



# Press release

Paris, April 10, 2018

## AXA to transform its Swiss group life business, creating additional value for its customers and shareholders

- AXA to transform its in-force Swiss Group Life business to a semi-autonomous model<sup>1</sup>
- Creating prospects of higher pensions on retirement for existing customers
- Transfer of ca. 31 billion CHF<sup>2</sup> of reserves to occupational benefits foundations<sup>3</sup> by the end of 2018, including ca. 3.5 billion CHF<sup>2</sup> of excess reserves to enable a sustainable risk carrying capacity of the foundations
- Expected reduction in local risk capital requirement of ca. 2.5 billion CHF in 2019 and enhanced cash remittance to AXA Group over the next three years

AXA Switzerland (“AXA”), the largest insurer of SMEs in the Swiss market, announced today that it had entered into an agreement with its main occupational benefits foundations (“Foundations”) to convert their business model from a full-value insurance<sup>4</sup> model to a semi-autonomous model, by the end of 2018 (“Model Transformation”). Beginning 2019, under the semi-autonomous model, death and disability provisions and administration services will continue to be covered by AXA, while the responsibility of asset allocation and investment returns to policyholders will be with the Foundations. AXA Group, as a globally renowned asset manager, will continue to offer investment management services to the Foundations.

*“This model transformation, initiated and managed by our local teams, is a further important step in our ongoing in-force management program, systematically reassessing customer needs and taking proactive actions, to create value for our customers and shareholders at the same time”,* said **Thomas Buberl, Chief Executive Officer of AXA.**

*“The transformation is in line with our Ambition 2020 strategy to focus on growth in our preferred segments and reduce our sensitivities to financial markets, and with our vision to empower people to live a better life.”*

<sup>1</sup> Contract covering death and disability benefits, and administration services

<sup>2</sup> Based on FY17; Market value of assets

<sup>3</sup> Collective group pension schemes, which are managed by an independent board

<sup>4</sup> Contract covering the whole offer: guaranteed savings and annuity benefits, death and disability benefits, and administration services



Ongoing low interest rates in recent years and strong regulatory requirements in Switzerland have resulted in full-value insurance becoming increasingly lower value for money for corporate clients and their employees. Swiss life insurers who offer full-value insurance must maintain capital coverage for their entire pension obligations, including the minimum interest guarantees. This framework necessitates a very cautious investment strategy, leading to lower investment return opportunities for its clients' employees, as compared to the semi-autonomous model.

AXA has been successfully offering new semi-autonomous solutions for some time, and which now represent around 60% of its new occupational benefits insurance business. With the transformation, AXA will become the largest provider of semi-autonomous solutions for SMEs in Switzerland. AXA will be focused on restoring growth to occupational benefits insurance and remaining a strong partner of Swiss SMEs into the future.

*“In the prevailing environment, this re-orientation should enable us to offer our Swiss SME clients more attractive occupational benefits solutions creating prospects of higher pensions on retirement, at lower costs.*

*The growing semi-autonomous occupational benefits segment will become our core Group Life Insurance business in Switzerland which we will continue to develop together with our partners, to further strengthen our existing leadership position in the Swiss insurance market”,* said **Antimo Perretta, Chief Executive Officer of AXA in Europe.**

### **Financial impacts of the Model Transformation**

- AXA will transfer most of its in-force General Account Reserves (amounting to ca. 31 billion CHF or ca. Euro 26 billion<sup>5</sup>) backing the pre-retirement savings benefits<sup>6</sup> in its Group Life portfolio to the Foundations. This transfer includes ca. 3.5 billion CHF (or ca. Euro 3 billion<sup>5</sup>) of excess reserves to enable a sustainable risk carrying capacity of the Foundations (Coverage Ratio<sup>7</sup> of 111% as of FY17).
- In line with the move to a semi-autonomous model, the savings portion of the premiums will no longer appear in IFRS Gross Revenues of AXA.
- The Model Transformation is expected to result in a temporary reduction in AXA Group underlying earnings of ca. Euro 20 million from 2019, and will lead to a one-time negative impact in Net Income of ca. 400 million CHF (or ca. Euro 339 million<sup>5</sup>) in the first half of 2018 linked to the transfer of the portfolio<sup>8</sup> to the Foundations.
- The reduction of guarantees on AXA's balance sheet is expected to lead to a release of local risk capital requirement of ca. 2.5 billion CHF (or ca. Euro 2.1 billion<sup>5</sup>) in 2019 and to an enhanced cash remittance to AXA Group over the next three years, subject to regulatory approvals.

<sup>5</sup> 1 Euro = 1.1790 CHF as of April 06, 2018 (Source: Bloomberg)

<sup>6</sup> In-force General Account Reserves of AXA Switzerland relating to existing annuitants will remain with AXA

<sup>7</sup> Coverage Ratio for Foundations = Market Value of Assets / Mandatory Reserves

<sup>8</sup> The assets and liabilities transferred to the Foundations will be classified as “held for sale” in AXA Group's 1H18 consolidated financial statements



## Regulatory Approvals

AXA and the responsible trustees informed the relevant Swiss supervisory authorities, i.e. the Swiss Financial Market Supervisory Authority (FINMA) and the BVG and Foundation Supervision of the Canton of Zurich (BVS), on the Model Transformation. FINMA examined adherence of the transaction with insurance supervision requirements. Completion of the transaction is subject to customary closing conditions, including the receipt of regulatory approvals, notably by the BVS.

---

## ABOUT THE AXA GROUP

The AXA Group is a worldwide leader in insurance and asset management, with 160,000 employees serving 105 million clients in 64 countries. In 2017, IFRS revenues amounted to Euro 98.5 billion and IFRS underlying earnings to Euro 6.0 billion. AXA had Euro 1,439 billion in assets under management as of December 31, 2016.

The AXA ordinary share is listed on compartment A of Euronext Paris under the ticker symbol CS (ISN FR 0000120628 – Bloomberg: CS FP – Reuters: AXAF.PA). AXA's American Depository Share is also quoted on the OTC QX platform under the ticker symbol AXAHY.

The AXA Group is included in the main international SRI indexes, such as Dow Jones Sustainability Index (DJSI) and FTSE4GOOD.

It is a founding member of the UN Environment Programme's Finance Initiative (UNEP FI) Principles for Sustainable Insurance and a signatory of the UN Principles for Responsible Investment.

This press release and the regulated information made public by AXA pursuant to article L. 451-1-2 of the French Monetary and Financial Code and articles 222-1 et seq. of the Autorité des marchés financiers' General Regulation are available on the AXA Group website ([axa.com](http://axa.com)).

**THIS PRESS RELEASE IS AVAILABLE ON THE AXA GROUP WEBSITE** [axa.com](http://axa.com)

## FOR MORE INFORMATION:

**Investor Relations: +33.1.40.75.48.42**  
Andrew Wallace-Barnett: +33.1.40.75.46.85  
François Boissin: +33.1.40.75.39.82  
Aayush Poddar: +33.1.40.75.59.17  
Shantanu Priya: +33.1.40.75.58.44  
Mathias Schvallinger: +33.1.40.75.39.20  
Alix Sicaud: +33.1.40.75.56.66

**Individual Shareholder Relations:  
+33.1.40.75.48.43**

**Media Relations: +33.1.40.75.46.74**  
Julien Parot: +33.1.40.75.59.80  
Nicolas Feltrin: +33.1.40.75.56.48  
Shruti Dhanda: +33.1.40.75.72.58

**Corporate Responsibility strategy:**  
[axa.com/en/about-us/strategy-commitments](http://axa.com/en/about-us/strategy-commitments)

**SRI ratings:**  
[axa.com/en/investor/sri-ratings-ethical-indexes](http://axa.com/en/investor/sri-ratings-ethical-indexes)

---

## IMPORTANT LEGAL INFORMATION AND CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements contained herein may be forward-looking statements including, but not limited to, statements that are predictions of or indicate future events, trends, plans, expectations or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause AXA's actual results to differ materially from those expressed or implied in the forward-looking statements. Please refer to Part 4 - "Risk factors and risk management" of AXA's Registration Document for the year ended December 31, 2017, for a description of certain important factors, risks and uncertainties that may affect AXA's business and/or results of operations. AXA undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise, except as part of applicable regulatory or legal obligations.

In addition, this Press Release refers to certain non-GAAP financial measures, or alternative performance measures, used by management in analysing AXA's operating trends, financial performance and financial position and providing investors with additional information that management believes to be useful and relevant regarding AXA's results. These alternative performance measures generally have no standardized meaning and therefore may not be comparable to similarly labelled measures used by other companies. As a result, none of these non-GAAP financial measures should be considered in isolation from, or as a substitute for, the Group's consolidated financial statements and related notes prepared in accordance with IFRS. A reconciliation from non-GAAP financial measures underlying earnings and adjusted earnings to the most directly reconcilable line item, subtotal or total in the financial statements of the corresponding period is provided on page 21 of AXA's 2017 Activity Report. The abovementioned and other non-GAAP financial measures used in this Press Release are defined in the Glossary set forth in AXA's 2017 Activity Report (pp. 69-76).

**APPENDIX: AXA Switzerland**

in Euro billion <sup>i</sup>	FY17	
	Before transformation	After transformation (Proforma) <sup>ii</sup>
IFRS Gross Revenues L&S	6.7	1.8
APE <sup>iii</sup>	0.3	0.3
NBV <sup>iv</sup>	0.2	0.2

<sup>i</sup> 1 Euro = 1.1123 CHF (Average exchange rate in FY17)

<sup>ii</sup> Estimated

<sup>iii</sup> Includes the underwritten savings contributions from semi-autonomous solutions.

<sup>iv</sup> Includes net investment services fees retained by AXA Switzerland from semi-autonomous solutions.