Cyprus Bank Gets Cash Infusion From Video-Game Company

2013-11-07 11:06:41.318 GMT

By Ilya Khrennikov

   Nov. 7 (Bloomberg) -- Cyprus was one of the places most

devastated by the recent global economic crisis, and even after

a bailout the small island nation can still feel the effects.

   For a sense of how desperate things have become, consider

that Hellenic Bank, the second-largest financial institution in

Cyprus, now counts a developer of online strategy games among

its biggest shareholders.

   Wargaming.net is spending 40 million euros to increase its

stake in the bank, the ¡°World of Tanks¡± gamemaker said on Nov.

1. It's poised to own 30 percent of Hellenic.

   Victor Kislyi, an entrepreneur in Belarus, started

Wargaming in 1998 and established the company's headquarters in

Cyprus, a popular tax haven, long before any economic turmoil.

Wargaming didn't respond to a request for comment.

   Vedomosti, a Russian business publication, reported the

gamemaker probably had funds in the bank that got frozen and

needed to buy into the bank to be able to withdraw them.

Accounts in Cyprus were frozen in March to stop bank runs when

euro-area finance ministers decided to tax deposits to raise

money to aid in a rescue plan. Others with money trapped in

Cypriot banks have taken similar steps to recover deposits: In

September, several Russians were elected to the Bank of Cyprus

board, where capital controls blocked accounts.

Wargaming.net posted sales of 218 million euros last year and employs 2,200 people in 16 locations around the world. "World of Tanks" has 65 million users and debuted on the Xbox 360 this fall. Wargaming is also preparing to release "World of Warplanes" and "World of Battleships."

As of March 26, Wargaming had deposits in several banks, including Bank of Cyprus, the nation¡¯s largest. The game maker has expressed "uncertainties¡± regarding the situation in Cyprus, the company said in its annual report. That¡¯s probably an understatement.

-0- Nov/07/2013 11:06 GMT