

# CEOS' POINT OF VIEW

## EPISODE #2 GLOBAL CAPITAL MARKETS

### How do you lead the global capital markets activities at BNP Paribas?

**Interview transcription of CEOs' Point of view between Jokariz, a content creator, and Renaud-Franck Falce, Head of Global Capital Markets.**

**Marc:** Hello everyone and welcome to "CEOs' Point of View". "CEOs' Point of View" is a completely unique format in which I interview key CEOs of the leading banking and financial services company in Europe, BNP Paribas. These leaders are responsible for thousands of people and serve the interests of thousands, and in some cases, millions of clients. We will try to understand what their daily lives look like, the challenges of the businesses they run and how their decisions respond to the current issues of our society. I am very pleased to share this new format produced in partnership with BNP Paribas. The interviews take us deep into the vision of their leaders to understand how they are helping to shape the world of tomorrow.

**Renaud-Franck Falce:** Hello everyone, I'm Renaud-Franck Falce, Head of Global Capital Markets at BNP Paribas and today I'm going to talk to you about my job, my teams and the activities we support, in "CEOs' Point of View".

Marc: Renaud-Franck, welcome to "CEOs' Point of View". Can you explain to us, quite simply, what your role is, what your job is today at BNP Paribas?

**Renaud-Franck Falce:** Gladly. Thank you, Marc, nice to see you again. I am in charge of Global Capital Markets, one of the five lines of activity within CIB (Corporate and Institutional Banking) at BNP Paribas. It is an activity that relies on just over 1100 colleagues based in Europe, the majority of them in the Americas and in APAC, and which serves our issuing clients as well as our investor clients by originating, structuring and placing capital markets instruments. It is also an activity that works hand in hand with our coverage teams. And obviously it is also associated with a good number of other players within the Bank, whether they are at Global Markets, on the M&A side (Mergers and Acquisitions), or in other BNP Paribas activities.

**Marc:** Can you tell us where you studied and about the key stages of your career before reaching this point?

**Renaud-Franck Falce:** With pleasure. I studied at EDHEC, a French business school, before postgraduate studies at the London School of Economics. I then joined BNP Paribas, initially to work on interest rate trading activities. I then joined BNP Paribas' Strategy and Development team, which is the structure that manages BNP Paribas's proprietary M&A operations. And I was lucky enough to join this structure at the time when BNP was initiating an offer for Paribas, which gave birth to this very fine group. I then joined the "Inspection Générale" (General Inspection) where I spent four years. The "Inspection Générale" is a relatively specific structure at BNP Paribas. A combination of management

and auditing makes it a de facto training school: the opportunity to learn about the Bank, to discover a large number of sectors, and to develop a very nice network. I then made the leap, almost literally, by going to the United States to join activities that were, at the time, relatively nascent for BNP Paribas within High Yield and Leveraged Finance. I spent a dozen years in the United States following the credit cycles on all debt activities before returning to Europe, a little over ten years ago, and moving to London where, through merging activities, I joined a good number of groups within BNP Paribas, to give birth - more recently - to the activities of Capital Markets in EMEA, then Global Capital Markets.

**Marc:** Today you're in charge of Global Capital Markets, which includes a lot of different businesses. Can you explain the different businesses in Global Capital Markets and, when possible, give a little example of how that translates in the real economy?

Renaud-Franck Falce: Absolutely. In fact, Global Capital Markets has six main pillars, which are intended to serve the Bank's clients across their entire capital structure. These six pillars, in no order of priority or precedence, include Debt Markets, which offer the full range of debt products to our clients.

**Marc:** Okay. that's the first major pillar.

**Renaud-Franck Falce:** The second pillar, that is very close in its approach to the first, is Equity Capital Markets. Equity Capital Markets, which serves to support our clients on IPOs (Initial Public Offerings), capital increases, to enable them to pursue their development - if necessary to carry out certain acquisitions - while maintaining or strengthening the solidity of their capital structure, and all activities, including convertible bonds, of the same nature. Third pillar: Real Assets. Real Assets, I was going to say: as its name suggests. That is to say, the financing, not only of the real economy, but of very tangible assets. So, it's financing of aircraft fleets, financing of ships to support the major players in the maritime sector. It's very important funding for everyone developing infrastructures...

**Marc:** ... Ports, airports ...

**Renaud-Franck Falce:** Exactly. But also digital infrastructures, telecom towers, the deployment of fibre networks. Today, of course, and on both sides of the Atlantic, and in APAC, data centres as well. And then there are other key players in the real economy, real estate financing, export financing. So, this whole galaxy that supports the real economy in a very tangible way with its asset financing. The fourth pillar within Global Capital Markets is Securitised Products, an activity that brings together financing and risk transfer solutions that we offer to our major issuing clients, large companies, large manufacturers, for example in the automotive industry. I insist on Securitised Products because it is one of the essential vectors that will allow us to provide even more support for the financing that is absolutely necessary in Europe across a large number of sectors. And I am thinking, among other sectors, of the energy transition sector, I am thinking of the infrastructure sector more broadly, the defence sector. For all this financing that is absolutely necessary, we're going to need not only the other pillars that I mentioned earlier - debt, equity - but also these securitisation activities. Two other pillars and I'll be done. The first, and therefore fifth pillar of the whole edifice: Fund Financing. And the last pillar that I mention at this point, is Syndicate. Syndicate, as the ultimate axis of the link between our issuing clients and our investor clients.

**Marc:** You're saying that Global Capital Markets represents 1100 employees at BNP Paribas?

Renaud-Franck Falce: Absolutely.

**Marc:** Worldwide.

**Renaud-Franck Falce:** These 1100 colleagues and I work hand in hand, and we rely on a much wider network, both on the coverage side, on the management of the relationship with customers, on a good number of other activities with which we work in partnership. And so, beyond the 1100 colleagues, there is a whole network of professions and colleagues that provide support to enable us to deploy the solutions I mentioned earlier.

**Marc:** What is the role that Global Capital Markets plays with its clients concretely?

**Renaud-Franck Falce:** Very simply, the activities and teams of Global Capital Markets ensure and embody this link between the two major types of clients that we serve. A clientele of issuers, typically large companies, private equity funds and a clientele of investors. The investors are pension funds, asset managers, insurers and hedge funds. The primary purpose is to ensure this link between issuers and investors. The way we do it, if I can sum it up in one sentence, is that we originate transactions, we manage the risk - which is partly borne by BNP Paribas - and we distribute this risk also to the investors I mentioned earlier. And this is true for all the products I mentioned earlier, whether on the debt side, on the equity side or via securitisation activities as mentioned above. This is what led us to operate and implement a strategy that can be summarised in a very simple way: "Originate and Distribute", which encapsulates the entire approach.

**Marc:** As concrete examples of clients in the real economy, which Global Capital Markets supports, recently you supported Electronic Arts, the famous video game developer. Can you explain to us concretely what you do for this client?

**Renaud-Franck Falce:** Very willingly, and it brings back great memories because during my stay in the United States I had the opportunity to accompany them. So here, I'm looking back over fifteen years, since BNP Paribas has been a long-time supporter of, and of long-time support to Electronic Arts, by being one of the lead banks when, in 2007, 2008, we were at their side for their first bond issue. And more recently, in fact, in the last few months, as part of a change in shareholding, we supported them again as underwriters to finance a large LBO (leveraged buyout)-type acquisition with a private equity sponsor. This permanence and the ability to provide support throughout the cycles, not only of credit but also of the life of a company, is very revealing.

**Marc:** Now that we've talked a lot about Global Capital Markets, I'd like us to get back to your experience. BNP Paribas is a global bank, with a very European DNA, with French roots. You have had a very international career. Was it a real advantage? How was it an advantage for you? Are there teams where you better understand culture differences, or that kind of thing?

**Renaud-Franck Falce:** It's a great question and it's also something that guided me a lot in my approach. I made the choice, for example, to study abroad - at the LSE in London - at the London School of Economics. The second key choice was the choice to cross the Atlantic after the inspection to work in the United States. So why am I highlighting this choice? Our American customers have expectations and are very explicit in what they expect. And understanding these expectations, understanding what makes BNP Paribas a significant player in the United States, understanding how to strengthen this positioning, I see that as a very strong asset, it's extremely formative. And I think it's important that, whatever the place, whatever the nature of our activity, that we always have this perspective and this mindset: nothing is taken for granted, nothing is given to us.

**Marc:** In your career, you said that you went through the Bank's "Inspection Générale". So, the "Inspection Générale", everyone knows that it's very prestigious, that it opens a lot of doors, but concretely, what did you do there? And how did it open doors for you? Do people still remark: "Ah, you're someone who did the "IG""?

**Renaud-Franck Falce:** To answer you simply: four very intense years, 17 countries. So it gives elements of the intensity that I was talking about just now. In an important way, the opportunity to discover very tangibly a large number of activities, mainly within CIB in my case; the opportunity to work with extremely close-knit teams. The important point also, in relation to the Inspection Générale, is that it sheds light not only on the Bank's activities, but also on the types of risk that exist within the Bank, the way to capture them, the way to supervise them, the way to control them. And of course, in a bank, this is an absolutely fundamental issue.

**Marc:** There's something that strikes me about your journey too. I had a bit of the opposite path, that is to say that ten years ago I was working at Goldman Sachs, at a time when Goldman Sachs was 'nobody' in France. What was your approach? You've talked about it a lot, this 'challenger' positioning. You are BNP Paribas in the United States, facing giants in investment banking: JP Morgan, Morgan Stanley, Goldman Sachs, or Citigroup in retail banking. How do you manage, in this position of challenger, to succeed in establishing a position: convincing clients and capturing market share?

**Renaud-Franck Falce:** There are two elements that are absolutely essential. The first one I will mention is the strength of the Group. It can be in the United States, we have a strong foothold; obviously in Europe and we are fortunate to have the expertise we've developed in Europe. This expertise is transposable. The deployment of fibre networks, which we have been able to support in the United States more recently, depending on technological developments, leaned on this expertise acquired in Europe. So, when you're BNP Paribas in the United States, you're not alone and thrown in the deep end: you have the strength of BNP Paribas's expertise, which is the net, or this rope, that I mentioned earlier. That's the first element. Knowing that it's a two-way road and of course the expertise acquired in the United States - I mentioned data centres a little earlier - is obviously applied at some point in Europe, and also with profit. The second point I would like to highlight is the need for perseverance. This positioning of challenger that I mentioned earlier, is an important requirement of quality at all times. And it has been, and still is, our trademark, of course, in Europe, in Asia, but also in the United States. And the recognition by our American customers of this 'longstanding' quality has allowed us to capitalise and continue to develop our positioning.

**Marc:** Yes, that's right, because when you're in France, in Europe, the reputation of your brand precedes you. People want to work with you, with BNP Paribas. When you're in the United States, people don't know you. So if your product is not exceptional, it's complicated.

**Renaud-Franck Falce:** As you rightly say, this reputation in the United States, was built, we built it and we will continue to build it. But nothing is taken for granted.

**Marc:** You were talking earlier about new technologies, new trends that are developing. Among these new technologies, there is of course AI (artificial intelligence). Can you explain to us concretely how you and your teams are impacted by it?

**Renaud-Franck Falce:** AI is good news. And I say this because I am an active user of it. It raises some interesting questions though. There is the question of the training of our teams and the training of

future generations. And that's obviously a subject which, with our human resources teams and more broadly, we are working on. The second question that this raises - and this is where we consider, and I consider, AI to be a valuable aid but not necessarily a solution in itself - is how to stand out? And how do we ensure that the offer and the solutions that we can deploy are competitive, are attractive to our clients, if we only rely on AI? And the answer is in the question: we can't just rely on AI. It's true that AI, and in general the development of technologies, has created a lot of things. But it has also disrupted the job market a bit. There are plenty of new jobs that didn't exist 10 or 15 years ago. People are not necessarily trained in this.

**Marc:** What would be the advice you would give? I know that you have a daughter who is in her twenties and who will soon also enter the job market. What would be the advice you would like to give her in the face of this immensity of possibilities?

**Renaud-Franck Falce:** This is a question that interests me a lot, as do all your questions, because it is a current issue and it also strikes a personal note. The first advice I would give is to be curious and open. I have a very clear bias in favour of curiosity and openness, and it would be - and I think that my daughter fully identifies with it - to embrace these new technologies. First point. The second point in relation to that, and here, I make a link with the job market as you mentioned it, and with what BNP Paribas is looking for in all our employees. More than knowledge and the ability to do things, is knowing how to find information, where to find information, how to exploit information, to generate, with a good number of other teams, in the most integrated way possible, in the broadest possible structure, the information that has been obtained by these new technologies. All this is much more important than the studies we may have done, or the intrinsic knowledge we may have of a subject. And so these new technologies, including artificial intelligence, only magnify this search for access to information and these character traits that we look for in our employees.

**Marc:** You need a critical mindset when you work at BNP Paribas. We think: this is a big Group, one needs to fit in. Do we also need to be critical? To question a little?

**Renaud-Franck Falce:** I'm not going to go far and venture beyond BNP Paribas. But I think we need a critical mindset at all times. Including certainly at BNP Paribas. In essence, a critical mindset, because we are there for a very simple reason: we are there for our clients, we are there to offer solutions that are as integrated and as relevant as possible, with a 'One Bank' approach that we really emphasise. And for this to be pertinent - for this offer, for these solutions to be pertinent - it is better to have a critical mind. And critical thinking applies to challenge ourselves, to challenge the status quo, and if that's the case, to be able to go to our clients and offer them, not solutions to the problems they have identified, but solutions to problems that can be perceived.

**Marc:** Yes?

**Renaud-Franck Falce:** It's: "The bank for a changing world" and so we can, to be effective in this world, which we all agree is evolving at an extremely sustained pace, we have to have this critical mindset that you emphasise, Marc.

**Marc:** So I'm asking you the ritual closing question of "CEOs' Point of View".

**Renaud-Franck Falce:** Already?

**Marc:** What would be the advice you would give to Renaud-Franck who is 20 or 25 years younger

than you, who is starting out on the professional market?

**Renaud-Franck Falce:** I don't know if this is advice that I would have applied to myself, but it's advice that I share quite regularly today and I summarise it in a very simple way, by repeating the same thing twice. So it couldn't be much simpler, and I typically say it in English in the following way: "Raise your hand and, raise your hand". It couldn't get much easier to remember. Why 'raise your hand'? Raise your hand first to offer. To offer service, support, effort, and involvement. So why do I say it twice? Because, in some cases, and this is not necessarily unique and specific to BNP Paribas, we are confronted in the professional world with difficulties, challenges and uncertainties. And in this context, the ability for a colleague, for a BNP Paribas employee, to raise their hand and alert, and indicate that, no, not everything is understood, not everything is known, not everything is perfectly mastered and that they need help as much as I may have, and I still need help from time to time. That's also a trait that is extremely appreciated, that I look for. Because obviously the ability to identify these areas of uncertainty, these warning points, if necessary, is obviously a great strength. So: "Raise your hand and, raise your hand".

**Marc:** I completely agree with you, I see this in the world of entrepreneurship, and I also saw it in the corporate world. For a large company, its strength is the number of employees, a generational continuum, you can learn from others. And it's true that often, we are surprised how often people, when we ask them for help, say "yes", in fact. And you can't say "yes" to a question you haven't asked. There you go, you need to dare, ask for help left and right. And sometimes there are people who seem extremely busy to us, we never expect them to take time for us and in fact they do.

**Renaud-Franck Falce:** To join you, I think that many of us, and many of my colleagues, appreciate these opportunities and are obviously ready to provide help, enlightenment or guidance in general.

**Marc:** Listen, Renaud-Franck, thank you very much. This is the end of this second episode of "CEOs' Point of View". Don't hesitate to like, comment and share around you if there are people who might be interested. See you for the next episode!

**Renaud-Franck Falce:** Thank you, Marc.

**Marc:** Thank you !