BNP Paribas Upstream Oil & Gas: North America

IPAA Private Capital Conference
New Capital Sources
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BNP Paribas Corporate Overview

Nearly 190,000 employees in 78 Countries

Diversified Revenues of €38.8bn, FY 2013

Source: BNP Paribas, January 2014
A strong lender and counterparty in today’s markets

One of the largest banks in the world

<table>
<thead>
<tr>
<th>Rank</th>
<th>Bank Name</th>
<th>Assets USD (Bln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Industrial &amp; Commercial Bank of China</td>
<td>3,282</td>
</tr>
<tr>
<td>2</td>
<td>HSBC Holdings</td>
<td>2,728</td>
</tr>
<tr>
<td>3</td>
<td>China Construction Bank Corporation</td>
<td>2,726</td>
</tr>
<tr>
<td>4</td>
<td>Agricultural Bank of China</td>
<td>2,599</td>
</tr>
<tr>
<td>5</td>
<td>BNP Paribas</td>
<td>2,580</td>
</tr>
<tr>
<td>6</td>
<td>JP Morgan Chase</td>
<td>2,527</td>
</tr>
<tr>
<td>7</td>
<td>Credit Agricole</td>
<td>2,519</td>
</tr>
<tr>
<td>8</td>
<td>Bank of China</td>
<td>2,513</td>
</tr>
<tr>
<td>9</td>
<td>Mitsubishi UFJ Financial Group</td>
<td>2,261</td>
</tr>
<tr>
<td>10</td>
<td>Barclays Plc</td>
<td>2,176</td>
</tr>
<tr>
<td>11</td>
<td>Deutsche Bank</td>
<td>2,131</td>
</tr>
<tr>
<td>12</td>
<td>Bank of America</td>
<td>2,123</td>
</tr>
<tr>
<td>13</td>
<td>Citi group</td>
<td>1,880</td>
</tr>
<tr>
<td>14</td>
<td>Japan Post Bank</td>
<td>1,765</td>
</tr>
<tr>
<td>15</td>
<td>Societe Generale</td>
<td>1,610</td>
</tr>
</tbody>
</table>

Source: Bloomberg

Among the best capitalized

<table>
<thead>
<tr>
<th>Bank</th>
<th>Common Equity Tier 1 ratio under Basel 3* fully loaded (as at 09.30.14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DB</td>
<td>13.7%</td>
</tr>
<tr>
<td>HSBC</td>
<td>11.2%</td>
</tr>
<tr>
<td>RBS</td>
<td>11.5%</td>
</tr>
<tr>
<td>BNP Paribas</td>
<td>12.6%</td>
</tr>
<tr>
<td>BBVA</td>
<td>10.1%</td>
</tr>
<tr>
<td>CASA</td>
<td>10.1%</td>
</tr>
<tr>
<td>BBVA</td>
<td>10.1%</td>
</tr>
<tr>
<td>CS</td>
<td>9.8%</td>
</tr>
<tr>
<td>BoA</td>
<td>9.6%</td>
</tr>
<tr>
<td>CBK</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

*Excluding one-off items
**Excluding one-off costs related to the comprehensive settlement with U.S. authorities

That has remained profitable

<table>
<thead>
<tr>
<th>Year</th>
<th>BNP Paribas’s net income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,000</td>
</tr>
<tr>
<td>2009</td>
<td>3,000</td>
</tr>
<tr>
<td>2010</td>
<td>5,000</td>
</tr>
<tr>
<td>2011</td>
<td>5,000</td>
</tr>
<tr>
<td>2012</td>
<td>5,000</td>
</tr>
<tr>
<td>2013*</td>
<td>5,000</td>
</tr>
<tr>
<td>9m**</td>
<td>9m FY 2014</td>
</tr>
</tbody>
</table>

*Excluding one-off items
**Excluding one-off costs related to the comprehensive settlement with U.S. authorities

Source: BNP Paribas / Bloomberg
A market-leading team with a global network serving the Energy Sector

- Energy & Commodity Finance is an integrated worldwide platform dedicated to upstream, midstream and downstream players.

- E&C Finance has 3 regional hubs, each dedicated to a specific area:
  - New York => Americas
  - Geneva => Europe, Middle East and Africa
  - Singapore => Asia

- Upstream Oil & Gas: North America is based in Houston – one of E&C Finance Americas’ many local offices globally.
BNP Paribas in North America

Growth Strategy

- **North America** and Asia are the **targeted growth areas** for the Bank’s Corporate and Investment Banking business

- Strong focus on bolstering corporate and investment banking business in the US, particularly in the **Energy sector**

  The **Upstream Oil & Gas franchise is key** to the US development strategy with capital redeployed for strategic Energy & Commodity clients
Upstream Oil & Gas

BNP Paribas is a **global leader in Oil & Gas financing** with a strong and growing commitment to providing risk management solutions.

BNP Paribas has a **strong balance sheet** which enables the Bank to take **significant underwritings and participations**.

In addition to structured financial products, BNPP offers a **broad range of global product platforms** dedicated to the Oil & Gas industry, including:

- Reserve-based revolving credit facilities & term loans
- Commodity Derivatives
- Interest Rate Derivatives
- Loan Syndications
- Debt & Equity Capital Markets
- Structured Commodity Financing
- Corporate Finance & M&A Advisory
- Equity Capital
**A global risk management platform**

### COMMODITY DERIVATIVES PRODUCTS

#### OTC
- Bilateral customised risk management strategies
- Vanilla flow swaps and options
- Complex structured solutions
- Hedges embedded in lending agreements
- Full range of investment solutions
- Strong power, metals and oil formula business

#### Listed Derivatives and Clearing
- In-house brokerage platform
- Clearing
- Futures and OTC clearing*
- Execution*
- Margin finance and portfolio clearing

#### Physical
- Physical capabilities in the US and Canada
- Markets: Natural Gas, Power, Oil
- Structured solutions with financing optimization (repurchase agreements, sleeve..)
- Tailor-made solutions, client focused

### Snapshot
- 208 specialists worldwide**
- 25-year continuous track record in the commodities markets
- Three complementary trading and risk management activities

### BNP Paribas’ Commodity Index Range
- Oscillator Commodities
- Millenium Commodities
- BNP Paribas Market Neutrals
- S&P Dynamic Rolls (SPDYCIP Index)

### A Global Presence
- 24 hours market coverage
- 3 dedicated hubs: New York, London and Singapore
- 10 rep offices: Houston, Tokyo, Shanghai, Moscow, Rome, Milan, Geneva, Paris, Brussels, Sao Paulo and Calgary

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*Clearing and Execution Services are offered through BNP Paribas Prime Brokerage, Inc. **As of September 2013*
## Physical platform capabilities in North America

### Physical solutions

<table>
<thead>
<tr>
<th>Producers</th>
<th>Conventional Power</th>
<th>Renewables</th>
<th>Midstream / intermediates</th>
<th>End-user aggregators</th>
<th>End-user (industrials, utilities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Gas off-take</td>
<td>- Physical off-take of energy, ancillaries and capacity</td>
<td>- Physical off-take of energy</td>
<td>- Physical gas storage</td>
<td>- Gas supply (with flexibility in delivery options)</td>
<td>- Gas supply (with flexibility in delivery options)</td>
</tr>
<tr>
<td>- Producer services (e.g. AMA)</td>
<td>- Embed forward price hedging in physical contract</td>
<td>- Manage storage and transport capacity transactions (extract value through location flexibility)</td>
<td>- Park and Loan</td>
<td>- Energy and ancillaries (power)</td>
<td>- AMA (manage portion of entity’s transport and storage capacity, together with supply)</td>
</tr>
</tbody>
</table>

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**BNP Paribas is a major physical power and natural gas trader in North America**

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**North American gas markets**

- Alberta Power Pool
- CAISO
- ERCOT
- MISO
- NYISO
- PJM
- WECC
- WSCC
- NY
- Ontario Pool
- NEPOOL
- SERC
- ERCOT
- Entergy
- Gulf of Mexico
- St. Louis
- Chicago
- New York
- Eastern Canada
- S. Texas
- Gulf Coast
- Permian
- Anadarko
- San Juan
- Rockies
- SoCal
- Calgary

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**Source:** BNP Paribas
Latest awards & rankings

Commodity Business Awards 2013

- Commodity House of the Year
- Commodity Finance & Structured Products
- Precious Metals
- Traded Commodities

Risk & Energy Risk Commodity Rankings 2014

- Best Overall Institution - #7
- Overall Energy Deal to - #4
- Research - #5
- Structured Hedging in Energy - #2
- Structured Notes & Exotics - #2
- Commodity Index Products - #2
- Best Overall Institution in the Americas - #10
- Coal (Americas) - #2
BNP Paribas Market Strategy and Research

Commodity Markets Strategy Group*

Primary focus: short-term markets in oil, natural gas, base metals, agricultural and precious metals.

Regular market comments and analysis covering the fundamentals of supply and demand in each market with a view to identifying trends shaping the path of current and future prices.

BNP Paribas analysis is often relayed in the financial press, across the main news wires and is frequently called upon in the television media.

Macro Research

The goal of BNP Paribas’ Economic research team is to spot emerging trends through market relevant and well timed analysis, and to stimulate thought by cutting to the essential points.

Materials

Oil and Natural Gas:
- US Weekly Oil Statistics Analysis
- Special Feature Market Comments
- Oil Chapter of BNP Paribas Global Outlook publication
- Quarterly Forecasts

Metals:
- Gold Report
- Base and precious metals forecasts

Agricultural:
- Specific report per underlying

Approach

Access Details

- Access market strategy on [https://globalmarkets.bnpparibas.com/](https://globalmarkets.bnpparibas.com/)
- Contact BNP Paribas representative for log-in and password

* Commodity Derivatives Markets Strategy Group is part of BNP Paribas’ Commodity Derivatives group.

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BNP Paribas Senior Natural Gas Strategist Teri Viswanath named among Top Ten New York Women in Energy in 2013

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For more details, please contact your local sales representative
A global private equity investor in the Energy & Commodity Sector

Energy & Commodity (E&C) Capital employs conservative investment criteria, with a primary focus on the quality of the management teams, level of downside protection and upside potential.

- **Canada**
  - Natural Gas Trading and Storage

- **USA**
  - Oil and Gas E&P
    - Anadarko Basin*E
    - Bakken Shale*E
    - Eagle Ford*E
    - Haynesville Shale*E
    - New Mexico
    - Permian Basin*E
    - Utica Shale
  - Other
    - Commodities Trading*E

- **Latin America**
  - Soft Commodities

- **CIS**
  - Oil and Gas E&P
    - Kazakhstan
    - Russia

- **Africa**
  - Oil and Gas E&P
    - Egypt and Morocco*E
    - Offshore Nigeria and onshore Ivory Coast*E
    - Offshore Ghana*E

- **Asia**
  - Oil and Gas E&P
    - Indonesia and Thailand*E

- **Global**
  - Metals & Mining

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* One exited and one current portfolio company

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USD Commitments

- 75% USA
- 85% Oil and Gas