



BNP PARIBAS : A worldwide leader in Energy, Commodities, Export & Project Finance



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Global Head of ECEP**

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ECEP within BNP Paribas

1. ECEP within BNP Paribas

2. Historical background

3. ECEP today

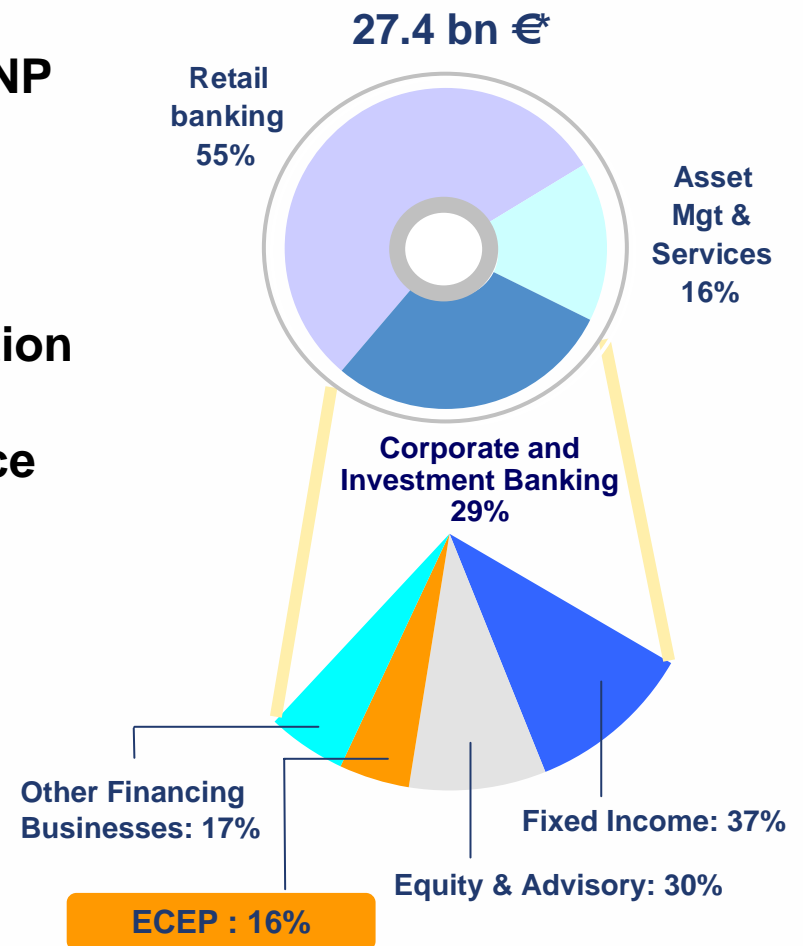
4. Our strengths

5. ECEP value creator

6. Looking forward

- **Energy, Commodities, Export, Project is one of the main business lines in BNP Paribas Corporate and Investment Banking unit**
- **Dedicated to the energy, commodities and transportation sectors as well as asset-based finance on a worldwide basis**
- **16% of CIB revenues**
- **20% of CIB pre-tax income**

BNP Paribas Group 2006 Revenues



* Excluding BNP Paribas Capital and other activities

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A longstanding leadership in this business

■ The “Energy & Commodities” sector was already a strategic focus of each of BNP Paribas pre-merger components

- The strategies pursued by each Bank were highly complementary :
 - BNP: focus on corporate clients, soft commodities
 - UEB (*): centralized organization, transactional financings, Oil & Gas
 - Paribas: decentralized approach, structured financings, Oil & Gas
- BNP Paribas “Energy & Commodities” merged business line was a leader from its inception, generating almost 400 M€ in revenues in 1999 and combining strengths on both sides
 - High level of expertise
 - Broad customer base

■ The missions initially given to the “Energy & Commodities” business line remain topical today

- Sectorial approach
 - Worldwide responsibility
 - Client knowledge
- Development of a leading brand and franchise

(*) United European Bank, located in Switzerland, in which BNP increased its share from 50% to 100% in 1998.

An impressive growth track record

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2. Historical background

3. ECEP today

4. Our strengths

5. ECEP value creator

6. Looking forward

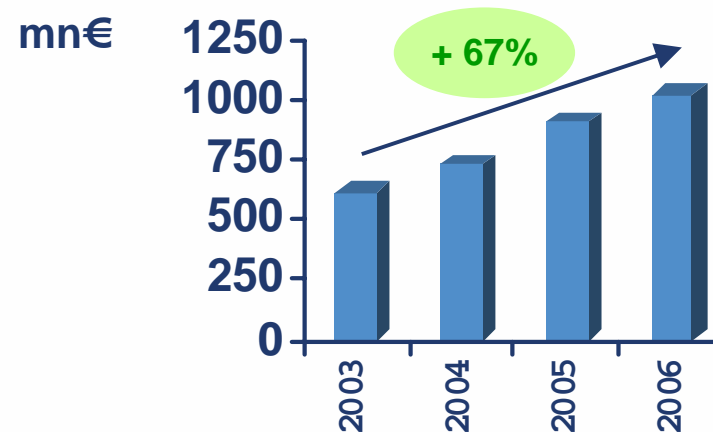
2002

Integration of Export Finance and Project Finance, with three strategic angles:

- Global competency on the E&C sector (sectorial coverage and management of sector-specific products)
- Emerging markets focus
- Extended wallet share from very short term to long term

2003/2006

At constant scope and exchange rate, ECEP revenues grew by a compounded average annual rate of 19%



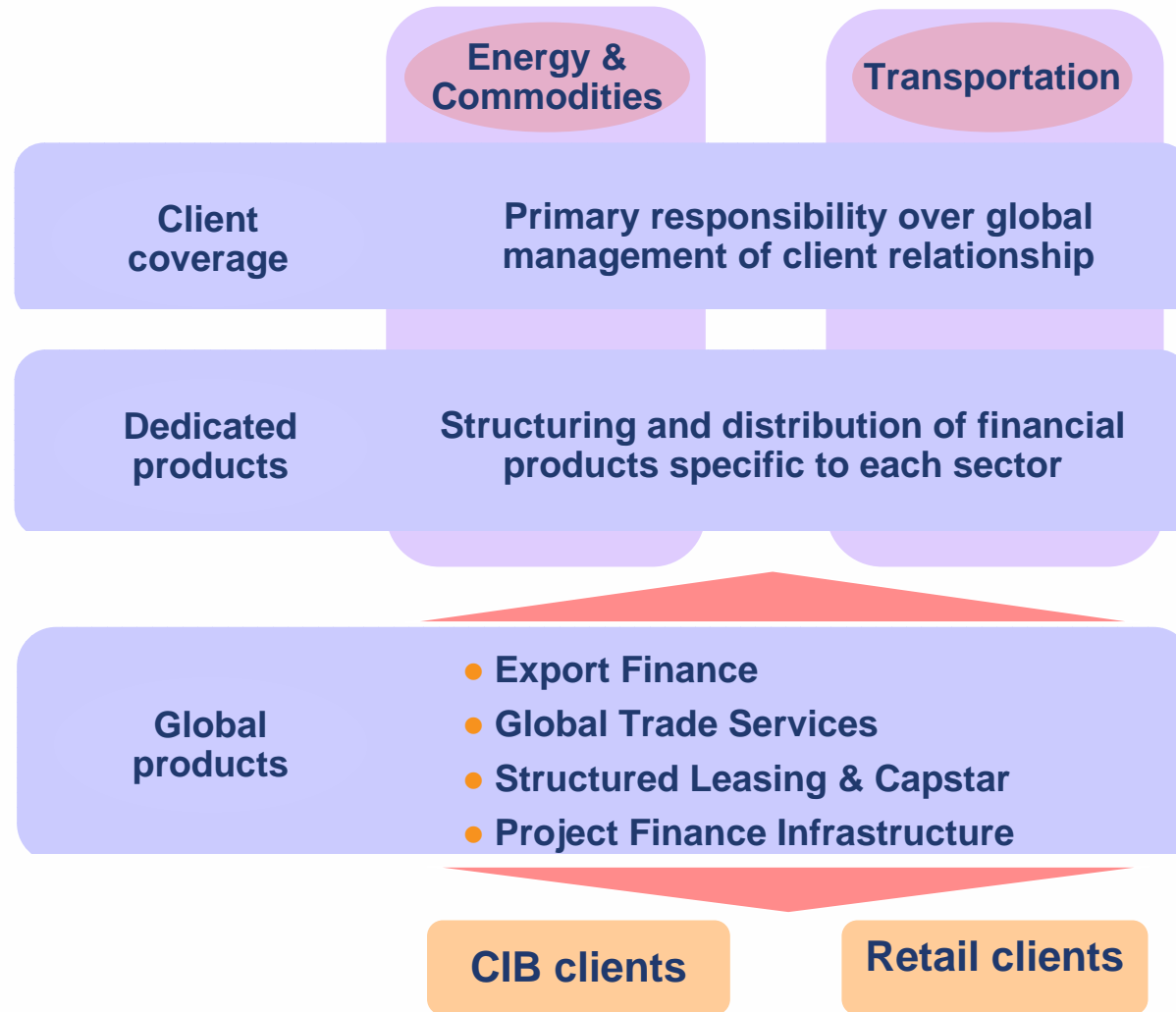
2006

Another record year for ECEP with revenues exceeding 1.2 bn €

- with the integration of Global Trade Services, Aviation Finance, Shipping Finance, Structured Leasing & Capstar

ECEP business model

- 1. ECEP within BNP Paribas
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- 3. ECEP today
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➔ **ECEP is a sectorial coverage group with a global products responsibility**

1. ECEP within BNP Paribas
2. Historical background
3. ECEP today
4. Our strengths
5. ECEP value creator
6. Looking forward

E&C and Transportation clients

Commodity Finance

- **Clients:** commodity trading and marketing companies

E&C Structured Debt

- **Clients:** producers, exporters, transformers (refiners, smelters, mills, crushers...), transporters, service companies, utilities in the USA and Australia

- **Industries :** Oil, Gas, Petrochemicals, Non-ferrous metals, Steel, Soft commodities, Pulp & Paper

Aviation Finance

- **Clients:** cargo and passenger airlines, operating lessors (aircraft/engines, new or used), business jets owners

Shipping Finance

- **Clients:** cruise industry, tanker / container / dry bulk / LNG shipping companies, mega-yachts owners

A full range of financing products for E&C clients

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2. Historical background
3. ECEP today
4. Our strengths
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6. Looking forward

Commodity Finance

➤ Products

- Transactional products: back-to-back, inventory financing (unsold or sold), transit, processing, tolling, etc
- Corporate secured: borrowing base
- Corporate unsecured: short term unsecured trade lines
- Structured products: Structured Inventory Finance, small projects and pre-financing with recourse

E&C Structured Debt

➤ Products

- Purchase receivable finance
- Corporate lending
- Oil & Gas, Mining and Power Project Finance
- Structuring advisory (for financing or capital market solutions)
- Pre-Export financing
- Reserve Based Lending

Global products serving all BNP Paribas clients

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2. Historical background
3. ECEP today
4. Our strengths
5. ECEP value creator
6. Looking forward

Global Trade Services

Optimization, securing and financing of international trade transactions for large corporate and mid-size companies through documentary credits, guarantees, forfaiting, supply chain financing

Structured Leasing & Capstar

Advising and arranging of fixed asset-based tax-driven financings, synthetic (off-balance sheet) and capital (on-balance sheet) leases



Export Finance

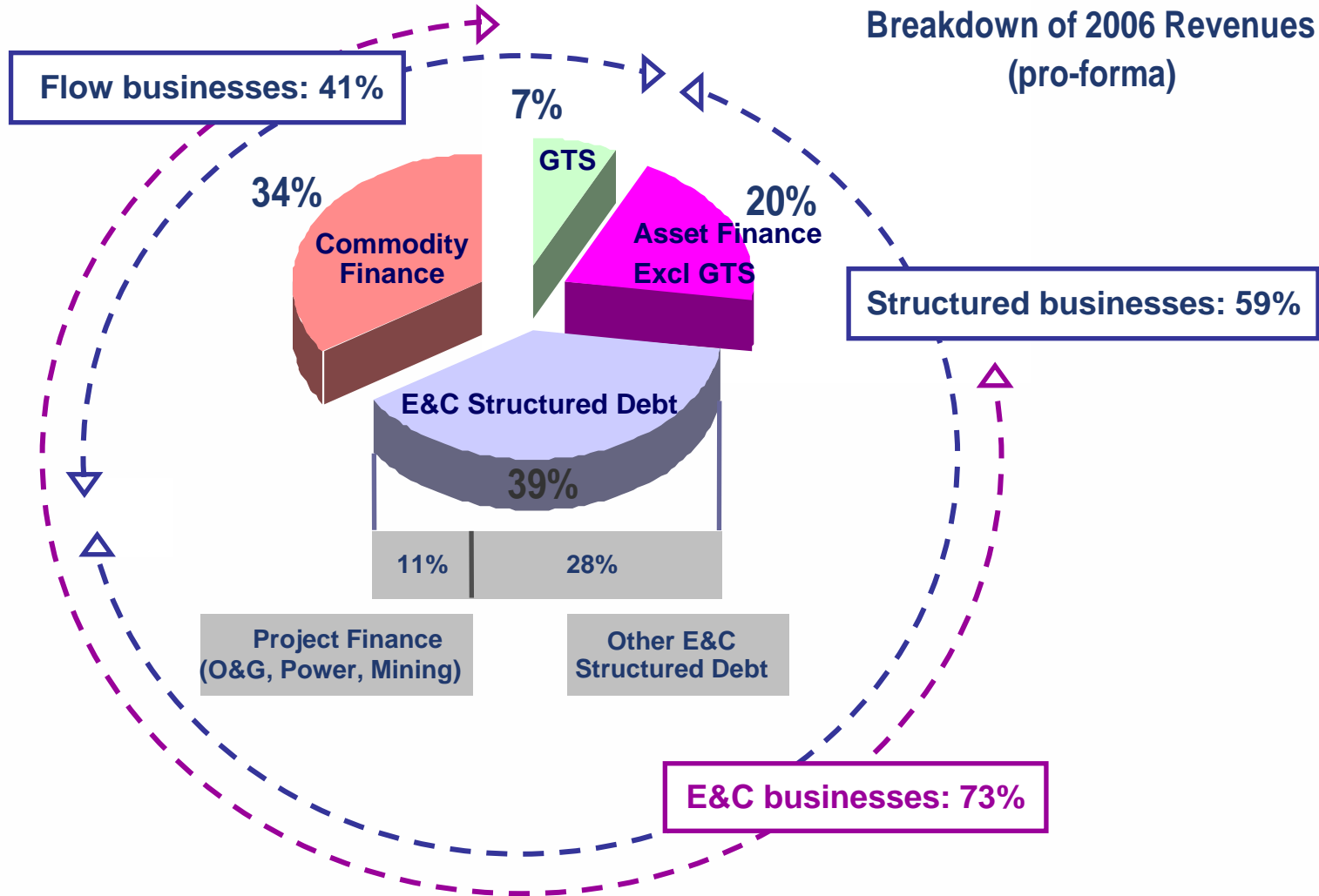
Export Credit Agencies-backed loans to both sovereign and corporate borrowers located worldwide and acting in any industrial sector

Project Finance Infrastructure

Advising, structuring and underwriting of non-recourse cash flow-based financings of greenfield projects or single assets (roads, airports, water supply infrastructures...)

A diversified revenue base

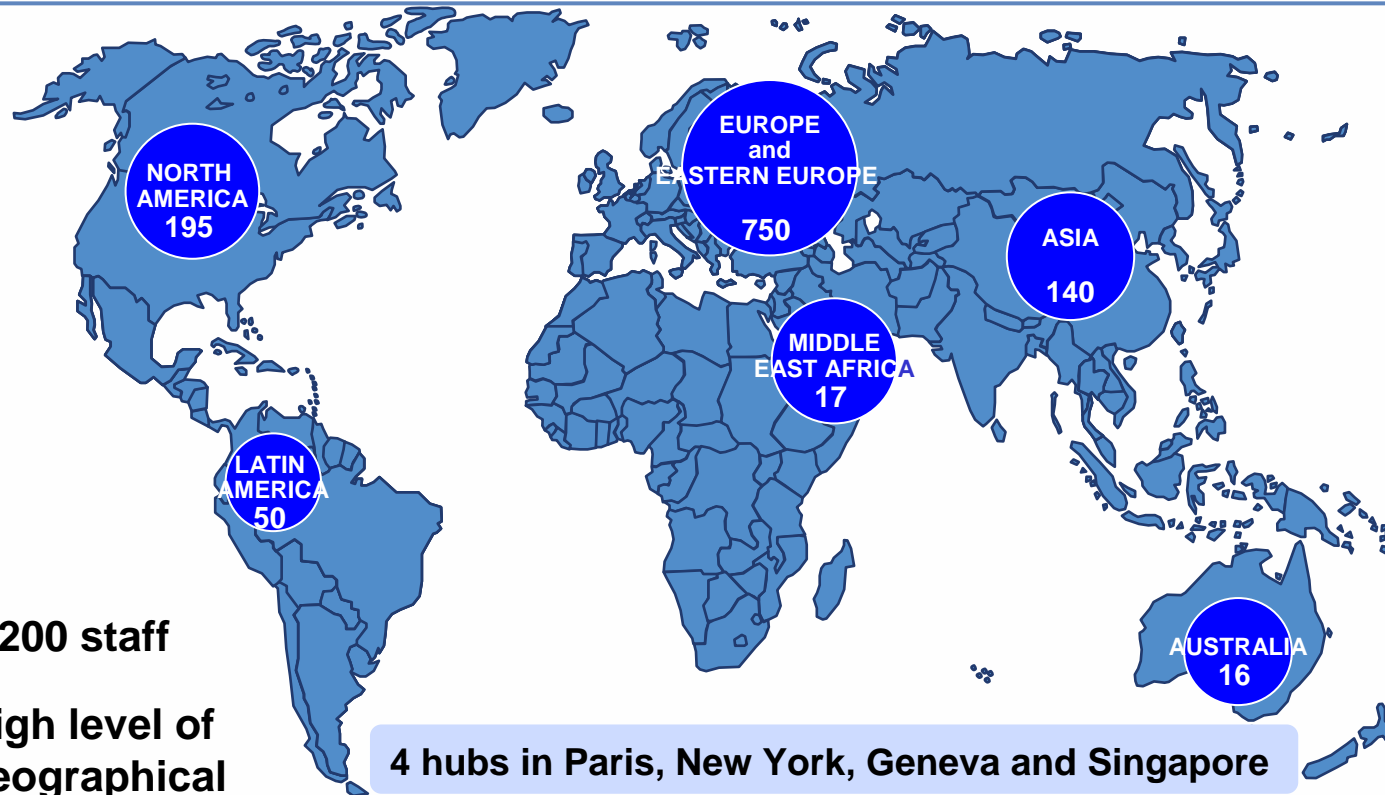
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2. Historical background
3. ECEP today
4. Our strengths
5. ECEP value creator
6. Looking forward



Ensuring recurrence of revenues

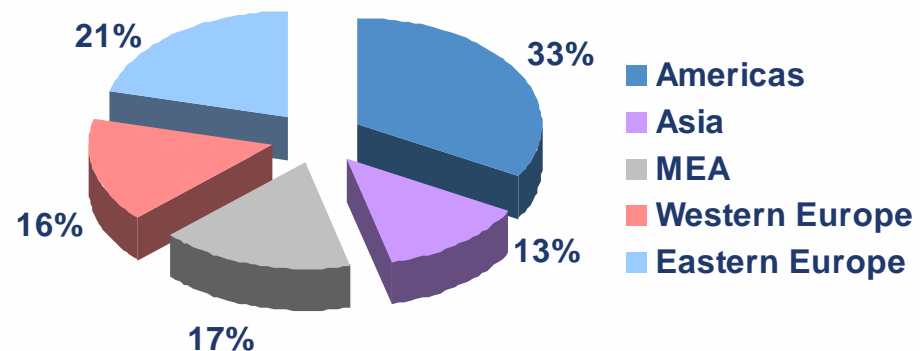
A presence in over 40 countries

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2. Historical background
3. ECEP today
4. Our strengths
5. ECEP value creator
6. Looking forward



- 1,200 staff
- High level of geographical diversification
- C. 50% of revenues generated from emerging markets (incl. new industrialized countries, i.e. rated BBB+ and below)

4 hubs in Paris, New York, Geneva and Singapore



2006 Revenues by destination zone

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2. Historical
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3. ECEP today

4. Our strengths

5. ECEP value
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6. Looking
forward

A unique blend of expertise...

- **A global network resulting in an in-depth knowledge of our sectors and of emerging markets, away from any “stop-and-go” attitude**

- **A powerful combination of client coverage, structured financing, as well as risk management, advisory and underwriting capabilities**

- **A high capacity to engineer creative structured solutions boosting revenues of business lines acting on more mature markets**
 - **Global Trade Services, Export Finance, Shipping Finance, Aviation Finance, Structured Leasing & Capstar**

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2. Historical
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3. ECEP today

4. Our strengths

5. ECEP value
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6. Looking
forward

... enabling us to deliver tailor-made multi-product solutions

- **Cross execution between ECEP and Fixed Income as sole Lead Arranger of a Project Finance bond issue to refinance a cogeneration power plant**
- **Joint structuring between ECEP and Commodity Derivatives of a Credit Facility incorporating exclusive WTI crude oil swaps as well as purchase / transportation / delivery of crude oil by BNP Paribas**
- **Joint effort between ECEP, Commodity Derivatives, Public Finance and Fixed Income in a municipal natural gas pre-purchase transaction**
- **First unrated wind energy Project Finance deal executed in the US Private Placement market**



Strong product innovation capacity

Entrepreneurial spirit

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2. Historical
background

3. ECEP today

4. Our strengths

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Worldwide leadership in our key businesses

- **Best Commodity Bank**
 - Leadership in oil exports financing with circa. 6 to 8 millions bbl per day financed through documentary operations
- **Best global Trade Finance provider**
- **Best Project Finance House**
 - Among the Top 3 Global Project Finance Mandated Lead Arrangers with 3.8% market share
- **Aircraft Finance innovator of the year**
 - N°1 worldwide arranger of ECA-backed aircraft financing solutions
- **A leading Export Finance Bank**
 - 12.3% market share as Mandated Lead Arranger in ECA-backed loans
- **One of the Top 3 Shipping Finance institutions**
 - 6.1% market share in Syndicated Shipping Loans
 - Most innovative Shipping Finance Deal 2006

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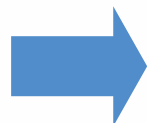
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5. ECEP value
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6. Looking
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Unparalleled know-how to manage distinctive risks

- **Focus on strategic commodities in emerging markets**
 - ECEP did not record any loss during South-East Asia and Russia crises
- **Highly collateralized Commodity Finance transactions**
 - Collateral Management segregated from front-office and controlled by an independent Collateral Control Team
- **Attention given to the control of Operational Risk**
 - Documentation monitoring
- **Importance granted to procedural and regulatory compliance**
 - “Know Your Customer” rules strictly applied
 - Regular staff training
- **Credit Management function independent from front-office**
- **Hands-on management of sensitive assets**
 - This has led to the almost complete recovery of Project Finance US doubtful portfolio (Merchant Power sector)

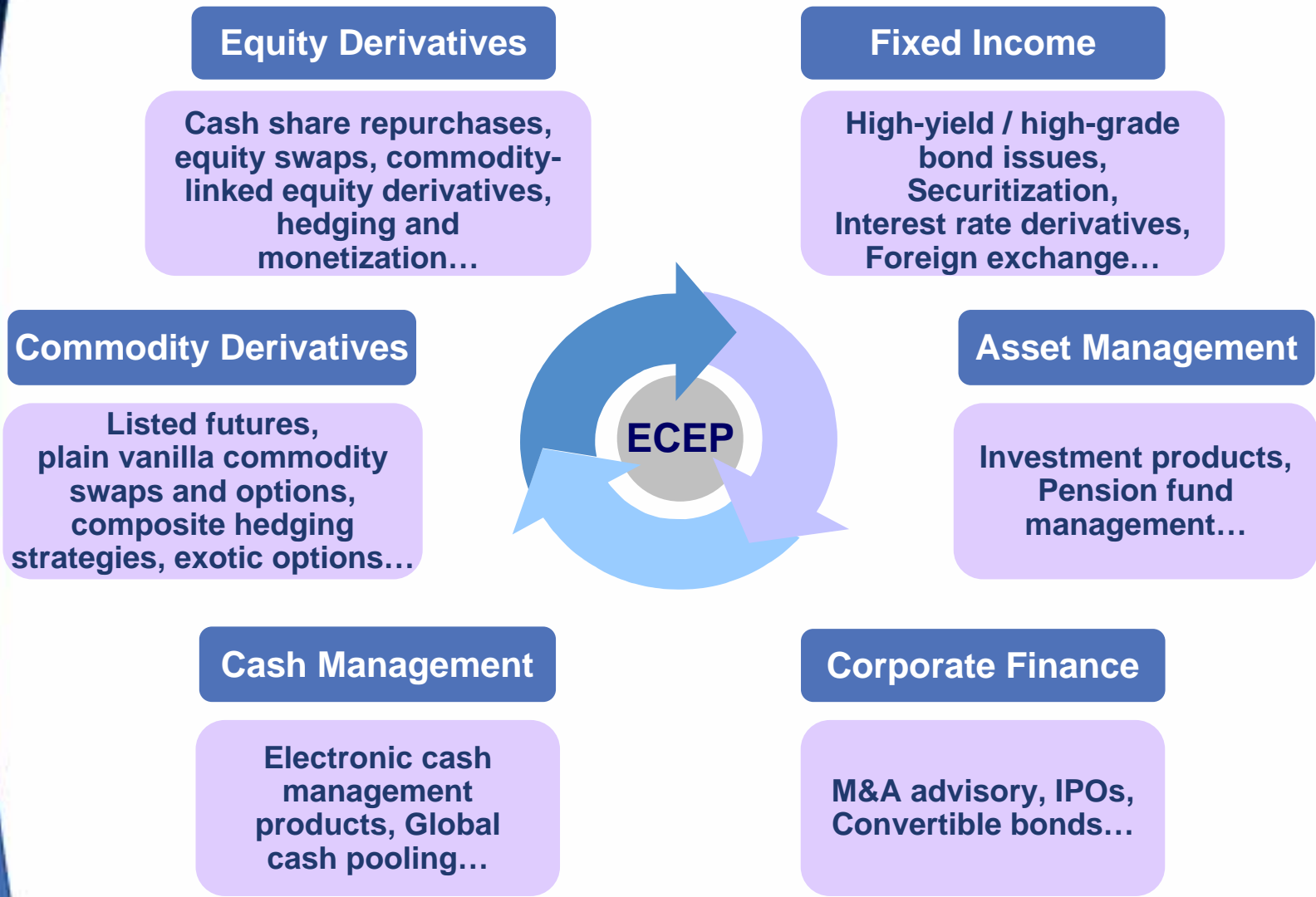


Proven track record

Competitive advantage

Creating value for CIB and BNP Paribas overall

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2. Historical background
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4. Our strengths
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Focus on Commodity Derivatives

- **Commodity Derivatives includes two complementary risk management activities...**
 - **Futures brokerage (platforms in London and New York)**
 - **Commodity-Indexed Trading: OTC derivatives trading**
- **... providing commodity price risk management solutions**
 - **The brokerage team executes & clears futures (ICE, LME, NYMEX, NYBOT...)**
 - **The OTC group acts as principal, transacts swaps and options with clients under bilateral ISDA agreements; client-driven market-making activity**
 - **Strict segregation of duties in place between the two activities**
- **A Leading Position in the Derivatives Marketplace**
 - **Experienced 130+ sales & trading staff in London, New York and Singapore**
 - **A focus on all commodities**
 - **Energy products: Crude Oil, Oil products, Natural gas, European Power**
 - **Base Metals: non-ferrous metals, precious metals**
 - **Soft commodities**
 - **A wide range of instruments and structured hedgings offer**
 - **An expansion of the business model from corporate customers to a new class of investors (hedge funds, institutions...) leveraging off our Equity Derivatives platform**

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A pioneering role in emerging markets on behalf of CIB

- Most underground reserves of commodities are located in emerging countries while consumption is in industrialized countries
- Commodity producers in emerging countries need tailor-made financing solutions as they have a limited access to international capital markets
- ECEP has built extensive relationships with large strategic commodity producers located in emerging countries
- Our know-how enables us to move forward through the range of financing products...

Commodity Trade Finance



Commodity Structured Finance



Commodity Corporate Finance

- ... eventually opening the door to other CIB products, as the country and the clients become more sophisticated

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6. Looking forward

An evolving business environment

■ Current high-cycle environment

- Commodity prices trends highly dependent on global economic growth
- Short-term evolution contrasted and sometimes erratic

- ✓ Proven resilience to such factors
- ✓ Reduced importance of short-term commodity trade finance

■ New competitors, generally unfamiliar with our sectors

- Cash-rich industries and abundant liquidities are driving pricing down
- Limited know-how of new entrants, accepting lower standards

- ✓ However, clients are returning to industry leaders in awarding business (quality of service, product and value delivered)

■ Increasingly blurry boundaries

- Industrialized vs emerging countries, at least in BRIC+
- E&C structured financing products (pre-export financing, reserve-based lending, project finance...)

- ✓ Leveraging off our longstanding relationships with emerging countries clients by offering added-value products to accompany them in their development

■ Societal requirements

- Climate change
- Sustainable development
- Clean energy

- ✓ We are a leader in the financing of renewable energy projects

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Strategic overview

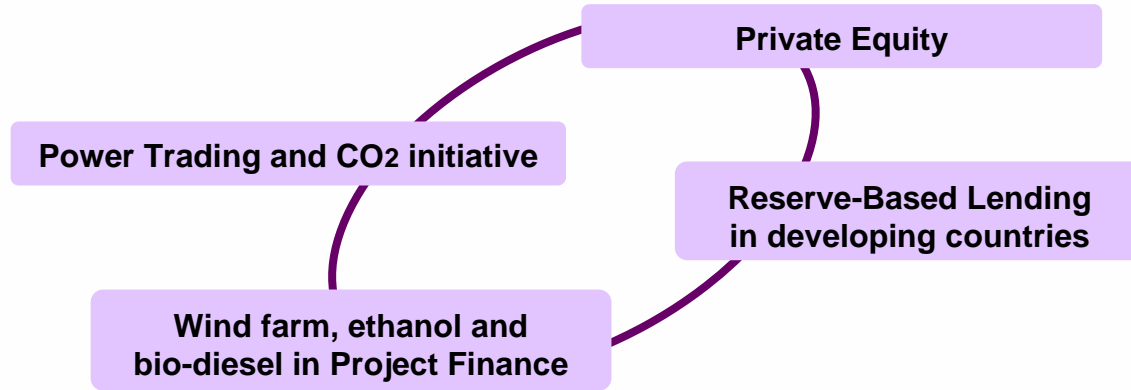
Pursue our geographical development in selected areas

- Asia: a region in expansion where significant investments have been carried out (Commodity Finance China, India...)
- Middle East / Africa: an area where margins are still attractive
- Russia and ex-CIS: still a strong potential on the E&C side

Position ourselves along new export flows

- Expand our relationships with Export Credit Agencies located in new industrialized countries

Further grow our Energy & Commodities franchise



Continue to favor the development of structured products

Accelerate our transition towards being a global solution provider

- Remain close to our clients as their needs are diversifying



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