



To:

Parliamentary groups of the National Assembly of Republic of Slovenia
National Bureau of Investigation
European Commission
European Central Bank
European Parliament

Ljubljana, 01 February 2017

Appeal for immediate recall of the Governor of the Bank of Slovenia and legislation amendments

The Court of Audit of the Republic of Slovenia published on September 11th 2016 the Audit Report tagged as CN 3262-1/2016/42. Due to request of the Bank of Slovenia for alleged professional secrecy, the content of this Audit report was hidden. The newspaper Finance revealed on January 31st 2017 hidden parts of the Court of Audit's Report, which clearly and unequivocally confirmed suspicions about potential damage suffered by small shareholders and bond owners of the bank NLB d.d. because of the transfer of receivables to DUTB. It is more and more clear that Bank of Slovenia, in spite of public communication and its officials' statements, did not have solely a "coordination" or "supporting" role in the process of drawing up the final list of receivables which were finally transferred from NLB to DUTB, but in fact was a key player and not just a coordinator.

Unfortunately, the first responses of the Bank of Slovenia followed the principle: "*If you repeat a lie for a 100 times, it will become the truth!*". On the other hand, the Bank of Slovenia is perhaps trying to express that Audit Report wrongly summed up the facts and evidence, but it is not clear why did they request to hide parts of the mentioned Report. In accordance with Article 39a of the Bank of Slovenia Act, its Governors are not subject to the law governing the prevention of corruption, but on the other hand the same law applies to all persons assessed by the Bank of Slovenia to carry out functions in other banks?! In other words, the Governor can act corruptly, but the person assessed by the Governor to meet "*fit & proper*" criteria must not.

The Bank of Slovenia continues to string falsehoods

The Governor of the Bank of Slovenia, Mr. Boštjan Jazbec on the 39th meeting of the Commission for Control of Public Finances, held on December 1st 2016 in the premises of the National Assembly - less than a month after the publication of the Audit Report - stated that in the context of transfer of receivables from NLB to DUTB that: "*.../ The Bank of Slovenia did not compile lists for transfer /.../*" and again: "*.../ The role of the Bank of Slovenia in the composition of the list was, therefore, only supportive /.../*".

The Bank of Slovenia apparently still insists on its statements, though the Audit Report clearly states that NLB did not have Lists, List B, B+ and C. How than the bank itself compiled the lists if it did not have the documents at all?!

Moreover, the Bank of Slovenia continued with falsehoods and deceptions in yesterday's response. Concerning the valuation of assets for transfer, Bank of Slovenia wrote: "***The Bank of Slovenia has not set a transmission value. /.../ Finally, the transmission value has been set by the European Commission. /.../***".

On the page 77, the Court of Audit wrote completely contrary: "***In accordance with Point 68 of the Conclusion of the European Commission on state aid, the transfer value is pre-set by the Bank of Slovenia /.../***" Bank of Slovenia is stating the exact opposite to the Court of Audit, and at the same time, it seems that it is trying to "fool" the entire population of Slovenia, by stating that the European Commission has set the value of transferring receivables to DUTB. **Linked to the above mentioned and repeated statements of the Bank of Slovenia, we urge the European Commission to clearly define if the European Commission really set its own transmission values for all 286 receivables which were transferred from NLB to DUTB? We are not interested if the European Commission approved the transmission values but we are interested to know who has set the value for all 286 receivables?**

Appeals for the resignation of the Governor and taking action against all responsible

Shareholders' Association of Slovenia publicly appeals the National Bureau of Investigation to prioritize investigation of the received Audit Report made by the Court of Audit and take all necessary measures to launch inquests on competent courts against any responsible persons. We also appealed the Governor of the Bank of Slovenia to resign, but as can be seen from the reactions, it is clear that he does not intend to resign.

Appeal to Parliamentary Groups and members of the National Assembly for recall of the Governor of the Bank of Slovenia

Because of constant deceptions and hiding of the actual situation to National Assembly, which was clearly proved by the Audit Report of Slovenian Court of Audit, we appeal you as representatives of the legislative power to immediately start with procedures to recall the Governor of Bank of Slovenia Mr. Boštjan Jazbec in accordance with Article 39 of the Bank of Slovenia Act.

Appeal for changes of legislation and change of the lawmaker

We urge you as legislative power to start the following legislative procedures:

- To cross out present Article 39.a of the Bank of Slovenia Act, which will enable the Governor and Vice-Governors to comply with the law governing the prevention of corruption;
Text of the Article, which has to be crossed out: "*Members of the Governing Board of the Bank of Slovenia aren't subject of law governing prevention of incompatibility of execution of public functions with profitable activities, sanctioned by premature cessation of the office.*" (Public Gazette of the Republic of Slovenia, No. 72/2006 from 11 July, 2006, Article 39.a);
- To adopt proper legislation which will immediately enable the Court of Audit to audit and supervise current business of the Bank of Slovenia;
- In agreement with Court of Audit to order Extraordinary Audit of the Bank of Slovenia for period when measures for bank rehabilitation were accepted, from January 1st 2013 to December 31st 2016.
- To immediately change the lawmaker of the Act of Corrections of Provisions of Bank Act – 1L (ZBan-1L) assuring effective legal remedy, based on the decision of the Constitution Court of Slovenia, by transferring lawmaking process from the Ministry of Finance to the Ministry of Justice. Anyone, who caused alleged unconstitutionality must not cooperate in the lawmaking process (Ministry of Finance and Bank of Slovenia and all who took part in both institutions).

At the same time, we appeal the Government and State officials to take appropriate actions against members of the Management Board and the Supervisory Board of the NLB who did not object against depreciation of bank's assets and the Supervisory Board did not give consent to it, which was contrary to the provisions of the Statute of the Bank.