REUTERS

Boss of rescued Latvian bank expects debt rollover

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RIGA, Dec 11 (Reuters) - The new head of Latvia's Parex Bank, nationalised to save it from bankruptcy, was quoted on Thursday as saying he expected creditors to agree to a rollover of debt as they had no interest in making the bank collapse.

Parex was taken over by the state after a run on deposits and to avoid a default on 775 million euros ($1 billion) of syndicated credits due next year. The bank's woes were one reason Latvia has appealed to the IMF and EU for financial help.

"I think they should agree with us," new Parex chairman Nils Melngailis told business daily Dienas bizness.

"It is important for them to have clarity on how much they could get back from us. If they use their rights very aggressively then it could make our work harder and therefore (hamper) the ability to repay," he said.

"So they really do not have a reason to make this bank collapse. They have shown they are open for talks," he said.

Melngailis, a Latvian-American, was previously head of national telecom operator Lattelecom -- which is half owned by TeliaSonera -- and an adviser to Blackstone .

The government has said that in theory the issuers of the syndicated credit have the right to demand repayment of the debt immediately due to the change in ownership at the bank. It wants them to agree to a rollover or delayed repayment.

Melngailis said several potential investors had been in touch with him about buying Parex, but declined to name them. He repeated the European Bank for Reconstruction and Development (EBRD) was interested in playing a role in the bank.

He said the bank's value was anywhere between 2 lats ($3.65), the price the state paid to buy out the two previous owners, and 600 million euros. (Reporting by Patrick Lannin, editing by Will Waterman)

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