Agenda

I. Overview of IBERIABANK & IBERIA Capital Partners

II. Reserve - Based Lending Overview

III. Borrowing Base Loan Structure

IV. Reserve – Based Loan Documentation

V. Bank Price Survey

VI. Engineering Evaluation Cases

VII. Reserve – Based Loan Diagrams

VIII. Factors Impacting Borrowing Base Loan Amount
About IBERIABANK

Corporate facts:

- Headquarters: Lafayette, LA
- Founded: 1887
- NASDAQ Traded: IBKC
- Total Assets: $12.5 Billion
- Market Cap: $1.4 Billion
- Deposits: $9.9 Billion
- Loans: $8.2 Billion
- Offices: 278* (Bank Branches 184)
- States: 12
- Employees: 2,762
- Clients: 192,000

As of 9/30/12
*Offices as of 10/12/12


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<th>2001 Year-end</th>
<th>9/30/12</th>
<th>CAGR %</th>
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<td>Total Assets</td>
<td>$1.4 billion</td>
<td>$12.5 billion</td>
<td>+22.40%</td>
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<td>Total Loans</td>
<td>$961 million</td>
<td>$8.2 billion</td>
<td>+22.12%</td>
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<td>Total Deposits</td>
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<td>$6.9 billion</td>
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<td>Market Cap</td>
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<td>+21.83%</td>
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<td>Acquisitions Completed</td>
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<td>Locations</td>
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<td>States Served</td>
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<tr>
<td># of Associates</td>
<td>443</td>
<td>2,762</td>
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CAGR – Compound Annualized Growth Rate

IBERIABANK’s Footprint

Locations:
- 278 Total Offices
- 184 Banks
- 72 Branches
- 72 Mortgage Loan Locations
- 72 Lien Processing Offices
- 184 Lien Processing Locations
- 72 title insurance offices
- 2 title insurance locations

Legend:
- IBERIABANK
- IBERIABANK Mortgage
- Lien Processing
- Title Insurance
- American Abstract
About IBERIABANK’s Energy Team

• Typical loan size is $5 - $25 million; underwriting commitments up to $100 million for agented transactions
• Small private independent oil and gas companies who typically operate the majority of their properties and are headquartered within IBERIABANK’s footprint.
• Companies that are supported by top energy-focused private equity sponsors and particularly those who have management teams that are open to an IPO as an exit option.
• Participations in syndicated credit facilities for small-cap and mid-cap publicly traded companies, particularly those where IBERIA Capital Partners provides equity research coverage.

Energy Lending Group

Loan Growth by Quarter
About IBERIA Capital Partners

- IBERIA Capital Partners is an energy-focused capital markets brokerage business providing institutional sales, research, trading, and investment banking services. Our clients are institutional buy-side portfolio managers and energy firms seeking financial advice. IBERIA Capital Partners is regulated by the Financial Industry Regulatory Authority (FINRA), and a member of the Securities Investor Protection Corporation (SIPC).

- Energy sector research is the core of IBERIA Capital Partners business. The research team approaches sector analysis with an eye beyond the prototypical Wall Street reports and recommendations. IBERIA provides research in the Exploration and Production, Oilfield Services, and Coal and Shipping sectors. In formulating investment opinions, the team of analysts and IBERIA will typically utilize the following course of action:
  - Perform independent due diligence on subject companies
  - Interview management teams and, where appropriate, that of other industry participants
  - Construct financial models with forecasts used to derive target valuations
  - Write detailed reports with investment opinions, which are distributed to our institutional client base

- IBERIA Capital Partners’ sales and trading professionals have years of experience trading energy equities. Located in the Gulf Coast region, IBERIA Capital Partners is in the middle of one of the most vibrant areas of global energy production.

- IBERIA Capital Partners seasoned investment banking team uses its talents, sound judgment, and industry experience to guide clients through investment banking decisions of any size with a keen insight into the art and science of raising capital.

Recent IBERIA Capital Partners Investment Banking Transactions:

- **$55,200,000**
  - **GASTAR**
  - Common Stock Co-Manager
  - December 2010

- **$241,500,000**
  - **W&T Offshore**
  - Common Stock Co-Manager
  - November 2011

- **$600,000,000**
  - **Stone Energy**
  - Senior Notes Co-Manager
  - June 2011

- **$300,000,000**
  - **Energy Lending Presentation to IPAA Private Capital Conference – January 21, 2013**

- **$102,000,000**
  - **Hercules Offshore**
  - Common Stock Co-Manager
  - March 2012

- **$300,000,000**
  - **Comstock Resources**
  - Senior Notes Co-Manager
  - May 2012

- **$300,000,000**
  - **Basic Energy Services**
  - Senior Notes Co-Manager
  - October 2012

- **$250,000,000**
  - **Gulfport Energy Corporation**
  - Senior Notes Co-Manager
  - October 2012

- **$300,000,000**
  - **EPL Oil & Gas, Inc.**
  - Senior Notes Co-Manager
  - October 2012

- **$300,000,000**
  - **W&T Offshore**
  - Senior Notes Co-Manager
  - October 2012

- **$300,000,000**
  - **Stone Energy**
  - Senior Notes Co-Manager
  - October 2012
**IBERIA Capital Partners (Cont.)**

**IBERIA Capital Partners Equity Research Coverage:**

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<th>Exploration &amp; Production</th>
<th>Oilfield Services</th>
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<td>Alpha Natural Resources, Inc.</td>
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<td>Basic Energy Services, Inc.</td>
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<td>Arch Coal, Inc.</td>
<td>Cabot Oil &amp; Gas Corp.</td>
<td>CARBO Ceramics Inc.</td>
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<td>Diana Shipping Inc.</td>
<td>Concho Resources, Inc.</td>
<td>Diamond Offshore Drilling, Inc.</td>
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<td>Frontline Ltd.</td>
<td>Continental Resources, Inc.</td>
<td>Ensco plc</td>
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<td>Helix Energy Solutions Group, Inc.</td>
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<td>Nordic American Tankers Ltd.</td>
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<td>Key Energy Services, Inc.</td>
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<td>PetroQuest Energy, Inc.</td>
<td>RPC, Inc.</td>
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<td>Rowan Companies, Inc.</td>
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<td></td>
<td>SM Energy Company</td>
<td>Superior Energy Services, Inc.</td>
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<td></td>
<td>Stone Energy Corp.</td>
<td>Tidewater Inc.</td>
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<td></td>
<td>W&amp;T Offshore, Inc</td>
<td>Transocean Ltd.</td>
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<tr>
<td></td>
<td>Whiting Petroleum Corp.</td>
<td>Weatherford International Ltd.</td>
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Reserve - Based Lending Overview

• Reserve – based loans are based on lower-risk proved reserves with the majority of the value based on proved developed producing reserves.
• Reserve – based loans amount is calculated based on collateral values based on a bank’s “price deck” which typically includes a discount to the futures strip.
• Bank engineer will review the company’s independent third party reserve report to review estimates of operating costs, expected ultimate recovery of reserves, production rates, capital expenditures needed to convert reserves into the PDP category and make technical adjustments based on their professional judgment.
• Bank engineer will provide engineering runs based on the bank’s price deck that conform with the bank’s energy lending policy with respect to risking, concentration and reserve splits.
• Energy lending policies require reserve values to be “haircut” for risking (to reflect exploration risk, mechanical/operating risk and timing issues); concentration (to avoid too much value being derived from any single well or field); and reserve splits (to make sure loan value is based primarily on properties with PDP reserves with current production/cash flow with lower limits for higher-risk PDNP/PUD reserves).
• Engineering runs are used to develop financial projections that test for compliance with energy lending policy parameters including base case and sensitivity case advance rates; reserve tail tests (based on economic half-life of the reserves or remaining cash flow after projected loan payout); and annual cash flow coverage tests.
• Cash flow projections must demonstrate the ability to cover projected G&A expenses, scheduled principal and interest payments on other unsecured or subordinated (e.g. 2nd lien) debt, and debt service assuming a full draw of the borrowing base with an adequate reserve tail as cushion.
Borrowing Base Loan Structure

• Risk associated with the volatility in commodity prices/market values for oil & gas collateral is mitigated by the flexibility in a reserve-based loan with borrowing base provisions.
• Semi-annual borrowing base redeterminations with at least one based on an independent third party petroleum engineering consultant; the second one can be an internally-prepared update incorporating changes since the last independent third party report.
• Both Lender and Borrower typically will have one “wildcard” option to call for an interim borrowing base redetermination at their discretion.
• Documentation includes a “built in” remedy to address any borrowing base deficiency (defined as the amount by which loan utilization exceed any reduction in the borrowing base amount); Borrower typically has 30 days to make their first payment (typically 1/3rd to 1/6th of the deficiency amount) with additional monthly payments over the following two to five months.
• Loans are almost always structured as a revolver or a reducing revolver where commitments reduce by a fixed amount each month to account for depletion.
• Ability to reset the borrowing base (and monthly commitment reduction amount) provides the Lenders the flexibility to continually positively or negatively adjust loan parameters to maintain adequate loan-to-value and cash flow coverage ratios to take into account a borrower’s activity (i.e. acquisition, increase/decrease in production, etc.)
• On smaller deals, 100% Lender approval is needed to increase, affirm, or decrease the borrowing base. On larger deals, 100% Lender approval is needed to approve or increase the borrowing base with a lower threshold to affirm or reduce the borrowing base.
• Typically include a liquidity test that requires “Day 1” liquidity at closing to be 10% of the borrowing base amount.
Reserve - Based Loan Documentation

• Documentation typically includes standard provisions such as financial covenants (leverage/liquidity); restrictions or prohibitions on additional indebtedness and distributions; and a borrowing base deficiency provision.

• The borrowing base deficiency can be cured by the borrower adding additional oil and gas properties to the collateral base or the bank can establish monthly commitment reductions to reduce debt to a level that will bring the loan back into compliance with energy lending policy or covenant compliance.

• Borrowing base credit facilities allow debt levels/amortization to be either increased or decreased to levels that maintain loan-to-value and cash flow coverage ratios that take into consideration changes in cash flow caused by acquisition/divestitures, changes in commodity prices, drilling activity since the last redetermination and production performance that impact decline curves or expected ultimate recoveries of reserves.

• Bank legal counsel will review/evaluate the Borrower’s title to its oil & gas properties to make sure it matches the net revenue interest reflected in the one-line engineering report and prepares mortgages/ 1st lien deed of trust; typically a bank requires at least 80% of the initial collateral value to be covered by a perfected security interest and to have clear/acceptable title.
Banks generally reset their oil and gas price forecast every quarter.

Base case price forecast are generally below the NYMEX futures pricing (70% - 95%).

Banks generally always have a sensitivity case which is 80% of the base case price.
Engineering Evaluation Cases

Iberia Bank
April 2011 Base Pricing
Reserves Risk Adjusted

<table>
<thead>
<tr>
<th>FNR Disc. @ 9.0%</th>
<th>$M</th>
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<tr>
<td>OIL HEDGES</td>
<td>2,969.23</td>
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Effective Date: June 1, 2011

Iberia Bank
April 2011 Base Pricing
Reserves Risk Adjusted - Roll Forward

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<th>FNR Disc. @ 9.0%</th>
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Effective Date: December 1, 2011

Iberia Bank
April 2011 Sensitivity Pricing
Reserves Risk Adjusted

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Effective Date: June 1, 2011

Iberia Bank
April 2011 Base Pricing
Reserves Unrisked

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<td>OIL HEDGES</td>
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Effective Date: June 1, 2011
## Engineering Evaluation

### Total Proved Case

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<th>Date</th>
<th>Wells</th>
<th>Gross (Bbls) Production</th>
<th>NGL Cond (Mbb) Production</th>
<th>Oil Cond (Mbb) Production</th>
<th>NGL (Mbb)</th>
<th>Product Prices</th>
<th>Revenues before Expenses</th>
<th>Taxes and Expenses</th>
<th>Total Net Revenue</th>
<th>FNR %</th>
<th>PV9% value</th>
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<td>Dec-11</td>
<td>62.6</td>
<td>267.7</td>
<td>679.5</td>
<td>84.0</td>
<td>9.4</td>
<td>155.0</td>
<td>1.419</td>
<td>1.114</td>
<td>276.4</td>
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<td>24.5</td>
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<td>Sub-Total</td>
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<td>7,727.5</td>
<td>216.0</td>
<td>142.6</td>
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<td>6,660.6</td>
<td>216.0</td>
<td>141.3</td>
<td>172,294.5</td>
<td>82,062.5</td>
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<td>Remained</td>
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<td>355.9</td>
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<td>2,684.7</td>
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<td>Total</td>
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<td>3,362.1</td>
<td>8,162.2</td>
<td>216.0</td>
<td>154.7</td>
<td>2,699.5</td>
<td>7,003.6</td>
<td>216.0</td>
<td>153.4</td>
<td>199,179.2</td>
<td>100,066.9</td>
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### Energy Lending Presentation to IPAA Private Capital Conference – January 21, 2013

**Iberia Rank**

**April 2011 Base Pricing**

**Reserves Risk Adjusted**

**Total PROVED**

**Effective Date:** June 1, 2011

**PV9% value**

**LOE**

**FNR**
Reserve-Based Loan – Engineering Cases

- Unrisked FNR at Futures Strip
- Unrisked FNR at Base Pricing (72.5% of Futures Strip)
- Base Case Pricing Risked Undiscounted FNR
- Base Case Pricing Risked FNR Discounted PV9%
- Sensitivity Case Pricing Risked Discounted 9% FNR
- Borrowing Base

Note – FNR, “Future Net Revenue”, is defined as the net revenue after the deduction of lease operating expenses, production taxes and capex associated with converting non-producing reserves into the proved developed producing category.
Reserve-Based Loan – Determining Borrowing Base

Day 1 Advance Rate of 62.0% with collateral value of $80.6 million.

Six-Month Roll-Forward Advance Rate of 64.6% with collateral value of $77.4 million.

Future Date of Projected Loan Payout

Reserve Tail

Future Net Revenue of 48% after payout.

Base Case Pricing Risked FNR Discounted PV9%
Sensitivity Case Pricing Risked Discounted 9% FNR
Borrowing Base
Future Net Revenue

Initial Borrowing Base = Lower of 65% “Day-1” or “6-Month Roll-Forward” Base Case & 100% of the Sensitivity Case.
Reserve-Based Loan – Equity Cushion

Focus on Advance Rates and Adequate Reserve Tail results in equity cushion and acceptable collateral over the life of the loan.
Example – Customer moving from Natural Gas to Oil/Liquids

- Temporary loss of production / reduction in commodity prices
- Increase in commodity prices / reserve base
- Move towards “wet gas” operations
- Curtail drilling for natural gas until markets improve / Continue to develop “wet gas” reserves
- Production back online / Joint Venture established
Example – Offshore Customer Growing Via Acquisition

- Reaffirm Borrowing Base / JV agreement
- Move towards oily production / added additional rigs to enhance drilling program in the GOM
- Acquired sizeable GOM shelf oil and natural gas interest

## Factors Impacting Borrowing Base Loan Amount

### Borrowing Base Decrease

- Lower prices / price deck
- Unwinding existing hedges with strike prices above price deck
- Reserve divesture (with material PDP component)
- Producing existing PDP reserves and not replacing them through drilling or acquisitions
- Increased operating costs, G&A expenses, production taxes, drilling / completion CAPEX
- Converting PDP reserves to PDNP category because of weather and/or (hurricane, freezing temperatures) mechanical/operational problems (requiring well maintenance or repair of pipeline/processing facilities)
- Negative reserve revisions (performance was less than expected resulting in fewer reserves being recovered)

### Borrowing Base Increase

- Higher prices / price deck
- Additional hedges at prices above price deck
- Reserve acquisition (with material PDP component)
- Converting PUD or unproven reserves into PDP category through drilling of development or exploratory wells
- Converting PDNP reserves to PDP category, recompletion of additional “behind pipe” zones
- Positive reserve revisions (performance was better than expected resulting in more reserves being recovered)

- Risk associated with the volatility of commodity prices/market values for oil and gas properties is mitigated by the flexibility in a reserved-based loan with standard borrowing base provisions.
- Borrowers can manage risk through commodity hedging, maintaining adequate liquidity, taking prudent exploration risks, not over-leveraging the balance sheet and partnering with a strong bank with experienced energy bankers such as the IBERIABANK ENERGY TEAM!
Questions?
THE DEBT PICTURE

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