BNP Paribas
Deep Dive Equity & Prime Services

17 September 2024

List of MAIN speakers	Company	Job title
Lars Machenil	BNP Paribas	Group Chief Financial Officer
Olivier Osty	BNP Paribas	Head of Global Markets
Nicolas Marque	BNP Paribas	Head of Global Equities
Ashley Wilson	BNP Paribas	Head of Prime Services
Aurelie Deleuze	BNP Paribas	Deputy Head of Cash Equities
Ben Spruntulis	BNP Paribas	Head of Cash Equities
Renaud Meary	BNP Paribas	Head of Equity Derivatives

DEEP DIVE EQUITY AND PRIME SERVICES

Bénédicte Thibord
Head of Investor Relations

Good afternoon. We are delighted to welcome you to our second deep-dive call dedicated to the equities business. The objective of this new initiative, run by BNP Paribas Investor Relations team is mainly to help you better understand the value of BNP Paribas' diversified and integrated model. I now pass on the mic to Lars.

OVERVIEW

Lars Machenil
Group Chief Financial Officer

Thank you, Bénédicte. Ladies and gentlemen, good afternoon. I am pleased to welcome you alongside Olivier to our deep dive call on equities. I have to excuse Yann Gérardin, Head of CIB, who due to unforeseen circumstances could not be with us.

We are here today, together with Nicolas Marque, Head of Global Equities; Ashley Wilson, Head of Prime Services; Renaud Meary, Head of Equity Derivatives; Ben Spruntulis, Head of Cash Equities; and Aurelie Deleuze, Deputy Head of Cash Equities to walk you through BNP Paribas' Global Equities activities.

We will present to you our vision, our key strengths, as well as our unique positioning and strategy.

As you will see throughout this presentation, the Equities business is strategically important for BNP Paribas' future growth and long-term strategy.

We will also leave some time at the end of the presentation to take your questions.

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

So with this, if I could ask you to swipe to slide three. And before diving into the EPS division, let me quickly remind you of CIB's vision and the key domains that we go for. And in particular, it's called CIB, so it's Corporate and Institutional Banking. So it caters for the financing of corporate clients, and let's not forget they are basically growing very fast, particularly in key domains that we have as climate transition and technology acceleration.

But as you know, the Basel rule applies to banks and constraints on banks' balance sheet are growing. And so, there is a need, and particularly in Europe, to have increasingly access to the capital markets, as does the US. And so, enabling this bridge represents a major opportunity for global institutional investors who are looking for investment prospects.

And our role at BNP Paribas is to be on their side to enable them to finance corporates and as you know, in general, the economy. And we will be instrumental to do so for them. Enabling the bridge between corporate and institutional clients is core to our model. And so, building the connection doesn't just come with a magical wand, right? It requires to have a deep corporate reach as well as intimacy with the largest global institutional clients.

And so, if we now turn to equities to make the bridge, both our corporate and institutional franchise strongly benefit from the expansion of our global equity business, complementing our debt offering with a full range of equity products and ergo increased relevance and intimacy. And so today, our clients are looking for a strong European CIB to support them across all regions. And I am confident that we at BNP Paribas have the capabilities to fulfil their demands.

So, with this, I've basically given you a quick recap of what CIB is doing. I will now hand it over to Olivier to guide you through the global markets' setup. Olivier.

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

Olivier Osty
Head of Global Markets

Thank you, Lars, and welcome, everyone. So, let's move to slide four. My first key message is about the integration of Global Markets within the BNP Paribas Group. We are often asked about the key success factors of GM's growth story. Well, I'm truly convinced that we have gained considerable benefits from being part of a well-diversified group. As the diagram on the left shows, we are at the centre of the BNP Paribas client flows. For example, we are the prominent execution platform for various businesses, including asset management and wealth management, transaction banking and securities services.

On the global banking side, we provide research content for Exane and risk management solutions for corporates. In addition to that, we facilitate the distribution of assets from global banking to our large institutional client franchise. We also leverage the distribution channels of CPBS and IPS by providing their clients investment products and structured solutions which are distributed across our networks. On the right-hand side of the slide, you can see in numbers, how Global Markets is working with the clients of the rest of the group. Only 12% of our client relationships are exclusively owned by Global Markets, and more than 82% of our client revenues are coming from relationships that span across CIB.

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

So now moving on to the next slide. Where do we come from? Well, actually the build-up of Global Markets is a result of a long-term strategy, and it has really accelerated in the past five years, actually since 2019. The result is that we have become more and more relevant with both corporate and institutional clients. And because we are more relevant, we have been able to increase our wallet share and revenues with both client segments. Our client inflows have grown by more than 50%, which you can see on the left-hand side of the slide.

In terms of the absolute numbers, this means that we have added more than €2 billion of client revenues to our institutional franchise since 2019, and more than €400 million of revenues to our corporate franchise. So, let's be clear: the build-up of the equity franchise has been critical in allowing us to achieve these strong results. If you take Asset Management, for example, we now provide them with the full spectrum of services across derivatives, Execution and Financing, so de facto we can meet their needs more effectively and we are winning more business from them. This has resulted in us becoming the second fastest growing Global Markets franchise overall, and the fastest growing European Global Markets business. This is what you can see on the right-hand side of the slide. And our positive momentum has continued in the second quarter of 2024, with 18% year-on-year growth in revenues as well as gains in market share. Overall, we remain confident in our platform to continue capturing market share in the future.

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

Moving on to slide six. Let me share with you my vision for the future of our Global Markets franchise. As you can see on the left, Global Markets has reached a new level in terms of size, scale, as I already alluded to in the previous slide. In revenue terms, we've moved from being a €5 billion business to an €8 billion business and gained 90 basis points of market share, since 2019. This impressive growth has been fuelled by both organic and inorganic expansion, as we have played an active role in the restructuring of the European banks. We now have a scale to succeed in an increasingly competitive industry, and we continue to see more opportunities for growth as smaller players find it increasingly challenging to be profitable due to increasing barriers of entry and lack of scale.

We successfully executed two significant transactions within our equity business with Exane and Deutsche Bank which Nicolas will discuss in more detail. These transactions clearly demonstrate BNP Paribas' commitments to Global Markets and have enabled us to add 1,600 people front to back in two years. These transactions have also allowed us to build a stronger and more balanced Global Markets business. As you can see on the right-hand side, all of this has resulted in reducing the volatility in our daily P&L, and we will come back to this later in our presentation.

Looking ahead, we expect our strong growth trajectory to continue. We now have all the products in place. We are focussed on delivering this to all our clients in all regions, leveraging our strong balance sheet and integrated business model. All of which means, we are well positioned to deliver on our 2025 objective of a revenue CAGR exceeding 7.5% from 2021. I will now hand over to Nicolas for a closer look at our Global Equities franchise. Nicolas, over to you.

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

Nicolas Marque
Head of Global Equities

Thank you, Olivier. Let's move now to slide seven. I know that our 57% increase in revenues between the second quarter of 2024 and the second quarter of 2023 raised some questions from some of you. But what you should keep in mind is that, as illustrated on the left-hand side of the slide, the global equity business today is the result of a strategic and multi-year evolution. Over time, BNP Paribas has developed a comprehensive ecosystem to deliver services across the entire equity product spectrum.

Our journey started over 30 years ago when we set the foundation for what is today a complete Global Equity franchise organised across three distinct business lines. This effort has resulted in a scalable and diversified platform with three strong offerings.

Firstly, equity derivatives. It's an activity which is deeply entrenched in our DNA. We've been a market leader within structured products due to our innovation and understanding of client needs. While we grow and innovate within the structured business, we are also continuing to execute our strategy to fulfil our ambition in flow products.

Secondly, Prime Services. We transferred strong expertise and best-in-class technology from Deutsche Bank for financing and electronic execution. This transaction has significantly enhanced our profile, particularly in terms of our relevance to the largest and most strategic clients.

And finally, our cash equity business. The acquisition of Exane, Europe's number one equity research firm, has improved our ability to provide market-leading content to our clients. It also allows us to complete our execution capability, which is a must for developing closer partnerships with our clients.

The integration of this distinct yet complementary activity has created a result that is greater than the sum of its parts. it is delivering value to both our clients and the group with positive halo impact across FICC, Global Banking and Securities Services.

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

Moving on to the next slide. Let me provide some numbers to support what I have just said. The inorganic and organic growth that our business has experienced in the past few years has resulted in increasing the size and the scale of our franchise versus 2019. As shown in the graph on the left, we have more market share across regions, with an increase of 110 basis points from 2019 to 2023. This trend has continued in the first half of 2024. Globally, we have achieved a gain of over 200 basis points when comparing 2019 to the first half of 2024.

Our growth is a direct result of the relevance that we have achieved with our clients. The synergistic nature of our business is illustrated in the graph at the centre of the page. In 2023, we deepen our partnership with the top 100 equities institutional clients, and we are actively cross-selling three products with 52 of them. This demonstrates the strength of our newly expanded product offering, but also the large potential for further growth, deepening wallet share, increasing cross sales and capturing the full life cycle of activity from research provision to trading, financing and execution. We have now a robust, scalable, and stable platform. The diversity of our product range has almost doubled our financing and fee-based revenue, providing us with a more stable income stream.

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

Let's move to slide nine now and looking at clients. The transformation of our business to a full-service platform enables us to get a much more diverse client mix. Our franchise has traditionally been strong amongst banks and insurers due to our expertise in derivatives. On the other hand, we have historically been underweight versus the market with Asset and Wealth Managers and Alternative Investment Funds. However, our new ecosystem is driving now significant growth in this client segments. As you can see on the slide, our share of wallet has increased nicely with asset and wealth manager by more than 140 basis points, and with Alternative Investment Manager by more than 210 basis points since 2019.

We are, of course, working hard to maintain this momentum. The growth with the largest Equity wallets is strengthening our franchise by bringing us closer to institutional clients, yielding significant benefits to BNP Paribas. This increased proximity is also instrumental in supporting the bank's broader ambition to facilitate the financing of the real economy. From a Global Equities perspective, the growth has diversified our client base and positioned BNP Paribas as a key “marketplace” for Equities.

Our strategic ambition has been carefully developed over time with deliberate and timely decisions. We have now a strong and scalable Global Equities business, already capable of competing on the full spectrum of Equities products. Over to Ashley now for the Prime Services business.

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

Ashley Wilson
Head of Prime Services

Thank you, Nicolas. Let's move to slide ten focusing on Prime Services. Let me share our vision for Prime Services and also explain how financing balances work as requested by several of you. BNP Paribas’ leading Prime business is not just a standalone profit centre; it is a critical component of the bank's broader strategy to deepen relationships with institutional clients and support the real economy. Our Prime business acts as a bridge, connecting institutional clients with global markets. Our ambition to become Europe's top Prime broker and a global top five player also highlights our credibility and commitment to serving the broader economy.

The Prime Services business generates significant value for the bank, offering high return, stable income streams. Our multi-asset class Prime offering drives growth across the entire BNP Paribas franchise, leveraging the group's top tier balance sheet and integrated business model.

In the Prime brokerage industry, financing balances are often used to measure business size. To elaborate, financing balances are the balances that clients have with BNPP that we earn revenue on (as is the same with all other Prime brokers). As such, they include debit financing, (i.e., the extension of margin loans), short financing (lending of securities to facilitate short sales), and swap financing, which is the gross notional of synthetic exposure. As shown on the right, BNP Paribas’ Prime franchise has more than doubled in size since the transfer of the Deutsche Bank platform in 2019. The strong growth in the first half of 2024 highlights the importance of scale in sustaining success in this business.

The graph at the bottom illustrates the synergistic nature of this business. As we have expanded our scale and increased our relevance with the largest clients, we have seen a 600 basis-point increase in our share of wallet with our top 30 Prime Services clients. Additionally, Global Markets as a whole, excluding Prime, has also strengthened its relationship with these clients, resulting in a 250-basis-point increase in share of wallet.

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

Moving on to slide 11, here are a few additional numbers about our Prime Services journey.

The substantial investment we have made in the Prime Services franchise since 2019 has fundamentally transformed BNP Paribas' relationship with institutional clients. What was once a relationship focussed primarily on trading and transactions, has now evolved into what we view as a long-term strategic partnership.

With our enhanced new platform, we are now servicing larger, more significant, and sophisticated institutional clients. As shown in the graph on the top left, the average assets under management of our top 15 clients are now 50% higher than they were in 2019. In addition, the expansion of our business has led to a more diversified client base. The graph on the top right highlights that our client base, which was previously skewed towards multi-Strategy firms, is now more balanced across the various client segments. Another indicator of our transformation is that 80% of our top 20 clients today are new clients that we were not serving in Prime Services back in 2019.

The expansion of our offering and the strengthening of our platform have significantly altered our revenue profile. We have significantly increased our revenues, gained considerable market share, and improved our ranking compared to 2019. The positive momentum has continued into the first half of 2024, and we remain confident in our ability to seize future growth opportunities, leveraging the strong momentum we have built servicing the top institutional clients worldwide.

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

Moving on to the next slide, slide 12. So, what could the next steps be for our Prime Services franchise? We can hardly answer this question without addressing the topic of risk management. We believe BNP Paribas is uniquely positioned to capitalise on the positive momentum and continue delivering long-term value for clients. Prime Services is benefiting from BNP Paribas' top tier balance sheet, integrated business model, and has been further strengthened by the upgraded risk management systems and an expanded product offering, ensuring the business remains secure and resilient.

As illustrated on the right, we have made significant enhancements to our risk systems, supporting the efficient and scalable growth of our business. These improvements in technology and systems have greatly enhanced our ability to serve the most sophisticated clients. For example, in the past, our platform was not able to effectively serve Quant clients. With the introduction of new tools like the Quant dashboard, we have significantly improved our capabilities in the area, and the benefits are already apparent as our client base diversifies.

Another example is our PBX Margin platform, which allows clients to post a single margin payment into their Prime brokerage account to meet the margin requirement across all Global Markets activities. This streamlined approach provides clients with a consolidated margin report, offering a clear view of all their margin requirements and collateral positions across Global Markets.

We are confident that we have all the key components in place to further accelerate the growth of our business, and we remain committed to meeting the evolving needs of our clients. Our commitment to long-term success is underpinned by a dedicated team of experts, who are focussed on delivering exceptional service and staying ahead of industry trends, enabling us to consistently add value and maintain our competitive edge in the market. I will now hand over to Aurelie and Ben to walk you through the Cash Equities business.

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

Aurelie Deleuze
Deputy Head of Cash Equities

Thank you, Ashley. Ben and I are pleased to present to you the next component of the Global Equities value chain: Cash Equities.

Stepping back, in July 2021, BNP Paribas acquired the outstanding 50% capital of Exane. This allowed us to fully integrate Exane's Cash Equity franchise into the bank. The acquisition further strengthened the Electronic Execution and Program Trading capabilities transferred from Deutsche Bank. Today, these integrations are complete, and we have now a strong foundation for a comprehensive global Cash Equities platform serving the full spectrum of investors.

Ben will highlight in a moment how we plan to further build our offering. Today, it already includes a high-quality, award-winning research platform, a comprehensive corporate access offering, including our leading annual CEO conference in Paris, a full suite of execution products across all channels: high-touch, electronic execution and program trading, distribution teams in all key regions, the capability to deploy risk to provide liquidity to our clients; and finally, a close partnership with our colleagues in banking, notably on the Equity Capital Markets where we support deal origination and distribution.

So, our business really sits at the intersection of Markets and Banking. We play a critical role in creating the bridge between the corporate clients of the bank and institutional investors that Lars and Olivier mentioned earlier. With corporate clients, we support them to engage with and access financing from investors. Cash Equities have direct benefits for the broader CIB franchise, especially global banking, as we are enabling the development of Capital Markets (ECM, DCM) and M&A. We also help the corporate bankers to build proximity with the C-suite at major organisations.

With investors on the other side, we provide them with content, access to corporate and execution capabilities. Hence, we play a crucial role to increase BNP Paribas' relevance and importance with this key client segment. We are instrumental in delivering and benefiting from the halo effect with the rest of Global Equities, Global Markets and the broader group. In particular, within Global Equities, we are supporting the onboarding of Prime mandates and balances, and our content is being leveraged to build new derivative products. I will now turn over to Ben, who will further elaborate on research and our plan going forward.

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

Ben Spruntulis
Head of Cash Equities

Thanks very much, Aurelie. So, if we just move to slide 14, I'm going to spend a few minutes on our research platform.

In the most recent Extel or Institutional Investor Survey, BNP Paribas Exane was ranked number one for industry research for an unprecedented eighth consecutive year. This success is rooted in our core research DNA, which is producing high-quality content, building robust data sets and consistently investing in top-ranked research teams. Building on these exceptionally strong foundations, we've been progressively expanding out our research coverage in the Americas and most recently in APAC. Post integration, we've increased our stocks under coverage in the Americas by nearly 70% towards 300. And we're currently onboarding our first research teams in Hong Kong and Shanghai for the next phase of our APAC expansion, which is complementing our existing team in India.

Importantly, all of this growth is taking place while we continue to support and deliver a leading European research franchise. We're proud of our number one ranking, which is underpinned by 15 of our sector franchises, which rank within the top three with strength across all key industry verticals.

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

Now let's move to slide 15. Cash Equity is not only about research, as mentioned by Aurélie. Let me share a few numbers with you.

Our ambition is to fully monetise our leading franchise in EMEA whilst selectively and progressively expanding globally. Central to all of this is the alignment with the rest of the group across Equities, Global Markets, Global Banking and the broader BNP Paribas ecosystem as mentioned earlier. And we've had an excellent start. Despite a challenging period for Cash Equity volumes, we've grown our revenue base by 16% since 2019. Our positive momentum has continued in the first half of this year, with our revenues increasing almost 8% when comparing to the same period in 2023. As we've onboarded the Prime Services client base and we've expanded our business globally, our low-touch volumes have risen massively, up almost four times versus 2019 and a further 30% up in the first half of this year. This is underpinned by our strategic plan, which is developing well in all regions.

In EMEA, we've brought together the ‘best of both’ in terms of platform, technology and people through the Prime and Exane acquisitions to build a leading global Electronic offering. We can further monetise this by providing more liquidity to our clients and expanding both our high touch and program trading businesses. Cross-selling our content, industry expertise and relationships across Equities will continue to be a key and measurable driver of our success.

In the Americas we've been expanding selectively, progressively, and profitably across research, distribution and execution. Our client breadth has grown as our expanding product suite is now relevant to a much larger group of US equity-focussed investors. Our Americas expansion remains targeted, focussed and leverages off our strengths in Europe as much as possible. And in terms of sector priorities, our initial build-out is centred around large global sectors where we have strength in

Europe and where we see the greatest opportunities to monetise within banking. And these are TMT, Consumer, Industrials and Energy Transition.

In APAC, we were recently awarded a license to build out a securities business in China. We're doing this alongside a targeted investment in Hong Kong. We're focussed on the same industry verticals and supporting our largest clients by providing a high-quality and consistent offering across all three major regions. At the heart of all of this development and expansion is alignment. We're committed to deliver and leverage the revenue synergies from being part of global equities. We're aligning and coordinating all of this investment in the areas that can be monetised by Global Banking, and we're focussed on directly driving our key banking businesses such as ECM and M&A. Now I'll hand over to Renaud to walk-you through Equity Derivatives.

EQUITY DERIVATIVES – EQD has protected its long-standing relevance as a Tier 1 player in structured products supported by the BNP Paribas network while diversifying overall offering

Renaud Meary
Head of Equity Derivatives

Thank you, Ben. Now moving to slide 16. As mentioned by Nicolas, BNP Paribas has a well-established presence in the equity derivatives business with 30 years of experience. We are recognised for our leadership, particularly in structured products, which we have achieved by consistently focusing on three key success factors.

First, innovation. We continuously optimise and adapt our product offering to align with evolving market conditions, ensuring we remain ahead of the curve. Second, digitalisation, which is critical in managing the significant growth in market volumes that we have seen over the past decade. And third, long-term partnerships. We have built a culture of continuity and reliability, highly valued by our clients that trust us to deliver consistent and high-quality service year after year.

We have maintained a top two position in the EMEA and APAC regions, and more recently, we've been expanding our presence in the Americas, too. Between 2019 and 2023, our double-digit market share overall in structured products did grow further thanks to a strong focus on largest players. As shown on the left side of the slide, our market share with the top 100 institutional clients increased by about 500 basis points over the period. In line with Global Markets' broader ambition to build a full-service equities platform, we are strengthening our footprint in the flow business to complement our leadership in structured products. We have made substantial investments in both talent and technology, further bolstered by the inorganic growth within the broader Global Equities business. As a result, our share of wallet with the top 100 institutional clients in the flow business has increased by a similar 500 basis points uptick over the same period.

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

Moving on to the next slide, slide 17, focusing on our vision and strategy for Equity Derivatives. We are confident in our ability to further develop our franchise following our strategy, which is centred around several key priorities. First, we aim to diversify further our business mix. While maintaining our leadership in structured products, we are focussed on expanding our presence in the flow business and the corporate segment to create a more balanced portfolio. Leveraging client intimacy on the Prime brokerage and Cash Equity sides will be a key enabler of this growth plan, notably with a segment of long/short hedge funds. We also plan to enhance the stability of our revenues by increasing the share of accrual-based income, particularly within structured products.

As a second priority, we are committed to expanding our franchise and increasing our market share in the Americas, the region with the largest revenue pool and the greatest potential for growth across our business. We already hold strong positions in certain segments, such as the FIA / RILA insurance business, showcasing our ability to become a Tier 1 player in areas of natural strength. Third, we aim to consolidate our leadership in EMEA and strive to become the number one player in our home market. This is both a legitimate and achievable goal. By further leveraging the strengths of the BNP Paribas Group through our distribution networks in Italy, France, Wealth Management, Insurance and Security Services, we can progress further toward this ambition. And lastly, these developments will continue to align with our prudent risk management approach and resource allocation policies which have always been core to the way we conduct our business.

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

Now moving on to slide 18. I will share a few numbers to illustrate what I just highlighted. First, as shown on the graph on the left, we have nearly doubled our revenues since 2019. This growth has been driven by a consistent performance and a disciplined approach, enabling us to capture market share from our peers. These market share gains, illustrated on the centre graph, are estimated around 70 basis points since 2019. That triggered a ranking improvement by two positions and the momentum we've seen in the first half of 2024 is a continuation of this trend, and we believe in our ability to keep delivering strong performance for both our clients and the broader BNP Paribas franchise moving forward.

Finally, on the right, the graph illustrates how this growth aligns with our objective of diversification. While our business in EMEA continues to expand, we have seen particularly strong growth in APAC and the Americas, leading to a more balanced revenue mix across regions. In the Americas, for instance, we have gained over 200 basis points over the period, improving our ranking by three positions. We therefore believe we have the right strategy and team in place to continue executing our plans and sustaining the growth trajectory we have established. I'm now handing over back to you, Nicolas.

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

Nicolas Marque
Head of Global Equities

Thank you, Renaud. In recent weeks, several of you have asked a very legitimate question to our Investor Relations team: To what extent can BNP Paribas continue to grow its Equity Prime Services business? So before handing over to Olivier, let me explain why we are confident in our ability to continue growing and gaining market share. We believe that our platform has significant potential for further growth. We have developed a scalable and resilient business with three world-class products. We know all the pieces firmly in place. We are confident in maintaining our momentum and delivering solutions to meet our clients' needs. Our business is already delivering considerable value, not just within global equity, but across the entire global market franchise. By leveraging the strength, scale and resources of the wider BNP Paribas Group, we are committed to creating an integrated ecosystem that amplifies the impact of our offerings. This is just the beginning. I'm confident in the capabilities of our team and the strength of our platform to continue driving growth and capturing new opportunities, just as we've done in the past. Over to you, Olivier.

INNOVATION – Global Markets continues to invest in technology to maintain a solid and scalable platform, while offering innovative products and services

Olivier Osty
Head of Global Markets

Thank you, Nicolas. Moving on to the next slide. So, to conclude, first of all, I would like to highlight three important points for our Global Equity franchise, which also broadly concern Global Markets. The first point is technology. Our ability to invest in resilient and agile platforms is one of the key success factors for the franchise.

Slide 20 includes some figures that clearly illustrate our strategy, focussed on: digitising client interactions, more automation and improved client experience through digital platforms. The more we digitise and automate, the more benefits we receive in the form of operational resilience, cost efficiencies and improved client experience. If you look at the top two graphs, you can see the increasing use of electronic channels within our Equity Derivatives business, which is an example of our strategy working. More clients are trading with us through electronic channels, whether via smart derivatives, which is our single dealer platform, or our multi-dealer platforms. In addition, the number of trades via electronic channels has risen significantly with growth across all client types, as you can see in the bottom-left graph.

Our investment in technology also means we have a capacity to grow at marginal cost, which you can see in our 28% reduction in the cost per trade within our Equity Derivatives business. Also, I am personally a strong believer in AI, which has introduced significant opportunities for us through the work of our dedicated Global Markets AI Lab. We announced a partnership with Mistral AI a few months ago, which is a really strong example of our capacity to bring cutting-edge technologies in our tech stack for the benefit of our clients and our business as a whole.

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

The second important point, next slide, is about risk management. This slide is probably one of the most important ones in the presentation. Indeed, our outstanding growth has been underpinned by a prudent risk management strategy, ensuring that we have maintained stability and reduce volatility in our daily P&L. As you can see on the left side of the slide, our daily P&L has increased by more than 40% since 2019 while our value at risk has grown at a significantly lower pace, only 25%. On the right side of the slide, you can see the low number of negative P&L days, which shows our disciplined approach to risk management. In 2023, only 1% of our trading days recorded negative P&L, which is lower than our global peers who report these metrics. These outcomes reflect a well-executed risk management strategy and a diversified business model.

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

Finally, let's move on to the final slide. Some of you may have seen it already in the previous deep dive. On this slide, we summarise the investment case for BNP Paribas, with a Global Markets business serving as a strong example on all fronts.

Number one, our Global Markets business strategically focuses on key activities and client relationships. We benefit from the group's integrated business model and vast client base. This approach has generated significant cross-selling opportunities within the GM franchise and across the wider group. Number two, Global Markets is also a great example of targeted and disciplined growth, which has driven the expansion of our fee-income business through capital efficient activities. Number three, as highlighted in this presentation, our growth is underpinned by prudent risk management, ensuring platform stability and resource optimisation. Number four, aligned with the group's objective, Global Markets remains committed to supporting our clients in their energy transition journey. And finally, our people and technology are our greatest assets. Our talented teams bring a wealth of expertise and innovation to the table, helping us stay ahead of industry trends and client demands.

On the technology front, as I have shown to you, we continue to invest heavily. This investment enables us to scale our capabilities, increase agility, and drive long-term growth in a digital and data-driven landscape. Overall, we have built strong foundations for Global Markets. I'm proud of the growth we have achieved so far, I'm confident in our ability to remain relevant to clients and continue to grow our business in the years ahead. Thank you for your attention. We are now ready to take your questions.

QUESTIONS AND ANSWERS

Pierre Chedeville (CM-CIC Securities): Good afternoon. Thank you for taking my question and thank you for this really interesting presentation. We don't have absolute numbers regarding revenues for each of the three divisions within Equity, but we understand that you have grown a lot over the last four years. And it would be interesting to clearly understand from where this growth comes. Is it part of your last acquisition, Deutsche Bank, Prime Services, Exane? Or is it mostly organic growth? That's something which would be useful for us to understand to forecast the future.

And regarding forecasting the future, we understand that we are in an exceptional first half of the year. And of course, we are, I guess, all interested to better understand what the run rate for the Equities business could be, even if, as Lars used to say, you don't read in a crystal ball, it would be interesting to know, I would say, a range of regular revenues for this part.

And my last question would be more focusing on Prime Services. Among your customers, which part are very sophisticated hedge funds and which part are more traditional investors? And do you think that you are now at the top in terms of expertise regarding the most sophisticated clients compared to, let's say, JPMorgan, Goldman or Barclays? Thank you very much.

Nicolas Marque: Thank you for your three questions. Maybe I propose I will answer the first two, and I will leave the floor to Ashley for the question on Prime. So, regarding the question on where the growth is coming from between inorganic and organic. Now, for sure we had some growth coming from inorganic and, as we have onboarded Prime Services franchise and Cash Equity business, mechanically we grew because of that. But it's not the only reason for the growth. We had also some organic growth in our historical business, the Equity Derivatives business. And it has been, I think, illustrated in Renaud's presentation. We doubled our revenues in Equity Derivatives between 2019 and 2023. And I think it's due to the combination of two factors. On one side, we have some unique strengths in that business and especially our leadership in structured products, our capacity to innovate and the scale of our platform. But also, we grew in Equity Derivatives because it's now part of a wider ecosystem. It's part of the Global Equities ecosystem with Prime, and with Cash Equity. It also benefits from the full scale of Global Markets. So, by definition, we had some ripple effects coming from the fact that we are now a global player in Global Equities, and we can feel that with our clients. Our capacity to engage on the full suite of products in Equity is making a big difference and is fuelling the growth that we have in every sub business, in Prime, in Cash and Derivatives. So that's an explanation for the growth.

If I remember, your second question was about the run rate in equities. Of course, I can't disclose anything about Q3, but what I can tell you is that so far, we've been able to grow revenue and to gain market share, and we expect that trend to continue. We also expect, to a certain extent, to have less volatility in our run rates of revenues. Why? Because we have a much more diversified business mix and the stream of income coming from financing activities, coming from fee-based business, is increasing in our revenue generation. So, we should be more stable to a certain extent. And after, the main driver of gain of market share is in our capacity to be broader with the most strategic clients. And now that we have the three businesses together, all the pieces of the puzzle are coming together, and we are much more relevant to address their needs.

And I think there is one figure in that presentation that is very important to look at. That's the 52. I said in one slide that today we are cross selling the three businesses with 52 of the top 100 equity wallets. That's a decent number but this is just the beginning of the journey. I think working very hard in a very disciplined way, we could put that number higher. The best players in the industry are probably between 60 to 70. So that's the direction to go. We have still room to grow, and I think that will fuel our future gains of market share. Ashley, on Prime?

Ashley Wilson: Yes. Thanks, Nicolas. So, it has been the strategy within Prime to focus and grow with the largest and most sophisticated hedge fund clients globally. If we look at our current book in terms of hedge fund strategies, we are currently very strong and deep with quant and multi-strategy firms. And then, as we expand our research offering globally, we see significant future growth opportunities with the equity long/short hedge fund client base.

Lars Machenil: Pierre, that would basically be our answers.

Pierre Chedeville (CM-CIC Securities): Yes. Okay. Thank you very much.

Operator: The next question is from Benoît Valleaux, Oddo BHF. Please go ahead.

Benoît Valleaux (Oddo BHF): Yes. Hi. Good afternoon. Thank you for taking my questions. Two questions on my side, which are to some extent a follow-up from the previous question. The first one is, what is the optimal market environment for the revenues of the Equities platform? And maybe the second question, during the presentation you have reiterated your above 7.5% revenue CAGR growth target for Global Markets. But how confident are you that you will achieve this target? Can you let us know, for each business line, if you are on track or above or ahead of your plan? And any update on your growth potential by the end of the plan or beyond would be very good. Thank you.

Olivier Osty: Okay, so I think I'm going to take the two questions. So, the first one, the optimal conditions for the Equity market: Well, I don't know if there are any optimal conditions, but what you can say is that first of all, you need to have a macroeconomic environment which is supportive for the Equity business. Just to be clear. There are many scenarios about that. One of them is rates going lower and a soft landing. Why I'm saying that is because it's what we expect in the coming months. Tomorrow the Fed will probably cut its interest rate by 25 or 50 bps, but we don't know how much it will be. But what we know for sure is that the trend is there, and all the central banks in Europe and in the US will start cutting rates, which will come as a support to the equity business, providing that there is no recession, which is the central scenario. So that's one thing. We see that right now there's a good economic environment to support the Equity business.

The second one, to some extent, is to say that we should have a market that is reasonably volatile. Let's say that if there is too much volatility, investors get afraid. They don't invest. They don't invest when they're professional investors but also Wealth Management, so retail clients will not invest as well. So, we need to have kind of an average range of volatility which is going from 10 to 25 or 30, which is again what we have today. And when you look at what it means for the three pillars. First of all, on Prime Services, de facto, if you have investors confident to invest, you'll see the hedge funds leveraging more, so more financing for the business of Ashley.

When you look at Equity Derivatives, you will see wealth management and retail investing as well, so lots of structured products that will be sold. And on the cash equity, obviously, when you have a market which is supporting all the cash of the equity business, then Ben and Aurelie will have a lot of clients that will invest in the Cash Equity and lots of execution. At the end of the day, if you look at the three pillars, a reasonably good macro environment and a not so much volatile market is a good one for equities. And we think that it's probably the case in the coming months. So that's for us a good sign.

And for the second question, well, de facto, since I already mentioned on the equity side, it's true that this tailwind will help us to deliver the 7.5% CAGR for Global Markets that we have committed since

2021. I don't know, I refer to Lars, what I can say or what I can't say, but basically right now we are on track to deliver 7.5%. What I can say is, when you look at the macro environment for the Global Markets industry for 2025, if you looked at what the data providers are expecting, they are expecting 3–4%, maybe 5% growth for next year. All right. We're not at 7.5%. But then on our side we consider that we have a lot of tailwinds that we can leverage. The first one is the Equity market environment that we mentioned. The second one is the fact that we have now a very strong global franchise with the largest client investors that we already mentioned several times in the presentation, where we consider that we are still not at the right level in terms of market share. And we've seen for the last two years the growth of this franchise, you will see that on institutional, we grew more than 2 billion in the last four years. We gained market share. This will help us to make this extra 3%, to get to the 7.5% from 2021 to 2025. I don't know if I was clear, but that's about it.

Benoît Valleaux (Oddo BHF): Okay. Thank you very much.

Operator: The next question is from Delphine Lee, JP Morgan. Please go ahead.

Delphine Lee (JP Morgan): Yes. Good afternoon. Thank you for this presentation. Sorry to come back a little bit, as a follow up on the previous questions, on just getting a better understanding of the split of equities revenue for your different segments, because I just don't seem to reconcile that. If Equity Derivatives, which I assume in 2019 accounted for the bulk of the 2 billion, is doubling, we're not really getting the same growth in either Prime or Cash Equity. So, if you could just help us get a feel of roughly the split, that would be helpful.

Then in terms of growth within also equity derivatives, you've been growing in flow, clearly, but I would assume Structured Equity is still the biggest component. Just trying to understand a little bit also within Equity Derivatives, a sense of how that split. And the last question is just a follow-up on the previous questions on your Global Markets growth of 7.5% per annum. Do I understand this correctly? The bulk of the growth in coming years is coming from equities, or should we assume anything for fixed income, is still just normalising? Thank you very much.

Nicolas Marque: Okay. Maybe on the first part of your question, it's because the perimeter of Equity Derivatives is not the same between what we published in 2019 and what we showed here, because in the meantime, we reshuffled the activity and part of what we call inventory management – so all the Delta One business has moved due to the new organisation into the Prime Services business. So today, when we look at this figure, we are looking at really the core Equity Derivatives business, which is a combination of structured products, flow derivatives business and corporate derivatives. And by the way, that's the way the industry is looking at that. And in the past, what we published as Equity and Prime Services, but you had in the Equity Derivatives all the Delta One. That's why you don't find the same growth. But looking at really the core businesses of Equity Derivatives, it has indeed doubled between 2019 and 2023. And when you look at Prime Services today, it encompasses, the Delta One business which was previously part of the Equities perimeter in 2019. That's for the first part of your question.

Oliver Osty: On the second part of the question, obviously, we don't bet only on the Equity business to justify the growth next year. Just to be clear here, we are discussing equity. But for next year, I know that FICC is normalising in 2023 and 2024, but we expect rebound from the macro business next year, but also a continuation of growth in the credit business that we are developing in Europe and in the US. And if you consider that the central scenario is rates going lower and a soft landing, this is really good for the credit business. And we see that, basically. And we see clients asking us for more and more business on the credit side, which we will continue to develop. So no, actually the growth is a combination of equity and fixed income for next year.

Lars Machenil: Delphine, that would be our answers.

Delphine Lee (JP Morgan): Great. Thank you so much for the clarification.

Operator: The next question is from Giulia Miotto, Morgan Stanley. Please go ahead.

Giulia Motto (Morgan Stanley): Hi. Good afternoon and thank you for the presentation. I thought it was very helpful. My two questions. So, the first one: this strength in equities, in my view, should be followed by strength on the IB side, I would assume having a stronger equities franchise across cash, but also derivatives calls for also market share gains on the IB side. I'm wondering if you can comment on whether you see synergies and what's the strategy on the IB side.

And then my second question: This strong growth in Prime Services, is it in any way constrained by leverage ratio considerations? Because I assume Prime balances don't attract many RWAs, but they attract more leverage. And then my final question is just a follow-up. If we could have a split between Prime, derivatives and cash, that would help us understand how much more balanced the business is versus how it used to be, also, in numbers terms. Thank you.

Ben Spruntulis: Thanks very much for your question. I'll take the first one in terms of the synergies between the equity development and what we see on the IB side. Maybe the best way of illustrating that is to talk about the Americas, which is obviously where, from a cash equity perspective, we are selectively growing and developing the franchise. As I mentioned in my opening remarks, the focus of our US expansion is across key industry verticals. I talked about TMT, Consumer, Industrials and Energy Transition, and exactly the same sector verticals we're focusing on the banking side as well. So, I use the phrase “alignment” regularly through my comments. And that's absolutely true. We're having daily conversations with our banking colleagues to ensure that, from an industry perspective and from a sector and a stock perspective, we're focusing on the opportunities where we can collectively monetise across both Equities and Global Banking.

And we have many, many examples as we've brought our businesses together where we've taken expertise from the equity side. For example, we recently originated a US IPO and the corporate was most interested in the top-ranked research we had in Europe to bring unique insights to the pre-deal research. And we have another example of an IPO where for a US consumer company in Europe, we are able to bring specific investor interest from the Nordics, which was a key differentiator in filling the book during the IPO process. So, day to day, the alignment and the synergy creation is real and it's happening.

Ashley Wilson: And if I take the second question regarding constraints, I think, first, it's useful to differentiate between financing balances and balance sheet usage. If we look at balance sheet on leverage exposure, this is largely driven by securities in the Prime brokerage book and PB receivables. And leverage consumption typically equates to about 30% of gross client balances due to the netting of client payables and receivables and the efficient financing of our inventory. So currently within the Prime business at BNP Paribas, we are not constrained by either capital or leverage. We do look at our business from a return on risk weighted assets and a return on leverage perspective, and we optimise the business, looking at both variables.

Lars Machenil: To put a figure on what basically Ashley is saying. Indeed, there is this difference between what it consumes in the balance sheet and what it consumes in the leverage. And if you look at the leverage ratio, it is like 10/15 basis points. So, it's not at all a constraint for us. On the third question?

Olivier Osty: And on the third question, I think on the split between Equity, Equity Cash, Prime and Equity Derivatives, ballpark, because it is changing obviously every year. It's mainly 50% Equity Derivatives, 40% Prime. And the remaining on the cash, as of today.

Lars Machenil: That's a bit of an indication to give you the ratios of both. But indeed, it's evolving given the evolutions. So that would be our answers.

Giulia Motto (Morgan Stanley): Thank you. Thank you very much.

Operator: The next question is from Stefan Stalmann, Autonomous Research. Please go ahead.

Stefan Stalmann (Autonomous Research): Yes. Good afternoon. Thank you very much for the presentation and for taking my questions. You obviously dropped some hints at the revenue mix, but you avoided the topic of the economics of the business, in particular the returns that it generates. And I'm sure that's not unintentional. But could you maybe give us a little bit of colour, at least, about how you look at the return of the Equities business? Is it better than fixed income, for instance, or lower? Anything that could help us there would be highly appreciated.

And the second question is, and I guess it goes a bit back to the last question you answered about leverage. Do you think that you're pricing the consumption of your balance sheet differently from your main competitors, in particular the US banks and UBS and Barclays? Thank you very much.

Lars Machenil: Thank you, Stefan. I'll take the first question and then hand over the second question. When you look at the returns— The way we look at returns, in order to make it very comparable, we look at what we call the pre-tax income. So, the pre-tax income, what you see in all of our divisional reporting, and we compare that to the capital that one needs to hold. And if one takes CIB or Global Markets actually you are basically at a 22% yield. So that's the pre-tax. So, if you put that up to tax you would have an above 15% ROE. So that is basically where we stand. We're quite happy campers with this. It is something with all the things that we put in motion, as we are at low capital consumption, we focus on the costs. It is a very sweet kind of yield that we have on this activity.

Ashley Wilson: Yes. And then, I guess, to reframe the second question, I guess you're asking about pricing the balance sheet differently from competition, is probably how are we winning business? So, I would say that, first, we never compromise on our risk standards. And second, within Prime, our balance sheet capacity, low on margin pricing and the stability and breadth of the platform are key attractors. However, BNP Paribas is a multi-asset-class financing provider, and we found that only a few banks are willing to finance every asset class. This is a big attractor of business. I think the clients benefit from facing a talented team with specific areas of expertise in complex financing situations. Hard to finance illiquid assets, structuring solutions, etc.

Lars Machenil: Listen, we are not here to comment on other banks. The gist of it basically for us, is it is not a constraint in whatever shape or form. So, Stefan, that would be our answers.

Stefan Stalmann (Autonomous Research): Okay. Thank you very much for that.

Operator: The next question is from Tarik El Mejjad, Bank of America. Please go ahead.

Tarik El Mejjad (Bank of America): A few questions from my side. First, now that you have the products, the mix and the depth geographically and so on, how do you see the growth from here? Would it be mostly organic, or you continue to be opportunistic about non-organic opportunities and growth? Second question for Lars maybe, you upgraded the quarterly run rate of the EPS division with Q2. How does that fit with the overall revenue growth guidance you gave with Q4 results and the ROTE in the medium term? Is that an upside or is it something you were expecting, and it's baked in?

And then on the RWA management, the synthetic risk transfer, a big topic at the moment, I can imagine, as BNP you've been doing that for a while. What's your upside from your own balance sheet from that perspective? And what's the upside from you doing it for your clients?

And just to follow up on the RWA, last you gave some numbers in terms of ROE based on allocated capital. Can you confirm that the corporate centre doesn't have any kind of CIB-related RWAs booked there? So just we have a clean ROE for the division because clearly at 15% it looks attractive. Which takes me to the last question. Sorry for the many questions. Last question, on the CIB in general. It's a historically low PE and, at least, perceivable markets when compared to retail or asset gathering. So, what do you think, if it had changed from the investors or markets' perception to reward its higher PE? Is it less volatility, more delivery? What do you think will change? Because to be honest, you've been delivering good earnings and good revenues for a few quarters or a few years now. What should change? Thank you.

Olivier Osty: I'll take the first one on organic versus inorganic. Well, first of all, you're right. I think we have now almost all the products. And it was quite a journey from 2020 to 2023 to actually integrate both the Prime and the Cash Equity. So basically, going forward, we're going to mainly grow organically, as Ben mentioned. We're going to grow organically in the US. We're going to grow organically in APAC when it comes to Cash Equity. Now, when it comes to Global Markets, we still have potentially small bolt-on opportunities. For example, we bought Kantox two years ago, which was kind of a fintech providing services to CFOs of corporates. And because of that, we were able to provide them services in FX and rates and acquire a French client franchise that we did not have. So again, it's a small bolt-on. So, we are still looking at it but it's true that, considering where we are today as a global market business, the range of products is almost quasi done. So, it's more organic. It doesn't mean that we're not going to grow, because basically, as I keep on saying, the clients see us more and more global, and it has just been the beginning. And so, we see the acceleration of the client franchise in investors growing. So, for me, I'm fine with organic and potentially some pockets of inorganic in the coming years.

Lars Machenil: Thank you, Tarik. With respect to the guidance. Indeed, to be sure for all around the table, the guidance we give is multiyear, and so we typically go with that. What you see is that if you look at the second quarter, the second quarter had a unique set of constellations. It basically worked on all the services in which we are having strong positions. So, from that point of view, the uniqueness of the second quarter is just showing that we have all the services when there is demand. And the other thing that you know is that we are always typically conservative when we give our outlooks. From that point of view, we stick to our outlook. But I think you can observe from my body language that we feel comfortable that we will be there. So that is on the evolution.

Then when it comes to the capital, if you look at what we have it's around $12 billion of capital. It might indeed seem well contained because it is well contained. The mantra that we have, is that the top line must grow faster than the cost and faster than the RWAs. And that's basically part of what we do. That is why, just like Ashley said also on Prime, we ensure that the balance sheet is contained in the growth that we pursue.

And on the question on the valuation. If we talk to several investors, particularly on the other side of the Atlantic, when we talk about CIB, the question I get is typically, how is investment banking doing?

And so that is a different dynamic. So, we keep on hammering that this is a flow and a recurring kind of business. But well, that's something that we will continue to do to show that we are really a flow-driven CIB. So, Tarik, that will be our answers.

Tarik El Mejjad (Bank of America): And just quickly on the SRT, if you can.

Lars Machenil: Can you remind the question on SRT?

Tarik El Mejjad (Bank of America): Yeah. Just how much more opportunity you have in Global markets for your own balance sheets and for clients.

Lars Machenil: I'll do a kick-off and then we'll see if others want to add. Intrinsically, when you want to basically put elements into the market, it's always a trade-off, right? It's a trade-off in the technical kind of aspects. Do you have the data and so on? Is the market deep enough and is the pricing appropriate? And so, for the moment, as you know, and particularly, Tarik, you know me, we are frugal. So, we really want to optimise the overall effect. And that is what we are doing as it stands today. It might become tremendously different if at some point in time, Europe would move forward on the options that they have with respect to implementing the SRT or with respect to introducing a generic kind of securitisation. If you read what Draghi has been publishing, if those things would come, we would further be able to step it up. But here, at this stage, we do it in a very frugal and optimised kind of way.

Olivier Osty: Yeah, and to echo what Lars said, I think the way we are organised at BNP, we have what we call Capital Markets, which is a JV between Banking and Markets, which allows actually to access assets to be able to securitise and distribute through the investors that we have. So right now, if Europe is becoming more and more accommodative to Capital Markets, we have the perfect structure to be able, because we have specialists in securitised products, to be able to not only do it for BNP Paribas, but for many banks and actually being able to have the right clients to buy these assets. Because the problem is two things: you need to be able to securitise the products, and to make sure that you are able to find the clients to buy them. And there's lots of interest from the buy side to buy this type of SRT today, and I think it's just the beginning.

To come back to the previous question, I think the business model of Global Markets is more and more stable because, as we said earlier, the equity business is much stronger. So, equity and fixed income, usually the cycle might be different. Second of all, we are doing more financing and fee business. So again, this is more stable than in the past. So actually, the capital allocated to Global Markets at some point should reduce. I don't think it will. But all in all, the volatility of the business is much lower today than it was two or three years ago because of the business mix but also because of the client mix that Ashley was mentioning, which is the case for Prime where we see many investors long/short, multi-start that we didn't have in the past. And it's the same across Global Markets. So, a diversified client franchise and a diversified business model with more fees and more financings, which would help reduce the volatility of the business.

Tarik El Mejjad (Bank of America): Thank you.

Operator: The next question is from Matthew Clark, Mediobanca. Please go ahead.

Matthew Clark (Mediobanca): Good afternoon, everybody. So, a quick question on costs. I just wanted to see whether the costs from the Exane onboarding and the DB Prime business are now at run rate, or do you think there's scope for synergies and efficiencies still left to come out there? Thank you.

Lars Machenil: Matthew, thank you for your question. We can consider that the integration and the optimisation of Exane and the Prime brokerage together, all within what is called BNP Paribas SA, is basically done. But that doesn't mean that we do not continue to focus on the cost, right? We have this setup to continuously operate basically only having marginal cost. And so, we have all the aspects with respect to technology and the likes that are drivers going forward to further optimise cost base.

Matthew Clark (Mediobanca): Okay. Thank you.

Operator: The next question is from Anke Reingen, RBC. Please go ahead.

Anke Reingen (RBC): Thank you very much for this presentation and taking my question. The first one is actually just a follow-up question. If you can talk a bit more about the operating leverage of the business in terms of cost as well as capital consumption. You talked about revenue growth going forward from the first half run rate, should we assume that you can further improve on cost-income ratio and ROE? Or how should we look at it? Basically, on your previous targets you announced for the 21/25 run rate in terms of draws or return improvement.

And the second one is – I know you don't want to comment on Q3 – but just in terms of how should we think about the resilience of the business at times of extreme volatility? As always, this conclusion, the spike in VIX would negatively impact your Equity Derivatives business. If you can maybe just explain how it's different and how you look at these periods and how it could impact you, and why the past is not an indicator of the present or the future? Thank you very much.

Lars Machenil: Anke, thank you for your question. I'll start with repositioning the use of the constraints that we put on scarce resources. So, as I mentioned, really the thing that we put in motion is we want to have the NBI outgrow – so grow faster than the cost and grow faster than the RWA. That's really what we want to do. And given the setup that we have, we are truly convinced that we can. So, the fact that we have the size and the uniformity into the systems means that we can operate at marginal cost. And so that is why the revenues outpace the cost.

And then when you look at the RWAs, it’s the same thing. On RWAs, as we already mentioned, and as Olivier also gave colour, is we have options to optimise the RWA. And then we also have this ongoing kind of process. If we grow and we have customers that we basically have a lot of cross-sell with, so very good return on RWAs, that is basically the key focus. So, we have the intrinsic optimisation of the RWAs, and the cross-sell basically means that the intrinsic RWAs are lower. So that's basically what we have really embedded in the organisation. I'm looking around maybe there are some colours to be given.

Olivier Osty: The only thing that I will add is that we invested a lot in technology and we have roughly more than 4,000 IT people allocated just to Global Markets, just to be clear, which means that there are lots of processes that are digitised, and so de facto, when you look, there was a slide where we mentioned that the cost per trade is going lower by 28%. Actually, it's not linear. We are increasing the revenues. Actually, the cost doesn't increase at the same level because we have platforms that are scalable, where we are able to increase the volumes, the volume of trades and the volume of clients without actually adding more costs. So basically, it's pretty simple. And if you have 7.5% of CAGR, you're not going to have it in terms of cost. And that's why, in terms of cost income, we reduced by more than eight points in the last four or five years. And we will continue. Which target are we going to have, I don't know. But basically, the more we grow in terms of revenue, the lower the cost income will go.

Nicolas Marque: And maybe to complement what Olivier just said on the resilience of the business, which is a key priority for Global Markets and of course, for Equities and the scalability of the platform. It's very interesting to notice that, for example, in Equity Derivatives, we've been able to absorb an increase of volume. Volume in the Equity Derivative business has almost tripled in the last four years – so number of tickets that we need to process – and we've been able to do so controlling the cost because our platform is scalable, and that's a big differentiating factor with some of our competitors. And same if you take the Prime Services business. We've been able, while with a very stable platform, to grow balances by more than 2 times; you saw that on the slide. Without adding people, everything is fully industrialised. So, scalability is at the heart of our strategy.

And now bouncing back on your last comment on the VIX, of course there can be some extreme events in the market like the one that happened the 5th of August. It was, by the way, a shock on the VIX, but very short. And anyone who was holding the position for 15 days would have suffered no loss. So I tell you that in the equity business we had no impact of that event and we have a very prudent management so we didn't suffer from what happened in August.

Lars Machenil: Anke, that would be our answers.

Anke Reingen (RBC): Thank you very much.

Operator: The next question is from Jacques-Henri Gaulard, Kepler Cheuvreux. Please go ahead.

Jacques-Henri Gaulard (Kepler Cheuvreux): Yes. Good afternoon, everyone. Thank you very much. That was fun. Two questions to broaden it, maybe. You've just announced at group level the acquisition of AXA Investment Management. To which extent that type of acquisition and plugging a huge institutional helps you increase even more this halo effect you've been describing? That's the first question. And second question for Lars, maybe, when you, I would say, project yourself a little bit past 2025 now, how do you see the capital allocation to that great Global Markets, I would say, machine that you've been built, and again, purely organically, wouldn't it be worth probably giving it quite a bit basically. Thank you.

Olivier Osty: On AXA IM, what I can say is basically, well, first of all we signed an MOU. So, nothing is done yet. But we, as it was mentioned in one of the slides, we are a strong partner with our BNP Asset Management. So de facto, AXA IM coming into Cardif at the end of the day, we consider, and by the way we are trading with AXA IM today as BNP Paribas. We consider, as you mentioned, the halo effect that the level of business with AXA IM businesses should increase because they joined the group. So what does it mean in terms of revenues? I think it's a bit too early to say, but de facto, it's a positive investment and it's good for us.

Lars Machenil: Yes, Jacques. When we look past 2025, we look at this stage with the deal, once finalised with AXA, the big bulk of acquisitions stemming from the sale of Bank of the West will be behind us, so we will have the typical growth that we have organically, and then rather, as we did in the past, bolt-on acquisitions. And so, if you look at the three divisions, which will, once the AXA IM deal is done, be relatively equilibrated, right? So, you will have one-third CIB, one-third CPBS, one third IPS. And so, the idea that they all have with what I see today, they all have engines to basically continue and pursue that growth rate. So, you've seen what you have at Global Markets, where we can continue to take market share and to grow on what you see in the market. With the deal that we will have, Cardif will have the same thing. As a reminder, Cardif, in particular regarding the long-term savings, which is the deal that we have struck with AXA IM, that aspect is growing two to three times as fast as GDP, because Europeans figured out that it's not going to be their country that's going to pay their pensions. And then, if you look at CPBS, you have the specialised businesses which are also growing at that very decent pace. So, looking forward, I consider the three divisions to be balanced in the overall setup and to be balanced in growth they can capture. So, Jacques, that would be our answers.

Jacques-Henri Gaulard (Kepler Cheuvreux): Thanks a lot, Lars.

Bénédicte Thibord: Thank you very much for attending our second deep-dive call dedicated to Equity and Prime Services. Should you have any follow-up questions, the Investor Relations team is definitely at your disposal, and our third deep-dive call will be dedicated to the insurance business, and it will be held in December. We will provide you with some further details very soon. Thank you very much.