



*This information was prepared by the Parex banka.*

## EBRD BECOMES SHAREHOLDER IN *PAREX BANKA*

On 3 September 2009, 25 percent and one share of *Parex banka* were transferred from the Latvian Privatisation Agency to the European Bank for Reconstruction and Development (EBRD). In this initial transaction, the EBRD acquired 51,444,325 ordinary shares. As part of a future capital increase at *Parex banka*, the EBRD plans to purchase a further 6,062,500 shares, thus maintaining its stake of 25 percent and one share.

The share purchase fee is equivalent to the share face value (the approximate EBRD's investment will constitute 51 444 325 LVL). The changes in the shareholder register will be made in the immediate future.

The EBRD's investment in the equity capital together with a €22 million subordinated loan will strengthen the capital base of *Parex banka* and support its restructuring and return to profitability and the private sector.

Nick Tesseyman, the EBRD head of Financial Institutions, said, "The EBRD is very pleased to be able to support a bank that plays such an important role in the economy. As a shareholder, the EBRD will work closely together with management to further strengthen *Parex banka*, especially in its ability to continue financing the enterprise sector."

Nils Melngailis, Chief Executive Officer of *Parex banka* said: "I am pleased to welcome the EBRD to our shareholder group. Thereby, *Parex banka* has acquired a very valuable partner and shareholder experienced in bank restructuring. The attracted resources will enable *Parex banka* to further develop new services, paying a closer attention to the segment of small and medium enterprises, as investments in this particular segment are vital for the economy to recover."

As reported earlier, on 16 April 2009, President of the EBRD Thomas Mirow and Prime Minister of Latvia Valdis Dombrovskis, Chairman of *Parex banka*'s Management Board Nils Melngailis and Chairman of Privatisation Agency Arturs Grants signed Share Purchase Agreements providing that following the increase of equity capital the EBRD will purchase 57,506,825 ordinary shares comprising 25 percent and 1 share of *Parex banka*'s equity capital. On 23 July 2009, Peter Reiniger Business Group Director for Central Europe and the Western Balkans from the EBRD visited Latvia to sign the subordinated loan agreement with *Parex banka*.

To date the EBRD has committed close to €450 million to the Latvian economy in various projects in the financial, corporate, energy, and infrastructure sectors.

### **About the EBRD**

The EBRD has a great experience in the restructuring of the banking business. The entering of the EBRD into a bank is being considered as a positive signal for vitality and development potential of the institution. Support to the financial sector is a core activity of the EBRD – in 2008 the Bank signed 153 projects in financial sector for a total of €1.9 billion. The EBRD is a shareholder in 60 banks. Today the EBRD works in 30 countries from central Europe to central Asia. The Bank's aim is to support in the financing of projects, primarily in the private sector, that serve the transition to market economies, and pluralistic democratic societies.

## **About *Parex banka***

Founded in 1992, *Parex banka* offers universal banking services throughout the Baltic region, the CIS and other European countries such as Germany, Switzerland, and Sweden. *Parex Group* companies operate across the banking, finance, leasing, asset management, and life insurance sectors. *Parex banka* is the only partner of American Express in Latvia and Lithuania, allowed to issue American Express credit cards. Currently, the Latvian Privatisation Agency is the majority shareholder of *Parex banka*, holding 95,3% of the Bank's shares. *Parex banka* has signed up to the European Code of Conduct on housing loans.

## **Additional information**

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## **THE LATVIAN INSTITUTE**

The Latvian Institute (Latvijas institūts) was established by the Latvian state to provide a wide range of information about Latvia, its society, culture and history.

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