

Société Générale Corporate & Investment Banking

Oil & Products House of the Year

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One of the longest-standing players in the oil derivatives market, with over 20 years' experience, Société Générale Corporate and Investment Banking (SG CIB) wins our *Oil and Products House of the Year* award after a bumper year of innovative structured deals and high trading volumes.

Voted top oil and products dealer in *Energy Risk's* 2010 Commodity Rankings, the bank attributes its success to consistency and supporting customers through turbulent times.

"What we hear over and over again is consistency," says Adrian Lismore, deputy global head of commodity sales and structuring at SG CIB. "We have stuck with clients through thick and thin."

He describes 2009 as a year of going 'back to basics' as they helped clients move out of illiquid markets into more vanilla products.

"Highly volatile products caused a number of larger hedgers to have some significant liquidity issues," says Lismore. "So we went back to basics by helping clients that had formerly entered into exotic transactions with our peers, restructure through vanilla services."

By recognising that clients have very different requirements according to their geographical location, the bank has been able to take a different approach to clients in different regions. "In Europe and in the Americas, markets are of a more vanilla type and are dominated by structured transactions such as structured credit," says Lismore. In Asia, for example, trading was significantly impacted by the ripple effect of the Chinese derivative reclassifications.

SG CIB says its ability to deliver

both strong vanilla and structured solutions for clients allowed it to become the lead arranger for a pivotal and innovative energy financing deal for oil and gas exploration company Kosmos Energy.

SG CIB was part of a consortium of nine banks involved in the \$825 million financing deal for Kosmos Energy. The company was looking to obtain a credit line to fund development costs on one of the world's largest new oil finds in Ghana's



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deep water. However, the deal came up against a raft of challenges.

The hedges could not create a contingent liability given that the reserves were undeveloped and non-producing, while Kosmos, encouraged by private equity backers Riverstone and Warburg Pincus, also wanted to limit the amount of upfront cash being used for hedging.

However, the strength of SG CIB's vanilla and exotics team and listening to the client's needs enabled the deal to proceed, says Houston-based Craig Breslau, managing director of commodities trading at SG CIB.

"Following our discussions with the client, we delivered a solution

that was in their best interest and one that ultimately resulted in turning the consortium group around," says Lismore, after SG CIB suggested a number of solutions such as deferred puts and compound options.

Indeed, Greg Dunlevy, executive vice president and chief financial officer at Kosmos Energy, states: "SG CIB displayed creativity in employing unique and bespoke solutions to answer our risk management and hedging requirements. In short, SG CIB has delivered to us what we needed and more, both in structured finance and derivatives."

The bank also holds its research team up as another major linchpin to

its success. "Last year everyone was expecting volatility to settle down and reach normal levels," says Frédéric Lasserre, head of commodity research at SG CIB. "Research was crucial for the understanding of market volatility and of course strategy for the future, in which we gave significant input for the trading team."

SG CIB's momentum in the oil and products business looks set to continue. After recently expanding its oil and product trading team in Singapore and hiring corporate structurers in Asia and the Americas, the bank is still looking to increase headcount to accommodate the growing range of clients in all areas and all regions. ■