

Most Transformed Loan House

BNP Paribas

In the first award of its kind for GlobalCapital Asia, BNP Paribas is named the Most Transformed Loan House for 2021.

The French bank has gone through a big change in terms of structure and strategy in the past few years, turning it from a corporate focused bank into a lender that is able to tackle the needs of the entire loan market across segments.

It started when BNPP created a dedicated sponsor coverage team in 2018 and hired Guillaume Douin from HSBC to lead the unit as head of financial sponsors for Asia Pacific.

The following year, Alexis Postel-Vinay took over the position of head of loans and market financing syndicate, following a transformation of BNPP's distribution business into a joint venture between its investment banking and global markets divisions.

That arrangement allowed BNPP to tap all kinds of institutional investors in its capital markets platform for loans distribution.

This meant that unlike many other banks that only have access to credit funds, BNPP could distribute to a wide range of investors, including pension funds, sovereign wealth funds, Chinese securities houses and Japanese leasing companies.

Case in point: the syndication of a loan for Hong Kong-based fashion retailer IT.

The HK\$2bn (\$256m) five year loan was to support CVC Capital's take-private of IT. The loan, a leveraged buyout deal in the retail sector for a loss-making business during the fourth wave of Covid-19 in the city, was declined by many banks.

But thanks to its distribution capabilities, BNPP managed to bring in Canada Pension Plan Investment Board with a ticket size of HK\$700m, which ended up being crucial for the deal's smooth closing. That was also the first time a pension fund had joined a traditional leveraged buyout loan in the region.

More tweaks

In 2021, BNPP took things up a notch, which cemented its win for this newly-created category.

The bank created a new capital markets group, housing all capital raising products — including loans, debt capital market, equity capital market and strategic equity — and combined all non-asset based loans under one platform, called the loans and specialised finance team.

The 60 people team, co-led by Christophe Cerisier and Shalen Shivpuri in Asia, is responsible for the origination of corporate loans, leveraged finance, energy natural resources, infrastructure financing and project financing.

This revamp means BNPP is well positioned to capture deals across sectors, as well as work on different types of deals, be it investment grade, highly structured, mid markets, large corporates, holding corporate, promoter, or non-control deals.

This overhaul came with some hires in 2021. BNPP added a director in Shanghai to focus on onshore origination as the bank holds the view that China's domestic market will gradually evolve to have real syndicated deals.

For instance, BNPP was one of the bookrunners for Sinopharm Holding (China) Finance Leasing's onshore borrowing last year: a Rmb1.275bn (\$200m) three year loan that was almost twice oversubscribed.

BNPP also hired a director in Japan, covering event driven transactions and key clients, to refocus on the country after leveraged buyout activity picked up in 2021. The firm also added a distribution focused loans banker in India.

The results of that transition are clearly visible, with even some rival bankers admitting that BNPP's loans business has grown impressively in the past few years.

Transformed

BNPP has evolved from a pure corporate loan-driven organisation to one that dabbled a little bit in leveraged finance, to one that was able to execute mezzanine deals, to one that is now able to support everything from a private equity firm's needs like minority financing or convertible bonds, to pre-IPO financing, capital calls and equity portfolio financing.

One example during GlobalCapital Asia's awards period was a \$150m loan for a minority financing by a sponsor to invest in Gojek, the Indonesian ride hailing and digital payments platform.

BNPP provided the underwriting on a sole basis and sold the deal to five institutional investors through a mix of direct distribution and repurchases — while bridging the pricing gap between the borrower and investors.

Other innovative deals included a bridge loan to support private equity firm CVC's sale of pharmaceutical company Alvogen, and a \$400m non-recourse financing on a portfolio basis against a fund's equity position, the latter being the first of its kind in Asia.

The ability to provide solutions to meet clients' needs makes BNP among the first points of call for names like KKR, Baring Private Equity Asia and CVC.

There are critics, of course, who say BNPP's risk appetite is very different and higher than their own risk committees, which could eventually backfire on the bank. That may be the case, but BNPP has shown its business model works, not just for itself but also its clients. **GC**