

BANKA
SLOVENIJE
BANK OF SLOVENIA
EUROSYSTEM

**SUMMARY OF DECISION ON EXTRAORDINARY MEASURES
IMPOSED ON NOVA LJUBLJANSKA BANKA D. D. ON 18 DECEMBER 2013**

Pursuant to the first paragraph of Article 31 and the first paragraph of Article 43 of the Bank of Slovenia Act (Official Gazette of the Republic of Slovenia, Nos. 72/06 [official consolidated version] and 59/11) and the first paragraph of Article 217 in connection with Article 253 of the Banking Act (Official Gazette of the Republic of Slovenia, Nos. 99/10 [official consolidated version], 52/11 [correction], 9/11 [ZPlaSS-B], 35/11, 59/11, 85/11, 48/12, 105/12, 56/13, 63/13-ZS-K and 96/13; hereinafter: the ZBan-1), the Bank of Slovenia hereby imposes on **Nova Ljubljanska banka d. d., Trg republike 2, 1520 Ljubljana** a decision on extraordinary measures, and a decision to write down all of the bank's qualified liabilities and increase its share capital via the payment of new contributions with the aim of re-establishing conditions for positive operations in the long term.

The Bank of Slovenia determined that the bank is operating in an environment of increased risk that could result in the revocation of authorisation to provide banking services because, based on an assessment of the bank's financial position as at 30 September 2013 prepared under the assumption of a going concern, including additionally required impairments identified in an independent examination of the credit portfolio, the bank does not fulfil requirements regarding the provision of minimum capital.

Under the extraordinary measure to write down qualified liabilities, the Bank of Slovenia decided to write down all of the bank's qualified liabilities effective 18 December 2013. The aforementioned liabilities comprise the bank's share capital and liabilities to creditors from subordinated claims that would only be repaid after the repayment of all ordinary claims against the bank in the event of the latter's bankruptcy.

The bank's qualified liabilities written down on the basis of the decision on extraordinary measures include:

- a) the bank's share capital, which amounts to EUR 184,079,267.12 and is divided into 22,056,378 ordinary freely transferable no-par-value registered shares designated NLB, bearing the ISIN SI0021103526 and issued in the central register of book-entry securities maintained by Centralna klirinško depotna družba d.d., Ljubljana (the Central Securities Clearing Corporation; hereinafter: the KDD) and representing a first-order qualified liability;
- b) liabilities from financial instruments issued by the bank that represent third-order qualified liabilities:
 - hybrid "Perpetual Floating Rate Upper Tier Two Subordinated step-up notes" designated NOVALJ FLOAT 49, bearing ISIN NLB XS0208414515, issued on 17 December 2004 and managed as book-entry securities on clearing system accounts administered by Euroclear Bank SA/NV, Luxembourg and Clearstream Banking SA Luxembourg;
 - subordinated bonds designated NLB 26, bearing ISIN SI0022103111 and issued on 14 July 2010. The aforementioned bonds are managed in the central register of book-entry securities maintained by the KDD and began bearing interest on 24 May 2010;
 - a hybrid "Subordinated Floating Rate Perpetual loan" paid on the basis of the agreement concluded on 19 June 2007 with the lender Merrill Lynch International Bank Limited, London Branch; and
 - a Subordinated loan that the bank received on the basis of the agreement concluded on 31 May 2006 with the Dublin Branch of KBC Bank NV.

BANKA
SLOVENIJE
BANK OF SLOVENIA
EUROSYSTEM

Pursuant to the decision on extraordinary measures, the bank's share capital was reduced to zero (0) due to the write down of qualified liabilities. Due to the reduction in share capital, 22,056,378 of the bank's shares designated NLB, bearing the ISIN SI0021103526 and issued in the central register of book-entry securities maintained by the KDD were cancelled effective 18 December 2013 by the decision on extraordinary measures.

Following the write down of qualified liabilities, the **bank's share capital was increased via new contributions paid up by the Republic of Slovenia on 18 December 2013**, based on the decision on extraordinary measures.

Based on the paid-in capital in the total amount of EUR 1,551,000,000.00, the bank once again meets capital adequacy requirements.

Pursuant to the third paragraph of Article 253 of the ZBan-1, extraordinary measures are deemed reorganisation measures as set out in Directive 2001/24/EC.

Pursuant to Article 350a of the ZBan-1, shareholders, creditors and other persons whose rights are affected by the Bank of Slovenia's decision on extraordinary measures may request that the Bank of Slovenia reimburse them for damages, provided that they prove that the damages that arose due to the effects of an extraordinary measure exceed the damages that would have been incurred had the extraordinary measure not been imposed. An appeal may be filed against the Bank of Slovenia with the competent court in Ljubljana (e.g. the Local Court or District Court in Ljubljana).

The bank may file an appeal against the decision on extraordinary measures with the Administrative Court of the Republic of Slovenia within 15 days from the delivery of the decision to all the members of the management board. The bank's shareholders whose total participating interests amount to at least one tenth of the bank's share capital may, for the purposes of exercising the right to judicial protection against the Bank of Slovenia's decision on the winding-up of the bank or extraordinary measure, request that the bank's management board, or special administration if one has been appointed, convene a general meeting of the bank's shareholders, with a proposal that the general meeting discharge the persons authorised to represent the bank pursuant to the second paragraph of Article 347 of the ZBan-1 and appoint other persons to represent the bank in judicial protection proceedings against the Bank of Slovenia's decision.

Ljubljana, 20. 12. 2013


Boštjan Jazbec
Governor

3