MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns a Baa1(hyb) rating to the Tier 2 subordinated debt issued by Matmut Societe d'Assurance Mutuelle

12 May 2025

Paris, May 12, 2025 – Moody's Ratings (Moody's) has today assigned a Baa1(hyb) rating to the €500 million Tier 2 ordinary dated subordinated notes due 2035 to be issued by Matmut Societe d'Assurance Mutuelle (Matmut, rated A2 for insurance financial strength, stable outlook), a French property and casualty (P&C) mutual insurer.

RATINGS RATIONALE

The Baa1(hyb) rating of the debt is consistent with our standard notching practices for this type of instruments issued by operating companies, and reflects (i) the ranking of the debt (subordinated obligation), (ii) the mandatory coupon deferral mechanism (in case of breach of regulatory capital requirements), and (iii) the cumulative nature of deferred coupons, in case of deferral.

The notes are intended to qualify as Tier 2 capital under Solvency II, and Matmut will use the proceeds to finance the acquisition of HSBC Assurances Vie (France) (HSBC Assurances Vie). The notes include a mandatory interest deferral in case of breach of regulatory capital requirements of the issuer and/or the Matmut group (SGAM Matmut). However, any deferred interest payment will constitute arrears of interest and remain due by Matmut at a future date (cumulative coupon skip mechanism). The breach of regulatory requirements triggering interest deferral relates to Solvency II requirements (Solvency Capital Requirements and Minimum Capital Requirements) as well as any future regulatory regime.

The debt also includes a specific non-acquisition event redemption, enabling Matmut to redeem all of the notes irrevocably during a certain timeframe if it decides not to acquire HSBC Assurances Vie.

Matmut is a French P&C mutual insurer that has diversified its revenue sources into Protection & Health over the last few years. The acquisition of HSBC Assurances Vie, with a closing expected during Q4 2025, would increase Matmut's exposure to life insurance from approximately 6% of total premiums (2023 audited accounts) to 33% on a proforma basis. This transaction would materially enhance Matmut's business and profit diversification while reducing its dependence on its lower margin French P&C business.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The rating of Matmut's subordinated debt would be upgraded if Matmut's insurance financial strength rating were upgraded, which could occur in case of (i) a material improvement of geographic or business diversification, and (ii) an increase in profitability, as evidenced by a return-on-capital above 5%, while maintaining a Solvency II ratio above 180%.

Conversely, a downgrade could occur in case of (i) a decrease in profitability, as evidenced by a return-on-capital sustainably below 2%, prompted for example by a persistent high combined ratio at the group level, or (ii) a deterioration of the group's franchise, as evidenced by a sustainable reduction of market share, or (iii) a sustainable deterioration of capital adequacy, with a Solvency II ratio remaining below 180%.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was Property and Casualty Insurers published in April 2024 and available at https://ratings.moodys.com/rmc-documents/418354. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

This rating is solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the UK and is(are) endorsed for use in the UK in accordance with the UK CRA Regulation.

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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