

Sberbank, RBS Lend \$500M to Gazprom Unit

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Sberbank and RBS are teaming up to loan \$500 million to a Gazprom subsidiary operating in the Arctic.

State-owned Sberbank and Britain's partially nationalized The Royal Bank of Scotland teamed up this week to extend a \$500 million credit line to Gazprom, Sberbank said in a statement Tuesday.

The money will go to a subsidiary of the gas export giant, the Novy Urengoi Gas and Chemical Complex, to finance the building of a low-density polyethylene production facility in the Yamal-Nenets autonomous district.

Gazprom will guarantee the three-year loan but its size is significantly below the upper limit of \$830,000 that Gazprom was prepared to guarantee, according to documents provided by Gazprom on Tuesday.

The polyethylene facility, which will cost about \$1.7 billion to construct, was first proposed

in 1993, before being subsequently mothballed. The project is currently in its "investment phase," Sberbank said without elaborating.

Funds for the construction, which in 2009 was expected to have been completed this year, have already been raised several times.

Banking giant VTB issued a three-year, \$400 million credit line for building work to the Novy Urengoi Gas and Chemical Complex in September 2009.

Sberbank is listed as the primary creditor and The Royal Bank of Scotland as a creditor in the Gazprom documents. But the exact role of the two banks was not immediately clear.

Part of the money will be provided on the basis of a currency swap, organized jointly by The Royal Bank of Scotland and Sberbank, Russia's biggest lender said.

A spokeswoman for The Royal Bank of Scotland had not returned requests for comment by late Tuesday evening. A spokesman for Sberbank declined to comment.

The Royal Bank of Scotland was bailed out by the U.K. government during the 2009 financial crisis and is still 84 percent owned by the state. It has been criticized recently for a reluctance to lend to U.K. businesses.

The Novy Urengoi Gas and Chemical Complex will be built by Stroitransgaz, the construction company controlled by billionaire Gennady Timchenko, an associate of President Vladimir Putin.

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