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Latvia names ex-telecom boss to head rescued Parex

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RIGA, Dec 5 (Reuters) - Latvia named on Friday the former head of the country's telecoms firm as head of Parex Bank, which the government has nationalised and which faces repayments of 775 million euros ($983.5 million) of syndicated credits.

The Finance Ministry, which is also in aid talks with the IMF and EU, said Nils Melngailis, a Latvian-American who left telecoms operator Lattelecom earlier this year after a failed privatisation effort, would become chairman of Parex Bank.

"The former owners did not act responsibly enough to stabilise the situation in the bank. The government's guarantee is the most secure guarantee that any bank can have," Finance Minister Atis Slakteris said in a statement.

A key task for Melngailis is likely to be helping to negotiate with the banks which issued the syndicated credits, which come due next year. The government wants the creditors to agree to roll over the debt.

One credit is due in February and the other in June.

The state initially took 51 percent of Parex, but earlier this week raised its ownership to 84.83 percent. The government has taken ownership through another state-owned bank.

The government boosted its stake as it said the two former main shareholders, Valery Kargin and Viktor Krasovitsky, had failed to persuade depositors to stop pulling out their funds and failed to strike a deal with the syndicated credit banks.

The two have now also been removed from the bank's board.

The government has said 500 million lats ($894.6 million) were pulled out of the bank. Many depositors were non-residents, particularly from Russia and other ex-Soviet states.

Parex is the largest locally owned bank in a sector where Nordic banks such as Swedbank and SEB have in the past few years entered aggressively.

Parex's woes were among the reasons the government had to turn for aid to the IMF and EU. The government has said the IMF had told it that it would have greater support from the Fund if the state took full control of Parex. (Reporting by Patrick Lannin, editing by Matthew Lewis)

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