



REPUBLIC OF SLOVENIA
COURT OF AUDIT

AUDIT REPORT

Termination of the Bank Assets Management Company's operation

Performance audit

Audit period: 1 January 2016 to 31 May 2021

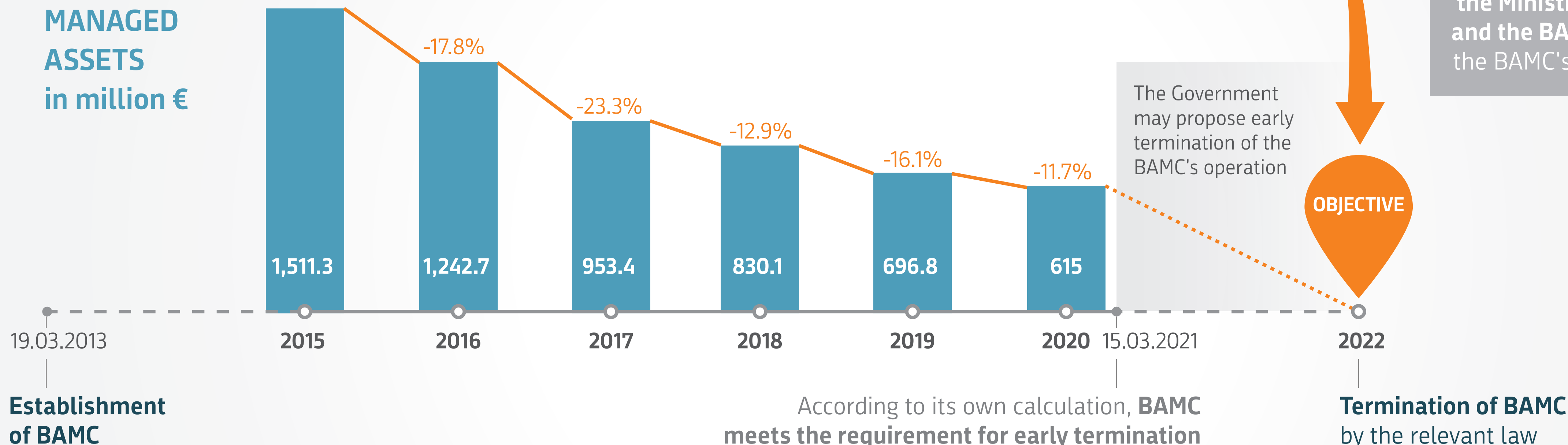


By the end of 2022, the **Bank assets management company (BAMC)**, through managing assets taken over from banks, **should recover budgetary funds** allocated by the state for the recovery of banks.



Assessed was the efficiency of the Government, the Ministry of Finance and the BAMC related to the BAMC's termination.

MANAGED ASSETS
in million €

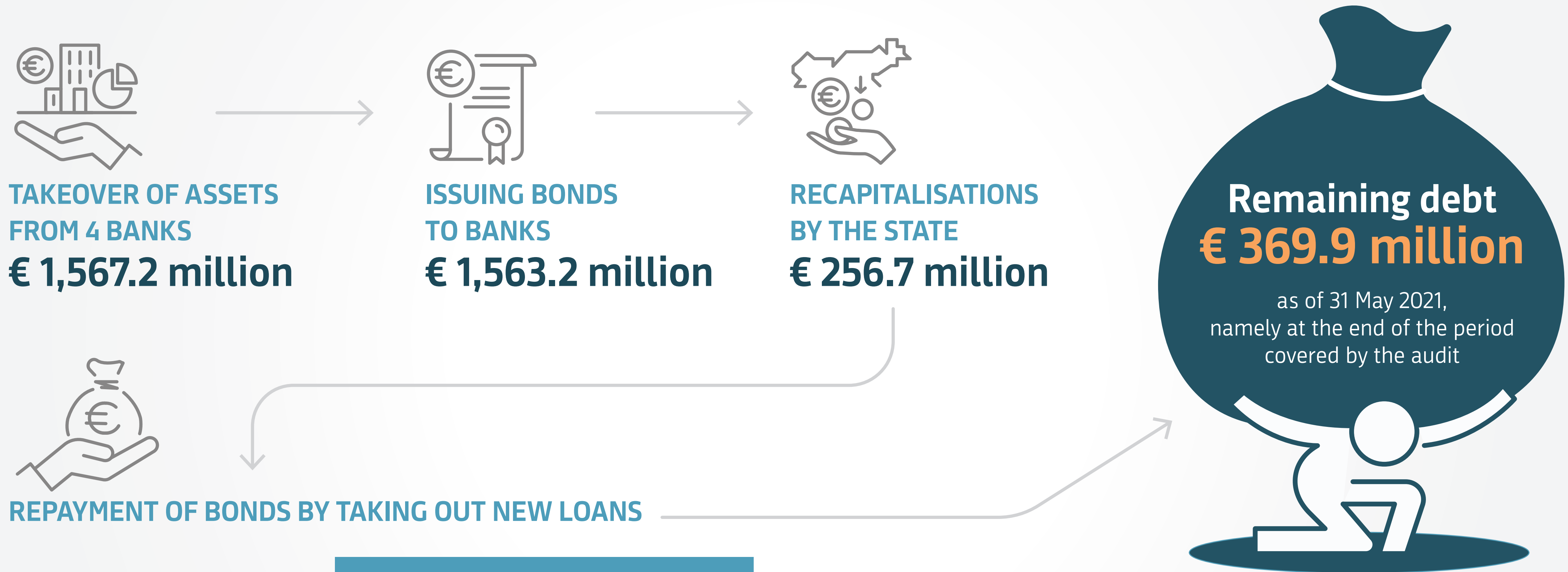


BAMC planned to manage assets by the end of 2022, whereby the Government and the Ministry were only partially included.

The scope of assets and debt of BAMC decreased over years, but at a slower pace than envisaged in the BAMC's plans.

The auditees monitored how BAMC manages assets through the system of mutual reporting.

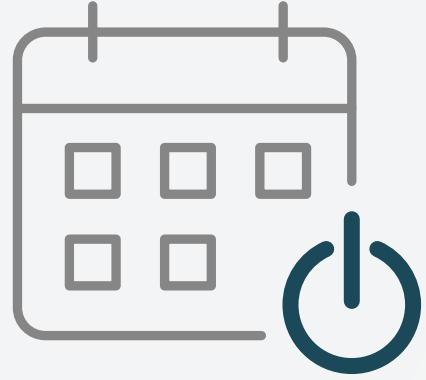
Milestones in achieving the objective



BAMC fully repaid debt arising from issued bonds.
To repay bonds in due time, BAMC took out new loans.

✓ **Repayment dynamic of raised loans was faster than in the case of repayment of liabilities arising from loan contracts.**

In the case of new loans, BAMC agreed upon a significantly lower interest rate compared to interest rates of issued bonds.



Options of termination of BAMC

A

31.12.2022

in line with the act
on establishment
and operation of BAMC

Assets, rights and liabilities of BAMC shall be transferred to the Slovenian Sovereign Holding

B

early termination

on the Government's proposal
under the condition that
**BAMC sells more than 75%
of assumed liabilities**

Assets, rights and liabilities of BAMC shall be transferred to the National Demographic Fund.

C

30 days

after the establishment of
the National Demographic Fund

(proposed Act on National Demographic Fund is still subject to discussion at the National Assembly)



The Government **failed to regularly examine whether BAMC fulfils the condition for early termination of its operation.**



The Government **failed to adopt an accompanying regulation, governing the legal succession of BAMC** in more detail.



The Government **failed to provide for setting up the conditions for efficient management of the remaining assets of BAMC.**

OPINION OF THE COURT OF AUDIT



In the period from 1 January 2016 to 31 May 2021, the operations of **the Government of the Republic of Slovenia, the Ministry of Finance and BAMC** were **partially efficient** regarding termination of the BAMC's operation.

Taking into account that life of BAMC is coming to an end, the Court of Audit **RECOMMENDED** to the **GOVERNMENT** to:



Ensure the establishment of **appropriate conditions for efficient management of the BAMC's remaining assets**, regardless of the manner of termination.



Define procedures of transfer regarding legal succession of BAMC **in a precise, comprehensive and written manner prior to the actual start of integration.**



Appropriately administer all aspects of legal succession, including all rights and liabilities, area of managing the remaining assets, protection of documentary and archive material and status of employees.