CNP Assurances SA

Update

Key Rating Drivers

Ownership Is Credit Negative: Fitch Ratings considers La Banque Postale S.A.'s (LBP; A/Negative) ownership of CNP Assurances SA as credit negative, due to the risk that CNP could return a significant amount of capital to LBP. Fitch views CNP as an integral part of LBP, with which it forms a publicly owned financial group. CNP represents about 60% of LBP's assets and is a key driver of LBP's net income. LBP is fully owned by La Poste (A+/Stable), which is ultimately state owned (France; AA-/Negative).

Very Strong Company Profile: Our view of CNP's very strong company profile is supported by the group's very strong and well-established franchise in the French life insurance sector. CNP is the second-largest French life insurer by premiums and is fifth in Europe by assets, with a strong presence in Italy. CNP's improving business and geographic mix, shifting from traditional general accounts savings to unit-linked and pension products as well as personal and protection lines, is also supportive of its rating.

Very Strong Capitalisation, Low Leverage: CNP's Prism Global model score improved to 'Extremely Strong' at end-2023 from 'Very Strong' at end-2022, predominantly reflecting a larger adjusted capital base, which includes shareholders' equity and is net of tax and net of the reinsurance contractual service margin (CSM). CNP's Solvency II (S2) ratio calculated using the standard formula and without transitional measures slightly improved to 257% at end-1H24 from 250% at end-2023 and 230% at end-2022. This was driven by favourable market effects.

We expect CNP's capital position to remain very strong, despite the potential for an increasing capital return to LBP. The Fitch-calculated financial leverage ratio (FLR) was 16.1% at end-2023 (end-2022: 18.8%). We expect it to be broadly stable in the next 12 to 24 months.

Stable Earnings Record: Fitch view CNP's profitability as strong, driven by stable earnings and well-diversified sources of earnings. CNP's return on equity was 9.1% at end-2023 (end-2022: 6.0%). Attributable net profit was up by EUR546 million to EUR1.7 billion, mainly due to favourable market effects, which boosted the insurance service result in France and Europe, and revenue from own-funds' portfolios in all regions.

CNP reported strong results for 2023, as reflected in a 24% growth in insurance service result, driven by CSM release. The CSM increased to EUR19.0 billion at end-2023 (end-2022: EUR17.3 billion), fuelled by strong results in the French business. However, premium income fell in 2023 as growth in France was insufficient to offset the adverse effects of above-market lapses in Italy and a fall in new money in Latin America.

Moderate Asset Risk: We view CNP's asset risks as moderate for the rating, as measured by the group's risky-assets ratio at 82.3% at end-2023. The ratio is driven by a high exposure to equity investments, but this is mitigated by CNP's ability to share investment losses with policyholders and a sustained equity and interest rates risk-hedging strategy.

Ratings

CNP Assurances SA

Insurer Financial Strength	A+
Long-Term IDR	A

Outlooks

Insurer Financial Strength	Negative
Long-Term IDR	Negative

Debt Ratings

Subordinated Long-Term Rating	A-
Subordinated Long-Term Rating	BBB
Subordinated Long-Term Rating	BBB+

Financial Data

CNP Assurances SA

(EURbn)	2023	2022
Insurance revenue	11.0	11.4
Total assets	436.5	424.6
Net income	1.7	1.2
Net income return on equity (%)	10.1	6.6
S2 ratio (%)	250	230

Source: Fitch Ratings, CNP

Applicable Criteria

Insurance Rating Criteria (March 2024)

Related Research

Insurance Insights – French Insurance Market (February 2025)

European Insurance Outlook 2025 (December 2024)

French Insurers Ratings Unaffected by Sovereign Action; CNP's Outlook Revised to Negative (October 2024)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Negative rating action on LBP, which could lead to a capital depletion at CNP.
- A revision of Fitch's view on CNP and LBP's interconnectedness could lead to an affirmation.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- The Outlook could be revised to Stable if LBP's Outlook were revised to Stable.
- An upgrade of LBP could lead to an upgrade of CNP.

Latest Developments

CNP reported strong premium income at EUR36.2 billion in 2024 (2023: EUR34.5 billion), fuelled by a 4.5% increase in France, CNP's largest market, and a 21% rise in Italy. This was only partly offset by a 6.4% premium contraction in Brazil as a result of unfavourable foreign-exchange impact. CNP reported a strong 9% increase in its savings business, partly offset by declines in volumes in term creditor insurance (6%) and pension (1.5%).

CNP's insurance service result (ISR) contracted by 9% in 2024 to EUR3.1 billion. The decline was due to the exceptional factors that boosted the ISR in 2023. Operating expenses were broadly stable at EUR1.1 billion (up 1%).

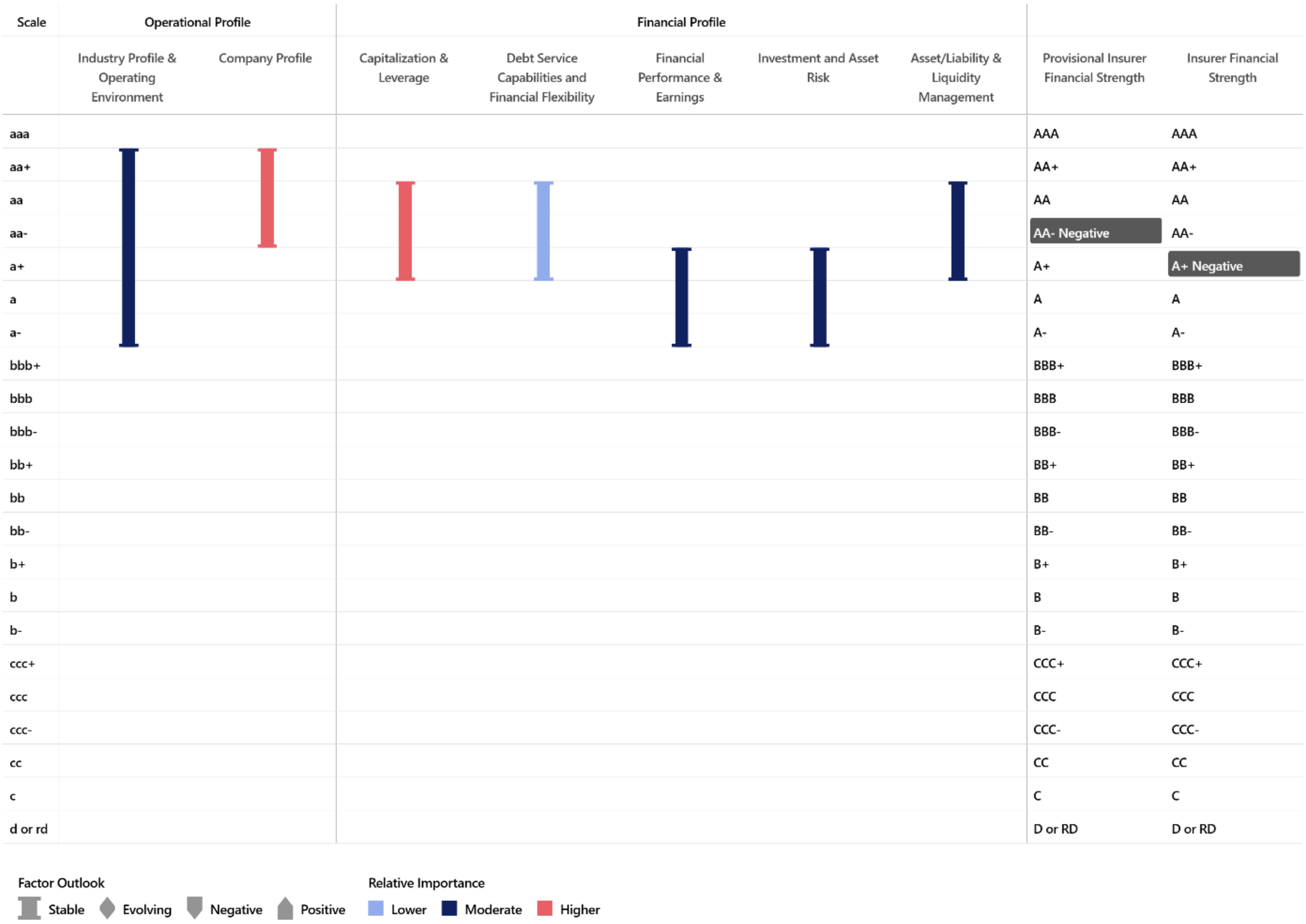
Attributable net profit under IFRS 17 was EUR1.6 billion, down 6% from 2023), with France contributing EUR1.3 billion, Europe excluding France EUR100 million and Latin America EUR300 million.

CNP's CSM amounted to EUR16.5 billion in 2024, down EUR3 billion due to unfavourable market effects and releases to profit from the policyholders' surplus provision. Equity under IFRS 17 was EUR17.5 billion, down EUR1.6 billion due to payment of ordinary and special dividends in respect of 2023 for EUR2 billion, interim dividends for EUR0.4 billion as well as to EUR0.3 billion negative currency effect in Brazil, partly offset by the EUR1.6 billion contribution of net profit for the year.

The insurer's S2 ratio was 231% at end-2024, down 19pp from end-2023. The decline reflected unfavourable market trends over the period (-15%), releases from the policyholders' surplus provision (-6%) and adjustments to the financial strategy (-3%), partly offset by the inclusion in equity of profit for the year net of the expected 2024 dividend (+6%).

In January 2025, CNP and La Mutuelle Générale (LMG), a French mutual insurer focusing on health and protection, announced the creation of CNP Assurances Protection Sociale, a public limited company owned 65% by CNP Assurances Holding and 35% by LMG. CNP Assurances Protection Sociale aims to become a leader in health and protection. The transaction had a limited negative impact of 1%-2% on CNP Assurances Holding's S2 ratio.

Key Rating Drivers - Scoring Summary



Other Criteria Elements

Provisional Insurer Financial Strength		**AA-**
Non-Insurance Attributes	Neutral	0
Ownership / Group Support	Negative	-1
Transfer & Convertibility / Country Ceiling	—	—
Insurer Financial Strength		**A+**
IFS Recovery Assumption	Good	-1
Issuer Default Rating		**A**

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.