

**RPT-Rescued Latvian bank Parex lost \$232 mln in 2008**

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RIGA, March 31 (Reuters) - Parex Bank, which was nationalised by the Latvian state last year and was one of the reasons the country needed an IMF bailout, made a loss of 124 million lats (\$232 million) in 2008, the bank said on Tuesday.

The consolidated group net loss was 131 million lats, the bank added in a statement.

Latvia needed a 7.5 billion euro bailout last year after its economy hit recession and budget revenues slumped. It also took over Parex, which was the country's second-largest bank, after a run on deposits. Latvia hopes the EBRD will buy into Parex.

"The financial results of the year were substantially impacted by provisions established to reflect the deterioration in asset quality," said Parex's chief financial officer, Roberts Stugis.

"The loan portfolio was deeply affected by the rapidly worsening Latvian economic situation and stagnation in the Latvian real estate sector," he added in a statement.

Latvia's economy is expected to drop 12 percent this year.

The country's woes have hit the share prices of the top Nordic banks, which all entered the Baltic market aggressively in recent years.

The banking sectors in Latvia, Lithuania and Estonia are all now dominated by Swedbank, SEB, Nordea and DNB Nord. (Reporting by Patrick Lannin and Jorgen Johansson; Editing by Greg Mahlich) (\$1=.5356 lats)

**PAREX/ (REPEAT)**LANGEN|ABN|E|RBN|D|DA|FN|NW|SW|RNP|PCO

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