

Pre-3Q24 results information note

Paris – 8 October 2024

In accordance with the ESMA statement, BNP Paribas has compiled the followings items communicated during the third quarter 2024.

As mentioned by Jean-Laurent Bonnafé, Group CEO during the 2Q24 analyst call¹: *“Our main priorities for the second half of 2024 are centred around our commitment to serving our clients, to deploying our platforms, particularly in asset management, wealth management and insurance, and to continue gaining market share at CIB while retaining a balanced allocation of capital. In the second half of 2024, we will also continue the implementation of operating efficiency measures as well as our disciplined management of cost of risk. The intent is to continue leveraging on the key strengths of the group, which are particularly relevant in the current environment. Our diversified and integrated model means on the one hand that we are not overly exposed to one single business or geography, on the other hand, we have the capacity to grow over the cycle.”*

Strategic announcements in 3Q24

On 1 August 2024, BNP Paribas announced¹ that BNP Paribas Cardif had entered into exclusive negotiations with AXA to acquire 100% of AXA Investment Managers (AXA IM), representing close to €850bn in assets under management, together with an agreement for a long-term partnership to manage a large part of AXA’s assets. The agreed price for the acquisition and the set-up of the partnership is €5.1bn at closing, expected mid-2025 once regulatory approvals have been obtained. A CET1 impact of -25 bps is expected at the closing of the deal mid-2025.

On 23 September 2024, BNP Paribas announced¹ that it had signed an agreement with HSBC for the acquisition of their Private Banking activities in Germany, with the ambition to position BNP Paribas Wealth Management among the top leading players in Germany and bring its assets under management to more than €40bn. The closing of this transaction is expected during the second semester of 2025, once regulatory approvals have been obtained.

These two projects will help grow fee-income and capital light businesses within IPS (12% of 2Q24 Group revenues, 14% of 2Q24 Group Pre-tax income, 6% of 2Q24 Group RWA and 1/3 of the cross-selling revenues in 2023).

They also illustrate the allocation of significant resources, from the Bank of the West proceeds, to build up the asset gathering platform by applying the same approach of strong and scalable platforms as on CIB.

¹ Document available on BNP Paribas investor relations website (2Q24 results presentation & transcript, press releases)

Revenues

CPBS - Commercial & Personal Banking (CPB) – 32% of the 2Q24 Operating divisions' revenues

In the **Eurozone**, ECB mandatory reserves will continue to impact CPB revenues in 3Q24 by roughly -€50m (as mentioned since 3Q23). This negative base effect is spread across our networks and is expected to disappear in 4Q24¹.

In **France**, the base effect related to inflation hedges is expected to be slightly positive in 3Q24 (as a reminder, the 2Q24 estimated impact was -€45m¹).

In **Belgium**, the issuance of retail bonds by the Belgian Government should still impact the 3Q24 revenues by roughly -€50m¹ (as mentioned since 3Q23). In addition, a fierce competition took place among banks for the return of the funds.

In the **Europe Mediterranean division**, a scope effect compared to 3Q23 has to be taken into account with the reconsolidation of our activities in Ukraine (60% stake in Ukrsibbank) effective 1 January 2024 (2Q24 data¹: revenues: +€80m; operating expenses: -€38m; cost of risk: +€2m, Pre-tax income: +€44m)

For our activities in Türkiye, CPI is nearly +9% as of 30 September (compared to 30 June), and the IAS 29 standard linked to hyperinflation will continue to be applied.

In Poland, additional provisions for CHF mortgage loans are expected for a limited amount, being partially offset by a provision release on credit holidays as disclosed by BNP Paribas Bank Polska on their website. All these items will be booked in the 3Q24 "*Other net losses for risks on financial instruments*".

CPBS - Specialised businesses – 20% of the 2Q24 Operating divisions' revenues

The 1H24 performance of the car fleet leasing business, **Arval**, was impacted by the gradual normalization of used vehicle prices from high levels. The normalization of the used car market is expected to continue.

As seen in 2Q24, **Personal Finance** should remain impacted by the increase in medium-term financing costs, partially offset by pricing initiatives and volume growth, while the business continues to implement its adaptation plan. Please see the press release related to the closing of the sale of our activities in Hungary to Cofidis Group. A limited impact should be expected at the Group level.

CIB – 36% of the 2Q24 Operating divisions' revenues

BNP Paribas held a Deep Dive call focused on Equity & Prime Services on 17 September 2024. The transcript is available on the website.

Costs

As mentioned in our 2Q24 results presentation, additional cost savings of €650m are expected to come in 2H24 (out of the €1bn to be booked in 2024). The breakdown of these cost savings by operating division is as follows: 56% in CPBS, 33% in CIB, and 11% in IPS¹.

One-off costs related to restructuring, IT, and adaptation costs expected in 2H24 will be in line with those reported in 1H24. They are booked in the Corporate Centre.

¹ Document available on BNP Paribas investor relations website (2Q24 results presentation & transcript, press releases)

Foreign exchange rates

The average exchange rate USD / EUR stood at 0.910 on 30/09/24 (i.e. -2.0% q-o-q and -1.0% y-o-y).

The average exchange rate TRY / EUR stood at 0.026 on 30/09/24 (i.e. -7.8% q-o-q and -23.8% y-o-y).

The average exchange rate PLN / EUR stood at 0.2335 on 30/09/24 (i.e. +0.4% q-o-q and +5.1% y-o-y).

Tax rate

Following a lower tax rate posted in 2Q24, Lars Machenil, Group CFO mentioned in the 2Q24 analyst conference call¹ that the initial FY tax rate guidance of 27-28% will be below the lower end of the range for 2024.

For a specific disclosure on taxes paid by country, please refer to the 2023 Universal Registration Document in Chapter 8, page 778.

CET1 ratio evolution¹

CET1 ratio stood at 13.0% as of 30 June 2024. The dividend policy accrual of 60% is taken into account in the CET1 ratio. As mentioned in 1Q24 and 2Q24, the prudential reconsolidation of Arval took effect on 1 July 2024 and will lead to a CET1 impact of -30 bp as of 30 September 2024. CET1 target for 2025 stands at 12%.

Main issuances in 3Q24¹

AT1

On 3 September 2024: USD Convertible AT1 of \$1.0bn, PerpNC10, 7.375% coupon (sa, 30/360) equiv. US Treasury +353.5 bps

Tier 2

On 14 August 2024: A\$1bn, 10NC5:

- A\$400m (Fixed): 5.83% coupon (sa, ACT/ACT) equiv. BBSW+215 bps
- A\$600m (FRN): 3m BBSW +215 bps

On 20 August 2024: €1.25bn, 10NC5, 4.159% coupon (Annual, 30/360) equiv. mid-swap€ +170 bps

Upcoming earnings releases

31 Oct. 2024 3Q24 earnings reporting date

04 Feb. 2025 4Q24 earnings reporting date

24 Apr. 2025 1Q25 earnings reporting date

24 Jul. 2025 2Q25 earnings reporting date

28 Oct. 2025 3Q25 earnings reporting date

Please note that the Investor Relations team will be in quiet period starting on 15 October 2024.

¹ Document available on BNP Paribas investor relations website (2Q24 results presentation & transcript, press releases, debt investor presentation)

The figures included in this document are unaudited.

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