deemed to be (and the person who appointed that proxy will be deemed not to be) the holder of the Notes to which that appointment relates, and any vote cast by a proxy will be valid notwithstanding the prior revocation or amendment of the appointment of that proxy unless the Republic has received notice or has otherwise been informed of the revocation or amendment at least 48 hours before the time fixed for the commencement of the meeting at which the proxy intends to cast its vote or, if applicable, the signing of a written resolution.
- 9.4.12 **Binding Effect.** A resolution duly passed at a meeting of holders convened and held in accordance with these provisions, and a written resolution duly signed by the requisite majority of Noteholders, will be binding on all Noteholders, whether or not the holder was present at the meeting, voted for or against the resolution or signed the written resolution.
- 9.4.13 **Publication.** The Republic will without undue delay publish all duly adopted resolutions and written resolutions.

9.5 *Notices and Other Matters*

The Republic will publish all notices and other matters required to be published pursuant to the above provisions in accordance with Condition 13.

9.6 *Participation*

The following may attend and speak at a meeting:

- (a) holders of Notes;
- (b) representatives of the Republic;
- (c) the financial advisers of the Republic; and
- (d) the legal counsel to the Republic.

10. **MANIFEST ERROR**

The Notes and these Conditions may be modified by the Republic without the consent of the Noteholders to correct a manifest error or to cure an ambiguity for the purposes of any amendment which is of a formal or technical nature or for the benefit of Noteholders. The Republic will publish in accordance with Condition 13 the details of any modification of the Notes made pursuant to this Condition 10 within ten days of the modification becoming legally effective.

11. **EXCHANGE OF THE NOTES**

If (a) a modification of any provision of the Notes or these Conditions is approved, including the substitution of any person for the Republic as principal obligor under the Notes; or (b) a modification of the Notes or these Conditions is permitted pursuant to Condition 10, such modification or substitution shall, to the extent required under Slovenian law, be effected by way of deemed redemption of the Notes prior to their scheduled maturity date and by the Republic procuring that, on the Exchange Date (as defined below), Replacement Notes (as defined below) are credited to the account of each Noteholder with KDD in exchange for each Note which had been credited to the account of such Noteholder with KDD at close of business on the KDD Business Day prior to the Exchange Date.

It shall be deemed that each Noteholder has consented to the exchange of Notes in accordance with the foregoing and has authorised KDD to debit its securities account maintained with KDD accordingly.

In this Condition 11:

- (i) "**Exchange Date**" means the date specified by the Republic in a notice given to the Noteholders in accordance with Condition 13 not less than seven days prior to such date; and
- (ii) "**Replacement Notes**" means securities differing from the Notes solely in such respects as have been approved by a valid resolution or a written resolution of Noteholders pursuant to Condition 9 or as permitted pursuant to Condition 10.

12. **FURTHER ISSUES**

The Republic may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to be consolidated with and form a single series with the Notes.

13. **NOTICES**

A notice to a Noteholder or a Beneficiary shall be valid if either (at the sole discretion of the Republic) (a) sent by mail to such Noteholder or Beneficiary at the address registered for a Noteholder or Beneficiary in the Central Register or at the address notified by such a person to the Republic in accordance with this Condition 13 and any such notice shall be deemed to have been given on the eighth day following the day the notice was sent by mail or (b) published in a leading Slovenian language daily newspaper having general circulation in Slovenia and in a leading English language daily newspaper having general circulation in Europe and, in any event, shall be published in such other manner as may be required by the rules of any regulated market on which

the Notes are at such time listed and/or traded. Any such notice given by publication shall be deemed to have been given on the date of publication or, if so published more than once on different dates, on the date of the first publication.

Notices to the Republic shall be sent by letter or fax to:

The Ministry of Finance  
Treasury Directorate  
Back Office  
Župančičeva 3  
1000 Ljubljana  
Slovenia  
Telephone: +386 1 369 6420  
Fax: + 386 1 369 6439  
Attention: Head of Department

or, in any case, to such other address or fax number or for the attention of such other person or department as the Republic has by prior notice to the Noteholders and Beneficiaries specified for a particular purpose.

Notices to the Republic shall be valid upon receipt by the Republic **provided, however, that** any such notice or communication which would otherwise take effect after 4.00 p.m. on any particular day or on any day which is not a business day in the place of the addressee shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the addressee.

All notices hereunder shall only be valid if made (a) in the case of Notices to the Noteholders or Beneficiaries, in English and Slovenian; and (b) in the case of Notices to the Republic, in English or Slovenian or in any other language **provided that** such notices are accompanied by a certified English or Slovenian translation thereof. Any certified English or Slovenian translation delivered hereunder shall be certified a true and accurate translation by a professionally qualified translator or by some other person competent to do so.

#### 14. **GOVERNING LAW AND JURISDICTION**

##### 14.1 *Governing law*

The Notes and any non-contractual obligations arising out of or in connection with these Conditions are governed by and shall be construed in accordance with Slovenian law.

##### 14.2 *Jurisdiction*

The Republic agrees for the benefit of the Noteholders and Beneficiaries that the courts of the Republic of Slovenia shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (collectively, "**Proceedings**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

##### 14.3 *Non-exclusivity*

The submission to the jurisdiction of the courts of the Republic of Slovenia shall not (and shall not be construed so as to) limit the right of any Noteholder or Beneficiary to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

##### 14.4 *Consent to enforcement, etc.*

The Republic consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

14.5 *Waiver of immunity*

To the extent that the Republic may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise and whether on the grounds of sovereignty or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Republic or its assets or revenues, the Republic agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

## **USE OF PROCEEDS**

The net proceeds from the issue of the Notes in the amount of €1,763,965,000 (representing the gross proceeds payable to the Republic on the Issue Date after deduction of applicable fees and commissions payable by the Republic to the Joint Lead Managers) will be used by the Republic for its general funding purposes.

## THE REPUBLIC OF SLOVENIA

Information relating to the Republic of Slovenia may be found in the investor presentation entitled "Republic of Slovenia Investor Presentation – January 2021" (the "**Investor Presentation**") and other publicly available information from sources including, but not limited to, the European Commission, Eurostat and Slovenian national governmental entities, however, such information does not form part of this Offering Circular.

Copies of the Investor Presentation may be inspected, free of charge, at <https://www.gov.si/en/topics/investor-relations/>. For the avoidance of doubt, the Investor Presentation or information contained on the website does not form part of this Offering Circular.

Each purchaser of Notes will be deemed to have acknowledged, agreed and represented to the Republic and the Joint Lead Managers that: (a) it understands, acknowledges and accepts that this Offering Circular does not contain disclosure (other than the risk factors in the section headed "Risk Factors") or other information regarding the Republic including, without limitation, the Republic's political system and situation, economy, foreign trade, balance of payments, public finance, public debt and monetary system; (b) it is relying on publicly available information about the Republic; (c) it has knowledge and experience in investment matters (including, without limitation, matters involving the purchase of securities issued by sovereigns similar to the Notes); (d) has taken or will take such independent advice as it deems necessary or advisable; and (e) has conducted and will conduct its own independent analysis in order to enable it to evaluate the merits and risks of purchasing the Notes and to make its independent investment decision to purchase the Notes.

## CLEARING AND SETTLEMENT

The Notes will be issued in accordance with the provisions of the Dematerialised Securities Act as entries within the central register (the "**Central Register**") maintained by KDD.

KDD was established to provide central securities register services, clearing and settlement of securities transactions and maintenance of the Central Register of dematerialised securities (and their holders) in the Republic of Slovenia. Currently KDD's legal status and operation is regulated by the Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 and the New Market in Financial Instruments Act.

The Notes will be issued in accordance with a written request (the "**Registration Order**") by the Republic to KDD to enter the Notes into the Central Register and credit them to the accounts of the person(s) specified in the Registration Order. The person to whose account a Note is credited in the Central Register will be considered as the holder of such a Note.

The Notes will be transferable between accounts held with KDD by registration of such transfers in the Central Register in accordance with the applicable KDD Operations Rules and Regulations. For the purpose of transfers, a Noteholder shall maintain a trading account operated by a KDD member (a stockbroker or a bank). KDD Operations Rules and Regulations and a list of KDD members are available on the website of KDD at [www.kdd.si](http://www.kdd.si) (the contents of such website do not form part of, nor are they incorporated in, this Offering Circular).

Transfers of the Notes between accounts held with KDD require an instruction for delivery as well as an instruction for receipt to be submitted to KDD by the respective KDD members operating the transferor's and transferee's account. If adequate, the instructions are matched and constitute a transfer order. Specific provisions apply to transfers of the Notes effected within the corporate actions (as defined by the KDD Operating Rules) and transfers of the Notes effected within settlements of the Ljubljana Stock Exchange trades.

Transfers of the Notes between accounts held with KDD will be subject to corresponding transfers being effectuated in Eurosystem's single platform for securities settlement (Target2-Securities). From 6 February 2017 onwards, KDD Operations Rules and Regulations have thus been aligned with the common legal and operational framework applicable for the Target2-Securities settlement platform.

KDD has established links with Clearstream, Luxembourg and Euroclear, which allow interests in the Notes to be held through fiduciary accounts of Euroclear and Clearstream, Luxembourg with KDD.

Accountholders with Euroclear or Clearstream, Luxembourg will not be considered as the legal owners of such Notes under Slovenian law.

Notwithstanding the foregoing, Accountholders are entitled to make a direct claim against the Republic for payments under the Notes subject to the provisions set out within the "*Terms and Conditions of the Notes – Payments*". In order for such persons to enforce any other rights (other than payment) conferred to Noteholders, such persons should look to the standard terms of business of Euroclear or Clearstream, Luxembourg (as applicable) with respect to indirect enforcement of their rights.

## **EUROPEAN CENTRAL BANK ELIGIBILITY**

KDD is an approved Central Securities Depository. The "bridge" between KDD and Clearstream, Luxembourg and the "bridge" between KDD and Euroclear are both eligible direct links for European Central Bank collateral purposes. See the website of the ECB ([www.ecb.int](http://www.ecb.int)) for further information. The contents of such website do not form part of, nor shall they be incorporated in this Offering Circular.



## SLOVENIAN TAXATION

The following is a general description of certain Slovenian tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes and any other person that may become entitled to receive (directly or indirectly) any payment in respect of the Notes, should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Republic of Slovenia of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

### Corporate Investors

Interest on the Notes received and/or capital gains earned on the sale or disposition of the Notes, in each case by:

- (A) a legal person resident for taxation purposes in the Republic of Slovenia; or
- (B) a permanent establishment (*poslovna enota*) in the Republic of Slovenia of a legal person not resident for taxation purposes in the Republic of Slovenia,

is subject to Slovenian Corporate Income Tax (*davek od dohodkov pravnih oseb*) as a part of the overall income of such legal person resident for taxation purposes in the Republic of Slovenia, or, as the case may be, a permanent establishment in the Republic of Slovenia of a legal person not resident for taxation purposes in the Republic of Slovenia.

Interest on the Notes received by a legal person not resident for taxation purposes in Slovenia and not having a permanent establishment in Slovenia is not subject to Slovenian Corporate Income Tax.

No withholding tax is levied on payments under the Notes to legal persons regardless of their residence for taxation purposes.

### Individuals

The amounts of interest on the Notes received by an individual resident for taxation purposes in Slovenia are generally subject to Slovenian Personal Income Tax (*dohodnina*) at the rate of 27.5 per cent. There is no withholding tax on such interest; instead, residents are obliged to submit a return declaring such interest by 28 February in each calendar year for interest received in the previous calendar year. Such tax is the final tax imposed by Slovenia on interest derived by residents from the Notes.

An individual who is not resident for taxation purposes in Slovenia is fully exempt from Slovenian tax on interest derived from the Notes.

Individuals are not liable to Slovenian Personal Income Tax on capital gains resulting from disposals of the Notes.

**Any persons who are in doubt as to tax applicable to the Notes or any tax or stamp duty which may be applicable to the transfer or disposition of the Notes are advised to consult their professional advisers in connection therewith.**

## SUBSCRIPTION AND SALE

The Joint Lead Managers have, pursuant to a subscription agreement dated 11 January 2021 (the "**Subscription Agreement**") and entered into between the Republic and the Joint Lead Managers, jointly and severally agreed with the Republic to subscribe and pay or procure the subscription and payment for the Notes pursuant to the Subscription Agreement, all on the terms set forth therein.

The Republic has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes. The Joint Lead Managers are entitled to terminate the Subscription Agreement in certain circumstances prior to payment of the net subscription monies for the Notes to the Republic.

In connection with the Notes, certain Joint Lead Managers or certain of their respective affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, certain Joint Lead Managers or their respective affiliates may purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Republic at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes (notwithstanding that such selected counterparties may also be purchasers of the Notes).

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Republic, including the Notes themselves. Certain of the Joint Lead Managers or their respective affiliates that have a lending relationship with the Republic routinely hedge their credit exposure to the Republic consistent with their customary risk management policies. Typically, such Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Republic's securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of the Commonwealth of Australia (the "**Corporations Act**")) in relation to the Notes has been, or will be, lodged with, or registered by, the Australian Securities & Investments Commission ("**ASIC**") or any other regulatory authority in the Commonwealth of Australia.

Each Joint Lead Manager has represented and agreed that it:

- (a) has not (directly or indirectly) offered, and will not offer for issue or sale and has not invited, and will not invite, applications for issue, or offers to purchase, the Notes in, to or from Australia (including an offer or invitation which is received by a person in the Commonwealth of Australia); and
- (b) has not distributed or published, and will not distribute or publish, any preliminary or definitive offering circular, prospectus, advertisement or other offering material relating to the Notes or any sale of the Notes in Australia,

unless (1) the aggregate consideration payable by each offeree or invitee is at least AUD500,000 (or equivalent in other currencies, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act, (2) such action complies with all applicable laws, regulations and directives (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act), (3) the offer, distribution or invitation does not constitute an offer, distribution or invitation to a person in Australia who is a "retail client" within the meaning of section 761G of the Corporations Act, and (4) such action does not

require any document to be lodged with ASIC or any other regulatory authority in the Commonwealth of Australia.

### **Republic of Italy**

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation. Each Joint Lead Manager has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time); and
- (b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

### **United States**

The Notes have not been, and will not be, registered under the Securities Act and may not be offered or sold in the United States except in certain transactions exempt from the registration requirements of the Securities Act. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it will only offer and sell the Notes outside the United States in accordance with Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

### **United Kingdom**

Each Joint Lead Manager has represented, warranted and undertaken that

- (a) it has only communicated, or caused to be communicated, and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Republic; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **General**

Neither the Republic nor any Joint Lead Manager has made any representation that any action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular, or any other offering material relating to the Notes or any supplement, in any country or jurisdiction where action for that purpose is required. Further neither the Republic nor the Joint Lead Managers represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder or assumes any responsibility for facilitating the same.

Each Joint Lead Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Offering Circular or any other offering material relating to the Notes including any supplement thereto, in all cases at their own expense. Persons into whose hands this Offering Circular is distributed are required by the Republic and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any other offering material relating to the Notes, in all cases at their own expense.

## GENERAL INFORMATION

1. The issue of the Notes has been duly authorised pursuant to the first paragraph of Article 84 of the Public Finance Act and the first, third and fifth paragraphs of Article 48 of the Republic of Slovenia Budgets for 2021 and 2022 Implementation Act (*Zakon o izvrševanju proračunov Republike Slovenije za leti 2021 in 2022 (ZIPRS2122)*).
2. Application has been made for the Notes to be listed on the bond market and traded on the EEA Regulated Market of the Ljubljana Stock Exchange pursuant to the rules and regulations of the Ljubljana Stock Exchange.
3. The Notes will be issued in dematerialised registered form and held with KDD. The Common Code for the Notes is 228223956. The ISIN for the Notes is SI0002104105. Links between KDD and Euroclear and Clearstream, Luxembourg have been established which allow interests in the Notes to be held indirectly through the fiduciary accounts of Euroclear and of Clearstream, Luxembourg with KDD.

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