

# BNP: BNP Paribas S.A.

Valuation Discount · Generous Income Engine · Resilient Structural Fundamentals

NTM P/E	Exp. 2-Yr Avg. EPS Growth	Price / Book Value	Dividend Yield
<b>~7.8x</b>	<b>~7.6%</b>	<b>~0.78x</b>	<b>~6.6%</b>
Next Twelve Months	Forward outlook	~22% discount to book	High payout expansion

## DEEP VALUE COMPOUNDER: THE QUANTITATIVE VALUE CASE

While the broader market frequently chases high-multiple tech stories, true institutional alpha is often found in deep-value, high-yielding capital compounders. BNP Paribas S.A. presents a textbook case of a highly resilient banking giant mispriced by the market. Backed by an exceptional **Value Rank of 90/100** and a robust **Growth Rank of 80/100** — qualifying for both **Top Value** and **Top Growth** simultaneously — BNP successfully couples cheap entry multiples with steady structural expansion.

Value Score	Growth Score	Discount to Book	Dividend Yield
<b>90/100</b>	<b>80/100</b>	<b>~22%</b>	<b>~6.6%</b>
TOP VALUE	TOP GROWTH	Margin of safety	Secured by scaling income

### 1 · The Valuation Disconnect & Substantial Margin of Safety

Our models indicate that investors are currently able to acquire one of Europe's largest, most systemically important banking institutions at a steep discount to its intrinsic worth.

- **Compressed Multiples:** Trading at a forward NTM P/E of roughly **7.8x** and an LTM P/E of ~8.6x — deep within value territory for a banking franchise of this scale.
- **Deep Book Value Discount:** P/BV of approximately **0.78x** — investors are effectively buying BNP's asset base at an institutional discount of more than **20%**, providing a massive fundamental margin of safety.
- **Multiple Normalisation:** As net earnings compound and return metrics stabilise, multiple expansion alone represents a powerful non-correlated source of total return for long-term holders.

### 2 · Robust Capital Returns & Income Generation

True value investing requires being paid well while waiting for a market re-rating. BNP operates as a highly predictable income engine.

- **Premium Dividend Yield:** Current dividend yield at a stellar **~6.6%** — one of the highest and most stable distributions within the European large-cap banking sector.
- **Confident Payout Expansion:** Dividend per share on track to expand significantly, with YoY dividend growth exceeding **+14%** — signalling management's absolute confidence in future cash flows.
- **Net Income Scaling:** Underlying profitability supports this distribution, with aggregate net income projected to deliver a credible, single-digit percentage expansion over the current fiscal period.

### 3 · Resilient Fundamentals — Avoiding the Value Trap

Many value stocks trade at low multiples because their businesses are fundamentally broken. Quantitative analysis shows that BNP Paribas is expanding its structural strength.

■ **ROE Expansion:** Return on Equity steady at ~9.6% LTM, projected to structurally improve toward **10.7%** — bridging the gap toward premium valuation territory.

■ **Consistent Intrinsic Value Creation:** Book value per share compounding cleanly at a steady **+6.6% annualised** growth — continuous internal value generation quarter after quarter.

■ **Stable Growth Profile:** Far from a declining legacy business — BNP screens as a highly efficient cash machine with an expected average annual EPS growth rate of about **7.6%** over the next two years.

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## The Bottom Line

With a ~6.6% dividend yield, a single-digit forward earnings multiple, and a 22% discount to its underlying book value, BNP Paribas stands out as an institutional-grade opportunity. Our multi-factor quantitative models have assigned it a **Value Rank of 90/100** and a **Growth Rank of 80/100** — a rare dual Top Value + Top Growth qualification, successfully filtering it as a true compounder rather than a value trap. For sophisticated portfolios seeking defensive equity exposure with an aggressive income overlay, BNP is a highly compelling choice.

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