US Commercial Credit Risk
Portfolio Management

Energy Finance

Monthly Update

May, 2015

U.S. Head of Credit & Market Risk

Santander

May 2015 YTD Snapshot

($ in Millions)

Metric ($MM)	May-14	Jun-14	Sep-14	Dec-14	Mar-15	Apr-15	May-15	MAY '15 Budget	MAY'15 vs. Budget
Exposure	1,336	1,378	1,440	1,637	1,514	1,581	**1,562**	--	--
Outstandings	476	478	515	689	721	717	**669**	**641**	28
Delinquency	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	--	--
Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	--	--
Nonaccrual	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	**1.0**	-1.0
Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%	-0.16%
Criticized Outstandings	26.9	26.6	0.0	0.0	6.2	5.9	**5.9**	--	--
Ratio	5.66%	5.57%	0.00%	0.00%	0.87%	0.83%	0.89%	--	--
Classified	26.9	26.6	0.0	0.0	0.0	0.0	**0.0**	--	--
Ratio	5.66%	5.57%	0.00%	0.00%	0.00%	0.00%	0.00%	--	--
NPL	2.3	0.0	0.0	0.0	0.0	0.0	**0.0**	--	--
Ratio	0.48%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	--	--
Net Charge-Offs YTD	0.0	0.0	0.0	0.0	0.0	0.00	**0.00**	**0.2**	-0.2
YTD Annualized Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	-0.09%
VMG (local) YTD	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	--	--
Risk Premium	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	--	--
Provision YTD	2.0	2.9	-0.7	-0.3	-0.5	0.4	**1.2**	**0.4**	0.8
Cost of Credit	-0.20%	0.32%	-0.05%	-0.05%	-0.08%	-0.34%	-0.19%	-0.30%	0.12%
ALLL	4.6	5.4	2.2	2.7	2.8	3.0	**3.1**	**3.0**	0.1
Ratio	0.96%	1.13%	0.42%	0.39%	0.39%	0.41%	0.46%	0.47%	-0.01%
ALLL/Nonaccrual	n/a	n/a	n/a	n/a	n/a	n/a	n/a	289%	--
Mora	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	--	--

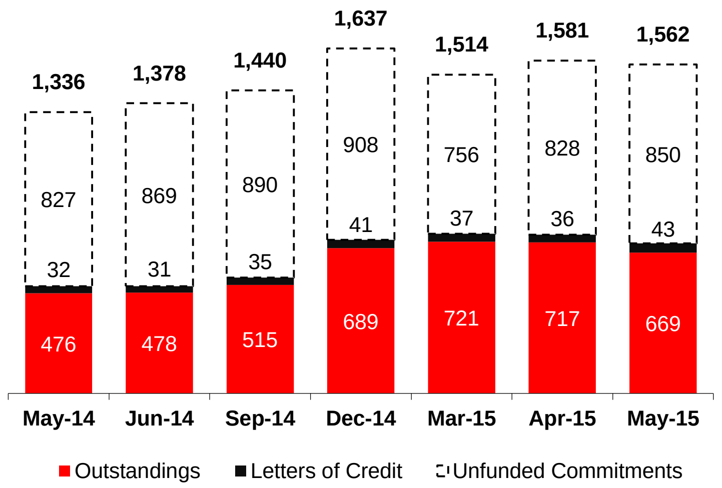
Note: Budget data as of 3/18/15.

Energy Finance: Credit Exposure Overview

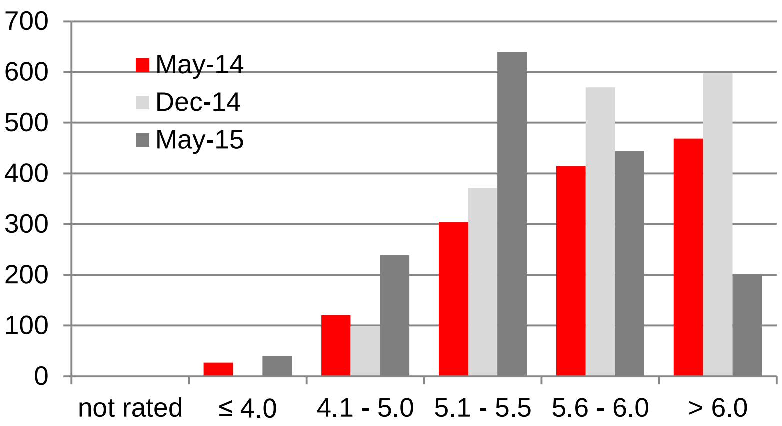
($ in Millions)

- The Oil & Gas portfolio has grown from an 18 client ($872 MM) relationship in 2013 to 43 names ($1.56 Bn) in May 2015.
- It registers high concentration levels with average exposure of $36,3 MM per client and the TOP 20 clients representing 69,7% of total exposure
- The portfolio peaked in Dec 2014 after the November BB redetermination, when oil prices had begun to show a downward trend
- The oil price reached its lower level (below $50) between Jan15 and Mar15 with low impact on the Portfolio during that period (BB redetermination is not due until Apr15).
- Outstandings remain relatively stable since the RBL companies are not accessing yet the capital markets due to unfavorable prices
- Total exposure and outstandings are expected to start reducing during the 2Q15 after the April BB redetermination and with the RBL companies adjusting their BB and start to access the capital markets

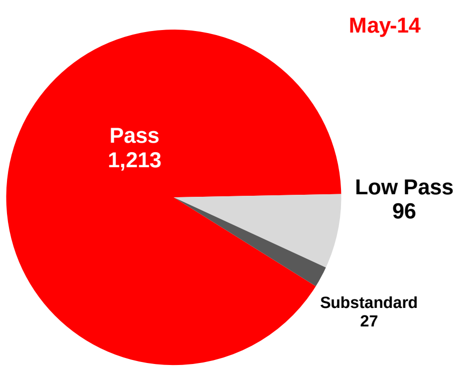
Exposure



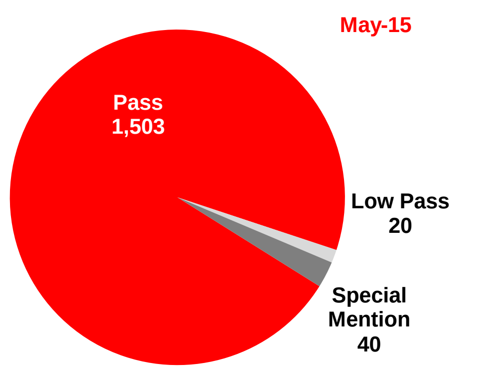
Exposure by Obligor Rating



Exposure by Regulatory Rating



Exposure by Regulatory Rating



- Sources: The Exposure Chart on the top right is based on the 5/31/15 Credit Metrics report. The Exposure by ORR and Regulatory Rating is derived from Monitoring's FEVE report as of 4/30/15.

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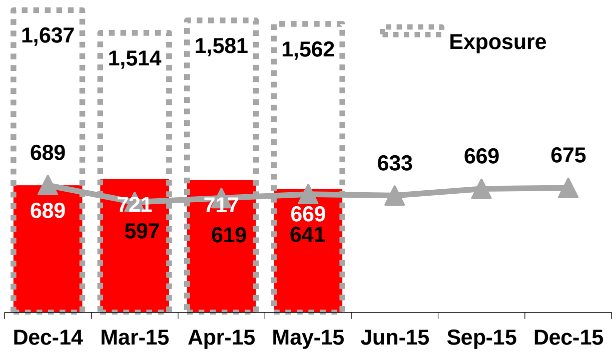
Energy Finance: Performance vs. Budget

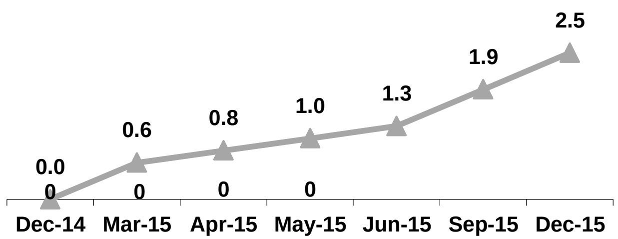
($ in Millions)

All metrics are within budget with the exception of Provisions. This was the result of an increase in the generic provisions triggered by the downgrade of several companies in the Portfolio to reflect the current oil price scenario. The current average rating of the portfolio is 5,47 which compares to 5,66 in April.

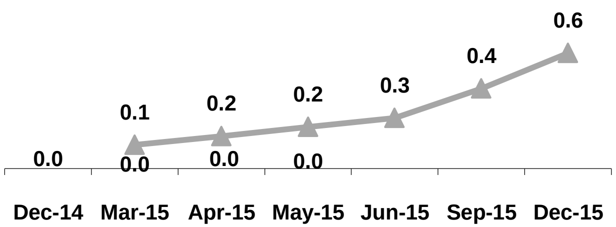
Outstandings



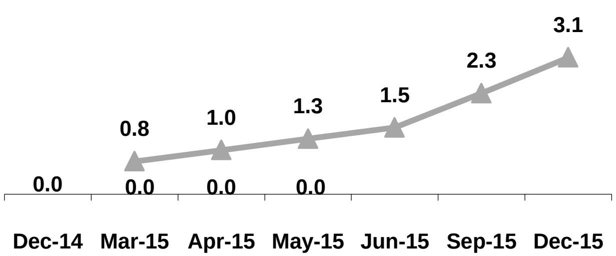
Nonaccrual Loans



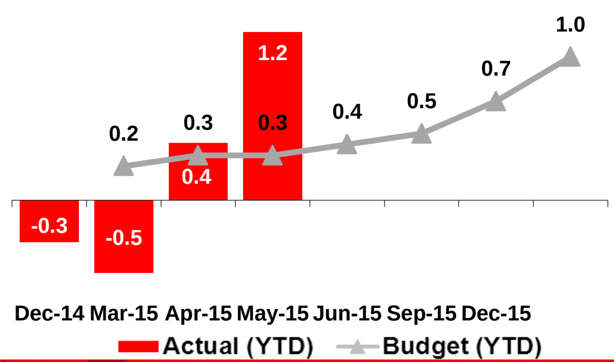
Net Charge-Offs YTD



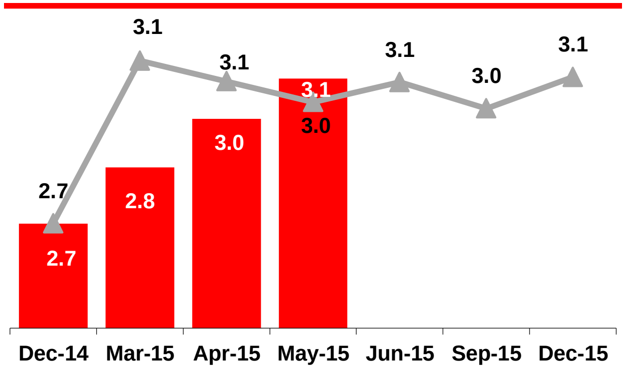
VMG (Spanish) YTD



Provision for Credit Losses YTD



ALLL

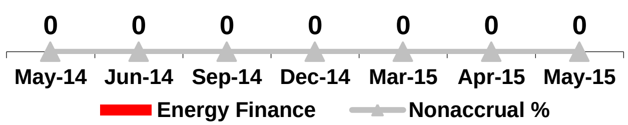


Energy Finance: Credit Quality Metrics (1 of 2)

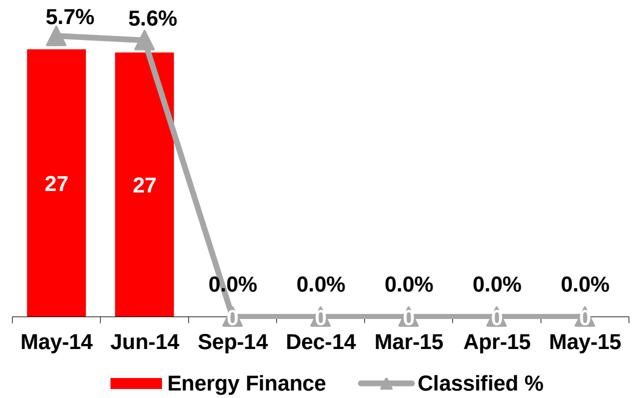
($ in Millions)

- No nonaccrual and classified loans reported.
- Criticized loans corresponds to 1 special mention loan (Energy XXI) that was recently downgraded.
- Overall performance remains stable

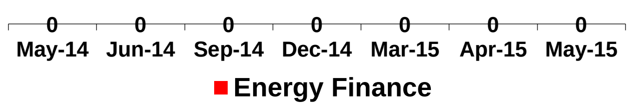
Nonaccrual Loans



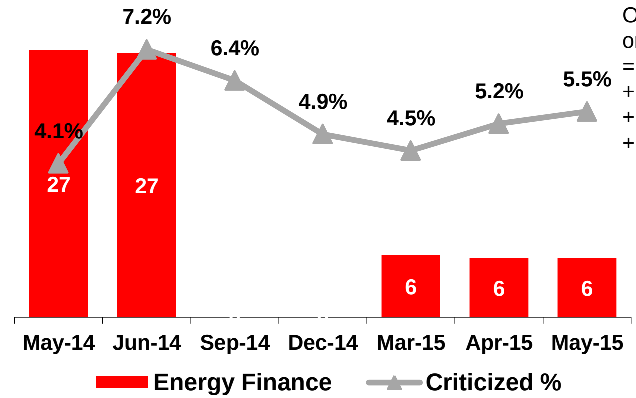
Classified Loans - outstandings



Delinquency



Criticized Loans - outstandings



Outstandings of $6 MM on $7.7 MM of Exposure
= Special Mention
+ Substandard
+ Doubtful
+ Loss

Source: SBNA Solvency - Budget data as of 3/18/15.
Note: **Classified** = Substandard + Doubtful + Loss.
Criticized = Classified + Special Mention

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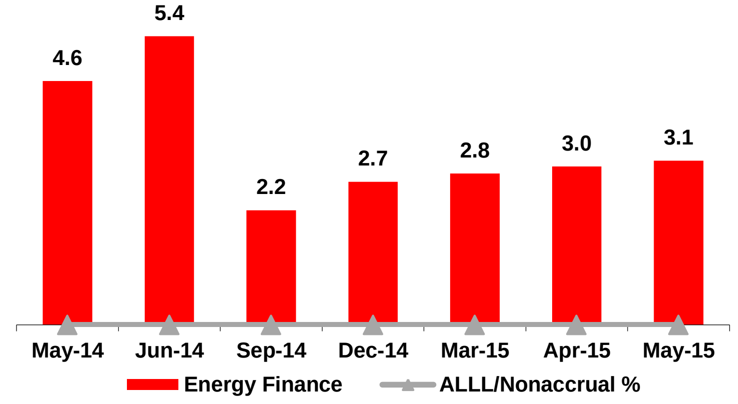
Energy Finance: Credit Quality Metrics (2 of 2)

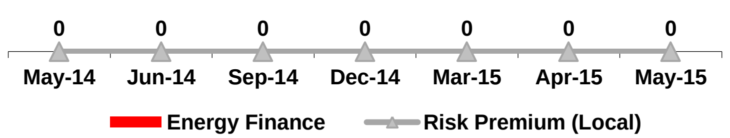
($ in Millions)

- Overall good performance through the entire portfolio with no entries in NPL through May 2015.
- No new entries in NPL expected for June.

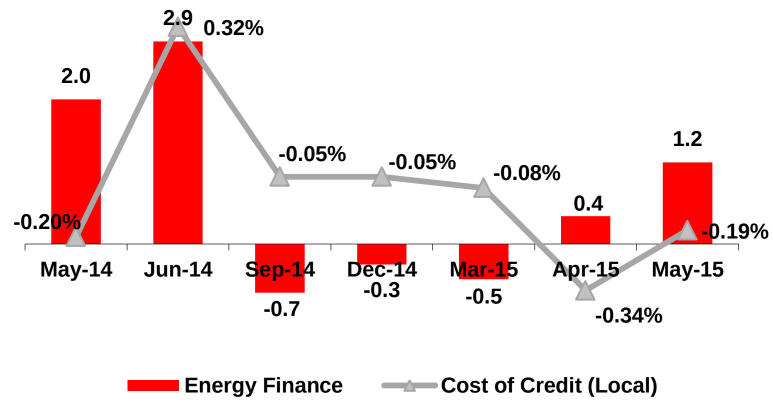
Allowance & Coverage



VMG & Risk Premium



Provision & Cost of Credit



VMG = Change in Mora (Nonaccrual including letters of credit) plus Net Charge-Offs
Cost of Credit = Rolling 12 months Provision / Average 12 months Utilizations
Risk Premium = Rolling 12 months VMG / Average 12 months Utilizations

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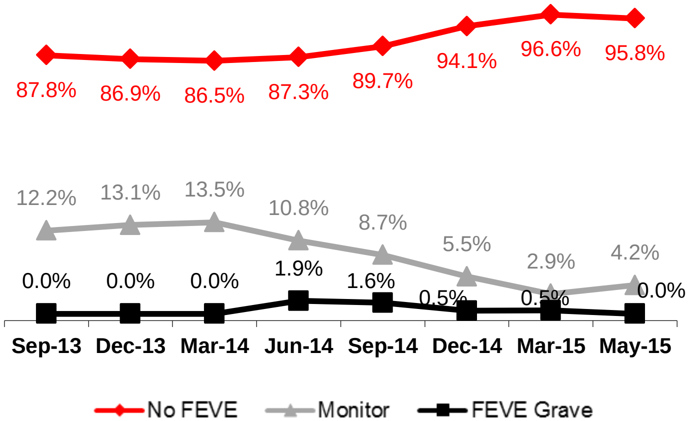
Energy Finance: FEVE Trends (1 of 2)

	Energy Finance							
	Sep-13	**Dec-13**	**Mar-14**	**Jun-14**	**Sep-14**	**Dec-14**	**Mar-15**	**May-15**
No FEVE	$1,089	$1,210	$1,168	$1,240	$1,355	$1,605	$1,522	$1,496
In FEVE	$152	$182	$182	$180	$155	$101	$54	$66
Monitor	$152	$182	$182	$153	$131	$94	$46	$66
FEVE Grave	$0	$0	$0	$27	$25	$8	$8	$0
Reduce	-	-	-	-	$25	$8	$0	-
Extinguish	-	-	-	$27	-	-	$8	-
Grand Total	**$1,240**	**$1,392**	**$1,350**	**$1,420**	**$1,511**	**$1,706**	**$1,576**	**$1,562**

- The quality of the FEVE Energy portfolio has been improving noticeably, however some deterioration of the FEVE portfolio is expected for July and August as a result of the OCC's review and additional downgrades of some of the names in the portfolio.

	Energy Finance							
	Sep-13	**Dec-13**	**Mar-14**	**Jun-14**	**Sep-14**	**Dec-14**	**Mar-15**	**May-15**
No FEVE	87.8%	86.9%	86.5%	87.3%	89.7%	94.1%	96.6%	95.8%
In FEVE	12.2%	13.1%	13.5%	12.7%	10.3%	5.9%	3.4%	4.2%
Monitor	12.2%	13.1%	13.5%	10.8%	8.7%	5.5%	2.9%	4.2%
FEVE Grave	0.0%	0.0%	0.0%	1.9%	1.6%	0.5%	0.5%	0.0%
Reduce	0.0%	0.0%	0.0%	0.0%	1.6%	0.5%	0.0%	0.0%
Extinguish	0.0%	0.0%	0.0%	1.9%	0.0%	0.0%	0.5%	0.0%
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**



Note: By Binding Exposure in US$ MM.

Energy Finance: FEVE Trends (2 of 2)

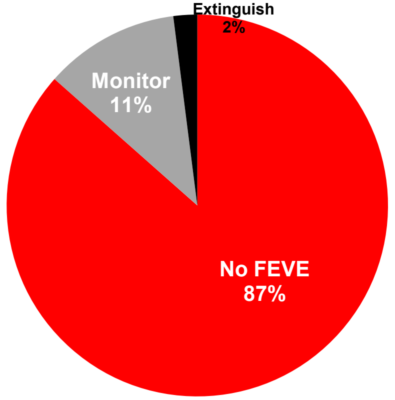
($ in Millions)

- Good Portfolio quality with 96% of the Binding Exposure classified as NO FEVE.
- The Portfolio is being closely monitored since 11/2014 due to the fall of the oil prices with 4 reviews made to date.
- As a result the group exited 3 relationships with a reduction of 101 MM since Dec14 and another 7,7 MM are expected do reduce through Jun15
- There was a new entry in FEVE Monitor in April – Warren Resources. This facility was fully repaid in May.

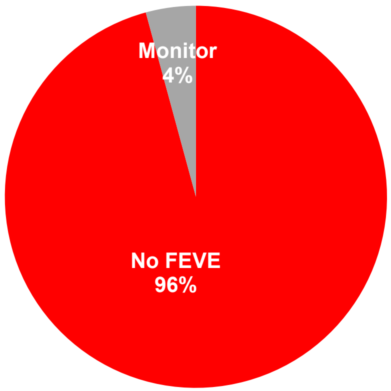
FEVE Status in May-15

Master One Obligor	Binding Exposure	Outstandings	Comment
FEVE Extiguish			
	$0	$0	
FEVE Monitor			
ATLAS RESOURCE PARTNERS LP	$26	$20	Exposure reduced from $31.6
ENERGY XXI GULF COAST INC	$20	$18	Exposure reduced from $59.5
	$46	$38	

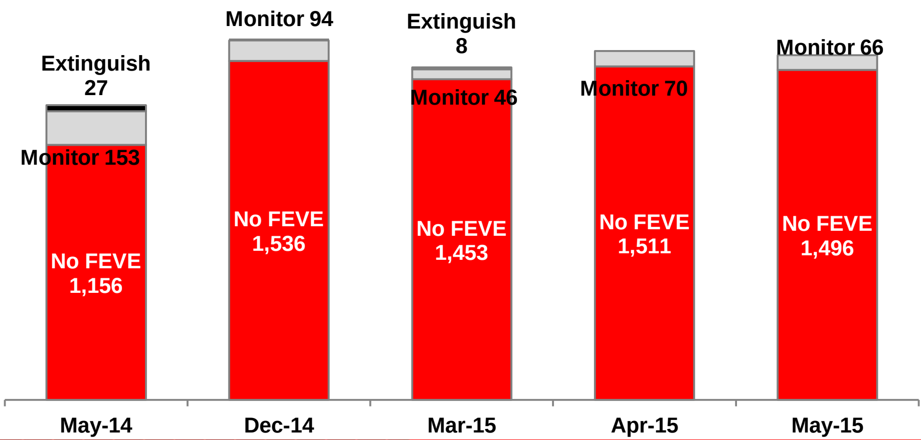
FEVE Distribution 5/31/14



FEVE Distribution 5/31/15



FEVE Portfolio Distribution



Source: FEVE Monitoring Report as of 4/30/15.

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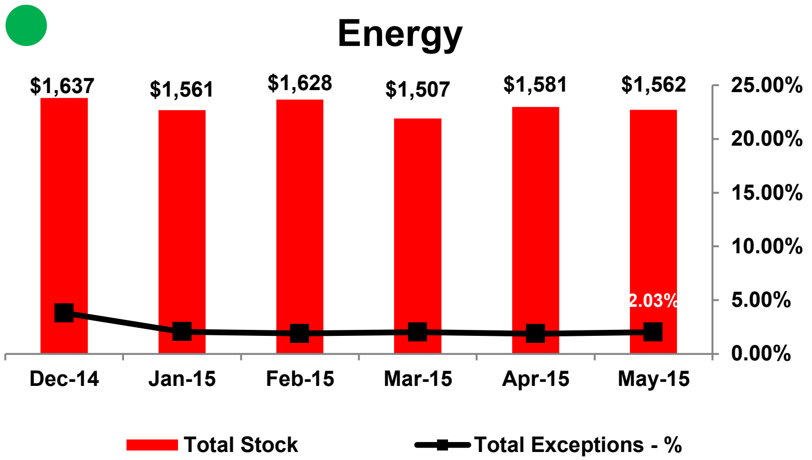
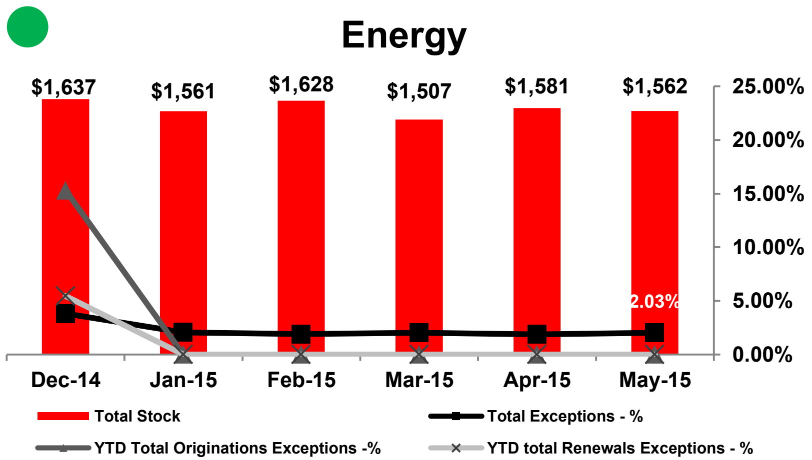
Energy Finance: Exception Management

($ in Millions)

- The Energy Portfolio registers low levels of exceptions with no new exceptions registered through May 2015.
- There were no Policy Exceptions.
- Underwriting Guidelines exceptions were related to advance rate guidelines and affected 2 customers



May-15	BANK	ENERGY	% Energy Portfolio	% of Bank Portfolio
Total Facilities #	36,602	53	-	0.1%
Total Portfolio	$60,144	$1,562	-	2.6%
Total Exceptions Facilities #	1,302	2	3.77%	0.2%
Total Exceptions Exposure	$8,465	$32	2.03%	0.4%
Policy Exceptions #	11	0	0%	0.0%
Policy Exceptions	$48	$0	0%	0.0%
UW Guidelines Exceptions #	1,291	2	100%	0.2%
UW Guidelines Exceptions	$8,419	$32	100%	0.4%



APPENDIX

- Top 20
- Originations – YTD
- Rating Mapping and potential rating downgrades
  - Energy XXI Gulf Coast
  - Atlas Resource Partners LP
  - SandRidge Energy Inc
- Energy Finance: Line of Business Overview
  - Oil & Gas Industry Value Chain
  - Portfolio: strategy and exposure
  - Oil & Gas Finance Portfolio Overview
  - RBL: Risks & Mitigants
  - RBL: How it works
  - RBL: Borrowing Base
  - RBL: Monitoring and control process
  - Overview of RBL Credit Policies
- Oil Prices

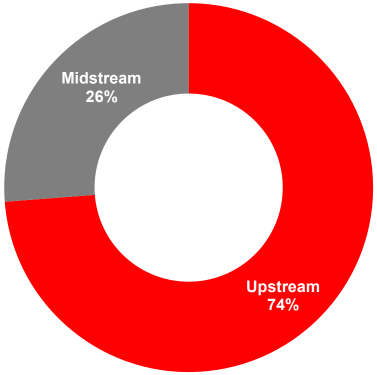
Energy Finance: Top 20

($ in Millions)

- The Energy Finance Top 20 is concentrated in the upstream companies, accounting for 69,7% of Binding Exposure and 60,9% of utilizations.
- There were 12 rating downgrades and 1 upgrade that resulted from the May portfolio review. The WARR of 5.6 (5.47 total portfolio) still indicates a good Pass rating.
- There was 1 change to the Top 20 counterparties in May with the entry of Holly Energy Partners (existing counterparty) that replaced Tallgrass.
- The Top 20 customers reflect 46,5% of the 43 Energy Finance customers, 69,7% of Binding Exposure and 1,28% of Total Bank exposure.

Rank	Master One Obligor	Industry	May-15 ORR	Apr-2015 ORR	May-15 FEVE	Total Binding Exposure	Utilization	Utilization
1	CONTINENTAL RESOURCES INC		6.2	6.7	-	125.0	63.0	50%
2	WHITING OIL & GAS CORPORATION		5.9	5.9	-	105.0	3.1	3%
3	DENBURY RESOURCES INC		5.8	6.3	-	85.0	21.8	26%
4	SM ENERGY COMPANY		5.9	6.1	-	80.0	2.2	3%
5	NET MEXICO PIPELINE PARTNERS		5.1	5.1	-	64.5	48.2	75%
6	DORIAN LPG FINANCE LLC		5.0	5.0	-	63.0	6.7	11%
7	ENDEAVOR ENERGY RESOURCES LP		5.4	5.4	-	58.6	42.6	73%
8	BREITBURN OPERATING LP		5.4	5.4	-	55.8	41.2	74%
9	CIMAREX ENERGY CO		6.1	6.3	-	50.0	0.1	0%
10	ANTERO RESOURCES CORPORATION		5.4	5.6	-	50.0	17.2	34%
11	HILCORP ENERGY I LP		5.9	6.2	-	45.0	23.7	53%
12	RANGE RESOURCES CORPORATION		5.6	5.2	-	40.0	8.2	21%
13	SANDRIDGE ENERGY INC		5.2	5.6	-	36.9	11.7	32%
14	NORTHERN OIL AND GAS INC		5.4	6.1	-	36.7	13.9	38%
15	EMERGE ENERGY SERVICES		5.2	5.2	-	35.0	25.2	72%
16	EXLP OPERATING LLC		4.8	5.0	-	35.0	19.5	56%
17	MEMORIAL PRODUCTION OPERATING		5.4	5.6	-	33.4	17.1	51%
18	AMERICAN MIDSTREAM LLC		5.1	5.3	-	30.0	25.6	85%
19	CRIMSON GULF LLC		5.5	5.6	-	30.0	21.0	70%
20	HOLLY ENERGY PARTNERS		5.5	5.9	-	30.0	21.9	73%
SUBTOTAL			5.59			1,088.9	433.8	

TOP 20 by Sector



Source: FEVE Monitoring report as of 4/30/15.

The number of customers was determined by Master One Obligor.

Originations - YTD

YTD 5/31/15 Stats	#	Binding Exp. $MM	Originations $MM
Total Facilities booked	8	372	186
Thereof Facilities with Exceptions	0	0	-
Total Exceptions recorded	0	0	-
Thereof CP	0	0	-
Thereof UG	0	0	-
Total Obligors	8		
Total WARR	5.6		
Average Tenor	5.58 years		
Average Deal Size		46	23
Total Obligors w/Exceptions	0		
Total WARR on Facilities w/Exceptions	-		
Average Tenor on Facilities w/Exceptions	-		
Average Deal Size of Facilites w/Exceptions		-	

- New originations totaled $186,2 MM and included 3 new transactions and 5 increases to existing clients.
- Dorian LPG is a structured finance transaction to finance a vessel that is covered by Korean ECA's.
- None of the facilities registered exceptions.

OPEN	OBLIGOR_NAME	SRR	FEVE	Tenor (Y)	$US MM Total Origination	Previous	New total exposure
Feb-15	EXLP Operating/Exterran P	5	No FEVE	4	35	0	35
Mar-15	Transmontaign Operating	5.3	No FEVE	3	2	17	19
Mar-15	Continental Resources	6.2	No FEVE	4	35	90	125
Apr-15	Bill Barrett Corporation	5.1	No FEVE	5	6	19	25
Apr-15	Dorian LPG Finance	5	No FEVE	13	63	0	63
Apr-15	Hilcorp Energy	5.9	No FEVE	5	5	40	45
Apr-15	Holly Energy Partners	5.5	No FEVE	3	10	20	30
Apr-15	Howard Midstream	5	No FEVE	4	30	0	30
		5.6			**186**		**372**

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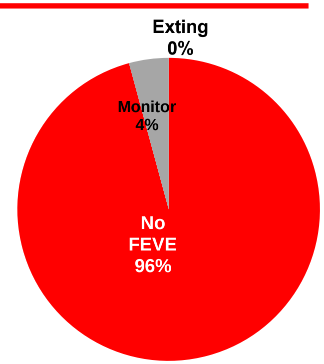
Rating Mapping

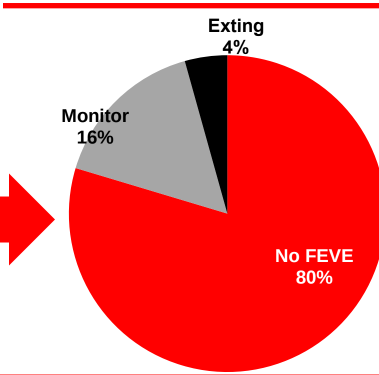
Name	SRR March	SRR April	SRR May	External Moddy's	External S&P	Exposure ($MM)
CONTINENTAL RESOURCES INC	6.7	6.7	6.2	Baa3/stable		125.0
WHITING OIL & GAS CORPORATION	6.5	5.9	5.9	-		105.0
DENBURY RESOURCES INC	6.3	6.3	5.8	Ba3/stable		85.0
SM ENERGY COMPANY	6.1	6.1	5.9	Ba1/stable		80.0
NET MEXICO PIPELINE PARTNERS LLC	5.1	5.1	5.1	-		64.5
DORIAN LPG LTD	-	5	5	-		63.0
ENDEAVOR ENERGY RESOURCES LP	**5.8**	**5.4**	**5.4**	**B1/negative**		**58.6**
BREITBURN OPERATING LP	**5.9**	**5.4**	**5.4**	**B1/negative**		**55.8**
CIMAREX ENERGY COMPANY	6.3	6.3	6.1	Baa3/stable		50.0
ANTERO RESOURCES CORPORATION	5.6	5.6	5.4	Ba2/stable		47.5
HILCORP ENERGY I LP	6.2	6.2	5.9	Ba2/stable		45.0
RANGE RESOURCES CORPORATION	5.2	5.2	5.6	Ba1/Positive		40.0
ENERGY XXI GULF COAST INC	**5.6**	**4**	**4**	**Caa2/stable**		**39.7**
SANDRIDGE ENERGY INC	**5.6**	**5.6**	**5.2**	**Caa1/stable**		**36.9**
NORTHERN OIL & GAS INC	**6.1**	**6.1**	**5.4**	**B3/stable**		**36.7**
EMERGE ENERGY SERVICES LP	5.5	5.2	5.2	-		35.0
EXLP OPERATING LLC/ EXTERRAN PARTNERS LP	5	5	4.8	Ba3/stable		35.0
MEMORIAL PRODUCTION OPERATING LLC	5.6	5.6	5.4	-		33.4
AMERICAN MIDSTREAM LLC	5.3	5.3	5.1	-		30.0
CRIMSON GULF LLC	5.6	5.6	5.5	-		30.0
HOLLY ENERGY PARTNERS LP	5.9	5.9	5.5	Ba3/stable		30.0
HOWARD MIDSTREAM ENERGY PARTNERS LLC	-	5	5	-		30.0
TALLGRASS ENERGY PARTNERS LP	5.5	5.5	5.3	-		30.0
ATLAS RESOURCE PARTNERS LP	**5.2**	**4.7**	**4.7**	**B2/?**		**26.4**
BILL BARRETT CORPORATION	**5.8**	**5.8**	**5.1**	**B1/stable**		**25.0**
CACTUS DRILLING COMPANY LLC	5.7	5.7	5.7	-		25.0
GENESIS ENERGY LP	5.8	5.8	5.6	Ba3/stable		25.0
MARTIN MIDSTREAM PARTNERS LP	**5.5**	**5.5**	**5**	**B1/stable**		**25.0**
PIONEER ENERGY SERVICES CORP	**5.7**	**5.3**	**5.3**	**B1/stable**		**25.0**
SEGUNDO NAVARRO DRILLING LTD	5.7	5.7	5.4	-		25.0
SMART SAND INC	5.1	4.8	4.8	-		25.0
ALLIANCE RESOURCE PARTNERS LP	6.2	6.2	6.1	-		24.4
PENN VIRGINIA HOLDING CORPORATION	5.6	5.6	5.2	-		21.3
NET HOLDINGS MANAGEMENT LLC	6.2	6.2	6	-		20.0
NRC US HOLDING COMPANY LLC	4.5	4.5	4.5	B2/negative		19.8
TRANSMONTAIGNE PARTNERS LP	5.3	5.3	5.3	-		19.0
LEGACY RESERVES LP	**5.5**	**5.5**	**5.2**	**B2/stable**		**18.4**
EUREKA HUNTER PIPELINE LLC	5.1	5.1	5	-		15.0
GREAT NORTHERN MIDSTREAM LLC	5.3	5.3	5.1	-		10.0
PBF HOLDING COMPANY LLC	5.7	5.7	5.6	Ba3/Positive		10.0
GEORGE E WARREN CORPORATION	5.7	5.7	5.5	-		7.8
APEX OIL COMPANY INC	5.8	5.8	5.8			6.7
ANTERO WATER LLC	-	-	5.6	-		2.5
VENOCO INC	**4**	**-**	**-**	**Ca/negative**		0.0
WARREN RESOURCES INC	**5.5**	**5.5**	**-**	**Caa2/negative**		0.0

- Atlas Resources, Energy XXI and SandRidge were classified Substandard by the Regulator (SNC*) in June.
- In red are highlighted the companies with the lowest external ratings and that might translate higher concern - total exposure of $76,6 MM
- In yellow are highlighted the companies for which the external rating would classify as a Special Mention (direct mapping) – total exposure $244,5 MM
- This would change the portfolio's FEVE distribution as shown in the graphics below (SandRidge was paid off in June and is not included in the analysis)

FEVE Distribution 5/31/15



Potential Impact on FEVE Distribution



***SNC (Shared National Credit Program)**: Conducted by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency. The program covers any loan or loan commitment of at least $20 million that is shared by three or more supervised institutions. The agencies' review is conducted annually, usually in May and June.

Energy XXI Gulf Coast Inc.

FEVE	Current	Date	Previous
	Monitor	03/31/15	Monitor

SAN Rating	4.0	Moody's	Caa2	X
Regulatory Rating	Special Mention			

Review History	Moody's	Santander
Dec-14	B2	5.6 - No FEVE
15-Jan	Caa1	5.6 - No FEVE
15-Mar	Caa2	4.0 - Monitor
15-Jul	Caa2	4.0 - Monitor

		Santander share		3.97%
USD MM	Rating	Limit	Drawn	Coll. Val.
ENERGY XXI GULF COAST IN	4.0	19.8	15.0	114.1
		-	-	-
		-	-	-
Other Related		-	-	-
TOTAL		**19.8**	**15.0**	**114.1**

USD MM	Q1 Set 2014	FYE Jun 2014	USD MM	Q1 Set 2014	FYE Jun 2014
Sales	403.2	1,230.7	Total Assets	7,367.4	7,292.5
Net Profit	2.1	97.0	Net Financial Debt	3,843.7	3,446.6
EBITDA	237.1	746.9	Tangible Net Worth	1,739.9	1,740.7
DSC			Working Capital	(406.1)	(333.2)
Free Cash Flow	17.5	(826.0)	Leverage Ratio	3.1	3.0
Cash & Marketable	-	9.3	NFD/Ebitda	3.7	4.6

	Total Facility		
USD MM	Limit	Drawn	Coll. Val.
Credits / Loans ST	500.0	378.8	2,877.2
Credits / Loans LT	-	-	-
Letters of Credit	-		-
Other	-	-	-
TOTAL	**500.0**	**378.8**	**2,877.2**

Bank's Margin (USD 000's)			SAN Share of Client's Bank Limits		
		RORAC		Limits	Drawn
Last 12 months	548	18.1%	Santander %	3.97%	75.75%

Current Situation

Energy XXI Gulf Coast, Inc. is an oil company engaged in the acquisition and development of oil properties on the Gulf of Mexico shelf. The company is the second largest offshore producer on the US Golf of Mexico shelf.

Assets are oil-focused in South Louisiana on the Gulf of Mexico Shelf. Maximum water depth is 125 meters.
Parent company (Energy XXI Bermuda) is publicly traded on the Nasdaq with a market capitalization of $219MM as of January 20, 2015.
Reserve based lending facility governed by a borrowing base that advances against proved oil and gas reserves.
Spring 2015 Redetermination - Borrowing Base was reduced from $1.5BN to $500 MM after the company successfully issue $1 Bn in Junior notes.

Concerns

On Jan. 16, 2015, S&P downgraded Energy XXI to 'B/Neg' from 'B+/Neg', reflecting material deterioration in credit metrics and liquidity.
On Jan. 28, 2015 Moody's downgraded Energy XXI to Caa1 and further downgraded the company to Caa2 in Mar. 4, 2015.
lower than expected production; **c)** Oil levered production and reserves with limited capital spending flexibility; **d)** High decline relative to conventional production necessitates constant reinvestment

Next Steps

SNC has downgraded the company to Substandard in June. Still pending Regulator's report.
Considering the high collateral coverage by oil reserves and that the RBL facility is senior to all other debt no losses are expected for this facility.

Atlas Resource Partners, LP

FEVE	Current	Date	Previous
	Monitor	03/31/15	Not in FEVE

SAN Rating	4.7	Moody's	B2	X		
Regulatory Rating	Low Pass					

Review History	Moody's	Santander
15-Jan	B2	5.2 - No FEVE
15-Mar	B2	4.7 - Monitor

		Santander share		3.52%
USD MM	**Rating**	**Limit**	**Drawn**	**Coll. Val.**
Atlas Resource Partners LP	4.7	26.4	19.9	52.2
		-	-	-
		-	-	-
Other Related		-	-	-
TOTAL		**26.4**	**19.9**	**52.2**

	Total Facility		
USD MM	**Limit**	**Drawn**	**Coll. Val.**
Credits / Loans ST	750.0	567.2	1,485.5
Credits / Loans LT	-	-	-
Letters of Credit	-		-
Other	-	-	-
TOTAL	**750.0**	**567.2**	**1,485.5**

USD MM	Q3 Set 2014	FYE 2013		Q3 Set 2014	FYE 2013
Sales	494.8	467.7	Total Assets	2,986.4	2,343.8
Net Profit	(30.2)	(91.2)	Net Financial Debt	1,277.8	940.5
EBITDA	183.9	117.9	Tangible Net Worth	1,240.5	999.3
DSC	n/a	n/a	Working Capital	n/a	n/a
Free Cash Flow	(550.7)	(836.9)	Leverage Ratio	1.4	1.3
Cash & Marketable	5.2	1.8	NFD/Ebitda	5.2	8.0

Bank's Margin (USD 000's)			SAN Share of Client's Bank Limits		
	Income	RORAC		Limits	Drawn
Last 12 months	416	9.1%	Santander %	3.52%	75.63%

Current Situation

Atlas Resource Partners, L.P. is a publically traded (NYSE:ARP oil & gas exploration and production master limited partnership

Atlas' assets are diversified across major US basins, with interests in ~14,400 producing natural gas and oil wells, representing ~1.5 Tcfe of net proved reserves.

Current production is 300 mmcfe/d of which approximately 80% is natural gas. The company's reserves are long-lived at 14 years with a low decline profile.

Atlas maintains a robust hedging program. Atlas' natural gas production is conservatively hedged at 72% for 2015 and 2016 at $4.23 / mcf; Crude oil production is 68% hedged for 2015 at an average price of over $90/ barrel

ARP has arranged a 2nd lien Term Loan from Blackstone for $250 MM and reduced the Borrowing Base from $900 MM to $750 MM

Concerns

Aggressive acquisition strategy led to high debt leverage that is expected to escalate during the current commodity downturn which led to the rating downgrade from 5.2 to 4.7.

Next Steps

SNC has downgraded the company to Substandard in June. Still pending Regulator's report.

The company has taken measures to reduce production cost and capital expenditures and was able to access the capital markets for additional debt.

SandRidge Energy Inc.

FEVE	Current	Date	Previous
	Not in FEVE		

SAN Rating	5.2	Moody's	Caa1	X		
Regulatory Rating	Pass					

Review History	Muddy's	Santander
26-Sep	B1	5.6 - No FEVE
8-May	B3	5.6 - No FEVE
28-May	Caa1	5.2 - No FEVE

		Santander share		4.10%
USD MM	Rating	Limit	Drawn	Coll. Val.
Atlas Resource Partners LP	5.2	36.9	9.3	130.7
		-	-	-
		-	-	-
Other Related		-	-	-
TOTAL		**36.9**	**9.3**	**130.7**

	Total Facility		
USD MM	Limit	Drawn	Coll. Val.
Credits / Loans ST	900.0	226.8	3,188.8
Credits / Loans LT	-	-	-
Letters of Credit	-		-
Other	-	-	-
TOTAL	**900.0**	**226.8**	**3,188.8**

USD MM	Q3 Set 2014	FYE 2013		Q3 Set 2014	FYE 2013
Sales	1,260.7	1,977.5	Total Assets	6,978.4	7,684.8
Net Profit	37.8	(514.5)	Net Financial Debt	3,195.3	3,194.9
EBITDA	765.1	971.8	Tangible Net Worth	2,982.9	3,113.7
DSC			Working Capital		
Free Cash Flow	231.5	2,213.8	Leverage Ratio	1.3	1.5
Cash & Marketable	590.2	814.7	NFD/Ebitda	2.6	2.5

Bank's Margin (USD 000's)			SAN Share of Client's Bank Limits		
	Income	RORAC		Limits	Drawn
Last 12 months			Santander %	4.10%	25.20%

Current Situation

SandRidge Energy, Inc. is an independent oil and natural gas exploration, development and production company headquartered in Oklahoma City, Oklahoma. The company's assets are primarily located in the Mid-Continent area of northern Oklahoma and southern Kansas, as well as the Permian Basin in West Texas

In addition to SandRidge's exploration business, the company owns and operates gas gathering and processing facilities, saltwater disposal, electrical infrastructure facilities, and conducts oil and gas marketing operations

As of the year-end 2014 reserve report, proved reserves securing the RBL were 360 million barrels of oil equivalent, split 43% oil and liquids and 57% gas. The BB is well diversified with interests in over 3,440 producing wells. RBL Asset cover is strong at 3.5x.

The company was reviewed in February 2015 with the Borrowing Base being reduced from $1,2 Bn to $900 MM with commitments staying at the $900 MM level.

Concerns

Moody's downgraded the company's Corporate Family Rating 3 notches to Caa1 in May 2015 after the announced offering of $1Bn senior secured second lien notes
The new CFR reflects the company high financial leverage and worsening credit metrics as its existing hedges roll off and the company remains significantly less hed
The CFR also considers the risk that the company will not have the ability to grow out of its weak leverage metrics as expenditures are cut, and as its retained cash due to low netback per beo and high interest expense burden.

Next Steps

SNC has downgraded the company to Substandard in June. Still pending Regulator's report.the FEVE Status

Exposure was payed off in June

Oil & Gas Industry Value Chain

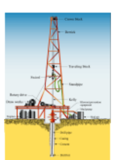




Natural Gas Value Chain	Exploration	Production	Processing	Transportation	Marketing
	Using technology to find new natural gas resources	Bringing Gas to the surface	Treating gas to be sent to markets	Moving gas with pipelines and tankers	Distributing and selling natural gas

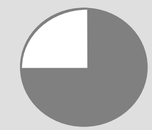
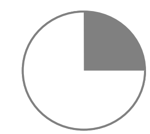
Upstream **Midstream** **Downstream**

Crude Oil Value Chain	Exploration	Production	Transportation	Refining	Marketing
	Using technology to find new oil resources	Bringing oil to the surface using natural and artificial methods	Moving oil to refineries and consumer with tankers, trucks and pipelines	Converting crude oil into finished products	Distributing and selling refined products





Portfolio: strategy and exposure

Lending Type		*Proportion Business*
1 **Exploration & Production (E&P)**	▪ Primarily, Reserve Based Lending ("RBL").	 ▪ **70-90%** ▪ **Focus areas 1 & 2**
2 **Midstream**	▪ Distribution and gathering, Long term contracts, .	
3 **Other**	▪ Utilities, refining, services	▪ **10-30%** 

In million $						
PORTFOLIO OVERVIEW	**# Clients**	**TOTAL DRAWINGS**	**% Drawn**	**COMMITMENT**	**Ave. Commitment**	**% Portfolio**
E&P (incudes RBL's)	20	391	**40%**	967	48	57%
MIDSTREAM	18	290	**53%**	544	30	32%
OTHER	6	86	**46%**	188	31	11%
TOTAL	**44**	**767**	**45%**	**1,699**	**39**	**100%**

Oil & Gas Finance Portfolio Overview (April 27th 2015)

- Santander Oil & Gas Finance team has borrowers across the energy value chain. The portfolio consists of 44 clients. All transactions are widely syndicated. Santander is a participant. The key areas of exposure are:

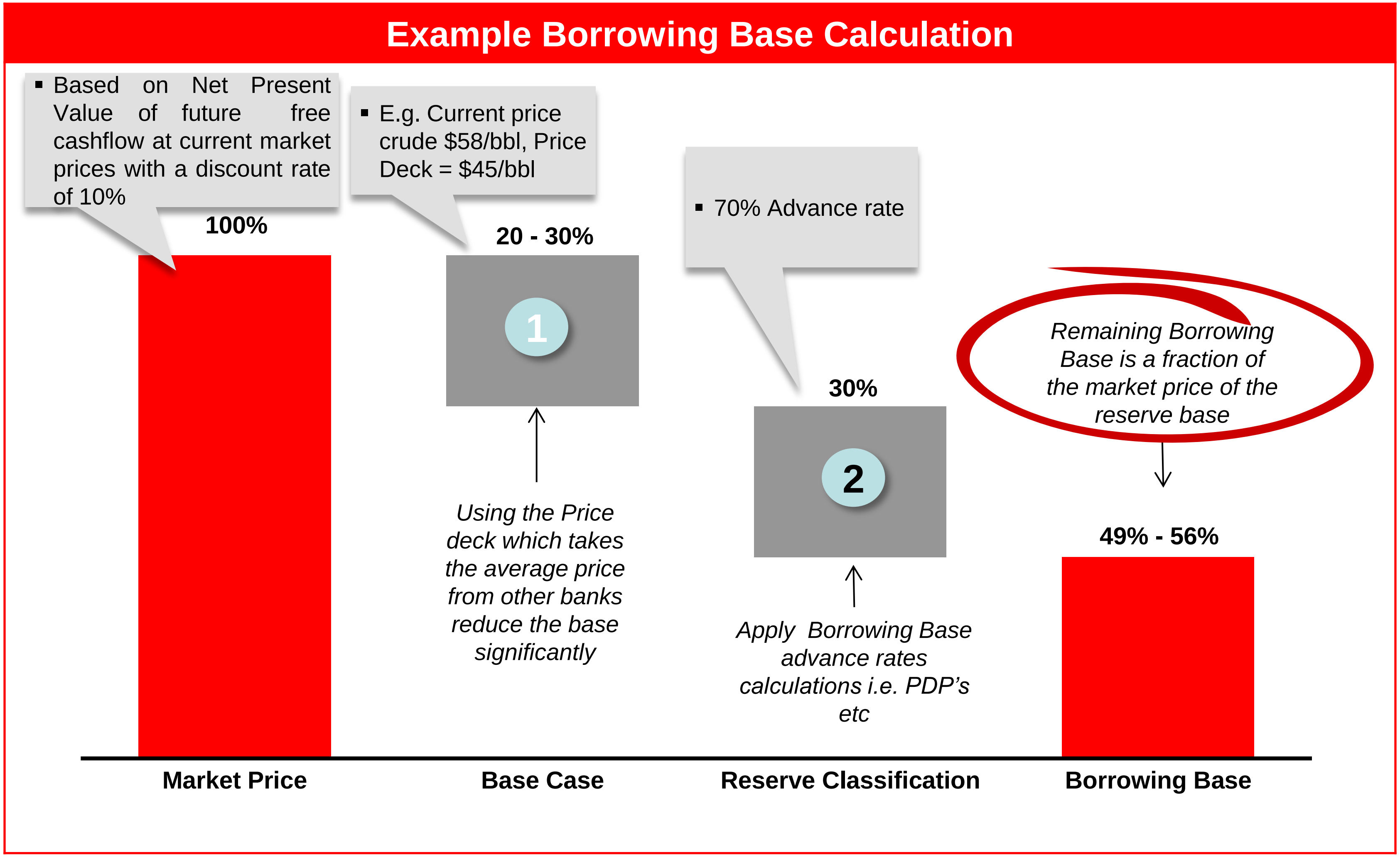
	Reserve Based Lending (RBL)	Midstream	Downstream / Refining / Coal	Oilfield Services
Exposure	$966MM ($390MM Drawn)	$544MM ($289MM Drawn):	$93MM ($19MM Drawn)	$95MM ($67MM Drawn)
Clients	20	18	2	4
Industry Description	Exploration and Production sector of the Oil & Gas industry.	Transportation, storage, and processing of oil & gas products.	One client is a refiner, the other is in coal mining.	Services related to the Oil & Gas industry.
Collateral Overview	• Mortgage on leases that each client has over oil & gas mineral rights. • Associated gathering systems and storage facilities located on the wells sites. These services can be provided by 3rd parties. <u>Clients do not own the land where they prospect and produce.</u> Landowners receive royalty payments and income from the oil & gas produced.	Blanket lien on all assets, including: • pipelines • storage and processing facilities • trucks • marine vessels. Two private client transactions are ABLs. Standard ABL collateral include: • receivables • inventory • cash.	Refining. Standard ABL collateral, include: • receivables • inventory • cash Lenders do not take collateral or mortgage over the real estate assets. The coal transaction is unsecured.	Blanket lien on all assets, including: • equipment • trucks • receivables • inventory • cash
Collateral Perfection	• Mortgages filings on the leasehold mineral rights. • UCC Filings on equipment, receivables, inventory and cash	• Mortgages filings on hard assets (tanks) and processing assets • UCC Filings on equipment, receivables, inventory and cash.	• UCC Filings on equipment, receivables, inventory and cash	• UCC Filings on equipment, receivables, inventory and cash

RBL: Risks & Mitigants

Type of Risk	Mitigation tool	Detail
Price Risk	**Commodity Hedging** (through swaps provided by the RBL banks).	**Primary tool is the hedge** Borrowers hedge a portion of their production through the purchase of crude oil or natural gas hedges. This reduces the risk of the underlying credit, it is "right-way" risk (the hedge is only out of the money when market prices rise which means the value of the underlying reserves has increased), and is also profitable to the bank providing the hedge.
	Price Deck	**The secondary tool is the Price Deck.** Un-hedged volumes are priced via the Price Deck which is not the market price of the commodity. For example, May's market price for crude oil is approximately $64,5/bbl, yet the Price Deck for most RBL's will have crude oil priced at around $45-$62/bbl between 2015-2019 and $63 in 2020.
	Semi Annual Borrowing Base re-determination	Finally, the third control over commodity price risk is **the semi-annual borrowing base redetermination.**
Reserve Risk	**Reserve Report carried out by expert**	▪ The borrower employs a 3rd Party Engineering firm– to prepare an annual Reserve Report ▪ In addition each lender will also employ an independent Petroleum Engineer to focus on technical due diligence. The technical review encompasses reserve quality, decline curves, basis differential, production and severance taxes, lease operating expenses, and capex .

Santander

RBL: How it works



RBL: Borrowing Base

- **SAN employs three key tools to de-risk the Borrowing Base and protect SAN in downside scenarios**. These tools are as follows:
  1. Price Deck
  2. Engineering Analysis to Risk Reserves
  3. 70% Advance Rate versus Base Case valuation
- As an example of how these various risk mitigants protect Santander and all RBL lenders, the following is an example of Bill Barrett Corporation engineering review. Bill Barrett was seeking to reaffirm it's Borrowing Base at $375MM. The strip price and SAN price deck are very close at this stage, however, there is significant derisking of the reserves and strong collateral coverages in all pricing scenarios.

Bill Barrett Corporation	UnRisked NYMEX Strip Case	UnRisked Base Case	Risked Base Case	Advance Rate	Borrowing Base	Reserve Category Contribution
1. PDP	$414.1	$397.8	$397.8	70%	$278.5	53.5%
2. PDP Hedges	$80.6	$63.2	$63.2	70%	$44.3	8.5%
3. PDNP	$50.5	$46.8	$37.5	70%	$26.2	5.0%
4. PUD	$400.4	$350.0	$245.0	70%	$171.5	33.0%
PV of Oil & Gas Properties	**$945.6**	**$857.9**	**$743.5**		**$520.4**	**100.0%**
% Cumulative Reduction		**-9%**	**-21%**		**-45%**	**Coverage**
Proposed Borrowing Base	**$375.0**	**$375.0**	**$375.0**		**$375.0**	**1.39x**
PV Value Coverage to Borrowing Base	**2.52x**	**2.29x**	**1.98x**		**1.39x**	
Proposed Borrowing Base Covered by PDP & PDP Hedges					**86%**	

Bill Barrett Corporation	Unrisked NYMEX Strip Case	Unrisked Base Case	Risked Base Case	Risked Sensitivity Case
Assets:				
Proved Oil & Gas PV	$ 945.6	$ 857.9	$ 743.5	$ 524.0
Undrawn Revolver	$ 349.0	$ 349.0	$ 349.0	$ 349.0
Total Assets:	$ 1,294.6	$1,206.9	$1,092.5	$ 873.0
Debt:				
1st Lien RC (fully funded)	$ 375.0	$ 375.0	$ 375.0	$ 375.0
Other Debt	$ 829.1	$ 829.1	$ 829.1	$ 829.1
Total Debt:	$ 1,204.1	$1,204.1	$1,204.1	$ 1,204.1
Asset Coverage:				
1st Lien RC	**3.5x**	**3.2x**	**2.9x**	**2.3x**
Total Debt	0.9x	1.0x	1.1x	1.4x

UnRisked NYMEX Strip: Considers eligible reserves (Proved Developed Producing - PDP, Proved Developed Non-Producing – PDNP and Proved Undeveloped – PUD) at current market value.
UnRisked Base Case: Considers eligible reserves at the bank's Base Case price deck
Risked Base Case: Adjusted by the Petroleum Engineer to account for uncertainties in the forecasts and economic model which are not readily identifiable. Generally an additional discount factor might be applied to PDP's, PDNPs and PUDs.

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RBL: Monitoring and control process

Collateral valuation

- Borrower uses a 3rd Party Engineering firm to prepare annual Reserve Report
- In addition each lender will also employ an independent Petroleum Engineer. The technical review encompasses reserve quality, decline curves, basis differential, production, severance taxes, lease operating expenses, and capex .
- **SAN also employs an independent engineer to review and risk reserves.**

Redetermination process

- The appraisals are done at least twice a year (a third can be done with a 66 $2/3^{rd}$ vote of the lenders). If the new appraisal is below the previous, lenders can **unilaterally require the customer to reduce the commitment amount**. Unused commitments are immediately withdrawn with any remaining overages to be repaid within 6 months

Forward looking Risk management

- Unlike regular C&I or CRE loans where action can only be taken after a covenant breach which uses backward looking information, RBL lenders look forward and **don't need a breach to reassess the loan**.

Moody's

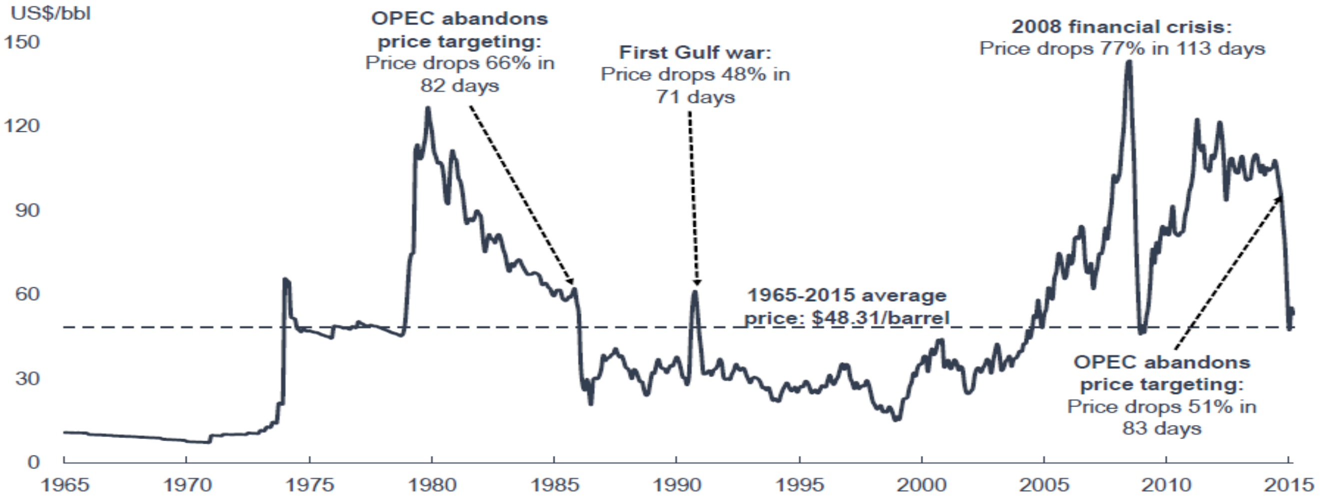
- Unique E&P attributes (conservative financing structure, stronger liquidity, active secondary market and ability to defer capex) **support higher recovery rates for senior secured debt and RBLs.**

Overview of RBL Credit Policies

Upstream - RBLs

- Demand or Committed lines of credit not to exceed 5 years. Advance rates applied to eligible collateral.
- Application of O&G industry specific underwriting parameters including:
  - Proven Developed Producing (PDPs) Reserves to be at least 70% of the BB.
  - For secured deals, first lien on at least 80% of the total value of O&G properties
  - Wellbore concentration should be limited with no single well > 20% of total value
  - Loan repayment within the half life
  - Semi annual review of oil and natural gas price deck approved by the appropriate committee
  - Maximum hedging of PDPs of 100%
  - Mandatory prepayment triggers when outstanding loan balance > than borrowing base

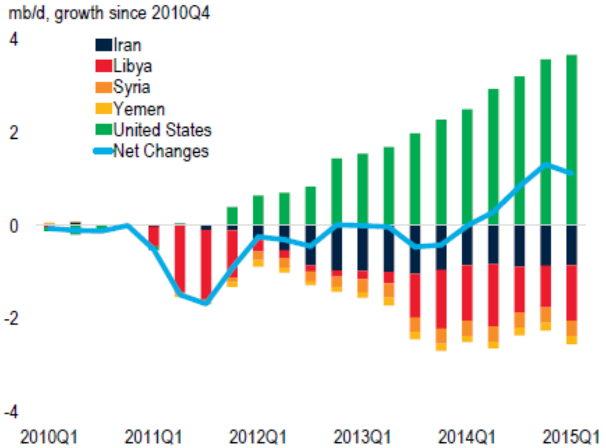
Oil Prices – Historic overview



	1985-86	1990-91	2008-09	2014-15
Key Statistics				
Dates	Nov 1985 to Mar 1986	Nov 1990 to Feb 1991	Jul 2008 to Feb 2009	Oct 2014 to Jan 2015
Duration (days)	82	71	113	83
Price drop (percent)	66	48	77	51
Volatility (percent)	4.69	5.18	4.62	2.58
Market and Policy Environment				
Fundamental drivers	Increasing non-OPEC oil supplies, especially from Alaska, Mexico and the North Sea	Operation "Desert Storm" and IEA emergency stock draw calmed oil markets	Sell off of assets (including commodities) due to the 2008 financial crisis	Increasing non-OPEC oil supplies, especially shale oil from the U.S.
OPEC's policy objective	Protect market share rather than target prices	Keep oil market well-supplied	Target a price range	Protect market share rather than target prices
OPEC's action	Raise production	Raise production	Cut production	Raise production
Pre-crash oil prices	Gradual decline of official OPEC prices	Sharp increase	Large increase prior to the crash	Relatively stable prices above $100/bbl
Post-crash oil prices	Remained low for almost two decades	Returned to pre-spike levels	Reached pre-crash levels within two years	They are projected to remain lower

Oil Facts

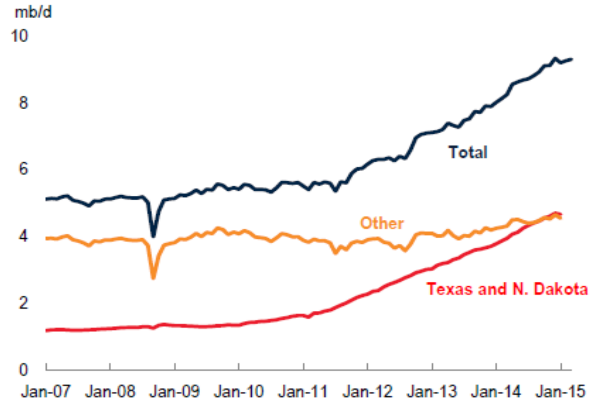
U.S. crude oil supply growth and disruptions elsewhere



Source: : World Bank, International Energy Agency.

Note: Last observation is 2015Q1.

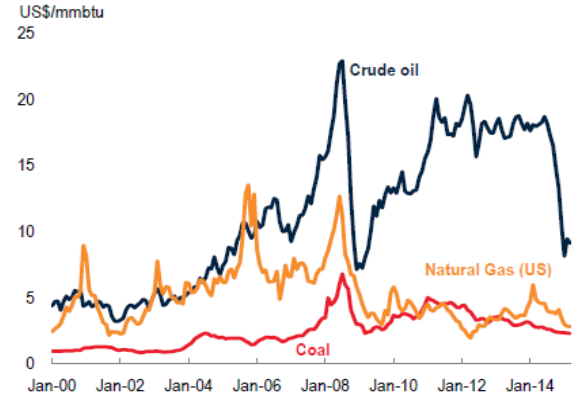
U.S. crude oil production



Source: U.S. Energy Information Administration, International Energy Agency.

Note: Last observation is March 2015.

Energy prices



Source: World Bank.

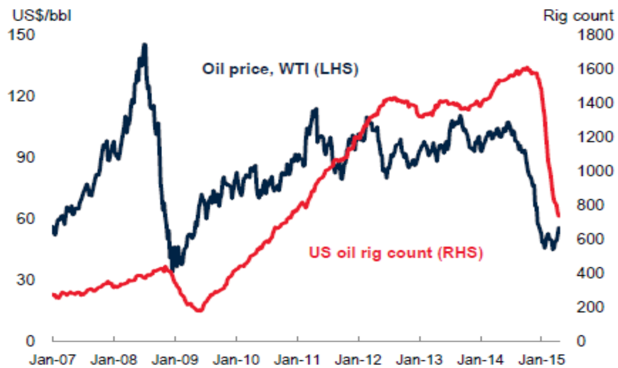
Note: Last observation is March 2015.

World oil demand growth

Source: World Bank, International Energy Agency.

Note: Last observation is 2015Q1

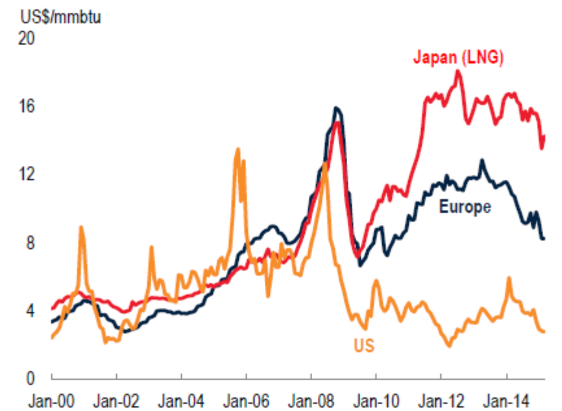
U.S. oil rig count and WTI



Source: Baker Hughes.

Note: Last observation is April 17, 2015.

Natural gas prices



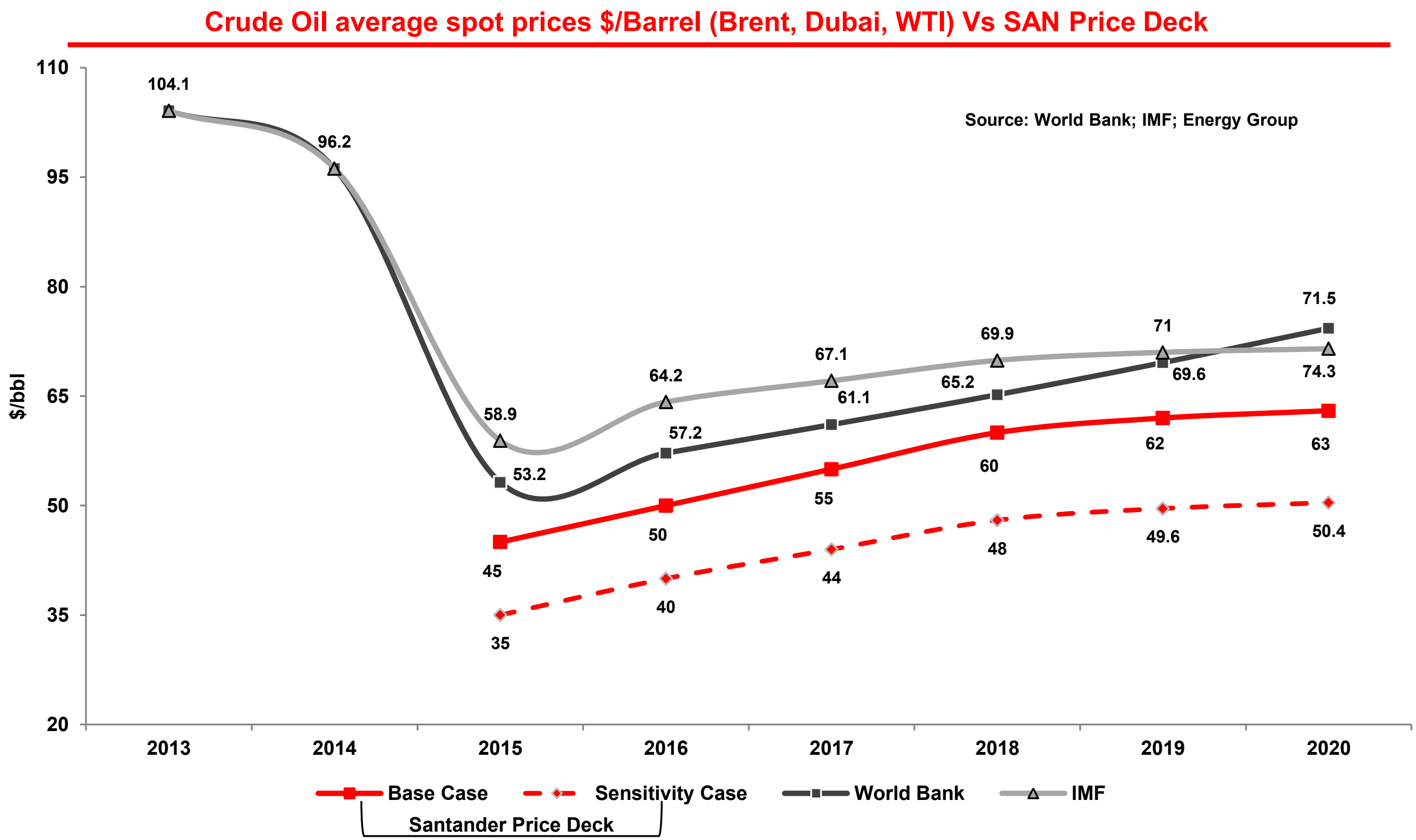
Source: World Bank.

Note: Last observation is March 2015.

OECD: Organisation for Economic Co-operation and Development. The OECD's origins date back to 1960, when 18 European countries plus the United States and Canada joined forces to create an organisation dedicated to economic development. It currently has 34 members.

Santander

Oil Prices forecast and Santander Price Deck



Oil prices, July 1st 2015

- Brent: $61,99
- WTI: $56.85

World Bank and IMF data as of July 1st 2015

Santander Price Deck as of 4/30/2015

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