Fitch Affirms AXA Banque at 'A'; Outlook Positive

Fitch Ratings - Paris - 09 Jul 2021: Fitch Ratings has affirmed AXA Banque's Long-Term Issuer Default Rating (IDR) at 'A' with a Positive Outlook. A full list of rating actions is below.

Key Rating Drivers

IDRS AND SUPPORT RATING

AXA Banque's IDRs are equalised with those of AXA SA (AXA; A/Positive/F1) and together with the bank's Support Rating are based on Fitch's view of an extremely high probability that the bank would receive support, in case of need, from its parents, AXA France Participations and AXA France Vie, and ultimately, from AXA as the holding company of the AXA group.

The Positive Outlook on AXA Banque's Long-Term IDR mirrors that on AXA's. Fitch's view of institutional support is driven by AXA Banque's role and integration within the group, complementing its insurance activities in France, which is one of AXA's domestic markets and a core segment for the group. AXA Banque is ultimately fully owned by AXA and they share common branding.

Fitch does not assign a Viability Rating to AXA Banque given its close integration with the group and Fitch's opinion that the bank's franchise cannot be assessed meaningfully in its own right. AXA Banque does not have its own physical branch network and its products are fully integrated within AXA France's commercial offer.

AXA Banque focuses on retail banking in France and primarily offers housing and private banking loans to AXA's customers. The bank mainly relies on AXA's commercial network to grow its business and aims at increasing AXA's customer loyalty. AXA Banque is an integral part of AXA in France, in its strategy and operations. Its management team, risk controls and reporting tools are highly integrated with those of its parent.

We also believe that the Autorite de Controle Prudentiel (ACPR), the regulator for French banks and insurance companies, would encourage AXA to support AXA Banque in case of need, while the cost of any such support would be immaterial for the parent, given the bank's small size. In recent years, AXA has continuously demonstrated ordinary support to its French banking subsidiary by providing regular capital injections to support business growth. Funding and liquidity also benefit from ordinary support from the group, although AXA Banque's funding is gradually becoming less reliant on AXA with the bank diversifying its funding sources through covered bond and NEU CP and MTN issuance.
RATING SENSITIVITIES

IDRS AND SUPPORT RATING

AXA Banque's ratings are primarily sensitive to a change in AXA's ability to support the bank, and therefore to a change in AXA's Long-Term IDR.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

AXA Banque's IDRs would likely be upgraded if the parent's Long-Term IDR was upgraded, provided that AXA Banque remains a core subsidiary of the group.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

AXA Banque's ratings could be downgraded if AXA's Long-Term IDR was downgraded or if Fitch perceives a decrease in AXA's propensity to support its banking subsidiary, particularly if the bank plays a less integral role in the group's French insurance business or if its activities become less strategic for the parent.

Best/Worst Case Rating Scenario

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/10111579

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.

Public Ratings with Credit Linkage to other ratings

AXA Banque's IDRs and Support Rating are driven by support available from AXA.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of ‘3’. This
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. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

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Rating Actions

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**RATINGS KEY**  
OUTLOOK  
WATCH  
POSITIVE ✌️ ✌️
RATINGS KEY  OUTLOOK  WATCH
NEGATIVE  📾  📾
EVOLVING  📾  📾
STABLE  📾

Applicable Criteria

Bank Rating Criteria (pub.28 Feb 2020) (including rating assumption sensitivity)

Additional Disclosures

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Endorsement Status

AXA Banque  EU Issued, UK Endorsed

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