

# State aid: Commission opens in-depth investigation on Slovenia's new proposed commitments for Nova Ljubljanska Banka

The partial sale of Slovenia's shares in NLB is a key commitment to ensure NLB's long-term viability, on the basis of which the Commission was able to approve significant State aid of up to €2.32 billion to NLB [in December 2013](#). In [May 2017](#), Slovenia requested a gradual sale of its shares in NLB in two tranches, which the Commission approved. However, after putting the sale of NLB on hold [in June 2017](#), Slovenia did not complete the sale of a first tranche of its shares in NLB before the end of 2017, nor did Slovenia nominate a trustee to comply with the alternative commitment of divesting its Balkan subsidiaries. Since Slovenia failed to comply with its commitments, the aid granted to NLB in 2013 has not been lawfully implemented. Furthermore, the Commission has doubts that Slovenia's proposed alternative measures of December 2017 can be considered equivalent to Slovenia's original commitment.

For these reasons, the Commission has today opened an in-depth investigation. This gives Slovenian authorities and other interested third parties the opportunity to submit comments on the Commission's preliminary views, without prejudging its outcome.

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"Slovenia has proposed changes to its commitment to sell 75% of its shares in NLB and has missed a deadline under its existing commitment. It is the responsibility of Member States to comply with their commitments. At this stage, we have doubts that Slovenia's new proposal is equivalent to its original commitment, which is why we have opened an in-depth investigation. We have to make sure that NLB, which has received significant State aid, is viable in the long-run, also for Slovenian taxpayers. And we have to ensure equal treatment of all EU countries. We will continue to work constructively with the Slovenian authorities over the course of this investigation."*

## **The new proposed commitments**

On 21 December 2017, the Slovenian authorities formally notified the Commission of a new commitment package to replace its existing commitment on the sale of 75% of its shares in NLB. This proposal foresees a significant extension of the sales deadline. It also proposes the appointment of an independent trustee that would exercise the State's shareholder rights until the sale has been completed. Finally, Slovenia proposes that all other existing commitments cease to apply as of 31 December 2017.

The Commission can only accept modifications to existing commitments by Member States and aided banks that were given to obtain approval for

restructuring aid (such as the one leading to the 2013 Commission decision), if the new commitments can be considered equivalent to those originally provided. In particular, the new measures have to ensure the viability of NLB to the same extent as the original commitments and address potential additional competition distortions.

At this stage, the Commission has doubts whether the new Slovenian proposal can be considered equivalent to Slovenia's original commitment, for the following reasons:

- The Commission has doubts whether the appointment of an independent trustee can ensure NLB's viability to the same extent as a change in ownership. A change in ownership would allow the bank – at all its levels – to operate solely for commercial objectives, without there being competing short-term or long-term political objectives. In this context, it is important to recall that corporate governance issues were a main factor leading to NLB's past financial difficulty and the need for State aid in the first place. In this context, previous corporate governance measures proved to be rather ineffective. Furthermore, Slovenia was not able to appoint a trustee on 1 January 2018, notably because the selection process is time consuming and will inevitably require regulatory approvals. This means that there will be a time gap during which the bank will neither be partially sold on time as Slovenia had committed to, nor controlled by a trustee.
- The Commission's preliminary assessment indicates that a further delay of the sale unduly prolongs NLB's restructuring period. To ensure compliance with EU State aid rules and equal treatment of all EU countries, the restructuring period to ensure a bank's viability should not be longer than necessary.
- The Commission also considers at this stage that, since the sale of NLB is delayed further, certain other commitments – and in particular those linked to the restructuring period – should be prolonged as well. One example is a commitment to only grant loans if the bank can expect a minimum return on equity on those loans. This would help ensure viability and address potential additional competition distortions as a result of the delay.
- Finally, the Commission also has doubts whether the new proposal for State aid commitments sufficiently compensates for this delay in the restructuring process and will investigate further whether more behavioural and structural measures are required, to ensure the new commitments can be considered equivalent to those originally provided.

The opening of an in-depth investigation gives Slovenian authorities and other interested third parties the opportunity to submit comments on the Commission's preliminary views. This opening of an investigation does not prejudge its outcome. The Commission will carefully review the responses received before taking a final decision.

## **Background**

NLB is the largest Slovenian banking group and had a balance sheet of €12 billion at the end of September 2017. It has received three State

recapitalisations, one of €250 million [in March 2011](#), one of €383 million [in July 2012](#). Furthermore, NLB benefitted from a transfer of impaired assets to a State-owned bad bank with an implied aid element of €130 million. In [December 2013](#), the Commission approved under EU State aid rules €2.32 billion in State aid to NLB – equivalent to 20% of the bank’s risk weighted assets as on December 2012.

The Commission took its 2013 decision on the basis of the bank’s restructuring plan and associated commitments. As a crucial part of this restructuring plan, Slovenia committed to sell a 75%-1 share of NLB by the end of 2017, in order to ensure that the State would no longer influence NLB’s day-to-day business. In [May 2017](#), the Commission accepted a request from Slovenia for a more gradual sale, whereby Slovenia committed to sell (at least) 50% of its shares by the end of 2017, and to sell the remainder of (at most) 25%-1 by the end of 2018.

More information will be available on the Commission’s [competition](#) website, in the [public case register](#) under the case number [SA.33229](#).

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## [Euro banknote counterfeiting remains low in second half of 2017](#)

PRESS RELEASE

26 January 2018

- 363,000 counterfeit euro banknotes were withdrawn from circulation in the second half of 2017
- Around 85% of the counterfeits were €20 and €50 banknotes
- All euro banknotes can be verified using the “feel, look and tilt” method
- Euro banknotes continue to be a trusted and safe means of payment

Some 363,000 counterfeit euro banknotes were withdrawn from circulation in the second half of 2017, an increase of 9.7% when compared with the first half of 2017 and 2.8% more than in the second half of 2016. The likelihood of receiving a counterfeit is very slight. The number of counterfeits remains very low compared with the number of genuine banknotes in circulation, which has risen steadily, at rates above GDP growth, since they were introduced. In 2017, for instance, the number and value of [euro banknotes in circulation](#) grew by around 5.9% and 4.0% respectively. There are now well over 21 billion euro banknotes in circulation, with a total value of more than €1.1 trillion.

**The half-yearly trend is shown below:**

Period	2014/2	2015/1	2015/2	2016/1	2016/2	2017/1	2017/2
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Number of counterfeits 507,000 454,000 445,000 331,000 353,000 331,000 363,000

### **Breakdown by denomination:**

Denomination	€5	€10	€20	€50	€100	€200	€500
Percentage breakdown	1.0%	1.8%	35.2%	52.5%	6.5%	0.8%	2.2%

During the second half of 2017:

- the €20 and €50 notes continued to be the most counterfeited banknotes. Together, they accounted for around 85% of the counterfeits;
- most of the counterfeits (97.8%) were found in euro area countries. Around 1.7% were found in EU Member States outside the euro area and 0.5% were found in other parts of the world.

Check your banknotes!

Ever since the first series of euro banknotes was issued, the Eurosystem – i.e. the ECB and the 19 national central banks of the euro area – has encouraged people to be vigilant when receiving banknotes. You can check your notes by using the simple “feel, look and tilt” method described in “The Euro” section of the ECB’s website and on the websites of the national central banks. If you receive a suspect banknote, compare it directly with one you know is genuine. If your suspicions are confirmed, please contact the police or – depending on national practice – your national central bank or your own bank. The Eurosystem supports the law enforcement agencies in their fight against currency counterfeiting.

The Eurosystem communicates in various ways to help people distinguish between genuine and counterfeit notes, as well as to help professional cash handlers ensure that banknote-handling and processing machines can reliably identify and withdraw counterfeits from circulation.

The Eurosystem has a duty to safeguard the integrity of the euro banknotes and continue improving banknote technology. The second series of banknotes – the Europa series – is even more secure and is helping to maintain public confidence in the currency.

In the first half of 2019, the Eurosystem plans to issue simultaneously the new €100 and €200 banknotes, the last two denominations of the Europa series. The Eurosystem will conduct a campaign to inform the public and professional cash handlers about the introduction of these new banknotes, which both carry some new security features. Banknote equipment manufacturers and other suppliers will continue to receive support from the Eurosystem in adapting their machines and authentication devices to the new banknotes.

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## [EESC hosts the launch of a Commission toolkit advising Member States on EU funding for migrant integration](#)

On 24 January, the **European Economic and Social Committee (EESC)** and the **European Commission** jointly organised the launch of the Commission's new toolkit to help Member States to strengthen the integration of people with a migrant background by making more efficient and coordinated use of available EU funding instruments.

The Commission's [toolkit](#), or handbook, contains guidelines and practical recommendations for national and regional funding authorities, which should implement integration strategies and projects by tapping into various EU funds accessible under the current 2014-2020 budget period and combining them in a way that avoids overlaps and double financing and ensures synergies between multiple instruments.

In his opening remarks at the launch event, the **EESC President, Georges Dassis**, said: "A true democracy must allow civil society to express itself. The resources of the Asylum, Migration and Integration Fund (AMIF) and of the European Social Fund (ESF) should be increased, especially in Member States where the number of refugees has exceeded the planned quota. This should be done to ensure better joint funding of integration measures intended for refugees."

The improved and enhanced use of funds should in turn foster the inclusion of over 20 million third-country nationals who legally reside in the European Union and account for 4.1% of the entire EU population, but who continue to face a plethora of challenges and discrimination when looking for a job or housing, or when trying to access education and basic services, such as healthcare or legal advice.

As many as 40% of third-country nationals are at risk of poverty, while 18% are unemployed and 19% leave school early, which is almost double the EU average, it was revealed at the launch event.

"The EU has to show humanism and solidarity. Citizens must be aware that the EU is working for their prosperity and liberty. Migrants aren't to be seen as a burden. If they are properly integrated, they will be a great boon, not only to our economies but to our society as a whole," said **Mr Dassis**.

The **Commissioner for Regional Policy, Corina Crețu**, said that Europe, which is facing unprecedented demographic challenges because of its rapidly ageing population, should recognise the potential of migrants and view their successful integration as an opportunity for its future.

“Migration is part of our history. Europe is built on migration and European societies will need migrants to address demographic decline and labour market shortages,” warned **Ms Crețu**.

“Integration can only happen if it takes place on the ground, and local needs must be recognised. This is why the role of civil society is so important in this area,” she maintained.

In a video message shown at the launch, **Marianne Thyssen, Commissioner for Employment, Social Affairs, Skills and Labour Mobility**, said the current situation must change urgently: “Optimal use of funds plays an important role in supporting the integration of people with a migrant background.”

The Commission’s toolkit suggests action in five priority areas – or scenarios – for the sake of efficient long-term integration strategies tailored to meet the individual needs of beneficiaries, in line with national strategic policy frameworks. These areas are reception, education, employment, housing and access to public services.

Each scenario describes typical challenges facing migrants, identifies the objective of EU funds, and proposes specific measures that may be taken, matching them with one or more suitable EU funds.

There is currently a wide range of EU funds which Member States and regions may use to finance projects relating to the integration of migrants; so far, however, this has only been done to a limited extent and with inadequate coordination.

These funds, among others, include the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Fund for European Aid to the Most Deprived (FEAD), the Asylum, Migration and Integration Fund (AMIF), and the European Union Programme for Employment and Social Innovation (EASI), etc.

## **BACKGROUND INFORMATION ON EESC ACTIVITIES**

The Committee, which has a Permanent Study Group on Immigration and Integration, has issued opinions and reports on the issue of migration.

In early 2016, the EESC was the first institution that launched fact-finding missions in 11 countries dealing with the refugee crisis.

On 6 and 7 March 2018 it will hold its fourth annual European [Migration Forum](#), jointly organized with the European Commission, which gathers over 200 non-governmental organisations and other groups working with migrants. The topic of this year’s forum is the inclusion of migrants into EU’s labour markets.

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