



REPUBLIC OF BULGARIA  
DEPUTY PRIME MINISTER AND MINISTER OF FINANCE

99-00-1704  
18.12.2008

Declaration of support

Dear ladies and gentlemen,

The Ministry of finance of the Republic Of Bulgaria, in relation to rating evaluation of the Bulgarian Development Bank AD (BDB) would like to herewith reaffirm the importance of BDB's financial stability as well as the institution's strategic role in conducting the government's policy in support of the Bulgarian SME sector.

BDB was founded in 1999 under the name of Encouragement Bank AD, via a special decree by the Bulgarian Council of Ministers. Since its foundation the bank has been mandated with conducting the government's policy in support of the local SME sector.


The strategy adopted by the Government and the Ministry of finance has been consistent and the importance of the BDB in terms of the general policy for the real sector is further emphasized by the adoption of the special Law on the BDB, clearly defining its stature and mandate.

The above mentioned law clearly defines and reaffirms the government's and in part the Ministry of finance's objective of assigning a key role to the BDB with regards to attracting and directing foreign capital towards the Bulgarian economy, including the assimilation of EU structural funds. The Ministry of finance exercises a high degree of control over the functioning of the BDB. As the majority equity holder (99,999%) of the BDB and as the body responsible for electing the bank's Supervisory Board, is informed in due course in advance of any sizeable transactions. Approvals of proposals for taking on additional debt (irrelevant of the type of debt) are of the discretion of the Ministry of finance, a measure specifically aimed at maintaining the BDB's stability and averting potential liquidity related issues for the bank.

The Ministry of finance would like to emphasize that it considers it possibility of the BDB running into any sort of financial difficulties unacceptable. In order to guarantee that such events will not be permitted to occur the Ministry of finance relies on its full control over the BDB as well as its policy of support for the institution. Furthermore it is necessary to stress that in executing its preventive policy in support of the BDB and as one of the government's anti-crisis measures, the Ministry of finance executed a large scale capitalization of the BDB during the period 2008-2009.

Acknowledging the importance and key role of the BDB in carrying out the government's policy in support of the SME sector and in terms of attracting foreign capital towards the Bulgarian economy, the full control over the institution and the long-term policy for its development and support, the Ministry of finance hereby declares that will maintain the financial position of the bank in such a condition as to allow it to meet all of its undertaken financial obligations.



  
Simeon Djankov  
Deputy Prime Minister and Minister of Finance