BNP Paribas Fourth Quarter and Full Year 2024

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RESULTS
FOURTH QUARTER AND 2024 FULL YEAR

Jean-Laurent Bonnafé
Group Chief Executive Officer

Good afternoon, ladies and gentlemen. I'm pleased to present to you today a summary of our strong fourth quarter results. We will also be providing detail on our trajectory of profitability and capital return for 2025 and 2026. It will be relatively short on divisional details as you have most of them in our documents.

4TH QUARTER 2024
We achieved strong performances and our financial structure is solid

On slide four, our fourth quarter 2024 net profit is up a strong 15.7% year on year to €2.3 billion. Earning growth was supported by an elevated 10.8% revenue growth year on year, a very high 6.5-point jaws effect and continued low cost of risk. Our CET1 is up 20 bps quarter on quarter to 12.9% thanks to retained earnings and securitisation operations.

During the quarter, CIB posted an impressive 20.1% revenue growth with double-digit increases in all businesses. Global markets stood out, driving revenue up 32.4% in the quarter. CPBS was up nearly 5% despite lower used car sale results at Arval. The quarter confirmed the gradual inflexion of our eurozone commercial banks, but also a strong rebound in Europe-Med thanks to the reconsolidation of Ukraine and the rebound in Turkey.

Finally, IPS posted a strong 8.4% growth driven by Insurance, Wealth Management and Asset Management, but Real Estate continues to weigh.

We obviously confirm our distribution policy of 60%, and I will comment more on this later.

2024 TRAJECTORY
We exceeded our 2024 objectives

On slide five, you can see we have fully delivered our 2024 targets so I'm not going to comment that with further detail.

2025–2026 TRAJECTORY
We are launching the last phase of our plan at full capacity

And I will move on to slide six where we present the new trajectory. Our ambition remains to reach a return on tangible equity of 11.5% in 2025 and 12% in 2026 based on 12.3% core equity tier one pre-FRTB. This should lead to more than 8% EPS growth CAGR, as you see on the slide.

Our 2026 return on tangible equity is a stepping stone towards further improvement. Our targets will be achieved thanks to six key levers.

Starting with CIB, we'll continue to grow market share in a capital-conscious manner thanks to our state-of-the-art CIB platforms that are uniquely positioned to deliver the highest added-value products to clients.

Moving to CPBS, we will launch a new strategic plan for CPBF this summer and extend the one of Personal Finance.

We intend to lift the return on notional equity of these businesses to 17% by 2028, adding about one percentage point to Group return on tangible equity. Our top line in the eurozone commercial banks should benefit from normalisation of the yield curve, and we will prioritise protecting commercial margins in a competitive market environment.

Moving to IPS, we continue the dynamic organic growth of Insurance, Asset Management and Wealth Management. This will be amplified by the integration of recent acquisitions such as HSBC Germany's Wealth Management business and of course, the AXA IM acquisition.

We will continue our efficiency efforts with additional savings of €600 million in 2026 after the €600 million savings announced previously for 2025.

DISTRIBUTION
We confirm our distribution policy out to 2026 and introduce a semi-annual interim dividend

Moving to slide seven and our distribution policy.

We reconfirm our payout targets of 60% for 2024. For 2024, this means a dividend per share of €4.79 and €1.08 billion share buyback programs. We are on track to distribute the €20 billion we aim to return by the end of 2026.

We have also decided to implement an interim dividend starting this year. That will be the equivalent of 50% of the first half EPS and paid on the 30th of September. This reflects our confidence in the strength of the business and our ability to drive organic growth. Illustrating with the first half 2024 earnings, our total shareholder return would be equivalent to about 13% this year.

I'll now hand over to Lars who will briefly summarise the achievements of the quarter, and then I'll detail our trajectory for 2025 and 2026.

REVENUES
4Q24 was driven by solid commercial performances in each operating division

Lars Machenil
Group Chief Financial Officer

Thank you, Jean-Laurent. Good afternoon, everyone. I'll briefly describe the trends in our main businesses, our cost discipline as well as strong cost of risk management, and I'll end off with the capital.

So on slide 11, you see that the fourth quarter was driven by solid business performance and this within each division.

Group revenues were up 10.8% year on year, and CIB in particular had an impressive quarter, as Jean-Laurent mentioned, up 20% year on year, driven by the strong performance of the three business lines within CIB. First, Global Banking up 10.8%, supported by capital markets in EMEA and in the Americas. In particular, trade finance had good momentum and advisory was robust, particularly in EMEA.

If we go to the second business, Global Markets, and there, activities were up 32%, driven by a strong performance both in Equity and Prime Services, as well as robust performance for FICC, thanks to strong activity in primary, macro and forex. The third business, being Security Services, was up 13.4%, driven by a sustained growth in fees as well as higher client balances and transaction volumes and margin resilience. So that's our first division.

If we turn to the second one, CPBS had a good performance, up nearly 5%, supported by the Commercial and Personal Banking activities with higher deposits and stable loans. A few points are worth highlighting. First, a positive inflection point in the revenue trend was confirmed for the commercial banks in the eurozone, with strong growth in fees across all markets and net interest revenues stabilising. The exception is Belgium, where competition remains tough.

We have been affected throughout the year by lower current account deposits, but as you can see, the trend is stabilising. All this gives us confidence in our ability to deliver decent growth in 2025 and beyond, as we will explain when we come to the 2026 trajectory.

If we then look at France, deposits are also stabilising and we see positive momentum on corporate and private banking activities, supporting a positive growth in revenues this quarter. We are very pleased also to see that gross operating income was up 2.4% for 2024, which demonstrates our ability to adjust to adverse market conditions. And this supports our ambition to improve the overall profitability of our business in France, as also we will show in our 2025–2026 trajectory.

If we then look at the other part within CPBS, namely the specialised businesses, they were stable year on year but still impacted by the ongoing normalisation of used car prices. Organically, the Arval business again performed extremely well this quarter, up double digit. We anticipate that Arval and leasing revenues should be down by about 10% in 2025, as we announced before, and this due to used car prices, but specialised businesses are nonetheless expected to deliver positive growth, as shown in our trajectory slide 2025. And this includes a 5% growth target for the core perimeter at Personal Finance in 2025.

Last, a very good performance from the new digital businesses and personal investors, up 10% this quarter thanks to further growth in client acquisition. So that's our second division.

We now turn to the third one, the last but definitely not the least: IPS. We saw strong growth in fees and assets under management. IPS is about to become a major driver of our growth, in particular with the acquisition of AXA IM. All activities in this department bar real estate perform extremely well this quarter, and revenues for the division were up 8.4% year on year.

Moreover, activity levels, higher assets under management and strong inflows contributed to our performance. Our recent acquisitions will accelerate growth as we detail in our trajectory 2025–2026.

OPERATIONAL EFFICIENCY
4Q24 jaws effect positive at Group level and in each operating division

If with this, you'll stay with me on slide 12, which shows the relentless focus on cost discipline and the way it's paying off. Particularly you've seen we delivered very positive jaws at Group level this quarter at 6.5 percentage points. This demonstrates our capacity to improve efficiency in our three divisions while funding growth.

OPERATIONAL EFFICIENCY
Achieved cost savings are in line with the announced trajectory

If we now turn to slide 13, where we focus on our cost savings and efficiency measures. Here you can see that we have managed to fully offset the impact of inflation with cost savings at the promised €1 billion, leaving room to fund our expansion and enabling strong top-line growth. We delivered significantly more than the two points in jaws in Q4, and as our trajectory 2025–2026 shows, we expect to continue at a pace of about 1.5 points per annum on average.

What are the key levers for this jaws effect? Well, there are several of them. Personal Finance with a comprehensive adaptation plan delivering positive jaws, more than 4% in 2024; an easier base of comparison in CIB; outsourcing initiatives of non-core functions; increasing the usage of service centres, where we have actually increased the FTEs by 2,200 since 2023. And finally, our real estate – our internal real estate rationalisation, including branches. In total we have reduced our office space by 120,000 m².

COST OF RISK
Cost of risk under control, thanks to the quality and diversification of the portfolio

So with this talk about cost, I will now turn to slide 14 and cover our excellent risk management. On this slide, you can see that our diversified balance sheet enabled us to protect profitability. Only 16% of our gross operating income – revenues minus cost – was absorbed by provision. Focusing on the performance in the fourth quarter, our cost of risk reached 38 basis points over outstanding, meeting our stated intention to stay below 40 basis points, and is down compared to a year ago.

If we look in detail, our stock of so-called stage one and stage two provisions is comfortable at a whopping €4.2 billion, equivalent to more than one year's worth of the current stage three run rate.

COST OF RISK
Low cost of risk in 4Q24 in all business lines

I will not much elaborate on slide 15, but let me highlight the key points. Cost of risk in CPBF is up year-on-year and quarter-on-quarter due to one specific file, and we continue to monitor the French economic environment given the political landscape. For now, our portfolio is strong, but we prefer to tighten risk limits that overgrow. Global Banking continues to deliver an impressive performance with a nearly nil cost of risk on average in the last four years, and actually a release in 2024, demonstrating our powerful, low risk CIB platform.

FINANCIAL STRUCTURE
The CET1 ratio stands at 12.9% as of 31.12.2024

Let me end on slide 16 with the third scarce resource: capital management. As we indicated in the third quarter, we implemented securitisation transactions in the fourth quarter for an equivalent of ten basis points. This enabled us to reach a robust common equity tier one of 12.9%, up 20 basis points compared to the third quarter, including our organic capital generation. This 12.9% at the year-end has become 12.4% on January 1st given the Day One implementation of Basel 4 in Europe. This 12.4% remains significantly above our SREP requirement of 10.3% and above our 12.3% target of pre-FRTB, or 12% fully loaded. So, including and assuming an FRTB implementation enabling us to enter the year 2025 in a comfortable position.

In particular, the chart at the bottom of slide 16 shows you that net of distribution, we built about 30 basis points organically in 2024, close to the normal pattern for BNP Paribas. Moreover, we absorbed the impact of Arval reconsolidation, model updates and redeployment of Bank of the West capital. We intend, as suggested before, to be FRTB-ready on 1 January 2026 as we await details on timing, magnitude or even implementation, if any, of FRTB, as we continue to ask European authorities to be vigilant and ensure a level playing field between jurisdictions.

If we look at other elements, our leverage ratio came in at 4.6% and liquidity also remained a key strength with liquidity coverage ratio of 137%. I'll now hand back to Jean-Laurent for our 2025–2026 trajectory.

2025–2026 TRAJECTORY
We are launching the last stage of our plan at full capacity

Jean-Laurent Bonnafé
Group Chief Executive Officer

So now on slide 25, let's focus on our priorities for 2025 and 2026. So as you can see, we aim to deliver above 5% top-line growth CAGR, about 1.5% jaws effect on average, cost of risk below 40 bps, net earnings growth of more than 7% CAGR, and EPS growth of more than 8% CAGR.

And now I'll go through the growth rate by division.

2025–2026 TRAJECTORY
CIB – We are winning market share with a unique client franchise, a low risk profile and are constantly optimising our capital (1/3)

On slide 26, focusing on CIB. Our CIB division has been a fantastic growth and profitability story since its refocus and deployment phases. We believe that it is now uniquely positioned to continue to gain market share on high growth, high-value segments of customers and products. The intimacy we developed with our clients and our cutting-edge distribution capabilities have led us to become a trusted and needed partner for most of our counterparts. We will obviously be in a strong position to capitalise on the progress to come from the Capital Markets Union, given our strong relationship with both borrowers and investors. This will help us continue to optimise capital consumption. We are well positioned, as well, to participate in the growth the USA is most likely going to see.

On slide 27 and 28 you can see that our growth has been achieved with capital productivity, cost efficiency and a low risk profile, a key feature of our DNA. As a result, we raised our RoNE by ten percentage points over the last four years.

2025–2026 TRAJECTORY
CPBS – New strategic plan for CPBF and extension of Personal Finance's strategic plan out to 2028

Our second priority, slide 29, is to focus on improving profitability at CPBF and Personal Finance, currently significantly below Group average. While launching a new strategic plan for CPBF later this year, which will be submitted to the consultation process of the employee representative bodies, and we are extending the Personal Finance plan until 2028. These two businesses account for about 24% of Group risk weight, and we expect to improve their respective return on notional equity to about 17% in 2028. This should add about one percentage point to Group return on tangible equity, with 0.5 percentage points coming by 2026.

Regarding CPBF, we will benefit from a better rate curve. We believe that we have a powerful position on corporates, private banking and mass affluent clients. We will therefore continue to focus on growing market share in synergy with IPS and CIB.

Regarding the retail segment, we will transform the relationship model via digitalisation and automation, which will lead us to adapt the operational model. We will elaborate on this at a deep dive on 26 June.

The plan for Personal Finance is already well engaged with a refocus on the core businesses. Gradual recovery is expected on the margin from lower rates and a good positioning on mobility. We will extend the plan to 2028 to optimise our operational model. This will be presented at a deep dive on 10 June.

And now, before my conclusion, Lars will now say a word on NII in our eurozone commercial bank and on IPS.

2025–2026 TRAJECTORY
CPBS – Revenues at Commercial & Personal Banking in the eurozone will benefit from the new interest-rate environment (1/2)

Lars Machenil
Group Chief Financial Officer

Yes, if we turn to slides 30 and 31, where we wanted to comment on the direction of our NII in the eurozone commercial banks. We expect more than 3% top-line growth this year. And on slide 30 on the left top, you saw that 2024 suffered from 352 million in headwinds that are behind us. You know this story well and I will not elaborate on them. As I said, they belong to the past.

Top right, you can see that the interest rate curve was significantly inverted, which triggered a strong price signal that lasted longer than we had anticipated. This led, as you can see in the bottom left, to a significant outflow in current account deposits, down 25% over two years. This, in turn, created an opportunity cos which we estimate at around 300 million, as we were not able to reinvest as much as we usually do on the long end of the curve.

2025–2026 TRAJECTORY
CPBS – Revenues at Commercial & Personal Banking in the eurozone will benefit from the new interest-rate environment (2/2)

So if we now turn to 2025–2026 on slide 31, where you can see that we believe that the NII should return to a growth path that will benefit from more normalised rates, a gradual recovery of the commercial margin, and renewed opportunity to reinvest deposits on the long end of the curve. Here you can see our assumptions and some sensitivities are mentioned at the bottom. So that's CPBS.

2025–2026 TRAJECTORY
IPS – We continue the strong organic growth in these highly profitable business and accelerate further through external growth projects (1/2)

If we now turn to slide 32 and we look at the IPS platform, which is on the verge of a significant transformation. We expect IPS to experience a cumulative profit before tax growth of about one third in the next two years. It already benefits from synergies with the Group. It consumes little capital and obviously represents a low risk, fee-generating revenue stream.

2025–2026 TRAJECTORY
IPS – We continue the strong organic growth in these highly profitable business and accelerate further through external growth projects (2/2)

We have consumed a significant fraction of the Bank of the West redeployment plan to accelerate this business via partnerships and acquisitions, including, more recently, AXA IM and HSBC Wealth Management in Germany. So the division is becoming the biggest driver of growth within the Group. And as I mentioned, it will grow: the pre-tax profit will grow by around one third in the next two years. And if you look at it, it will use the main levers. So 40% of that growth will be organic, 40% will be the AXA and the wealth management I talked about, and 20% is real estate that returned to the run of the mill.

2025–2026 TRAJECTORY
CET1 Evolution

So finally, if I can end on slide 34 with the capital trajectory. Our commitment remains to have a balance between distribution and growth, whilst abiding by a continuously demanding regulatory environment. So we have pre-funded the FRTB with a target common equity tier one ratio of 12.3% in 2025 and 2026 until its precise timing and magnitude are finalised.

As we have said before, we continue to ask European authorities to be vigilant and ensure a level playing field with other jurisdictions. So with this, Jean-Laurent back to you for the conclusion.

CONCLUSION

Jean-Laurent Bonnafé
Group Chief Executive Officer

On slide 35, in a nutshell, our strong fourth quarter has enabled us to exceed our 2024 targets. Our 2025–2026 trajectory is built on strong growth drivers already in place, and that will continue to yield benefits beyond 2026. And we confirm our payout ratio at 60% and announced an interim dividend policy starting in 2025. This concludes our presentation and we are now happy to answer your questions.

QUESTIONS AND ANSWERS

Tarik El Mejjad (Bank of America): Hi. Good morning, everyone. Good afternoon, rather. So two questions from me. First of all, usually you like to give a longer-term guidance, and I thought you will probably roll over the guidance you have for ROE an extra year, but you limit the time frame to 2026. Very focussed guidance. So if we look at beyond 2026, you have the 50 bips extra from CPBF and PF. But then if we add the post-2026 growth drivers like the full AXA IM synergies, volume is slightly back, what do you think actually BNP as a bank can deliver in terms of ROE if you see through this kind of growth or transition period?

And then maybe linked to that, Jean-Laurent, you did an interview in *Les Echos* and you mentioned again CMU, Capital Markets Union, and you mentioned that actually today in the call again. Do you think this is a now-or-never for the banks in Europe, and the politics to get together and put that forward? What do you think is missing? And are you kind of starting to integrate it in your thinking of the bank and how it will evolve? Do you have any indication that there might be some progress now that actually the forces politically have changed?

And one quick question on capital. You've done some securitisation and capital build faster without any visible or noticeable impact on revenues. How much more you can do this to build yourself a bit more of a buffer in terms of capital? Thank you.

Jean-Laurent Bonnafé: Thank you so much. If we look beyond 2026, maybe moving back to page six. If you assume an uplift of about 8% of the RONE on 24% of the group's RWA this is equivalent to adding about 2pp to the group's overall RONE, or >1% to group ROTE (actually about 1.2-1.3%) of which c.0.5% by 2026 and the rest, ie about 0.7%, thereafter.

AXA IM, full speed in 2028, will add 0.3, so you're already at one. And then we have a plan for Wealth Management. Not disclosed, yes, but that's going to be, I would say, the rollout throughout Europe of a new platform that we will roll out a little bit like what we did in the recent past with CIB in a number of countries. Of course, we'll start with Germany, but there will be other countries that will come. And this will also add something quite significant. So we have in our hands, not taking into account anything that could be the natural growth of other businesses, with only those four dimensions, the Commercial Bank in France, Personal Finance, AXA Investment Managers, and Wealth Management, we have more than one. So, 12 plus one is 13.

So we have to go step by step. This is to indicate that 12% is not a kind of a maximum. Continuously, including during that plan, we are investing for the future beyond the horizon of the plan. This is very important for a company like BNP Paribas. So at the end of 2026, not only will we have all those levers in our hands, but of course we will have all the other businesses with their natural growth and ability to deliver additional profitability. So, I don't know, in between 2021 and 2026, in the end, we will have delivered two percentage points on top of the 10% moving from 10 to 12% return on tangible equity, potentially. I don't see any reason why in the mid, long-term plan – that could be 2026/30/31, we cannot deliver 14 – and in between, 13. So this is the indication.

So, in one hand, again, already levers that are being implemented, quite powerful in a number of businesses: Wealth Management, Asset Management, Commercial Banking in France and Personal Finance. And then, natural growth and optimisation at any other businesses, including CIB, but also other businesses like insurance, real estate, emerging countries and so on. So, I would say, it's an engine. We are gradually moving up in terms of profitability. And to do that, we are keeping the business focused in a number of dimensions to deliver the best of those businesses. So we are pushing the model to deliver value-added products, value-added services, to grow the franchise the right way and to extract additional profitability instead of looking at a volume type of approach that would, on the contrary, in the end, cap the ability of the company to grow in terms of return on tangible equity. So this is the story.

For Capital Markets Union clearly there are a number of initiatives that are coming. Lars could comment that maybe the low hanging fruits they are coming. And on top of that, yes, indeed we start to feel a kind of, I would say, political will to unlock the division. There is not yet a kind of a consensus on how to unlock, how far to go, but something's coming. And recently, Ms Lagarde and Ms von der Leyen issued a common paper – it was end of last week, if I remember well – and clearly, Capital Market Union is part of that short list of initiatives that the European lever could potentially unlock in the coming years. So something's coming.

On securitisation, maybe Lars, you could complement.

Lars Machenil: So indeed, Tarik, if you look at the person in charge at the European Commission, she has a mission statement which is very tangible. So there could be very tangible steps, small steps, to come. And that would be indeed an improvement because, as you mentioned, we optimise our capital by securitisation. And so, what we've done in the last quarter is put into the market for the equivalent of ten basis points. And why do we do this? And as you mentioned, rightly so, without impacting it on the P&L, it's because we see that is the depth that is available in the market.

So what we can currently do in the environment is we can basically place into the market our current issuance. Whatever issuance we do in a year, we can place it into the market, and that is what you have seen on the ten basis points. So the pricing of those is right. Placing it into the market is cost efficient and so a clear gain. If indeed the progress would come step by step on the Capital Markets Union, that would even go further. So that would mean that a part of the loans, we have like 200 billion of corporate loans at the balance sheet, part of that could be offloaded as well. So that would be the view, Tarik.

Tarik El Mejjad (Bank of America): Thank you very much.

Operator: The next question is from Delphine Lee from JP Morgan. Please go ahead.

Delphine Lee (JP Morgan): Yes. Good afternoon. Thanks for taking my questions. My first question would be, if you don't mind, on slide 25, just trying to understand the revenue guidance for specialised businesses which looks like it's revenue growth of around 2% or so. Are you still sticking to Arval's revenues being down 10% in 25? I'm just trying to reconcile how revenues can grow at 2% if you have this headwind coming from used car sales.

And then the second question is on eurozone domesic retail revenues. Just wondering, given the performance of France and Belgium this year, which has still been difficult, and I understand, yes, the headwinds are now behind, but just trying to understand a little bit your assumptions for volumes and where is the pickup coming from mainly. Do you see some progression for France and Belgium in 2025 coming from revenues flattish or down, 6% in Belgium? If you could provide some colour that would be helpful. Thank you.

Lars Machenil: Delphine, thank you for your questions. If we start, first of all, with the guidance. So indeed, you remember that in the past quarter, we've guided that for Arval the resale prices would taper off, and we basically guided that it would be a lowering of 400 million, and so that the contribution of the resale would be basically zero. But then at the same time, there are other parts in there that grow. So on the one hand, you have seen that Personal Finance, that we have been separating the non-core activities and the core ones, are growing. The volumes are growing above 4% and going forward, the top line would grow by 5%. On top of that, at Arval you also have the organic growth. So the volume of cars is going up, so the fees it generates are going up. So that is that dynamic.

And then when you look at the eurozone domestic, what you see there, you have indeed seen that in 2024, there was pressure on the interest income in particularly from the headwinds. And those headwinds, basically, if you look at France, they have tapered off. That's what you see in the fourth quarter. And in Belgium they come to an end. So there was this situation where on the one hand, the government came with a competitive product. When it ended, some of the other competitors came with that kind of environment. But that should be behind us.

So if you look forward, if you look at 2025, the main thing is the deposits. As you can see, they are basically stable. So they were down in 2024, and that generated that foregone revenue. But that should be behind us. And therefore, the reinvestment of those deposits will trigger the growth. The growth that we guided will be around 3% in 2025 and above that, even, in 2026, in particular, if the yield curve would steepen.

So Delphine, that would be the two guidance on clarifying Arval and on clarifying the eurozone domestic markets.

Delphine Lee (JP Morgan): And just to clarify, French revenues are also growing more than three and Belgium, as well?

Lars Machenil: Yes. So if you look, we've guided the overall eurozone, that's saying that the top line would grow around 3% or more. That basically applies to France and Belgium, indeed.

Delphine Lee (JP Morgan): Great. Thank you very much.

Lars Machenil: You're welcome.

Operator: The next question is from Joseph Dickerson with Jefferies. Please go ahead.

Joseph Dickerson (Jefferies): Hi. Good afternoon. Thank you for taking my question. You've given the 11.5% return on tangible guidance for 2025. Clearly, the consensus is about 10.3%. I guess when you look at consensus, where do you see the gap? Is it a combination of not quite enough revenue growth and not enough jaws? If you could opine upon that, I would be grateful. And then, you've embedded in your guidance cuts in the Livret A rate. Is that just what we've seen already in February, or is this a following Livret A cut forthcoming this summer? Because it looks like the summer cut could be prospectively quite large, given the ECB cut and the falling inflation. Thanks.

Jean-Laurent Bonnafé: If I remember well, the consensus one year ago for BNP Paribas was in the range of €10.5bn and €10.6 billion, net result – these are in billions – and we delivered €11.7bn. So it happens that for a number of reasons there may be businesses that are slightly under-considered, probably at Global Markets. If we look at the consensus, there is a certain gap in between the consensus and what we have internally, clearly. Probably our investors or analysts are not completely factoring in the quality of the platform and this ability to grow efficiently with a growing profitability and return through the cycle, the way we tried to present it today. We will continue that story.

So we expect 2025 is going to be a year with a lot of volatility for a lot of reasons. So Global Markets and CIB globally will deliver probably much more than the consensus is telling us today. We are also having a certain impact coming from external growth, AXA Investment Managers, and the wealth management coming from HSBC in Germany. And other pieces being Neuflize Vie insurance life in France and also BCC Vita in Italy. There are a number of commitments where we say this is a minimum. So there is also some expectations to deliver more.

We describe most of the 2025–2026 trajectory, probably 2026 is going to be on average slightly stronger in terms of growth than 2025, but nonetheless, we are quite confident with the 11.5% return on tangible equity for 2025, and 2026 should deliver 12%.

And again, looking at the eurozone commercial banks last year, as we said, they suffered a lot from a number of headwinds, last year. Away from those headwinds, those banks would have delivered a 3+% growth. And typically, 2025 is the year that is completely cleaned in terms of headwinds. And the underlying economy in Europe is going to be of the same nature, same kind of growth, same type of expansion. So on the eurozone, we are also very confident.

So all in all, looking at all the different pieces, looking at the consensus – as far as we can understand the consensus. We don't know everything about the consensus, but we have a certain level of detailed information. Probably for the eurozone banks, for Global Markets, CIB as a whole, and external growth, probably these are the reasons why there is a certain gap in between the return on tangible equity you might have in the consensus and the one we are disclosing as a target, being very confident on our ability to reach that target.

Joseph Dickerson (Jefferies): Helpful, thank you.

Lars Machenil: On the question of the Livret A, basically we assume that the pricing of the Livret A comes back to the intrinsic formula. So the negative effects that we saw in 2024 are behind us. And so, within the trajectory that we shared with you, that evolution is embedded.

Joseph Dickerson (Jefferies): Thanks.

Operator: The next question is from Matthew Clark, Mediobanca. Please go ahead.

Matthew Clark (Mediobanca): Good morning. So a few questions from me. Firstly, on the EPS trajectory, you dropped your old 2025 growth guidance and replaced it with this 8% over two years. How should we expect that to play out? Is that going to be very backloaded to 2026, roughly evenly split between the two? Just wondering how much of a hockey stick we should expect there or whether it will be a straight line?

Second question is on the model updates impact on CET1 that you've got: 30 basis points across 2025 and 2026. It seems like quite a lot versus your historical level so I'm just wondering where that's coming from, how much of a surprise that is to you and how confident you are that that's the worst-case kind of impact.

And then final question is on Arval and the used car sales result. So I just wanted to check: for you, is zero used car sales result a normalised level, or should you be expecting that to normalise back to a higher level beyond your forecast horizon? And secondly, I just wanted you to clarify the 400 million headwind to used car sales result, is that a gross headwind for Arval or is that a net headwind, also considering the volume growth? It wasn't quite clear from your earlier comment, Lars, whether the gross headwind is actually greater than that 400 million. Thanks.

Lars Machenil: Okay, Matthew, thank you for your questions. So if we look at the earnings per share that we're going to lift by 8%. You've seen we've guided on a CAGR, but the one thing that you basically see where we've guided on a yearly basis is on the return on equity. And so there you basically see that we had 50 basis points every year, so you can assume that that progress is quite linear.

Then when you come to the common equity tier one and the impact of the models. Well, there are two things. You know that on one hand we are a prudent bunch so we basically take that stance. You also know that when it comes to common equity tier one, we are flexible. We mentioned it earlier. When we want, we can get ten basis points from securitisation. There are other elements we can optimise. So from that point of view, that's where we stand.

Then when we look at Arval, you are right again in the sense that we are a prudent bunch. We said that we assume that the resale value would be zero. It is true that if you go back into the past, it's always been somewhat positive. So it's not impossible that it's going to gravitate to somewhat a tad higher than that zero. And when it comes to your 400 million on leasing and Arval, it's a net impact.

Matthew Clark (Mediobanca): Thank you. Very clear.

Operator: The next question is from Kiri Vijayarajah with HSBC. Please go ahead.

Kiri Vijayarajah (HSBC): Yes. Good afternoon, everyone. A couple of questions from my side. So firstly, coming back to Belgium, and I know we’ve had a fair amount of market disruption on the deposit side and you've talked a lot about that already, but when I look at the mix shifts from central bank data, it looks like it's already largely stabilised. So is it right to think maybe 4Q Belgium, NII really is the trough there, and the growth that you've just been talking about can kick in as early as the first quarter of 2025? Or is your thinking more the recovery is kind of second half for Belgium NII? So just your thoughts on timing of the return to growth.

And then secondly, on Italy, with several of the competitors in that market a bit inwardly focused on different M&A scenarios; I wonder, is there an opportunity for BNL to ramp things up organically and drive better commercial momentum? Or is it your preference to kind of stick with the conservative risk profile and keep that kind of status quo? I'm really curious, just because you don't really talk about Italy as a source of growth in a way that maybe some of your peers have done. So, question on Italy and organic growth momentum there, please. Thank you.

Lars Machenil: I'll start with Belgium and Jean-Laurent will take over on Italy. So, no, you're absolutely right. If you look at the pivot, as you mentioned, what we've seen impacting the deposits has basically come to an end. So you should indeed start seeing the impact as of the beginning of the year. So that's on Belgium.

Jean-Laurent Bonnafé: So, on Italy, I know we do not disclose numbers apart from BNL. But to make it very simple: in Italy, all in all, adding up all our businesses – and we have many businesses in Italy, to some extent all the businesses of BNP Paribas are present in Italy – the overall top line in Italy is slightly more than twice that of BNL, and the pre-tax result is three times that of BNL. And cost income, it is fairly low and cost of risk is more than acceptable, meaning fairly low as well. So for us, the situation in Italy – of course, there is the BNL at the centre being leveraged as a kind of a platform for all businesses – but for us it is to run all those dimensions the right way. And we are growing well in Italy.

The BNL is not the BNL we used to acquire more than 15 years ago. I mean, we totally transformed the corporate bank instead of being a kind of small caps type of operation, we totally transformed the platform, and in Italy we are having a franchise that is much more kind of mid-cap allowing us to develop a lot of cross-sell with CIB, for example. We did a push in terms of private banking, wealth management. Those two dimensions were not present at the historical BNL. And the historical BNL is something that today is rather small. I mean, the proximity bank is relatively small, like in France to some extent. And we have no intention to try to grow further in that domain for a number of reasons. And we concentrate on the value-added approaches, businesses, franchises. And anything that is a consolidation in Italy for us is an opportunity because this is one brand that is vanishing in the air. So it gives some fresh air for us, especially in Northern Italy. So this is the situation.

And again, and I know that we are only disclosing the numbers for BNL. Maybe we will have to, I don't know, deliver a deep dive around Italy, but BNL is just a piece of the platform, and the platform, I would say, is growing quite well over the cycle. And we believe this is the right way for us in Italy. And to some extent, we are moving in Italy like we are moving in France in terms of value-added franchises, products, services. And probably this is the right way for us. So, concentration, if we have the right services, the right products, it's always an opportunity to grow organically knowing we are not going to move in any dimension externally in Italy for all the reasons I explained. We don't want to grow in the retail mass market universe. This is not our strategy. And again, Italy foresees twice top line BNL, more than twice. And pre-tax return result is three times. So it's quite a lot. Cost income is in the range of 50%. So it's quite profitable.

Kiri Vijayarajah (HSBC): Great. Thank you.

Operator: Next question is from Flora Bocahut with Barclays. Please go ahead.

Flora Bocahut (Barclays): Thank you for today's presentation. So, on my side, I'd like to discuss actually the capital trajectory. If I look at slide 34, essentially, you're telling us that the CET1 ratio will be roughly flat in 2025 and 2026, at 12.3% before FRTB. That means if FRTB happens, whenever that is, and whatever form that is, that you would be potentially at 12% exactly at the end of 2026, which would leave limited room for surprise or for optionality. So I think on the CET1, partly the reason why it's flat is because of your payout ratio, which is higher than peers at 60%. But I think there's also two other elements on which I'd be interested to get your view. The first is actually the regulatory headwinds, because I was looking at slide 16, where you show actually that you had, if I accumulate them, 55 basis points of regulatory headwinds between the model updates and the Arval reconsolidation in 2024. Then you're telling us that there is potentially up to 100 bps of additional regulatory headwinds in the next two years, if I take Basel 4 first time implementation, FRTB and still some model updates.

So the first question is, what can you do there to try and offset some of those regulatory headwinds? Why not use securitisation more? And the second thing is, if I compare your level of profitability to other European banks, I think its revenues per RWA that tend to be a bit lower.

So is it something that you track and on which you're specifically focussed when you consider the plan towards 2028? Thank you.

Jean-Laurent Bonnafé: Well, considering the fact that we are moving up from 10% to 12% in four years' time, five years' time, looking at the return on tangible equity, and we are now considering beyond 2026 to continue that uplift, potentially 13% and maybe 14%. This is the trajectory. Clearly, you can deliver that only if all businesses are focussed around this idea that any risk weight should produce a certain level of profitability. So it's clearly, I would say, the way we are moving.

We are having in terms of core equity tier one some headwinds coming from the supervision, the regulatory dimension. This is obvious, like any bank. The initial target of the Group is 12% core tier one equity. So this is after FRTB. And today we are not moving the target. The long-term target we have set: 12%. This corresponds to our risk profile. If you look at the P2R of the bank, this is one of the lowest, even maybe the lowest for that type of a bank in the eurozone. So the fact that we are 12% corresponds also to the fact that the supervisor itself gives us a certain, I would say, recognition of the value of the business model that is diversified. The risk profile is quite low. The profitability is quite recurrent. So this, all in all, corresponds to the target of 12%. There is no reason why we should look at something higher, considering the fact that it's a nice position to have a P2R that is, I would say, best in town. This is obvious. There is no need for us to go at 13% or 12.5%, even. This is part of the roadmap.

But again, the strategy is to grow the return on tangible equity while moving progressively, because you can move up in a sustainable way only if you grow the right way certain franchises. And to grow the right way certain franchises, it is very much about growing value-added products and services. And this, all in all, represents a certain level of investment. Today, in our 2025–2026 plan, we have already a certain level of extra investments we are dedicating to the future of the company because we believe that after 2026, there is still something to come. If we were considering that 2026 is the maximum with 12%, maybe we would not consider those investments. Going that way, maybe the return on tangible equity in 2026 might be slightly higher, but the future would be less brilliant. So it's a balance in between mid, mid short-term, and long term. This is how we manage the company.

Not that far ago we were at 8%, then 10%. Now we are going to be at 12% and we are considering more than 12%. So this is a trajectory. And to be very honest, we were not particularly helped by the rate scenario. This is a fact. It's the way it goes.

Flora Bocahut (Barclays): Thank you.

Operator: Next question is from Anke Reingen with RBC. Please go ahead.

Anke Reingen (RBC): Thank you very much for the presentation and taking my question. The first one is on AXA. Apologies if I missed it, but can you help us a bit in terms of the contribution by 2026. I think you gave us around a 1 billion revenue number, but is it fair to say it's relatively little at the net profit? And is there any impact on capital in terms of intangibles we should consider? And is it fair to say that the 3.3 billion of cost savings you target include relatively little for potential savings from the acquisition of AXA?

And then second question, slide 29 about your improvement in the returns. I realise you have two deep dives coming up, but it's really quite a nice step-up in the return. And I just want to make sure it's not that 2025 will be impacted by more material restructuring or disruptions to the business in order to deliver those returns up to 2026 and then 2028. Thank you very much.

Jean-Laurent Bonnafé: On AXA Investment Managers, we cannot communicate that far. We cannot give that many details because we have to wait for the closing. In due time, we will give all those numbers. What we can say is that the top line is in the range of 3%. If you just add up AXA Investment Manager to BNP Paribas without any synergies or anything, the top line is the equivalent of 3%. So one and a half this year, 2025, and one and a half next year, 2026, because we are going to close by mid-year. So this is the top line.

Then, in terms of synergies, we do not really communicate. We said that, roughly speaking, looking at standards, potentially it's north of 15%, if I remember well. So this is something we already disclosed. These are standard numbers. We said also that the return on equity, the equivalent of the retail of tangible equity on that transaction is going to be above 18% after three years. So after three years is mid-2028. So this is not 2026. And probably yes, the bulk of this acquisition is going to be delivered in between 2027 and 2028. This is why also this transaction is going to play a role beyond 2026. And it's going to contribute to the fact that the Group globally is going to move from 12% to something that's going to be higher. So this is also part of the story. We do not particularly count on AXA IM to lift the return on tangible equity from 11%, today 2024, up to 12% in 2026. The major effect is the top line, so there is not much on top of that looking at 2026 considering that transaction.

Anke Reingen (RBC): Thank you.

Operator: Next question is from Chris Hallam, Goldman Sachs. Please go ahead.

Chris Hallam (Goldman Sachs): Yeah. Good afternoon, everybody, and thank you for taking my questions. Just on CIB. Clearly strong performance in equities in the quarter and for the year as a whole. I know we've seen a bit of quarterly volatility through 2024. So just how do you expect revenues to trend in that business through 2025? Should we sort of assume steady growth?

And then in the banking business, on the one hand, many of your peers are quite upbeat about the outlook for 2025. But then, Jean-Laurent, as you mentioned, consensus is sort of pencilling in low single-digit growth. I appreciate that the mix differs bank by bank, but how do you see the growth outlook across the CIB businesses in 2025?

And then on wealth management, I just wanted to dig a bit onto this platform rollout. So what are the specific segments of the market you're targeting, maybe in terms of average client wealth or AUM being brought onto the platform per client? Is it fair to say that the inorganic growth and wealth is now over, and it's full steam ahead on inorganic, or could we still see some acquisitions in the wealth business as well?

Jean-Laurent Bonnafé: Well, on CIB, as you know, we are quite a well-diversified platform, with Securities Services, the corporate bank, Global Markets with two dimensions that are fixed income and equities. So, a bit early to say but considering the growth we enjoy in 2024 for equities, I would assume that equities next year will evolve like CIB on average. And we very much count on all the different dimensions of CIB to perform well. This is very much linked to the fact that the franchise is growing in any dimension – corporates think both ways – and we can service those counterparts in so many different dimensions within CIB. So to some extent, especially Global Markets is a volatile environment, but in a year like 2025, in the environment we are in with a certain level of volatility, maybe much more than last year to some extent, yes, there is room for us to position the right way the platform in front of any kind of counterparts. And based on that, we will continue to gain market share, especially in the hands of those key clients, key customers for which we can deliver value-added transactions, which means higher return type of transactions. So this is the roadmap for CIB. And we believe the target we have internally for CIB in 2025 is solid.

Looking at the commercial bank, the bulk of the eurozone at BNP Paribas is the French domestic bank and the Belgium domestic bank in terms of size – more than 3% top line is the target. This is the level we would have delivered in 2024 away from the headwinds. And if you consider that the eurozone economy, France, Belgium is going to move roughly in 2025 like in 2024, basically this is what we delivered in 2024 away from the headwinds. And you cannot exclude that, based on a good commercial approach, we could even deliver more.

Looking at Wealth Management, it's a very simple situation. If you look at the private banking universe, on average, looking at the eurozone, based on all the different domestic private banking operations we have in all those domestic markets, we are probably the number one private bank throughout Europe, throughout the eurozone, by size, asset under management, and so on. Now, there is a bucket in which our share of the market is a bit too weak, too short; it is the ultra-high-net-worth individuals, typically family offices. For that, you need to grow a different approach. You need to roll out a certain platform that are slightly different from the regular type of domestic private banking approach. And this is what we are building. We are building a new platform. We will implement the platform in Germany first, and then we will roll out that platform in a number of other countries including Italy, France, Belgium and some Nordic countries.

So this is the game. And that platform will benefit first from a state-of-the-art approach in terms of technology. And then, the platform will be fitted with all products coming from IPS, Asset Management in particular, and all products coming from the investment bank. And those family offices basically, to some extent, we have already a good relation, because most of those family offices, to some extent, are the result of a certain corporate success. So, we have already those counterparts in our portfolios in the corporate banks, especially mid-caps, mid large caps.

Wealth Management throughout the eurozone is going to become for us a new reality because of the technology we are building, and we will deliver soon, and we will roll out throughout Europe. And then, the availability of products we are having within BNP Paribas, both at the investment bank and at IPS. And on top of that, of course, we will continue to grow in Switzerland and in Asia where we enjoy a good, strong position. All in all, Wealth Management is going to be part of the new strategic trajectory of IPS. If you look at IPS today, pre-tax result, IPS amounts to roughly 14%. Quite soon we will reach 20%. And you cannot exclude that, based on all the initiatives, we can reach 25%. So this is the mid long-term target for IPS.

These are very profitable businesses. These are very low capital consumption type of businesses. They are quite stable through the cycle; they are not that dependent upon rates, so I would say this is typically the type of environment we should consider, we should focus on. So within IPS, not only we will have a continuous push from the Insurance business, from Asset Management based on the project we are having with AXA Investment Managers, but also a strong push coming from Wealth Management. This is a mix of pieces of external growth, but most of it is going to be organic growth. To some extent, it's a kind of parallel move, or comparable move, looking at what happened with CIB over the last five, seven years; this is what we did. We built the platforms; we complemented the businesses; we feed the platform with the right services and products, and then we grew organically. And this is typically what we tend to do with Wealth Management.

Wealth Management, the way I'm describing it, this is family offices, ultra-high-net-worth individuals. This is going to be consolidated in the hands of quite a limited number of global banks within the eurozone. And you know the names. We are going to be part of that story. And this is going to be a very strong complement to the fact that we are already the first private bank within the eurozone because of the domestic private banking platforms that belong, to some extent, to the domestic banks. A bit too long, but this is the story.

Chris Hallam (Goldman Sachs): Thank you. That's very comprehensive. Thank you.

Operator: The next question is from Stefan Stalmann, Autonomous Research. Please go ahead.

Stefan Stalmann (Autonomous Research): Good afternoon. Thanks for taking my question. I actually have only one question left, and that is on credit risk provisions. You have enjoyed two years of net release of stage one and stage two provisions. Do you expect this to end at some point in time, considering that the macro prospects in some European economies are not that great? Thank you very much.

Lars Machenil: Stefan, thank you for your question. Well, you know how this goes, right? You have those three stages, and in particular, one and two aim to be fronting. So in the sense that when in a certain environment, you have to take more of them so that you can release them in more dire situations. And so, as you look at it, we have a lot of S1, S2, as you might have seen. We've even added some in the fourth quarter and today our S1 and S2 is more than 1x the S3 of a total year. So from that point of view, how will we be able to release it? I cannot tell you because it depends a bit on how the economy evolves. But what you do see is that we have a very solid level of S1, S2 provisions, and that is why we remain comfortable with our guidance of 40 basis points over the cycle.

Stefan Stalmann (Autonomous Research): Okay. Thank you very much.

Operator: The next question is from Giulia Aurora Miotto, Morgan Stanley. Please go ahead.

Giulia Aurora Miotto (Morgan Stanley): Yes. Hi. Good morning. Thank you for taking my questions. I have two – connected actually. The first one, Jean-Laurent, this is the first time that I can remember when I hear you mentioning 14% RoTE. I totally understand that this is not in the current plan and it's longer term; I get that. But I was wondering, to get there, I think it requires perhaps some more proactive capital allocation. Would you consider perhaps disposing of businesses that are below the cost of equity? Or how are you thinking about the capital allocation angle?

And then secondly, connected to this, Italy is a consolidating market and I hear you that for you, Italy is very profitable, much larger than what we see in BNL. But BNL itself remains perhaps below the returns that other divisions make. So given that the market is consolidating, could you consider maybe disposing of this and focusing only on the more value-added part with consumer credit, CIB, etc. Thank you.

Jean-Laurent Bonnafé: Any plan we delivered recently is about, I would say, rebalancing and refocusing the businesses towards the products, services that are more profitable, keeping in mind that you need also to grow the franchise. If you look at CIB, it took us some time to refocus, then to complement, to upgrade the quality, the kind of cutting-edge type of services we were willing to deliver, and maintaining the franchise. So not everything can be delivered in the very short term, but progressively we delivered a CIB platform that is now north of 23/24% return on notional equity. Even in the new Basel post-completion story, it's well above 14%. This is a fact, and it was well below 10% years ago. This is a fact as well. It takes time.

If you look at IPS, of course, IPS naturally is starting at the highest point, but it's small relative to the size of the Group. I mean, we were talking recently minutes ago of 14% of the total profit pre-tax. We need to go up to 20% and then 25%. This is a way also to rebalance the equity and the way we are growing the company. And if you look at any bank within the retail or so-called retail universe: Personal Finance, we recently decided to restructure that business because there were a lot of geographies for which we were not relevant, with returns that were far below the target. And progressively, from a Personal Finance that went down to, I don't remember exactly, 7% return on notional equity in 2023, we are going to be up to 17% in 2028.

So again, and rebalancing towards the best geographies and within a certain country to the type of service that can deliver a return. Because even in a certain country, a personal finance, consumer lending type of platform can be good with some counterparts and totally non-profitable with other counterparts. So we are doing that continuously.

What we are going to do with the French domestic bank is just the same, leveraging the best franchises, the best positioning in corporates, in conjunction with CIB, Private Banking, Wealth Management, in conjunction with IPS, it is just the same. Growing that market the right way, leveraging the best franchises with the best returns. And then for the rest of the proximity bank, we're going to focus on those counterparts that can deliver certain profitability, re-engineering the business model, meaning going down in terms of cost to serve.

So this is typically what we are doing in any geography. Sometimes we exit. Remember we exited the First Hawaiian Bank. We bought the bank. I was personally involved back in 1998. The bank was around 25% market share. We exited at 42% because there was no way to go to 50%. And we got a good bargain at that moment. We exited Bank of the West just the same way. Not enough profitability and no way to reinvest. We exited a number of geographies in other regions and some businesses.

Then, coming to BNL. Of course, there is this idea of critical mass. But BNL, if you look closely, as I said, it's just a part of what we are doing in Italy. This is just a part. At the end of the day, we are considering Italy and we are moving in Italy in a cohesive and collective way. The CEO of BNL is also the head of Italy at BNP Paribas. And again, the top line is more than twice BNL. The net result is more than three times BNL, cost income is around 50%, and the return is above average BNP Paribas. And BNL is acting as a kind of central platform for that. And we totally re-engineered BNL in terms of franchise, looking at mid-caps, private banking, and it's moving that way.

So the disposal of BNL for all those reasons is just impossible, and it's not part of the journey. And on the opposite, we are not considering any external growth in Italy because external growth in Italy is very much about consolidating in the mass market universe. This is exactly the situation. This is not the trajectory nor the strategy we are pursuing at BNP Paribas. This is not that type of business we are looking at. So again, even if it's not very easy to follow from outside every day, we are always rebalancing the usage, the way we allocate equity towards those businesses that can deliver more. And again, more in terms of instant return, but also in terms of ability to help the bank grow the right franchise the right way, which is also something we have to keep in mind in terms of risk profile. Risk profile is the ultimate goal for a bank.

And serving the best counterparts with the best products and services is also long term, a certain risk cycle, a certain ability to navigate the economy the right way, being a bank, meaning with the best counterparts. This is also something we need to explain maybe better, I don't know, but this is also a reality at BNP Paribas. So we need BNL. BNL is very different from the bank we bought years ago, and we will continue to grow in Italy that way. If you add everything, we are of course well behind Intesa and UniCredit, but locally in Italy the top line at BNP Paribas, all in all, probably is number three in Italy. This is a fact.

Giulia Aurora Miotto (Morgan Stanley): Got it. Thank you.

Operator: Next question is from Tom Hallett, KBW. Please go ahead.

Tom Hallett (Keefe, Bruyette & Woods): Hi, guys. Thanks for taking my questions. So just firstly on the shape of the curve, I know you provided guidance on the parallel shift, but if I think about a steepening yield curve, what is the impact on that on your NII and targets? And then secondly, on the payout ratio, what conditions would need to take place to lower that back down to 50%? And I'm particularly curious about bolt-on acquisitions, how that would change that dynamic. Thank you.

Lars Machenil: I'll take your question, Tom, on the steepening of the curve. So what we assumed, what you basically see, is that on the networks we've guided for 2025, that the top line would grow by 3%. And we anticipate that there will be a steepening of the curve coming thereafter, which basically we said that it will lead to a CAGR of 4%. So that basically means that once that happens the year thereafter, growth will rather be 5%. So that is a bit, if you want, the impact of the steepening.

The other question was on the payout of 50%. So why would you want us to go to 50%?

Tom Hallett (Keefe, Bruyette & Woods): Well, I'm just curious because obviously your capital situation is a bit lighter than I'd say your kind of European peers. I'm just thinking, at what point would you start to feel a little bit stressed or constrained at keeping it at 60% to move it down? And in light of that, let's say there's a bolt-on acquisition potential or something that you've seen in the market that you would like to acquire, I'm just thinking, how would your payout ratio work in that dynamic?

Lars Machenil: Listen, I'll start by answering: the ratio that we have with 60% return to shareholders and 40% for kind of organic bolt-on growth is something that has been working very well. Now, if at some point in time there would be something relevant to do, then we'll see how to structure that at that moment. And it is not by reducing our payout from 60% to 50% that would materially change. We feel that there is a good balance supporting growth organic, inorganic in what we see and what we want to return to shareholders. So that's basically where we stand, Tom.

Tom Hallett (Keefe, Bruyette & Woods): Okay. Thank you.

Operator: The next question is from Pierre Chedeville, CIC. Please go ahead.

Pierre Chedeville (CIC): Good afternoon. I have two questions. One question is relating to cost. You mentioned €600 million of additional savings, and I was wondering if these savings are part of the plan that you will present to us in CPBF and Personal Finance, or if they are aside. And I wanted also to know if you plan to register restructuring costs in the face of these savings. And regarding savings, I was also wondering what type of savings you have in mind. Are they just IT savings due to the artificial intelligence, restructuring of the networks, not only in France but maybe elsewhere? Where do you see the most part of these savings in the coming years?

And an anecdotic question, regarding real estate, because I'm interested in this business. I heard this morning from the CEO of a big asset manager in Europe that she was seeing a bottom in this activity and a rebound to come in 2025. Do you see the same and do you think that it could help AXA IM to improve the top line in asset management business as soon as 2025? Thank you very much.

Lars Machenil: Thank you, Pierre. I'll start. Basically, on the cost savings, the 600 million, it basically includes the traditional levers that we have. It includes optimising IT, which will include redeploying artificial intelligence. It means optimising square metres. It optimises shoring. So it's basically continuing the levers we have been using before. It includes basically the adaptations we are considering at CPBF. On our deep dive you will get some more colour. When you look at real estate, it really depends on what you look at. Some of the levers that you have in real estate are rebounding. Property development is the one that we think will take a little bit more time.

Pierre Chedeville (CIC): And regarding restructuring costs?

Lars Machenil: On the restructuring costs. So if you look at the run of the mill, we have mentioned that on a normal basis, we have around €400 million of costs which are restructuring, adaptation... So that is a bit the run of the mill we continue to have. I remind you that our intention is to compensate in the bottom line those €400 million by c. €400 million capital gains. This is what we’ve done in the last couple of years and also last year. So the idea is to have around €400 million for the run-of-the-mill adaptation to be compensated by gains on disposals. It can be, if we have an acquisition in a given period, that there will be some more.

Pierre Chedeville (CIC): Okay. Thank you very much.

Operator: The next question is from Sharath Kumar, Deutsche Bank. Please go ahead.

Sharath Kumar (Deutsche Bank): Thank you for taking my questions. I still have a couple left. Firstly, on Europe-Med, I wanted to decipher the moving elements outside of the noisy elements seen from FX and hyperinflation impact. Now, excluding all those, what do you think would be a sustainable run rate to be able to model for 2025? Because if I look at consensus, it's about 10% below your 4Q run rate. So any guidance there would be helpful. And on Arval, I hear you when the expectations for organic growth is encouraging, but can you provide some rough guidance maybe on organic growth and margins? I think that will give some comfort that the higher multiple revenue lines of leasing and service margins are growing. So any guidance there again would be helpful. Thank you.

Jean-Laurent Bonnafé: Within Europe-Med we have basically two major pieces. One is the Polish bank and the other one is the Turkish bank. BNP Paribas Polska is going to deliver the same kind of performance as in 2024 with less provisioning when it comes to Swiss mortgages. So the bank will stay at a good, strong level of profitability in the range of 20% return on notional equity. Then, the Turkish bank is very much dependent upon the rate scenario. The trajectory we have is a decrease of the rate and so far, what we are seeing since December is that decrease taking place regularly. So we are on the trajectory we have anticipated.

It's to some extent the reverse way we saw in 2024. I mean margins were squeezed to some extent in Turkey for banks, at least for that type of a bank, because of the cost of funds and the rate scenario. We are going to be back to 2023, probably in terms of profitability, looking at the Turkish bank. It's very difficult to track the Turkish banks through the hyperinflation accounting norms. So locally it's a very profitable bank. Through the norms, it's slightly more difficult to see because those norms are not particularly convenient for the banking industry. That norm was not designed for the banking industry. That norm should not be implemented that way for the banking industry, but these are the norms; we have to stick to it.

So basically, 2025 for Turkey is not about volumes, it's very much about the rate scenario, and the way it goes, the way the central bank is moving so far, it is the scenario we have in mind, and we are quite confident the bank will be back in terms of profitability at the right level, at Group level, for BNP Paribas after the inflation norm, which is a very different story from the local accounting. That is totally different. So these are the two major pieces within Europe-Med.

Lars Machenil: And to put a number on it, particularly in Turkey and the hyperinflation. So indeed, if you look at the intrinsic evolution, they are picking up with the rates coming down. However, there is still a hyperinflation environment. So as an orientation, you could take that there's going to be a €50 million impact in the other line, so at the bottom, which is reflecting these evolutions that IAS 29 was not seen for a bank. And so that you will have to take into account for the year to come.

And then when you look at Arval, we are guiding on organic for 25/26. If you want two numbers. So fleet we anticipate it to grow by 6% and the organic top line we anticipate it to grow by 10%. So that basically means it's the fleet but it's also the services that we step up. So that's how you would have to look at Arval.

Sharath Kumar (Deutsche Bank): Thank you, Lars.

Jean-Laurent Bonnafé: Thank you very much, and a lot to be seen. Goodbye

The figures included in this presentation are unaudited.

As a reminder, on 29 February 2024 BNP Paribas reported restated quarterly series for 2023 to reflect, in particular, the end of the build-up of the Single Resolution Fund (SRF), effective 1 January 2024, and the assumption of a similar contribution to local bank taxes at a level estimated at about 200 million euros annually beginning in 2024, as well as an accounting heading separated from cost of risk and entitled "Other net losses for risks on financial instruments", beginning in the fourth quarter 2023. This presentation reflects this restatement.

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