



Fixed Income

BGL BNP Paribas operates the largest trading room in Luxembourg to support its customers by optimising their financial risk management.

To do this, we call on the local expertise and worldwide professionalism of the entire BNP Paribas group.

What does financial risk management mean?

Professional financial risk management includes

- > analysing risky assets and liabilities on your balance sheet that are exposed to fluctuations on international interest rate and currency markets;
- > developing strategies to cover these risk positions supported by detailed research;
- > implementation and monitoring of the resulting hedging strategy and, where appropriate, restructuring and making adjustments to a changed market environment.

Our financial risk management focuses on your interest-rate and currency positions.

Subject to MIFID classification, credit line and legal framework, you will be able to benefit from our advice.

In addition to interest-rate and currency traders, you are supported by a local sales team, which handles your daily flow business and is prepared to develop solutions tailored to your specific needs.

Furthermore, we offer a full product and service range for short and long-term investment business.



Foreign Exchange (FX) transactions

You can manage your currency exposure with us through...

FX Spots

- > for the same-day conversion of your incoming and outgoing currency payments.

FX forwards

- > to hedge a future exchange risk by fixing a firm future exchange rate.

FX options

- > to secure a worst case conversion rate (strike price); at the same time you have the right to participate in a favourable exchange rate movement.

Limit orders / overnight orders

- > For consistent, precise monitoring of your buy and sell orders around the world-24/7.

... through FX transactions in illiquid and low-regulation markets (emerging markets) using...

Offshore FX spot

- > for trading in currencies, that are only tradable under restrictions due to official regulatory procedures.

Non-Deliverable Forwards (NDF)

- > to hedge a future exchange risk by fixing a firm future exchange rate through synthetic forward transactions.

Non-Deliverable Options (NDO)

- > to secure a worst case conversion rate (strike price) through synthetic options; at the same time you have the right to participate in a favourable exchange rate movement.

... and through structured, tailor-made solutions that exactly match your risk position and risk capacity, as well as your individual market expectations. Examples include:

Average rate options

- > hedge an average rate for recurring foreign currency payments and receipts.

FX collars

- > fix an exchange rate "band"; the final exchange rate will lie within that band depending on market conditions.

Participating forwards

- > fix a firm hedging rate with an entitlement to benefit proportionately (e.g., 50% of the nominal) from an improvement in the exchange rate.

Knock-in forwards

- > fix a firm hedging rate with an option to participate in a favourable exchange rate movement which expires, however, if specific rate barriers are exceeded or not achieved.

and many possibilities suited to your needs.

Interest-rate hedging

To manage your balance sheet assets and liabilities, we offer innovative interest-rate management with tailored solutions that take account of your company's individual needs, required flexibility and maximum permissible risk capacity.

You can manage your interest rate exposure with us through...

Forward Rate Agreements (FRA)

- > forward rate transactions to hedge short-term interest rate risk (up to 2 years).

EONIA swaps

- > synthetic fixed interest rates to hedge your EONIA-based funding tranches while maintaining full funding flexibility (up to 2 years).

Interest Rate Swaps (IRS) / Forward Swaps

- > synthetic fixed interest rates to hedge your current and future EURIBOR or LIBOR -based funding tranches while maintaining full funding flexibility.

Interest rate caps

- > secure a worst-case interest rate (strike price); at the same time you have the right to participate in a favourable interest-rate movement.

Swaptions

- > interest rate protection for future funding, which may or may not materialise, and therefore precludes binding hedging structures.

Limit orders

- > for seamless, precise tracking of your fixed-income limit orders, 24/7, around the globe.

In interest rate hedging we offer you structured, tailored and customised solutions to your company's needs:

Cross-currency swaps

- > for medium-term and long-term hedging of your company's assets and liabilities in different currencies; hedge of interest and/or currency risks.

Collars

- > to hedge a maximum rate (see cap) while at the same time restricting participation in lower variable interest rates.

Swaps with participation

- > to guarantee a synthetic interest rate with an entitlement to benefit proportionately (e.g., 50% of the nominal) from lower variable interest rates.

and many other variations.

Innovative ways to improve your return

You may invest your free liquidity with us as overnight or fixed-term deposits, in line with current market conditions. You achieve greater returns depending on your company's maximum permissible risk capacity:

With a short-term investment horizon through...

- > commercial Paper, Asset-Backed Notes, Treasury notes;
- > deposits with enhanced interest rate; delivered currency at maturity depends on exchange rate development;
- > capital protected deposit with enhanced interest rate, if the exchange rate stays within a defined range – otherwise the interest rate will be substantially lower.

With a medium and long-term investment horizon through...

- > corporate and government bonds;
- > or structured investment forms, such as:
 - medium-term notes (MTN's) that are path-dependent with a yield link to future exchange-rate movements;
 - medium-term notes (MTN's) that are path-dependent with a yield link to future interest-rate movements;
 - MTN's that are path-dependent with a yield link to the movement of individual shares, equity baskets or equity indices.
- > and many other variations.

Research for all product groups. Background information on optimum approaches to making decisions.



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