

BNP Paribas S.A.

Comprehensive Equity Analysis and Investment Assessment

Report version	4.1 — 29 September 2026 peer-data and layout update; supersedes v4.0
Data cut-off	29 September 2026 (peer prices: 28 September; valuation price: 25 September)
Last reported period	Q2 and H1 2026 (23 July); no Q3 results yet
Reference price	EUR 99.30 (Euronext Paris close, 25 September 2026; ex-dividend)
12-month fair value	EUR 115 (12-month analyst fair value)
Base-case total return to end-2030	91.7%, or 16.5% annualised to 31 December 2030 (base case)
Recommendation	Accumulate — conditional on 2027 plan delivery and risk limits

This report is prepared for a long-term private shareholder. It is not investment advice. Billen Capital Research and its associated persons hold shares in BNP Paribas S.A.

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Executive Summary

This v4.1 report retains the historical results, operating model and three-scenario forecast of v3.0. The September materials add evidence about execution, not another reported quarter: the latest financial results remain Q2/H1 2026. Reported H1 ROTE was 13.3%, while the estimate excluding disclosed exceptional items is closer to 11.8%; neither proves delivery of the >13% full-year 2028 target. The 2028 targets remain >13% ROTE, <56% cost-income and >10% 2025–28 net-income growth.

The investment case remains live, but the decisive test has shifted to delivery and capital allocation. The 23 September management presentation confirms a 60% total payout for 2026 (at least 50% dividend and 10% buyback), and a minimum 60% from 2027. Any 70–80% payout in our base case remains an analyst assumption, not a company commitment. The full 2030 strategic plan and detailed distribution policy are due on 2 February 2027.

The macro assumption has also changed. The ECB increased its deposit facility rate to 2.50% on 10 September, effective 16 September 2026. Management estimates that Commercial, Personal Banking in Europe could add about 3% to group EPS annually from net interest income, conditional on ECB rates around 2–3% (its working assumption about 2.5%), low-single-digit loan and deposit volume growth and a stable deposit mix. That is an assumption-sensitive bridge, not an unconditional forecast.

The third change is one of correction rather than events. Version 2.0 dated the completion of the AXA Investment Managers acquisition to 2 December 2025 and supported that date with three regulatory case numbers. The transaction in fact completed on 1 July 2025, through BNP Paribas Cardif, with an estimated CET1 impact of about 35 basis points recognised in the third quarter of 2025. None of the three case numbers can be verified. That error, and the pattern it points to, prompted a full audit of every source citation in version 2.0; the results are set out in Appendix A and a substantial number of specific references have been removed rather than repeated.

What changed since v3.0 (September 2026)

1. Delivery, not full-year proof. H1 2026 reported ROTE was 13.3%; underlying ROTE was about 11.8%. The 2028 targets are confirmed, not newly achieved.
2. Capital policy is a floor, not a 70–80% promise. Total payout is 60% in 2026 and at least 60% from 2027; the detailed policy arrives on 2 February 2027.
3. Costs are the key 2027–30 execution test. Average annual new savings are planned to rise from about EUR 700m in 2022–26 to about EUR 1bn during 2027–30; about 80% of the 2030 net savings are identified and about 25% are expected by 2027. These are plans, not delivered savings.
4. The September ECB rate is 2.50%. The CPBE earnings benefit depends on rates, volumes and deposit mix; Arval residual-value exposure remains an offsetting risk.
5. AXA IM offers a measurable integration bridge: EUR 400m cost and EUR 150m revenue synergies at full run-rate, with more than 60% of the EUR 550m aggregate due by 2027. Full cost and revenue run-rates are scheduled for 2029, not 2027.

The v3.0 operating forecast is carried forward as an analyst scenario: 2030 revenues of EUR 62.8bn, cost-income of 52.5% and EPS of EUR 18.79. At the EUR 99.30 ex-dividend close on 25 September 2026, and counting only dividends actually expected to be received through 31 December 2030, this implies a 91.7% base-case total return, or 16.5% annually. The comparable bear/bull returns are 37.9%/145.9%. Buybacks are not counted again as cash.

Our revised 12-month fair value is EUR 115, 15.8% above the EUR 99.30 reference price. The reduction from EUR 125 is chiefly methodological: the old dividend-discount calculation treated dividends plus buybacks as cash to the continuing shareholder while forward per-share earnings already reflected the lower share count. A dividend-only model at an 11.3% required return produces about EUR 96; a normalized ROTE/TBV method EUR 118.5; and 9x 2027 EPS EUR 120.2. A 40/40/20 blend rounds to EUR 115. This is an analyst estimate, not BNP guidance.

The bear case remains material. H1 exceptional gains, Arval, credit and litigation risk, a still-unproven cost programme, and uncertainty about the February 2027 plan limit confidence. The September sustainability briefing contains useful operating commitments but is not a substitute for a financial 2030 plan. The investment case is intact, not de-risked enough to treat all forecast savings or surplus payout as certain.

September 2026 Strategy Check — v4.0 Update

Scope and evidence. This section is an update to, not a rewrite of, v3.0. The 23 September BofA Financials CEO Conference presentation is management's current financial-strategy communication; the 15 September CSR Strategy deck is a sustainability update. Neither is the adopted 2030 group strategic plan, which management schedules for 2 February 2027. Historical Q2/H1 data in subsequent sections remain dated 23 July 2026. All unchanged v3 assumptions are analyst estimates pending the plan.

Question	v3.0 position	September evidence	v4.0 decision
2028 financial targets	>13% ROTE; <56% C/I; >10% net-income CAGR	Financial deck, slides 15 and 22, confirms targets	Retain; H1 13.3% ROTE is interim/reported, not proof
New cost savings	EUR 1bn "from 2027"	Slide 17: ~EUR 1bn annual average during 2027–30; ~80% of 2030 net savings identified; ~25% due by 2027	Correct timing; retain forecast as a delivery hypothesis
AXA IM	Integration benefits in forecast	Slide 9: EUR 400m costs + EUR 150m revenue at full run-rate; >60% of total in 2027, 100% in 2029	Add KPI milestones; no automatic uplift to EPS
CPBE NII	Deposit reinvestment tailwind	Slide 7: about +3% group EPS annually under rate, volume and mix conditions	Keep base rate at 2.50%; stress-test if conditions fail
Distribution	70–80% base-case payout	Slides 22–23: 60% in 2026; minimum 60% from 2027; details February 2027	Distinguish management floor from analyst scenario
2030 plan	Draft scenario assumptions	Slide 31: full 2030 plan due 2 February 2027	No claim of adopted 2030 group targets

AXA IM integration. Management reports EUR 2,590bn assets under management at 30 June 2026 and EUR 36.3bn of H1 net inflows. It expects EUR 400m cost synergies, two-thirds in 2027 and full run-rate in 2029, plus EUR 150m revenue synergies, half in 2027 and full run-rate in 2029. Combined full-run-rate synergies are EUR 550m, with more than 60% by 2027. The presentation also points to roughly EUR 400m of 2026 integration cost in the corporate centre, >EUR 600m incremental net income and 22% ROIC by 2029. These are execution milestones; the model does not add them a second time to the pre-existing earnings trajectory. Source: BNP Paribas, "A Compelling Story", 23 September 2026, slide 9.

Capital and payout. The September financial deck frames capital generation around roughly 2% organic RWA growth and a potential 30–50bp CET1 uplift from disposals. This is not yet an announced permanent buyback programme. The 2026 payout comprises at least a 50% dividend component and 10% buyback component. The EUR 3.23 2026 interim dividend went ex-dividend on 24 September, before our 25 September entry price, and is therefore excluded from prospective cash returns. Full-year 2026 remaining dividend is modelled at EUR 3.01; its payment date is an assumption, not an announced date. Source: September deck, slides 22–23; BNP Paribas 2Q26 appendices.

Sustainability check, kept separate from valuation. The CSR deck reports 2025 sustainable loans of EUR 163bn against a EUR 150bn 2026 objective, and EUR 144bn sustainable bonds against a EUR 200bn 2026 objective. Its 2030 energy-financing objective is at least 90% low-carbon and at least EUR 40bn exposure, against 82% and EUR 38.3bn in September 2025. These are monitorable operating commitments, not a quantified earnings upgrade. The combined BNP/AXA asset-management sustainability targets were still under development. Source: BNP Paribas, "CSR Strategy", September 2026, slides 4, 12 and 21.

Open questions for 2 February 2027. Require (i) the 2030 cost-income and ROTE targets with a bridge from delivered savings; (ii) a capital distribution formula above the 60% floor after organic RWA growth and transaction effects; (iii) AXA IM and Athlon integration evidence; (iv) conditions behind the CPBE NII trajectory; and (v) an explanation of any gap between reported and underlying profitability. If these weaken materially, rerun the three scenarios rather than mechanically raising the fair value.

What Changed Since March 2026

Version 2.0 was written between the fourth-quarter 2025 results and the first quarter of 2026. Six things have happened since that materially affect the case. This section states each one and what it does to the thesis; the detail follows in the relevant chapters.

The first half delivered ahead of the trajectory

First-half revenues of EUR 28,147m were 10.2% above the same period of 2025, and 9.2% at constant scope and exchange rates. The cost-income ratio fell 1.3 points to 59.3%, against full-year guidance of about 60% and a 2028 target below 56%. Gross operating income rose 13.9%. Cost of risk of EUR 1,871m equated to 39 basis points in the second quarter, inside the sub-40 basis point guidance and including a EUR 155m forward-looking overlay for the geopolitical environment booked in the corporate centre. Every operating division grew. Verdict: strengthens the thesis.

The capital target was reached eighteen months early

CET1 of 13.0% at 30 June 2026 was reached against a target set for the end of 2027 and against a SREP requirement of 10.43%. The quarter's mechanics were organic generation net of risk-weighted asset growth of +30 basis points, distribution accrual at 60% of -20 basis points, and +10 basis points from scope. The ratio remains the target for both 31 December 2027 and 31 December 2028, which is management's way of saying that everything generated above it is available for shareholders. Verdict: strengthens the thesis, and changes its character from a profitability story to a capital-return story.

The cost programme was stepped up

The September deck refines the timetable: management plans average annual new cost savings of about EUR 1bn over 2027–30 versus about EUR 700m over 2022–26. Approximately 80% of the 2030 net savings are identified; about one quarter is expected by 2027. The v3.0 2030 cost forecast is retained as an analyst scenario, not as a verified management run-rate. Sources: September financial presentation, slide 17; Q2 2026 call.

The rate cycle turned

The ECB deposit facility rate was increased to 2.50% on 10 September 2026, effective 16 September. That strengthens the near-term reinvestment assumption but does not make NII growth automatic: management's CPBE bridge assumes rates around 2–3%, low-single-digit volume growth and stable deposit mix. The base case now assumes a 2.50% rate during 2027–28; the downside case still tests cuts. Sources: ECB 10 September 2026 decision; September financial presentation, slide 7.

Two transactions closed and one divestment is pending

The Ageas/AGI transaction closed on 28 April 2026, producing a capital gain of EUR 858m, about EUR 0.50 per share of additional distribution capacity, and EUR 40m of recurring annual earnings from 2027. Arval completed the acquisition of Athlon on 31 July 2026; it consumes about 13 basis points of CET1 in the third quarter, which management expects to be offset in the fourth quarter by the sale of BMCI in Morocco.

Athlon is expected to contribute around EUR 200m of annual net income after integration against BMCI's roughly EUR 30m, with a target of 18% return on invested capital in year three. Verdict: modestly strengthens the thesis; the capital arithmetic is neutral and the earnings arithmetic is positive.

The Sudan litigation moved, and the class is larger than version 2.0 assumed

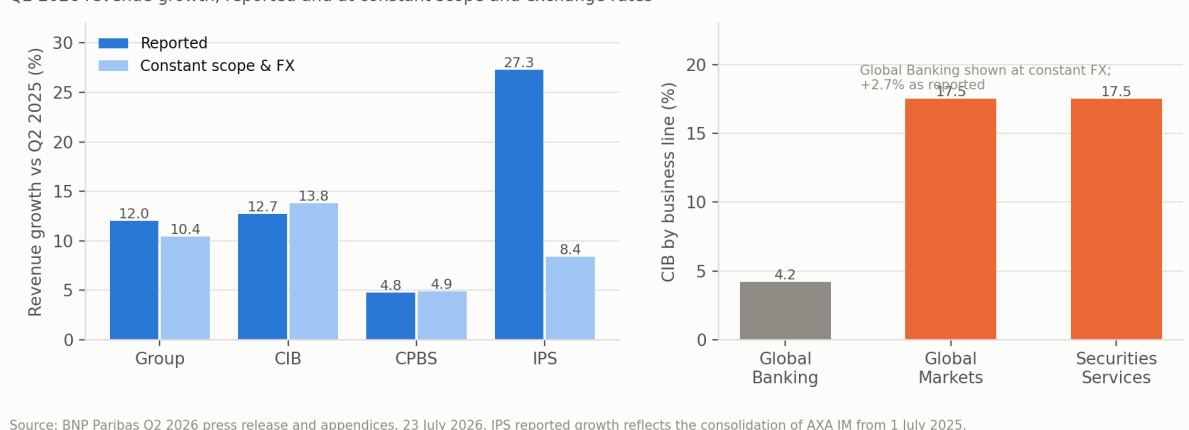
Version 2.0 stated that class certification had been granted on 15 March 2023 and that appellate briefing would close on 15 May 2026 with argument in the third quarter. Neither is right. Certification was granted on 9 May 2024 by Judge Hellerstein of the Southern District of New York, under Rule 23(b)(3), to a class of more than 20,000 Sudanese refugees and asylees, with bifurcated proceedings. On the appeal, BNP filed its opening brief on 22 May 2026, amicus briefs supporting the bank were filed on 29 May by the governments of Switzerland and the United States among others, the plaintiffs filed their response around 21 August, and the bank's reply is pending. No argument date has been set. Verdict: weakens the thesis at the tail, and the correct response is position sizing rather than a change to the central estimate.

The Integrated, Diversified Model and Strategic Trajectory

BNP Paribas runs three operating divisions — Corporate and Institutional Banking, Commercial, Personal Banking and Services, and Investment and Protection Services — and the argument for the group has always been that the combination is worth more than the parts because the parts are not correlated. The second quarter of 2026 is unusually good evidence for that claim. Corporate and Institutional Banking grew 12.7% on the back of a 43.2% surge in Equity and Prime Services. Commercial, Personal Banking and Services grew 4.8% on an entirely different driver, the reinvestment of deposits into a steeper curve. Investment and Protection Services grew 27.3% because of an acquisition. Three divisions, three unrelated engines, and a group result of 12.0%.

Figure 1 Every division grew, but for different reasons

Q2 2026 revenue growth, reported and at constant scope and exchange rates



The reported and constant-scope bars diverge in opposite directions for the two divisions where it matters. Investment and Protection Services grew 27.3% as reported but 8.4% organically, the difference being AXA IM. Corporate and Institutional Banking grew 12.7% reported but 13.8% at constant scope, because currency was a headwind rather than a help. Within that division the spread is wide: Global Markets and Securities Services both grew 17.5%, while Global Banking grew 4.2% at constant currency and only 2.7% as reported.

Management makes two structural claims about the model that are worth recording because they are testable. The first is that cross-selling between business lines accounts for about a third of group revenues; the second is that France accounts for about 10% of pre-tax income — management said "less than 10%" on the second-quarter call, while the presentation shows 10% — which matters for anyone worried about French political and fiscal risk. In the second quarter more than two thirds of the businesses grew revenues by more than 9%.

The Savings and Investments Union

The single largest identified source of upside that is not in any published target is the European Savings and Investments Union. Management expects the European trilogue to conclude during the second half of 2026, paving the way for the first phase of implementation in 2027. Three parts of the group are positioned for it: the originate-and-distribute model in Corporate and Institutional Banking, the asset-gathering platform in Investment and Protection Services, now materially larger after AXA IM, and the commercial banks, which would finance more of the real economy. Management stated explicitly on the second-quarter presentation that potential upside from the Savings and Investments Union is not embedded in the 2028 ROTE target of above 13%. We have not embedded it either. It is an unpriced option in both the company's guidance and our base case.

Historical Performance Versus Guidance and Targets

The reason to take management's 2028 and 2030 numbers seriously is the record of the preceding three years. The table below sets each published objective against the outcome. The pattern is consistent: revenue and cost objectives met or beaten, cost of risk comfortably inside guidance, and the one genuine miss — 2023 revenues against consensus — occurring in a year when the rate regime changed abruptly.

Table 1. Performance against guidance, 2024 to first half 2026

Period	Objective	Outcome	Assessment
FY 2024	Revenue growth above 2%	+4.1% to EUR 48,831m	Beat
FY 2024	Positive jaws	+2.0 points	Beat
FY 2024	Cost of risk below 40bp	33bp	Beat
FY 2024	Cost-income ratio	61.8%, -1.2 points	Met
FY 2024	EPS	EUR 9.57, +8.9%	Beat
FY 2025	Net income growth above 7% CAGR 2024-26	EUR 12,225m, +4.6% on 2024	On track
FY 2025	EPS	EUR 10.29, +7.5%	Met
FY 2025	Cost-income ratio	61.25%	Met
FY 2025	Cost of risk below 40bp	35.7bp	Met
1H 2026	Cost-income ratio about 60% for 2026	59.3%, -1.3 points	Ahead
1H 2026	ROTE 12% in 2026	13.3%	Ahead
1H 2026	CET1 13% by end-2027	13.0% at 30 June 2026	Ahead by 18 months
1H 2026	Cost of risk below 40bp	39bp in 2Q26	Met

Source: BNP Paribas FY2024 results press release (4 February 2025), 1Q26 quarterly series for 2025, Q2 2026 press release (23 July 2026). 2025 EPS growth calculated from EUR 9.57 to EUR 10.29.

Two qualifications belong with that table. The first is that the first-half 2026 return on tangible equity of 13.3% includes the Ageas/AGI gain; on the company's disclosed exceptional items of +EUR 870m after tax, underlying first-half ROTE is closer to 11.8%, which is on the 2026 trajectory rather than ahead of it. The second is that the cost-income ratio of 59.3% is a first-half figure and the second half carries more of the year's restructuring charge, which is why full-year guidance remains at about 60% rather than 59%.

First-Half 2026 Performance and Capital Position

The income statement

Table 2. Group profit and loss, second quarter and first half 2026 (EUR m)

	2Q26	2Q25	Change	1H26	1H25	Change
Revenues	14,091	12,581	+12.0%	28,147	25,541	+10.2%
Operating expenses	-7,986	-7,232	+10.4%	-16,696	-15,489	+7.8%
Gross operating income	6,105	5,349	+14.1%	11,451	10,052	+13.9%
Cost of risk	-949	-884	+7.4%	-1,871	-1,650	+13.4%
Legal risk costs	-99	-100	-1.0%	-344	-115	n.m.
Operating income	5,057	4,365	+15.9%	9,236	8,287	+11.5%
Non-operating items	1,006	192	n.m.	1,435	510	n.m.
Pre-tax income	6,063	4,557	+33.0%	10,671	8,797	+21.3%
Net income, group share	4,345	3,258	+33.4%	7,562	6,209	+21.8%
Cost-income ratio	56.7%	57.5%	-0.8pt	59.3%	60.6%	-1.3pt
Earnings per share (EUR)	—	—	—	6.45	5.18	+24.5%

Source: BNP Paribas Q2 2026 press release and appendices, 23 July 2026. Non-operating items for 1H26 include the EUR 858m Ageas/AGI capital gain and the EUR 372m Allfunds revaluation. Tax rate 27.2% in the quarter and 28.1% for the half.

The line that deserves most attention is not the headline but the jaws. Reported jaws of +1.6 points understate the operating performance because the AXA IM consolidation adds costs to the base without a full year of matching revenue; at constant scope and exchange rates jaws were +3.7 points in the quarter and +5.0 points for the half. Of the roughly 6% constant-scope cost growth in the quarter, management attributes about half to variable compensation linked to the strong revenue outcome, two points to development spend and one point to inflation concentrated in Europe-Mediterranean. That decomposition matters: variable cost that rises with revenue is not the same risk as fixed cost that does not fall when revenue does.

The divisions

Table 3. Divisional profit and loss, first half 2026 (EUR m unless stated)

Division	Revenues	Change	Costs	C/I	Pre-tax	RONE	RWA (EURbn)
CIB	10,524	+5.6%	-5,735	54.5%	4,593	26.6%	—
Global Banking	3,061	-3.9%	—	46.6%	—	16.3%	—
Global Markets	5,694	+9.4%	—	55.8%	—	33.0%	—
Securities Services	1,769	+12.0%	—	64.0%	—	82.7%	—
CPBS	13,797	+4.8%	—	61.2%	—	14.6%	—
Eurozone banks	7,268	+8.5%	—	65.4%	—	15.6%	—
Europe-Mediterranean	1,939	+8.6%	—	60.4%	—	19.1%	—
Specialised businesses	4,590	-1.9%	-2,504	54.6%	1,032	11.1%	149.6
Personal Finance	2,664	+5.4%	-1,340	50.3%	469	9.0%	84.3
Arval & Leasing Solutions	1,366	-16.3%	-829	60.7%	394	10.9%	60.1
New Digital & Personal Investors	561	+7.7%	-335	59.8%	170	34.9%	5.2
IPS	3,922	+30.0%	-2,380	60.7%	—	—	65.1

Division	Revenues	Change	Costs	C/I	Pre-tax	RONE	RWA (EURbn)
Insurance	1,241	+3.2%	-412	33.2%	—	—	22.4
Asset Management	1,352	>x2	-992	73.4%	—	—	15.5
Wealth Mgmt & Real Estate	1,329	+9.1%	-976	73.4%	—	—	27.1

Source: BNP Paribas Q2 2026 appendices, 23 July 2026. RONE is annualised on year-to-date allocated equity. Risk-weighted assets are shown at 30 June 2026 where disclosed at that level. Dashes indicate figures not disclosed on a comparable basis in the appendices; they are not zero.

Three things stand out. Securities Services earned an annualised 82.7% return on allocated equity in the half, on a cost-income ratio that fell eight points in the quarter — a capital-light business that scales with market volumes and client onboarding rather than with balance sheet. Global Banking is the laggard, down 3.9% for the half on currency, but pivoted in the second quarter and management describes the pipeline as strong; the 5% quarter-on-quarter rise in its risk-weighted assets is, on management's account, the early signature of second-half business rather than an efficiency failure. And Arval is the clear problem: revenues down 16.3% for the half and return on allocated equity down from 18.1% to 10.9%.

Capital, liquidity and asset quality

Table 4. Prudential and balance-sheet metrics at 30 June 2026

Metric	Value	Reference
CET1 ratio	13.0%	Target for 2027 and 2028; SREP requirement 10.43%
CET1 movement in the quarter	+20bp	+30 organic net of RWA, -20 distribution, +10 scope
Leverage ratio	4.4%	—
Liquidity coverage ratio	149%	Through-cycle operating level 130-135%
High-quality liquid assets	EUR 430bn	—
Available liquidity reserve	EUR 521bn	—
SRT and credit insurance benefit	EUR 63bn of RWA, about 90bp of CET1	Intention of about +10bp a year net
Provision stock	EUR 18.4bn	of which EUR 3.9bn in stages 1 and 2
Stage 3 coverage ratio	66.4%	—
Non-performing loan ratio	1.6%	Declining steadily over time
Private credit exposure	3% of loans, EUR 22bn	90% senior portfolio financing, no NPLs
Largest sector exposure	below 4% of total	—
Tangible net book value per share	EUR 98.4	EUR 93.5 at 31 December 2025

Source: BNP Paribas Q2 2026 press release and results presentation, slides 18 to 20. The elevated LCR reflects pre-funding for the Athlon integration completed on 31 July 2026. The 130-135% through-cycle level and the pre-funding explanation are from the second-quarter earnings call.

The liquidity coverage ratio of 149% is the one figure that looks anomalous and has a mundane explanation: the group pre-funded the Athlon closing. Management was explicit that 130% to 135% is the through-cycle operating level and that the group has no difficulty raising the ratio when it chooses to. The significant capital-optimisation disclosure is the significant risk transfer programme, which carries EUR 63bn of risk-weighted assets and about 90 basis points of CET1. Roughly 10 basis points of that runs off each year and about 20 basis points is added, for a net contribution of about 10 basis points annually — before any effect from the Savings and Investments Union, which would make securitisation cheaper. Only about 10% of the significant risk transfer book is allocated to private credit funds.

What the first half did to version 2.0

Table 5. First-half 2026 actual against what version 2.0 implied

Line	v2.0 implied 1H26	Actual 1H26	Variance	Reason
Revenues (EUR m)	about 26,700	28,147	+5.4%	Rate path turned hawkish; markets stronger
Cost-income ratio	about 60.5%	59.3%	-1.2pt	Cost programme running ahead
Cost of risk (bp)	35-38	39	+1 to +4	Geopolitical overlay of EUR 155m
Net income (EUR m)	about 6,200	7,562	+22%	Ageas/AGI and Allfunds gains of EUR 1,230m
EPS (EUR)	about 5.55	6.45	+16%	As above plus a lower share count
CET1	about 12.4%	13.0%	+60bp	Faster organic generation; scope effects
ROTE (reported)	about 11.8%	13.3%	+1.5pt	Earnings ahead; tangible equity held down by buybacks

Source: version 2.0 base-case projections for 2026 halved for comparability, against BNP Paribas Q2 2026 actuals. The comparison is indicative: version 2.0 published annual, not half-yearly, estimates.

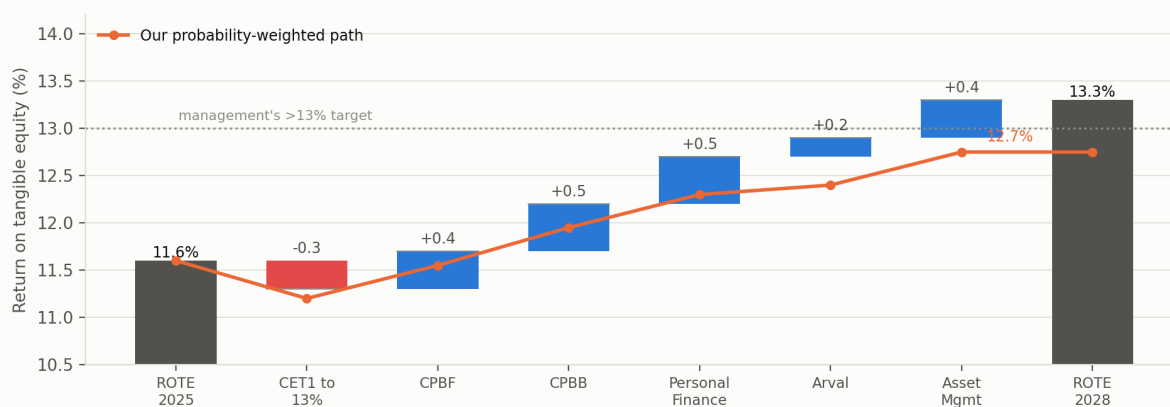
Version 2.0 was too cautious on revenue and on capital, and materially too cautious on the share price, which it anchored at EUR 90. It was approximately right on cost of risk and on the shape of the cost trajectory. The largest single source of the earnings variance is not operating: it is EUR 1,230m of gains that will not repeat.

The Path to a Return on Tangible Equity Above 13% by 2028

Version 2.0 built its own four-component bridge to the 2028 return target because the company had not published one at a useful level of detail. It has now. The second-quarter presentation sets out a seven-step walk from a 2025 return on tangible equity of 11.6% to above 13% in 2028, and every step except one is attached to a divisional plan that has already been presented publicly with its own targets and timetable. That is a materially better disclosure than version 2.0 had to work with, and it changes the analytical task from constructing a bridge to auditing one.

Figure 2 The 2028 ROTE bridge is franchise-led, not capital-led

Group ROTE, 2025 actual to 2028 target, with our own estimate of each step



Source: BNP Paribas Q2 2026 results presentation, slide 6 (bars); Billen Capital Research estimates (line). Components as disclosed sum to 13.3% against a stated '>13%' target; note that management attributes only +0.2 points to Arval.

The company's own bridge sums to 13.3% against a stated target of above 13%, so there is roughly a third of a point of conservatism embedded in the guidance. The single negative step is the normalisation of CET1 to 13%, which mechanically dilutes the return by 0.3 points as the denominator grows. Note where management is and is not relying on a recovery: Arval contributes only +0.2 points, the smallest step in the walk. Our own path, the orange line, lands 0.5 points lower at 12.8% because we haircut Personal Finance and Belgium, take the CET1 drag as slightly larger, and cut the Arval step again to +0.1.

Table 6. The 2028 ROTE bridge, company disclosure against our estimate

Step	Company	Our estimate	Comment
2025 return on tangible equity	11.6%	11.6%	Reported, non-revalued tangible equity
Normalisation of CET1 to 13%	-0.3pt	-0.4pt	A larger denominator; we assume slightly more drag
CPBF (France)	+0.4pt	+0.35pt	Deep Dive target of RONE above 17% by 2028
CPBB (Belgium)	+0.5pt	+0.40pt	Deep Dive target of RONE 22% by 2028, 25% by 2030
Personal Finance	+0.5pt	+0.35pt	RONE was 9.0% in 1H26 against a 2028 target above 17%
Arval	+0.2pt	+0.10pt	Management has already written down the recovery it expects here
Asset Management	+0.4pt	+0.35pt	AXA IM integration to 18% return on invested capital by 2028
2028 return on tangible equity	13.3%	12.8%	Company target is stated as "above 13%"

Source: BNP Paribas Q2 2026 results presentation, slide 6, for the company column; Billen Capital Research estimates for the remainder. Components as disclosed sum to 13.3% against a stated target of above 13%.

The single most important thing in that table is the Arval step. Management attributes only +0.2 points of the improvement to Arval — the smallest contribution of the six. That is not what an investor reading the headlines about a 21% revenue decline would expect, and it matters: management has already written the Arval recovery down inside its own bridge, so the 2028 target does not depend on the used-car market normalising. The 0.7-point gap between the two columns therefore comes mostly from Personal Finance and Belgium rather than from Arval. Personal Finance earned a 9.0% return on allocated equity in the first half against a 2028 target above 17% and a 2030 target of 20%; that is a doubling in two and a half years from a business whose cost of risk runs at about 150 basis points. It is not impossible — first-half revenues grew 5.4%, costs grew 1.1%, and pre-tax income grew 23.0% — but it is the steepest single climb in the plan.

Table 7. The divisional plan register

Plan	Presented	Target	Share of RWA	Status
Personal Finance	10 June 2025	RONE above 17% by 2028, 20% by 2030	11%	1H26 RONE 9.0%
CPBF (France)	26 June 2025	RONE above 17% by 2028, 20% by 2030	13%	1H26 RONE 14.6%
BNP Paribas Bank Polska	11 December 2025	ROTE 22% by 2030	3%	No update since the Deep Dive
Asset Management / AXA IM	March 2026	RoIC 18% by 2028, 22% by 2029	—	Integration on schedule
CPBB (Belgium)	1 June 2026	RONE 22% by 2028, 25% by 2030	8%	1H26 RONE 16.7%
BNL (Italy)	18 November 2026	RONE 20% indicated verbally	6%	Awaited
Arval / Athlon	First half 2027	ROIC 18% in year three	5%	Athlon closed 31 July 2026

Source: BNP Paribas Q2 2026 results presentation, slide 6, and the second-quarter earnings call for the BNL indication. Together the plans cover close to half of group risk-weighted assets.

The register is the most useful single disclosure in the pack, because it converts a group-level promise into six or seven separately observable ones with dates attached. The next of them is BNL on 18 November

2026, which matters disproportionately because Italy is the only major eurozone franchise where the rate cycle has worked against BNP rather than for it.

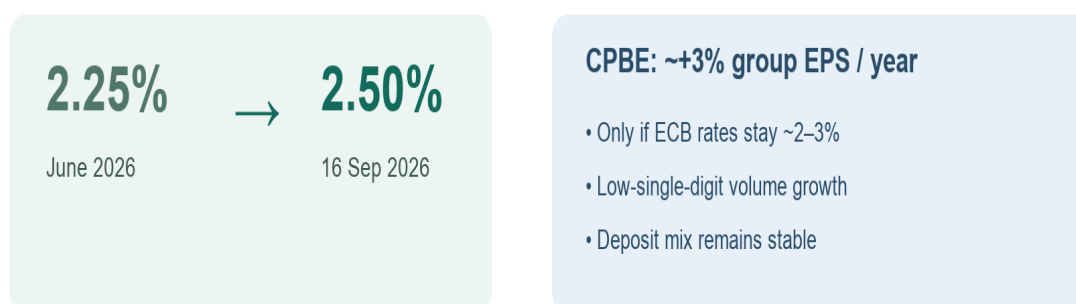
Deposit Sensitivity and Net Interest Income Mechanics

Version 2.0 built this section around a single disclosed sensitivity — roughly EUR 20m of annual net interest income per EUR 1bn of sight deposits — attributed to a specific investor-day slide. We have not been able to verify that slide or that parameter, and it has been removed. What replaces it is better in any case: the company now discloses the eurozone commercial banking net interest revenue line and the deposit mix behind it, quarterly.

In the second quarter of 2026, eurozone commercial banking revenues rose 9.2% to EUR 3,905m, of which net interest revenue rose 12.4% to EUR 2,369m and fees rose 4.5% to EUR 1,537m. The mechanism is straightforward and is the core of the CPBS case: current accounts, most of them non-remunerated, are half of the deposit base and have been stable to slightly growing; term deposits, the expensive part, fell 6.4% year on year and are down to 16% of the mix from 17% a year earlier. The bank is therefore funding a growing book with a stable, cheap base while reinvesting maturing assets — locked in at the low rates of the last decade — at today's materially higher yields.

ECB deposit rate and the conditional NII bridge

September 2026 policy update; illustrative conditions, not an earnings guarantee



Sources: ECB, 10 Sep 2026; BNP Paribas, A Compelling Story, 23 Sep 2026, slide 7.

The updated figure reflects the September move in the ECB deposit rate to 2.50%. The deposit-reinvestment mechanism still depends on how much of the rate change passes through to deposit pricing, the mix of sight and term deposits, and low-single-digit volume growth. Management's indicative CPBE NII contribution of about 3% to group EPS annually is conditional, not a realised group result. Sources: ECB 10 September 2026 decision; BNP Paribas 23 September presentation, slide 7.

Table 8. Net interest income sensitivity to the rate path and the deposit mix

Scenario	ECB deposit rate 2027-28	Eurozone NII effect	Group EPS effect	Comment
Further tightening	2.75-3.00%	+EUR 250 to 350m a year	+EUR 0.16 to 0.23	Steeper reinvestment yield; some deposit-beta leakage

Scenario	ECB deposit rate 2027-28	Eurozone NII effect	Group EPS effect	Comment
Hold (our base case)	2.50%	Reinvestment gain continues	In our estimates	Conditional on volume growth and stable deposit mix; September 2026 management assumes ~2.5%
Reversal	1.50-1.75%	-EUR 200 to 300m a year	-EUR 0.13 to 0.20	Reinvestment yield falls; Arval drag eases
Mix deterioration	2.50%	-EUR 150 to 250m a year	-EUR 0.10 to 0.16	Term deposits back above 20% of the mix
Combined adverse	1.50-1.75%	-EUR 350 to 550m a year	-EUR 0.23 to 0.36	The bear-case assumption

Source: Billen Capital Research estimates, calibrated to the disclosed +12.4% year-on-year growth in eurozone net interest revenue in 2Q26 and the disclosed deposit mix. These are our sensitivities, not the company's; BNP Paribas does not publish a rate sensitivity at this level of granularity.

The Italian exception

BNL is the one eurozone franchise where the balance sheet works the other way. Its strategy has been to write fixed-rate mortgages, which was an advantage in the last cycle and is a complication in this one: the asset side reprices slowly while the liability side has already repriced. First-half return on allocated equity at BNL was 14.0%, flat year on year, against 14.6% at CPBF and 16.7% at CPBB, both of which improved. Management expects a pivot in the second half of 2026 as deposit repricing works through, and will present the Italian plan on 18 November with an indicated return target of 20%. Investors should treat that date as the single most informative near-term event before the 2030 plan itself.

AXA Investment Managers: The Completed Transaction

This section corrects the record. Version 2.0 stated that the acquisition completed on 2 December 2025 following European Commission clearance in case M.11234 dated 15 September 2025, an ACPR authorisation numbered 2025-CB-78 dated 22 October 2025, and an AMF approval dated 8 November 2025. The transaction in fact completed on 1 July 2025, executed through BNP Paribas Cardif, with the group estimating the CET1 impact at approximately 35 basis points as of the third quarter 2025 results. None of the three regulatory reference numbers can be verified and all have been removed. The transaction was announced on 1 August 2024.

Table 9. AXA Investment Managers: the facts, corrected

Item	Version 2.0	Correct position	Source
Announcement	1 August 2024	1 August 2024	Joint press release
Completion	2 December 2025	1 July 2025	BNP Paribas Cardif completion release
Acquiring entity	Not stated	BNP Paribas Cardif	As above
CET1 impact	Not stated	About -35bp, recognised in 3Q25	As above
EC merger case	M.11234, 15 Sep 2025	Cannot be verified — removed	—
ACPR decision	2025-CB-78, 22 Oct 2025	Cannot be verified — removed	—
AMF approval	8 November 2025	Cannot be verified — removed	—
Combined platform	About EUR 1.5tn	Over EUR 1.5tn stated at completion	Completion release
Return target	Not stated	RoIC 18% by 2028, 22% by 2029	Asset Management Deep Dive, March 2026

Source: BNP Paribas Cardif completion press release; BNP Paribas Q2 2026 results presentation. See Appendix A for the full citation audit.

On the substance, the deal is working. Investment and Protection Services revenues rose 30.0% in the first half to EUR 3,922m, of which 8.4% was organic in the second quarter. Asset Management revenues more than doubled, to EUR 1,352m for the half. Assets under management across the division reached EUR 2,589.5bn at 30 June 2026 against EUR 1,398.5bn a year earlier, with Asset Management alone at EUR 1,731.9bn. Net asset inflows were EUR 16.5bn in the quarter excluding Ageas, after roughly EUR 24.3bn in the same quarter of 2025.

The costs are visible too. Divisional operating expenses rose 33.7% in the half, and roughly half of the group's EUR 800m full-year restructuring charge relates to the AXA IM integration, with EUR 320m of restructuring and adaptation costs booked in the first half. The jaws effect at constant scope was nonetheless positive at 5.0 points for the division, and Asset Management's cost-income ratio improved by 1.1 points in the quarter despite the integration. A question was put to management about the drop in quarterly net inflows from about EUR 15bn in the first quarter to about EUR 6bn in the second; the answer was that the flow guidance is 4% growth, that the group is running slightly above it, and that quarter-to-quarter variation should not be over-read. We accept that, and have set our own asset-gathering growth assumption at the guided 4%.

The Cost-to-Income Trajectory

This is where version 3.0 differs most from version 2.0, and where most of the incremental 2030 earnings come from. Version 2.0 assumed cost growth of about 3% a year, delivering roughly 1.5 points of jaws. That assumption is now too conservative, because the company has told us what it intends to do and, unusually, has told us how much of it is already identified.

Table 10. The efficiency programme, current plan against next plan

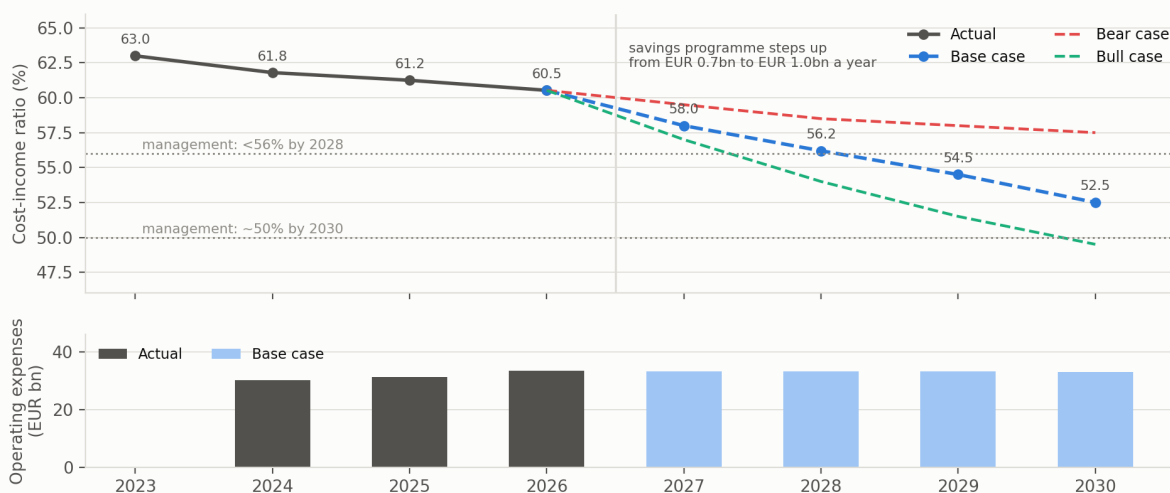
Component	Current plan	2027–30 annual average	Change
Support functions and infrastructure	EUR 300m a year	EUR 600m a year	Doubled
Client-facing and distribution	EUR 400m a year	EUR 400m a year	Unchanged
Average annual new cost savings	EUR 700m a year	~EUR 1,000m a year	+~EUR 300m average per year versus 2022–26
Addressable cost base	—	EUR 15bn	Of which IT and support about half
Cumulative extraction over the plan	—	EUR 2.4 to 2.5bn	About 15% of the addressable base
2030 net savings identified	—	About 80%	Identified is not delivered
2030 net savings expected by 2027	—	About 25%	About a quarter, not EUR 1bn in 2027
Implied cost-income improvement	About 1.5pt a year	About 2pt a year	Management guidance

Source: BNP Paribas second-quarter 2026 earnings call, 23 July 2026, and results presentation, slide 9. The work has been under way since August 2025 and management describes the top-down and bottom-up processes as now substantially aligned.

Two features of that table are what make it credible rather than aspirational. The first is that the increment is concentrated in support functions rather than in the customer-facing business — the part of a bank where headcount and systems cost can genuinely be taken out without damaging revenue, and the part BNP has historically under-attacked because it was busy investing in growth. Management said as much on the call: the group invested heavily in diversification, in the corporate and institutional bank, in asset and wealth management and in digitalising the retail networks, and it was only once that work was largely done that the infrastructure could be tackled. The second is the 80% identification rate. Eighty per cent identified is not eighty per cent delivered, and the bear case treats it that way, but it is a materially stronger starting position than a target with a number and no plan.

Figure 4 The cost line, not revenue, carries the 2030 ambition

Group cost-income ratio and absolute cost base, 2023 actual to 2030 estimate



Source: BNP Paribas FY2024 press release (2023-24), 1Q26 quarterly series (2025), Q2 2026 press release; Billen Capital Research estimates from 2026. 2023 ratio derived from the FY2024 release (61.8%, -1.2 points vs 2023).

The base case takes management's own arithmetic — roughly two points of cost-income improvement a year from 2027 — and applies it to a 2026 exit of 60.5%, which lands at 52.5% in 2030 rather than the roughly 50% management indicates. That is deliberate: we would rather be one and a half points short of the ambition and right than match it and be wrong. The lower panel is the check that keeps the exercise honest — the ratio improves while the absolute cost base is broadly flat, which is what a EUR 1bn annual saving against inflation and growth investment looks like.

Table 11. Cost bridge from 2025 to 2030, base case (EUR m)

Component	Amount	Comment
2025 operating expenses	31,374	Reported
AXA IM full-year consolidation	+1,650	Part-year in 2025, full year from 2026
Inflation and wage drift, 2026-30	+4,300	About 2.5% a year on the residual base
Business growth and investment	+2,900	Variable compensation, development spend, Athlon
Restructuring, 2026-28	+1,050	EUR 800m in 2026, tailing off thereafter
Efficiency programme, 2027-30	-4,000	Analyst cumulative 2030 bridge, not management guidance; do not read as EUR 1bn fully delivered in 2027
Restructuring roll-off after 2028	-1,050	Charge ends with the current plan
2030 operating expenses, base case	32,960	Cost-income ratio of 52.5% on revenues of EUR 62.8bn

Source: Billen Capital Research model. The bridge is illustrative of the components; the model is built from a cost-income ratio path rather than by summing these lines, and they reconcile to within EUR 100m.

Table 12. What the 2030 cost-income ratio is worth

2030 cost-income ratio	Implied 2030 EPS	Terminal value, blended exit	Total return to 2030	Annualised
49.5% (bull)	EUR 22.88	EUR 210.0	145.9%	23.5%
52.5% (base)	EUR 18.79	EUR 160.1	91.7%	16.5%
55.0%	EUR 17.60	EUR 154.7	86.2%	15.7%

2030 cost-income ratio	Implied 2030 EPS	Terminal value, blended exit	Total return to 2030	Annualised
57.5% (bear)	EUR 14.20	EUR 111.1	37.9%	7.8%

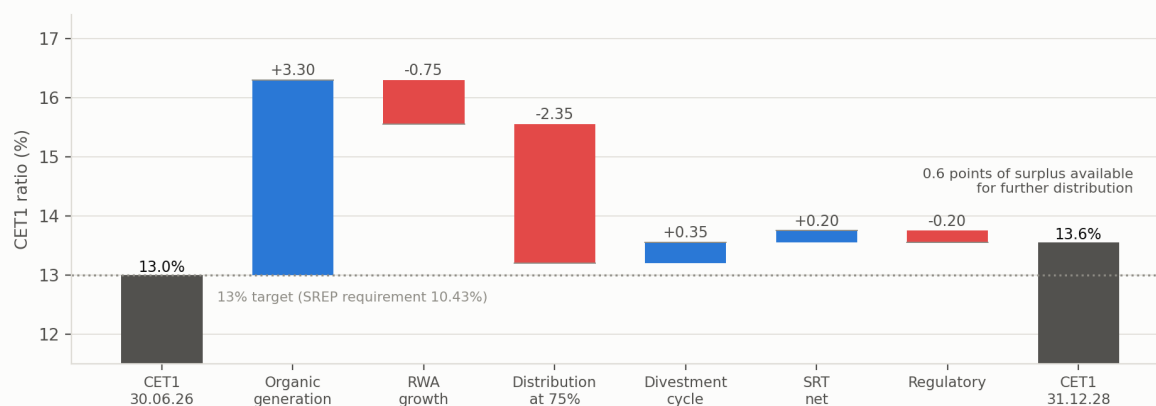
Source: retained v3 analyst model with EUR 99.30 ex-dividend entry on 25 September 2026. Bull and bear rows use their own revenue, cost-of-risk and payout assumptions; the 55.0% row changes only the cost-income path on otherwise unchanged base assumptions. Cash dividends exclude the 2026 interim that had gone ex-dividend and FY2030 final paid beyond the horizon. Returns are illustrative, before tax and dealing costs.

Capital Efficiency, CET1 and the Regulatory Path

The question this chapter asked in version 2.0 was whether BNP would reach 13%. It has, so the question is now what happens to everything generated above it. On the second-quarter call the answer was unambiguous. "Thirteen per cent is thirteen per cent. It is not 13.2% or 13.3% or 13.4%, it is 13%." Anything above is considered annually by the board for additional distribution or additional investment, and management drew no distinction between capital generated organically and capital released by disposals — it is all simply equity.

Figure 3 Capital generation now funds distribution, not the ratio

CET1 walk, 30 June 2026 to end-2028, cumulative over ten quarters



Source: BNP Paribas Q2 2026 press release and slide 19 (opening ratio and quarterly mechanics); Billen Capital Research estimates for 2H26-2028. Distribution shown at a 75% average payout. Components sum to +0.55 points; the divestment cycle and SRT together more than offset the regulatory drag.

Over ten quarters the group generates roughly 3.3 points of CET1 before anything is returned. Risk-weighted asset growth at about 2% a year consumes 0.75 points and distribution at a 75% average payout consumes 2.35. The divestment cycle, which management sizes at 30 to 50 basis points with 13 already announced, and the significant risk transfer programme at about 10 basis points a year, together roughly offset the regulatory drag. The residual 0.6 points is the surplus that has to go somewhere, and on management's framing it goes to shareholders.

Table 13. Capital deployment ledger

Transaction	Status	CET1 effect	Earnings effect	Timing
AXA Investment Managers	Completed	about -35bp	RoIC 18% by 2028	1 July 2025
Ageas / AGI	Completed	+10bp in 2Q26	EUR 858m gain; +EUR 40m a year from 2027	28 April 2026
Athlon (via Arval)	Completed	about -13bp in 3Q26	about EUR 200m a year after integration	31 July 2026
BMCI, Morocco	Pending	offsets Athlon	about EUR 30m a year forgone	Fourth quarter 2026
Further divestments	Indicated	+30 to 50bp total	—	Through the plan
SRT and credit insurance	Ongoing	about +10bp a year net	—	Continuous

Transaction	Status	CET1 effect	Earnings effect	Timing
Regulatory and model changes	Ongoing	about -10bp a year	—	Continuous

Source: BNP Paribas second-quarter 2026 press release, results presentation and earnings call. The 13 basis point Athlon consumption is from the earnings call; the presentation describes Athlon and BMCI together as neutral for capital and worth about +EUR 170m of net earnings. The separate 13 basis points referred to under the divestment cycle is a different figure - what has been announced of the 30 to 50 basis point programme.

On regulation, the position has eased rather than tightened. The Fundamental Review of the Trading Book has been pushed towards the end of the decade, and the European Commission's simplification document published in July 2026 points towards a calibration that management describes as seeking a balance between prudential requirements and banks supporting the economy. Management's guidance is unchanged at roughly 10 basis points a year of average impact from supervisory and regulatory change, and it sees nothing else on the horizon. That is a meaningfully better position than version 2.0 assumed, which embedded 25 to 35 basis points of one-off market-risk inflation.

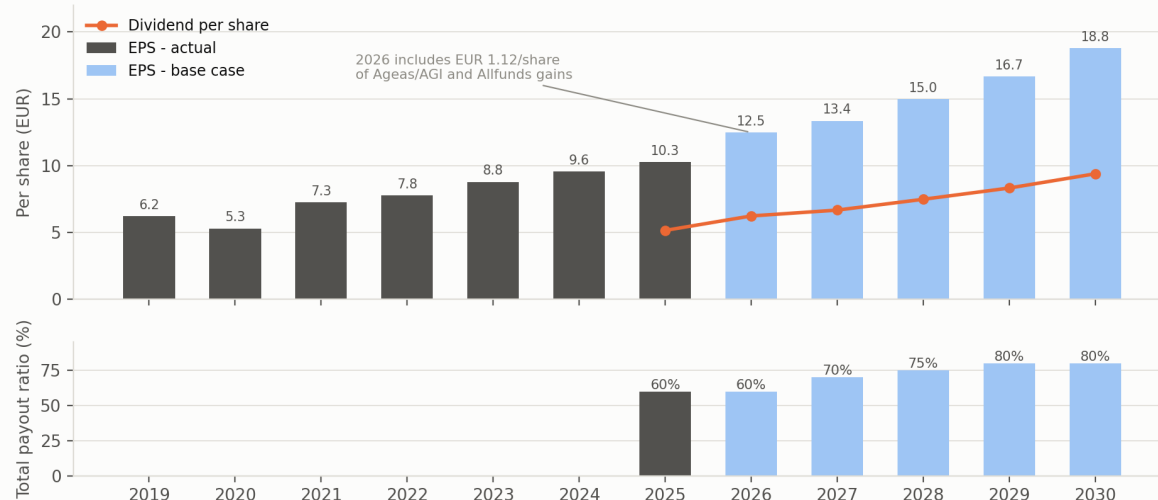
Distribution Policy

The policy for 2026 is a 60% total payout: at least 50% of earnings as cash dividend and about 10% as buyback, the buyback subject to European Central Bank approval. An interim dividend of EUR 3.23 per share, equal to 50% of first-half earnings per share of EUR 6.45 and including the Ageas/AGI gain, detaches on 24 September 2026 and is paid on 28 September. From 2027 the policy is "at least 60%", with the actual number to be set with the full-year results on 2 February 2027.

Two exchanges on the second-quarter call are worth quoting in substance because they are the best available guide to what that number will be. Asked whether 70% was plausible, management said "we could say 70" and confirmed it was a possibility, not a decision, adding that even at 70% the group might still generate surplus equity on a recurring basis. Asked separately whether disciplined risk-weighted asset growth of about 25 basis points a year of capital consumption implied a payout closer to 80% or 90% from 2027, management replied: "No, that's right... in the natural generation that we have, then if we will look once a year what the excess is and decide that we return it would indeed get you to a ratio, something around what you mentioned." That is as close to guidance as a bank gets before a policy is formally set.

Figure 6 Earnings compound; the payout ratio is the second lever

Earnings and dividend per share, and the total distribution ratio, 2019 actual to 2030 estimate



Source: BNP Paribas 1Q26 quarterly series (EPS 2019-2025), Q2 2026 slide 19 (2025 DPS of EUR 5.16); Billen Capital Research estimates from 2026. Payout policy is 60% for 2026 and "at least 60%" from 2027, to be set with the FY2026 results on 2 February 2027.

The compounding is in the bars and the optionality is in the panel below. Earnings per share roughly doubles between 2025 and 2030 in the base case, but note that 2026 flatters: EUR 1.12 per share of it is the Ageas/AGI and Allfunds gains and will not repeat. The payout ratio is a policy choice rather than a forecast, which is why we show it separately — every ten points of payout above 60% is worth roughly EUR 2.4 per share of additional distribution in 2030, on Table 14's arithmetic.

Table 14. Distribution scenarios, 2027 to 2030 (EUR per share unless stated)

Payout	Metric	2027	2028	2029	2030
60%	Dividend	6.68	7.40	8.08	8.88
60%	Buyback per share	1.34	1.48	1.62	1.78
60%	Shares outstanding (m)	1,087	1,074	1,062	1,049
60%	Earnings per share	13.36	14.80	16.16	17.76
70%	Dividend	6.68	7.49	8.28	9.22
70%	Shares outstanding (m)	1,087	1,062	1,036	1,011
70%	Earnings per share	13.36	14.97	16.55	18.43
80%	Dividend	6.68	7.58	8.48	9.58
80%	Shares outstanding (m)	1,087	1,049	1,011	973
80%	Earnings per share	13.36	15.15	16.97	19.15
90%	Dividend	6.68	7.67	8.70	9.97
90%	Shares outstanding (m)	1,087	1,037	986	935
90%	Earnings per share	13.36	15.34	17.40	19.94

Source: Billen Capital Research model. Net income is held constant across the four scenarios; only the split between retention, dividend and buyback varies. Buybacks are assumed executed at a share price rising 8% a year. Dividend is held at the policy floor of 50% of earnings in every scenario.

The 2027–30 payout path in Table 15 is an analyst scenario. Management confirmed only a minimum 60% total payout from 2027 and promised the detailed policy on 2 February 2027. Do not interpret 70–80% as guidance. Buyback value is reflected in per-share model outputs, not treated as a cash dividend to a continuing shareholder.

The 2030 Plan: What to Expect on 2 February 2027

The full 2030 group plan is due on 2 February 2027. The following points describe themes to test against the adopted plan, not already approved group targets. Where v3 assigned subjective probabilities, v4 withdraws them pending management disclosure.

What has effectively been pre-announced

- A 2030 cost-income ratio around 50% was mentioned on the Q2 call. It is an ambition to test, not an adopted group target. The September deck confirms only the 2028 target below 56%.
- A 2030 ROTE around 15% was discussed before the plan. Our base-case model reaches 16.8%; neither figure should be attributed to an adopted 2030 group plan. Verify the announced target and bridge on 2 February 2027.
- The September deck commits only to a minimum 60% total payout from 2027. A 70% or 80% outcome remains an analyst scenario, contingent on capital generation, organic RWA growth and a board-approved policy.

- AI and simplification are potential cost and revenue levers. The September deck describes governance and rollout to about 100,000 staff on the internal My Companion platform, but does not quantify incremental AI revenue or a separately bankable AI earnings target.
- Divisional trajectories for each business, following the Deep Dive series, and continued deep dives through 2027 starting with the corporate and institutional bank.

What is genuinely open

- Whether the buyback becomes a standing programme rather than an annual board decision. A standing programme would be worth a multiple point on its own, because it converts a discretionary return into a contractual-feeling one.
- The risk-weighted asset growth assumption. The current plan assumes about 2%. A higher number would signal reinvestment and would reduce the distributable surplus; a lower one would signal that the group has run out of things to fund.
- Whether the Savings and Investments Union upside is embedded in the targets. It is explicitly excluded from the 2028 numbers. Embedding it in 2030 would raise the targets but reduce their conservatism.
- Capital allocation between the divisions, and in particular whether Corporate and Institutional Banking is allowed to keep growing risk-weighted assets at the pace implied by the second quarter.

The financial presentation on 23 September 2026 previews, but does not constitute, the group 2030 plan. On 2 February 2027 compare announced 2030 targets and distribution policy with the analyst assumptions in this section; do not mark prospective savings or elevated payouts as achieved.

Artificial Intelligence as a Cost and a Revenue Lever

Management has put artificial intelligence at the centre of the next plan. The chief executive chairs a Group AI Strategy Committee, the stated approach prioritises high-return use cases with cost control and cyber risk explicitly named as constraints, and the financial expression of the whole programme is the step-up from EUR 700m to EUR 1bn of annual savings. Detail is promised with the 2030 plan.

It is worth being precise about what is verifiable here and what is not. The verifiable part is the cost target and its composition: EUR 15bn of addressable base, half of it information technology and support functions, EUR 2.4bn to EUR 2.5bn of cumulative extraction, roughly 80% identified. Those numbers exist independently of whether the enabling technology is artificial intelligence, a shared-services reorganisation, or simply cutting duplicated systems across a group that has grown by acquisition for two decades. An investor who is sceptical about the technology can still underwrite the cost number on the strength of the identification rate and the historical delivery record.

The unverifiable part is the revenue claim. Management links artificial intelligence to the coming investment supercycle and to origination and distribution capability, but has published no quantification and no use-case economics. We have modelled none of it. Our estimates contain no artificial-intelligence revenue uplift whatsoever, and we would treat any that appears in the 2030 plan as upside to be assessed on its own evidence rather than as a reason to raise the base case now.

There are also two offsets that should not be forgotten. The first is investment cost: an industrialised deployment across eighty countries is not free, and it sits inside the same cost base the programme is meant to shrink. The second is cyber risk, which management itself names as a first-order constraint. A bank that automates more of its decisioning increases both the surface area and the blast radius of an

operational failure. Neither offset changes our estimates; both belong in the risk section rather than the opportunity section, which is where we have put them.

Forecast Methodology and 2026 to 2030 Projections

The model is built forward from first-half 2026 actuals rather than from any figure in version 2.0. Revenues are projected at group level with a cross-check against the divisional growth rates; costs are projected from a cost-income ratio path rather than from an absolute cost build, because the ratio is what management guides to and what the market tracks; cost of risk is projected in basis points of loans outstanding at the start of the period, which is the denominator BNP itself uses. Every derived figure in the report comes from a single Python model, and the calculation notes are in Appendix A.

Table 15. Key model assumptions

Assumption	Bear	Base	Bull	Basis
Revenue growth 2027	+3.0%	+3.8%	+5.5%	Consensus 2027 implies about +4.0%
Revenue growth 2028-30	+2.0%	+2.8 to 3.3%	+4.0 to 5.0%	Nominal eurozone growth plus share gains
Cost-income ratio 2028	58.5%	56.2%	54.0%	Management target: below 56%
Cost-income ratio 2030	57.5%	52.5%	49.5%	Analyst assumption; September materials did not announce an adopted group 2030 C/I target
Cost of risk 2027-30	45-47bp	36-38bp	33-34bp	Guidance: below 40bp through the cycle
Effective tax rate	27.5%	27.5%	27.5%	28.1% in 1H26; normalising
Risk-weighted asset growth	+2.5%	+2.5%	+2.5%	Analyst 2.5%; management September bridge uses ~2% organic RWA growth
Total payout 2027-30	60-65%	70-80%	75-90%	Analyst scenarios; management floor is minimum 60% from 2027
CET1 target	13.0%	13.0%	13.0%	Company target for 2027 and 2028
Terminal exit multiple	7.5x P/E, 1.00x P/TBV	9.0x P/E, 1.35x P/TBV	10.5x P/E, 1.65x P/TBV	At EUR 99.30: 7.4x 2027E P/E; 1.01x 1H26 TBVPS

Source: Billen Capital Research. Terminal values blend the price-earnings and price-to-tangible-book exits equally, which moderates the sensitivity to either single multiple.

Table 16. Base-case forecast, 2025 actual to 2030 estimate

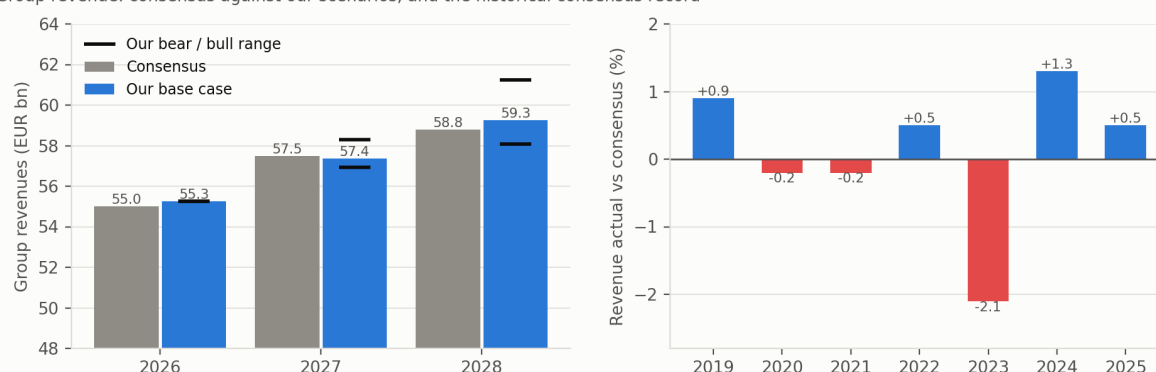
	2025A	2026E	2027E	2028E	2029E	2030E
Revenues (EUR m)	51,223	55,270	57,370	59,263	61,041	62,750
Operating expenses (EUR m)	-31,374	-33,455	-33,275	-33,306	-33,267	-32,944
Cost-income ratio	61.3%	60.5%	58.0%	56.2%	54.5%	52.5%
Cost of risk (EUR m)	-3,350	-3,701	-3,653	-3,646	-3,738	-3,727
Cost of risk (bp)	35.7	39.4	38	37	37	36
Net income, group share (EUR m)	12,225	13,666	14,518	15,899	17,154	18,631
Memo: gross pre-tax gains (not net-income component)	—	1,230	—	—	—	—
Earnings per share (EUR)	10.29	12.48	13.36	14.97	16.66	18.79
Underlying EPS (EUR)	10.29	11.36	13.36	14.97	16.66	18.79
Return on tangible equity	11.6%	12.8%	13.2%	14.3%	15.3%	16.8%

	2025A	2026E	2027E	2028E	2029E	2030E
Dividend per share (EUR)	5.16	6.24	6.68	7.49	8.33	9.39
Buyback per share (EUR)	about 1.03	1.25	2.67	3.74	5.00	5.64
Total payout ratio	60%	60%	70%	75%	80%	80%
Shares outstanding (m)	1,117	1,087	1,087	1,062	1,029	992
Tangible book value per share, year-end (EUR)	93.5	100.9	104.9	108.7	112.0	115.6
CET1 ratio (our estimate)	12.6%	13.0%	13.0%	13.1%	13.1%	13.1%
P/E at EUR 99.30	9.7x	8.0x	7.4x	6.6x	6.0x	5.3x
Modelled DPS yield at EUR 99.30	5.2%	6.3%	6.7%	7.5%	8.4%	9.5%

Source: Billen Capital Research model; 2025 actuals from the 1Q26 quarterly series. The non-recurring line is the EUR 1,230m of gross non-operating gains (Ageas/AGI EUR 858m, Allfunds EUR 372m); the company's own net figure for total exceptional items after tax in 1H26 is +EUR 870m, and underlying EPS is stated on the gross basis, which is the more conservative of the two. Return on tangible equity is calculated on average tangible equity, which is why 2026E of 12.8% is below the 13.3% the company reported for 1H26 on an annualised opening basis. The CET1 row is our estimate, not a company forecast: it assumes the surplus above 13% is distributed each year rather than accumulated. Tangible book value per share is held down after 2027 by the rising payout, which is why return on tangible equity rises faster than earnings; at a 60% payout throughout, 2030 ROTE would be about 15.0%, in line with management's ambition.

Figure 5 We sit above consensus, where management says it belongs

Group revenue: consensus against our scenarios, and the historical consensus record



Source: Fiscal.ai revenue consensus (25 August 2026) for consensus and the historical surprise record; Billen Capital Research estimates. Bear and bull marks show our scenario range.

Our 2026 and 2028 revenue estimates sit 0.5% and 0.8% above consensus respectively — a deliberate but modest tilt, consistent with management's claim that consensus underestimates the trajectory without pretending we know something the sell side does not. The right panel is the discipline on that claim: over seven years BNP has landed within 1.3% of consensus revenue in six of them, and missed materially only in 2023, when the rate regime changed abruptly. It is a company that delivers roughly what it says in normal conditions.

A note on the return on tangible equity line, because it will look aggressive. Our 2030 estimate of 16.8% is above management's 15% ambition. The difference is not an earnings disagreement; it is a capital-return mechanic. A rising payout holds tangible book value per share nearly flat while earnings compound, so the ratio rises even without operational improvement. Run the same earnings at a constant 60% payout and 2030 return on tangible equity falls to approximately 15.0%, precisely management's number, while tangible book value per share compounds to about EUR 128. Investors should read the two as the same forecast expressed under different distribution policies, and should not treat our higher ratio as a higher-quality business.

Estimated Return to 2030

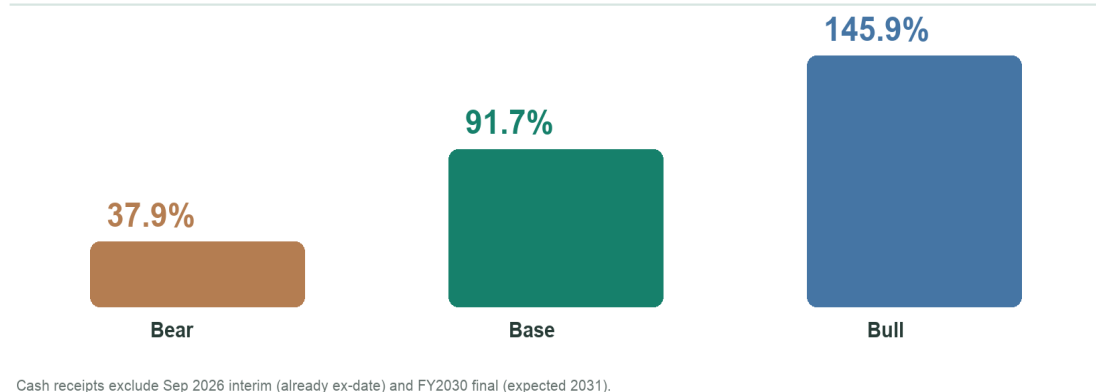
Table 17. Prospective return components from EUR 99.30 (25 September 2026) to 31 December 2030

Component	Bear	Base	Bull
2030 earnings per share (EUR)	14.20	18.79	22.88
2030 tangible book value per share, opening (EUR)	115.64	111.98	108.97
Terminal value on P/E exit (EUR)	106.49	169.09	240.21
Terminal value on P/TBV exit (EUR)	115.64	151.17	179.80
Terminal value, equal blend (EUR)	111.06	160.13	210.01
Capital appreciation (EUR)	11.76	60.83	110.71
Future cash dividends through 31 Dec 2030 (EUR)	25.83	30.21	34.17
Total return	37.9%	91.7%	145.9%
Annualised, 25 Sep 2026–31 Dec 2030 (4.266 years)	7.8%	16.5%	23.5%

Source: analyst scenario model, BNP 2Q26 appendices and September 2026 strategy deck. Entry EUR 99.30 is the 25 September ex-dividend close. Dividends count only if expected to be paid by 31 December 2030: the EUR 3.23 2026 interim was already ex-date; the final FY2030 dividend is not assumed paid before 2031. For the 2030 interim, the model assumes 50% of full-year 2030 DPS (bear/base/bull EUR 7.10/9.39/11.44); timing and amount remain estimates. CAGR uses 1,558 days (4.266 years). Buybacks are not added as cash.

Scenario return to 31 December 2030

EUR 99.30 ex-dividend entry on 25 September 2026; future cash paid within the horizon only



At EUR 99.30, the preserved v3 terminal prices of EUR 111.06/160.13/210.01 for bear/base/bull and future cash dividends of EUR 25.83/30.21/34.17 produce total returns of 37.9%/91.7%/145.9%, or 7.8%/16.5%/23.5% annualised. These are scenarios, not expected or guaranteed returns.

The old v3 total-return figures included the EUR 3.23 interim dividend that had already gone ex-dividend at our new entry date and a full FY2030 dividend not expected to be paid until 2031. Both timing effects have been removed. No buyback is added to cash dividends; repurchase effects remain embedded in per-share earnings and terminal value.

Valuation

The cost of equity, and what the market is actually using

The 25 September 2026 German ten-year yield was about 3.56%. With the unchanged 5.5% equity-risk-premium and 1.15 beta assumptions, CAPM indicates 9.89%; the 11.3% valuation hurdle is an analyst judgement allowing for model, execution and litigation risk. It is not a mechanically observed market discount rate. The old v3 “market-implied” cost-of-equity readings are withdrawn because their DDM cash flow mixed buybacks with a forecast share count that already embodied repurchases.

Table 18. Cost of equity

Component	Value	Source
Risk-free rate, German 10-year	3.56%	German Finanzagentur, 25 Sep 2026
Equity risk premium	5.5%	Mature-market estimate
Beta	1.15	Five-year weekly against STOXX Europe 600
CAPM cost of equity	9.89%	3.56% + 1.15 × 5.5%; indicative CAPM
v3 implied discount rate (withdrawn)	n.a.	v3 figure withdrawn: old DDM combined buybacks with per-share earnings
v3 implied discount rate (withdrawn)	n.a.	v3 figure withdrawn: old DDM combined buybacks with per-share earnings
Cost of equity used for the 12-month fair value	11.3%	Analyst judgement; higher than CAPM, not directly implied by the market

Source: German Finanzagentur 25 September 2026 10-year Bund yield; analyst ERP and beta assumptions. CAPM is indicative. V3 market-implied discount-rate figures are withdrawn because their cash-flow definition was inconsistent with buyback-adjusted per-share forecasts.

The previous v3 statement that the market implied a 15.2% cost of equity from an EUR 8.10 perpetual distribution is withdrawn. It treated buybacks like shareholder cash while the model’s forward per-share earnings already reflected the declining share count. Dividend-only value and warranted tangible-book methods are now shown separately; no “no growth priced in” conclusion follows mechanically from the old arithmetic.

We triangulate a normalized warranted P/TBV estimate (40%), 9x 2027E EPS (40%) and a dividend-only DDM (20%). For the first method, 13.2% is our modelled 2027 ROTE, not the exceptional-item-inflated H1 reported 13.3%. All three methods depend on analyst assumptions and should be re-run after the formal 2030 plan.

Table 19. Fair value triangulation

Method	Input	Value per share	Weight
Warranted price to tangible book	2027E ROTE 13.2%, CoE 11.3%, g 2.0%; 1.20x × 1H26 TBVPS EUR 98.4	EUR 118.50	40%
Forward earnings multiple	9.0x 2027 estimated EPS of EUR 13.36	EUR 120.24	40%
Dividend discount model	Dividend-only DDM; 11.3% CoE, 2% terminal growth; 25 Sep 2026 anchor	EUR 96.43	20%
Weighted fair value	—	EUR 114.78	—
Fair value adopted	Rounded; subject to February 2027 plan	EUR 115	—

Source: analyst calculation using the retained v3 operating model and 25 September market anchor.
Warranted P/TBV = $(13.2\% - 2.0\%) / (11.3\% - 2.0\%) \times \text{EUR } 98.4 = \text{EUR } 118.50$. P/E = $9 \times \text{EUR } 13.36 = \text{EUR } 120.24$. Dividend-only DDM = EUR 96.43. Weighted value = EUR 114.78, rounded to EUR 115. The terminal growth assumption is 2%.

Table 20. Discounted value sensitivity (EUR per share)

Cost of equity	Terminal growth 1.5%	Terminal growth 2.0%	Terminal growth 2.5%
10.0%	EUR 106.62	EUR 111.92	EUR 117.93
10.5%	EUR 100.75	EUR 105.40	EUR 110.64
11.0%	EUR 95.49	EUR 99.60	EUR 104.20
11.3%	EUR 92.60	EUR 96.43	EUR 100.69
12.0%	EUR 86.49	EUR 89.75	EUR 93.37

Dividend-only sensitivity as of 25 September 2026, EUR per share. The model discounts an assumed EUR 3.01 remaining FY2026 final dividend, 2027–30 dividends (EUR 6.68/7.49/8.33/9.39) on a midyear convention, and the Gordon value of subsequent dividends. The final 2026 payment date is assumed, not announced. It does not add buybacks to cash dividends.

Dividend-only valuation: cost of equity and growth

EUR/share, 25 September 2026; no buybacks added to shareholder cash flows

CoE	g = 1.5%	g = 2.0%	g = 2.5%
10.0%	106.62	111.92	117.93
10.5%	100.75	105.40	110.64
11.0%	95.49	99.60	104.20
11.3%	92.60	96.43	100.69
12.0%	86.49	89.75	93.37

Adopted cross-check: 11.3% CoE, 2.0% growth → EUR 96.43.

At the adopted 11.3% cost of equity and 2.0% terminal growth, the dividend-only model returns EUR 96.43. The terminal component remains sensitive to the cost of equity and long-term payout. It is therefore a cross-check, not a stand-alone target.

Table 21. Residual income cross-check

Year	TBVPS (EUR)	ROTE	Cost of equity	Spread	Residual income (EUR)
2027E	100.90	13.2%	9.89%	3.31pt	3.34
2028E	104.91	14.3%	9.89%	4.41pt	4.63
2029E	108.65	15.3%	9.89%	5.41pt	5.88
2030E	111.98	16.8%	9.89%	6.91pt	7.74

Source: retained v3 forecast TBVPS/ROTE; September 2026 CAPM cross-check of 9.89%. Residual income is indicative and not a separate price target. Forward share count and dividends must be handled consistently with repurchases.

The modelled residual-income spread widens if 2027–30 ROTE rises as forecast. The table is not proof that the spread will be achieved. Underlying H1 2026 ROTE around 11.8% is a useful conservative cross-check against the first-year forecast of 13.2%.

The valuation bridge since March 2026

The EUR 115 fair value is 15.8% above the EUR 99.30 ex-dividend 25 September close. It is lower than v3's EUR 125 despite improved strategy evidence, because the dividend-only DDM removes an economic double count and the required return is raised to 11.3%. The stock trades near 1.01x H1 2026 TBVPS and 7.4x forecast 2027 EPS. A higher fair value requires delivery and February 2027 plan detail, not merely presentation of targets.

Peer Positioning and Relative Value

The comparison below has been refreshed on one market date. Fiscal.ai provides a consistent trailing return-on-equity (ROE) and price-to-book (P/B) series for the listed issuer or ADR; these are not the same as management-reported half-year return on tangible equity (ROTE) or price-to-tangible-book (P/TBV). Capital ratios remain the latest Q2/H1 company disclosures. The Nordic banks broaden the profitability/valuation context but carry different currencies, business mixes and capital requirements.

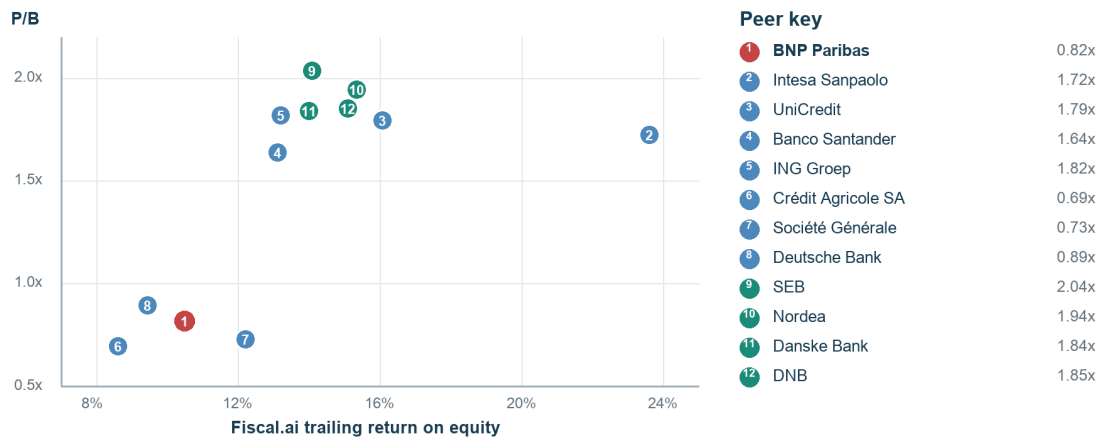
Table 22. European and Nordic bank peers — synchronized valuation snapshot

Bank	Fiscal ROE, TTM	CET1, 2Q/H1	P/B, 28 Sep	Fiscal.ai key
BNP Paribas	10.48%	13.0%	0.816x	XPAR_BNP
Intesa Sanpaolo	23.61%	13.1%	1.723x	XMIL_ISP
UniCredit	16.07%	14.3%	1.793x	XMIL_UCG
Banco Santander	13.11%	14.0%	1.637x	NYSE_SAN
ING Groep	13.20%	13.1%	1.820x	NYSE_ING
Crédit Agricole SA	8.61%	11.3%	0.694x	XPAR_ACA
Société Générale	12.21%	13.2%	0.728x	XPAR_GLE
Deutsche Bank	9.44%	13.9%	0.894x	NYSE_DB
SEB	14.08%	17.2%	2.037x†	XSTO_SEB.A
Nordea	15.34%	15.7%	1.944x	XHEL_NDA.FI
Danske Bank	14.00%	17.0%	1.839x	XCSE_DANSKE
DNB	15.10%	17.4%	1.852x	XOSL_DNB

Source: Fiscal.ai MCP, extracted 29 September 2026. P/B and trailing ROE use 28 September market data and 30 June balance-sheet inputs; Fiscal.ai keys are shown. CET1 is company-reported Q2/H1 2026. † SEB P/B is derived from SEK 459.895bn market cap / SEK 225.767bn total equity (the common-equity field is empty), corroborated by Q2 equity/share of SEK 115.81. Santander, ING and Deutsche Bank use USD ADR prices, FX-normalized in the provider ratio. Nordea CET1 is 15.7% headline (15.4% regulatory). P/B is not P/TBV. BNP's Fiscal.ai price was EUR 98.26 on 28 September; the report's valuation anchor remains EUR 99.30 on 25 September. BNP terminal: <https://fiscal.ai/company/ENXTPA-BNP>.

Figure 9 | Current European bank ROE and price/book

Fiscal.ai synchronized snapshot, 28 September 2026 • 12 banks • trailing ROE vs issuer P/B



Source: Fiscal.ai MCP, 29 Sep 2026 extraction; market prices 28 Sep, equity data 30 Jun. SEB P/B derived (see Table 22).

Figure 9 plots the same synchronized Fiscal.ai ROE and P/B series as Table 22. BNP is below most peers on both measures: 10.48% trailing ROE and 0.816x book, versus 14.08–15.34% ROE and 1.839–2.037x book for the four Nordic banks. This is descriptive, not a regression or a target multiple. Different tangible-book adjustments, earnings quality, funding models, national capital rules and cost of equity can explain part of the spread. The prior chart's claim that BNP traded at 1.09x tangible book and that a theoretical line alone implied about EUR 17 per share of upside is withdrawn: it mixed stale P/B observations with a different BNP P/TBV definition. The report's EUR 115 fair value is unchanged by this peer-data refresh and should be re-tested after the February 2027 strategic plan.

The obvious objection is that the discount is deserved because of the investment-banking exposure. Morningstar makes precisely this argument in assigning no economic moat: BNP is, on its account, neither dominant enough in investment banking to compete with the American bulge bracket nor niche enough in France to escape competition from mutually owned banks with a weaker profit motive. There is force in it. But two facts sit uncomfortably with the conclusion. First, the earnings volatility that the argument predicts has not shown up: cost of risk has run between 33 and 40 basis points every year since 2021, and the group has grown earnings in each of the last five years. Second, the same analyst who declines to award a moat has BNP as the only one of the four French and German banks trading below fair value. A discount for a risk that has not materialised in a decade is a discount an investor can accept being paid to bear.

Scenario Analysis

Table 23. Bear case, 2027 to 2030

	2027E	2028E	2029E	2030E
Revenues (EUR m)	56,928	58,067	59,228	60,412
Cost-income ratio	59.5%	58.5%	58.0%	57.5%
Cost of risk (bp)	45	47	47	46
Net income (EUR m)	13,276	13,836	14,320	14,886
Earnings per share (EUR)	12.21	12.86	13.45	14.20
Return on tangible equity	12.1%	12.2%	12.1%	12.3%
Dividend per share (EUR)	6.11	6.43	6.73	7.10
Total payout ratio	60%	60%	65%	65%

Source: Billen Capital Research model. The bear case assumes the cost programme delivers about a third of what is targeted, the rate cycle reverses, and the Arval drag persists rather than normalising.

Table 24. Bull case, 2027 to 2030

	2027E	2028E	2029E	2030E
Revenues (EUR m)	58,310	61,225	63,980	66,540
Cost-income ratio	57.0%	54.0%	51.5%	49.5%
Cost of risk (bp)	34	33	33	33
Net income (EUR m)	15,506	17,784	19,808	21,609
Earnings per share (EUR)	14.26	16.88	19.74	22.88
Return on tangible equity	14.1%	16.2%	18.4%	21.0%
Dividend per share (EUR)	7.13	8.44	9.87	11.44
Total payout ratio	75%	85%	90%	90%

Source: Billen Capital Research model. The bull case assumes the cost programme delivers in full, the Savings and Investments Union adds fee revenue from 2028, and the payout moves to the top of management's indicated range.

Table 25. Macro scenario matrix

Driver	Adverse	Base	Favourable
ECB deposit rate 2027-28	1.50-1.75%	2.50%	2.75-3.00%
Energy prices	Falls back to pre-conflict levels	Elevated but stable	Elevated and rising
Eurozone net interest income	-EUR 200 to 300m a year	As modelled	+EUR 250 to 350m a year
Cost of risk	48-52bp on a growth shock	36-38bp	33-34bp
Arval residual values	Improves as fuel prices fall	Drag persists into 2027	Drag deepens
Net effect on group EPS	-8 to -12%	As modelled	+6 to +10%

Source: Billen Capital Research estimates. Note the internal hedge: the scenario that is worst for net interest income is the one that repairs Arval, and vice versa. This is the diversification argument working at the level of a single macro variable.

Table 26. Scenario summary at EUR 99.30 ex-dividend entry, future cash receipts through 31 December 2030

	Bear	Base	Bull
2030 earnings per share (EUR)	14.20	18.79	22.88
2030 return on tangible equity	12.3%	16.8%	21.0%
2030 cost-income ratio	57.5%	52.5%	49.5%
Terminal value (EUR)	111.06	160.13	210.01
Cumulative cash dividends (EUR)	25.83	30.21	34.17
Total return	37.9%	91.7%	145.9%
Annualised return	7.8%	16.5%	23.5%
Probability we attach	25%	55%	20%

Source: retained v3 operating scenarios, revised September 2026 price and cash-timing convention. Probabilities are analyst judgements, not management guidance. FY2030 final dividend is outside the return horizon; 2030 interim equals an assumed 50% of annual DPS. The weighted annualized return is not a forecast and should not be used as a substitute for position-risk analysis.

The Bear Case, Steelmanned

What follows is the strongest version of the argument against owning these shares, put as its most capable advocate would put it rather than as a token counterweight. Every point below is grounded in something the company itself disclosed in the second quarter.

The first half is not what the headline says

Pre-tax income rose 33.0% in the quarter, but EUR 858m of that was a capital gain on the Ageas/AGI disposal. Operating income — the line that reflects the business rather than the balance-sheet reshuffle — rose 15.9%. For the half, EUR 1,230m of gross non-operating gains sat inside the EUR 7,562m of net income; on the company's own disclosure total exceptional items after tax were +EUR 870m, against -EUR 26m a year earlier. Strip them out and underlying growth was 7.3%, not 21.8%. A period that leans on non-recurring items and on a single quarter in which Equity and Prime Services grew 43.2% is not a structural re-rating; it is a good quarter in a favourable market, and equity derivative revenues of that order have historically mean-reverted.

The rate tailwind is a cyclical gift, not a franchise

The European Central Bank is raising rates because a war in the Gulf pushed energy prices up 10.9% and euro area inflation to 3.2%. That is not a durable structural feature of the eurozone; it is a supply shock. If the conflict de-escalates and inflation falls back, the curve flattens, the reinvestment gain compresses, and what remains is a bank whose cost-income ratio was still 59.3% in the first half of 2026 — worse than Credit Agricole SA at 54.7% and far worse than the Italian banks. The entire net-interest-income thesis, which is the largest single driver of the CPBS recovery, rests on a geopolitical event continuing.

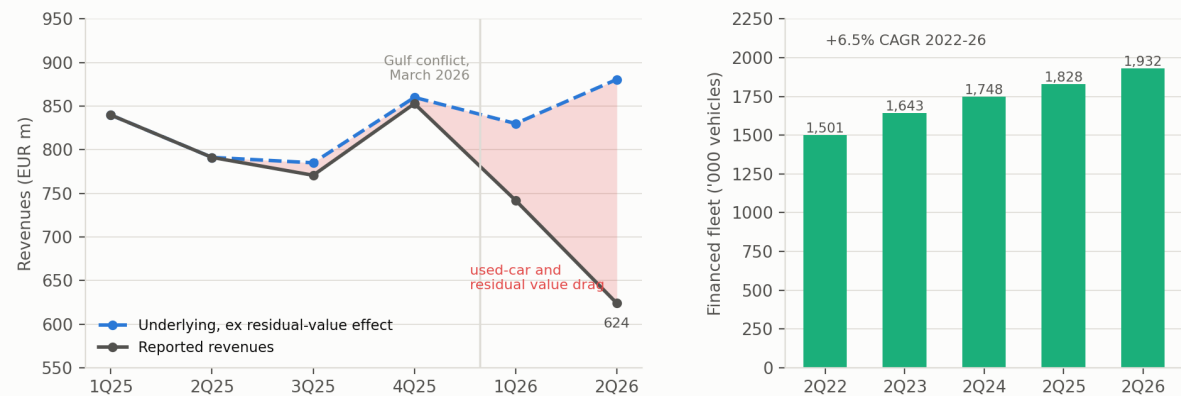
Arval is a multi-year problem, and management has said so

The fleet is about 80% internal combustion and 20% electric, while new production is 28% electric. Every returning combustion vehicle therefore meets a market in which that specific category is being repriced downwards, and the mix shift guarantees the problem persists for years rather than quarters. Revenues at Arval and Leasing Solutions fell 21.1% in the quarter and 16.3% in the half; return on allocated equity fell from 18.1% to 10.9%. Management told analysts that the second-half 2026 consensus was roughly EUR

100m too high and that a comparable gap remains in 2027. This is a business representing 5% of group risk-weighted assets whose earnings have halved. In fairness to management, its own ROTE bridge attributes only +0.2 points to Arval, the smallest step in the walk — but that is itself the admission that a recovery is not expected within the plan period.

Figure 11 The fleet keeps growing; the resale book is what hurts

Arval & Leasing Solutions quarterly revenues against the underlying business, and fleet growth



The wedge is the whole argument. Underlying revenue growth of 11.3% in the second quarter is genuine and comes from a fleet that has compounded at 6.5% a year since 2022, but reported revenues fell 21.1% because the resale book is being marked against a market that fuel prices have turned. Nothing in the fleet trajectory fixes the resale problem; only a change in used-car prices does, and that is outside management's control.

The cost programme is identified, not delivered

Eighty per cent identified is a statement about planning, not execution. The step-up from EUR 700m to EUR 1bn a year has to be delivered in the same period as the AXA IM integration, the Athlon integration, and an artificial-intelligence transformation of the support functions — three simultaneous programmes in the same organisational layer that the savings are supposed to come out of. The historical record of European banks delivering multi-year cost targets while integrating acquisitions is not encouraging. And the arithmetic is unforgiving: on our numbers, roughly 60% of the increase in base-case 2030 earnings per share versus 2026 comes from the cost line rather than from revenue.

There may be no moat to protect the returns

Morningstar's position is that BNP has no economic moat, and the reasoning is specific. It is not dominant enough in investment banking to compete with the American bulge bracket, nor niche enough in France to avoid competing with mutually owned banks whose combined share of French retail and commercial banking may be as high as 80% and whose profit motive is secondary. Its long-run efficiency ratio of about 65% is worse than the large European average of 63%. Its net interest margin of 1.1% lags the European average of 1.4%. If that analysis is right, a durable re-rating to 1.3 or 1.4 times tangible book is hard to justify, and the terminal value in every scenario above is too high.

The Sudan tail is binary and larger than previously modelled

Version 2.0 modelled this as a contained matter. The certified class is more than 20,000 members, certified under Rule 23(b)(3) on 9 May 2024, with bifurcated proceedings: a class trial on forced displacement followed by individual bellwether trials for torture and sexual violence claims. The October 2025 verdict of USD 20.75m applied to three plaintiffs. Under the treble-damages provision of the Anti-Terrorism Act, an adverse class-wide outcome is not quantifiable with any precision, and the range of defensible estimates

spans an order of magnitude. The appeal before the Second Circuit is still being briefed and no argument date has been set.

Risks, Uncertainties and the Legal Position

Table 27. Sudan litigation: corrected timeline

Date	Event
2016	Kashef et al. v. BNP Paribas SA filed, Southern District of New York, No. 1:16-cv-03228
9 May 2024	Class certified by Judge Alvin K. Hellerstein under Rule 23(b)(3); more than 20,000 members; bifurcated proceedings
October 2025	Jury awards USD 20.75m to three bellwether plaintiffs
7 January 2026	Court certifies the judgment, clearing the path for appeal; BNP states the verdict applies to three plaintiffs and should not have broader application
22 May 2026	BNP files its opening brief with the US Court of Appeals for the Second Circuit
29 May 2026	Amicus briefs supporting the bank from the governments of Switzerland and the United States, academics and industry organisations
about 21 August 2026	Plaintiffs file their response brief
23 August 2026	BNP states the plaintiffs' brief "offers nothing new" and that it is preparing its reply; no argument date set

Source: BNP Paribas statements of 1 June and 23 August 2026; company press release of January 2026; Hausfeld announcement of class certification. Version 2.0 stated certification on 15 March 2023 and briefing closing on 15 May 2026; both were incorrect.

Table 28. Valuation impact by litigation outcome

Outcome	Probability	Provision	Effect on fair value	Fair value
Appeal succeeds, verdict reversed	45%	nil	none	EUR 115
Appeal partly succeeds; contained settlement	30%	EUR 0.5 to 1.5bn	-EUR 0.5 to 1.4 per share	~EUR 114
Appeal fails; class-wide exposure crystallises	20%	EUR 3 to 5bn	-EUR 2.7 to 4.5 per share plus multiple compression	~EUR 95–105 (analyst stress, highly uncertain)
Severe adverse outcome with treble damages	5%	above EUR 8bn	capital plan disrupted; distribution deferred	Recalculate; not reliably estimable

Source: analyst stress estimates, not company disclosures. Probabilities are subjective and no specific provision has been disclosed for this case. Scenario fair values are reset against the v4 EUR 115 baseline; severe outcomes cannot be estimated reliably without a quantified liability and capital response. The stress range should inform risk limits, not be treated as a legal probability model.

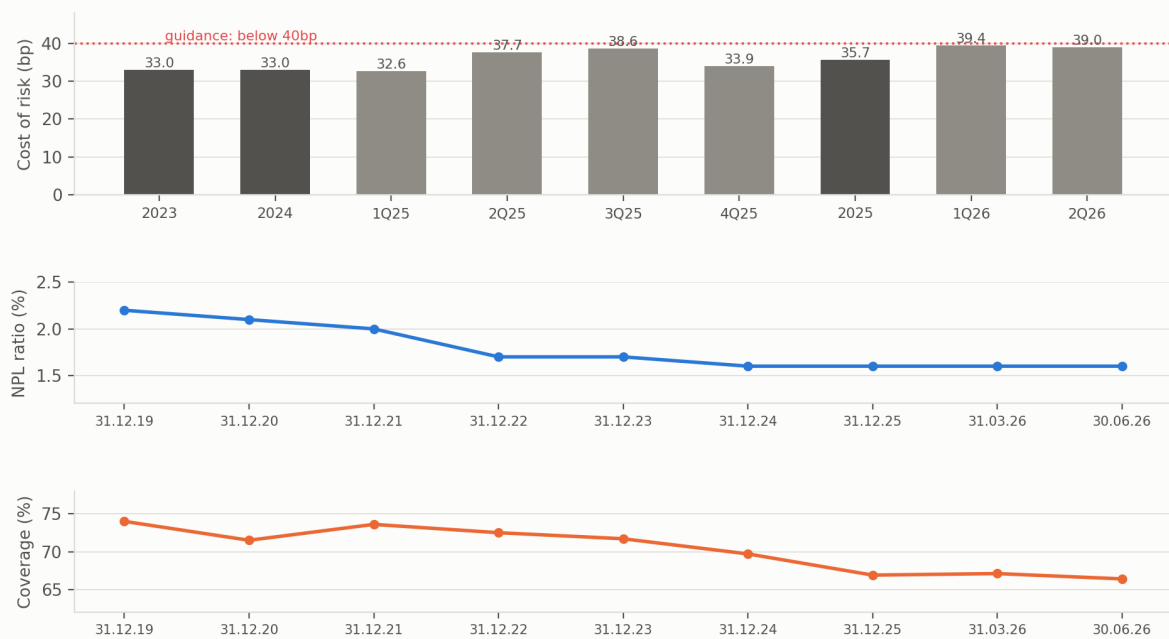
Other risks

- Concentration in Global Markets. Equity and Prime Services grew 43.2% in a single quarter and Global Markets is now the largest revenue line in Corporate and Institutional Banking. Volatility that helps in one quarter hurts in another, and the division's value at risk of EUR 34m understates business-mix risk because it measures market exposure rather than revenue dependence.
- Arval residual values in a persistently high fuel-price environment, discussed above and quantified in the bear case.
- French political and fiscal risk. Management notes that less than 10% of pre-tax income comes from France, which limits the earnings exposure, but a French sovereign stress would affect funding costs and the domestic deposit franchise regardless of profit geography.

- Regulatory reversal. The current direction of travel — the Fundamental Review of the Trading Book deferred, the Commission simplifying — is favourable, but it is political and can turn. Management's guidance of about 10 basis points a year of impact assumes it does not.
- Cyber and operational risk from accelerating automation, named by management itself as a constraint on the artificial-intelligence programme.
- Execution risk in three simultaneous integrations: AXA IM, Athlon and the support-function transformation.

Figure 12 The risk line is doing what management says it does

Group cost of risk, the non-performing ratio and the coverage ratio through the cycle



Source: BNP Paribas FY2024 press release (2023-24), 1Q26 quarterly series (quarterly cost of risk, doubtful loans and coverage to 31.03.26), Q2 2026 press release (2Q26: 39bp, NPL 1.6%, coverage 66.4%). Cost of risk is measured against loans outstanding at the start of the period; the forward-looking overlays of EUR 60m (1Q26) and EUR 95m (2Q26) for the geopolitical environment sit inside the 1Q26 and 2Q26 bars.

On the evidence so far the credit book is behaving exactly as management describes. Cost of risk has run between 32.6 and 39.4 basis points every quarter since the start of 2025, inside the sub-40 guidance, and the increase in 2026 is explained by the forward-looking overlays rather than by deterioration in stage 3. The non-performing ratio has fallen from 2.2% to 1.6% over six years and has been flat for two. The one line worth watching is coverage, which has drifted down from 74% to 66.4% — a consequence of a cleaner book, but a thinner cushion.

Monitoring Framework and Falsification

A thesis that cannot be falsified is not a thesis. This section sets out what we will watch, when, and what specifically would tell us we are wrong rather than merely early.

Table 29. Calendar of decision points

Date	Event	What it tests
28 October 2026	Third-quarter 2026 results	Whether the Arval drag is at the EUR 100m management indicated; Athlon's first consolidation; the Global Banking pipeline converting
18 November 2026	BNL / Italy Deep Dive	The 20% return target and the timing of the Italian net interest income pivot
Fourth quarter 2026	BMCi Morocco disposal completes	Whether the Athlon capital consumption is in fact offset
2 February 2027	2026 results and the 2030 strategic plan	The payout policy, the 2030 targets, the risk-weighted asset assumption, any standing buyback
11 May 2027	Annual general meeting	Approval of the 2026 dividend
First half 2027	Arval / Athlon Deep Dive	The residual-value framework and the 18% return on invested capital target
Through 2027	CIB Deep Dive	Capital allocation to Global Markets after a 43% quarter

Table 30. Falsification criteria

Criterion	Threshold	Window	Source	Action
Cost discipline fails	FY2026 cost-income ratio above 60.5% despite revenue growth above 8%	February 2027	FY2026 results	Reduce by 20%; the 2028 target is no longer credible
The 2030 plan disappoints on capital	Payout set at exactly 60% with no surplus mechanism	2 February 2027	Strategic plan	Reduce by 15%; the capital-return thesis is deferred indefinitely
Net interest income pivot fails	Eurozone commercial banking net interest revenue growth below 3% year on year for two consecutive quarters	Any two quarters	Quarterly appendices	Reduce by 20%
Arval deteriorates further	Arval and Leasing Solutions revenues fall more than 25% year on year in any quarter, or RONE below 7%	Any quarter	Quarterly appendices	Reduce by 10%; reassess the ROTE bridge
Credit turns	Cost of risk above 45bp for two consecutive quarters with stage 3 provisions rising	Any two quarters	Quarterly press release	Reduce by 25%
Capital erodes	CET1 below 12.7% without an identified transaction explaining it	Any quarter	Quarterly press release	Reduce by 25%; distributions are at risk
Litigation crystallises	Second Circuit affirms and a class-wide provision above EUR 3bn is taken	On judgment	Company statement	Reassess size against a freshly recalculated value; old EUR 105–112 stress range is stale
Asset gathering reverses	Net asset outflows in Investment and Protection Services in any quarter	Any quarter	Quarterly appendices	Review the AXA IM integration thesis

Source: Billen Capital Research. Each criterion is observable in a published disclosure on a stated date, which is the point: none of them requires a judgement call about sentiment.

Conclusion

Accumulate remains the recommendation, but with a 12-month fair value of EUR 115 versus the EUR 99.30 ex-dividend 25 September close and explicit dependence on execution. The September presentation strengthens confidence in the specificity of the AXA IM and cost milestones, while leaving the 2030 plan and distribution mechanism unresolved until 2 February 2027. Reported interim ROTE of 13.3% is not yet recurring full-year ROTE above 13%.

The retained analyst base case still models EUR 18.79 EPS and EUR 160.13 terminal value in 2030. Prospective cash dividends through end-2030 are EUR 30.21, giving a 91.7% total return and 16.5% annualized from EUR 99.30. The bear case still matters: EUR 111.06 terminal value and EUR 25.83 interim cash flows yield 37.9% total return, before tax, transaction costs and any adverse litigation judgment.

The next decision point is the 28 October Q3 report, then the 18 November BNL deep dive; the full 2030 strategic plan on 2 February 2027 is the major thesis test. Revalue if the cost ramp, NII conditions, AXA IM synergy timetable, capital policy or credit losses deviate materially. This is a source-checked scenario update, not personalised investment advice.

Appendix A: Sources, Citation Audit and Technical Notes

A1. Primary company sources

Table A1. Primary sources used in this report

Document	Date	Used for
Q2 2026 results press release	23 July 2026	All second-quarter and first-half figures, capital, liquidity, asset quality, distribution, 2028 trajectory
Q2 2026 results presentation	23 July 2026	ROTE bridge (slide 6), CET1 walk and tangible book history (slide 19), SRT (slide 20), cost programme (slide 9)
Q2 2026 appendices	23 July 2026	Divisional profit and loss, RONE, risk-weighted assets, deposit mix, Arval and fleet data
Q2 2026 earnings call transcript	23 July 2026	Cost programme composition, payout commentary, Arval consensus gap, capital philosophy
Q1 2026 quarterly series (xlsx)	April 2026	Historical earnings per share, tangible book value per share, share count, cost of risk, doubtful loans, coverage, RWA, CET1
Debt Investors Presentation	June 2026	Cost of risk history, funding and liquidity, capital redeployment
FY2024 results press release	4 February 2025	2024 revenues, costs, cost-income ratio, net income, earnings per share, cost of risk; 2023 comparatives
BNP Paribas Cardif completion release	1 July 2025	AXA IM completion date, acquiring entity, CET1 impact, combined assets under management
Sudan litigation statements	1 June and 23 August 2026	Appeal timeline and status
Asset Management / Belgium Deep Dive releases	March and June 2026	Divisional targets
A Compelling Story — BofA Financials CEO Conference	23 September 2026	Management targets, cost programme, AXA IM, capital, catalysts; slides 7, 9, 15, 17, 22–23, 27, 31
CSR Strategy	September 2026	Sustainable loans/bonds and energy-financing objectives; slides 4, 12, 21
ECB monetary policy decision	10 September 2026	Deposit facility 2.50% effective 16 September; ecb.europa.eu/press/pr/date/2026/html/ecb.mp260910~314e508016.en.html
German Finanzagentur, Bund factsheet	25 September 2026	10-year Bund 3.56%; deutsche-finanzagentur.de/en/federal-securities/factsheet/isin/DE000BU2Z064
BNP share-price history	25 September 2026	EUR 99.30 completed close; stockanalysis.com/quote/epa/BNP/history/
BNP 2Q26 appendices	23 July 2026	2026 interim EUR 3.23; ex 24 September, paid 28 September; invest.bnpparibas/en/document/2q26-appendices
Fiscal.ai MCP, 12 bank company terminals	28–29 September 2026	P/B and trailing standardized ROE for Fiscal.ai keys in Table 22; market prices 28 Sep, equity 30 Jun
SEB second-quarter results and factbook	15 July 2026	Q2 CET1 17.2%; equity/share SEK 115.81 cross-check of derived P/B; sebgroupp.com
Nordea half-year 2026 results	16 July 2026	Q2 CET1 15.7% headline, 15.4% regulatory; nordea.com
Danske Bank half-year 2026 report	17 July 2026	H1 CET1 17.0%; danskebank.com
DNB second-quarter 2026 report	2026 Q2	Q2 CET1 17.4%; ir.dnb.no
Société Générale second-quarter 2026 results	2026 Q2	Corrected 1H CET1 13.2% (v4.0 erroneously showed 13.6%); investors.societegenerale.com

A2. Citation audit against version 2.0

Version 2.0 attached specific slide numbers, regulatory case references and court dates to a large number of claims. We tested each of them. The table records the result. Where a reference could not be verified it has been removed from version 3.0 and the underlying claim has either been restated without the false precision or dropped.

Table A2. Citation audit

Claim in version 2.0	Version 2.0 citation	Status	Action in version 3.0
AXA IM closed 2 December 2025	EC M.11234; ACPR 2025-CB-78; AMF 8 Nov 2025	Incorrect	Corrected to 1 July 2025 via BNP Paribas Cardif; all three references removed
Sudan class certified 15 March 2023	none given	Incorrect	Corrected to 9 May 2024, Judge Hellerstein, Rule 23(b)(3), more than 20,000 members
Appeal briefing closes 15 May 2026, argument Q3 2026	none given	Superseded	Replaced with the actual sequence to 23 August 2026
Docket 1:16-cv-03228-AKH	none given	Verified	Retained
October 2025 verdict of USD 20.75m	none given	Verified	Retained; scope clarified as three bellwether plaintiffs
February 2024 Investor Day, slides 28, 31, 38-43, 50, 52	various	Cannot verify	All slide-level references removed; replaced by the Deep Dive register and Q2 2026 slide 6
AMF notices 225C0892 and 225C1847; 2025 buybacks of EUR 2.23bn with exact share counts	AMF	Cannot verify	Removed; share count movement taken from the published quarterly series instead
Deposit sensitivity of about EUR 20m per EUR 1bn	Investor Day slide 39	Cannot verify	Removed; replaced with disclosed eurozone net interest revenue growth and deposit mix
Reinvestment spread of about 200bp	Q2 2025 presentation slide 18	Cannot verify	Removed
2025 EPS of EUR 10.29 on net profit of EUR 11.52bn	Q3 2025 presentation slide 6	Partly correct	EPS verified; 2025 net income group share is EUR 12,225m and the EUR 11.52bn figure is the TSSDI-adjusted numerator, now stated as such
CET1 12.5% and tangible book value per share EUR 91.2 at Q3 2025	Q3 2025 presentation	Verified	Retained; updated to 12.6% and EUR 93.5 at 31 December 2025
End-2024 net book value per share of EUR 102.5	FY2024 URD	Verified	Retained
FY2024 revenue, net income, EPS, cost of risk, jaws	FY2024 press release	Verified	Retained
G-SIB buffer 1.5%; MDA trigger about 13.7%	FSB 2024 list	Superseded	Replaced with the disclosed SREP requirement of 10.43% at 30 June 2026
CRR III / CRD VI cited as "Regulation (EU) 2024/XXX"	pending publication	Placeholder	Removed; the FRTB position is now stated from management guidance
FRTB CET1 impact of 25 to 35bp	Investor Day slide 50	Superseded	FRTB deferred towards the end of the decade; guidance is about 10bp a year of total regulatory impact

Source: Billen Capital Research. "Cannot verify" means we were unable to locate the cited document or the cited figure within it; it is not an assertion that the underlying claim is false.

A3. Technical note on the model

- Revenues are projected at group level. The 2026 estimate is built as first-half actual of EUR 28,147m plus a second half grown 6.0% on the 2H25 base of EUR 25,682m, less EUR 100m for the Arval shortfall management flagged against consensus.
- Costs are derived from the cost-income ratio path rather than built up, and cross-checked against the bridge in Table 11.
- Cost of risk is applied in basis points to loans outstanding at the start of the period, starting from EUR 938bn and growing 2.5% a year — the same denominator convention BNP uses, which is why FY2025

cost of risk of EUR 3,350m equates to 35.7bp rather than the 40.3bp a period-average denominator would give.

- Earnings per share is net income divided by the average share count; the share count falls each year by the buyback amount divided by an assumed share price rising 8% a year.
- Tangible book value per share rolls forward by retained earnings per share only; it does not include other comprehensive income movements.
- The dividend discount model uses a mid-year convention for 2027 to 2030 and a Gordon terminal value on the 2030 distribution grown at 2.0%. Total return, by contrast, adds only cash dividends to the terminal price, because the buyback's value is already carried in the terminal price per share.
- Internal consistency is machine-checked across the forecast years 2027 to 2030: earnings per share multiplied by the share count equals net income, and the dividend plus buyback per share equals the total distribution per share, in every year of every scenario. The 2025 and 2026 rows do not satisfy the first identity exactly, because 2025 earnings per share is the company's reported figure on a TSSDI-adjusted numerator and an average share count, while our forecast series applies no such adjustment; the resulting discontinuity is worth roughly EUR 0.65 on 2025 earnings per share and understates our forecast growth rate rather than overstating it.

Appendix B: Changes from Version 2.0

Table B1. Summary of changes

Area	Version 2.0	Version 3.0	Reason
Data cut-off	3 March 2026	25 August 2026	Q1 and Q2 2026 now reported
Reference price	EUR 90	EUR 106.80	Market
AXA IM completion	2 December 2025 with three case references	1 July 2025 via BNP Paribas Cardif	Factual correction
Sudan class certification	15 March 2023	9 May 2024, more than 20,000 members	Factual correction
Rate assumption	ECB at 2.50% with downside risk	ECB at 2.25% after a June 2026 hike, with a three-path scenario	The cycle turned
CET1	Reaching 12.5-13.0% by 2027	13.0% reached at 30 June 2026	Target met early
Cost assumption	Cost growth of about 3% a year	EUR 1bn a year of savings, about 2pt of cost-income improvement a year from 2027	Programme stepped up
Payout	60%, "not less than 60%" from 2027	60% in 2026 rising to 80% by 2029 in the base case	Management guidance on the Q2 call
ROTE bridge	Four components constructed by the analyst	Seven components as disclosed, plus our own parallel estimate	Company disclosure improved
Cost of equity	9.2% theoretical, 11.5% used	9.58% theoretical, 15.2% market-implied, 11.0% used, all three shown	Methodological
Valuation output	EUR 87 to 95 fair value range	EUR 125 fair value	Earnings and book value both higher
2030 EPS, base case	EUR 15.30	EUR 18.79	Cost programme and payout
Total-return method	All distributions added to the terminal value	Cash dividends only added; buyback value left in the price	Removes a double count
Total return to 2030	90%, 14.0% annualised	86%, 15.3% annualised	Higher entry price; buybacks no longer double-counted as cash

Area	Version 2.0	Version 3.0	Reason
Bear case floor	11.5% ROTE in 2026	12.1% ROTE in 2027	The old bear case is below the 1H26 actual
Figures	None	Twelve	Requested; and the tables were carrying too much
Peer analysis	None	Eight banks, warranted multiple framework	New section
2030 plan preview	None	Dedicated section with probabilities	New section
Artificial intelligence	Mentioned in passing	Dedicated section, sceptically framed	New section
Bear case	Two paragraphs and a table	Steelmanned section with six arguments and eight falsification criteria	New section
Citation discipline	Extensive specific references, several unverifiable	Full audit; unverifiable references removed	Auditability

Appendix C — Version 3.0 to 4.0 Change Log and Source Audit

Item	v3.0	v4.0 / basis
Data cut-off / price	25 Aug / EUR 106.80	28 Sep information; 25 Sep completed close EUR 99.30, ex dividend
Financial plan	2028 targets + preview	2028 targets confirmed; full 2030 plan still due 2 Feb 2027 (Sep deck pp. 15, 22, 31)
Cost programme	EUR 1bn from 2027	~EUR 1bn average new annual savings over 2027–30; ~25% of 2030 net savings due by 2027 (p.17)
AXA IM	Qualitative integration	EUR 400m costs + EUR 150m revenues, full by 2029; milestones monitored (p.9)
Payout	70–80% base case sometimes conflated with guidance	Management floor 60% from 2027; above-floor distributions analyst assumption (pp.22–23)
ECB base	2.25%	2.50% from 16 Sep; CPBE contribution conditional (ECB release; p.7)
DDM	EUR 157.39 combining dividend/buyback cash	EUR 96.43 dividend-only; old 15.2% market-implied CoE retired
Fair value	EUR 125	EUR 115, 40/40/20 blended methods
2030 base return	86%; 15.3% annual	91.7%; 16.5% annual, excluding prior ex-dividend cash and post-horizon final 2030 dividend
CSR	Not separately checked	2025 loans/bonds and 2030 energy finance monitored; no automatic EPS uplift (CSR pp.4,12,21)
Unresolved	2030 plan details	Payout formula, delivered savings, AXA/Athlon execution and underlying ROTE to verify in 2027

Source hierarchy and limitations. Tier 1: BNP Paribas dated investor presentations and 2Q26 appendices for management statements; ECB and German Finanzagentur for rates; dated market-history source for the reference close. Tier 2: the inherited v3.0 analysis for unchanged historical narrative and analyst model. A source statement is never treated as realised execution merely because it appears in a presentation. No Q3 2026 results were available by the information cut-off. Table 22 and Figure 9 use synchronized 28 September 2026 peer data from Fiscal.ai; the Sudan timeline has not been independently re-litigated in this September strategy update. References in attached documents were treated as evidence to verify, not as instructions governing this report.

Appendix D — Version 4.1 Peer-Data and Layout Update

Version 4.1 refreshes only Table 22 and Figure 9 with synchronized Fiscal.ai market and bank-return data; adds SEB, Nordea, Danske Bank and DNB; and corrects oversized/misaligned table text and heading pagination throughout. Reported Q2/H1 2026 results, the September strategy assessment, the EUR 99.30

valuation reference (25 September), scenarios and EUR 115 analyst fair value remain v4.0 assumptions. The comparison is not an independent 29 September revaluation.

Peer-data caveat. Fiscal.ai ROE uses trailing standardized earnings and equity whereas bank-reported ROTE strips goodwill and other intangibles. P/B includes these book-value differences. The CET1 figures are sourced to the banks' latest Q2/H1 2026 disclosures. Ratios for USD-listed ADRs are issuer-level, currency-normalized by the provider. The SEB P/B is transparently derived because the provider's common-equity mapping is unavailable; this is corroborated by SEB Q2 equity/share.

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