

New international investors complete acquisition of shares in Citadele banka

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International investors organized by Ripplewood Advisors LLC complete the acquisition of 75% plus one share stake in Citadele banka (Citadele, the bank). The European Bank for Reconstruction and Development (EBRD) maintains its 25% minus one share stake in the bank. European Commission restrictions previously placed upon Citadele banka as a government-aided bank now no longer apply.

"Private capital from international investors will enable Citadele to develop more rapidly. Management shares a common vision with the new shareholders regarding the bank's future: we wish to develop Citadele as the national champion in terms of quality and diversity of products and services offered in the Latvian banking sector," explains Guntis Beļavskis, Citadele's CEO.

The aim of Citadele's shareholders, both new and the EBRD, is to help Citadele become one of the leading financial institutions in Latvia, and potentially over time into a leading institution in the Baltics, by delivering unrivalled product offerings to customers. As long-term investors, the shareholders will look to grow the bank's balance sheet and strengthen the bank's finances, so that Citadele could further support lending and elevate the quality of its banking services in Latvia. This would bolster the banking sector in Latvia and the general economy.

Immediately upon acquisition, the shareholders increased the bank's share capital by 10 million euros. Thus, the bank's share capital now is 156.6 million euros. This additional capital will allow the bank to achieve further profitable growth. Also, as stated before, Citadele's restructuring plan with the European Commission strictly restricted the bank's ability to grow and limited its capital level due to the presence of state-aid. Upon privatisation, these restrictions are lifted and no longer apply.

"As a result, Citadele will be able to increase its contribution to the development of the Latvian economy and provide its retail and corporate clients with even more favourable offers, thanks to the opportunities unleashed by the new shareholders. This will open up broader development opportunities and ensure greater availability of funding for retail clients and enterprises," Mr. Beļavskis emphasizes.

He stresses, "The new shareholders are world-class experts in business and finance who will impart new knowledge to the management team to develop the bank and improve services provided to its clients. We are excited that the EBRD will also continue to be one of our shareholders as it has made significant contributions to date".

As usual, Citadele will continue to provide existing services to retail, corporate, and SME clients as well as focusing on adding new ones. Similarly, Citadele will continue to issue loans to retail and corporate clients, and continue to participate in the housing support program for purchasing homes designed by the Latvian government. Finally, Citadele will continue to be the only bank that is authorized to issue American Express cards in Latvia and Lithuania.

"Over the last few years, Citadele has become one of the most active lenders of the Latvian economy. The bank has invested 758 million euros through lending during its last four years of operations in Latvia. Furthermore, despite a retrenchment from larger competitors in 2014, Citadele was one of the few major banks in Latvia that succeeded in increasing its loan portfolio. Citadele continues to remain a stable employer and banking stalwart in Latvia, who is able to react quickly to market demands. For example, Citadele was the first bank in the Baltic States to offer mortgage loans applying the home surrender principle, and was the first bank in Latvia to participate in the government's housing support program for families with children", Mr. Beļavskis adds.