

VTB Cuts Operation in Cyprus

By [The Moscow Times](#)

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State-controlled lender VTB will cut back its operation in Cyprus and transfer most of its loan portfolio held by a local subsidiary to other affiliates, a report said Thursday.

The decision was made because most of the loans by the bank's Cyprus branch, Russian Commercial Bank, had been provided to Russian businesses, VTB's financial director Herbert Moos said Wednesday, Vedomosti reported.

Russia's second-largest lender also has no confidence in the Cypriot economy, "which we expect to face serious changes," Moos said. "We don't believe that it will return to the status quo." But he added that VTB doesn't anticipate any losses from transferring its Cypriot operations to other subsidiaries.

The total size of deposits in VTB's Cypriot branch stands at about \$2 billion, Moos said.

The Cypriot banking system is facing a large-scale shake-up after the country's government approved the conditions of getting a 10 billion euro bailout loan from the European Union

and the International Monetary Fund.

As part of the bailout plan, deposits of less than 100,000 euros with Cyprus Popular Bank, also known as Laiki, will not be affected, while depositors with more than that amount will face a large surcharge to help fund the bailout.

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