

PRESS STATEMENT

Date
18 December 2008

East Capital raises concerns about Latvia's Government's unfair treatment of Parex Banka's minority shareholders

East Capital funds, that as a group owns 4.2% of shares in Parex Banka, have been investors in Parex Banka, Latvia's second largest bank since June 2003. East Capital was amongst the original investors when the bank raised money needed to finance growth and has participated in several capital increases since. In November 2008 East Capital welcomed the Latvian government as the new majority owner and expected the financial situation of the bank to be stabilised as a result.

Last weekend East Capital received a proposal from the Latvian government to sell the Parex shares by a strict deadline of Monday, December 15 being imposed. After due consideration, our offer was sent to the newly elected CEO of Parex Banka and the Ministry of Finance of Latvia on Sunday, December 14. Contrary to the public statements, there have been no attempts on the Latvian Government's side to enter into further discussions with minority investors.

In light of lack of a direct contact with the Latvian government, the Ministry of Finance or the management of the Bank, minority investors' concern about unfair treatment of their holdings is growing. East Capital believes that the Latvian government should use all possible means to protect the interests of minority shareholders in Parex Banka, which include the largest and the most dedicated portfolio investors in the Baltics, originating from Sweden, Finland and the US.

"We urge the Latvian government to take into consideration best market practice as regards bank rescue programmes prevalent in Western Europe, the US, and other countries such as Kazakhstan and Russia. Most of the countries in the above regions keep the stakes of minority investors intact. An unfair dilution of minority investors concluded by the Latvian state would do irreparable damage to the reputation and investment climate of Latvia", says Aivaras Abromavicius, partner East Capital.

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About East Capital

East Capital is a leading independent asset manager specialising in Eastern European financial markets. Basing its investment strategy on thorough knowledge of the markets, fundamental analysis and frequent company visits by its investment teams, East Capital actively manages EUR 3.2bn in the East Capital Universe, which spans 29 countries and encompasses more than 400 million people. East Capital has its headquarters in Stockholm, with offices in Paris, Tallinn, Moscow, Oslo, Hong Kong, Milan and Vienna.