

**Insolvency planned for what will be left over from "Parex banka" after "good" bank is set up - newspapers**

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RIGA, April 27 (LETA) - After the restructuring of "Parex banka" and the breakup of the bank into a "good" and a "bad" bank, the latter is secretly planned to go insolvent, perhaps, in two years already, according to proposals for restructuring "Parex banka" that were approved at a government meeting, according to "Baltic Screen" articles printed in the newspapers "Neatkariga" and "Telegraf".

Furthermore, despite the government members' optimistic statements, the international consulting company "Nomura International" clearly stated in a confidential report that there are no noteworthy buyers for the "good" part of "Parex banka" either, "Baltic Screen" wrote.

"Baltic Screen" has got a hold of copies of the restructuring process description and "Nomura" suggestions regarding the restructuring of "Parex banka", in which the consulting company clearly indicates that, after the "good" bank is separated from "Parex banka", "Parex banka" will have a negative capital already in 2015.

This means that "Parex banka's" capital will not meet the Financial and Capital Market Commission's regulations already in 2012 or 2013 at the latest, and the bank will have to be ruled insolvent.

Even though the **Financial and Capital Markets Commission's** Chairwoman Irena Krumane has signed the minutes of a Cabinet of Ministers meeting where the said restructuring strategy was approved, the commission's heads last week flatly refused to comment these restructuring suggestions.

Other state institutions involved in the work on the restructuring of "Parex banka" - the Finance Ministry and the Latvian Privatization Agency - also declined to comment.

Representatives from the Finance Ministry, Privatization Agency and the Financial and capital Market Commission also declined to reply if they indeed had approved the "Nomura" plan without any objections, because the plan actually suggests that the owners of "Parex banka" subordinated capital will have lost all their money at the bank by 2017. Furthermore, not just the subordinated capital, which belongs to the former major "Parex banka" shareholders, will be lost but also the "bad" bank's share capital of about LVL 100 million, in which the Privatization Agency has a stake of 70 percent.

Prime Minister Valdis Dombrovskis was the only official to reply if he had indeed approved the "Nomura" strategy. However, the reply he gave was rather evasive - he only reiterated that the goal of the restructuring plan was to ensure stable financial situation at the bank, and that the bank that would be left over after "Parex banka" assets were transferred to the new bank would be an independent and financially stable entity that would eventually return creditors' investments.

Dombrovskis did not confirm or deny the stipulation that "Parex banka" would be liquidated in around 2012.

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