



BNP Paribas Awarded 'Structured Products House of the Year 2009'

Risk Magazine's Awards 2009

Last year saw unprecedented levels of volatility in the financial markets. The collapse of major institutions such as Bear Stearns and Lehman Brothers led to widespread panic and saw capital injections into financial institutions by governments across the globe! Liquidity dried up, credit spreads soared and stock prices tumbled.

It was during this back-drop that Risk magazine had to select the winners of its annual awards; recognising those institutions that continued to provide derivatives and risk management expertise to their customers in such difficult market conditions.

Structured Products House of the Year BNP Paribas

“Even before the credit crisis struck in August 2007, structured products investors had been moving away from over-complicated payoffs towards simpler products. There was also a trend of fewer directional market plays in favour of market-neutral strategies. Continued investor losses caused by complex products, together with violent and unexpected market moves, have reinforced these shifts in 2008. Add to that the failure of Lehman Brothers in September, and the structured products landscape has been turned upside down.

Among other things, Lehman's demise has sparked investor concern about the financial health of product issuers. BNP Paribas, which on December 9 boasted the lowest credit default swap (CDS) level of any major dealer at 68.5 basis points and an AA+ rating from Standard & Poor's, may well benefit from the increased focus on counterparty risk.

But the continued success of BNP Paribas in structured products is not wholly determined by the opinions of rating agencies. The bank has responded remarkably well to the changed market environment, proposing restructurings, as well as simpler market-neutral trades. And during troubled times, BNP Paribas has won praise from its clients for its pricing, execution and liquidity provision.

"No-one comes close to BNP Paribas," asserts Pierre Stoll, head of structured products at Banque de Luxembourg. "At the highest point of the recent market crisis, it was one of the only houses that managed to give secondary prices on structured products."

Source: Risk Awards, January 2009/Volume22/No1

BNP Paribas – Risk Awards 2009

- ❖ *Structured Products House of the Year*
- ❖ *Equity Derivatives House of the Year*
- ❖ *Inflation Derivatives House of the Year*