



Cyprus and the European Bank for Reconstruction and Development

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Bank of Cyprus is the dominant retail bank in Cyprus. However it also has a second role, as a bank for offshore Russian deposits. Therefore it is interesting to look at the ownership of this important international bank.

Bank of Cyprus maintains representative offices in Moscow and St Petersburg, Russia. The reason why Cyprus is popular with Russian depositors is the 10% corporate tax rate in Cyprus and the tax treaty between Russia and Cyprus preventing double taxation. Plus, of course, the weather is warmer and salaries are higher in Cyprus compared with Russia and thousands of Russians reside in Cyprus.

In 2014, following economic problems in Greece which caused big losses to banks in Cyprus, Bank of Cyprus announced a one-billion-euro capital increase which included entities representing Russian billionaire Viktor Vekselberg and American billionaire Wilbur Ross taking over 9% and 19% respectively.

Also in 2014, the European Bank for Reconstruction and Development arrived in Cyprus. The EBRD was established in 1991 to help the countries in the collapsed Communist Bloc by fostering transparency and democracy. The EBRD is funded by governments of many countries and is headquartered in London. So why did the EBRD expand its area of operations to include Cyprus which never was part of the Communist Bloc? The answer seems to be that the EBRD needed urgently to make an investment in Bank of Cyprus with Vekselberg and Ross. The EBRD officially ended its mission in Cyprus in 2020 however it continues to hold a 5% stake in Bank of Cyprus.

This is disturbing because the EBRD has a history of 'selling its name' to notorious Russian banks to give them the appearance of legitimacy. The EBRD produces abundant propaganda about its mission of

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