# BNP Paribas Deep Dive

## Corporate and Retail Payments

Wednesday, 26th June 2024

## Introduction

Bénédicte Thibord

*Head of Investor Relations, BNP Paribas*

Good afternoon. We are delighted to welcome you to our first Deep Dive Call dedicated to Corporate and Retail payments. The objective of this new initiative run by BNP Paribas Investor Relations team is mainly to help you understand the value of BNP Paribas' diversified and integrated model. I now pass on the mic to Lars.

## Overview

Lars Machenil

*Group CFO, BNP Paribas*

Thanks, Bénédicte, for the mic. Good afternoon, fine ladies and gentlemen. Together with Thierry and Yann, we are going to focus on corporate and retail payments. But let me start by introducing Yannick Jung, Head of Global Banking; Pierre Fersztand, Global Head of Cash Management, Payments, Trade Solutions and Factoring; and Aurelia Normand, Head of Global Transaction Banking CIB. And this, to take you on a journey through BNP Paribas' payments activities.

We will present to you our vision of the market opportunities, our key strengths, as well as our unique positioning and strategy. At the end, we will be pleased to take your questions. I now hand over the floor to Thierry to take you through the key elements.

## Key Elements

Thierry Laborde

*Chief Operating Officer, Head of Commercial, Personal Banking & Services, BNP Paribas*

**Payments & Flows – A strategic initiative leveraging on our leadership positions**

*A full range of solutions*

Thank you, Lars. Let us move to slide three. A few words on payments and flows at BNP Paribas before deep diving in our topic of the day, payments. These activities cover all solutions from trade and working capital financing to cash management and cards, serving all our client franchises from wholesale clients to retail customers, including individuals and SMEs.

These activities are valuable for the bank, at the core of client relationship, while being profitable and a source of granular deposits. BNP Paribas is among the few banks able to provide comprehensive and global cash management services and has consolidated its position over the years, as we saw several banks retrenching from this activity. Today, our transaction banking solutions, including cash management and trade activities for corporate and institutional clients, are available in 52 countries globally, with local capabilities and on-the-ground teams.

*Strong market positions and continued market share gains*

Today, we are a leader in Europe. We are tied number one in transaction banking in EMEA in revenue terms from large corporates and number 1 too in terms of large corporate market penetration in Europe for both cash management and trade and, more specifically, on cash management in the countries where we have a retail network.

*Across all geographies*

Our footprint is not as deep in other regions, notably Americas, where the strongest banks in cash management worldwide have a natural presence.

Consider, however, that it is difficult for new entrants to become relevant in Europe with this fragmented payment landscape. We are one of the few banks in Europe to invest in industrial capabilities and the fast-evolving acquiring market, with acquiring capacities in 25 countries in Europe. Beyond a strong position in cash management, we have indeed the ambition to be among the large European acquirers. This highly digital business has a strong growth potential, as we can see in current market valuations.

Finally, we are the only international bank combining in the same industrial approach, transaction banking, merchant servicing, and retail payments all together. This is a key edge in this market where interactions between client bases intensify and industrial capabilities become more poignant. Our innovations, for instance, are rather co-created with our clients to answer specific use cases than developed on a standalone basis for marketing purposes.

Considering all this, the Group has set high ambitions for these activities as part of its GTS 2025 plan.

**Payments & Flows – upgrading our GTS plan revenue target**

Let us now move to slide four. BNP Paribas had announced an initial objective of €600 million additional revenues in 2025 compared to 2021 from our Payment and Flows activities. As mentioned by Lars and announced in our first quarter results, this target has been exceeded two years in advance, with contribution from all products and client segments.

Based on this strong performance, we have set new targets of additional revenues at €800 million, €200 million more than our initial objective. Note that this number does not include the net interest margin on deposits derived from our Cash Management businesses. Globally, in 2023, the Payment and Flows initiatives represented about €6 billion in revenue, so roughly 13% of our Group revenues, including net interest margin on Corporate deposits.

Payment and Flows activities across all client franchises and geographies will contribute to this new target, thanks to market share gains and underlying market evolution. This ambition is being delivered while sticking to a strict risk approach in line with BNP Paribas policy. For example, commodities, trade finance, and correspondent banking activities, which the Group decided to strictly limit, are not part of this initiative.

For today's session, we will focus on payments activities for both corporate and retail clients, which include Cash Management for corporates, merchant services, and retail payments. Beyond the mentioned 800 million additional revenues in 2025, this activity has strong potential for future value creation on a longer-term basis and fits well with our integrated model and further described in the next slide by Yannick. To you, Yannick.

# Payments Overview

Yannick Jung

*Head of Global Banking, Corporate & Institutional Banking, BNP Paribas*

**Payments – A value creation engine at the core of our integrated model**

*A value creation engine*

Well, thank you, Thierry. So I invite you to move to page number five. I will first tell you how Payments taken in the broad sense of Cash Management, Merchant Services, and Retail Payments are indeed a very powerful value creation engine for the Group. I will then try to explain to you how Payments fit squarely right at the core of our integrated model. So in what ways are Payments creating value for us?

Well, first, Payments are the cornerstone of the banking relationship at the very heart of our clients' daily business and serving the entire client franchises of the bank. It is about addressing the daily banking needs of our clients. It is about paying employees and suppliers. It is about collecting customer payments. It is about managing and safeguarding liquidity. It is also about moving money around the world.

Second, thanks to our payment activities, we gain a deep understanding of our clients' flows and specificities. We can then better address their specific needs and improve risk management. Payments are, in fact, a formidable source of data, which helps us offer value-added services to our clients. A good example of that is how we improve fraud detection by identifying unusual payment patterns.

Now, a third important point in terms of value creation is that payments are a source of recurring fees that are actually linked to the volume of transactions. Such fees are generated by more than 70,000 corporate and institutional clients worldwide. In other words, this is a highly granular source of fee income for us. Payments are also a very sticky business with high barriers to entry and low churn. Average cash management mandates' duration are long, up to eight years for corporates on average. Finally, Payments are a source of granular and stable deposits that are providing quality funding to the Group and attractive margins with limited capital consumptions.

*At the core of our integrated model*

Now, onto the right-hand side of this page five. As mentioned earlier by Thierry, Payments are at the core of BNP Paribas' integrated model in several ways. Our Payment activities are fully leveraging the Group's client franchise as well as our global network.

Now, two data points to illustrate this. 80% of the European Corporate clients of CIB have a cash management relationship with us. Second data point, 60% of our Cash Management customers generate cash management revenues in at least two different countries.

Now, Payments also offer a unique opportunity for us to cross-sell the bank. Another couple of data points, if I may, to illustrate that. First, 90% of CIB Cash Management clients are active with at least another business line of the Group. Second data point, cross-regional cash management revenues earned from multinational client service by CIB have grown on average by 30% per year over the past five years.

On a broader level, Payments contribute to the overall cross-sell generation within BNP Paribas, which represents close to a third of the Group revenues back in 2023. I hope I gave you a good sense that Payments and Flows are a genuine source of value creation on a long-term basis for BNP Paribas.

**Cash Management – confirming our leadership positions over the years**

Now, if you care, let us move to the next page. I will take a minute now for a quick close-up on Cash Management, which is one of our strongest businesses. Our Cash Management solutions are available in close to 50 countries, with dedicated teams on the ground and access to the local trading systems. We serve both corporates and institutional clients from payments and collections to liquidity management and short-term investment solutions.

Our Cash Management franchise has experienced substantial growth over the years on the back of the bank's wider investments and expansion of its client franchise and of its corporate platform as a whole. As you can see on the chart, we are the undisputed leader in Europe in terms of market penetration for the large corporate segment with a massive acceleration in recent years. The continuous and significant market share capture that you see at play there was facilitated by two factors.

First, the constant drive from our clients to rationalise their banking relationships; and second, the fact that some competitors have been withdrawing from the cash management market from certain geographies. As we look ahead, we are fully confident that we will continue to gain market share, thanks notably to the continuous investments in our global Cash Management platforms and to our key differentiating factors.

Aurelia will now elaborate on all of these aspects.

## Cash Management Platforms

Aurelia Normand

*Head of Global Transaction Banking, Corporate & Institutional Banking, BNP Paribas*

Thank you, Yannick. Let us now move to slide seven.

**Cash Management – Leveraging on our industrial platforms to grow at marginal cost**

One of our main strengths is indeed our industrial capabilities. Over the years, we have made significant investments to build resilient, secure, and scalable in-house payment engines. These engines meet the highest technical standards. They enable us to cover the needs of both corporate and individual clients and to handle large volumes.

For account-to-account payments, we have today pan-European industrial platforms for SEPA credit transfers, direct debits, credit transfers instant payments, and for international payments. Altogether, these mutualised platforms processed more than 4 billion transactions in 2023. The most recent one, our instant payment engine, runs on BNP Paribas' Cloud, providing both agility and high security standards. This places us in a great position to capture the expected significant growth of instant payment volumes. Volumes processed on our platform have already been multiplied by three from 2021 to 2023.

An important part of the investments in our payment platforms is dedicated to controls and security. This is a critical part for any institution in the payment industry, and it requires continuous investments in technology and data. This is the case for anti-money laundering, financial security, as well as cybersecurity and fraud, in which we have continuously invested, using the latest technology standards.

Our payment engines are enriched by a European Payment Data Hub, which covered more than 7 billion events on payments in 2023, allowing notably 24/7 real-time monitoring of transaction flows as well as fraud detection enhanced capabilities.

Finally, we are continuously crafting the strategy of tomorrow for global payments to be fast, seamless, and cost efficient. We have been at the forefront of innovation and change through various collaborative industry initiatives, such as SWIFT GPI and ISO 2022. Today, we are piloting new use cases with SWIFT-connected corporations across the world to achieve seamless traceability and control on corporate payments.

To conclude on our industrial payment platforms, I would really insist on three points. The first one is that they are resilient and secure. Second, they are fully adaptable to evolving market standards, like real-time, instant. And third, they are scalable and future-proof, and therefore they allow us to grow at marginal cost.

**Cash Management – differentiating factors beyond the industrial platforms**

I now invite you to move to slide eight. As just mentioned, our industrial capabilities are one of our key differentiating factors on which we will capitalise to continue to grow at marginal cost. Leveraging on these strengths, we have built comprehensive capabilities across geographies to process payments and receivables, including the most complex and sensitive ones.

Just to give you a few examples, if we look at utility companies, we are able to simplify their collections from millions of customers through industrial processing of direct debits in one go, tapping into data analytics to optimise successful collections. We also provide to corporates high-value treasury transfers with competitive cut-off times and large liquidity provision across currencies and countries.

We are a trusted partner of digital payment companies and provide them access to efficient payment rails. We also facilitate and monitor sensitive payments in case of mergers, acquisition, and deal closing where the payment is on the critical path of high-profile business transactions. Finally, we offer the capability to pay internationally in more than a 100 currencies with end-to-end transparency.

*A tailor-made solution design*

Our value proposition to both corporate and institutional clients also relies on our ability to act as a trusted advisor to our clients, taking our clients' objectives and needs into account to build the most suited solutions. We have notably developed a co-creation approach with some of our key clients to ensure that our product developments address their exact needs today and tomorrow. This is the case, for example, when we developed a tailor-made Virtual Account solution for a large shipping company.

Virtual Account, they enable our clients to optimise cash centralisation, cash flow forecasting, and reconciliation management. This flexible and scalable offer will accompany them in their centralisation journey to implement payments and collections on behalf at group level for their

Euro flows. The key differentiator here for BNP Paribas was the ability to tailor the solution to the specific needs and operational setup of the clients.

*A multi-local model*

Another key differentiator is our multi-local presence, with teams on the ground and in-depth local capabilities, combined with global and standardised solutions, such as our connectivity or cash pooling solutions. What that means is that we have both the capabilities to deal with local payment specificities, such as bills of exchange in France or RIBA in Italy, and the ability to help our customers rationalise their global treasury setup.

As an illustration, we can mention the recent mandate we obtained from the Belgian government to become their payment provider, supporting more than 2,000 accounts and 50 million payments in Belgium, including all corporate cards, payment terminals, and bulk instant payments. This demonstrates our ability to act as a true local player, offering the full range of payment solutions.

And on the other side, we have also proven our ability to accompany our large MNC clients in their treasury rationalisation projects on a global scale. One example is a large European pharmaceutical company with a turnover of €40 billion, which we have been accompanying for the last 15 years: first in Western Europe and now covering 22 countries in EMEA and APAC for their cash management needs.

They chose BNP Paribas last year to be their strategic partner in the reshaping of their in-house bank. This was a transforming project on the client's side and a strong testimony, not only of our global capabilities, but also of our advisory approach.

*An integrated offer*

Our cash management offer is also fully integrated with the group wider solutions. For example, we offer a fully automated and competitive solution for cross-currency payments leveraging on our Global Markets FX solutions, which is embedded into our international payment platform. This solution is available across the Group to corporate and institutional clients. And we have seen a significant take-up in the past year, with cross-currency payment volumes through this solution growing at a +12% CAGR in the last two years.

Cash Management solutions are also closely linked to our wide range of investment solutions, from deposits to money market funds. We have liquidity advisors working closely with Cash Management sales and Asset Management partners to offer best-in-class investment solutions.

*A lean digital journey*

Finally, all those solutions from cash management to FX and deposits are embedded in our Group digital platform, Centric. Centric, which also includes market insights, trade and working capital applications, is a key component of the digital client journey, including self-servicing capabilities and access to NOA, our AI-powered virtual agent. Centric also supports cross-sell. 56% of our Cash Management clients are using at least two digital services applications on top of that transactional application.

Last but not least, a key component of our digital offer to support a lean customer journey relates to KYC and onboarding. Our Welcome app, which is also available through Centric, supports paperless onboarding in KYC and is now available in 23 countries.

Let us now move to our Merchant Services and Retail Payment businesses with Pierre. Pierre, the floor is yours.

## Merchant Services & Retail Payments Update

Pierre Fersztand

*Global Head of Cash Management Payments, Trade Solutions & Factoring, BNP Paribas*

Thank you, Aurelia. So let us move now to slide 9.

**Merchant Services & Retail Payments – a unique positioning across the payment value chain**

In terms of Merchant Services and Retail Payments, BNP Paribas has a unique positioning in Europe covering the entire payment value chain. BNP Paribas has indeed been investing in both issuing and acquiring. Therefore, we have, first, a full-fledged offer for merchants; second, an issuing offer for our individual clients; and third, in between, a major role in domestic schemes and clearing systems.

This is a clear competitive edge, a key strength in the European fragmented market. Being on both sides of the payment, with a deep knowledge of usage, we are very well positioned to implement regulations, to improve fraud detection tools, to optimise acceptance rate for merchants, and to adapt our offer in order to provide a seamless payment experience. Our major role in domestic schemes, in card clearing systems, is also key to provide a competitive offer on a wide range of payment means. On both sides of card payments – individual, issuing, merchant, acquiring – we will leverage on our industrial platform, as Thierry will explain to you in the next slide.

## Industrial Platform Update

Thierry Laborde

*Chief Operating Officer, Head of Commercial, Personal Banking & Services, BNP Paribas*

**Merchant Services & Retail Payments – announcing a major step forward for our card processing platform**

Thank you, Pierre. Let us move to the slide ten, which is about our latest news. On 13th June, we announced, together with our long-time partner in Payments, Groupe BPCE, a new project to strengthen our positioning in card payments in Europe. This new partnership will consist in the creation of a common processor for card payments, with a platform at the highest technical standards. This project will allow us to embrace evolutions in the payment landscape.

Digital payments are growing so fast, and we believe this trend will last for at least a decade. This market is based on cards, but also dematerialisation, with volumes expected to increase strongly and intensify technological evolutions. With this partnership, we will reach significant volumes estimated at €17 billion for Groupe BPCE and BNP Paribas altogether by 2029. With this critical size, we will be in the capacity to meet our whole client base expectations while anticipate market trends with constant innovation and maintain high security standards.

BNP Paribas and Groupe BPCE have chosen to build this mutualised processor in a dedicated company with a common governance, but with its own management and independent technology. This platform will allow for both cost reduction and increase in innovation capacity at a European scale. We consider opening this platform to third-party operators at a later stage. In a nutshell, this industrial and strategic partnership is a strong move in terms of payment sovereignty in Europe with the ambition to become the leading processor in France and among top three in Europe.

And now, focusing on the Merchant side of our payment value chain, I will turn over to you, Pierre.

## Merchant Services Update

Pierre Fersztand

*Global Head of Cash Management Payments, Trade Solutions & Factoring, BNP Paribas*

Thank you, Thierry. Let us move to slide 11, dedicated to Merchant Services.

**Merchant Services – a differentiating end-to-end offer**

While some competitors have decided to withdraw from the acquiring business, and while some fintechs are growing in this market, we at BNP Paribas have been regularly investing in acquiring merchant services. There is one reason for that. We believe that a bank cannot be a banking partner of a merchant without helping him to be paid.

Merchant services require building end-to-end offers. This is not only processing flows. This is also bringing added value through point-of-sale terminals in the shops or digital screens on the merchant's website or app. It is probably the more innovative and data-driven part of cash management.

Just having in mind, France is the main country for card usage in Europe and, historically, by the way, the country of birth of chip cards. Our large client base in France, our good knowledge of the French Cartes Bancaires, is a strong asset at a European level. In Europe, we can manage card payments everywhere, covering 25 countries, growing our market share in Continental Europe, as well as in the UK. We have one umbrella brand for our pan-European global offer, AXEPTA BNP Paribas. This brand includes all the value chain.

We deliver our clients end-to-end solutions, including enriched reporting through our unified real-time merchant portal, or Buy Now Pay Later solutions through our fintech FLOA. As you can see, the barrier to entry in this fast-growing and innovative business is high, and BNP Paribas is leveraging on its strong position as a key player in Europe. As an illustration, let me present now three recent innovations from BNP Paribas.

*Three innovations*

First one, our marketplace solution. Today, most merchants are offering online, not only their products, but also the products of other merchants or even second-hand products. You have probably yourself experienced it. When buying a product on a website or on an app, you discover that this product is not sold by the website owner, but by another merchant acting as a partner.

The capacity to provide marketplace offers, including onboarding and management of several partners as merchants, has become key for the acquiring business. That is why we have decided one year ago to build our own fintech dedicated to marketplace offer. It is called 1POINT6. 1POINT6 is already live with its first client being already onboarded.

Let me give you a second example. In France, we are among the first ones to propose to small merchants to transform their iPhone into a payment terminal, accepting not only Visa and MasterCard, but also the French Cartes Bancaires. For small merchants, they will avoid buying a specific terminal.

Lastly, a third example is our partnership with Microsoft to embed payments in Teams. This offer is especially adapted to professionals like coaches, doctors that sell services on Teams and will be paid in an integrated manner.

In a nutshell, we are one of the few European banks investing, at all European levels, in merchant servicing. Our pan-European, innovative end-to-end offer is a key differentiator. Leveraging on our strong corporate client franchise, on our proximity with local and European chains, being able to deliver not only card solutions, but also all means of payment, we can differentiate also from non-bank competitors.

Moreover, PSP, which are the fintech providing payment services to merchants, are not only competitors, they are also very often our clients. Indeed, we have developed a dedicated cash management offer for this payment service provider, this fintech, in Europe. When merchants choose a non-bank as a partner to process their flows, quite often we are, at the end, processing the flows of this non-bank fintech.

In conclusion on this subject, leveraging on this powerful setup, our ambition is quite clear. With a target volume of processed card transactions, as you can see in the slide, of 4.2 billion in 2025, more than 60% above the level of 2021, and as you can see, we are well on track to reach this objective.

**Retail Payments – capitalising on our strengths in a fast-evolving market**

Let us now move to slide 12, dedicated to Retail Payments for individuals.

In Western Europe, 90% of consumer-bank interactions are payment related. BNP Paribas has invested to offer individual clients the best-in-class digital journey. Again, the European mutualisation and, tomorrow, our industrial card processor are a competitive advantage. Our goal through our payment offer is to attract more clients, address fintechs or neo bank competition and improve client satisfaction.

As you can see on the slide, our action plan relies on five pillars.

*Leading role in European initiatives*

First, we play a major role in the European payment landscape. For instance, we are launching in Europe with other European banks, the wallet Wero, the company is called EPI, to allow this year 2024, person-to-person payments; and next year, e-commerce digital payments in a large part of Europe.

*Further digitise services*

Second pillar, further digitalisation of services. Digital self-care is key for client satisfaction and for cost reduction.

*Make payments instant and seamless*

Third pillar, make payments instant and seamless. Nickel is our laboratory for this. It has built its current franchise of more than 3.8 million accounts thanks to its offer combining instant payment and real-time reporting. A second example in this field is our new digital offer for international payments, including real-time FX, called My Transfer. Volumes of international transfers have been multiplied by five in France in two years.

Finally, thanks to our industrial platform, BNP Paribas is well positioned to embrace the upcoming massive development of instant payment in Europe.

*Develop usage through client journey and data*

Fourth pillar, leverage on data to offer more services like cashback, loyalty.

*Secure payments*

Finally, our fifth and very important pillar is to ensure secure payment. We are strongly investing in fraud detection and real-time analytics.

With that in mind, I pass the mic to Aurelia, who will give us further illustrations of our innovation capabilities.

## Innovation capabilities

Aurelia Normand

*Head of Global Transaction Banking, Corporate & Institutional Banking, BNP Paribas*

Thank you, Pierre. I now invite you to move to page 13.

**Innovation – leveraging latest technologies with dedicated AI team**

Technology is core and centre to our Cash Management and Payment activities. I mentioned before that we have made significant investments in building resilient and secure platforms at Group level. Our investments in technology are also driving our innovation capabilities. We make sure our investments prepare us for the future and continue to position ourselves at the forefront of the market and technology evolutions. Just to name a few, generative AI, real-time tokenisation. At the same time, we are working hand-in-hand with our clients to ensure we address their very concrete needs and help them meet their short-term and long-term objectives.

I will now share a few concrete examples where innovation is driving customer experience improvements as well as efficiencies.

*NOA and OLAF*

I will start with a few concrete use cases leveraging AI. We have created an AI team fully dedicated to transaction banking and payments. And we are already delivering on several use cases, two of them being shown on this slide. The first is NOA, our virtual assistant, embedded into our digital platform, Centric. It improves client interaction while delivering operational efficiencies. The second one is OLAF, our Fraud Detection solution, providing real-time payments filtering to optimise fraud detection rate.

*BENEtracker*

We mentioned earlier our co-creation approach and our key role in SWIFT initiatives. This, combined with latest technology, allows us to build innovative solutions for our clients. A good example is our BENEtracker offer. It aims at tracking payments with a focus on beneficiaries to make them aware of the status of specific payments that are due to them. It is directly accessible by beneficiaries in order to minimise the time spent chasing payments, and it allows them to access a public space where they can see non-confidential data about the payments.

*FLOA*

The last example we would like to share to illustrate our innovation capabilities is the acquisition of FLOA. It demonstrates our ability to capture bolt-on external growth opportunities and to reinforce our innovative payments offer. Part of the Group since 2022, FLOA offers the full range of flexible payment solutions, including Buy Now, Pay Later, split payments, mini loans and credit cards.

It also provides other innovative offerings, such as Circle Pay, the payment solution that fosters product reconditioning. FLOA solutions are offered both directly to individuals as well as through merchants and fintechs. This integration allows us to offer best-in-class and flexible payment solutions to our clients. FLOA's business has been growing significantly since the acquisition, with the number of active merchants being multiplied by five and the customer base of FLOA Pay by more than two.

After that look at innovation, I will let Yannick highlight the growth potential of our Cash Management and Payment activities going forward.

## Growth Potential of Cash Management and Payments

Yannick Jung

*Head of Global Banking, Corporate & Institutional Banking, BNP Paribas*

Well, thank you, Aurelia. And please move to page number 14.

**Outlook – significant runway for growth**

Simply put, we think that our Payment business has significant untapped runway growth potential going forward, and this is going to be through a combination of client franchise expansion and product innovation. In terms of client franchise, we see a strong growth potential on cross-regional business flows generated by our large and rapidly growing multinational corporate client base.

This is clearly a priority growth area for us on which we are accelerating as I speak. In retail, we plan to leverage the expected organic growth of card usage while we are looking to pursue our strong momentum in acquiring and with PSPs. And finally, we aim at increasing our penetration rates within all of our client segments. One particular area where we see substantial room to expand is the provision of cash management services to financial institutions.

In terms of the new product offering, we are targeting growth in US dollar cash and liquidity management. We also see potential in developing an innovative issuing and acquiring offer for small and medium-sized businesses.

Of course, our intent is to continue to leverage our very own points of strengths, namely our integrated business model, our global footprint, our culture of collaboration and our key assets, technology and industrial platforms, for a complete set of innovative solutions.

I will now hand over to Yann for the concluding remarks.

## Conclusion

Yann Gérardin

*Chief Operating Officer, Head of Corporate & Institutional Banking, BNP Paribas*

Thank you, Yannick. Let us move to slide 15 if you want.

**A value creation engine, generating recurring fee revenues, operational deposits and cross-selling opportunities**

First of all, I would like to reiterate how BNP Paribas' position is unique within the payment ecosystem. We have indeed four main differentiating pillars. The first one, a client franchise which is truly spanning from retail to large corporates. Two, a broad offer serving both global and local payment needs. Three, strong and recurrent investment in technology and talent that allows us to serve clients better every day. And fourth, powerful industrial platforms allowing us to grow at marginal cost, while improving the quality of our services and the satisfaction of our clients.

Then, I would also like to stress again what all my colleagues told you since the beginning of this call. The Payment business is a strategic business for BNP Paribas. Payment systems are a crucial component of the bank's relationship with its clients. As such, they are to be handled with the highest standards in terms of quality of service and security. This is what we do daily at BNP Paribas. And this is why we are gaining market share and client satisfaction every day.

Two, Payment activities create value for our shareholders. This is a capital-light business acting as a major source of recurring fee revenue and granular deposits. And thanks to BNP Paribas' integrated model – and by the way, this Deep Dive is a wonderful example of what integrated model means to all of us on a day-to-day basis – Payments generate cross-business opportunities within the group.

Lars?

## Concluding remarks

Lars Machenil

*Group CFO, BNP Paribas*

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

Thank you, fine ladies and gentlemen. With this, we have come basically to the end. So if you can peruse slide 16 after we have, I trust, demystified many of those elements. And so let me remind you what you see is the five boxes that basically underbuilt the investment case of BNP Paribas and see how the Payments business provides a very powerful illustration, and this at all of the levels.

So if you look at the five boxes. So if you take the first one, it is a good illustration of our general principle. We have been highlighting that we provide the right service to the right clients with the right level of profitability. So stepping up cross-sell, stepping up market shares. Secondly, I think it has been highlighted that it is a capital-light business with a low risk profile. On the third, you also have seen that the Corporate and Retail Payments allow us to expand our fee income business. And then on energy transition, as you might have known that Cash Management specifically, we have developed an offer for sustainable deposits, and we are providing account management services for sustainable projects. And the fifth, our franchise and ability to grow at scale allows us to attract and retain talents, including fintech.

And so overall, beyond the €800 million objectives that Thierry mentioned earlier, we believe the development of our Corporate and Retail Payment business is a strong area of growth for the Group, and this is on a long-term basis.

So thank you very much for your attention. And we open the floor for any questions you would have.

## Q&A

**Benoit Valleaux (Oddo BHF):** Hello. Good afternoon. Thank you for taking my question and for this very interesting presentation. I have two questions on my side. Firstly, can we please go one step back regarding your new partnership with BPCE?

Regarding Payments, we can observe various types of organisations on the market with different choices between what is made internally or externally. For example, one of your competitors has recently announced a global partnership with Worldline. Can you please tell us more what are the benefits of your organisation, and what has driven the choice of this new partnership with BPCE?

And my second question is on FLOA, you acquired early 2022. You have mentioned a very strong growth, close to 4 million clients. But can you please give us a bit more colour on where the growth is coming from? For example, what is coming from international expansion? What are the benefits for you of acquiring FLOA? And can you please also give us some metrics on value creation or return on equity capital for FLOA? Thank you.

**Thierry Laborde:** Okay, good afternoon. I will answer to your first question, Thierry Laborde speaking, about our new partnership with BPCE. This project provides for the creation of a common card payment processor. What is very different from Crédit Agricole announcement, is that it will be fully internalised. It will be our technology, both BNP PARIBAS and BPCE, with a platform to the best technological standards. It covers the entire value chain from product management card transactions, operations, and infrastructure management.

The perimeter of the development of the JV is wider than the other example that you mentioned. It will incorporate the best technological standards for payments, meeting the increasing digitalisation of users, acceleration of mobile payments, expansion of e-commerce, demand for instant transactions, as well as the innovations brought about by domestic and international schemes – Cartes Bancaires, Visa, Mastercard and also EPI, European Payment Initiative, and its commercial brand, Wero.

The purpose of the JV with BPCE is to significantly reduce costs, be more efficient and to mutualise investments in innovation with a great partner. It is a long one and we have a complementary vision of businesses between BPCE and BNP Paribas. Indeed, with lower cost, we can be more aggressive commercially. Leveraging on our gigafactory, it will also support our growth in terms of market shares. On top, we aim to turn the JV into a European player.

The other point that you mentioned, it is a French initiative, a French initiative only. Our level of ambition is on the European level. And in a particularly competitive and innovative payments market, it is essential for us that this processor has a European dimension so that it serves all our geographical locations.

To conclude, together with BPCE, we are choosing a strong and strategic partnership based on a leading-edge technology base able to provide the best service to our clients and to best embrace the profound changes in the payment market.

Pierre, about the question on FLOA?

**Pierre Fersztand:** Pierre Fersztand, so I will answer to the second question on FLOA. FLOA is clearly acting in a fast-growing market and expands its activity in new geographies with new partners and new product offerings. Overall, the business in France will be breakeven in 2026. The business outside France is in a start-up mode, growing from zero two years ago quite quickly in a lot of countries. New volume growth is exceeding 30% per year. So in a nutshell, it is a new business quickly growing, with breakeven in 2026 in France and a starting mode outside of France.

I want to add one thing. Adding Buy Now, Pay Later, which clients are more and more asking to our e-commerce offer for merchants, is a strong added value and helps quite a lot our acceleration in the offer to merchants.

**Benoit Valleaux:** Okay, thank you very much.

**Operator:** The next question is from Flora Bocahut, Barclays. Please go ahead.

**Flora Bocahut (Barclays):** Yes, good afternoon. I wanted to discuss actually the slide six in more detail, just to make sure, first of all, that I understand what you are showing here in percentage terms. The 51% for this year, should I read that as meaning that out of all corporate clients in Europe for cash management, half are already your clients? Is that the right way of understanding this number?

And then I wanted to discuss the strong acceleration in the market penetration for BNP Paribas since basically 2020. Why this sudden acceleration? I think you mentioned some other players were retreating. So it is not clear also on the other peers who you gained market share from. So anything you can tell us here on how that happened and why you think this can be sustainable over time. Obviously, some of your main competitors in Europe, other large corporate banks, have rebounded of the lows. They want to grow in that business as well. There is more competition on the horizon.

And then another question here on cash management again. Italy seems to be less of a strength for you than France or Belgium. So why is the positioning a bit weaker for you in Italy, and can that change? Thank you.

**Yannick Jung:** Yes, hi. This is Yannick Jung. I am going to take your question. First, you read slide six well. What this basically says is that one out of two of the large corporates who are responding to the Coalition Survey, the Greenwich Survey, are actually a client of the Cash Management services of BNP Paribas. So the way they define large corporates is based on the annual turnover. I think it is in excess of a €1 billion, but we can double check that. And not every single client is responding actually to the survey. But you have a statistically meaningful response base, which leads us to believe that, yes, indeed, one of the large corporates out of two that are operating in Europe, Middle East and Africa are actually working with BNP Paribas as a cash management service provider. So that is to your first question.

The second part of your question which is about the rapid expansion of the penetration rate that you see on this chart there. Maybe starting off with a generic observation. There is only today, a very limited number of global competitors that have the capacity to offer cash management services at scale in Europe. When you look at Corporate and Retail Payments, that is a business that requires significant volumes. It is a scale business, which also requires, over time, massive investment into your infrastructure, your operations, your IT stack. Not everyone within the overall competitive landscape – and here I am referring to European banks as well as a number of other regional players in other parts of the world – have the capacity to sustain that kind of investment.

And in fact, as you rightfully heard us say, a number of our competitors have actually been retrenching from the market altogether or, in some cases, are withdrawing from a specific geography, which is creating opportunities for us when we are operating there. We can replace that bank as a cash management service provider locally.

Now, we have seen a certain amount of competition, consolidation within our industry, where investment needs, again in IT, also in processes to sustain regulatory requirements, to sustain also the necessary investment to secure, to ensure you have a secure cash management system, has effectively built significant barriers to entry. It is fair to say that over, let us say, the last couple of years, since rates have been moving back into positive territory, we have seen a form of intensification of the competitive intensity across Europe.

This is to a large extent because as rates were going up, the cash management business was becoming more profitable, and revenues were increasing for a number of the competitors. But this is a temporary trend. We at BNP Paribas have been firm believers in the cash management business for many, many years, now over a decade and, as a result, have been building long-term investment plans which some of our competitors that are back in the race have not necessarily done.

I would like also to mention that – maybe also it does not show here on the chart, which is more specific to Cash Management - but just to mention that in the field of acquiring, we are also seeing intense competition, notably from non-bank players, which nevertheless we believe are competitors we can match, given we have the globality of our offering. And we have a diversified value proposition that they do not have.

Now, to your question on Italy, I am just checking my notes there. Our penetration rate in Italy is actually higher than the average penetration rate in Europe. It currently stands at 75%, still on large corporates. And you will be happy to know that in our other core markets, like France and the Benelux, our penetration rate is actually extremely high at 90%, which means that 9 out of 10 of the large corporates that are responding to the Greenwich Survey have a cash management relationship with BNP Paribas. So I hope that answers your question.

**Flora Bocahut:** Thank you. Very clear.

**Giulia Miotto (Morgan Stanley):** Yes, hi. Good afternoon. And thank you for this presentation. I found it particularly useful. I have three questions if I can. The first one is, you touched upon competition from new players. And if we listen to online native players, like, for example, Adyen or even Stripe, they typically say that they thrive in payments complexity, and their really key selling point is to help merchants accepting payments everywhere in the world. Can BNP match this servicing, or essentially where do you see yourself versus these new players specifically when it comes to merchant acquiring?

Then secondly, strategically, if I think about the capital that you have left after selling Bank of the West, I think Payments would be an obvious area where you could invest. Do you see any gaps in your current business? Is there any area that you think deserves some focus and potential deployment of excess capital or, in fact, after this partnership with BPCE, you could be done?

And then my final question is, I think it was slide four. So did I understand it correctly that you said, I think, 13% of Group revenues comes from essentially Payments, these four categories? And do you disclose what sort of ROE this business makes? I would guess north of 20%, but I do not know if you have any quantification. This is maybe more one for Lars. Thank you.

**Pierre Fersztand:** So first one, it is Pierre Fersztand. Clearly, on Cash Management, we are competing with banks. On acquiring, now, we are mainly competing with non-banks, the ones you quoted. We believe we are in a good position for this competition. We have the full end-to-end offer. We have a European offer. And I add three things.

First, we have a long-term, long-lasting global relation with the merchants and the corporate clients, not only on one field. Second, we are able to offer a wide range of payment solutions. Those companies are very specialised on cards. More and more, we will offer Wero. We will offer instant payment. We will offer even direct debit solutions, local solutions in some countries like Italy that was quoted just before. And that is a very strong differentiating factor for BNP Paribas. And third, we are, as a bank, offering a full end-to-end offer, which means we can offer the terminal, the data, the reporting, the processing, like those players. But at the same time, we are very open. We do not go with a one-size fits-all solution,: you take my terminal, you take my solution, you take my screen. We can adapt to the terminal the clients already have. We can adapt to the ERP, the system of accounting the clients already have. And this openness is more and more demanded by clients.

So yes, competition in acquiring in Europe is not with banks. It is with the non-banks you quoted. Our offer is at a good level. They have strengths, but I believe our strengths in the long run are very relevant. That is for the first question.

**Lars Machenil:** On the capital redeployment, as you know, yes, we are still sitting on some capital that we redeploy. And as you know, I am not going to redeploy it in a bank. Payments does not include banks. So Payments is a good player where we could do so. Moreover, as you have seen, Payments in Europe is still a very scattered kind of activity. So we can really leverage on bringing the integration and building value with other segments.

And so that is what we will continue to do. Whenever we have opportunities, and typically the yields intrinsically are fine and the integration that we can lever bring even more yields, if there are opportunities, we will definitely explore.

**Thierry Laborde:** But definitively, Thierry Laborde speaking, we prefer to make organic development on our side. It is the case with this new partnership with BPCE. It is a big investment, €200 million for the two banks, for the creation of the JV. We have also some investments to do to modernise our own system in BNP Paribas, in France, in Belgium, in Italy, because the target of the JV is a European level.

And we also – Pierre mentioned that a few minutes ago, we invest in innovation with, for example, the launch of 1POINT6. 1POINT6, if we want to buy the same type of fintech, it is roughly €150-200 million. And we will do the same with a smaller amount.

**Lars Machenil:** Let me rebuild on this. As you know, we are frugal, yes? So if we will buy something, the price will be right, and it could be a technology part. So we will never do silly things.

**Giulia Miotto:** Thank you. And the comment on slide four?

**Lars Machenil:** 13%. 13% of Group revenues, yes.

**Giulia Miotto:** Great. And the ROE on that business? I am still an analyst, so I ask for the details on ROEs.

**Lars Machenil:** The ROEs that we have, they are gravitating around 15%.

**Giulia Miotto:** Okay, thank you.

**Pierre Chédeville (CIC):** Yes, good morning, good afternoon. A follow-up question regarding the JV with BPCE because something is not very clear for me. Regarding the fact that one of the objectives of this JV is to develop in Europe. But as far as I know, BPCE is not really present in Europe compared to you, and not really present at all. So I do not see exactly what is the balance between BNPP and BPCE in developing in Europe. Can you clarify a little bit about that?

Another question is, of course, you talk about organic growth, things like that. But I was wondering if it would be possible, for instance, for this JV or, for instance, Axepta to work with other banks which are not big enough to develop and to invest in this payment industry and which would be tempted to work with white labelling brands, for instance. And do you have any ideas on the fact that you could develop a partnership with other banks?

And the last question is a question, a financial question. Could you give us the breakdown between CPBS and CIB regarding the amount of €6 billion that you generate with this Payment and Cash Management industry? And what type of cost-to-income ratio do you have in, for instance, the retail, pure retail Payment business and Cash Management? Thank you very much.

**Thierry Laborde:** Thank you for your questions. First answer about BPCE partnership. You are totally right. BPCE is more French, and we are more European. And what is very interesting to us is that BPCE accepted to develop some investments for the development of BNP Paribas in Europe. It is a way to mutualise both these investments. And for example, for the time being, the flows of payments in Belgium, the flows of card payments in Italy are not processed by BNP Paribas. They are processed by some industrial partners.

With the development of this new JV, we will have the ability to re-internalise this type of businesses because our cost per transaction will be very competitive to do that. And it is also a JV open to the competition because we can serve some other banks in the future, in France, in Belgium, in Italy, and so on.

So it is a very dynamic partnership, a very ambitious partnership. And we have a total complementarity with BPCE. They can put some volumes, big volumes on more retail than us. And we could add, in the JV, international volumes in Belgium, Luxembourg, and Italy, and also the ability to serve merchants everywhere in Europe. It is still the case. It is already the case for BNP Paribas.

**Pierre Chédeville:** A follow-up regarding that. In terms of number of transactions, what percentage would come from BNP customers and what part – because when you look at it simply, we have the impression that it is much more advantageous for BPCE because it puts the same amount on investment, but it will benefit from your much bigger footprint.

**Thierry Laborde:** BPCE will put in the JV all the volumes of the business on issuing in France, and they are higher than us in France on the issuing side. On the acquiring side, we have more volume on the European side, but they are not so small on the acquiring side in France. And we will put in the JV all the volume for the European franchise, but with a mutualisation of 50:50 on the €200 million investments.

So it is a win-win partnership between BPCE and us. Clearly, a win-win partnership. And at the moment, we will re-internalise all the flows of Belgium and Italy. It will be more successful for us than for BPCE, clearly.

**Pierre Chédeville:** Okay, thank you.

**Lars Machenil:** On the P&L, listen, on this one, at BNP Paribas, we have opted, when we list P&Ls, to do it by division. Whereas what you have seen here is a view by client. And so we already have so many divisions, we do not complement that with the view by client, but I can give you some colour. If you look at the colour, an element that you can look at is the cross-selling that is happening. If you look, 30% of the revenues that we generate stem from cross-selling. And then if you look at Cash Management, that has a very high level of cross-selling, so 90%. So almost every client is basically acting with at least two divisions within the Group.

So that is basically what we see. And then if you look at it on the investments or the extra revenues that you are having, if you wish, and if that could guide you going forward, so if you look at the €800 million – again, we do not split it, but if you look at it at the drivers that you have within the other activities, you could assume that 60% is CPBS and 40% is CIB. So that is a bit the guidance that I can give you.

**Pierre Chédeville:** And in terms of cost to income?

**Lars Machenil:** Well, in terms of cost to income, there what you can apply is, again, those revenues are a bit on both sides. So you could apply the average cost to income of the activity. The gain is coming from the capital requirement.

**Pierre Chédeville:** Okay. Thank you.

**Guillaume Tiberghien (BNP Paribas):** Yes, good afternoon. Thanks for the presentation. Maybe three questions. One is on the decreasing rates environment. Maybe you can explain the sensitivity of the revenues to the declining rates.

The second one maybe is about the capital allocation. How do I assess the capital, the RWA for the business? Is it just like the operational risk? So is there anything else to take into account for the capital allocation?

And finally, what are the key risks for this activity of payment? I am thinking operational risk or reputation or technology. So if you can elaborate on the key risk for that business. Thank you.

**Lars Machenil:** I will take the first two questions. So yes, on the capital, as we said, the capital requirement is 'light' compared to others, and so the main thing is indeed the operational risk, which is the driver. And then if you look at interest rates. On interest rates, let us not forget that, as we demonstrated, on one hand, a large fraction of the income is stemming from fees. That is the first thing. And then on the interest income, what you should know is that a large part of the assets are basically marked up. So what I mean by that, the mark-up that we charge to the client is like – the number is wrong, I am just giving you as an illustration – it is remarketed by 50 basis points. So the marking is not asset liability driven. So you take a mark-up and, intrinsically, if the rates go up or the rates go down, that mark-up is there.

So the sensitivity from that point is manageable when it comes to the level of rates. If levels would go back to zero, that would be a different thing. But if they remain hovering around 2%, 3%, that mark-up remains what is the main driver. And then on top of that, there will be growth in that domain stemming from the volumes that we see.

So that is a bit the key elements. If you look at the risk, basically as we mentioned, it is the operational risk and all these aspects which are basically linked to it, and so it can come to reputational risk …

**Aurelia Normand:** Yes, looking at risk and just to complement what Lars mentioned – it is Aurelia Normand speaking – we could mention the two main ones being the intrinsic risk related to payment activities. So probably the first one will be financial security. We see increased scrutiny on payments in a world that is complex and an evolving geopolitical environment. And we do invest a lot in this area, be it on anti-money laundering, sanctions training. But it is clearly a risk and a barrier to entry for smaller player and new entrants.

And the second one, as Lars mentioned, is the operational risk. We have mentioned it is key to invest a lot in IT assets and to fight against obsolescence in a fast-evolving technology environment. There again, the only way to remain in the game is to invest with a long-term strategy in our IT landscape.

And maybe two other categories of risk that are risk and opportunities at the same time, one, we could mention is the fast-evolving regulatory environment, taking, for example, the deployment of instant payments. It is both an opportunity because we can develop added value services for our clients around that, but it is also a risk because it requires investments, and typically only a limited number of players can afford these investments. We are one of them.

The last one we could mention in terms of fast-evolving environment is the client demand. It is evolving fast, supported by new technologies. This is creating new payment habits. And we need to address them, and market players need to address them if we want to remain competitive. So there again, it requires anticipation, a long-term vision, and investment, as we have presented before.

**Guillaume Tiberghien:** Thank you.

**Chris Hallam (Goldman Sachs):** Yes, good afternoon. Just two questions. So first, you have said that you have a cash management relationship with 80% of your European CIB Corporate clients. What about the other 20%? Is there a reason you do not extend cash management services to those clients? Are they using someone else? Or is it they are just a grouping of corporate clients who would not be economic to bring onto the platform?

And then second, which is, I guess, connected, what would the trigger point be for a corporate client to come to you and decide to use BNP Paribas as a provider of Cash Management services? What causes that corporate to rethink whether they are getting the best service from their current provider and then think about turning to you?

**Yannick Jung:** This is Yannick Jung. I will take the first question. And I think, Aurelia, you are going to take the second one. So the simple answer to your question is that, indeed, they are working with someone else, the 20% that are not using us for Cash Management. It means that they are using a separate service provider. And a part of the name of the game for us to continue to expand is to identify the good ones, those that have high potential, and to convince them, to win them over on our side. So this is a part of the growth potential that we have.

**Aurelia Normand:** And if we look at why clients would select us when making the choice of cash management partners, I think we have mentioned our leading position, of course, but there is one trend that is important to mention. Our corporate clients, they are after efficiencies as well. They need to generate savings. And they are engaged into rationalising programmes for their Treasury departments. So they are looking for basically rationalising and downsizing the number of cash management partners. And when doing so, they look for solid partners and partners that are able to provide added value and efficiency solutions to them. And we are one of their partners. We provide both the resilience and the innovative, dedicated solutions. Typically, we are able to provide AI-powered reconciliation solutions that help our clients save a lot in terms of efficiency at their level. So that is probably one aspect, on top of course of the resilience of our platform, and the fact that they know they can count on us for the long term with solid infrastructure.

**Yannick Jung:** And the other criteria that will come into play is obviously our global footprint, the fact that they can have access to a network of over 50 branches. They would look at our industrial platform to Aurelia's point which is safe, it is secure. And that is a very important decision factor for any corporate nowadays. They would look at the fact that we have a very complete service offering across all of their different needs. And finally, they would factor in, most probably, the fact that we have super coordinated front-office teams. So the level of cooperation that exists between our teams that are handling the client relationships and our product specialists is a very strong differentiating factor compared to many of our competitors.

**Chris Hallam:** Very clear. Thank you.

**Anke Reingen (RBC):** Yes, good afternoon. Thank you very much for this presentation. Two questions, please. On slide four, listening to your presentation, obviously, there are lots of opportunities for growth. So I am a bit surprised to see that your revenue growth potential is slowing down from 2023 onwards. Is this because basically you are already number one, or is this to do with interest rates, or is it just generally maybe the €200 million conservative assumption?

And then secondly, on tech investments, you mentioned this a few times, could also be a barrier to entry. Are you willing to give us an indication in terms of what the cash spent is per year on your payments initiative? Maybe looking at it in a different way, given you mentioned scale and investments, if you would use slide four, would actually the profit growth accelerate as investments pay off and you have scale effects? Thank you.

**Lars Machenil:** Yes, Anke, not sure I understood your question on page four. So what we basically said is that the increase, we reached it two years earlier. And so basically on the initial moment, we will do €200 million more, so a total of €800 million. So why is that unambitious?

**Anke Reingen:** If you have like €600 million over 2021 to 2023, it is €200 million more over another two years. So I would think given all the initiatives that is going on, the growth could accelerate.

**Lars Machenil:** But again, the ambition, as we said, is that to grow into that period. And so we add two years and we add €200 million over and above that recurring business. So I think it is a sweet growth.

**Anke Reingen:** Okay. Thank you.

**Thierry Laborde:** It is not net interest margin. The majority of it is fees. It is fees, regular revenues from this initiative. So, to feed this ambition is to gain new clients, new volume, to gain market share. And maybe we were a little bit humble when we defined the objective in 2021. But we beat it and it is a little bit spectacular. It is more than €20 million of regular fees.

**Anke Reingen:** Yes, I am not scaling down. I am just thinking if they could even accelerate more given all the initiatives you are having. Thank you. That is it.

**Lars Machenil:** Anke, you know us, right? We set all sails. We step up, and if I can, tongue in cheek, end by saying, we typically under-promise and over-deliver, so.

**Anke Reingen:** Thank you. I will take that.

**Thierry Laborde:** But, Lars pushes us. Lars pushes us, so.

**Anke Reingen:** And on the tech investments, cash investments per year, can you give us an indication or that is not possible? Thank you.

**Pierre Fersztand:** Yes, we can disclose. So we can disclose the investment. The investment is over €100 million every year. A part of it is on reliability and regulation. A big part of it also is to answer to the new needs of our client and innovation.

**Thierry Laborde:** And it is to answer to the co-creation that we push with our clients. So it is €100 million per year to invest in this activity.

**Anke Reingen:** Thank you very much.

**Stefan Stalmann (Autonomous Research):** Yes, good afternoon. And thank you very much for the interesting workshop. Two questions from my side, please. I am still trying to figure out whether building a European payments business is actually a truly pan-European business where you have real cross-border synergies, or is it really a collection of relatively fragmented local businesses? I think a lot of things that are heard today makes me think that it is probably more on the integrated side. But you also said that because of the fragmentation of the European market, it was not so interesting to the US players. So I am wondering how I should think about this.

And I would also like to follow up on slide six, where we discussed this increase of your market penetration from 28% to 51%. What I actually find very interesting about this chart is that the penetration rates of a lot of your competitors did not change much. So, there is no obvious bigger competitor who left the market.

And it looks like, on average, corporates are now dealing with more banks than maybe 10 years ago in cash management, so no sign of rationalisation in that chart. Is that actually a good thing for you as maybe some of these competitors will finally exit, given the lack of relative penetration compared to you? Or is it a bad thing because some of these competitors will actually fight back at some point?

**Lars Machenil:** I will start with the first question on the elements. Indeed, as we said, what we see is basically in Europe, the systems are scattered. Yes? So, in order to do it, you need local systems. And then you have to have or an interface or basically getting to a local system. And it is to some extent also what is happening on the second one. So you have to be willing to make the investments.

The €100 million that we talked about, I am not convinced – well, I am basically convinced that not many banks are willing to do that investments or have the capabilities to do so. We do have those investments. That is what we keep on doing. And that is positioning us in a rather unique way to capture this.

**Thierry Laborde:** The landscape, it is global and local. And what we did, and I think it is globally unique in Europe, we have a unique asset for each means of payments. An asset for SDD, an asset for SCT, an asset for instant payment, and soon a European asset for cards. It is totally unique. And all these IT assets are serving all the clients from CIB, all the clients for the CPBS. It is unique.

Welcome, for example, the digital portal for the client, it is a unique digital portal for corporate clients within CIB and for corporate clients within CPBS.

**Yannick Jung:** To your second question, this is Yannick Jung. What we see at play right now is the fact that a growing number of multinational corporations are actually concentrating the handling of their payments, the handling of their cash management requirements into an ever-reducing number of counterparties. And as a result, shifting service provisions in different countries to aggregate them into pan-European or pan-regional cash management contracts, for instance.

And the number of banks that are capable of handling those pan-European requirements, which again boils down to how present are you in different countries, how many branches are you operating, how many payment systems are you capable of handling across your platform, is one of the key decision factors there. We are, fortunately for us, one of those banks that is benefiting from this trend.

And when you look at this slide, this page that you are referring to, what this shows is that we are today the one bank in Europe that has the broadest, the largest established base of clients that are using our Cash Management services. To some extent, you can argue that this is going to be a formidable platform for us to continue to grow. Because it does not necessarily mean that they are using BNP Paribas, those one out of two corporates, they are not necessarily using BNP Paribas in every single one market, in every single one country where they have operations. And a large part of our growth potential, a large part of what it is we do every day, is actually to convince them to upsell, to convince them to work with us in new geographies. And this is something we do well. And I can assure you that we see a lot of requests for proposals that have been organised over the last two or three years, notably as the world is becoming more fragmented and, I dare even say, a little bit more dangerous in a few places. We see a lot of those requests for proposals that are coming up. And we win more than our fair share. So I expect that we are going to see continued top-line expansion as a result of this market share capture.

**Stefan Stalmann:** Thank you. Thank you very much.

**Delphine Lee (JP Morgan):** Yes, good afternoon. Thank you for this very interesting deep dive. I just have really one question left, just really a quick clarification on your slide four, going back to that slide. The additional €200 million, is that already a part of your update of the GTS plan that you have provided with Q4 results, or is that something that is new? And I assume that you have not provided figures of what you expect from, for example, the BPCE partnerships, which should contribute a bit more as well, I would assume. Or is that already part of – because I guess it is a bit too early for 2025?

**Thierry Laborde:** No, the new ambition of €200 million is part of our publication of the Q4 communication, but the potential for the new partnership with BPCE is not part of it. We have to build a solution. We have to launch it. And in due time, we will communicate what the objective, the financial objective of this new partnership.

**Delphine Lee:** Great, thank you very much.

**Jacques-Henri Gaulard (Kepler Cheuvreux):** Yes, good afternoon. I had three. The first one, Lars, I was surprised about the cost-to-income ratio of the activity that you said was roughly in line with the proportion of CPBS and CIB because it seems to be a very high pre-tax margin business, while generally it is usually quite low. And I would assume that this business is more at the service of the other division in the integrated business you mentioned.

So, in that context, is the next step for this activity is to sell data simply because you are collecting a lot and it is a big part of the operations there?

And the last point is how many retail clients and how many merchants do you have in Europe on this activity? And do you have any growth rates of where you want to go within the next three to five years? Thank you.

**Lars Machenil:** I will take the first two questions. So with respect to the cost-to-income ratio, as I basically said, it is an activity which has a relatively intense high touch when it comes to the activity. So that is why the main driver for the overall profitability that I mentioned is the fact that it is capital light. So that is one.

On the next steps, on selling data, you are talking to the wrong bank. So we are not selling our data. When it comes to data, we have made the use that we basically have, are so 'data rich' that we basically use our own data. And that is more than sufficient for what we do and to trigger cross-sell and do not sell the data. So that is basically my two questions.

**Pierre Fersztand:** So, in number of clients, if you look at numbers, we are serving all the clients, individual and small merchants, of our markets – France, Belgium, Italy, and so on. So it is about 20 million individuals and several hundreds of thousands of small merchants. So if your question is how many clients, 20 million individuals, several hundreds of thousands of merchants, a lot. And then your question is how many very large corporate in the CIB world, is the answer you have in the slide we already commented on the Greenwich result.

**Jacques-Henri Gaulard:** Thank you.

**Lars Machenil:** So I think we have come to the end of the meeting. So I wanted to thank you all for attending our First Deep Dive, which was focused on Corporate and Retail Payments. And the objective is really to help you to get a further clarification on our diversified and integrated model.

And so as a reminder, as a placeholder, the next session will be dedicated to Equity and Prime Services. That will be in September. And of course, I hope to reach out to you on 24th July for the second quarter results. Thank you very much and wishing you a very fine day.

[END OF TRANSCRIPT]

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