

# DEEP DIVE

## EQUITY AND PRIME SERVICES

17 SEPTEMBER 2024



**BNP PARIBAS**

The bank for a changing world



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Chief Operating Officer  
Head of Corporate &  
Institutional Banking



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Group Chief Financial  
Officer



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Head of Global Markets



**Nicolas MARQUE**  
Head of Global Equities



**Ashley WILSON**  
Head of Prime Services



**Aurelie DELEUZE**  
Deputy Head of Cash  
Equities



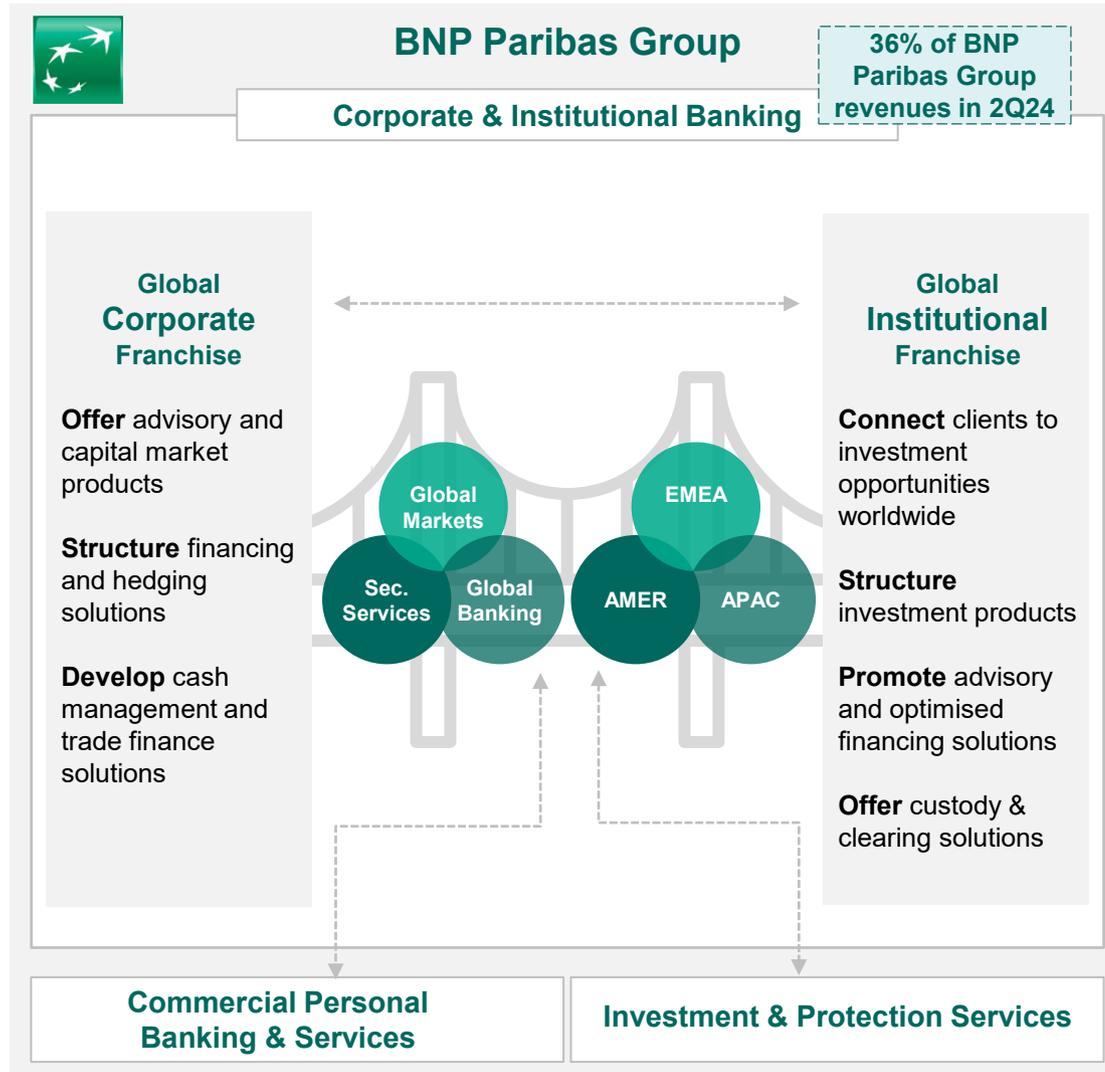
**Ben SPRUNTULIS**  
Head of Cash Equities



**Renaud MEARY**  
Head of Equity  
Derivatives

# OVERVIEW |

CIB plays a critical role in bridging the corporate and institutional client franchises to finance an increasingly disintermediated global economy



## BNP Paribas' vision

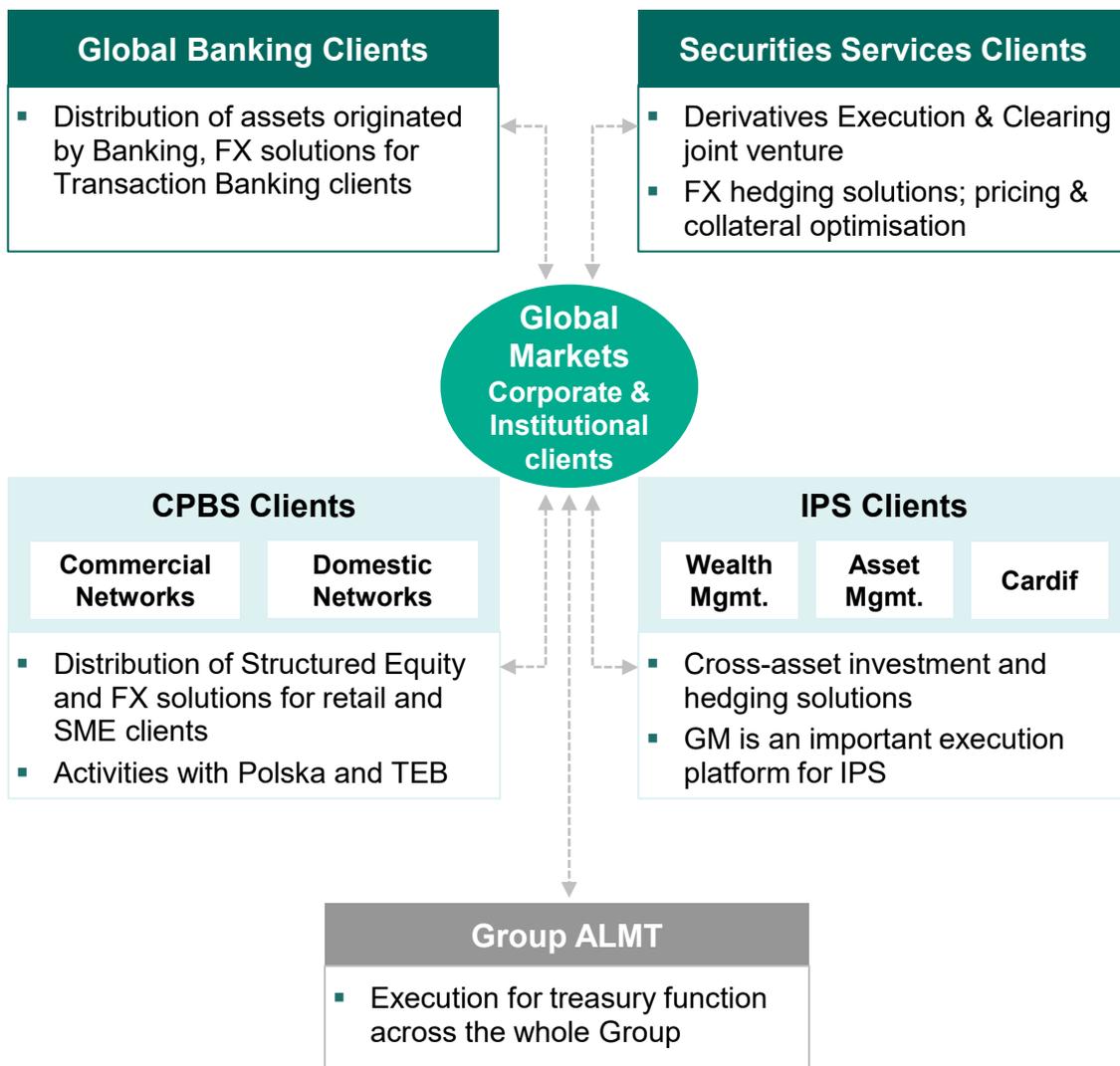
**Bridging Corporate and Institutional clients** is at the core of the BNP Paribas CIB model:

- Providing **Institutional clients** with investment opportunities...
- ... by enabling them to **support unprecedented financing needs of Corporates** (e.g. on climate transition), especially in an environment where resources are constrained
- Thus playing a **critical role for all clients and in financing the global economy**

- **Complementing the Debt offering with Equities** increases BNP Paribas' **relevance with both Institutional and Corporate clients...**
- ...which **strengthens the bridge** between them
- **BNP Paribas' diversified Equities offering** covers the full value chain of research – execution – financing – derivatives...
- ...allowing BNP Paribas to **unlock other businesses in CIB including ECM and M&A**

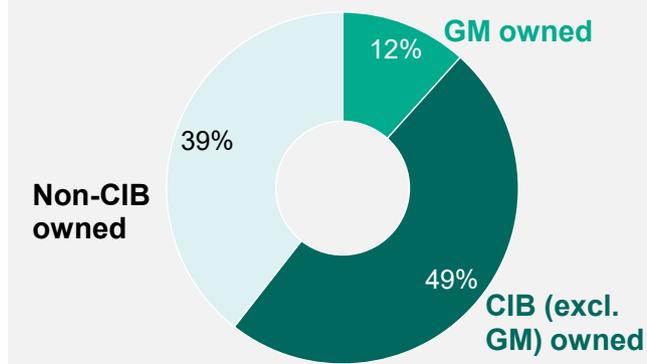
# GLOBAL MARKETS | Global Markets is an integrated part of CIB serving both corporate and institutional clients, while creating a distribution engine at the Group level

**Global Markets (GM) benefits from the integrated model and leverages the distribution capabilities of the other business lines...**

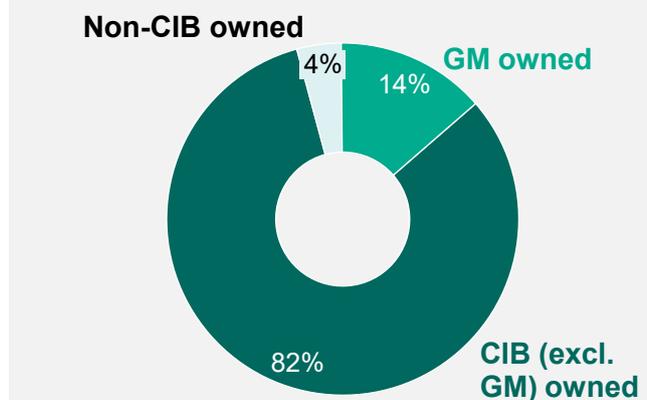


**... to effectively service clients**

**Active GM clients by relationship owner, 2023<sup>1</sup> (# clients)**

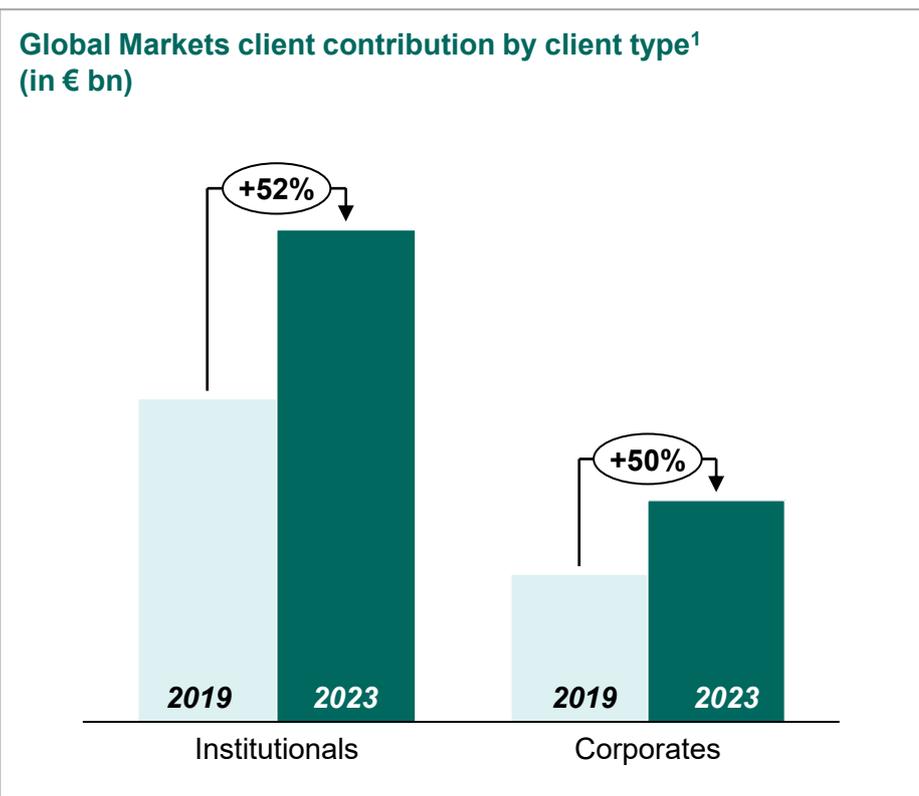


**GM client contribution by relationship owner, 2023<sup>1</sup> (in € bn)**

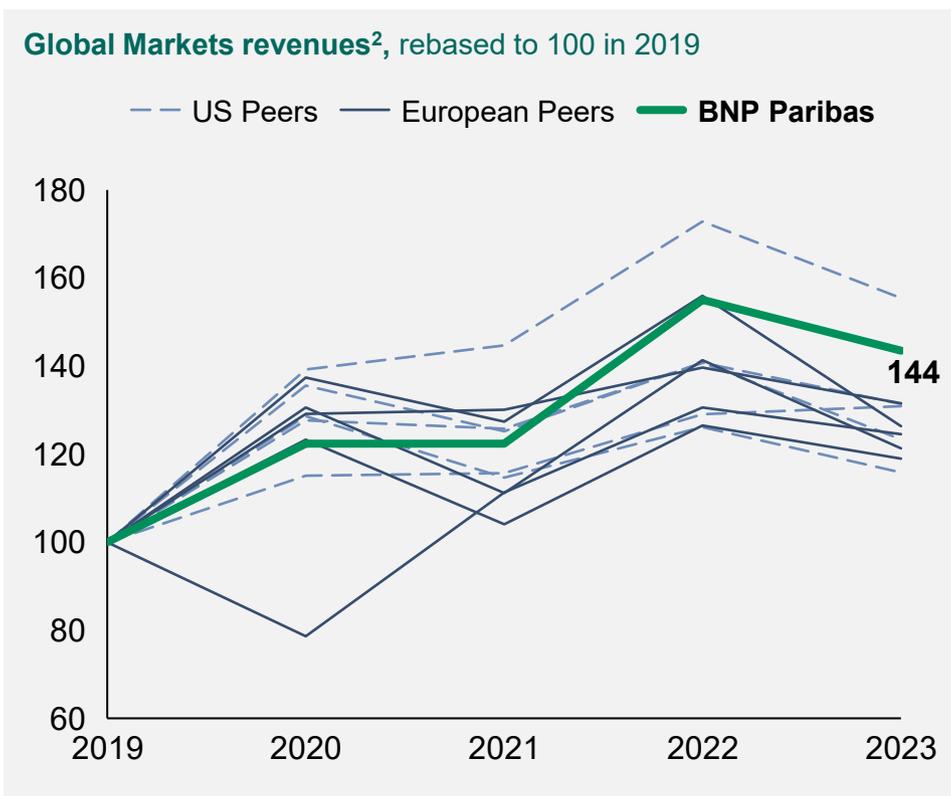


GLOBAL MARKETS | Strong Global Markets, including comprehensive Equities offering, allows BNP Paribas to deepen its client relationships and to support product distribution

BNP Paribas has continued to increase its relevance with Global Markets clients...



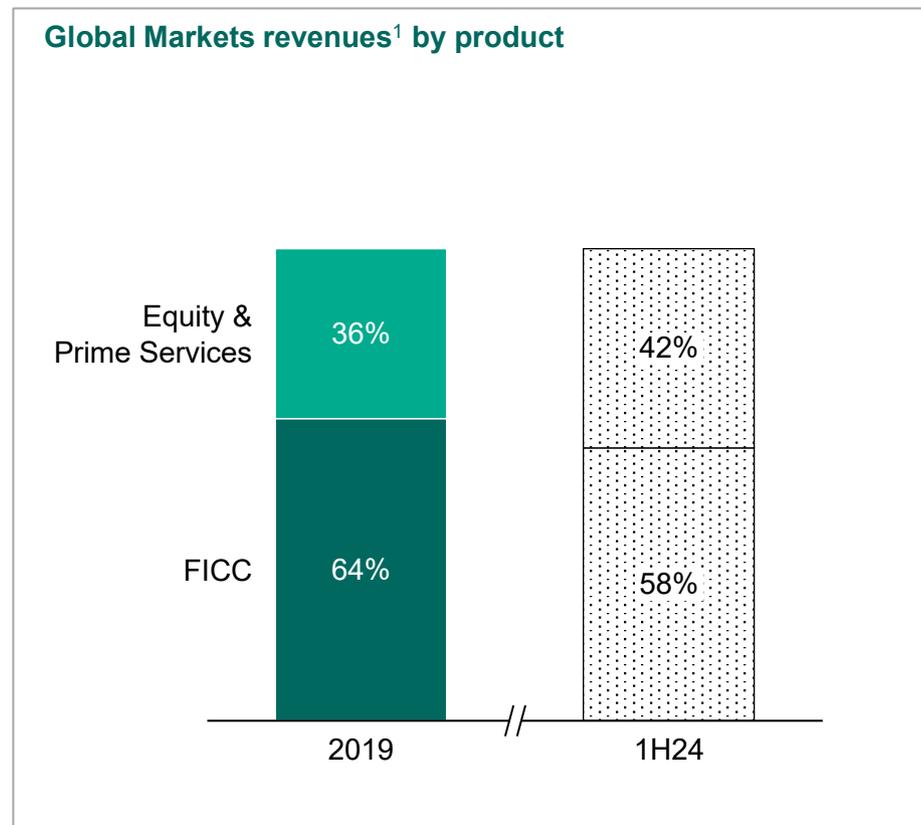
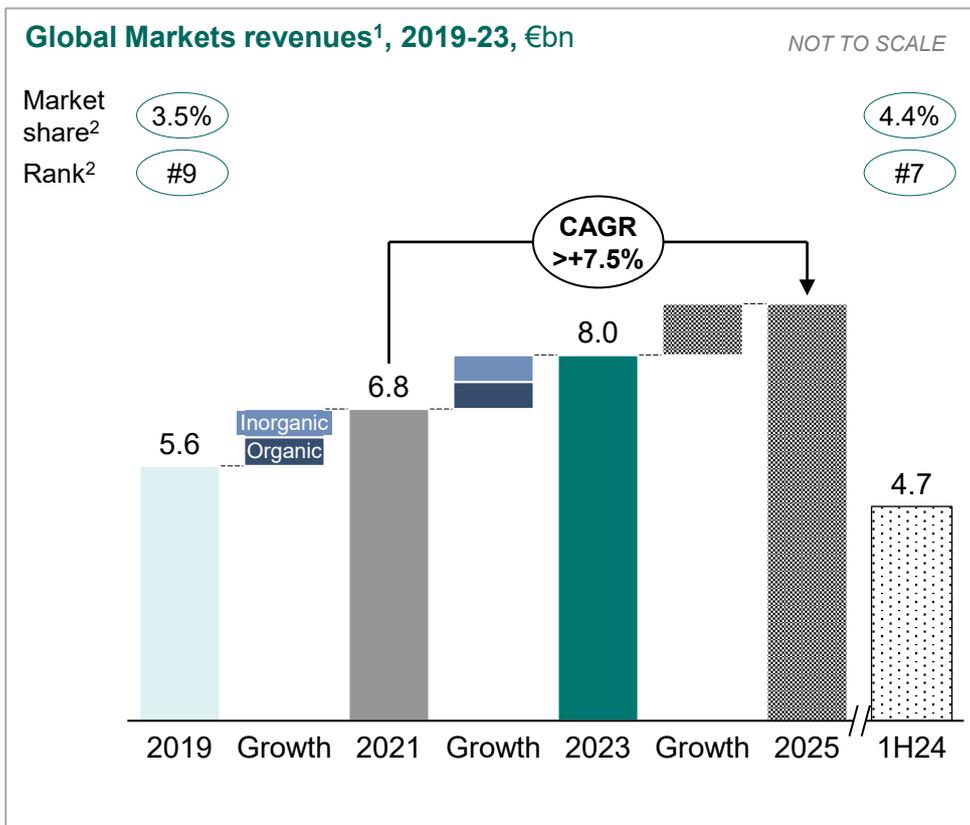
... resulting in BNP Paribas becoming the fastest growing European Global Markets franchise



# GLOBAL MARKETS | Execution of our strategy has resulted in a step change in the revenue profile of the Global Markets franchise

By delivering on its strategy, BNP Paribas Global Markets has significantly changed its revenue profile ...

... while continuing to diversify the overall Global Markets franchise



Transformational inorganic growth

Business diversification

Broader client base

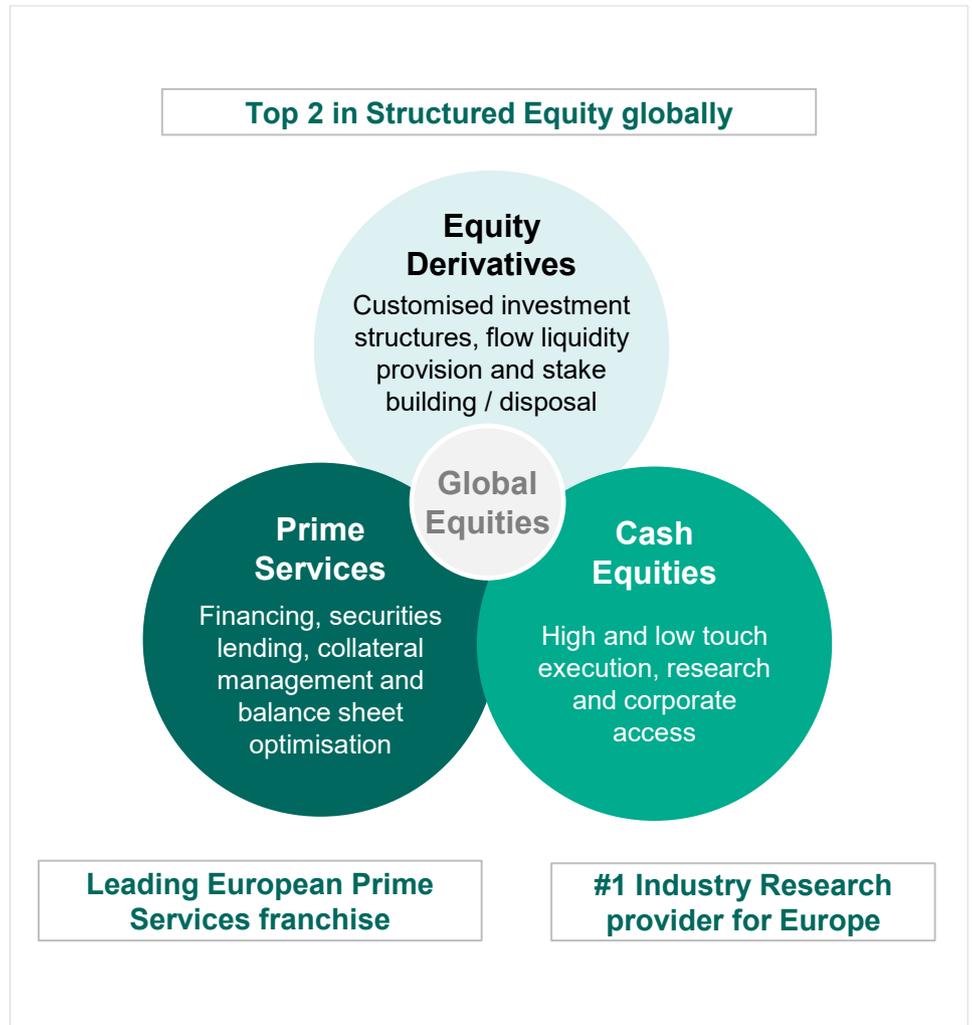
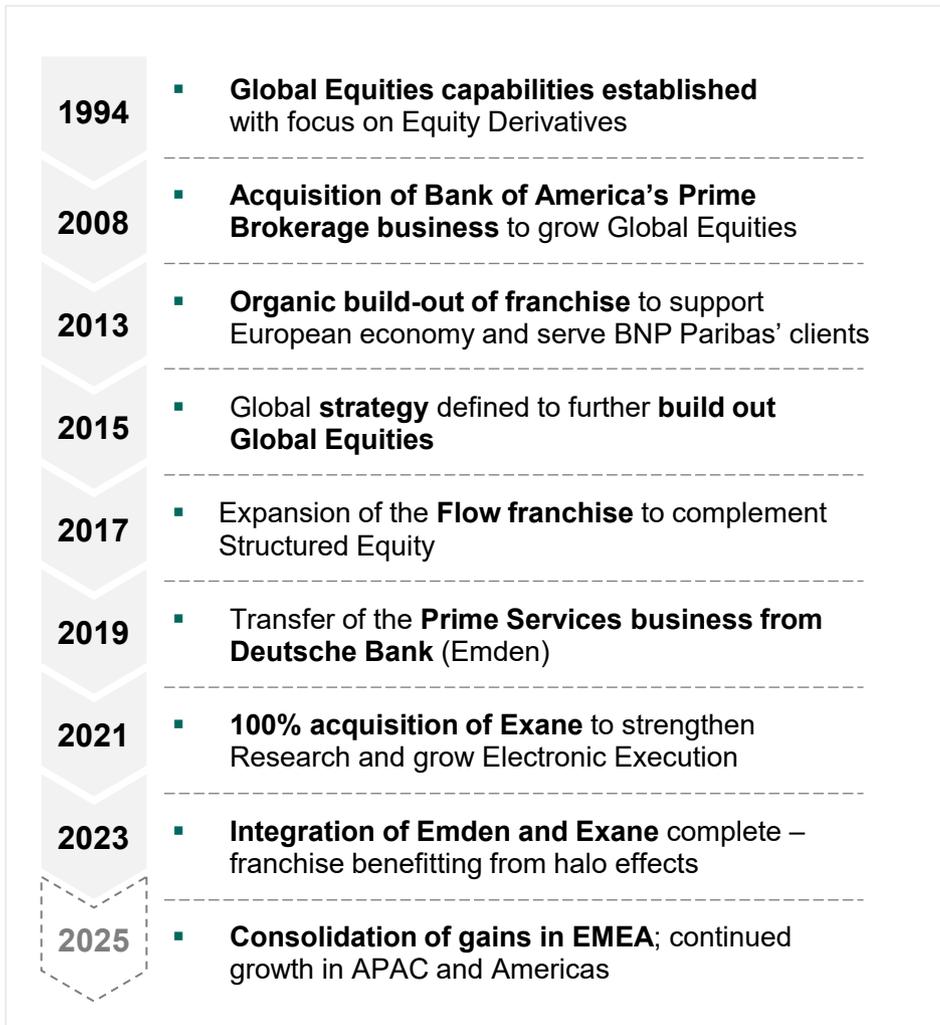
Growth in all regions

Prudent risk mgmt., investment in tech

# GLOBAL EQUITIES | Global Equities consists of three world-class businesses, which have been pivotal in strengthening the Global Markets franchise

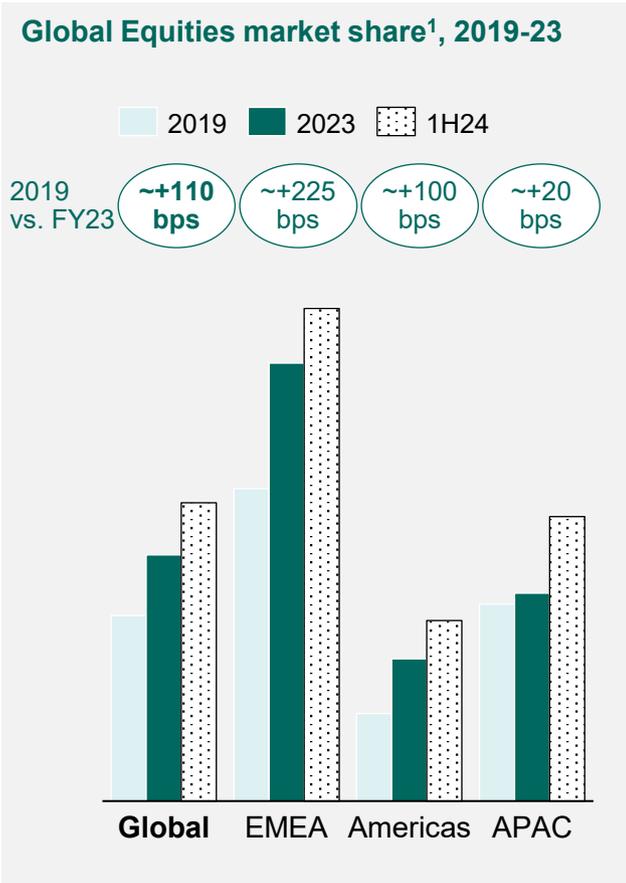
## Successful execution of growth initiatives...

## ... resulting in a diversified growth engine for CIB

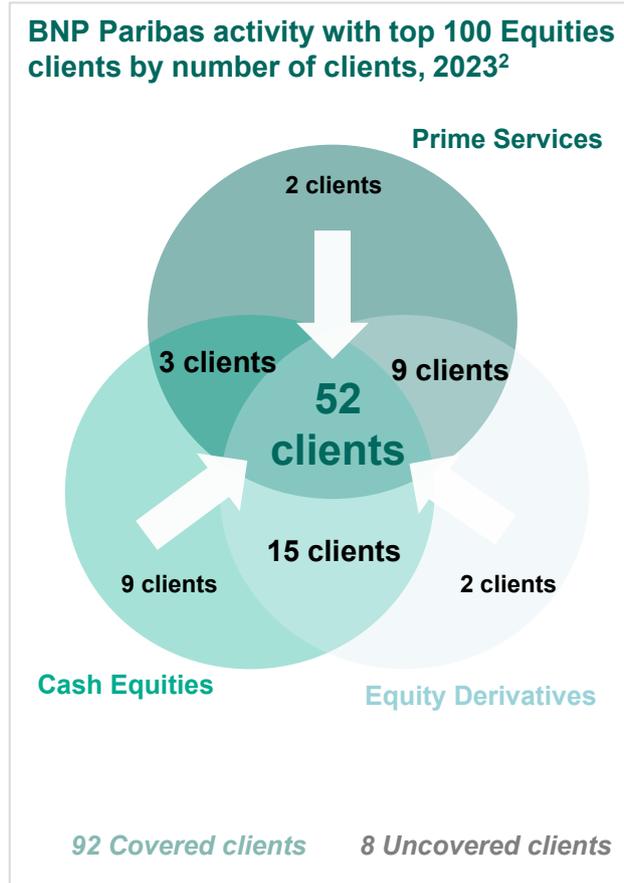


GLOBAL EQUITIES | Global Equities has changed in scale, increasing BNP Paribas' relevance with institutional clients and creating a platform for significant future growth

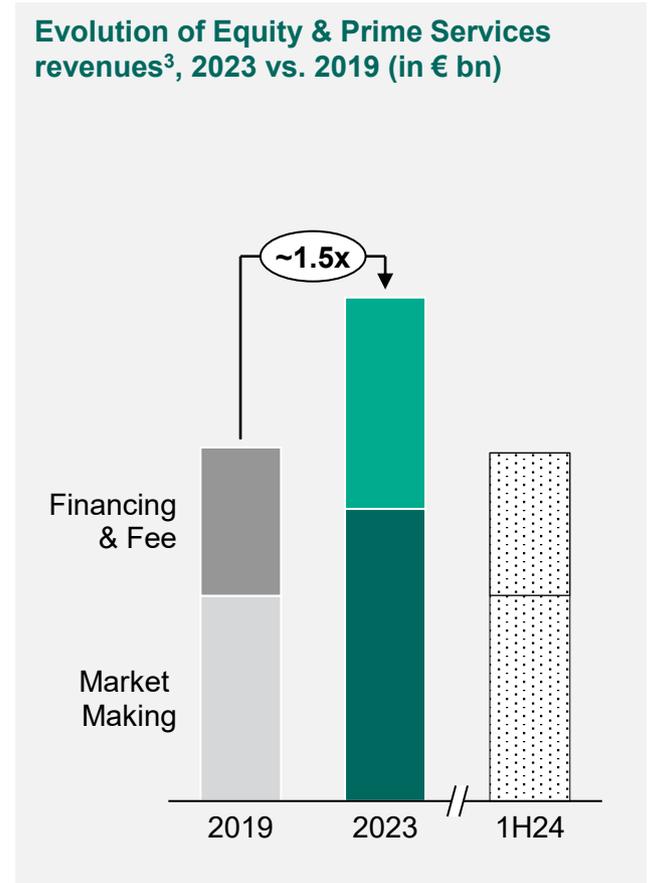
Continued growth across all regions and products ...



... capturing the halo effects with the largest institutional clients ...

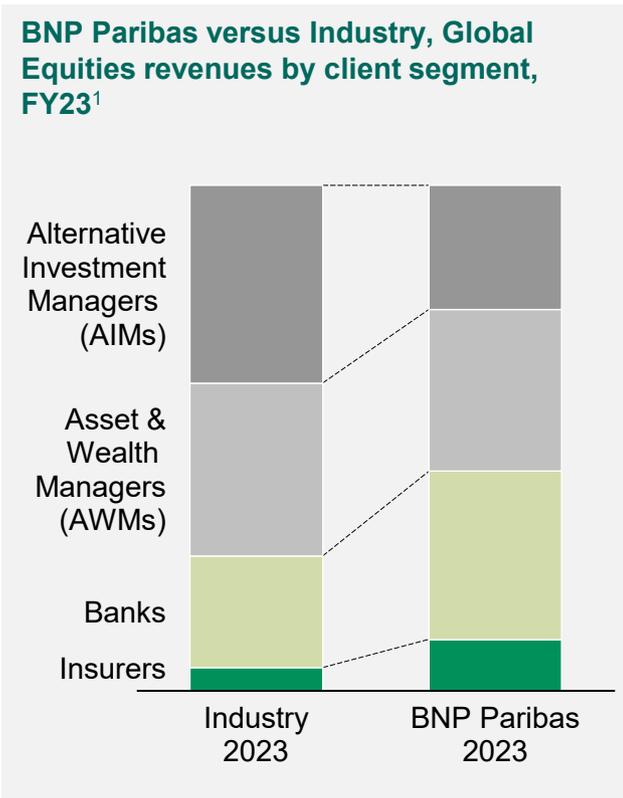


... and leading to a balanced revenue profile

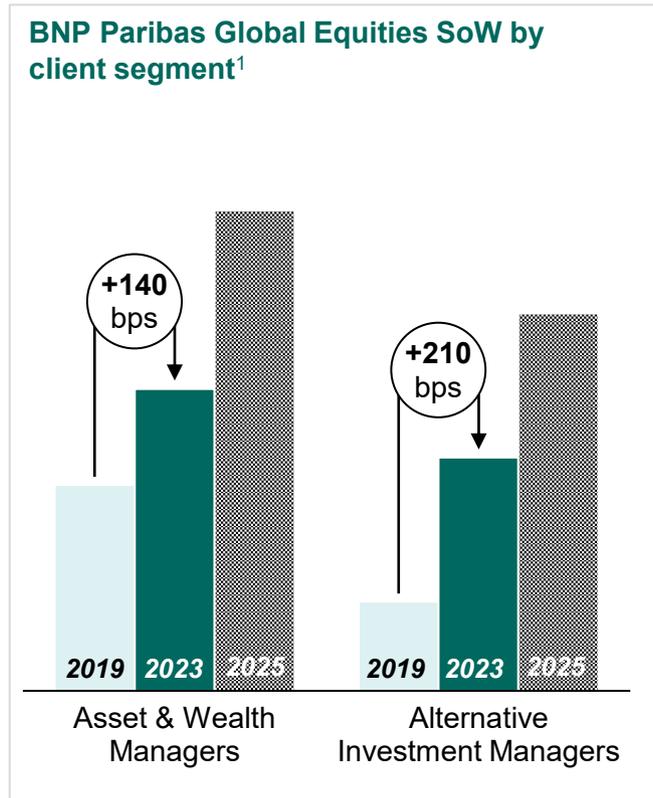


GLOBAL EQUITIES | In Equities, BNP Paribas is accelerating its growth with AWMs and AIMs, while continuing to invest in long-standing relationships with Banks and Insurers

Historically, BNP Paribas has had high penetration with Banks and Insurers...



... stronger Equities offering increasing BNP Paribas' relevance with AWMs AIMs ...



... creating a scalable platform to facilitate financing of global economy

- Increased intimacy with Institutional clients strengthening the bridge between the financing of corporates and the investment needs of institutional clients
- Creating a market-place effect within the franchise facilitating the 'virtuous circle' between research, trading, financing and execution
- Leveraging lean, stable and scalable digital platforms to be able to facilitate the activity life-cycle and growth even for our most sophisticated clients

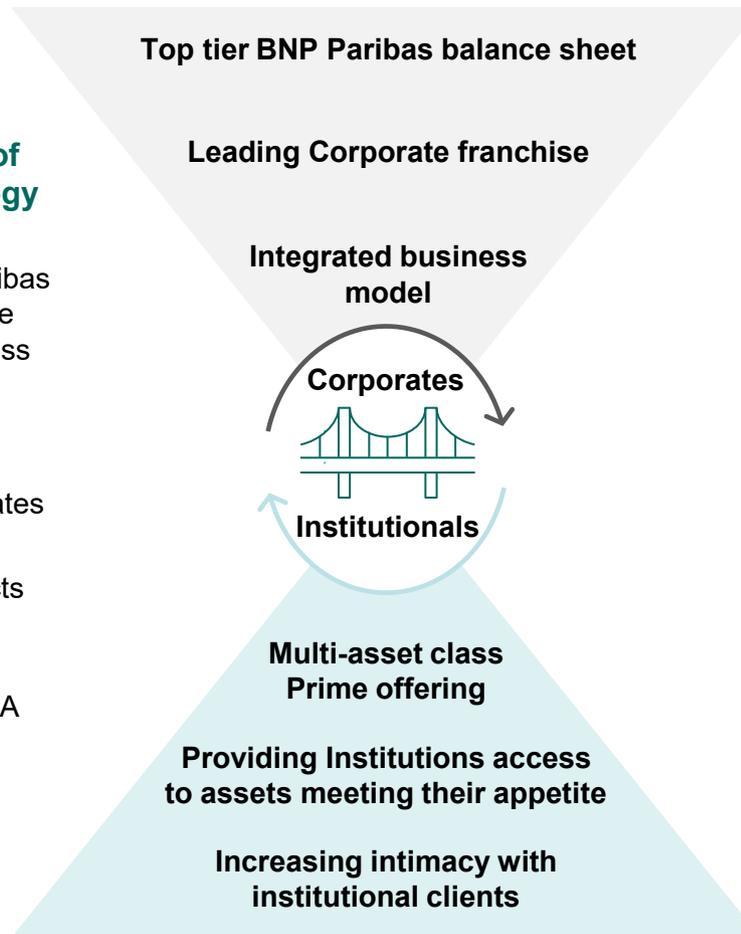
# PRIME SERVICES | Leading Prime Services offering enables BNP Paribas to increase its intimacy with the largest institutional clients

Prime Services is the anchor product in serving BNP Paribas' institutional client base and also benefits the broader GM and CIB franchise

The business has changed leagues showcasing the confidence of clients

## Prime Services is at the core of the overall BNP Paribas strategy

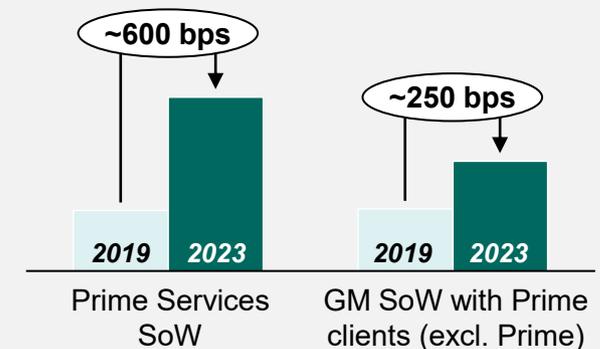
- Prime offering allows BNP Paribas to deepen relationships with the largest institutional clients across the globe
- Facilitating the bridge between institutional clients and corporates
- Creating significant halo impacts across the franchise
- Generating high returning, RWA efficient and stable financing income



## BNP Paribas Prime balances<sup>1</sup>, indexed to 100

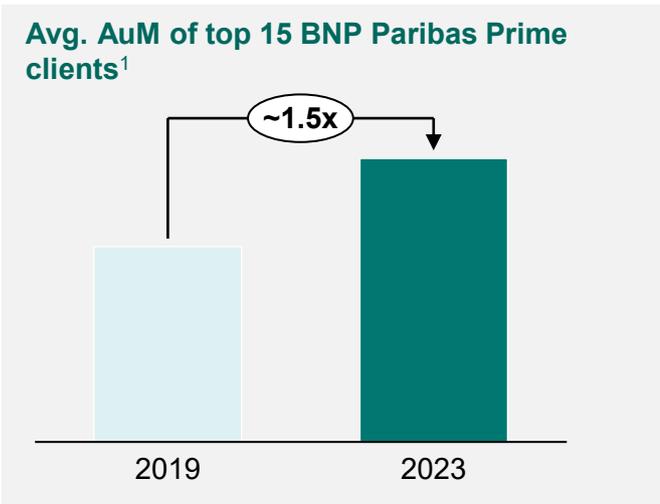


## BNP Paribas top 30 Prime clients SoW<sup>2</sup>

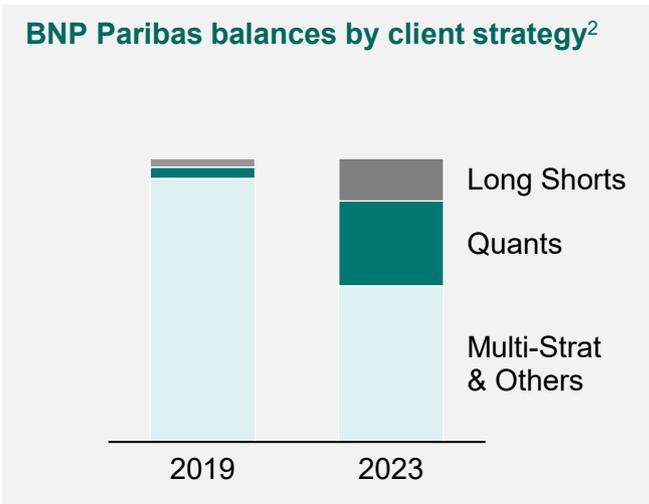


PRIME SERVICES | Successful execution of the strategy has allowed BNP Paribas to transform its franchise in terms of scale and client base within Prime Services

BNP Paribas serving largest clients in Prime ...

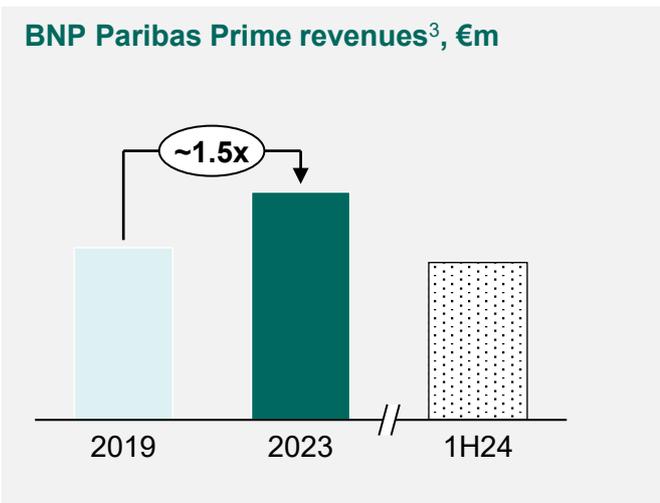


...allowing portfolio to be diversified ...

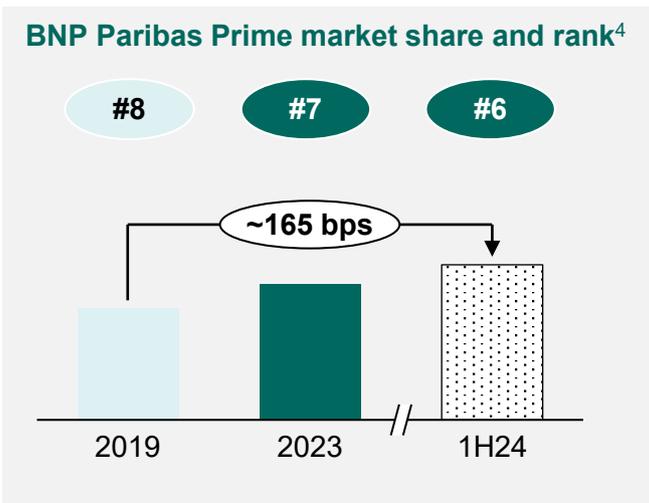


- Prime Services business is **servicing the largest institutional clients** across the globe
- ~80% of the top 20 BNP Paribas Prime Services clients are either new clients or were outside the top 20 in 2019
- Diversification of the client mix is creating further opportunities and significant **risk management benefits**
- Significant change in scale** post transfer of Prime Services technology and clients as balances continue to grow
- Significant opportunity for further growth** as relationships with institutional clients are deepened and become the leading European Prime Services franchise

... while significantly growing revenues ...



... gaining market share and improving rank



# PRIME SERVICES | BNP Paribas Prime Services is now uniquely positioned to further build on the positive momentum and create long-term value for clients

Prime Services franchise benefits from BNP Paribas' integrated business model ...

... and is strengthened by the upgraded risk management systems to keep the business safe



**Scalable platform** ready to absorb future growth and become the **leading European Prime Services provider**



Deep and expansive pools of securities lending and inventory supply **leveraging BNP Paribas' top-tier balance sheet**

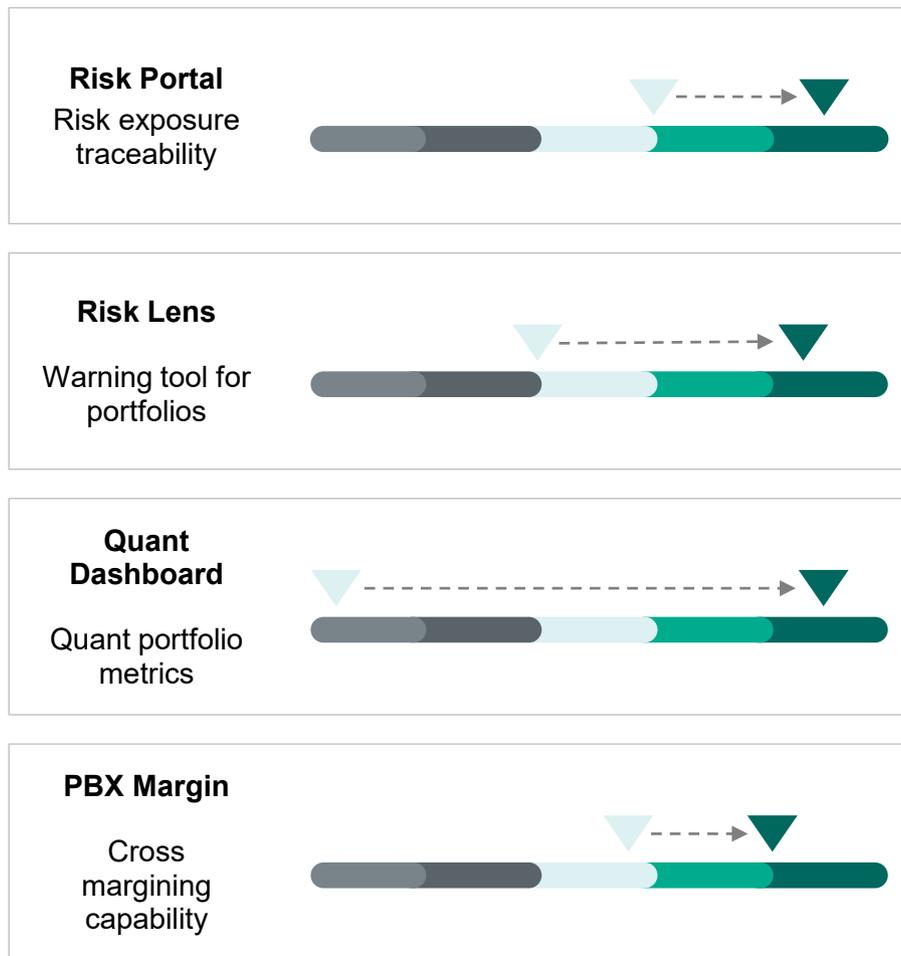


**Complete international Prime Services capabilities** providing market access in both developed and emerging markets



**Commitment to a complete, global platform,** delivering scale and deep, broad client relationships

## System Evolution of capabilities, 2019-23



Low capabilities Best-in-class 2019 2023

# CASH EQUITIES | Cash Equities offering completes the full Equities value chain and strengthens the link between institutional and corporate clients

## Leading full-service Cash Equities platform strengthened by the Exane acquisition ...

- **Global Cash Equities integrated offering to the wide spectrum of institutional investors:**
  - Institutional Asset Managers & Discretionary L/S
  - Quant & Systematic
  - Wholesale and Broker Dealers
  - Sovereign Wealth and Index Funds

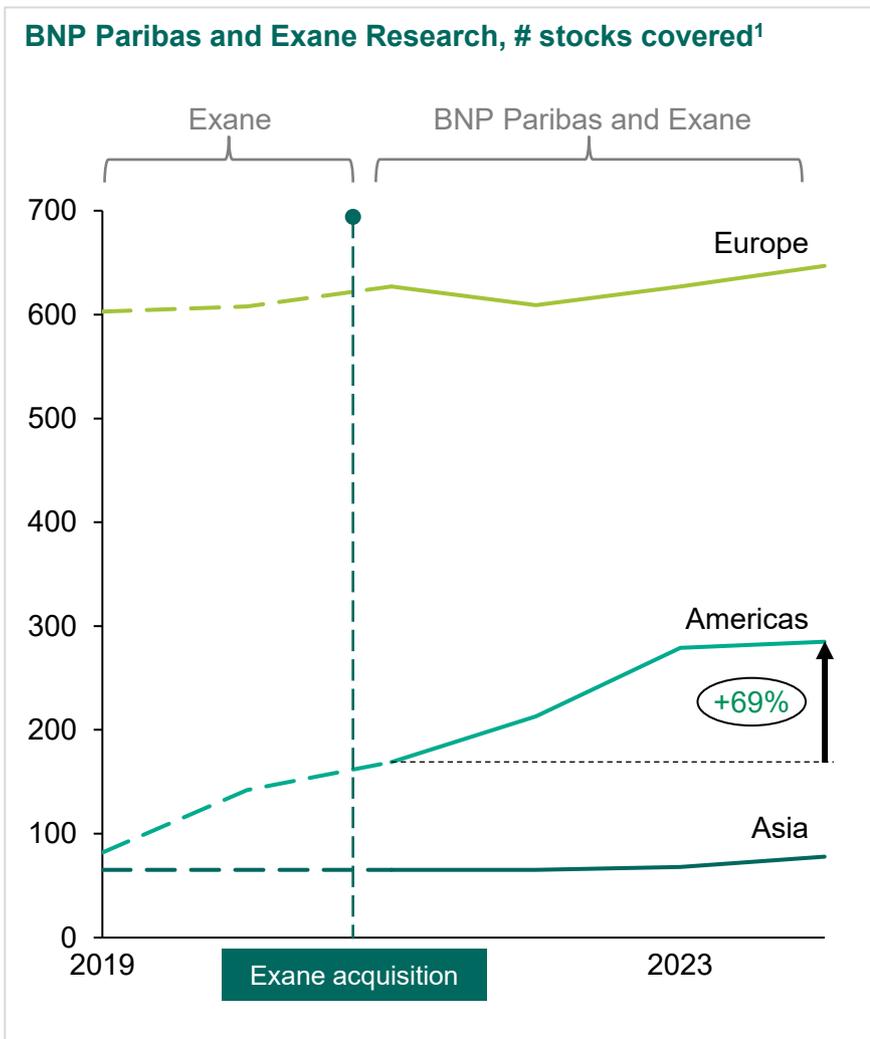


## ... facilitating the bridge between institutional investors and corporates

	<p><b>Enabling institutional investors to support the financing of corporates in a resource constrained environment</b></p>
	<p><b>Expansion of Cash Equities globally to fully leverage the product, platform and content strengths</b></p>
	<p><b>Direct halo effect across Prime Services and Equity Derivatives alongside cross-selling opportunities within wider GM franchise</b></p>
	<p><b>Collaboration across BNP Paribas business lines including Global Banking, Capital Markets, M&amp;A and Corporate Coverage</b></p>

CASH EQUITIES | Exane acquisition enables BNP Paribas to offer top-tier research content, increasing relevance among clients and further deepening relationships

While coverage of stocks is increasing ...

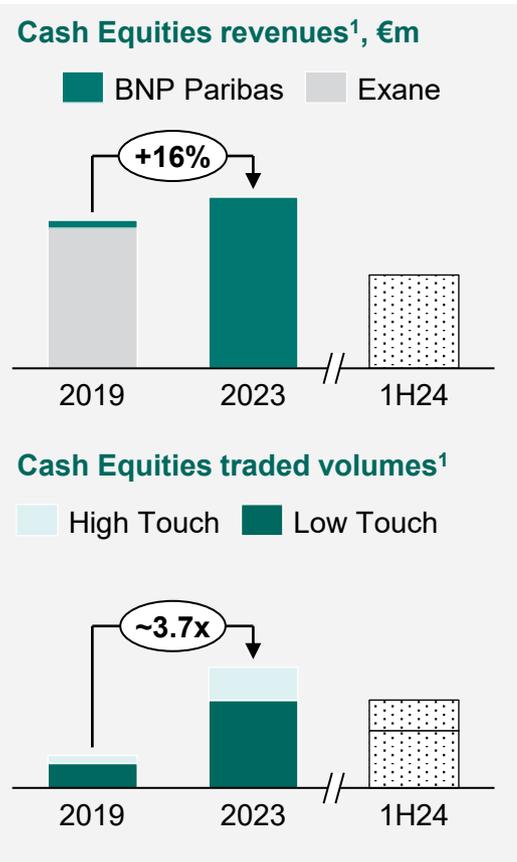


... BNP Paribas maintains top 3 rank in 15 EMEA industries<sup>2</sup>

Payments	Specialty & Other Finance	Transport
Business & Employment Services	Auto & Auto Parts	Chemicals
Food Producers	Forestry, Paper & Packaging	Retailing General
Telecommunication Services	Utilities and Clean Energy	Aerospace and Defense
Household and Personal Care Products	Luxury Goods	Oil & Gas Exploration & Production

# CASH EQUITIES | Near-term ambition is to build on the leading position in EMEA and expand globally with strong alignment with the wider BNP Paribas Group

## Overall growth of the Cash Equities franchise ...



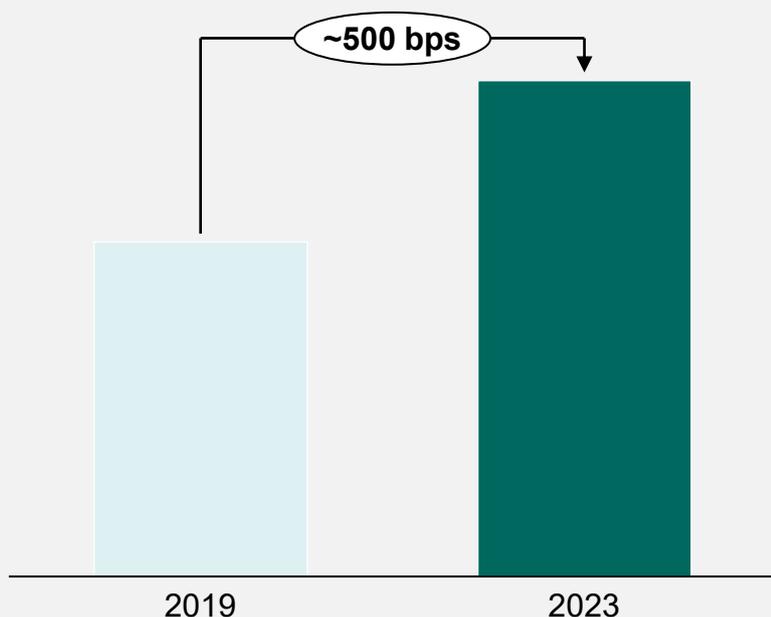
## ... with a future ambition to leverage BNP Paribas' integrated business to accelerate growth in EMEA while selectively growing in the other regions

Accelerated growth	Selective growth	
EMEA	Americas	APAC
<ul style="list-style-type: none"> <li>▪ <b>Grow market share in execution</b> leveraging 'best of both' technology and people acquired as part of inorganic growth</li> <li>▪ <b>Leverage Research franchise</b> to build new revenue opportunities across Equities</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Progressive and profitable expansion</b> across equity research, distribution, execution</li> <li>▪ <b>Expand client base and product breadth</b></li> <li>▪ Global sector priorities: <b>TMT, Consumer, Industrials</b> and <b>Energy Transition</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Build an integrated Cash Equities</b> offering across markets and banking</li> <li>▪ Regional investment focused on <b>Hong Kong</b> and <b>China</b></li> </ul>
<p><b>Integrated model benefiting and supporting the Bank</b></p> <ul style="list-style-type: none"> <li>▪ <b>Strong alignment and coordination</b> across key sector verticals within Global Banking</li> <li>▪ Leverage franchise to support development of key banking businesses such as <b>ECM</b> and <b>M&amp;A</b></li> </ul>		

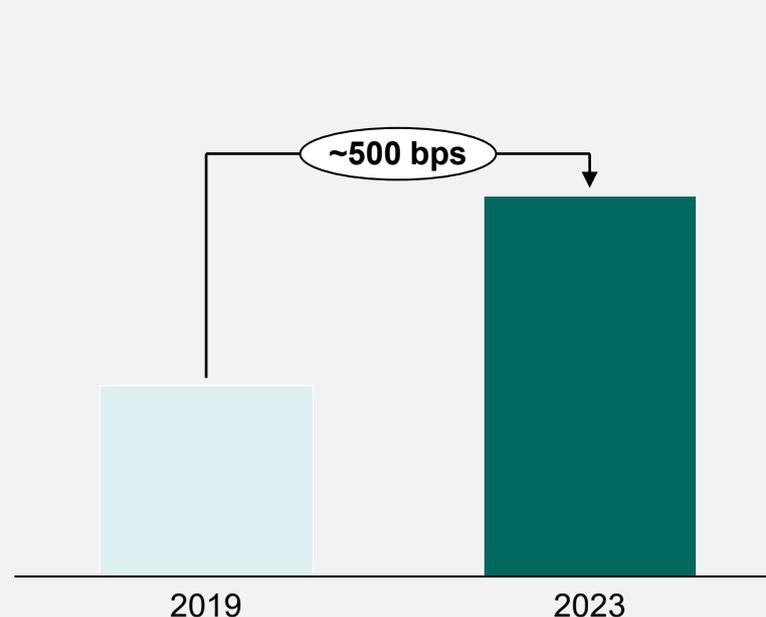
Equity Derivatives (EQD) has continued to protect its historically strong Structured franchise ...

... while diversifying the business and growing its Flow business across regions

EQD Structured SoW, Top 100 Institutional clients<sup>1</sup>

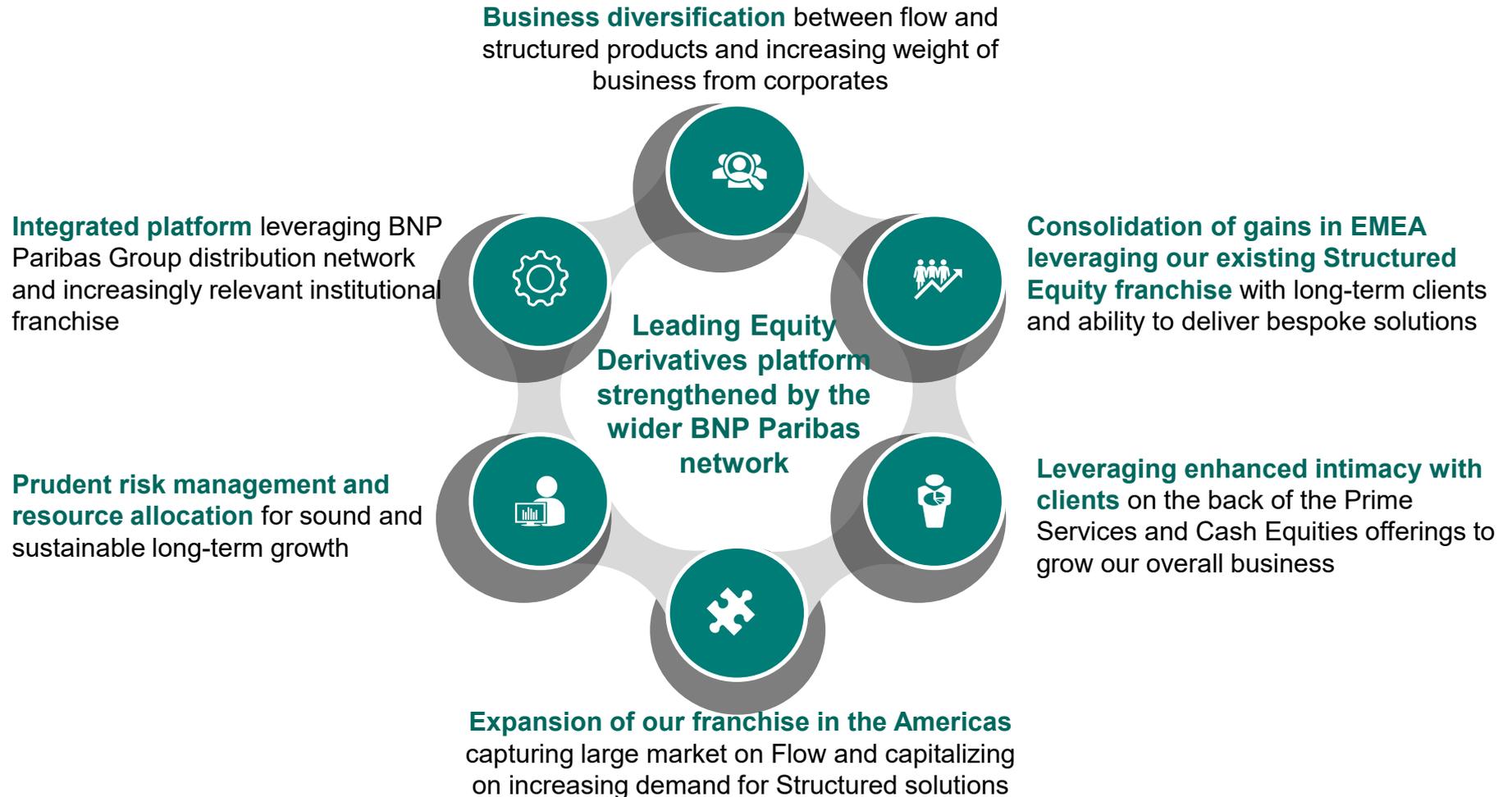


EQD Flow SoW, Top 100 Institutional clients<sup>1</sup>



- **Track record of over 30 years** in developing innovative equity derivatives strategies
- **Leader in structured products** with strong growth ambition in the flow business
- **Consistently ranked top 3 in EMEA** within Structured Equity and **Tier 1 player globally**

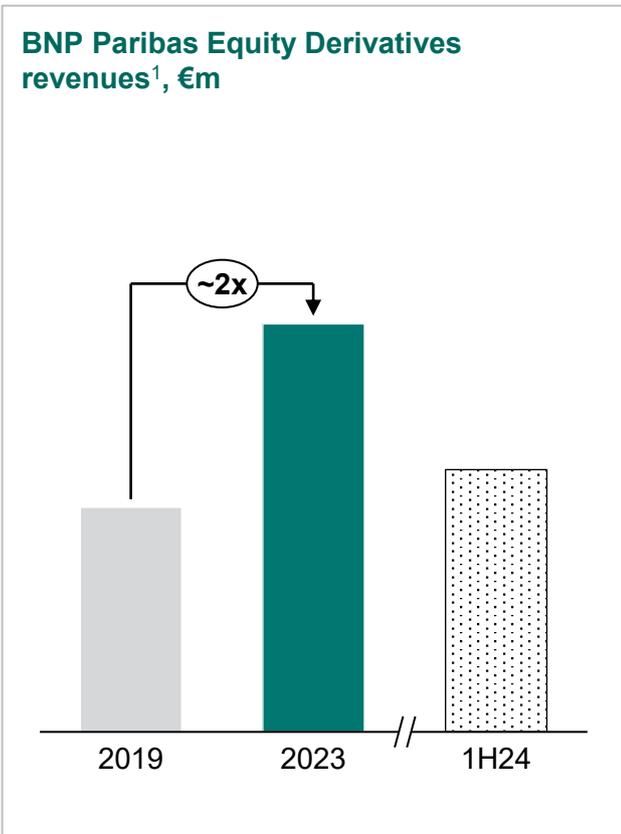
Business has deployed a robust strategy leveraging the strengths of the wider Global Equities franchise and of the BNP Paribas Group



# EQUITY DERIVATIVES |

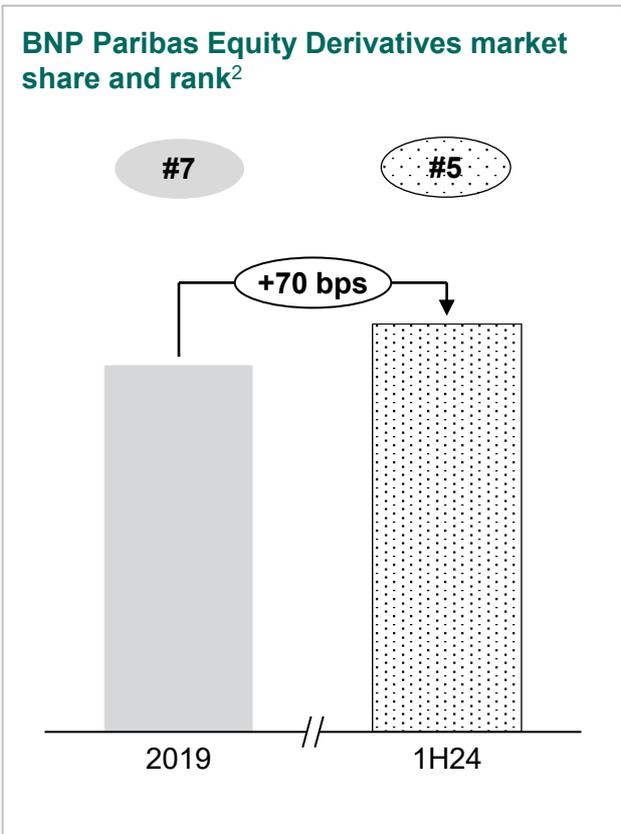
EQD strategy has already yielded higher revenues and market share gains, with significant room for further expansion across regions

Solid growth momentum across the EQD business ...



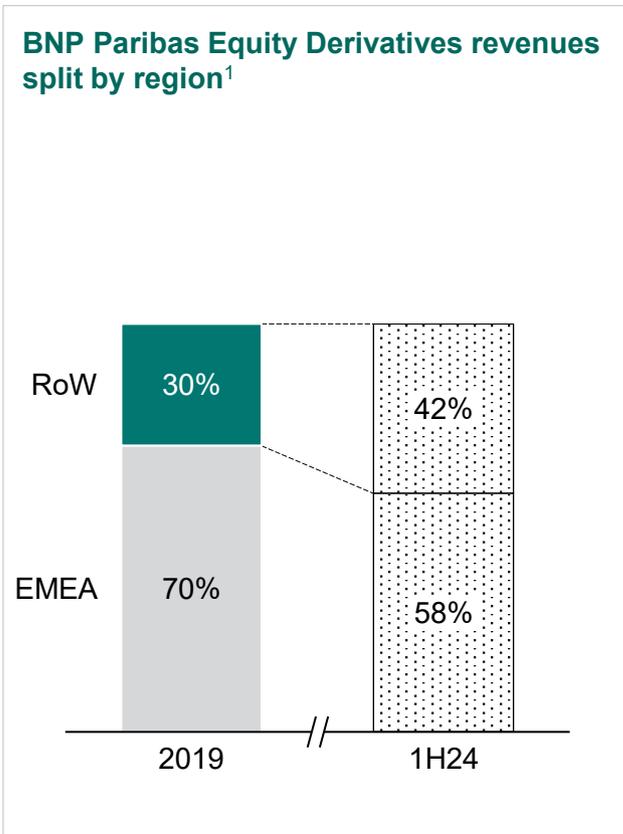
Leading Equity Derivates franchise in EMEA

... leading to a significant gain in rank and market share ...



Consistently a Tier 1 Structured Equity house globally

... while globalizing the overall franchise



Diversifying revenues sources across 3 regions

— OUTLOOK | A comprehensive Equities platform uniquely positioned to capitalise on future growth opportunities and gain market share



**30+ years of track record** in Global Equities **offering three world-class products**, strengthened by the migration of Prime Brokerage activities and technology platforms as well as the acquisition of Exane

Strong Equities business creating **significant halo effect across the CIB franchise** and strengthening the **bridge between the corporate and institutional franchises**, while being **supported by the BNP Paribas network**

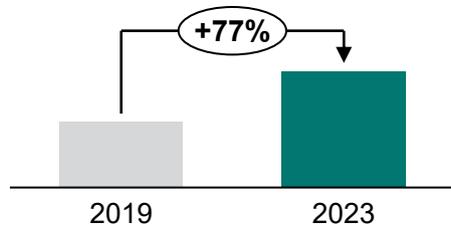
Significant **room for further growth** from increasing the **depth and breadth of client coverage** while maintaining a **balanced revenue profile** and leveraging the **scalable Equities platform**

Technology is a critical enabler supporting BNP Paribas' business growth while improving operational efficiency

Technology is at the core of new services and improved client experience

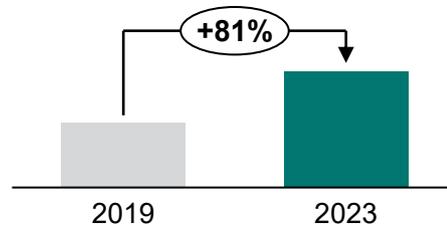
Digitising client interactions

Active clients using Equity Derivatives electronic channels



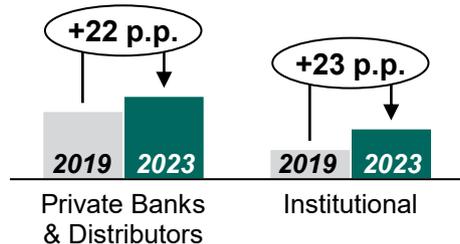
Increasing automation

# of trades – OBO or electronic within Equity Derivatives



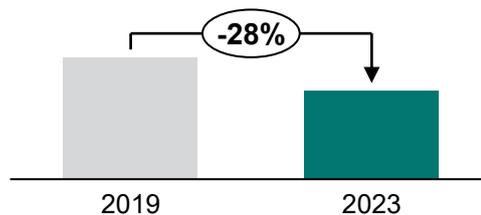
Improving client experience

Proportion of electronic trading volumes by Equity Derivatives client type



Keeping costs under control

Equity Derivatives cost per trade



... to reinforce infrastructure and platform resilience positioning BNP Paribas as a leader on electronic platforms

- GM app and Exane Cube to share Fixed Income and Equity research from Markets 360, Exane and Sales / Trading desks including tailored functionalities and personalised recommendations
- ~15k readings of GM app per week across distribution channels



BNP Paribas is investing in innovative technologies to upgrade its platforms

- Significant investment and focus on AI to automate processes
- Partnerships with leading Generative AI providers to ensure transformation of the business and readiness for the future
- 40+ headcounts dedicated to AI within the Global Markets lab

>50% of GM employees leveraging GenAI

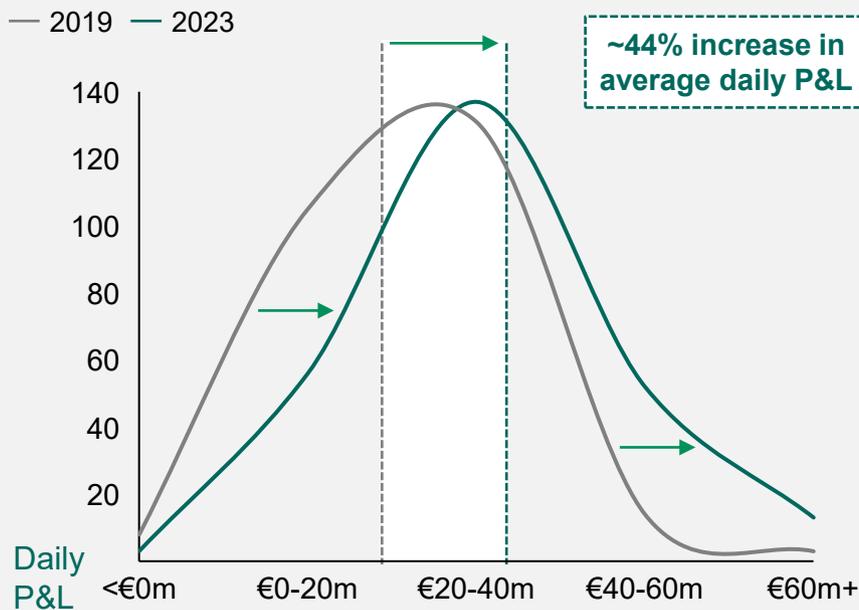


RISK MANAGEMENT | Business diversification and disciplined risk management have enabled Global Markets to grow its revenues while keeping risks under control

Global Markets has substantially increased its average daily P&L ...

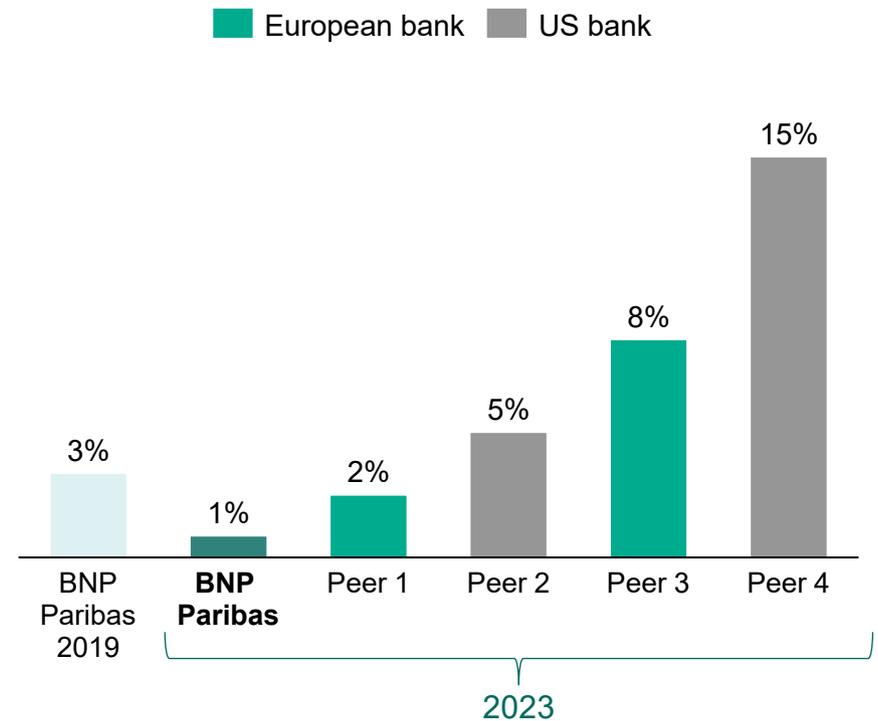
... while reducing the number of negative P&L days and carefully managing its risks

Daily trading P&L distribution<sup>1</sup>, # of days



Global Markets average daily P&L increase significantly above increase in VaR

Percentage of negative trading P&L days<sup>2</sup>, FY23



## CONCLUSION | A value-creation engine at the core of our investment case and strategy

1

**Gain**  
market share  
at marginal  
cost

**Prioritise** the best-positioned clients

**Scale up** industrial platforms

**Expand** cross-selling

**Provide** right service to the right client with the right level of profitability

2

**Optimise**  
the cost of  
capital  
constraint

**Target** growth drivers

**Expand** fee-income businesses

Invest in Beyond Banking activities

**Strengthen** our Originate & Distribute capabilities

3

**Adapt**  
to economic  
cycles

**Optimise** portfolios on an ongoing basis

**Maintain** balance in capital allocation

**Perpetuate** our prudent and proactive risk culture

**Divest** non-core businesses

4

**Support**  
the energy  
transition

**Adapt** to clients' needs with dedicated products

**Deploy structures in each business line**

**Invest** in training on an ongoing basis

**Stick** to our culture of engagement

5

**Invest**  
in people and  
technology

**Reinforce** employee commitment

**Attract** and retain talents

**Invest** in technology and security

**Anticipate** AI-driven disruptions



## END NOTES (1/2)

### Page 4

1. Source: BNP Paribas management figures , 2023

### Page 5

1. Source: BNP Paribas internal client contribution per client type 2019 and 2023
2. Source: Banks annual reports

### Page 6

1. Source: BNP Paribas management figures
2. Source: Coalition Greenwich FY19 and 1H24 (preliminary) Competitor Analytics, Global Markets excluding US Munis. Pool shares and ranks based upon BNP Paribas internal revenues and taxonomy, and Coalition Index Banks: BofA, BARC, BNP Paribas (Private), Citi, CS, DB, GS, HSBC, JPM, MS, SG, UBS. BNP Paribas Split between financing and fee and market making revenues based upon BNP Paribas internal analysis of revenues

### Page 8

1. Source: Coalition Greenwich FY19, FY23 & 1H24 (preliminary) Competitor Analytics, Global Equities excluding Platforms. Share of Index based upon BNP Paribas internal revenues and taxonomy. Coalition Index Banks: BofA, BARC, BNP Paribas (Private), Citi, DB, GS, HSBC, JPM, MS, SG, UBS
2. Source: Based on BNP Paribas analysis. Top 100 Equities clients with activity in Cash Equities, Equity Derivatives and Prime Services based on Coalition Greenwich Institutional Client Intelligence service across 2,049 client entities in FY23
3. Source: BNP Paribas management figures

### Page 9

1. Source: Coalition Greenwich Institutional Client Intelligence. SoW is based on 2,049 client entities in FY23 and 1,650 client entities analyzed in FY19. FY25 SoW figures are BNP Paribas internally projected estimates. Charts are not according to scale.

### Page 10

1. Source: BNP Paribas management figures
2. Source: Coalition Greenwich Institutional Client Intelligence. SoW is based on 2,049 client entities in FY23 and 1,650 client entities analysed in FY19. Top 30 Prime Clients an internal BNP Paribas list based on highest Prime Services revenue in FY23. Chart is not according to scale. Share gains are approximate by +/- 5bps

### Page 11

1. Source: Average AuM based on public data sources of top 15 BNP Paribas Prime Services clients
2. Source: BNP Paribas management figures
3. Source: BNP Paribas management figures
4. Source: Coalition Greenwich FY19, FY23 & 1H24 (preliminary) Competitor Analytics. Share of Index based upon BNP Paribas internal revenues and taxonomy. Coalition Index Banks: BofA, BARC, BNP Paribas (Private), Citi, DB, GS, HSBC, JPM, MS, SG, UBS. Share gain is approximate +/- 5 bps and is based on preliminary 1H24 revenues and ranks. Estimates are based on BNP Paribas confirmation that no Visa B exchange offer gain were booked in Equities & Prime Services in 2Q24

## END NOTES (2/2)

### Page 14

1. Source: BNP Paribas management figures
2. Source: 2024 Extel survey for Developed Europe (former Institutional Investor Research)

### Page 15

1. Source: Internal BNP Paribas Cash Equities revenues and volumes numbers

### Page 16

1. Source: Coalition Greenwich Institutional Client Intelligence. SoW is based on 2,049 client entities in FY23 and 1,650 client entities analysed in FY19. Share gains are approximate by +/- 5bps. Charts are not according to scale. Top 100 institutional clients are BNP Paribas's largest revenue institutional clients in EQD Structured and EQD Flow respectively in FY23, comparing with the same set of clients in FY19
2. Source: Coalition Greenwich Institutional Client Intelligence. SoW is based on 2,049 client entities in FY23 and 1,650 client entities analysed in FY19. Top 100 Equities clients are the Top 100 largest Equities clients with a nonzero wallet in each of Cash Equities, Equity Derivatives and Prime Services.

### Page 18

1. Source: Internal BNP Paribas Finance revenues numbers
2. Source: Coalition Greenwich FY19 & 1H24 (prelim) Competitor Analytics. Share of Index based upon BNP Paribas internal revenues and taxonomy. Coalition Index Banks: BofA, BARC, BNP Paribas (Private), Citi, DB, GS, HSBC, JPM, MS, SG, UBS. 1H24 revenues and ranks are preliminary. Estimates are based on BNP Paribas confirmation that no Visa B exchange offer gain were booked in Equities & Prime Services in 2Q24

### Page 21

1. Source: BNP Paribas annual report
2. Source: BNP Paribas and Banks annual reports

## CONTACTS AND UPCOMING EVENTS

### — Investor Relations and Financial Information

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Lisa Bugat

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Olivier Parenty

#### Debt & Rating agencies

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Olivier Parenty

#### Retail and ESG

Patrice Menard

Antoine Labarsouque

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### — Upcoming events in 2024

16 October 2024	Quiet period begins
31 October 2024	3Q24 earnings reporting date
15 January 2025	Quiet period begins
4 February 2025	4Q24 and FY24 earnings reporting date

#### Next Deep Dives in 2024

Q4                      Insurance

**The consensus collected and aggregated by BNP Paribas Investor Relations team** is now available on the following link: [BNP Paribas share | Investors & Shareholders | BNP Paribas Bank](#).

It corresponds to arithmetic average Profit and Loss estimates at the Group level, sent by analysts invited by BNP Paribas to contribute

## DISCLAIMER

The figures included in this presentation are unaudited.

As a reminder, on 29 February 2024 BNP Paribas reported restated quarterly series for 2023 to reflect, in particular, the end of the build-up of the Single Resolution Fund (SRF), effective 1 January 2024, and the assumption of a similar contribution to local bank taxes at a level estimated at about 200 million euros annually beginning in 2024, as well as an accounting heading separated from cost of risk and entitled "Other net losses for risks on financial instruments", beginning in the fourth quarter 2023. This presentation reflects this restatement.

This presentation includes forward-looking statements based on current beliefs and expectations about future events. Forward-looking statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future events, operations, products and services, and statements regarding future performance and synergies. Forward-looking statements are not guarantees of future performance and are subject to inherent risks, uncertainties and assumptions about BNP Paribas and its subsidiaries and investments, developments of BNP Paribas and its subsidiaries, banking industry trends, future capital expenditures and acquisitions, changes in economic conditions globally, or in BNP Paribas' principal local markets, the competitive market and regulatory factors. Those events are uncertain; their outcome may differ from current expectations which may in turn significantly affect expected results.

Consequently, actual results may differ from those projected or implied in these forward-looking statements due to a variety of factors. These factors include among others: i) BNP Paribas's ability to achieve its objectives, ii) the impacts from central bank interest rate policies, whether due to continued elevated interest rates or potential significant reductions in interest rates, iii) changes in regulatory capital and liquidity rules, iv) continued elevated levels of, or any resurgence in, inflation and its impacts, v) the various geopolitical uncertainties and impacts related notably to the invasion of Ukraine and the conflict in the Middle East, or vi) the precautionary statements included in this presentation.

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