MOODY'S
INVESTORS SERVICE

Rating Action: Moody's affirms AXA's A2 senior unsecured debt rating with a stable outlook

15 June 2021

Paris, June 15, 2021 – Moody's Investors Service (Moody's) has today affirmed AXA's A2 senior unsecured debt rating and A3 /A3(hyb) subordinated debt ratings, as well as the insurance financial strength ratings (IFSR) of AXA's operating subsidiaries, where applicable. The outlook is stable for all of AXA's affected entities.

Please click on this link https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1000004840 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

RATINGS RATIONALE

AXA – AFFIRMATION REFLECTS RESILIENCY IN THE FACE OF THE PANDEMIC

The affirmation of AXA's ratings with a stable outlook reflects the resilient profitability of the group, supported by a diversified business profile, strong capitalisation and improved financial flexibility. The stable outlook also reflects Moody's expectation that AXA will be able to reduce the volatility in its commercial and reinsurance business, as well as to protect the investment margin within its European life business thanks to a disciplined asset/liability management.

AXA's 2020 results were negatively impacted by a surge in coronavirus-related claims, notably business interruption claims. Nonetheless, the impact of the pandemic on the group's earnings (€1.5 billion net of tax and of reinsurance, and including the positive impacts of lower claims frequency in some lines of business) remained moderate compared to the normalized earnings capacity of the group, which Moody's estimates at around €6 billion per year, and in line with other large composite groups. Moody's does not expect any significant spillover of coronavirus claims in 2021, as for example testified by the recent transaction proposed by AXA to 15,000 restaurants in France to settle some of the business interruption claims and litigation for an additional total cost of €0.3 billion (before tax and reinsurance). AXA expects the net cost of the settlement offer to be offset by favorable developments in 2021 related to Covid-19 in France and in Europe. Moody's says that some uncertainties remain around the ultimate cost of Covid-related claims, for example due to a lack of clarity around the portion of the claims that reinsurers will reimburse.

Commenting further on the group's recent profitability, Moody's mentions that the performance of the AXA XL division has been relatively weak since its acquisition in the second half of 2018. Results were impacted by the pandemic in 2020 but also by a series of natural catastrophe events. Nonetheless, the group has gradually modified the risk profile of AXA XL, by reducing its exposure to natural catastrophic risk and casualty risks. This reduction of exposures in both segments were achieved by a combination of tighter underwriting and increased retrocession, as evidenced by the recent adverse development cover purchased to protect the group against a strengthening of legacy XL long tail lines reserves for accident years 2019 and prior. Conversely, AXA XL has grown exposures to specialty lines. In addition, the group's results will benefit from significant price increases in commercial lines which have started in 2018 and intensified since 2020.

AXA's capitalisation remained resilient in 2020, as evidenced by a reported Solvency II ratio of 200% as at year-end 2020, up from 198% as at year-end 2019 , even if the improvement was partly supported by the integration of AXA XL in the group's internal model, and the non-payment of half of the initially announced dividends for 2019.

The reduction in financial leverage in the last two years also supports AXA's credit profile. The group's financial leverage decreased to 24% as at year-end 2020, down from 29% at year-end 2018. Such level of financial leverage is fully in line with Moody's expectation with AXA's rating level and is in line with leverage reported by similarly rated peers. AXA's earnings coverage (that Moody's estimates at 7x on a normalized basis), as its level of return on capital (estimated at around 6% on a normalized basis) is however lower than some other Aa-rated peers.

OPERATING SUBSIDIARIES' RATINGS AFFIRMED

The affirmation of the Aa3 IFSRs of AXA's main subsidiaries in France (AXA France Vie and AXA France IARD), Switzerland (AXA Versicherungen AG), Germany (AXA Lebensversicherung AG, AXA Versicherung AG and AXA Krankenversicherung AG), Belgium (AXA Belgium), the UK (AXA Insurance UK plc) and of the AXA XL division (XL Bermuda Ltd) mirrors the rating action on the group. The ratings of these entities benefit from one or two notches of implicit support, reflecting their strong contribution to AXA's revenues and profits and their strategic relevance to the group.

Moody's has also affirmed the A1 IFSR of AXA insurance dac, AXA's Irish subsidiary which benefits from implicit support from the AXA Group. Although relatively small, AXA insurance dac is a leading and profitable property and casualty (P&C) insurer in its market and fits well within the strategy of the AXA Group.

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

AXA AND OPERATING SUBSIDIARIES

In terms of rating drivers going forward, Moody's said that positive rating pressure could arise from: 1) sustained decrease in adjusted financial leverage to below 20% and/or; 2) sustainable capitalisation at a very high level, both in absolute terms and compared to the peer group and/or; 3) improvements in profitability as evidenced by a Return on Capital (Moody's definition) consistently above 8% and fixed charge coverage consistently above 9x across the underwriting cycle.

Conversely, negative rating pressure could arise from: 1) Sustained rise in adjusted financial leverage beyond 30% and/or; 2) deterioration in profitability as evidenced by a Return on Capital (Moody's definition) consistently below 5% and fixed charge coverage below 5x across the underwriting cycle and/or; 3) Group Solvency II ratio falling below 175% and/or; 4) a meaningful deterioration in asset quality.

Any upgrade/downgrade of AXA's ratings would place upward/downward pressure on those subsidiaries which receive support from AXA.

PRINCIPAL METHODOLOGIES

The principal methodologies used in rating AXA, AXA Belgium and AXA Versicherungen AG were Property and Casualty Insurers Methodology published in November 2019 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1187352, and Life Insurers Methodology published in November 2019 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1187348. The principal methodology used in rating AXA insurance dac, AXA Insurance UK plc, AXA France IARD,

AXA Versicherung AG and Guardian Royal Exchange plc was Property and Casualty Insurers Methodology published in November 2019 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1187352. The principal methodology used in rating AXA France Vie, AXA Krankenversicherung AG and AXA Lebensversicherung AG was Life Insurers Methodology published in November 2019 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1187348. The principal methodology used in rating XL Bermuda Ltd and XLIT Ltd. was Reinsurers Methodology published in November 2019 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1187551. Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are all solicited credit ratings. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1000004840 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

• EU Endorsement Status

• UK Endorsement Status

• Rating Solicitation

• Issuer Participation

• Participation: Access to Management

• Participation: Access to Internal Documents

• Disclosure to Rated Entity

• Lead Analyst

• Releasing Office

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 at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this 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

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

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1263068.

The below contact information is provided for information purposes only. Please see the ratings tab of the issuer page at www.moodys.com, for each of the ratings covered, Moody's disclosures on the lead rating analyst and the Moody's legal entity that has issued the ratings.

The person who approved AXA, AXA Belgium, AXA insurance dac, AXA Insurance UK plc, AXA Versicherungen AG, AXA France IARD, AXA France Vie, AXA Krankenversicherung AG, AXA Lebensversicherung AG, AXA Versicherung AG and Guardian Royal Exchange plc credit ratings is Antonello Aquino, Associate Managing Director, Financial Institutions Group, JOURNALISTS: 44 20 7772 5456, Client Service: 44 20 7772 5454. The person who approved XL Bermuda Ltd and XLIT Ltd. credit ratings is Sarah Hibler, Associate Managing Director, Financial Institutions Group, JOURNALISTS: 1 212 553 0376, Client Service: 1 212 553 1653.

The relevant office for each credit rating is identified in "Debt/deal box" on the Ratings tab in the Debt/Deal List section of each issuer/entity page of the website.

Please see www.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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