

**Statement in Relation to the Media Speculations Following my Interview for Glasove**

**March 31<sup>st</sup>, 2015**

Dear Ladies and Gentlemen,

After my last-week's sincere interview for *Glasove*, lots of people lost their nerves, others really turned green with anger, while third started theorizing on an "expert level". Therefore, I feel obliged to make a number of clarifications and specifications.

With a view to the broad scope of the debate, I will separate my publicly expressed thoughts in several basic directions that I will publish in my personal site from today onwards:

- Bank or fund, Special Purpose Vehicles (SPV) or non-standard bank management methods upon complete inadequacy of the state under the conditions of a crisis;
- The transactions with the company of Mr. Pierre Louvrier – myths, facts, and realities;
- The fatal role of the special supervision for the losses of the Bulgarian Deposit Insurance Fund, of the bank's clients and of its shareholders;
- The contribution of the state prosecution and its fiduciaries to the ruination of the bank and facilitation of the plundering of its assets;
- Certain, perhaps, not so interesting facts about my (family) welfare.

Do not consider this as a kind of response to the incorrect questions of the "lost in translation" journalists from the *Trud* newspaper that I previously respected. I will answer them and their Mr. Blaskov, when he and the company owner of the ill-fated newspaper repay the due sums to the accounts of their creditors with Corpbank AD.

However, before starting my statement in substance, I would like to emphasize that I am not surprised of the fact that everybody, in consensus, considers the attack against Corporate Commercial Bank AD to be something normal, and, hence, the consequences from this attack as well.

The attempts for explanations of Corpbank AD management model by people, who are neither experienced in the management of banks or financial institutions, nor qualified on the topic, as well as

by people, to whom the “grapes is sour”, led me to disclose the following information to the society.

Today, I start with the first two topics:

## **I. Bank Management Methods Upon Complete Inadequacy of the State under the Conditions of a Crisis**

To those, who analyze and blame (some of them even quasi-smarm – “perfectly operating investment fund”), I will have to answer, most regrettably for them, in the following manner:

### **• Corporate Commercial Bank AD is a bank pursuant to all requirements of the law:**

- It has equity – as at the start of the attack to the amount of about BGN 650 million;
- It maintains the minimum required capital indicators;
- It maintains the minimum required liquidity (about 25% primary and secondary);
- It maintains the minimum reserve requirements with BNB;
- It is not time-limited, as the investment funds and the hedge funds – this is the right place to emphasize that the bank was successfully developing for more than 14 years;
- It carries out the whole range of banking operations.

### **• Strategy of Corpbank AD**

I have repeatedly underlined that the strategy, which we created and followed, included rather non-standard forms of banking business. In fact, to those, who claim that this is an exception, I would only like to say that almost all big banks apply them through their various divisions. Aren't the leasing companies, which exist in the practice of almost all banks, operating in the domestic market, exactly a kind of SPV, whose activity is funded by the banks? Some people really forget that I am the majority owner of Corpbank AD. For this, other persons were in charge, which are now fiduciaries of the prosecution authorities.

However, I do not think that this was the most important issue, because namely against the commitments of those companies (I repeat, the bigger part of which do not belong to me in any way whatsoever), we managed to fund the acquisition and the control over a number of basic structural companies. The assets came up to over EUR 2 billion, and the annual EBIDTA – EUR 250 million.

Now I expect someone to say again: “Oh, horror! That Tzvetan Vassilev controlled all this?! How

bad!“

Well, it is “bad” of course, because:

- It is quite better to be someone non-resident – as for example the still unlegitimized former owners of *Vivacom*;
- To behave like an owner and drain a company like *Petrol* for years like its former owners;
- To bilk several banks and to be as pure as the driven snow like the former owners of *Rousse Shipyard*, the glass factory *Rubin* – Pleven, and etc.;
- To give away most recklessly a factory facing collapse, as the state chuck up *Dunarit* and *Avionams* (and now they say they wanted very much to nationalize them).

I am mentioning them, because all of them (except for *Vivacom*) from losing undertakings turned into profitable ones, after we acquired and restructured them. And, of course, it was a question of time to sell them and to recover the funds of the companies, respectively, of the bank, what our practice has always been. This was part of our competitive advantages!

And to put an end to the speculations of whether the bank was able to continue in that way, I would like to underline that we had designed an orderly and realistic program, including gradual decrease in the credit portfolio through sale of some of the most liquid assets, such as:

- *Petrol* – we were working on an offer for about EUR 300 million as price of the company (with an existing valuation of about EUR 400 million);
- *NURTS* – we have selected the investment bank as investment intermediary and accepted minimum price of EUR 120 million. This is the right place to highlight the “exceptional” role of the Bulgarian governments for the discrediting of the “Digitalization” project. There are still people, who moan why the Austrian ORS was not preferred. Well, let me tell you – because they wanted to pay to *Vivacom* in installments for several years. I do not want to think how many claims would the Austrians filed with Brussels by now due to the lack of interest on behalf of the state. Something, which is agreed upon with the new owner of *NURTS* and which he is going to realize;
- *Vivacom* – we had offers, which were being discussed. For the more unenlightened I will explain that a telecommunications company such as *Vivacom* (which meanwhile became number one in the market, for which I would like to thank indirectly to the management for their excellent work) is traded at a rate of 5.5 – 6.5 times EBIDTA upon sale of the majority share. I had an offer for 6.25 times EBIDTA (which expressed in figures meant a price of about EUR 430 million). It is funny and sad in the same time, when “experts” like Krasimir Stoychev compare the sales of licenses, which God only knows how and by who were presented, with the sale of one of the biggest companies in the country.

*In short, together with the management of the bank, we had a program to reduce the credit portfolio by BGN 1.5 billion within 1 year. This fact, along with all the other things, would also release enough capital. On top of that, we had a well-designed business model for Commercial Bank Victoria EAD!*

It seems, however, that some#ONE got frightened. And did everything within his power to stop us! And succeeded! I repeat - by using in an inadmissible manner the prosecution authorities of the state and subordinating the Central Bank and the government of Oresharski! Which was actually awarded to him as a concession by the duffers at 20 Pozitano St. Therefore, Stanishev seems pitiable, when saying that he tried to stop this madness (he knows)! Oresharski is also pitiable, when admitting informally - political decision. He also knows!

## **II. The Transactions with the Company of Mr. Pierre Louvrier - Myths, Facts, and Realities**

I already had an opportunity to underline that, after the bank was placed under special supervision, I made enormous efforts to restructure it, so as to limit the damages for everybody. *Vivacom*, *Petrol*, and *NURTS* were the main liquid assets planned to be acquired by the consortium with a view to the rescuing of the bank against refinancing of a considerable part of the credit portfolio. Later on, this proposal was complemented by the suggestion for a public-private company with the participation of the Bulgarian state.

In order to make a real valuation of these assets, I met with a number of potential investors and established numerous contacts. When all variants for rescuing of the bank were exhausted, I decided to look for ways to attract an investor for part of the assets, so as to protect them from the clutches of those, who were attacking Corpbank AD, and to guarantee the payment of the funds for their financing.

### **Let us now go to the essence. What was transferred to Mr. Louvrier?**

First of all, the control over the companies Hedge investment and *TC-IME*, which are indebted to the bank. *Hedge Investment* is the parent company of *Dunarit* and *Avionams*, while *TC-IME* is party to a contract with a SPV company of *VTB Capital* and, respectively, it is entitled to 33,3% of the parent company of *Vivacom*. When looking at the debts of these companies, you will see why it was a one-euro transaction. There is however no one to explain due to what reasons for more than 9 months the register and the court were refusing to change the director of *TC-IME* - a protected witness of the prosecution authorities, when more than 90% of the capital was represented at the conducted meetings? The same protected witness, for whom it was proved that he has falsified my signature and lied in court.

The situation with *Hedge Investment* was similar, where another protected witness and fiduciary of the new masters – Biser Lazov – for a long time was trying to make changes in the management of *Dunarit* without any reasons whatsoever. But some day they will all be held liable for that.

I can also be more specific – the obligations of *Hedge Investment* are about EUR 50 million, of *Dunarit* and *Avionams* – about as much. Is someone considering this a present? Naturally, no one is to blame – in this case Mr. Louvrier – that he wants to realize profits. Especially, when some#ONE did everything within his power to make this asset an easy prey to his ambitions. There are accusations against me that the commercial enterprise was pledged to Mr. Miroglio? What is the problem, when the obligations to the bank were paid? Or the money of Mr. Miroglio has different value from this of the Bulgarian Deposit Insurance Fund?

How do you imagine the sale of such an asset by bankruptcy administrators of the bank? Is it serious? Do you have an idea of the impairments made by the contract audit companies? And that this is a perfectly designed basis for the sale at rock-bottom price of something, for which I have ensured 100% (together with the management) repayment of all debts.

If the situation is complex in the case of *Dunarit* and *Avionams*, what to say about the situation of *Vivacom*?! Is there someone, out of all specialists, who is familiar with the commitments and the relations among the shareholders in this international organization? Is there someone, who knows the number of the possible variants for “change in control”, which might lead to the ruination of the company as a whole?

Are the bankruptcy administrators going to sell it as part of the total assets? Let us be serious! I already indicated that a complex approach is needed for the settlement this case, which, having regard to the situation, I was not able to provide – negotiations with the Bulgarian authorities, negotiations with VTB, negotiations with the creditors, negotiations with the minority shareholders and, not least, with the regulatory authorities in Brussels and Sofia. All this, as well as the repayment of a certain amount of the obligations to the bank (at least EUR 200 million for *Vivacom*), is included in the contract with Mr. Louvrier.

The accusations that I have transferred the asset to a Luxembourg company are of the type “the thief cries “thief”! I have always been the sole owner of the company, which is the holder of this package of 43,3% – *Bromak, Bromak Telecom Invest*. The funny cries of the servants of Peevski and of the prosecution authorities that, you see, the company *Technotel Invest* was robbed, show only one thing – that for these people there is no law. Otherwise, they would know that this contract was terminated long time ago and that the acquiring company is obliged to pay the debt of *Technotel Invest* to the bank. However, in the long run, obviously the maxim “Do not shoot the piano player, he is doing the best he can” explains the mass hysteria on this issue.

Once again, I would like to underline, for those, who still cannot or do not want to understand, a little

over EUR 150 million were paid for the acquisition of *Vivacom*, and the company of Mr. Louvrier undertook to pay at least EUR 200 million. Regardless of certain attempts to oppose Mr. Louvrier's statement that the transaction is final to my statement that this is one of the conditions of the transaction, I would say - a question of interpretation. If he prefers to interpret it in a way, other than what I announced - I will stop the transaction.

So, instead of predicting who, how and why, please, Mr. Borisov, meet Mr. Louvrier and judge for yourself how serious he is. And, as regards the difference to the minimum of EUR 450 million, I will pursue my rights before the court!