



Transcript

Fourth Quarter and Full Year 2021 Earnings Presentation

Wednesday, 9th February 2022

Welcome

Anthony Mellor

Head of Investor Relations

Good morning to all of you and welcome to this Q4 and full year 2021 results. With me today are Valérie Baudson, Chief Executive Officer, and Nicolas Calcoen, Head of Finance, Strategy and Public Affairs. A few operating instructions for the Q&A session. First, we would like you to turn on the camera and participants willing to ask a question need to click the raise a hand in the reaction button at the bottom of the panel. They will be unmuted by the host and then need to unmute on their local computer. They will be muted again by the host at the end of their question. Valérie, the floor is yours.

Review of the Year

Valérie Baudson

CEO, Amundi

Thank you very much Anthony. Good morning to you all. Thank you very much for joining this presentation. I know you have a busy schedule this week. I would like to start by telling you that 2021 was a remarkable year for a number of reasons. I will of course start with the key figures we are releasing this morning.

Milestone in assets under management

Lyxor and momentum

The first one of course, which is important, is that we reached the €2,000 billion assets under management milestone. This is of course thanks to the acquisition of Lyxor. This is also because of strong commercial momentum in 2021, especially at the end of the year. Our inflows for 2021 are €60 billion. But what is even more important is that we have a very high level of inflows in medium-long term assets at a level of €75 billion.

Net income

Second important information of the day, our net income, which is a record one as well, €1.3 billion, up 37% compared to 2020. It allows me to say that we have reached, we have even surpassed our objective of the 2018 and 2022 strategic plan already. You remember this objective was to increase our net income by 5% a year and we are already at 12%. This plan was also projecting a cost:income ratio below 53% and you see that our cost:income ratio, thanks to the good revenues and of course our traditional good operational efficiency, is below 48% this year with still strong investment. I'll come back to that later on.

Dividend

Third important financial information, the information on the dividend, which is of course in line with our results. So the dividend will be up by 40% at €4.10 per share and that does represent a yield of 6.1%.

Major achievements of 2021

Before giving the floor to Nicolas on the details of financial figures, I would like to take few minutes to tell you about what I consider are the major achievements of Amundi in 2021 in all our strategic initiatives. I want to do this because I think they are really the main reasons why I am confident and optimistic for 2022.

Retail growth

First important point, our retail growth. As you can see on the following slide, our retail story is a story of growth. Of course you know that Amundi was founded on – it's in our DNA – the objective to offer solutions and services to retail partners. It was founded on the Credit Agricole group of course and you can see at the bottom of this chart the Credit Agricole group: Credit Agricole LCL represent 16% of our assets.

Then you know that the story of Amundi was also to build new partnerships with retail partners through the different acquisitions we have made. To mention a few you have the Pioneer one and the relationship we have with UniCredit Group, but more recently with Sabadell and the relationship we have with Banco Sabadell. All these partner networks are doing very well, especially UniCredit with €4.4 billion inflows in 2021, and Banco Sabadell as well with more than €2 billion inflows in 2021.

Third party distributors

But what is the most striking and what I want to show you here, and that we probably have not communicated enough in the past, is our growth rate on what we call third party distributors. The retail business of Amundi is of course funded on the basis of our partner networks but on this foundation we are actually building, year after year, a very strong third party distribution business. This third party distribution business today represents more than 50% of our retail assets including Lyxor as of 31/12/2021. So who are they, these clients, they are 600 around the world, from Boston to Tokyo. They are private banks, they are retail banks, insurers, IFAs, digital platforms. They are served by more than 200 dedicated professionals within Amundi and these 600 clients generated inflows of close to €24 billion last year. So what is the most striking in these results is the very strong growth of Amundi retail business with these third party distributors in an open architecture format.

Experience

How can we explain that? First of all, the reason we have so many clients trusting us is that they know we know how to deal with a distribution network. We have this experience, we can deliver dedicated and high-performance financial solutions. The fact that we are a leader in ESG is incredibly important and is shown in our inflows last year. Nicolas, I am sure, will come back to that later, but you should know that 50% of our inflows in 2021 come from ESG products and solutions, and this is reinforcing our position with our distributor clients.

Of course you know that we are also delivering and offering now not only services, training, content, and so on, to these distribution clients, but also digital tools, thanks to our Alto offer and our Alto Wealth and Distribution offer. Once again this is reinforcing our position with

these clients. Very clearly as well, we have the experience to offer solutions in open architecture format for distribution clients, especially for private banks, where it's extremely important. We know how to do fund selection, we know how to offer client solutions through underlying assets which are both from Amundi and other providers, and this is part of our strength in this area.

Growth in Asia

Second important growth driver and strategic initiative for a long time now, but which has been extremely interesting in 2021 and I'm sure will go on in 2022, our activities in Asia. You know that we have this target to reach €500 billion by 2025 in Asia and actually as you can see on the chart, the increase of our assets has been very significant in 2021, plus 24%, so we are already at €370 billion. This is due mostly to the excellent momentum we had with our joint ventures, both in India and in China.

In India you know well that we have a joint venture with SBI, the first bank of India. We have the first asset manager in India with this joint venture. The inflows have been impressive, €26 billion in 2021, and you remember also that we are planning an IPO of SBI FM, the asset manager, this year, probably around Q3, according of course to market conditions and regulatory approvals. So this is an important step and will reinforce our partnership with SBI in the future.

China, you know as well that we have two joint ventures with two of the four largest banks in China. The first is the historical one with ABC, with strong inflows this year, of €12.8 billion, excluding the expected outflows in Channel Business and an exceptional outflow in Q3. The second is the much younger one, our subsidiary with Bank of China, which was launched at the end of 2020, so the first results are really in 2021. And in just one year we've seen inflows of €10 billion. I think we can consider it very satisfactory. So we have in China €25 billion inflows globally.

In Asia we also have a number of offices everywhere, from Tokyo to Kuala Lumpur, and they also generated €9 billion inflows. So once again, our activities in Asia are on track, have been reinforced and are a good growth lever for the future.

Amundi Technology

Third strategic initiative, that you know as well, is Amundi Technology. So you know that we created a business line around technology, around our capacity in this area, in which we are investing strongly. Our target is to reach €150 million revenues by 2025. We actually already reached €36 million revenues in 2021 with a good momentum, 15 new clients, large ones. I would take two examples, AG2R with €120 billion of assets and maybe one more emblematic, which is BNY Mellon, who actually just opted for Alto asset servicing deposit control module. That's a new important client for us. So a good take-off for Amundi Technology and we will go on investing significantly in this area in the next years.

ESG

Fourth, the ESG area, which is as you know instrumental in our industry and a game-changer for a lot of players. What I would like to tell you is that we reached all the objectives we set ourselves in the 2018-2021 plan. So you can see them on the slide, I'm not going to go through all of them. But the most important is that we are now incorporating ESG criteria

into all our actively managed, open ended funds. And of course what could be important to remind you as well is that we have deployed massively ESG criteria into our passively managed assets.

This is a reason why we are today considered a leader in this area. We are actually managing €847 billion of assets with ESG criteria, and to be precise according to the SFDR regulation we have €780 billion assets which are either Article 8 or Article 9. I'm sure you're familiar with this notion. Once again, what is incredibly important is that last year, half of our medium-long term inflows were in ESG products or solutions.

At the end of 2021, we announced our new ESG plan that we called 2025 ESG Ambitions. And this will reinforce our commitment in this area. I will not go through all our engagements, you can find them here. Maybe to take one or two which are significant. We will reach €20 billion of impact solutions, we will integrate a new environmental transition rating in all our actively managed funds, and we committed to have 40% of our ETF product range invested in ESG by 2025. Another very strong commitment is the fact that ESG is very much a matter of engagement with companies and we are deploying massively climate engagement policy with an additional 1,000 companies by 2025.

Lyxor

Last but not least, the acquisition of Lyxor, which has been of course a strategic point of 2021 and which will be a growth factor for the future. So you know the story, we acquired Lyxor, whose assets are around €150 billion. We now are the first European ETF provider, with a market share of 14%. This is a highly value-creative transaction for investors. I remind you of the main figures. Actually, Nicolas will get into more details on the company's profit, but it has been higher than what we expected, so the price to earnings multiple paid is around 9x. The cost synergies are completely confirmed, €60 million by 2024, and return on investment, of course only taking into account cost synergies – but there will be revenue synergies for sure – is ahead of 10% within the next three years. So we have a strong and ambitious target in the passive area. We want to increase our passive assets by 50% by 2025 as well.

So retail, IT and technology, ESG, Asia and of course Lyxor and passive management, will be I'm sure strong growth drivers for the future.

Financial results

Nicolas Calcoen

Head of Finance, Strategy and Public Affairs

Market conditions

Thank you very much Valérie and good morning to all of you. Very pleased to be with you this morning. I will start with a very quick word about the market context in which we operated during the year 2021 and the last quarter, which obviously was very supportive, with in particular a strong development on the equity market side. This is illustrated in the graph on the bottom left of this slide. You can see that the European market in equities were at the end of 2021 above the level of the first quarter of 2020 by 25% and still slightly above the level of the third quarter by 2%. So very favourable market environment for this year.

In this context, Amundi performed very well. As Valérie indicated, assets under management reached more than €2 trillion at the end of 2021. To be precise, €2,064 billion. This is firstly due to a strong organic development. Excluding Lyxor, our assets under management reached €1,916 billion, thanks to positive inflows up to €60 billion, €65 billion in the last quarter, and a positive market effect. If you add the impact of Lyxor, €148 billion at the end of 2021, we then overcome the €2 trillion threshold.

Activity developments

Strong inflows

So we'll now concentrate on the activity on Amundi stand-alone. I will come back to a few numbers and highlights on Lyxor later on. So, starting with Amundi, a very positive development in terms of activity. As I said, with €65 billion of inflows just in this quarter. And with strong development in all the segments of activity. Again, a very strong level of medium-long term inflows, €29 billion in this quarter. On treasury funds, a comeback of inflows in this last quarter with €11 billion. Very strong development in joint ventures, €25 billion.

So overall for the whole year, we have, as we said €60 billion of inflows, with in particular an exceptional level of inflows in long-term assets a bit more than €75 billion excluding JVs. It's the highest level of inflows in long-term assets since the creation of Amundi.

Retail activity

These inflows have been driven by all client segments. First on retail, very strong development as already indicated by Valérie in her introduction, with inflows for the full year of €41 billion in long-term assets in retail. In particular, €16 billion just in the last quarter. The inflow activity has been especially strong in international networks with very strong inflows from all our partners, in particular UniCredit, €4.4 billion, Banco Sabadell in Spain, a bit more than €2 billion, and of course in China with our new partner, BoC, €10 billion for this new entity that was launched just one year ago.

So very positive development with international networks but also, as indicated by Valérie, on third-party distributors, €24 billion inflows for the full year, with a strong contribution from almost all countries (Italy, Germany, Spain, Benelux, and several countries in Asia) and in terms of activities, both active and passive management.

A last element on the French network, here flows were more muted. With on one side, strong development in long-term assets in unit linked, €1.5 billion, which were compensated by redemptions in structured product triggered by the favourable market conditions.

Institutional activity

Moving to the institutional side. Here as well very strong inflows in long-term assets, €34 billion for the full year, including close to €13 billion just in the last quarter. So very strong activity, recognised by all medium and long term expertises. But outflows on treasury products, as we saw in the first three quarters in the year. This was partially compensated at the end of the year, but overall on treasury funds, outflows were €29 billion for the full year.

Development in active management

In terms of expertises, what is also striking is the fact that this good level of activities has been triggered by almost all expertise and asset classes, with in particular strong inflows in

active management, €56 billion. Here as well I think it's a record year for Amundi, this level of very strong inflows in active management. But also strong development in passive management, €20 billion of inflows for the full year, close to €10 billion for the last quarter. In particular, good development in ETF. In ETF alone, excluding Lyxor, we had inflows of €12 billion and we ranked in the third position in Europe by inflows in 2021.

So, good level of activity in active, passive and in real assets as well with €4.6 billion, I will come back to that. The only negative point is structured products, €4.8 billion of outflows, linked to the phenomenon I just described, a very high level of early redemptions due to the market context.

Solid fund performance

Just to give a little bit of colour on the active side, as I said, record flows of €56 billion in all asset classes. This is linked, of course, to a very strong and solid performance. You can see for example that 74% of our assets in open-ended funds are in the top two quartiles over 5 years, according to Morning Star rankings. And you can see also that we have a very large set of very performing products, with more than 180 funds that are four or five stars, again according to Morning Star rankings.

This is also due to the fact that we have a very broad range of expertise that fits well the demand of the market. In particular, strong positioning in ESG. Valérie already mentioned it. A large portion of our inflows are positioned in ESG products and we continue to innovate in that space, with for example new funds dedicated to social bonds or the new range of products called ESG Improvers.

Also notice the very strong position of multi-asset, which is very well recognised and fits well the demands of customers, both retail and institutional. Overall, €35 billion of inflows in multi-asset products and we notice in particular the good take-up on the new OCIO offering, with inflows above €8 billion and 16 new mandates gained with institutional clients.

The last element to notice, equity products also performed well and were recognised, in particular our value funds that correspond well to the demand of the market and the continued success of the thematic expertise, where we continue to innovate and for example we recently launched a new Hydrogene fund, which has been very successful.

Real assets

So very strong focus and development on active management. In our real assets, a very good momentum as well. It's the continuation of what has been going on for a few years now. Today our stock of real assets has reached €62 billion. It has been continuously increasing over the recent years, on average by 11% per year, over the last five years. In 2021 we had positive flows of €4.6 billion and quite diversified by expertise with continued inflows in real estate of course but also even more flows coming in our private debt expertise as well as private equity and infrastructure. And with several innovations launched during the year 2021.

Joint ventures

The last element in activity, joint ventures in Asia. Here as well Valérie already presented the main achievements. They are quite remarkable. During the last quarter, €25 billion of inflows

driven by SBI mainly, but also good inflows from the JV with ABC in China, which had more than €10 billion.

In both cases, good level of activity in retail and the win of significant mandates with institutional clients. And for the full year, the net inflows on the joint ventures are €11 billion but it includes €18 billion of expected outflows from the Channel Business activity in China, that, as you know, is effectively in run off.

If we exclude this activity, the total flows were around €30 billion for the year. So for this year, a strong contribution of the joint venture to the activity of Amundi, but also its profitability. You can see that our asset increased by 29% in 2021 if you exclude the low margin Channel Business and the contribution of these joint ventures to Amundi's income increased by 37% during the year.

Q4 and FY 2021 Results

Q4 2021: Net income of €328m (up +14% vs. Q4 2020)

I can now move to the results and I will start with a few words about the fourth quarter, where we posted very strong results.

Adjusted net income of €328 million, which is up by 14% compared to the end of 2020. This is, of course, due to a strong development on the revenue side. In particular, the net management fees reached €727 million. They are up by close to 16% compared to the fourth quarter of 2020 and still up by 2.8% compared to the third quarter.

The level of performance fees on the quarter was still relatively high, €70 million for this fourth quarter, but we are starting to see the progressive normalisation of the level of performance fees, as expected. Costs remain under control, as illustrated by the cost to income ratio, which reached for this last quarter 48.8%, so a very good level of cost to income ratio.

Even if you exclude this, still slightly exceptional level of performance fees, the adjusted net income is up sharply by a bit more than 20% compared to the fourth quarter of 2020 and by 3% compared to the third quarter of 2021 and the cost to income ratio is around 50%.

2021: record net income in a buoyant environment

So moving to the full year 2021. Very strong net result of €1,315 million for the full year. This is up by 37% compared to 2020, and clearly well above the target for 2018-2022 plan. So very strong increase in the result, due of course first to a very good development in revenues.

Sharp improvement in net management fees

First, net management fees. You can see that they reached €2,786 million. They are up by close to 15% compared to 2020. Of course, it is partially due to the market environment which was favourable, but it is also mainly due to the very good net inflows momentum, in particular in higher margin segment and products such as active management or retail, as illustrated before.

And this explains why the average margin slightly increased in 2021. It reached 17.9 bps compared to 17.4 bps in 2020, with in particular, very strong contribution from the retail

business. You can see that the revenues coming from the retail business overall increased by more than 16% in 2021.

Very high performance fees

So very good level of net management fees, but also an exceptional level of performance fees. You know that it is something we already discussed and illustrated over the last quarters. Overall, for the full year 2021, performance fees reached €427 million, clearly an exceptional level due to the quality and the good performances of our investment teams as I mentioned earlier, but clearly also due to a favourable market context.

And we expect in the future to see the continuation of the normalisation of the level of performance fees that you can see already started since the third quarter. Just to remind that on average over the recent years, performance fees tended to reach on average between €160-170 million per year.

Excellent operational efficiency maintained

So very good level of revenues, plus costs that remain under control, with an excellent operational efficiency maintained all over the year. It is illustrated here again by the cost-to-income ratio, which reached 47.9% for the full year. And if you normalise again for the exceptional level of performance fees, it remains close to 50%. So a very good level of operational efficiency, despite the fact that during this year we continued to invest massively in our development.

We invested, in particular, in technology to support both the development, I would say, of new external clients but also to support and constantly upgrade the technology capacity for our own need. We invested in China obviously with the ramp up of the new subsidiary with BOC. We also invested significantly in the promotion and development of our brand and the recognition of Amundi brand, in particular, in retail, through significant investments in advertisement.

And last but not least, we also invested in and would continue to invest, as you know of course, in the development of growing expertise, in particular, real assets or thematic strategies. So overall, all these additional investments accounted €65 million in 2021.

A very robust financial structure

So before I move to Lyxor, just one word on the financial structure, which is still very strong. At the end of 2021, our tangible equity reached €3.5 billion and our Core Equity Tier-1 was 16.1%, well above the regulatory requirement and well above our managerial target of 10%.

And this evolution during the year is due first to a strong capacity to generate capital organically on one side but allowed to absorb the impact of Lyxor, which was finalised at the very end of 2021, generating a goodwill of around €650 million, which, of course, came in deduction of our capital ratio. So despite this acquisition, we start the year 2022 with a very strong capital position.

Lyxor: an acquisition that creates values

Lyxor: very good operating and financial performance in 2021

Before leaving the floor to questions, a few words about Lyxor. Valérie alluded to it. We finalised the acquisition of Lyxor on 31st December.

For Lyxor, 2021 was a very specific year, a year of corporate action and of preparation for the integration with Amundi. Nevertheless, despite these circumstances, the activity was very strong. Lyxor posted positive inflows of around €12 billion for the full year, including a bit more than €8 billion in ETF.

And the net income is higher than we expected when we disclosed the acquisition. The normalised net income for the acquisition perimeter was around €42 million, so around 20% above what we had anticipated .

And in total, Lyxor is, of course, bringing to Amundi €148 billion of assets overall, including a bit more than €100 billion in ETF. In terms of clientele segment, a bit more than 60% of the asset are in retail, in third-party distribution, with a diversified set of clients.

Potential for synergies and value creation confirmed

As Valérie indicated, we can clearly confirm the synergies coming from this acquisition and the potential for value creation. On the synergy side, we confirm the €60 million cost synergies and we expect to have a full impact of these synergies in 2024.

And on the revenue side, €30 million of synergies with a full impact in 2025. So overall, strong value creation confirmed. And we can notice that this acquisition, if you look at the actual figures for 2021, is made with a multiple of 9 times 2021 result if you include the cost synergies only. So a very attractive acquisition.

Integration well underway

Before I finish, a quick word on the process of integration, which is well underway. As I said, the closing has took place a few weeks ago now and we are in the process of onboarding the new teams and most of our new Lyxor colleagues already joined us. And we are, of course, actively preparing the main milestones of the acquisition, which will be the migration of the Lyxor operations on our IT platform during Q2 and Q3 and the legal mergers of the entities, which are expected to take place by the third quarter of 2022.

A transaction that strengthens Amundi in certain key expertise

And to finish, of course, based on this new capabilities, we have room to continue to grow, with strong ambitions in passive management clearly, where we expect to increase our position by 50% by the end of 2025, but also in active management, with this new dedicated business line for liquid alternative and also the reinforcement of our capabilities to design solutions for institutional clients.

Valérie, if you want to say a few words to conclude before we take the questions?

Conclusion

Valérie Baudson

CEO, Amundi

Yes, of course. Thank you, Nicolas. A few words in conclusion. First, I think that these 2021 results show that we have a strong profitable growth trend. I think that what is especially remarkable is our trend in the retail area, and once again, especially in the third-party distribution, but also with our international partner networks.

Second most important point is our ESG leadership, because it is important for our business and for the future. Our new plan is an ambitious one and we will confirm what we are already starting to do and which explains an important part of the great inflows of 2021 and which will explain, I am sure, part of the 2022 flows.

Third point, as both Nicolas and myself reminded you, you know that we have all these strategic initiatives which are starting well and starting bearing their fruits, for example, the development in China, the development of Amundi Technology. And of course, last but not least, the acquisition of Lyxor, which is absolutely key, because it does reinforce our expertise, both of course on the passive side and on the liquid alternative side.

So I am very confident and I think we have everything to pursue our development path in 2022.

Q&A

Arnaud Giblat (Exane BNP Paribas): Three questions, please. If it is okay, maybe we take them one by one. Firstly, you are announcing the IPO of SBI FM. Could you reconfirm the timing? The size you are disposing of is quite small. It is only 4%. So what is your long-term plan there? Are you looking to exit completely that position? If not, why IPO?

Valérie Baudson: Bonjour, Arnaud. Thank you for the question. So the IPO of SBI FM, obviously, the goal is to enhance the brand awareness, the visibility of this asset manager, which is already the first one in India. It will, of course, help unlock the value that the shareholders jointly created. So the IPO should be happening around Q3, subject of course to market conditions and regulatory approvals but that should be roughly the timing.

The minimum percent of capital to be listed is 10%. So this is the plan as of today. That would mean that according to our respective shares, SBI would sell approximately 6% and we would sell approximately 4%. For us, this is an opportunity to reinforce the strategic partnership with SBI and we absolutely intend to stay within this strategic and core partnership in the future.

Arnaud Giblat: Okay. Second question is on Lyxor. So you reconfirmed the €60 million of synergies. If I am looking at slide 38, I can assume that most of those synergies will be achieved by 2022. Also whilst I am on Lyxor, I am curious about your implied 50% growth in passive AUM. How much of that is inflows in terms of your 2025 targets? If I compare that to the industry growth as well, well, we are seeing inflow rates into ETFs at about low teens for the past few years. So I am wondering why a bit of a lower rate than past industry growth?

Valérie Baudson: Nicolas, you want to answer on the Lyxor detailed figures?

Nicolas Calcoen: Yes. So first on the synergies, as you pointed out, significant milestones will be achieved in 2022. But there will be also some parts of the re-organisation that will take a little bit longer. That is why we expect to see a significant impact of those cost synergies in 2023. But the full impact only in 2024.

Regarding your second question, on the ambitions on passive management, if I understand well. When we say +50% by 2025, it is by organic growth and without taking any significant

positive impact of market evolution, if it is the question you had, which means that we expect to gain market share through that. On the passive management and especially ETF, the growth of the market has been, over the recent years, above 10%, I think maybe 12% in average. It was due to strong inflows, but also a significant market increase, and we are not factoring in such an effect in terms of market for the years to come.

Valérie Baudson: Third question, maybe, for Arnaud?

Arnaud Giblat: Thanks. Just a quick one on the profitability of JVs. It has come down, despite a positive mix of growth in AUMs, so I am wondering if you can just shed a bit of light on that?

Nicolas Calcoen: I am not sure why you are saying the profitability has decreased. I mean it is just on the fourth quarter?

Arnaud Giblat: Quarter-on-quarter, yes.

Nicolas Calcoen: For the full year you have an increase by 28%, I would say, from a pure accounting point of view, but you have to take into account that in 2020 we still had Fund Channel as a JV. Now it is consolidated because it is owned 100% by Amundi. So if you exclude this perimeter effect, there is, in fact, an increase of 37% of the contribution of the JV between 2020 and 2021. On the fourth quarter in particular, just one effect is the fact that we have seen an exit of a significant mandate in ABC-CA on the third quarter, at the very end of the third quarter, so we have seen the effects in the fourth quarter. The second element, from one quarter to another you can have just purely accounting considerations, as they do not close their annual accounts at the same time. So, let's say that the message is not to look too much at purely quarterly data for the contribution of the joint venture. The direction of travel is a strong development and strong increase, including in profitability, and it should continue.

Arnaud Giblat: Thank you.

Anthony Mellor: Next question from Mike, Michael?

Michael Werner (UBS): Yes, hello. Thank you. Mike Werner here from UBS. Two questions, please. First, just looking at the cost base, you guys have done a great job constraining costs in 2021, but with inflationary pressures rising looking out to 2022, how should we think about Amundi's cost base, as well, with the potential lifting of travel restrictions, mobility restrictions? Can you just remind us what we can expect from travel and entertainment in a more normalised operating environment? Again, assuming those pandemic restrictions are eased.

Then, second, just kind of going back to the India IPO. My understanding is that there is a 10% requirement for listing, but then there is a step-up requirement in the coming years, in the years after the listing, in terms of the amount of free float. Is there any intention or has there been any agreement with Amundi and the other owners with regards to any potential sales in the future years to achieve those liquidity requirements? Thank you.

Valérie Baudson: Thank you very much, Michael. I am going to take the second question. Nicolas, you can complete, of course, and I will let you answer on the details on the cost

base. On the Indian IPO, you are absolutely right Michael, there is a regulatory constraint which is to reach 25% liquidity in – is it three years?

Nicolas Calcoen: Three years.

Michael Werner: Three years.

Valérie Baudson: Three years, well, I wanted to confirm. So this is compulsory, of course, so we will follow that, but, once again, no intention to go further. Nicolas, I will let you give the details on the cost base.

Nicolas Calcoen: On the cost base, it is true that the context of inflation may have some impact on our cost base. But we have no worries; most of our cost base is salaries. Of course, we increase salaries every year and the good results allow us also to have a significant increase in variable remunerations. But we do not feel very strong pressure on salaries. We are also a very attractive employer for potential candidates, so we do not see a very strong pressure on that side.

Regarding travel, that is true that the level of travels has decreased significantly in 2020 and 2021. It may increase in the future if, hopefully, the sanitary situation improves, but it remains a very small item compared to the size of Amundi first, and, second, I would say that through the crisis we also learned to work differently and we realised that we do not need to travel that much. So, yes, probably there will be an increase in the level of travels, but our objective is to keep travels at a much lower level than what it used to be before the COVID crisis.

Valérie Baudson: Maybe, Nicolas, to add to that, to which I fully agree, if you go into details in our ESG plan, there is a part which is also to set internal alignment objectives in line with the engagement and, namely, specifically to reduce our emissions by 30% per employee in Amundi operations. So, of course, travels are part of it and we do not feel any difficulties to achieve that.

Anthony Mellor: Okay. Next question comes from Haley.

Haley Tam (Credit Suisse): Thank you. Hopefully you can hear me okay?

Anthony Mellor: Yes.

Haley Tam: I have got a couple of questions, please. So, first of all, congratulations on the strength of the third-party flows. I just wondered, to help us understand how much of this might be sustainable factors rather than just market strength, can you tell us how much of that was into Article 8 or 9 ESG funds? I would be particularly interested in that. Also, given you mentioned ALTO tools maybe as a differentiator, can you tell us: do you earn a higher fee margin on third-party distributed funds due to, perhaps, the extra services, sub-advisory, et cetera, that you have there?

Then the second question. In terms of ESG, two parts. First of all, you do tell us on slides 25 and 42 the performance for your entire fund range. I just wondered, could you give us any more colour specifically on your ESG strategies? Because I know there has been a lot of market commentary recently about ESG fund underperformance, and I would be interested to hear how your funds have done in that context. Thank you.

Valérie Baudson: Hello. The precise figures on ESG, on third-party distribution, I do not have them exactly in front of me.

I am pretty sure it is significant because what we can see globally, there are different moves on the ESG side. Of course, you know that MiFID in the middle of 2022 will impose the distributors to ask retail investors what kind of engagement they want to take in terms of responsible investment. So what we see today in the discussion is that we have, with distributors and of course with our retail partners as well, both in France and in all Europe, a strong, strong acceleration of referencing ESG products and solutions to be in a capacity to answer to the request of their own clients in the middle of 2022, when they will have to implement this new MiFID regulation. So that is why you should see that quite clearly.

In terms of strategy in ESG, we are going on launching new thematic products all the time because it is important for retail clients to give some meaning to what they invest in, and specifically I think Nicolas was mentioning our new fund on Hydrogène, which is a very good example and which has collected a lot of inflows very, very rapidly. However, we can come back to you with your specific questions on performance and/or in-flows on all these funds very easily.

Anthony Mellor: There was a question also on the fee margin on third party distributors.

Valérie Baudson: Sorry. Nicolas, I missed this one.

Nicolas Calcoen: Fee margin for distributors, I think is the question. The fee margin for distributors are in line with what we see in retail when it is compared in terms of products. Of course, we sell to distributors who have a higher proportion of ETF, for example. We tend to have a lower margin, so the blend in margin is a bit lower but is due to this mix effect.

Hubert Lam (BofA Securities): Hi, good morning – three questions for me. Firstly, now that you have completed the Lyxor acquisition would you be ready to do more M&A or would you have to wait for Lyxor integration completion first? I think previously you also said that you would return excess capital back to shareholders at the end of this year had you not used it for M&A. Is this still the case? This is the first question.

And second question is on interest rates. Given we are in a world right now of rising rates how do you expect this to impact your bond flows and how negative is this for fixed income exposure? I think currently you are about 40% of your assets in fixed income. Any update on sensitivity would be helpful.

And lastly on Lyxor, did you decide you would plan on getting market share now with your Lyxor capabilities, will you compete on price is the question on ETFs, and how much fees margin pressure should we expect on passives going forward? Thank you.

Valérie Baudson: Thank you. Thank you very much for these questions. I will let Nicolas answer on the precise question on the sensitivity figures because I am sure he will have it. I will start on your first question on Lyxor and more M&A.

You know, first of all, you have seen that we plan to integrate Lyxor by Q3, so as usual, we are optimistic to be fast in this integration. Of course, our main rule and what we really are mostly focussed on is organic growth because this is what is important in the long term. Yet, with €2 trillion and according to the good track record we have, we are a natural consolidator

for the market, so we would look at any opportunity in the future. However, it would mean as usual that it should reinforce us either on a specific market or on a specific expertise. We would have of course to comply with strict financial objectives, for exemple a return of more than 10% on the investment within 3 years.

On the return of excess capital, Nicolas, you want to answer that question?

Nicolas Calcoen: Yes, sure. I think over the last three years with the acquisition of Sabadell the previous year, and the acquisition of Lyxor this year, we have hopefully made good use of our excess capital. Our approach remains the same. We do not want to tie up capital. We think it is safe and good practice to have a little bit of excess capital. It makes us agile in terms of opportunities and that is what we continue to do. That is why we start 2022 with a little bit of excess capital. I was mentioning we had 16% Core Equity Tier One, which is above our target. Again, if there is no opportunity in the coming years and we pile up capital, we will return it. However, for the moment, we keep this small amount so that we can remain agile and take opportunities as they arise.

Valérie Baudson: On your question on bond funds and bond exposure widely, first, I would like to remind you, but you know that by heart, that we have a very diversified profile by customer segment, by geographies, and by asset class, and by expertise. We have a lot of streams of revenues.

Our bond exposure today accounts for 40% of our assets. However, you probably know that those represent only 20% of our management fees. That is the first point.

The second point is that the most important clients in our bond expertise are insurers. You know we have two very large clients which are Crédit Agricole Insurance Group and Societe Generale Insurance Group, and there are a lot of other insurance clients, but these are the very big ones. And by definition insurers have to be invested in bonds, and it is a very stable position and you know that these very large insurance mandates, of course, are low margin.

One point I should say on the bond side as well is that it is, of course, in our investment policy to adapt our portfolios, and our portfolios have been short duration for a long time now, so very well oriented. We are of course flexible. We focus on different strategies and on the equity side we are very much value today. Our general asset allocation have been performing and that is one of the reasons why we are very positive.

Nicolas, can you answer to the exact question on the sensitivity which was asked by Hubert?

Nicolas Calcoen: The sensitivity to rate hikes. We evaluate the sensitivity to a 100 bps increase of long-term hikes across the board, all geographies, and so on, to be around €35-40 million in revenues. Again, sensitivity to long-term rate hikes including US, and so on.

Valérie Baudson: And Nicholas, I think there was one last question on the fee sensitivity in the ETF space. Is that right?

Hubert Lam: Fee pressure, yeah.

Valérie Baudson: Fee pressure. It was not sensitivity, sorry, fee pressure in the ETF space.

Nicolas Calcoen: Fee pressure on the ETF space, sorry, I missed this one. While it is something that is clearly not specific to ETF only, we observe it also for ETF. Due to the nature of the business, we expect it to continue because the competition is fierce. However,

we are very well armed to face these pressures, especially now that we manage around €200 billion of ETFs.

Jacques-Henri Gaulard (Kepler Cheuvreux): Good morning, Jacques-Henri here from Kepler Cheuvreux – two questions. It would be great to have an outlook maybe for the retail business, which has been fantastic in 2021, particularly, on the third-party distributors. Interesting to see what you observe for your partners which have renegotiated already with you, and how the financial performance operates, how the commercial activity operates after that.

And the second question maybe to see if my calculation skills are as good as they used to be, excess capital, Nicolas, I have on the back of the envelope €1.3 billion roughly. I was wondering if that was the appropriate number or if I was overshooting a bit? Thank you.

Valérie Baudson: Nicolas, can I let you answer the two questions?

Nicolas Calcoen: On excess capital, so I am not so completely sure about your calculation. As I said, we have 16% Core Equity Tier One. Our general target is to have at least 10%. Our RWAs are around €14 billion, so the excess cap is around €800 million.

And the first question on the outlook on retail in general, the year 2022 as far as we know is starting well, and we see the potential for development in both retail networks and international retail distributors still very positive for all the reasons we communicated, with regard to the quality of products and so on. Of course, market evolution may have an impact on this development going forward, but for the moment, we remain positive.

Jacques-Henri Gaulard: Thank you.

Gurjit Kambo (JP Morgan): Brilliant, thank you. Just a couple of questions. Firstly, in terms of the growth investment, I think you said €65 million of investments on the cost line in 2021. I just want to understand when we look at 2022, how much more growth investment is there within the business? Just trying to get a feel for how much costs could grow because of the investment that you are still making in the business. That is the first question.

Secondly, on performance fees. I know you talk about normalisation of performance fees and it is very difficult to know what those fees might be going forward. However, in terms of the AUM eligible to performance fee, is that now higher than it was in the past? I am just trying to understand how much fees are eligible for performance fees.

And then finally, just a last one. On structured products AUM, how much is roughly outstanding still on that product? Thank you.

Valérie Baudson: First, on the performance fees. I will let Nicolas answer the two other questions. If we look at the trend of normal years, and that is exactly what we took in our budget this year, we consider there should be around €160 million roughly. This is what you should have in mind as a target. Plus, you know that we already discussed in the previous quarters that we have a regulation in Europe which will probably lead to a decrease in performance fees globally.

Nicolas, can I let you answer the two other questions?

Nicolas Calcoen: Sure. First question was on the incremental investment, this was €65 million we had in 2021. For 2022 what I can say first is that we invest every year and we

continue to do that, in particular, in technology, across expertise, and so on. And maybe one additional comment is that in 2021, the investments were at this level considering the very good level of revenues, we may not be at the same level every year. However, definitely, we continue to invest.

And the last question was on structured products. The AUM with structured products in French networks are around €20 billion. What we see every year is that some come to maturity. The average maturity of this product is five years. The level was particularly high last year because of the market environment. A lot of auto-calls were triggered and so the level of maturity of products was higher than what it is usually.

Gurjit Kambo: Thank you.

Angeliki Bairaktari (Autonomous Research): Yes. Good morning, thanks for taking my questions. First of all, on third-party distributors is there any particular concentration on main geographies or particular bank networks that you can disclose? I think you had disclosed some networks back at the time of the IPO, but I imagine this may have changed today. Any colour on that would be appreciated.

Second question, you did talk about sub-advisory as an additional service offered to third-party distributors. Can you tell us how much AUM you currently have in sub-advisory and what margins you earn on those assets?

And third question, where do you see the blended Group management fee margin landing in 2025, considering the plan to increase passive AUM by 50% from the current 18 basis points approximately? Thank you.

Valérie Baudson: Hello, I will answer the first question and I will let Nicolas answer the second and third. On the first question, as I was mentioning, we have on the third party distribution 600 clients now in 27 countries. It is a very diversified client base and of course there is diversified size and profile. However, if I had to focus on a few countries where we have a particularly strong position I would tell you: Italy, Spain, Germany, Belgium and France of course for Europe. In Asia we have very strong business in Taiwan, as well as in Hong Kong, and Singapore has been growing fast last year. And in the US. Our business in the US, as you probably know, is really mostly a retail business.

Nicolas Calcoen: Subadvisory started a few months ago. It is starting with AUM relatively small, a few hundred million euros for the moment. Again, it was just launched I think a bit more than €300 million.

Valérie Baudson: Nicolas, sorry I am interrupting. Around €3 billion at the end of this year.

Pierre Chedeville (CM CIC): Good morning, thank you for the presentation. I have one question regarding the investment this year. You have mentioned €65 million of investments. Could you give us any outlook for 2022 regarding these investments? Will it be more or less the same breakdown of investment? I guess you will continue to invest in Amundi Technology. I have another question regarding Asia. You mentioned that you are very well positioned with third party distributors in various countries in Asia. Of course you have your three JVs and I was wondering if you were contemplating any other countries in which you will be more focused on with another JV. Do you think that there is another country which could be interesting for you to invest with a long-term partner, excepting China, India or

Korea? My last question will be maybe a little bit iconoclastic but I wanted to know what are your relations with the Crédit Agricole CIB? Do you work with them to produce some innovation in structured products, for instance, or any synergies in terms of customer relationships? Thank you very much.

Valérie Baudson: I will take the Asia and CIB question. On Asia we are now present nearly everywhere. There is maybe one country where we could be more present which is Indonesia. If at some point there was an option we would probably look at it with the same constraints as usual. Now we really have a presence absolutely close to everywhere in Asia. Of course with Crédit Agricole CIB we have very strong relations, especially synergies on clients because we are often present in the same countries, outside of France. Our teams are working together and of course sharing relationships with clients, especially in the corporate space because it is one of the strengths of Crédit Agricole CIB.

Question: Sorry, I am coming back on my question on Asia. I know that you are everywhere in Asia. That was not specifically my question. My question was more do you feel that another joint venture, especially in the retail side, could be an option for you or are you happy with your footprint now?

Valérie Baudson: My answer will be the same probably. Indonesia will be the only one country missing today and if a JV was an option it would probably be an efficient way to enter the market.

Nicolas Calcoen: First question on 2022 investments, we continue to invest obviously. We invest every year, maybe not to the same extent as 2021 which was very strong, but we will continue. In terms of areas of investment, yes it will continue to be technology obviously. It will be new areas of expertise and it will be Asia. Maybe not to the same extent in Asia because last year was really the year of taking off of the new BOC subsidiary but we will definitely continue to invest in Asia.

Question: Thank you very much.

Andrew Lowe (Berenberg): Thanks, a really quick question. Are you able to disclose the calendar year 2021 net income from SBI Funds Management? Then also, you have had lots of inflows on the institutional side. What margin are those flows at? Thanks.

Nicolas Calcoen: On SBI FM net results we can I think disclose a contribution of SBI FM which is €47 million. The second question is on the margin on the institutional side in SBI FM. To be honest, I do not have the exact number. There are very, very significant mandates. They are very big with low margins so I guess the average would be a few bps but I do not have the exact number.

Andrew Lowe: Okay.

Bruce Hamilton (Morgan Stanley): Thanks, just a couple of follow-up questions. One on the management fee margin. I think this was asked but I am not sure that we got an answer. Your fee margins have been relatively stable at around 18 basis points over the last 2-3 years. I guess on one hand the retail strength and maybe the broadening growth in the third party distribution is pretty supportive but then if you grow in passive obviously it is negative. Could you give any sense over the next few years whether you think that margin could actually be stable? Obviously most of your peers would see margins declining given

business mix and given fee pressure. I guess that would be the first question. Then the second one would just be, and sorry if I missed this, could you give us the size of the outstanding structured product portfolio and the channel business within the ABC JV, just so that we are aware of possible risks there? Thank you.

Nicolas Calcoen: Okay, the first question regarding management fees, yes they are slightly up this year for the reasons I indicated earlier. There is a very good momentum on active management retail and also for the positive market environment. Going forward our views remain the same. We expect to see continued pressure on margins because the competition is fierce. We expect to see continued pressure but the evolution of blended margin will depend on the pace of evolution and the rate of growth of our respective business. If we continue to see strong inflows in retail, good inflows in active management, we can expect margin to remain more or less at the same level.

Maybe just one point to take into account as we are onboarding Lyxor, the average margin at Lyxor is much lower due to the business mix and the strong ETF component. The average net margin of Lyxor is around 15 bps so the immediate impact on our average blended margin for the whole Group should be I think -0.3 or -0.4 bps, just by integrating Lyxor.

Your second question was on the structured products that represent around €20 billion but again there are regularly maturities and new products that are launched. It is not comparable to channel business which is really a business in extinction and the outstanding AUM in the channel business is around €12 billion.

Bruce Hamilton: Thank you.

Xavier de Buhren (INOCAP): Thank you for taking my questions. I have a couple of questions on the ESG side please. Regarding the nursing home sector controversy have you taken any specific measures on your product management policy? That is the first one.

Nicolas Calcoen: Okay. We are now completely exited from the sector you have in mind.

Xavier de Buhren: My second question is you have mentioned €780bn of AUM classified under Article 8 and 9. Can we have the distribution between Article 8 and Article 9 please?

Valerie Baudson: Of course the vast majority are Article 8. I do not know if my colleague has the numbers for Article 9?

Anthony Mellor: No, we do not have it with us.

Xavier de Buhren: Okay, thank you.

Nicolas Calcoen: However, of course the bulk is Article 8.

Xavier de Buhren: Thank you very much.

Mandeep Jagpal (RBC): Thank you for the presentation and for taking my questions. Two for me please. First is on ESG. You reported 50% of net flows into MLT AUM and that was in ESG funds. Could you let us know the proportion of ESG flows that were into active versus passive? Are you seeing a change in investor demand between active and passive for ESG funds as more sustainable benchmarks and indices are being developed? Then the second question, and apologies if I missed this, was on the medium-term plan. We can see good

progress on the 2018-2022 plan in terms of net income growth and cost income ratio. When can we expect the new medium-term plan to be announced?

Nicolas Calcoen: Okay. ESG MLT flows are more than €35 billion. The majority was in active. I think on active it must be around €25 billion and around €10 billion in passive roughly. Your second question on the new medium-term plan, yes, our plan is coming to an end in 2022 so in the course of the year we will be announcing a new plan and new targets. We will do so in coordination with our main shareholder Crédit Agricole and so the exact timing of the possible new plan should be known shortly.

Mandeep Jagpal: Thank you.

Anthony Mellor: Thank you to all of you. There are no more questions or hands raised so thank you very much all of you and the next event will be the end of April with the Q1 2022 results publication. Have a good day.

Nicolas Calcoen: Thank you very much to all. Have a good day.

[END OF TRANSCRIPT]