

Russia Ties Cyprus Loan Terms to Release of VTB Assets

By [The Moscow Times](#)

April 21, 2013

The  Moscow Times

WASHINGTON — Russia wants to play a bigger part in talks over solving Cyprus' financial problems but will only restructure its loan to the island if its interests there, especially those related to VTB Bank, are protected, Finance Minister Anton Siluanov said.

Russian banks and companies have poured money into Cyprus since the 1990s, taking advantage of the island's low taxes and relaxed business regulations.

Many of them were caught unprepared when major account holders in Cyprus were told that they would lose a proportion of their deposits over 100,000 euros (\$128,400) under a European Union bailout to save the Mediterranean country from bankruptcy.

"We held general talks about the need to increase the participation of the Russian Federation in negotiations over Cyprus, since we are a creditor," Anton Siluanov told journalists on the sidelines of the Group of 20 developed and developing nations meeting in Washington.

Siluanov, who met a series of eurozone and International Monetary Fund officials during the session, added that he wanted to look at Russia's role in Cyprus, but in a way such that "our interests are taken into account".

Russia granted Cyprus a five-year 2.5 billion euro (\$3.27 billion) loan in 2011 and has said previously that it is ready to restructure the terms by extending the credit and cutting interest to 2.5 percent from an earlier 4.5 percent.

"We will deliver our support [restructuring of the loan] taking into account our interests, and our interests are that our subsidiary [the Russian Commercial Bank] should operate in normal conditions," Siluanov said.

"It does not require any bailout or financial support. Money of our companies has been frozen there. We would like this money to reach its recipients."

The Cyprus-based Russian Commercial Bank is a subsidiary of Russia's number two bank, VTB.

VTB's management sent a letter to Russia's government authorities in April asking for help in removing the restrictions on its operations in Cyprus.

"In theory, all support the early lifting of restrictions [in Cyprus]," Siluanov said, summing up his meetings with euro zone and IMF officials.

"Next week, there will be another round of talks on the issue, let's see how it will be decided."

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