

Cyprus Investigating Russian Bank Acquisition

By [The Moscow Times](#)

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NICOSIA — Cyprus's most senior legal official will investigate the circumstances of troubled lender Bank of Cyprus's acquisition of a small Russian bank in 2008, authorities said.

Bank of Cyprus was one of two systemic Cypriot banks taken over by the state under an international bailout negotiated for Cyprus in March that also raided customers' deposits to pay for recapitalization.

Cypriot President Nicos Anastasiades has asked the island's attorney general to investigate the circumstances of Bank of Cyprus's purchase of Uniastrum Bank, a government spokesman said Tuesday.

The probe is one of several under way by Cyprus, left reeling by a chaotic financial meltdown that has sent the Mediterranean island hurtling into recession and forced thousands to give up part of their savings.

A Central Bank-commissioned investigation made public in April found that the bank went ahead with the purchase despite misgivings in due diligence reports and a legal opinion that judged it could withdraw from the deal or renegotiate the acquisition price.

The attorney general would assess the report, deputy government spokesman Victoras Papadopoulos said in a statement.

The same probe said it found no evidence of corruption.

Bank of Cyprus, now temporarily under the control of a Central Bank-appointed management, acquired 80 percent of Uniastrum for 371 million euros (\$490 million) towards the end of 2008.

The report, compiled by external investigators Alvarez & Marsal, was one of several on various aspects of bank activity focused on Bank of Cyprus and Cyprus Popular Bank — both subjects of the April bailout.

Cyprus's inflated financial sector was badly burnt by the restructuring of Greek sovereign debt but has also faced criticism of reckless expansion over the past decade.

Left with gaping holes in their balance sheets after losing money on Greek assets, bank depositors were called to foot the cost of rebuilding Bank of Cyprus in return for equity in the bank. Popular is being wound down with savers losing any uninsured deposits exceeding 100,000 euros.

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