

Multi-Billion Rosneft Loan Goes Ahead Without Lloyds and HSBC

By [The Moscow Times](#)

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LONDON — A \$1.5 billion to \$2 billion loan involving BP and Russian oil giant Rosneft is going ahead, bankers said Thursday, even after arranging banks Lloyds and HSBC pulled out as unease grows among some Western lenders about funding Russian deals.

However, they said it was unclear whether the British-based banks would be replaced or the remaining lead arrangers, Deutsche Bank and Bank of China, would push on with completing the syndicated oil-prepayment loan on their own.

"There is an extensive bank group including Japanese, Chinese and European banks. The issue is not replacing the money ... it is whether we will replace the mandated lead arranger roles," a banker close to the deal said.

Rosneft and London-based BP, via a specially created company, are trying to complete the financing which is backed by the Russian group's future oil production.

Rosneft, BP and Lloyds declined to comment while HSBC could not immediately be reached for comment.

Lloyds is 25 percent-owned by the British government, which has repeatedly condemned Russia over its annexation of Crimea in March and accused it of involvement in a separatist rebellion in eastern Ukraine.

Moscow denies the charges, but Rosneft chief Igor Sechin has been hit by U.S. sanctions as part of a broader move to punish Russia for its seizure of Crimea from Ukraine.

The loan was launched to banks in late November at \$5 billion, but progress has been slow and it was reduced to up to \$2 billion in April.

Bankers said the deal still has enough support from lenders to go ahead despite the loss of Lloyds, which walked away this week, followed by HSBC.

"All the other banks are still in the deal, I do not think it will have any impact. We are surprised they were there in the first place," a second banker said.

In April, Royal Bank of Scotland, which is 80 percent owned by the British government, also walked away from a \$1 billion club loan for Russian petrochemicals company Sibur.

Bankers are watching to see whether Deutsche Bank will continue to support the deal but said the lender was not under the same political pressure as British banks. Germany, which is a major importer of Russian natural gas, has often been more cautious towards Moscow than Britain, which gets most of its gas from the North Sea and Qatar.

"Germany has a greater energy dependency on Russia than Britain," the first banker said.

Rosneft is relying increasingly on pre-payment loans as other sources of financing dry up for Russian companies. Many Russian bankers have acknowledged growing difficulties in raising funds due to tensions with the West and the U.S. and European Union sanctions.

Rosneft took out two jumbo syndicated loans totaling \$30.1 billion in late 2012 and early 2013 to finance its purchase of the TNK BP oil company. Lenders were left overexposed to Rosneft and its plans to refinance the bridging loans with bond issues fell through last May.

See also:

[Britain's Lloyds Bank Pulls Out of Rosneft-BP Loan](https://www.themoscowtimes.com/2014/06/05/multi-billion-rosneft-loan-goes-ahead-without-lloyds-and-hsbc-a36214)

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