

Ripplewood and Latvian Privatization Agency Sign Agreement for Sale of Citadele Bank

November 5, 2014

The following is a press release from the Latvian Privatisation Agency:

Latvian Privatization Agency signs to sell 75% of Citadele Bank to international investors organized by Ripplewood Advisors LLC. The EBRD maintains 25% of the bank. Ripplewood aims to build Citadele Bank into a national champion.

RIGA, 5 November 2014. Board members of the Latvian privatization agency (LPA) Vladimirs Loginovs and Girts Freibergs, and Tim Collins, founder and CEO of Ripplewood Advisors LLC (Ripplewood), have signed the agreement for the sale of 75% of the shares of Citadele Bank to a group of twelve international investors alongside Ripplewood for EUR 74 million. The European Bank for Reconstruction and Development (EBRD) will retain its 25% share in the bank.

According to the terms of the deal, the investors and the EBRD have committed to increase the capital of the bank by EUR 10 million. The deal is expected to be closed in Q1 2015 following approvals by financial, capital market and banking supervisors. The purchase price can be adjusted based on the bank's performance through the end of 2014 in comparison with its forecasted performance. The proceeds of any resulting reduction in purchase price will be invested in the bank. Therefore, the final price will be determined in Q1 2015. Upon closing, Ripplewood will own 22.4% of the shares and the co-investors will have a 52.6% stake in the bank.

Prime Minister Laimdota Straujuma stated: "I am pleased with the U.S. investments that are balancing FDI in the Latvian financial system and increasing safety. I hope that these U.S. investments will be followed by others, in recognition of the attractiveness of the opportunities in Latvia as well as other advantages, creating jobs in new production plants and other projects. Signing the contract with Ripplewood Advisors and an influential group of international investors will enable Citadele Bank to transform into an industry leader in Latvia. It will increase competition in the Latvian financial markets and in addition will elevate overall quality of financial services in the country. Under the careful guidance and support of Ripplewood and the EBRD, in collaboration with Citadele Bank's management, the bank will be a pillar for Latvian economic growth."

Vladimirs Loginovs, Chairman of the board of the LPA noted: "Following a competitive and complex sale process over the course of a year, we have completed an important phase of the Bank restructuring. As a result of this deal Citadele Bank has been acquired by strong and future-oriented investors. The proposal submitted by the consortium organized by Ripplewood met our criteria including financial stability, reputation and a growth-oriented business strategy. The State may discontinue its aid being assured that Citadele will continue to be one of the leading banks in Latvia."

Tim Collins, founder of Ripplewood, underscored the investors' longer term ambitions for Citadele Bank: "Ripplewood is proud that its offer was the most appealing to the Latvian Government. As long-term investors, we are enthusiastic about our investment in Citadele Bank, a financial institution with a highly professional management team and solid market position in Latvia. We are confident that we can assist Citadele to become one of the leading financial institutions in Latvia and across the Baltic region by delivering unrivalled service quality and product offerings to customers. With our support, Citadele can elevate the quality of banking services in Latvia, supporting future economic growth."

Phil Bennett, EBRD First Vice President, said: "We believe that the selection of Ripplewood as the buyer of the Government's stake in Citadele Bank is the right choice for the bank and for the country. We also welcome very strongly Ripplewood's long-term commitment to Citadele. Likewise, also the EBRD remains a committed shareholder in Citadele to strengthen the next phase of its development for the benefit of the bank and also the wider Latvian economy. A strong and sound banking sector is crucial for the sustainable growth of the economy which the EBRD remains ready to support."

Additional information will be shared during a press conference on Friday, November 7th.

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