

**Rescued Latvia bank hopes for debt payment delay**

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RIGA, Feb 16 (Reuters) - Western banks owed money by nationalised **Latvian** bank **Parex** will likely agree a delay in repayment of 775 million euros (\$989 million) of debt if the government stands behind the deal, the head of **Parex** said.

Latvia rescued **Parex** in December after a run on deposits and in face of the repayment of the 775 million euros. The bank rescue was one of the reasons the Baltic state was forced to take a 7.5 billion euro IMF-led rescue.

Parex chief executive Nils Melngailis has offered to make a repayment of 155 million euros, or 20 percent of the due debt, this week. It would then repay 387 million euros in February 2010 and a final 232.5 million euros in January 2012.

"If the government manages to guarantee the rest of these delayed repayments (the final two) then ... most of the banks are ready to agree to this offer," Melngailis said in an interview on **Latvian** radio on Monday.

He had a further round of talks with 60 banks in the syndicate last week. Under the original schedule, **Parex** should repay a syndicated credit of 275 million euros this week and 500 million euros in June.

The **Latvian** central bank has urged a quicker schedule for repayment of the loans and Melngailis said such comments made negotiations more difficult.

He said banks in the syndicate would on Monday meet to discuss the proposed repayment schedule.

The syndicate included HSBC , Mizuho Corporate Bank Ltd [MZFGAI.UL], Raiffeisen , Sumitomo Mitsui Banking Corp [SUMSYD.UL] and Commerzbank . (Reporting by Patrick Lannin, editing by Dan Lalor) (\$1 = 0.7836 euro)

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