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Fitch Affirms La Banque Postale at 'A-'; Outlook Stable

Fitch Ratings - Paris - 07 Nov 2025: Fitch Ratings has affirmed La Banque Postale S.A.'s (LBP) Long-Term Issuer Default Rating (IDR) at 'A-' with a Stable Outlook and Viability Rating (VR) at 'a-'. Fitch has affirmed the Government Support Rating (GSR) at 'a-'.

A full list of rating actions is below.

Key Rating Drivers

Business Profile, Capital Support Ratings: LBP's ratings are driven by its VR and underpinned by its GSR of 'a-'. The VR reflects its insurance-heavy business mix, as fully owned CNP Assurances SA (A-/Stable) represents about 60% of its assets and drives its profitability. The rating also reflects adequate profitability, albeit lower than at most large European banks. We view capitalisation metrics as commensurate with risks, although capital is not fully fungible between LBP and CNP. The ratings also consider LBP's risk profile, which is sensitive to market risk, higher vulnerability to sovereign exposure than peers, sound asset quality, and strong funding and liquidity.

Public-Sector-Owned Bancassurer: LBP is a fully fledged and integrated bancassurer, with CNP its main performance driver. LBP has a significant but underperforming franchise in French retail banking, with strong deposit market shares in Livret A savings (about 16%). CNP holds strong market positions in life and creditor insurance in France and has well-performing operations in Brazil and Italy. LBP has refocused its business model on core banking and insurance businesses following management turnover in 2023.

Tightened Risk Controls, Market Risks: Credit underwriting standards in the banking business are low risk. LBP's risk profile reflects less proven credit and interest rates risk controls than large French peers, despite having improved. It also considers lower diversification of the loan book. The risk profile is exposed to market risks because of excess of fixed-rate assets over liabilities in banking activities, high share of regulated savings, and through CNP's interest and investment risk, which is fairly high relative to European peers but in line with French bancassurers.

Sound Asset Quality; Sovereign Exposure: LBP's sound impaired loans ratio illustrates its low-risk banking business, with focus on housing loans. The ratio remains among the lowest for large French banks, despite a material increase since end-2021. We forecast the ratio will stay slightly above 2% until end-2026 (end-June 2025: 2.1%).

LBP is more exposed to French sovereign bonds than other domestic banks. We estimate the exposure reached a high 140% of common equity Tier 1 (CET1) capital at end-June 2025 for the banking book. Ninety-six percent of the portfolio is accounted at amortised cost, which reduces the risk of large capital ratio swings. The exposure was more than 4x CET1, including CNP's insurance portfolio, although robust policyholder loss-absorption features reduce financial risks for the group.

CNP Drives Adequate Profitability: CNP's reasonable performance in insurance continues to largely outweigh the underperformance in French retail banking, which has been structurally loss-making in recent years. LBP's operating profit/risk-weighted assets (RWAs) ratio should remain at least at 2% in 2025-2026 (2.85% in 1H25), driven by organic growth in insurance, better cost control and a gradual recovery in French retail, but the latter could be challenged by the weakening operating environment.

Danish Compromise Drives Capital: LBP's high concentration on the French sovereign is a constraining factor on our assessment of the group's capitalisation. Its strong regulatory capital ratios greatly benefit from the favourable treatment of CNP's stake under the Danish Compromise, which overstates loss-absorbing capital available to LBP's creditors. In addition, we view CNP's capital as not fully fungible with LBP's, despite CNP's regular dividend payment. LBP's CET1 ratio was 18.2% at end-June 2025 and we expect internal capital generation to maintain the CET1 ratio at about 18% in 2025-2026.

Strong Funding and Liquidity: Our assessment of LBP's funding and liquidity incorporates the bank's stable and granular retail-deposit base, with a very high share of insured deposits and comfortable excess liquidity. Stronger market shares in deposits than in loans in France translate into one of the lowest loans/deposits ratios among rated large western European banks, which was about 64% at end-June 2025. However, we expect this ratio to increase in the medium term as the bank grows its loan book.

Very High Probability of Support: LBP's 'a-' GSR reflects a very high probability of state support and underpins the Long-Term IDR, although it is currently not a driver of the rating. Provision of support would most likely be through LBP's direct parent, La Poste (A+/Stable), the French postal service operator, whose public-sector ownership is enshrined in French law.

LBP's GSR is two notches below France's sovereign IDR of 'a+' as support would most likely be provided under the limitations of the EU Bank Recovery and Resolution Directive and state aid considerations. This assessment builds on LBP's indirect public-sector ownership and on the bank's high importance to its parent and to the French state, given LBP's public-service mission.

Rating Sensitivities

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

A downgrade of LBP's ratings would require a combined downgrade of the VR and the GSR. Fitch could downgrade LBP's VR if operating losses in the retail banking operation widened, resulting in the CET1 ratio falling below 15% on a sustained basis and operating profit declining below 2% of RWAs. LBP's ratings are also sensitive to severe market shocks if Fitch expects these to result in a durable and significant impact on the group's capitalisation or earnings.

A sharp deterioration of CNP's financial profile would likely put pressure on LBP's ratings due to the size of the insurance activities in the business mix and their key contribution to the group's profitability and internal capital generation. Material obstacles to capital fungibility within the group, such as regulatory measures preventing regular dividends being regularly upstreamed to LBP, would also be rating negative.

We would likely downgrade the GSR if France's ability or propensity to support LBP diminished.

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

An upgrade of the rating would require increased business diversification resulting in structurally improved earnings, including through a turnaround of the retail banking business, and a CET1 ratio remaining well above 16%. This could be manifested in operating profit being sustainably above 3% of RWAs, and a return on equity rising close to higher-rated peers'. A material reduction in sensitivity to a potential stress on its large sovereign holdings would also be positive for ratings.

An upgrade of CNP's Insurer Financial Strength Rating would not automatically lead to an upgrade of LBP's ratings, as our assessment of the group's consolidated profile would likely remain constrained by our views on capital fungibility and business diversification relative to higher-rated banking peers'.

An upgrade of the GSR would be contingent on a positive change in the sovereign's propensity to support the bank. In Fitch's view, this is highly unlikely, although not impossible.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

LBP's long-term senior preferred debt rating of 'A' is one notch above the Long-Term IDR, reflecting Fitch's expectation that LBP will continue to maintain large amounts of subordinated and senior non-preferred debt to comfortably meet its total resolution buffer requirement without senior preferred debt. For the same reason, LBP's senior non-preferred debt is rated in line with its Long-Term IDR.

Fitch expects LBP to meet its total minimum requirement for own funds and eligible liabilities (MREL) without using senior preferred debt. LBP complies with a total MREL of 25.4% in 2025, including the 1% countercyclical buffer in force since 2 January, and the subordinated MREL ratio was 27.6% at end-2025 (end-2024: 28.1%). To meet this requirement, we expect LBP will continue issuing senior non-preferred debt, and potentially replacing junior instruments, over the next 12 to 24 months.

Fitch rates LBP's Derivative Counterparty Rating (DCR) and long-term deposits in line with its senior preferred debt because non-guaranteed depositors and derivative counterparties in France benefit from the same level of protection from bank resolution buffers.

The short-term senior preferred debt and deposit ratings are in line with LBP's Short-Term IDR of 'F1', which is the higher of the two ratings mapping to a long-term debt rating of 'A-'. This reflects Fitch's assessment of LBP's funding and liquidity at 'a+'/Stable.

LBP's subordinated Tier 2 notes are rated 'BBB', two notches below the bank's VR, to reflect poor recovery prospects in case of non-viability. Fitch does not apply further notches for non-performance risk because the terms of the notes do not include contingent conversion triggers.

The bank's additional Tier 1 (AT1) notes are rated 'BB+', four notches below its VR. This includes two notches for loss severity and two notches for non-performance risk. Our assessment is based on LBP's large consolidated regulatory capital buffers above coupon-omission triggers, and sufficient distributable reserves supported by the dividends received from CNP, which more than offset the loss-making banking operations.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

SENIOR DEBT, DERIVATIVE COUNTERPARTY RATING AND DEPOSITS

LBP's DCR, senior debt, and deposit ratings are primarily sensitive to changes in LBP's IDRs. We would downgrade the DCR, long-term senior preferred and senior non-preferred debt, and deposit ratings by one notch if the bank could no longer meet its total resolution buffer requirement without senior preferred debt, while the buffer of senior non-preferred and junior debt remains consistently below 10% of RWAs.

The Short-Term IDR is sensitive to a combined downgrade of LBP's Long-Term IDR and a downward revision of the funding and liquidity score to below 'a'.

SUBORDINATED DEBT AND AT1

LBP's Tier 2 notes' rating is primarily sensitive to a change in LBP's VR. The notes' rating is also sensitive to a change in notching should Fitch change its assessment of loss severity or relative non-performance risk.

LBP's AT1 notes' rating is primarily sensitive to a change in LBP's VR. The rating of LBP's AT1 notes could also be downgraded if non-performance risk increases relative to the risk captured in LBP's VR, for example, if buffers over mandatory coupon omission triggers fall below 100bp or if distributable reserves become low. Fitch believes the latter could happen if there are interruptions in the regular flow of dividends from CNP to LBP.

VR ADJUSTMENTS

The operating environment score of 'a+' is below the 'aa' implied category score due to the following adjustment reason: sovereign rating (negative).

The funding and liquidity score of 'a+' is below the 'aa' implied category score due to the following adjustment reason: historical and future metrics (negative)

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

LBP's ESG Relevance Scores are in line with the standard scoring for western European banks except the Human Rights, Community Relations, Access and Affordability sub-factor, which we score at '3' for LBP instead of '2' for most banks. This is to reflect LBP's public-sector mission in supporting financially vulnerable clients, which we believe has some influence on its business generation and earnings profile. This is because LBP has a higher share of financially vulnerable, and so less profitable, customers than French peers.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
La Banque Postale S.A.	LT IDR	A-	Affirmed		A-
	ST IDR	F1	Affirmed		F1
	Viability	a-	Affirmed		a-
	DCR	A(dcr)	Affirmed		A(dcr)
	Government Support	a-	Affirmed		a-
• Senior non-preferred	LT	A-	Affirmed		A-
• junior subordinated	LT	BB+	Affirmed		BB+
• subordinated	LT	BBB	Affirmed		BBB
• long-term deposits	LT	A	Affirmed		A
• Senior preferred	LT	A	Affirmed		A

ENTITY/DEBT	RATING			RECOVERY	PRIOR
• Senior preferred	ST	F1	Affirmed		F1
• short-term deposits	ST	F1	Affirmed		F1

RATINGS KEY	OUTLOOK	WATCH
POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

Bank Rating Criteria (pub.21 Mar 2025) (including rating assumption sensitivity)

Additional Disclosures

Solicitation Status

Endorsement Status

La Banque Postale S.A.	EU Issued, UK Endorsed

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