



Amundi
First Half and Second Quarter
2016 Results

Monday, 1st August 2016

Key Messages from H1 and Q2 2016

Yves Perrier

Chief Executive Officer, Amundi

Overview

Good afternoon, Ladies and Gentlemen. I am with Cyril Meilland, Head of Investor Relations. We will present you our results for the first half of this year. I will give you the key figures and the main features of these results, and then Cyril will present you the results in detail. After, we will be able to answer any questions you have. I would say that the words that I want to use to qualify these results is that these results are very strong in terms of activity and in financial performance.

H1 2016: strong activity and results

Beginning with the activity, we have the €1 trillion of AUM: the objective that we defined in 2014 Medium Term Plan for the following three years. This means that we have reached this objective one year in advance of the plan. It is remarkable also to notice that we have reached this objective almost exclusively by organic growth. When we had set the objective of €1 trillion for the end of 2017, we indicated that it was to be achieved two-thirds by acquisitions and one-third by organic growth. That is one of the signs of the strong momentum of the development of Amundi.

The second element about activity, net inflows during the first half were €17 billion. It was €14 billion in the first quarter and €3 billion in the second quarter. However, in the first quarter, it was achieved 50% by monetary funds and 50% by long-term assets. In the second quarter, we had €10 billion of net inflows in long-term assets. On the contrary, we had €7 billion of outflows in monetary funds, which is due to a seasonal phenomenon at the end of June because at this time many pension funds pay the pensions. However, these monetary funds have come back in July. That represents a growth, compared to AUM at the beginning of the period, of 3.4% in H1, which is the highest level of equivalent ratio compared to our peers which have released their results.

Strong activity, but also strong results. Net income at €278 million was up 1% against the first half of 2015. However, the net profit in H1 2015 was exceptionally high. It was 23% higher than the same period in 2014. That means that we have posted the highest level of net income for a first half since the creation of Amundi. It was obtained with good resistance of revenues, which were nearly stable, and a continued strict cost control. As a consequence, the operating margin of Amundi, which is nearly 50%, has further improved during the period.

During this first half, we have continued to invest. You know that the DNA of Amundi is organic growth. We have continued to reinforce our teams in Germany, in the Middle East because each time, we reinforce our team in investment management, but also in the commercial side. Also, we have made the acquisition of an asset management company based in Dublin, which is specialized in global equity: a very well-performing company which manages €8 billion. The closing will be realized at the beginning of September.

I would say, to finish this introduction, a first half with strong activity, strong results, continuing investment, and which demonstrates, in an environment which was unfavourable, the solidity of the business model of Amundi which is based on the diversity of its activities – diversity by segment of customers, by country - a presence in 30 countries in Europe and Asia – and also by expertise. All the engines that we have created in the past are working faster and faster and we are building new engines for the future.

Now, I leave the floor to Cyril.

Activity and Results

Cyril Meilland

Head of Investor Relations, Amundi

A tough market in the first half

Merci, Yves. Good afternoon, everybody. I will just run you through a few slides of our presentation. After that, obviously, we will have a Q&A with Mr Perrier. Just very briefly on the market environments – Mr Perrier already alluded to it – so you know. However, it has been very bumpy. The equity markets were down in average around 13% compared with the first half of 2015.

We had, at the beginning of the first half, a big drop in the market followed by a series of ups and downs, with the last drop at the very end of the first half due to the UK referendum. That is for the equity markets – obviously, not helping. At the same time, we had a continued drop in bond yields ever since the first half of 2015. With short-term rates well into negative territory – as a reminder, they are in negative territory in the Eurozone since the third quarter of 2015.

AUM: €1 trillion threshold crossed

As Yves said, we passed the €1 trillion threshold in AuM. We have been talking about this since the IPO. We were very close. It is the first time that we pass this level as of the end of a quarter – we passed this in March – to be precise, €1.004 trillion at the end of June, achieved with a small positive market impact. This might sound surprising given what I just said, but the drop in interest rates helped our fixed income assets, more than we suffered in equities.

H1 net inflows focused on medium- to long-term assets

We had a slightly positive market impact of €2 billion in the first half. However, we had also a very large level of net inflows – Yves already mentioned it – close to €17 billion actually in the first half. These net inflows came entirely from medium- to long-term assets. More than €17 billion in medium to long-term assets, so it is a bit more than total net inflows for the first half. The reason is that we had, in the first quarter, positive net inflows in monetary and treasury products of €7 billion. However, we then had some outflows in monetary funds to the tune of €7.4 billion in the second quarter.

This means that overall, we enjoyed an increase in net inflows in medium to long-term assets over the first half, from €7 billion in the first quarter to more than €10 billion in the second

quarter. We have, as Mr Perrier said, a good development in the growth of medium to long-term assets with, obviously, a higher margin than in the treasury products.

Retail proved very resilient despite high levels of risk aversion

Now looking at the client segments, retail represented 60% of the net inflows, with €10 billion, driven by the different sub-segments. Obviously, the JVs did extremely well, with more than €10 billion. However, we also had a very strong performance in third-party distribution with €3.7 billion. International networks contributed a small amount, €0.2 billion net. We still had some outflows in the French networks. However, if you remember the figure for the first quarter, which was minus €4.3 billion, it actually improved over the first half which means that we had some net inflows in the second quarter of €0.2 billion and, in fact, improving inflows in medium to long-term assets to €0.6 billion. The net inflows in medium to long-term assets are definitely improving in French networks, which more or less corresponds to the message we have been giving you for some time now.

For retail as a whole, if you look at the net inflows excluding the treasury products, you see that compared to the first half of 2015, there was a slight decline. However, if you look at it on a quarterly basis, we did better in the second quarter. So again, a positive development.

Institutional: high level of inflows

Now institutional, the other client segment, i.e., 40% of net inflows. Again, big impact from the treasury products. However, in terms of medium to long-term assets, every single sub-segment contributed positively to the net inflows in the first half and the second quarter. Again, a good development there.

To be mentioned, the strong performance of employee savings plans especially in the second quarter. You probably remember that in the first quarter we said that, seasonally speaking, we always had outflows in the first quarter. However, we were confident that this would return in the second quarter. That was the case. We gained some new mandates and we had some also very good inflows into this business in the second quarter.

More than 90% of net inflows were international

Finally, by geographic area, as Mr Perrier said, more than 90% of our net inflows came from the activities outside France. Actually, more than 70% came from Asia. Asia was a very strong contributor in the first half. Given that the assets under management are only about a quarter in international activities, it means that we are definitely expanding the international activities at a very fast pace. Today, we have 44% of the total AUMs excluding Crédit Agricole and SG Insurance which come from international activities, managed outside France.

Growth driven by diversified sources: some examples

Just to share examples of where this growth came from; I will not be commenting this slide in details, just a few highlights here. You might remember that at the time of the IPO, we said that Amundi was a thought-leader in terms of volatility as an asset class. Volatility had collapsed over the past years. Volatility, as an asset class, had become far less interesting. Volatility has returned over the past quarters, and Amundi is performing very well in this asset class. You have here some figures of net inflows into this asset class, which has been a significant contributor to Group's net inflows in the first half and also in the second quarter. These are high-margin products and, again, something which we are selling very well.

Real estate remains also a very strong performer in our expertise. Same thing for passive management and Smart Beta. You have a few examples here.

Finally, we wanted to highlight the initiatives we are launching to develop the non-asset related revenues. You might remember that we said we wanted to develop the advisory business, also we aimed at insourcing the execution services of certain asset managers. Thanks to a very efficient and mutualised trading platform as well as IT systems, we are currently doing this. We have four clients already signed on to our execution services. We are developing this as a way to, again, boost the revenues without having to increase the assets.

Solid performance in most areas of expertise

Just a word on performance. You know this slide very well. We try to keep it as stable as possible with the same methodologies and the same approach. Either in terms of open-ended funds with Morningstar or in terms of consultants – so it is more for institutional mandates – we continue to have a good performance in our different expertise areas. The same for performance over a 12-month rolling period in terms of GIPS. We have more than 60% of our expertise showing outperformance compared to the benchmark.

That is for the activity.

Results

H1 2016: very resilient revenues and strict cost control

Now turning to results. Mr Perrier already mentioned the highlights: the revenues were down only 1.3%. This is entirely due to our financial income because if you look at net fees and commissions, they were flat. The performance fees were almost flat, which I think is a good performance compared to our peers. We managed to take down the cost by 2%, which is showing the very strong cost control that Amundi has been able to deliver over time, which means that our cost/income ratio, as Mr Perrier said, was down 0.5 points compared to the first half of 2015. It is actually down two points compared to the second quarter of 2015, which means that the gross operating income was flat at around €403 million for the first half. The income before tax was down a bit, but that was due to the one-off item in the first half of 2015. The net profit, as a contrary, is up 1% due to a decline in the corporate tax rate in France, which is something we already highlighted in the first quarter of this year.

Resilient margins

Moving to margins, I was saying that net fees and commission were flat. It is therefore the same thing for margins. We did have a high level of margins in retail. However, that was due to a relatively high level of maturities in structured products. We had already mentioned a similar effect in the first half of 2015, so it did not alter too much the comparison between H1 2016 and H1 2015, but you should probably not extrapolate fully the margin of the first half.

However, in the other segments, we continue to see the usual competitive pressure on margins. The message has not changed compared to what we have been saying over the past quarters. No real new message here. It is a continuation of what have been saying for some time: pressure in every single sub-segment, however thanks to a positive mix we expect the margins at Group level to remain stable.

Performance fees held up well

I know this has been a concern for some of our peers, with big drops compared to the first half 2015. Our performance fees remained roughly stable. We are actually down 1% in the first half compared to the first half of 2015. We have a mix which is not totally different from what it was in the first half of 2015: the majority coming from fixed income; but the other expertise also contributing positive performance fees, which I think is what makes Amundi slightly different from our competitors.

Strict cost control: decline of -2.3% versus H1 2015

As regards cost control, I will not be spending too much time here. Just to highlight the fact that as a percentage of assets under management, they are still below 0.1%, so below ten basis points, with a small decline which is due to the fact that obviously, AUMs are going up. However, we have managed to take the cost down to protect the profitability.

Constant growth of income

If we take just a step back and look at the performance over the past years, going back to 2012 – we could actually have gone back to longer than that, to 2010, the creation of Amundi – as Mr Perrier said, the €278 million net profit is the highest that Amundi has ever posted in a first half. However, it is also true for any half year. We checked, and no H2 was better than €278 million.

We had only a small increase in the net profit compared to the first half of 2015. However, remember that the first half of 2015 was up 23% compared to H1 2014. Over the two years, we have enjoyed a very significant growth. What is important is that we have a continued growth in the net profits over the years, which again is a testimony and a piece of evidence that we continue to build and deliver organic growth over time.

Q2: net income Group share up by plus 2% versus Q2 2015

This slide is about the second quarter. You see that it is basically the same trend as with the first half, so I will not be commenting too much. We had a very good performance in performance fees, stable revenues, costs down, therefore a big improvement in cost income. The net profit was up 2%, thanks to the lower tax rate in France.

Financial structure and external growth

A robust financial structure: free capital of €1.5 billion

Finally, the financial structure. This is the slide you know now very well. €1.5 billion free capital; the same figure as at the end of 2015. We had two moves during the first half which offset each other. The first one is that we paid our very first dividend as a listed company, of €343 million (€2.05 per share) in mid-May. That was almost the same figure as H1 net profit, which was €278 million at least in rounded figures. Basically, the same free capital as of the end of June as at the end of 2015. This free capital allows us to continue to grow organically. It also allows us to finance interesting acquisitions when, and only when, they can accelerate the organic growth.

KBI

As Mr Perrier reminded you, we announced the acquisition of KBI in May. KBI is a Dublin-based company, very fast-growing, at 28% compound average growth rate in AUM

from 2011 to 2015, and €9 million net profit last year. We think that it is a business that will be very complementary to Amundi's expertise in a very value-added, very high-margin business. We think we can definitely take advantage of this and leverage this franchise. Again, the closing will take place in the third quarter.

Continued growth momentum

So just to conclude, we consider that this set of results confirms the continued growth momentum that Amundi has been able to deliver, thanks to its very diversified business model, as Yves was saying, by client segments, by asset class and by geographies.

The profit margin remains high, thanks to a very resilient level of revenues and thanks to a very strong and still best in class operating efficiency.

We consider that the recent acquisition we made gives you a piece of evidence that we are ready to be very strict in our acquisitions, but we are ready to seize the opportunities to actually strengthen the platform and get some additional synergy.

Having said this, we are now ready to take your questions.

Q&A

Hubert Lam (Bank of America Merrill Lynch): A couple of questions. Firstly, on your Q2, it seems like you said that there is seasonal outflows in treasury assets. Just wondering what other seasonal trends affected Q2 and whether or not there is any seasonality we should be aware of for the second half.

My second question is on the structured product maturities. You said that it helped the revenue margins in the first half of the year. How much do we expect the structured product maturities to help your revenue margins going forward, or is the bulk of it already over?

Yves Perrier: On this question of the seasonality about inflows in AUM, you have only the effect of treasury funds that I mentioned. There is no other peculiar item relating to this.

As regards structured products, you know that in this kind of products which are guaranteed funds, we have a part of the commission which are recorded and a part of the commission which is recognized, which is accounted for, only at the maturity of the fund.

We had a significant amount in the first half of this year, as we had in the first half of 2015. In the second half, there will be less as there was less last year. That means that when you look at the margins, we indicated a slight increase in retail. However, if you look at the trend, we consider that globally the margin will be under pressure. It is difficult to assess exactly because it depends on the mix of our products. However, we are very confident in our capacity to compensate in terms of revenues the pressure on margins by the increase in volumes.

Arnaud Giblat (Exane): Three questions, please. First on M&A, could you maybe share with us your thoughts on how you are looking at M&A in Europe? Do you see the potential for general M&A going forward in the market? Perhaps are there potential targets that you might be looking at? Specifically, I am thinking maybe Pioneer. The deal Pioneer-Santander seems to be falling through. There is a precedent with [inaudible]. I am wondering if that is in the realm of possibilities.

Secondly, KBI acquisition. Could you perhaps share some of the targets you have there in terms of asset retention? At what operating margin will the new business be coming on? I am just trying to get a feel as to where the return on invested capital might be going.

Thirdly, on joint ventures. The contribution from joint ventures to earnings was lower than in H2 last year despite the AUM being higher. Is it margin pressure or is it the cost to income being higher? Generally, what sort of basis point contribution do you expect going forward from JVs? Thank you.

Yves Perrier: I begin by acquisition and I will answer to all. Firstly, I recall you that our strategy of development is based firstly on organic growth. First point. Secondly, we have said that if we made an acquisition, there could be three kinds of acquisition. One is to reinforce distribution shares. It was the case with Bawag in Austria.

Second, to reinforce our expertise. It is the case with KBI. We have expertise in equity, but I would say that our strengths in terms of expertise is not in equity. Buying this company provides us with a very strong expertise in equity. KBI is very well recognized. 60% of its clients are in the US thanks to a good recognition with consultants. Their performance has been very good in the past. You see the dynamics of development. The idea is to leverage this expertise using the commercial capacity of Amundi with individual customers through the retail networks. I have given the objectives that in November one fund of KBI will be distributed in the French networks, for example. Secondly, for institutional investors, using the power of the relationship that we have with institutional investors we have in Europe and in Asia. Presently, the net income of KBI is €9 million. Their cost to income ratio should be something like 63% or 64%. A bit less. But considering the leverage, the synergies that can be made with this entity, we are very confident we can beat the objective of return on investment of 10% over three years

More generally, in Europe, on the question of acquisition, we are permanently looking at potential deals in the geographic area which is Europe and Asia. We have discussion with some countries in Asia to build potentially new joint ventures. And in Europe, probably all the whole financial services industry, including the asset management industry, I think that considering the low level of interest rate which puts pressure on revenues, it will probably push through a consolidation. Of course, a company like Amundi which has a proven industrial model, which has financial means will be clearly an actor of this consolidation. I generally announce with whom the deal is done. And never before. You are speaking of Pioneer. What is sure is that the deal to merge Pioneer with Santander Asset Management is over. However, the management of Unicredit has not given at this stage a view of what they want to do with Pioneer. We will look at this as we look at other asset managers.

Considering joint ventures, net income was nearly stable. There are two reasons. The first reason is the fact that in one joint venture in Korea we have an economic percentage of interest which has changed from 40% to 30%. As a counterpart, our partner will increase the volume of assets the JV manages. The other reason is linked to the fact that we need to reinforce the culture of profitability of these joint ventures. They have been really focused on the development and the development has been very successful. Now, we have to work a little bit in order to improve the profitability.

Mike Werner (UBS): Two questions, please. The first one on – I think it was slide 11 – in terms of the development of those service activities that you talked about as a growth opportunity, is there a revenue or bottomline target for that that we can expect over the next couple of years?

Then second, in terms of flows that you saw during the quarter, can you kind of describe when those inflows or outflows occurred, beginning versus the end of the quarter? Any insight as to how flows are transpiring in July will be helpful too. Thank you.

Yves Perrier: Yes, we mentioned the activity of services. We have created in the second quarter a new business line which is called Business Services with the objective to provide different services. One is fund hosting. Fund hosting is a price point. For example, you have an American asset manager that wants to distribute its products in France. You need a French or European asset manager to host these funds in order to distribute them.

The second is to offer our service of access to the market, through our dealing room, to other asset managers, which do not have not the critical size. Now, three French asset managers have joined us on this.

The third will be to sell our IT platform through other asset managers which do not have the capacity to invest or the technology to do this and so on. We do this because we have a very competitive IT platform in terms of functionality and in terms of cost. The cost per AUM of the IT inside Amundi is one basis point. I think it will be very favourable for us because it is an additional business with new recurrent revenues. We do not have set figures on this. In our business plan presented at the time of the IPO, there were no figures about this. However, let us say probably at the end of three or four years – but do not take this as a commitment – I would be surprised if we are not something like €30 million, €40 million of additional revenues with this.

Your second question was about?

Mike Werner: Asset flows.

Yves Perrier: Asset flows? I mentioned in the second quarter, we had at the end of 30th July – in fact, at the very end of June, excuse me – these outflows, which is traditional for monetary funds. They come back just in July, these monetary funds. Generally, at each closing, we have some outflows like this.

Gurjit Kambo (JP Morgan Cazenove): Just in terms of the equity flows in retail, you had a good second quarter and first half. I think that is probably quite different to some of the asset managers in equities. Are there any particular products that have been selling well?

Yves Perrier: Firstly, because as we are not very strong in equity, we have room to improve where others may be stronger. The second reason is we have an increase in the equity ETFs. Also, emerging market equity, we have a very good team on this. As you know, the market, the investors are favourable towards this kind of products.

Anil Sharma (Morgan Stanley): Just two questions, please. In the French networks, could you give us a sense as to what has been going on with the unit-linked flows and as to where your market share is in France now? I think over the last year it has obviously been going up, so I just wondered if you could give us more colour.

Then, just trying to think through – well, I guess – sorry, just two more questions.

One is like from a Brexit perspective, it does not look like there is much impact on your business. However, I just wondered if you could try and help us think through your London operations, or your European, and what potential cost impact there could be, if nothing else. Then, finally, on the Smart Beta product, it looks like it is performing very, very well. I just wondered if that is being sold to retail or to institutional, could that be quite material or not? I just wondered if you could help us think through that one as well, please.

Yves Perrier: About the French retail market share, well, I think it is nearly the same. We are at 28% or something like this. Since the beginning of the year, I think it is quite stable on this.

On the question of unit-linked which is a key question, the objective of the insurance company of Crédit Agricole Group, Predica, is to go to a percentage of unit-linked of 30%. In the first half it was only 18%. We are lagging compared to the percentage, for example, that pure insurers like AXA and so on have. Bank insurers are presently lagging. They are more in a range of 20%.

I do not anticipate that in the second half it would be very different from this 20%. The reason of the delay to go to the target is, firstly, the context of the market, which creates a lot of risk aversion for individuals to invest in unit-linked in France and long-term funds and so on. The second reason is the fact that the Euro contract remains very attractive due to its tax regime, due to the fact that it provides, by a way, liquidity. However, the Euro contract yield will continue to diminish mechanically because of the fact that you enter new bonds with a low yield and your bonds with high yields are beginning to mature. I think that in 2017 we should see some change in this percentage of unit-linked. It will be a boost for the development of the AUM of Amundi sold through the networks and the revenues of Amundi. That is your question on market share of retail. The last point was?

Anil Sharma: I just wondered about the Smart Beta performance.

Yves Perrier: Smart Beta also? Yes, we are doing well in this area. We have created a division which includes ETFs, index investment management and Smart Beta. The performance of funds in Smart Beta is brilliant. We have recruited new teams. I am very confident in the development of this business for Amundi.

On the Brexit, well, for us, firstly, the Brexit has no impact, for two reasons. The first, because it is the position we have taken where in line with the outcome, quite conservative. For example, we hedged against the devaluation of the currency, the sterling and so on. Secondly, because we are present in the UK with only 150 people, which is the investment management team in global expertise areas, but we do not sell funds in the UK in retail. We are only offering solutions, at the present time, to the institutional side. Hence, we are not concerned by the potential effect of the negotiation between the European Union and the UK.

Especially on the question of the financial passport, I would say that for Amundi, Brexit will not have an effect if, at the end of the negotiation, UK has a financial passport. However, on the contrary, it will have a very positive effect if the UK cannot keep its financial passport, because our competitors will have some problems that we will not have.

Anil Sharma: A quick follow-up question. Just on the net financial income number, I know that is not broken up quarterly. However, is there anything that is sort of unusual in there that, from prior years, that we should be taking out?

Yves Perrier: No, there is nothing. Structurally, the financial income is under the influence of low interest rates. It is obvious. However, it depends on unrealized capital gains or realized capital gains. Do not pay too much attention to the evolution, quarter by quarter.

Question: I just have a quick follow-up. First, on cost to income, is there any seasonality we should be thinking of? Secondly –

Yves Perrier: Is there?

Question: Seasonality.

Yves Perrier: Okay.

Question: How sustainable do you see performance fees in a big – 80% of your performance fees are coming from fixed income products. Could you perhaps talk about what is absolute or what is relative to benchmark? What sort of levels of performance we should be thinking of going forward?

Yves Perrier: as regards the cost to income ratio, there is no seasonality. However, as cost to income ratio is a ratio between cost and income – and revenues, revenues have the influence of the context of the market, of course. That can explain the evolution of performance fees. It is not on the side of cost that you have seasonality, but you can have some volatility in revenues.

However, you see that – what is very interesting, when we presented Amundi for the IPO, we had indicated that we have an objective to be under 55% and that we were at 53% at this time. Very often, you or investors ask me if I intend to go to 55% when we are at 53%. No. I explained that there could be some volatility of the cost to income ratio linked to the volatility of revenue.

However, what is very interesting is that during this quarter or this semester, when the environment has been unfavourable, when we were facing headwind, we have been able to improve the cost to income ratio. For me, that is a key point which is the indicator of the solidity of the business model in terms of revenue and the reactivity of our organization to permanently improve productivity by using different tools and so on.

Strategy is important, but execution is really, really more important. Execution is the capacity of the managers or the people or the company to permanently adapt and react. You had the demonstration during this first semester. Your second point was?

Question: How sustainable are performance fees?

Yves Perrier: Oh, performance fees? There was a famous French humorist who said that making a prediction is difficult, especially when it concerns the future. To predict performance fees – but what I can say, if you look at five years or six years of Amundi, performance fees are between 7% and 12% of the revenues. It is not always the same breakdown, when something is working and another thing is less working and so on. However, all in all, we have also diversification on this. We are less dependent than some competitors. It can be of one expertise, one product and so on.

Benoît Pétrarque (Kepler Cheuvreux): Yes, a couple of questions from my side. Now to come back on the higher guaranteed fees linked to the maturities on structural products, could you please quantify the impact in H1 2016 or at least tell us whether it is higher or lower than last year? I think last year – you said that in the past, the impact was around €30 million positive. However, I just wanted to double-check this figure.

The second question is on the French retail. Net inflows in long-term assets were slightly positive in a difficult market. In which product have you been posting this growth? Or what do you expect for the rest of the year? Do you still expect positive inflows in the French retail? Just to come back to the last question on the cost/income target of 55%, I just wondered why you still target 55% when you are able to post less than 51% in a tough quarter. Can we expect revisions on that or can you guide us a bit better on cost, please? Thanks.

Yves Perrier: No, the cost/income of 50%, it was not a target, 55%. It was to say we will be always to remain under 55% whatever the context of the market, which is not the same. Secondly, we are people – we have a brand which is 'confidence must be earned'. It is also the case for investors who prefer to have conservative commitments, but to fulfill these conservative commitments.

Considering the retail market, I think that I answered to that question before, that I anticipate an improvement in the French retail market for the next year. For the second semester, it should be quite the same as it was in the first semester. It may be slightly positive or something like that, but I do not see, during the second half, a main change compared to the first half.

Finally, for the commissions booked at maturity for guaranteed funds, the level during the first half was quite equivalent to the level of the first half of 2015.

Benoît Pétrarque: Just to come back on this last remark, margins went up from 53bp in H1 15 to 55bp in H1-16, so on a clean basis you can conclude that there has been some small margin improvement on the retail side: around two bps?

Yves Perrier: As you know, we have Cyril Meilland, the Head of Investor Relations, who is permanently asking me and Nicolas Calcoen, the CFO, we have to give more details and so on. Frankly speaking about the margin, I accepted to disclose the semestrial margin. Frankly speaking, I think that we should put them only on a yearly basis because such variations from a quarter to a quarter is in the range of uncertainty. I do not anticipate a permanent increase of the margin of retail. I anticipate, on the contrary, that there will be a pressure as all the margins are under pressure. Consider that this semester, the margin has been stable in retail. In institutional investors, a very slight decrease of one basis point is the sign of continuing pressure, because when I see the new big deals that we win, the competition in terms of price is more and more aggressive.

Matthew van de Schootbrugge (Columbia Threadneedle): Could you just talk a bit more about the costs? With the costs coming down, was that predominantly actively driven or was that just a consequence of variable compensation coming down, for example? Any sort of bit more detail on that will be interesting.

Yves Perrier: Do you know what is BBZ ("Budget Base Zéro", ie Zero-Based Budgeting)? Do you know this? It is a way to permanently review an organizational process in order to optimize it. Generally, in the companies, every three or four years you have a consultant who comes and makes this kind of BBZ approach in France. I often say that in Amundi we practise permanent BBZ. We invest in new people abroad in expertise teams. At the same time, we always reshuffle something. We are reshuffling the marketing department. We are also reviewing the cost of all Bloomberg's, Reuters and so on. That makes me not really popular with investment managers. However, when I see that some people have Bloomberg whose cost is €20,000 per year and they could have quite the same for let us say €2,000 or €3,000, the equivalent, we are working on this. One thing plus one thing plus one thing makes the 2% decrease.

Thank you for your presence. I wish you, for those who go on holiday, a very good holiday. It is a pleasure to see you again in some time. Thank you.

[END OF TRANSCRIPT]