

# Corporate Credit > Europe Investment Grade



## CNP Assurance

Updated: Oct 28, 2015

### Trade Idea:

- ▶ Buy

### Investment Rationale:

- ▶ Largest French life insurer and central pillar of France's saving and pension system. The majority of the shares is held by the French State either directly or through agency banks
- ▶ Solid 1H15 results led by an improvement in product mix and operating performance
- ▶ Moderate gearing, strong Solvency position (S2 guidance around 170%) , improving ROE (1H15: 8.8%) and moderate debt leverage.
- ▶ Brazil risk : more than 30% of revenues, but asset exposure is relatively low as well as the traditional Pension business. The asset and business risk for Brazil is considered to be manageable.
- ▶ USD denominated
- ▶ Lower Tier 2 instrument, coupons could be deferred in case of a solvency event. Perpetual with first call in 2019
- ▶ Relative underperformer in the sector after the general spread recovery in october
- ▶ The instrument is attractive on a 4.6% yield level. With general market conditions starting to improve, there is still room for further compression.

### Recommendation(s)\*:

View	Trade Horizon	Ticker	Coupon	Maturity	S&P	Moody's	Ccy	Issue Size	Yield	Entry Spread	Target Spread	Risk Level	Cash Price	Isin	Capital Structure	Security_des
outperform	12m	CNFFP	6.875	7/18/2019	BBB+	#NA NA	USD	500.00	4.6	338	260	450	107.41	FR0011538461	LowerTier 2	CNFFP 6 7/18 07/29/49

\* Levels as of 10/28/2015