

# Awards

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## BNP Paribas

Energy Finance House of the Year

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★ BNP Paribas' sophisticated financing solutions and strong presence in emerging markets has distinguished it from its competitors, captured the attention of the panel and secured it our 2008 Energy Finance award.

BNP Paribas was involved in more than 100 projects and arranged over \$15 billion of financing in 2007. Landmark transactions in the energy sector included the \$1.6 billion Addax facility and the highly innovative Okoro Setu facility for Afren.

The latter was the first funding of a single-asset oil producing company at a pre-production stage. BNP Paribas committed equity into the transaction through its energy and commodities capital arm. The bank also placed a 1.6 million barrel hedge through its commodity derivatives arm. Afren, a start-up upstream company listed on London Stock Exchange's Alternative Investment Market (Aim), will establish its first barrel of production in 2008, thanks to the financing.

In emerging markets, BNP has been active in Nigeria, Congo, Ivory Coast and Vietnam. For example, BNP closed the \$600 million acquisition financing of Rally Energy by a group led by Citadel Capital (Egypt) and Egypt's National Petroleum Company. The reserve-based financing facility is supported by a multi-million barrel crude oil risk-management programme, which provides a hedge against market price volatility.

Amine Bel Hadj Soulami, global head of commodity derivatives at BNP says: "This is a classic example of how we work with clients and our colleagues to create optimal financing structures. We are continually adapting to the needs of clients by providing an increasing number of hybrid products."

The bank is also making inroads into green energy financing, having lent close to \$2 billion to renewable energy companies.

Apart from the bank's presence in the wind sector, it has been active in financing solar thermal plants. In 2007, the bank financed the Xtresol Solar IPP, a 49.9MW solar thermal power plant to be built in Extremadura, south-west Spain.

This was the first thermo-solar project undertaken under the 2007 royal decree for solar irradiation of Andalusia. The deal takes advantage of incentives provided in the decree, which aims at encouraging the development of up to 400 MW of solar power.

Extresol is the first thermo-solar project signed on a club-deal basis. It has a more aggressive financing structure than previous thermo-solar projects, with a 22-year tenor and high leverage rate. Its financing also includes an interest rate hedge for a minimum of 75% of the amount outstanding under the credit facility for 15 years.

BNP Paribas are also one of the most active banks in primary carbon transactions with a market share of around 20% of the European Climate Exchange. The firm is planning a carbon fund later this year.

"The reason for our success is two-fold," says Lincoln Payton, global head of energy and commodities. "We have been in this business for more than 50 years and we can offer truly global coverage with local expertise." He has a bullish outlook for the business in 2008.

BNP's energy finance business is managed alongside the commodity business, which is organised around three global groups – commodity finance, energy and commodity structured debt and energy and commodity capital. These groups employ more than 800 professionals, based in more than 40 countries. They work in close collaboration with the bank's commodity derivatives business.

BNP Paribas has provided financing to the energy sector for nearly 50 years. It is widely recognised as a global leader and one of the most innovative houses.

The bank specialises in structured inventory finance, pre-financing with recourse, purchase receivable finance, corporate lending, project finance, structuring advisory (for financing or capital market solutions), pre-export financing, reserve based lending. Transactional products include back-to-back, inventory financing, transit, processing and tolling. **ER**