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AXA Group

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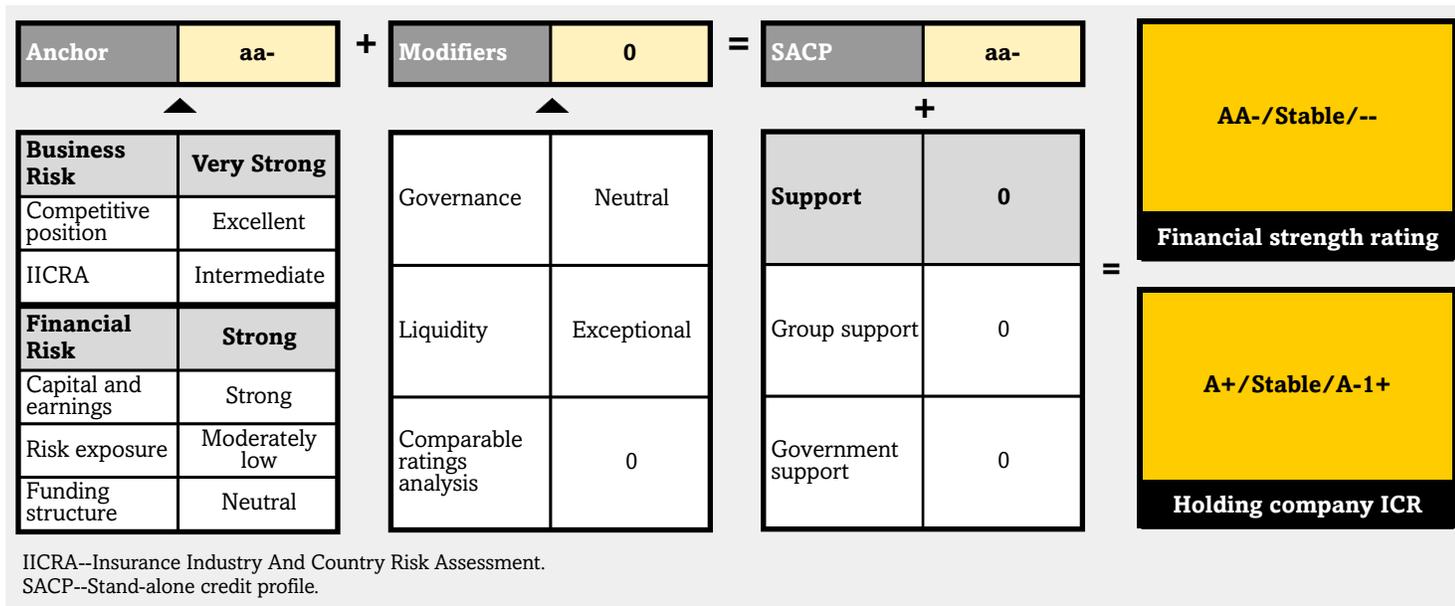
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AXA Group



Credit Highlights

Overview	
Strengths	Risks
Stable leading positions in many core markets in the U.S., Europe, and Asia, supported by superior brand recognition.	Ability to sustain a profitability improvement at AXA XL.
Broad business and product diversification, with additional earnings from asset management.	Recurrence of negative one-off items, affecting bottom-line profitability.
Robust capitalization, both in our view and relative to regulatory requirements.	Volatility of capitalization due to above-average reliability on softer forms of capital.

S&P Global Ratings expects that AXA group (AXA) will maintain its leading positions in various core markets. AXA is one of the largest global multiline insurers, distinguished by its diverse geographical footprint and product lines. Business and earnings diversification remains a key differentiator for AXA despite its divestments of several small operations in a couple of markets in Europe and Asia.

We expect that AXA will maintain robust capitalization at the 'AA' level. A strong rebound in earnings in 2021 supports our view of AXA's very strong capitalization, although with thin capital buffers at the 'AA' level. We consider that AXA's capital position will remain partly reliant on soft forms of capital, such as life insurance profits, unrealized gains on investments, and hybrid debt instruments. The sensitivity of some of these forms of capital to market movements may increase the volatility of AXA's capitalization in times of market stress.

We expect that AXA XL will continue to contribute positively to the group. We consider that AXA's acquisition of the XL group has increased its global presence, since it is now a global leader in commercial property and casualty (P/C) insurance. AXA XL is also a key diversifier of the group's earnings, with material revenue and cost synergies in both insurance and reinsurance. Furthermore, we believe that the group has now shifted its exposure toward insurance

underwriting risk and away from financial risk, in line with its strategy. We believe that AXA's profile is similar to that of global multiline insurer (GMI) peers such as Allianz or Zurich. That said, the significant recovery in AXA XL's earnings needs to prove sustainable, considering the cyclical nature of the markets where it operates.

The anchor choice of 'aa-' is influenced by our view of AXA's leading position in many insurance markets. It also reflects AXA's exceptional diversification and superior brand recognition.

Outlook: Stable

The stable outlook reflects our view that, over the next two years, AXA's profitability will remain solid, notably due to a material contribution from AXA XL, and that its capital adequacy will remain very strong according to our capital model.

Downside scenario

We could lower the ratings over the next two years if unexpected and adverse market or catastrophe-related developments materially weaken AXA's capital adequacy prospects and depress its stand-alone profitability. Setbacks in maintaining AXA XL's operating performance, including the recurrence of negative one-off items, could also put pressure on the ratings.

Upside scenario

We see an upgrade of AXA as unlikely. It would hinge on a material improvement in the group's profitability and capital adequacy.

Key Assumptions

- A contraction in eurozone GDP of 2.6% in 2022, 1.9% in 2023, and 1.8% in 2024.
- A rise in average 10-year government bond yields in the eurozone to 1.6% in 2022, 2.2% in 2023, and 2.3% in 2024.
- A contraction in U.S. GDP to 2.4% in 2022, 1.6% in 2023, and 1.9% in 2024.
- A likely increase in inflation in the U.S. to 5.6% in 2022, and before a slow decline to 3.3% in 2023 and 2.4% in 2024.
- Average 10-year government bond yields in the U.S. of about 2.7% in 2022, 3.2% in 2023, and 3.3% in 2024.
- An increase in GDP in Asia-Pacific to 7.0% in 2022. We anticipate growth of 5.1% in 2022 and 4.7% in 2023.

AXA Group--Key Metrics

	2023f	2022f	2021	2020	2019	2018
Gross revenues (mil. €)	>100,000	>100,000	99,931.0	96,723.0	103,532.0	102,874.0
Net income after minority interests (mil. €)	>6,000	>6,000	7,294.0	3,164.0	3,857.0	2,140.0
Return on shareholders' equity (%)	>8	>8	10.9	4.8	6.2	(0.6)
Net combined ratio (%)	~95	~95	94.6	99.5	96.5	97.0

AXA Group--Key Metrics (cont.)

	2023f	2022f	2021	2020	2019	2018
Life new business margin (%)	>3.5	>3.5	3.8	3.7	3.7	3.9
S&P Global Ratings' capital adequacy	Very strong	Very strong	Very strong*	Very strong	Very strong	Strong
Fixed-charge coverage (x)	>10	>10	13.8	5.8	7.7	9.4
Financial leverage (%)	<30	<30	24.5	24.0	24.9	28.0

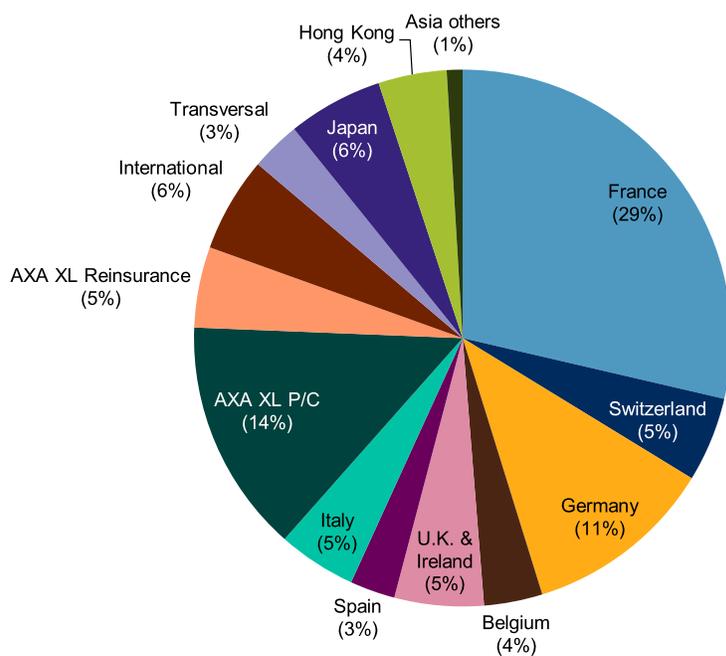
f--S&P Global Ratings' forecast. *Estimate for 2021.

Business Risk Profile: Very Strong

AXA has a highly diversified franchise, but with a large bias toward advanced economies. Most of AXA's business is in large and stable countries where we perceive industry and country risk to be low or intermediate, such as France (life and P/C), Switzerland (life and P/C), and Germany (P/C). AXA's presence in global P/C reinsurance aids its competitive position. Activities in weaker economies, represented by various emerging markets that we consider have moderate insurance industry and country risk, only make up about 10% of group premiums.

Chart 1

AXA's Gross Revenues By Region In 2021



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AXA's robust competitive position stems from its strong brand and market position, as well as its broadly diverse

country and industry risk exposures. AXA holds a top-five position in France, Switzerland, Belgium, Germany, and the U.K. and Ireland, and in large international commercial lines of business. The group compares favorably with its GMI peers in terms of volumes, geographical reach, and business mix. With €100 billion of total revenue and €775 billion in total assets in 2021, AXA is one of the world's largest multiline insurance groups. The group's combination of life, P/C, and health insurance businesses, with additional fee-based income from asset management, reinforces our view.

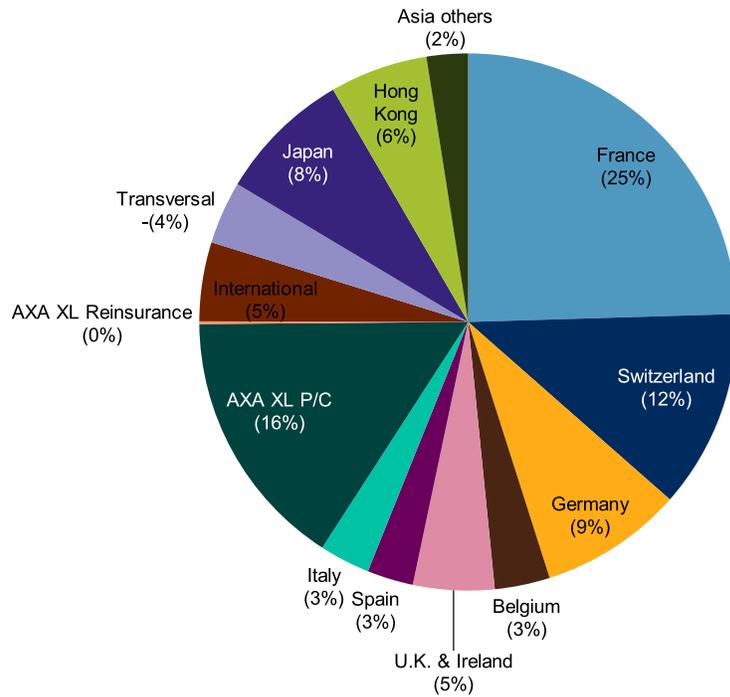
AXA has built its geographical footprint through both organic growth and opportunistic acquisitions. We believe that AXA's 2023 strategy to focus on health, protection, and commercial P/C business lines, as well as to exit from small countries or businesses, will support its goal of moving toward less capital-intensive activities. AXA's recent divestments of operations in a couple of Asian and European markets are consistent with its long-term strategy.

Similar to most of its GMI peers, AXA has a comprehensive mix of distribution channels, ranging from proprietary agents to bank insurance joint ventures and direct capabilities. These enable the group to reach a diverse customer base, with about two-thirds of business coming from retail clients and the rest from the corporate segment.

After dampened earnings in 2020 due to the COVID-19 pandemic and a higher number of natural catastrophes, AXA's net income rebounded to €7.3 billion in 2021. This was despite it being hit by sizable losses from natural catastrophes, including floods in Europe and hurricane Ida. Earnings in the first half of 2022 were also strong. We expect that AXA will continue to benefit from the hard markets in several countries and large commercial business lines. Overall, we consider AXA's operating performance as comparable with that of its closest GMI peers. The group has a track record of achieving its efficiency targets, and we believe this is likely to continue.

Chart 2

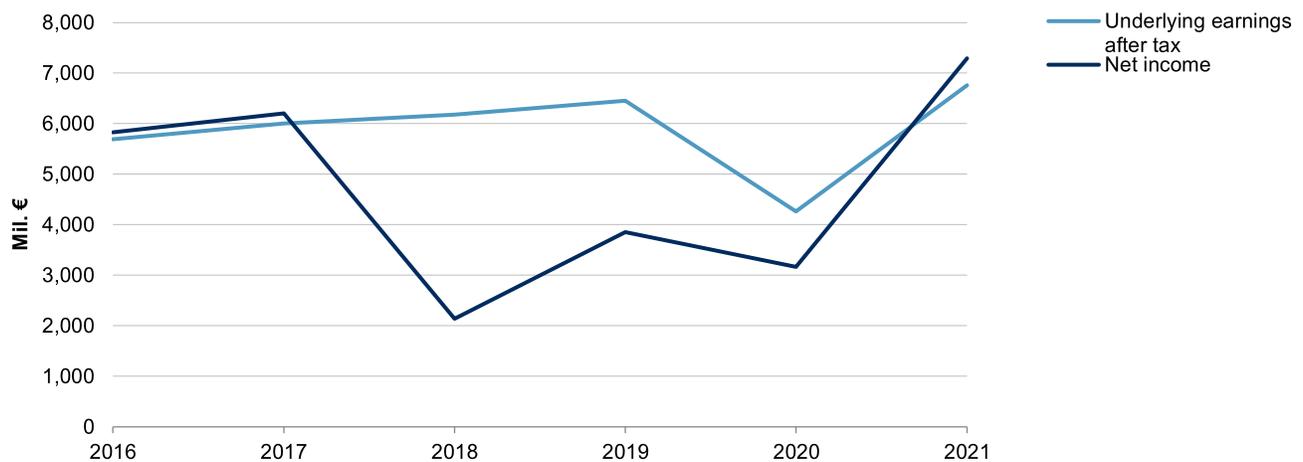
AXA's Underlying Earnings After Tax By Region In 2021



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Chart 3

AXA's Earnings Trend In 2016-2021



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Financial Risk Profile: Strong

We expect AXA's capitalization as per our risk-based capital model to be at the 'AA' level through 2022-2023, alongside capital redundancy with a reasonable margin. This reflects our expectation of strong earnings, an unchanged dividend policy, and a reduction in capital requirements following the disposals of several small businesses in Europe and Asia, partly offset by announced share buybacks.

In the medium term, we expect that AXA will generate excess capital of nearly €3.0 billion per year, assuming it generates net income of nearly €6.0 billion on average in 2022-2023 and the dividend payout ratio is about 50%. Our review of AXA's loss reserves has also prompted us to include part of these reserves in our adjusted capital calculation for reserve surpluses.

AXA's regulatory solvency ratio continued to improve to 227% at end-June 2022, exceeding its target capital range of 190%, and benefiting from improved market fundamentals and debt issuance. The capital requirements for the life and nonlife businesses are well balanced.

Nonetheless, we consider that AXA's capital position remains partly reliant on soft forms of capital, such as future life insurance profits, unrealized gains on investments, and hybrid debt instruments. The sensitivity of some of these forms of capital to market movements may increase the volatility of AXA's capitalization in times of market stress.

Following the acquisition of XL in 2018, AXA has become a global leader in commercial P/C insurance, supporting a high level of risk diversification. However, AXA XL still needs to demonstrate that the earnings recovery we observed in 2021 and the first half of 2022 is sustainable, notably if the pricing environment for large commercial and reinsurance business becomes less favorable. Still, we expect AXA XL to continue to contribute positively to the group's earnings.

Our assessment of AXA's risk exposure as moderately low is in line with our assessment for GMI peers. The improvement in AXA's business mix has reduced its exposure to what we consider high-risk assets relative to its capital base, although its exposure remains higher than for some of its peers. The group's exposure to significant claims is mitigated by a reduced appetite for catastrophe risks, as well as by significant reinsurance coverage, including adverse development cover that largely protects some of AXA XL's legacy long-tail insurance reserves against unfavorable developments.

AXA's financial flexibility is strong, with a long and successful track record of tapping the financial markets. The group's financial flexibility is further enhanced by a well-spread debt-repayment schedule over the next five years. AXA has successfully completed its deleveraging plan, and since then, has maintained its financial leverage ratio at about 25%. In 2021, the fixed-charge coverage ratio exceeded 8.0x thanks to the sharp recovery in profitability. We project that AXA's fixed-charge coverage ratios will stay above 8.0x over 2022-2023, which compares well with the ratios of other GMIs.

Other Key Credit Considerations

Governance

AXA's management and governance are strong, notably due to its strong track record of strategic planning and execution.

Liquidity

AXA's liquidity is exceptional, owing to the strength and variety of available liquidity resources, factoring in minimal risk from collateral posting and confidence-sensitive liabilities.

Environmental, social, and governance (ESG)

ESG Credit Indicators

E-1	E-2	E-3	E-4	E-5	S-1	S-2	S-3	S-4	S-5	G-1	G-2	G-3	G-4	G-5
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ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumeric 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

ESG factors have no material influence on our credit rating analysis of AXA.

Factors specific to the holding company

On May 11, 2022, we raised our long- and short-term issuer credit ratings on AXA S.A. to 'A+/A-1+' from 'A/A-1' and assigned our 'A+' financial strength rating. The upgrade followed AXA S.A. obtaining regulatory and shareholder approval to transform itself into a reinsurer. AXA S.A. is now an internal reinsurer for part of AXA's P/C, retail, and commercial insurance business written in Europe, reinforcing its integral role within the group. AXA S.A. will reinsure part of its European P/C entities through annually renewable quota share reinsurance treaties. AXA S.A.'s reinsurance revenue will further diversify its dividend streams by region and business line, but we do not expect the dividends to fully cover AXA S.A.'s financing and operating costs.

Accounting considerations

We base our analysis primarily on audited financial data prepared in accordance with International Financial Reporting Standards. We regard the group's financial communication and disclosures as sound and transparent.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017

- Criteria | Insurance | Property/Casualty: Assessing Property/Casualty Insurers' Loss Reserves, Nov. 26, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010

Appendix

AXA Group--Credit Metrics History				
Ratio/Metrics	2021	2020	2019	2018
S&P Global Ratings' capital adequacy	Very strong*	Very strong	Very strong	Strong
Total invested assets (mil. €)	628,385.0	640,423.0	621,144.0	739,944.0
Total shareholders' equity (mil. €)	68,533.0	69,692.0	67,919.0	66,403.0
Gross premiums written (mil. €)	97,132.6	94,268.9	100,154.1	96,369.3
Net premiums written (mil. €)	84,712.0	82,755.1	90,440.5	90,180.1
Reinsurance utilization (%)	12.8	12.2	9.7	6.4
EBIT (mil. €)	9,658.0	6,626.0	8,541.0	9,003.0
Net income (attributable to all shareholders) (mil. €)	7,507.0	3,331.0	4,181.0	(374.7)
Return on revenue (%)	9.7	6.8	8.2	8.0
Return on assets (including investment gains/losses) (%)	1.3	0.9	1.0	1.0
Return on shareholders' equity (reported) (%)	10.9	4.8	6.2	(0.6)
P/C: net combined ratio (%)	94.6	99.5	96.5	97.0
P/C: net expense ratio (%)	26.6	27.2	26.7	27.2
EBIT fixed-charge coverage (x)	13.8	5.8	7.7	9.4
Financial obligations / EBIT adjusted (x)	2.3	3.3	2.6	2.9
Financial leverage excluding pension deficit as debt (%)	24.5	24.0	24.9	28.0
Net investment yield (%)	2.2	2.2	2.2	2.9
Net investment yield including investment gains/(losses) (%)	2.8	2.5	2.3	2.6

P/C--Property/casualty. *Estimated capital adequacy.

Business And Financial Risk Matrix

Business risk profile	Financial risk profile							
	Excellent	Very Strong	Strong	Satisfactory	Fair	Marginal	Weak	Vulnerable
Excellent	aa+	aa	aa-	a+	a-	bbb	bb+	b+
Very Strong	aa	aa/aa-	aa-/a+	a+/a	a-/bbb+	bbb/bbb-	bb+/bb	b+
Strong	aa-/a+	a+/a	a/a-	a-/bbb+	bbb+/bbb	bbb-/bb+	bb/bb-	b+/b
Satisfactory	a	a/a-	a-/bbb+	bbb+/bbb	bbb/bbb-	bb+/bb	bb-/b+	b/b-
Fair	a-	a-/bbb+	bbb+/bbb	bbb/bbb-	bbb-/bb+	bb/bb-	b+/b	b-
Weak	bbb+/bbb	bbb/bbb-	bbb-/bb+	bb+/bb	bb/bb-	bb-/b+	b/b-	b-
Vulnerable	bbb-/bb+	bb+/bb	bb/bb-	bb-/b+	b+/b	b/b-	b-	b-

Note: Where table indicates two possible outcomes, we determine the anchor as follows: For financial risk profiles that we assess as satisfactory or stronger, we consider the relative strength of both the business risk and financial risk profiles within the cell. This is based on a holistic assessment of the relative strengths of the rating factors of the business risk profile and financial risk profile. For financial risk profiles that we assess as fair or weaker, we typically place more weight on the relative strength of the rating factors of the financial risk profile.

Ratings Detail (As Of September 1, 2022)*

Holding Company: AXA

Financial Strength Rating

Local Currency

A+/Stable/--

Issuer Credit Rating

A+/Stable/A-1+

Commercial Paper

A-1+

Junior Subordinated

BBB+

Senior Unsecured

A+

Subordinated

A-

Operating Companies Covered By This Report

AXA France IARD

Financial Strength Rating

Local Currency

AA-/Stable/--

Issuer Credit Rating

Local Currency

AA-/Stable/--

AXA Banque

Issuer Credit Rating

A+/Stable/A-1+

AXA Belgium

Financial Strength Rating

Local Currency

AA-/Stable/--

Issuer Credit Rating

Local Currency

AA-/Stable/--

AXA China Region Insurance Co. (Bermuda) Ltd.

Financial Strength Rating

Local Currency

AA-/Stable/--

Issuer Credit Rating

Local Currency

AA-/Stable/--

Ratings Detail (As Of September 1, 2022)*(cont.)

AXA China Region Insurance Co. Ltd.

Financial Strength Rating

Local Currency

AA-/Stable/--

Issuer Credit Rating

Local Currency

AA-/Stable/--

AXA France Vie

Financial Strength Rating

Local Currency

AA-/Stable/--

Issuer Credit Rating

Local Currency

AA-/Stable/--

AXA Home Loan SFH

Senior Secured

AAA/Stable

AXA Insurance Co.

Financial Strength Rating

Local Currency

AA-/Stable/--

AXA Insurance U.K. PLC

Financial Strength Rating

Local Currency

AA-/Stable/--

Issuer Credit Rating

Local Currency

AA-/Stable/--

AXA Krankenversicherung AG

Financial Strength Rating

Local Currency

AA-/Stable/--

Issuer Credit Rating

Local Currency

AA-/Stable/--

AXA Lebensversicherung AG

Financial Strength Rating

Local Currency

AA-/Stable/--

Issuer Credit Rating

Local Currency

AA-/Stable/--

AXA Life Insurance Co. Ltd.

Financial Strength Rating

Local Currency

A+/Stable/--

Issuer Credit Rating

Local Currency

A+/Stable/--

AXA Salud SA de CV

Financial Strength Rating

CaVal (Mexico) National Scale

mxAAA/Stable/--

Issuer Credit Rating

CaVal (Mexico) National Scale

mxAAA/Stable/--

AXA Seguros S.A. de C.V.

Financial Strength Rating

Local Currency

A-/Stable/--

CaVal (Mexico) National Scale

mxAAA/Stable/--

Ratings Detail (As Of September 1, 2022)*(cont.)

Issuer Credit Rating	
<i>Local Currency</i>	A-/Stable/--
<i>CaVal (Mexico) National Scale</i>	mxAAA/Stable/--
AXA Tianping Property & Casualty Insurance Co. Ltd.	
Financial Strength Rating	
<i>Local Currency</i>	A-/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	A-/Stable/--
AXA Versicherung AG	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/--
AXA Versicherungen AG	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/--
AXA XL Insurance Company UK Ltd.	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/--
AXA XL Reinsurance Ltd.	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Catlin Insurance Co. Inc.	
Financial Strength Rating	
<i>Local Currency</i>	A+/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	A+/Stable/--
Catlin Re Switzerland Ltd	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Issuer Credit Rating	
	AA-/Stable/--
Greenwich Insurance Co.	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/--
Indian Harbor Insurance Co.	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--

Ratings Detail (As Of September 1, 2022)*(cont.)

Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/--
XL Bermuda Ltd.	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/--
XL Insurance America Inc.	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/--
XL Insurance Co. of New York Inc.	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/--
XL Insurance Co. SE	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/NR
XL Insurance Switzerland Ltd.	
Financial Strength Rating	
<i>Local Currency</i>	A+/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	A+/Stable/--
XL Re Europe SE	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/--
XL Reinsurance America Inc.	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/--
XL Reinsurance (China) Co. Ltd.	
Financial Strength Rating	
<i>Local Currency</i>	A+/Stable/--
XL Select Insurance Co.	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--

Ratings Detail (As Of September 1, 2022)*(cont.)

Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/--
XL Specialty Insurance Co.	
Financial Strength Rating	
<i>Local Currency</i>	AA-/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	AA-/Stable/--
Related Entities	
XLIT Ltd.	
Issuer Credit Rating	A/Stable/--
Junior Subordinated	BBB+
Preference Stock	BBB+
Preferred Stock	BBB+
Senior Unsecured	A
Subordinated	BBB+
Domicile	France

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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