



Central Government Budget Debt Management

After the positive decision of the European Commission the Government has increased capital at five banks

Ljubljana, 18 December 2013 – the European Commission issued decisions on the state aid for five Slovenian banks (NLB, NKBM, Abanka, Factor banka and Probanka), which provide the basis for implementing the government decision that the measures for improving the stability of banks begin to apply after receiving a favourable opinion from the European Commission. At the same time, the contracts between the Bank Asset Management Company (BAMC), NLB and NKBM on transferring non-performing assets to BAMC were concluded.

Regarding Abanka, the European Commission issued a temporary approval of the first part of recapitalisation, which took place today, in the amount of 348 million euros. The remainder required for the long-term sustainable operation of Abanka and the process of the transfer of non-performing assets to the Bank Asset Management Company will be recapitalised after receiving the final approval from the European Commission on the basis of a restructuring plan in preparation.

On the basis of the extraordinary decision issued by the Bank of Slovenia approving recapitalisation of NLB, NKBM, Abanka, Probanka and Factor banka, the Republic of Slovenia provided appropriate capital increase in these banks, as follows:

- **NLB:** a capital increase of 1551 million euros, of which 1141 million euros is in cash and 410 million euros is in the form of bonds issued by the Republic of Slovenia;
- **NKBM:** a capital increase of 870 million euros, of which 620 million euros is in cash and 250 million euros is in the form of bonds issued by the Republic of Slovenia;
- **Abanka:** a capital increase of 348 million euros in cash;
- **Probanka:** a capital increase of 176 million euros, of which 160 million euros is in cash and 16 million euros is in the form of treasury bills issued by the Republic of Slovenia;
- **Factor banka:** a capital increase of 269 million euros, of which 160 million euros is in cash and 109 million euros is in the form of treasury bills issued by the Republic of Slovenia.

On the basis of the decisions issued by the Bank of Slovenia and other measures, the holders of the bank's qualifying liabilities will contribute 505 million euros to cover losses in the five banks in accordance with items 2, 3 and 4 of paragraph 6 of Article 261.a of the Banking Act.

Today, contracts were signed between BAMC and NLB and NKBM, respectively, on transferring non-performing assets to BAMC. NLB will transfer assets totalling 711 million euros, while NKBM will transfer assets in the amount of 422 million euros.